

Article

# London Analysis: Estimates of employee jobs paid less than the living wage in London and other parts of the UK

This article presents estimates of proportions and numbers of employee jobs paid less than the living wage in the UK.



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# 1. Abstract

This article uses data from the Annual Survey of Hours and Earnings to estimate proportions and numbers of employee jobs paid less than the living wage in London and other parts of the UK. The concept of a living wage designed to cover the basic cost of living for UK employees is promoted by the Living Wage Foundation and by the Mayor of London. The article shows how proportions of jobs paid less than the living wage have changed in recent years. For the latest year available (2014), it includes breakdowns by work pattern, sex, age group, industry and occupation. The analysis does not include estimates relating to the National Living Wage announced by the Chancellor in his 2015 Summer Budget because the announced rate applies from April 2016 and data for that period will not be available until later that year.

## 2. Main points

- This article presents estimates of proportions of employee jobs paid less than the living wage in the UK. These do not include estimates relating to the National Living Wage announced in July 2015 because the announced rate applies from April 2016 and data for that period will not be available until later that year
- The estimates are for jobs of employees aged 18 and over, excluding those on youth, training and apprentice rates, most of whom would not be entitled to the living wage
- In 2014, there were some 6 million employee jobs paid less than the living wage in the UK. Over half of these were part-time jobs
- In real terms (after adjusting for inflation), the London Living Wage rose by 3% between 2008 and 2014 while median hourly pay for employees aged 18 and over in London fell by 10% in real terms. Equivalent figures are not available for the rest of the UK because the Out of London Living Wage was not calculated before 2011
- Between April 2008 and April 2010, the proportion of jobs paid less than the living wage in London was stable at around 13%, but it had risen to 19% by April 2014. For the rest of the UK, where only 3 years of estimates are available, the proportion of employee jobs paid less than the living wage rose from 21% in April 2012 to 23% in April 2014
- In 2014, 16% of male employee jobs in London and 18% of male employee jobs in the rest of the UK were paid less than the living wage, while 22% of female employee jobs in London and 29% of female employee jobs in the rest of the UK were in this position
- In 2014, 48% of employee jobs in the 18 to 24 age group in London and 58% of jobs in this age group in the rest of the UK were paid less than the living wage
- In accommodation and food services in 2014, there were an estimated 65% of employee jobs paid less than the living wage in London and 70% in the rest of the UK
- In retail in 2014, there were an estimated 55% of employee jobs paid less than the living wage in London and 59% in the rest of the UK
- In 2014, around 60% of employee jobs in sales and customer service occupations and 60 to 70% of those in elementary occupations paid less than the living wage
- The places with the lowest proportions of jobs paid less than the living wage were the South East of England, London and Scotland (all 19%). Northern Ireland had the highest proportion of jobs below the living wage (29%)

### 3. Introduction

This article presents estimates of proportions of employee jobs paid less than the living wage in the UK. The concept of a 'living wage' designed to cover the basic cost of living for UK employees is promoted by the [Living Wage Foundation](#) (LWF) and, for the capital, by the [Mayor of London](#). Their aim is to persuade employers to sign up voluntarily to paying a living wage to all employees aged 18 and over who are not apprentices, interns or trainees. There are separate living wage rates for London and the rest of the UK, known as the London Living Wage (LLW) and the Out of London Living Wage (OLLW) respectively. Therefore the analysis in this article is of jobs below the LLW for London and below the OLLW outside London.

In his Summer Budget of 8 July 2015, the Chancellor of the Exchequer announced a new National Living Wage (NLW), described as a "new premium on top of the NMW" (National Minimum Wage)<sup>1</sup>. The NLW will be set in relation to median earnings rather than the cost of living and is for employees aged 25 and over. Employers will be required to pay the NLW from April 2016. At present it is not possible to present estimates of jobs below the NLW because data for April 2016 will not be available until later that year.

The estimates presented in this article are based on data from the Annual Survey of Hours and Earnings (ASHE)<sup>2</sup> of the Office for National Statistics (ONS), which is considered the best official data source for this purpose<sup>3</sup>. They are calculated directly from the ASHE micro data. The reference period for ASHE is in April of each year and the estimates relating to the living wage use the living wage rates in place at the time of the survey (see Appendix 1), which were announced the previous year.

The period covered by this article is April 2008 to April 2014 for London and April 2012 to April 2014 for the rest of the UK because the OLLW was not introduced until 2011. It includes the 2008 to 2009 economic downturn, in which many jobs were lost, the subsequent economic recovery and the period of growing employment between 2012 and 2014. The trends described in this article should be seen in the context of the economic cycle.

### Notes for Introduction

1. Paragraph 1.121 of the [Summer Budget 2015 document](#)
2. ASHE is an ONS survey based on a 1% sample of employee jobs taken from HM Revenue and Customs PAYE records. Information on earnings and hours is obtained from employers and treated confidentially
3. The ONS publication [A Guide to Sources of Data on Earnings and Income \(653.5 Kb Pdf\)](#) (January 2015) explains why ASHE is the best source for this kind of analysis

### 4. Estimating proportions and numbers of jobs below the living wage

Recently, the ONS reviewed its methods for calculating estimates of proportions of employee jobs paid less than the living wage and recommended a single method for use in future. The recommended method:

1. uses the measure of pay known as the 'derived hourly rate of pay' (gross pay per hour excluding overtime and shift premium pay)
2. applies to jobs of employees aged 18 and over
3. excludes anyone not on adult rates of pay<sup>1</sup>, that is anyone paid on youth, training and apprentice rates, most of whom would not be entitled to the living wage
4. is on a workplace basis (based on where employees work, not where they live)
5. uses the living wage rates in place at the time of the survey each year (for instance, for ASHE 2014 it uses the rates announced in November 2013)
6. uses special 'low pay' survey weights, which make it possible to produce estimates of numbers as well as proportions of employee jobs paid less than the living wage (excluding those paid on youth, training and apprentice rates)

Full details of the recommended method are available in the [living wage methodology article](#) we published in August 2015.

In 2014, there were some 6 million employee jobs paid less than the living wage in the UK. There are 2 ways of estimating this figure:

1. in April 2014, there were 5.9 million employee jobs below the living wage using ASHE data and the methodology described above - this produces lower estimates of numbers of jobs than ONS's Workforce Jobs (WFJ) series, mainly because the ASHE estimates exclude employees aged 16 and 17 and anyone else who is not on adult rates of pay<sup>2</sup>
2. an alternative approach is to take proportions of employee jobs below the living wage from ASHE and apply them to total numbers of employee jobs from the WFJ series (see Appendix 2) - however, the WFJ estimates are for all employees aged 16 and over and include people who are not on adult rates of pay, while the ASHE proportions are calculated excluding employees aged 16 and 17 and anyone not on adult rates of pay. This produces an estimate of 6.4 million employee jobs paid less than the living wage in 2014

The rest of this article describes how the living wage is calculated (Section 3) and presents detailed analysis of employee jobs paid less than the LLW in London and less than the OLLW elsewhere in the UK. Section 4 shows how proportions of jobs paid less than the living wage have changed over time. Section 5 shows breakdowns by the employee's work pattern (full-time or part-time work), sex (male or female) and age group. Section 6 shows breakdowns by sector, industry and occupation. Section 7 shows how the figures vary in different parts of the UK.

Downloads are available containing the data behind all of the tables and figures in this article. They include measures of quality of the estimates.

Readers should note that the estimates in this article:

- Do not provide estimates of proportions of people (employees) earning less than the living wage. Part-time employees may have more than one job which, if added together, may mean that they are not below the standard of living which the living wage aims to achieve. On the other hand, an employee with one part-time job that pays the living wage will have total earnings below this level. Only when looking at proportions of full-time jobs below the living wage can we infer that these are similar to proportions of full-time employees earning less than the living wage
- Do not provide estimates on the basis of where people live. The living wage rate that applies (and the estimates relating to it) is determined by the location of the job, not by the employee's place of residence. For instance, the LLW applies to people commuting into London to work but not to people living in London and commuting out of London for work

# Notes for Estimating proportions and numbers of jobs below the living wage

1. These are people identified by a 'yes' response to the question on the ASHE questionnaire: "Was the employee paid at a reduced rate in the pay period for reasons of apprenticeship, training or age?"
2. Also the methodology is designed to estimate proportions of jobs below the living wage; it may produce slight underestimates of numbers of jobs. The [living wage methodology article](#) of August 2015 provides more detail

## 5. Calculating the living wage

The living wage is a voluntary pay standard for employees aged 18 and over who are not apprentices, interns or trainees. It is designed to cover the basic cost of living. The LLW is calculated by the Greater London Authority (GLA), while the OLLW is calculated by the Centre for Research in Social Policy (CRSP) at Loughborough University. The ONS is not involved in these calculations; it takes the living wage rates as 'given' when producing estimates of proportions of employee jobs below the living wage. Box 1 provides an overview of how the living wage rates are calculated.

### Box 1: Calculating the living wage

To calculate the LLW, the GLA uses a combination of approaches<sup>1</sup>. First, it calculates the wage required to meet basic living costs for a selection of households. Second, it calculates the wage required for 11 household types in London to attain income equivalent to 60% of median income for London. Means-tested benefits including tax credits are taken into account and weighting and equivalisation (adjustments for household type) are used. The average of these 2 wages is called the 'poverty threshold wage'. The LLW is the poverty threshold wage plus a 15% margin to protect against unforeseen events.

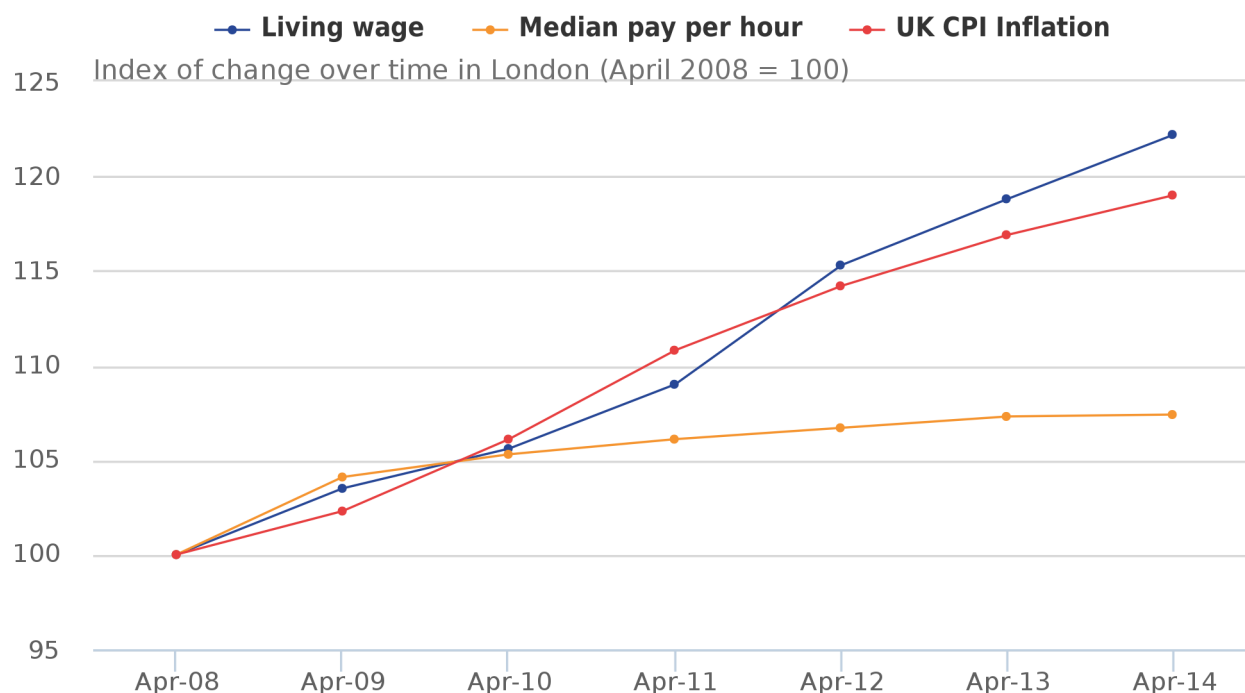
To calculate the OLLW, the CRSP identifies minimum costs for 9 household types<sup>2</sup>. It then works out the wage that produces enough income after taxes, benefits and tax credits are taken into account to cover these costs, assuming that all adults are able to work full-time and that they claim what they are entitled to. A weighted average is calculated for the 9 household types and any increase is capped at 2% above the increase in average earnings.

Figure 1 shows how living wage rates have changed in London and compares them with changes in median pay per hour and UK Consumer Prices Index (CPI) inflation. The LLW rose by 22% over the period between the 2008 ASHE and the 2014 ASHE. It tracked UK inflation quite closely, as might be expected given its cost of living basis. However, both the LLW and the OLLW rose faster than the CPI in 2012 to 2014.

There are two main reasons why the LLW and OLLW might not necessarily move in line with the CPI. The first is that the CPI is based on a basket of goods and services which is designed to be representative of general expenditure excluding housing costs, whereas the aim of the living wage calculations is to ensure an adequate standard of living, so they involve only basic expenditure items (a subset of general expenditure) but they include housing costs. The living wage calculations also take into account benefits and tax credits and growth in earnings/income. The second reason is that the CPI represents expenditure across the whole of the UK, whereas the living wage calculations are done separately for London and the rest of the UK.

In real terms (after adjusting for UK inflation using the CPI), the LLW rose by 3% between 2008 and 2014. Gross median pay per hour excluding overtime for employees aged 18 and over rose by only 7% in London over the same period, implying a 10% fall in real terms (after adjusting for inflation).

**Figure 1: Change in the living wage, median pay and inflation: London, 2008 to 2014**



**Source:** Greater London Authority annual living wage reports and Living Wage Foundation website for living wage rates in place in April each year; ONS Annual Survey of Hours and Earnings for median pay; and ONS Consumer Prices Index (CPI) tables (April to April)

**Notes:**

1. Indices are based to April 2008 = 100. See Appendix 1 for calculation
2. CPI inflation is shown for the UK as a whole. There is no breakdown for London

## Notes for Calculating the living wage

1. For details, see [www.london.gov.uk/sites/default/files/living-wage-2014.pdf](http://www.london.gov.uk/sites/default/files/living-wage-2014.pdf)
2. For details, see [www.lboro.ac.uk/research/crsp/mis/thelivingwage/](http://www.lboro.ac.uk/research/crsp/mis/thelivingwage/)

## 6. Changes over time

Figure 2 shows how the proportion of employee jobs paid less than the living wage has changed over time. Between April 2008 and April 2010, the proportion of jobs paid less than the living wage in London was stable at around 13%, but it rose to 19% in April 2014. For the rest of the UK there are only 3 years of estimates because the OLLW was not calculated until 2011, so the first survey for which the OLLW was in place was the Annual Survey of Hours and Earnings (ASHE) 2012. The proportion of employee jobs paid less than the OLLW rose from 21% in April 2012 to 23% in April 2014. Research by the Resolution Foundation<sup>1</sup> suggests that the rising proportion of employee jobs paid less than the living wage was due not to any increase in inequality in the wage distribution but rather to general wage stagnation since the 2008 to 2009 economic downturn (see Figure 1).

In the latter part of the period shown in Figure 2, employment was growing as the economy showed signs of recovery after the downturn. Both the WFJ series and ASHE (excluding employees aged 16 and 17 and anyone else who is not on adult rates of pay) recorded a 3% increase in employee jobs in the UK between spring 2012 and spring 2014 (see Appendix 2). The WFJ series put the total increase in jobs at 765,000 (March to March) while ASHE estimated it at 872,000 (April to April). According to ASHE, most of this net gain was in jobs paid less than the living wage (826,000). This may simply reflect the context of the economic cycle, where general wage stagnation since the 2008 to 2009 downturn was accompanied in 2013 and 2014 by a recovery in demand for low-skill, low-pay workers.

**Figure 2: Proportion of employee jobs paid less than the living wage: time series**



Source: Annual Survey of Hours and Earnings, ONS

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

## Notes for Changes over time

1. [www.resolutionfoundation.org/wp-content/uploads/2014/10/Low-Pay-Britain-20141.pdf](http://www.resolutionfoundation.org/wp-content/uploads/2014/10/Low-Pay-Britain-20141.pdf)

## 7. Differences by work pattern, sex and age group

Table 3 shows a breakdown of jobs below the living wage according to the employee's work pattern: whether they were working full-time or part-time. As noted in Section 2, employees who are working part-time may have more than 1 job, in which case their total earnings may provide the standard of living which the living wage aims to achieve. Nevertheless, if a part-time job is paid less than the living wage, it may contribute to the employee's total pay being at a level below that of the living wage standard.

In London, the proportion of part-time jobs that pay less than the living wage is around 4 times higher than the proportion of full-time jobs paying less than the living wage. In the rest of the UK, it is around 3 times higher. However, because full-time jobs outnumber part-time jobs, there is less of a gap in terms of numbers of jobs. In 2014, according to ASHE, just over half (54%) of below-living-wage jobs were part-time jobs.

In London, the proportion of full-time jobs paying less than the living wage rose from 8% in 2008 to 12% in 2014, while the proportion of part-time jobs below the living wage rose from 34% to 45%. In the rest of the UK, the proportion of full-time jobs paying less than the living wage rose from 12% in 2012 (the earliest available estimate) to 15% in 2014, while the proportion of part-time jobs below the living wage rose from 41% to 43%.

**Table 3: Employee jobs paid less than the living wage: time series by work pattern**

	Proportion of employee jobs paid less than the living wage (%)				Number of employee jobs (thousands) paid less than the living wage			
	London full time	London part time	Rest of the UK full time	Rest of the UK part time	London full time	London part time	Rest of the UK full time	Rest of the UK part time
2008	8	34			227	242		
2009	7	34			208	245		
2010	7	35			211	259		
2011	9	39			246	296		
2012	10	43	12	41	283	328	1,853	2,590
2013	11	43	13	42	318	350	2,026	2,693
2014	12	45	15	43	367	386	2,309	2,819

Source: Annual Survey of Hours and Earnings, ONS

Notes:

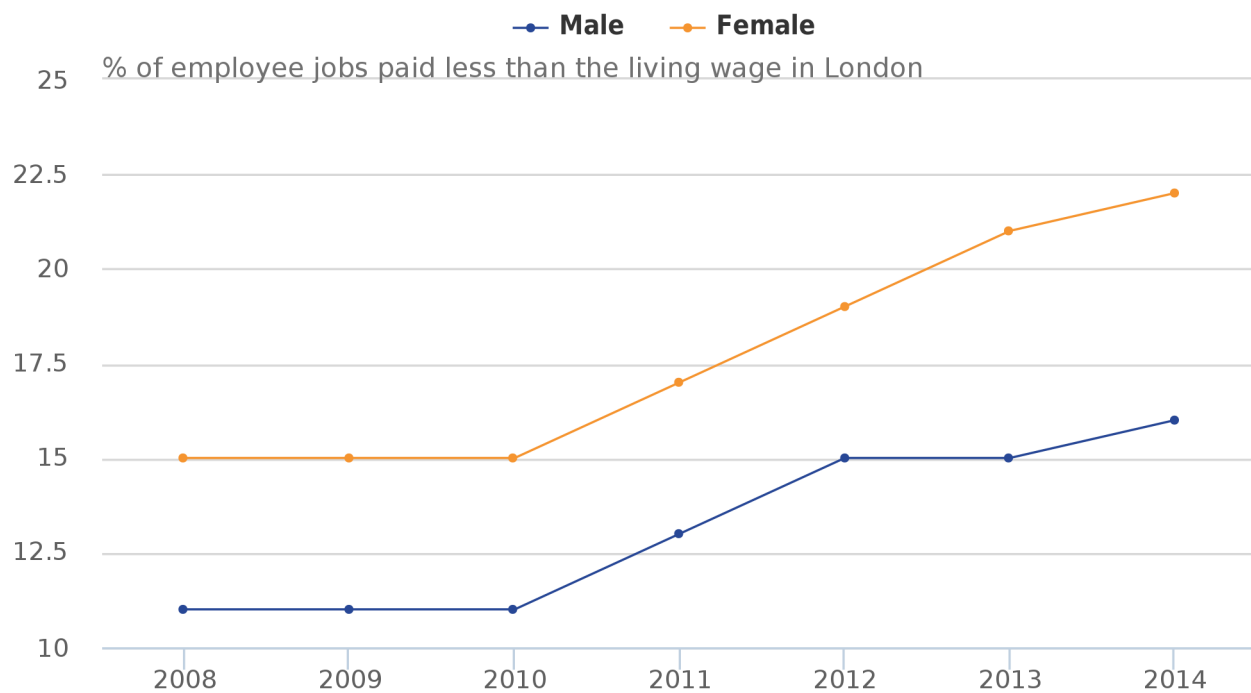
1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job.
2. The methodology is designed to produce estimates of proportions of jobs below living wage thresholds in the main sectors of the economy excluding jobs of employees who are paid on youth, training and apprentice rates. The method also produces estimates of numbers of jobs held by such employees, but these should be treated with caution as they may be slight underestimates.
3. Estimates are not available for the rest of the UK before 2012 because the Out of London Living Wage (OLLW) was not calculated until 2011, so the first survey for which the OLLW was in place was ASHE 2012.

Figure 4 shows the proportion of employee jobs paid less than the living wage by sex of the employee. In 2014, 16% of male employee jobs in London and 18% of male employee jobs in the rest of the UK were paid less than the living wage. By contrast, 22% of female employee jobs in London and 29% of female employee jobs in the rest of the UK were in this position. Both sexes have seen increases in proportions of jobs paid less than the living wage over time and the increases have been greater for female than for male jobs.

In 2014, the gap between the proportion of male and female jobs below the living wage was 6 percentage points in London and 11 percentage points in the rest of the UK. When translated into numbers, there were 3.6 million female employee jobs below the living wage in the UK in 2014, compared with 2.3 million male employee jobs.



**Figure 4a: Employee jobs paid less than the living wage: time series by sex**

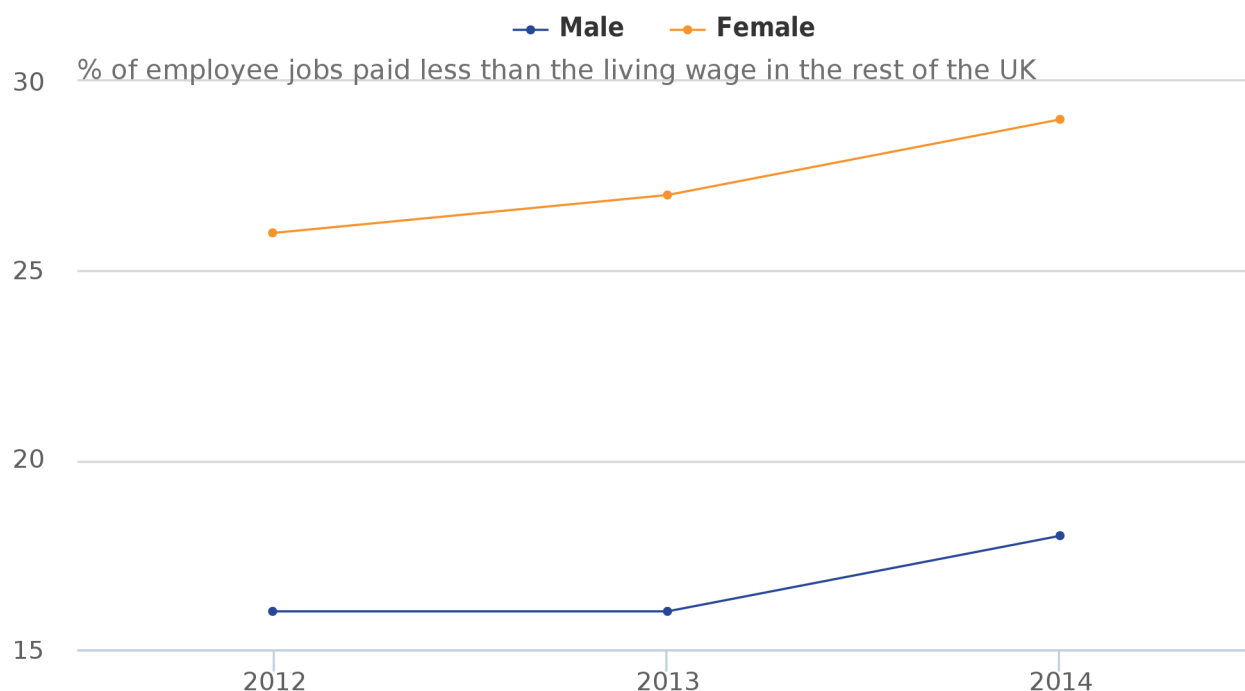


**Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics**

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

**Figure 4b: Employee jobs paid less than the living wage: time series by sex**



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

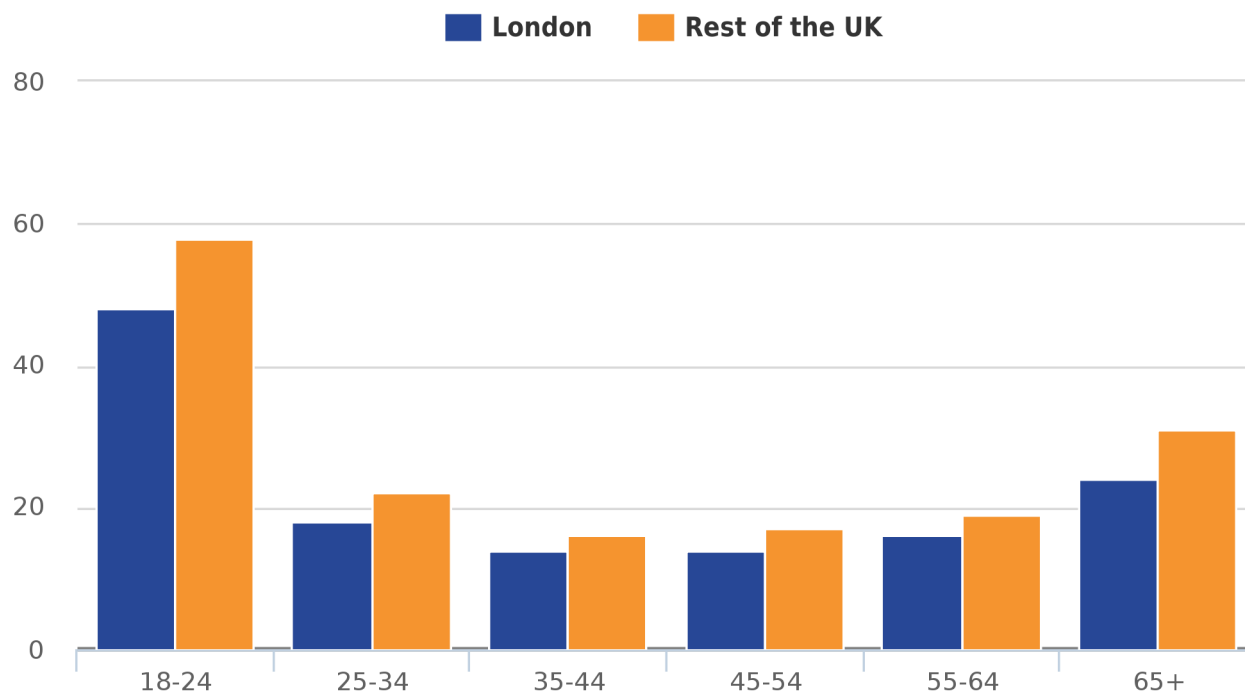
**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

Figure 5 shows how the number of employee jobs paid less than the living wage varies by the age group of the employee. In 2014, 48% of employee jobs in the 18 to 24 age group in London and 58% of jobs in this age group in the rest of the UK were paid less than the living wage. The age group with the second highest proportion of below-living-wage jobs in 2014 was the '65 and over' group, with 24% of employee jobs in London and 31% of jobs in the rest of the UK paid less than the living wage.

There has been little change in the distribution across age groups over time. However, in London, where it is possible to compare 2014 results with those for 2008, it can be observed that the age groups with the greatest increases in proportions of jobs below the living wage were the 18 to 24 and 25 to 34 age groups (up 11 and 7 percentage points respectively over this period). The age group with the lowest increase over this period was the 65 and over group (up 3 percentage points). Some of these results may be due to cohort effects such as differences in the type of jobs done by different generations of workers or the impact of shocks such as the 2008 to 2009 downturn and its aftermath, which affected young people entering the workforce and older people's participation in the labour market<sup>1</sup>.

**Figure 5: Proportion of employee jobs paid less than the living wage in 2014, by age group**



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

## Notes for Differences by work pattern, sex and age group

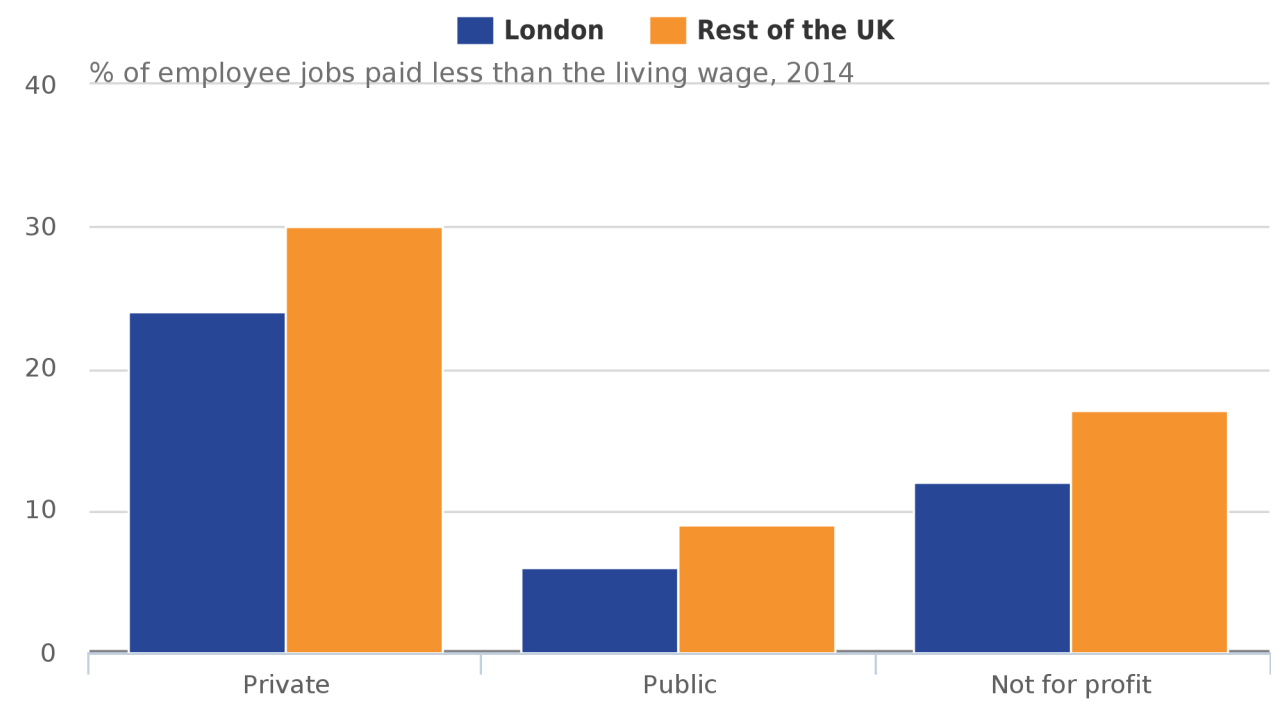
1. [www.ons.gov.uk/ons/rel/lmac/participation-rates-in-the-uk-labour-market/2014/art-3-older.html](http://www.ons.gov.uk/ons/rel/lmac/participation-rates-in-the-uk-labour-market/2014/art-3-older.html)

## 8. Breakdowns by sector, industry and occupation

This section looks at breakdowns by the sector and industry where employees work and by their occupations. In terms of sectors and industries, it looks first at differences between the public, private and not for profit sectors, then at jobs classified using the Standard Industrial Classification (SIC) 2007 and finally at the 'low pay sectors' as defined by the [Low Pay Commission](#) (LPC).

The ASHE data can be classified by whether the employee works in the public sector, the private sector or a not for profit organisation or mutual association<sup>1</sup>. The results (Figure 6) show that the proportion of below-living-wage jobs is much higher in the private sector than in the public sector. Nevertheless, 6% of public sector jobs in London (51,000) and 9% in the rest of the UK (474,000) were estimated to be paid less than the living wage in 2014. In the not for profit sector, 12% jobs in London (42,000) and 17% in the rest of the UK (313,000) were estimated to be paid less than the living wage in 2014.

**Figure 6: Proportions of employee jobs paid less than the living wage in 2014, by sector: private, public and not for profit**

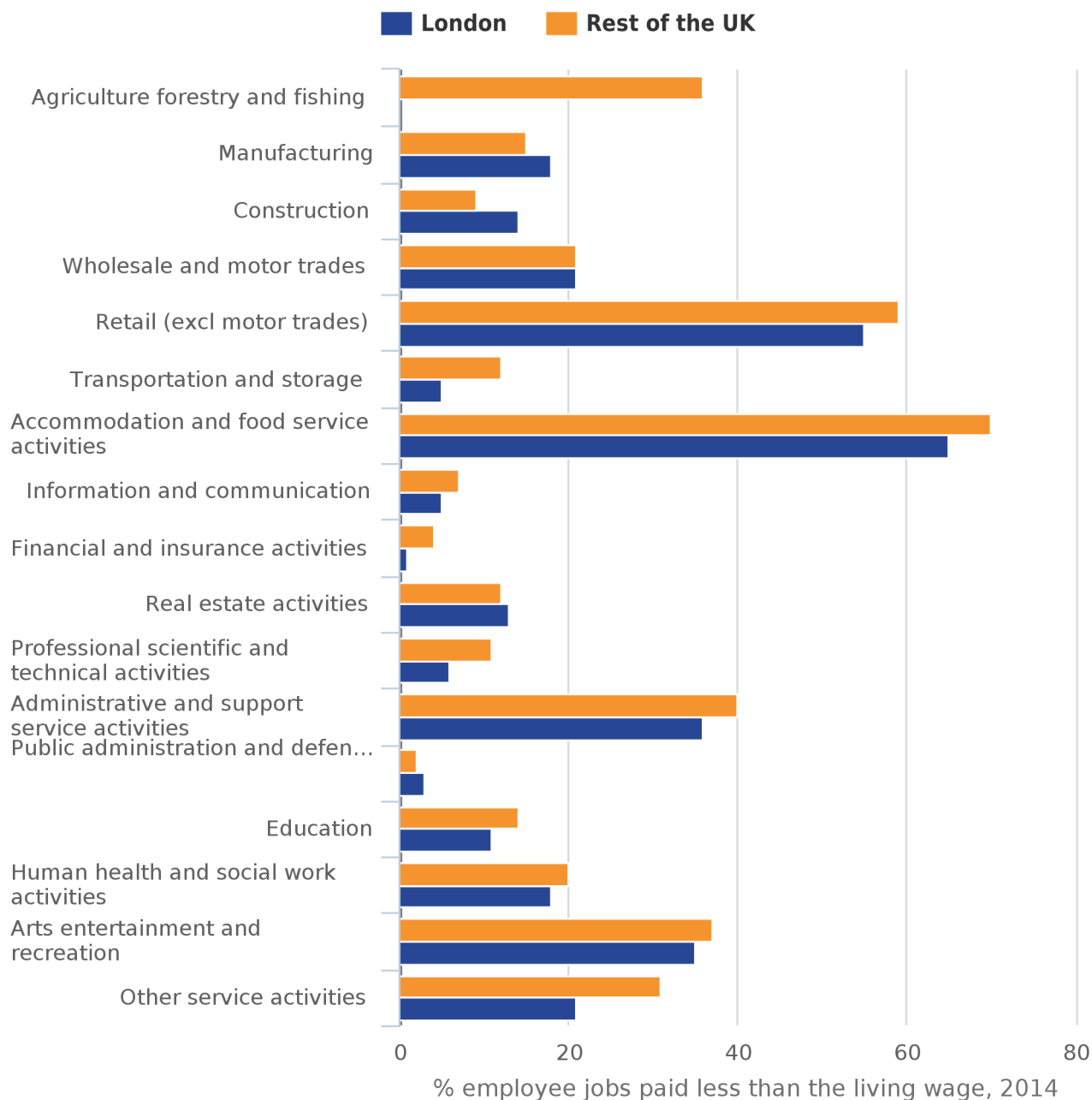


Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

**Figure 7: Proportions of employee jobs paid less than the living wage in 2014, by industry**



**Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics**

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job
2. Results for very small sections of the SIC 2007 have been suppressed because they are unreliable

Analysis of jobs classified by the SIC 2007 is presented in Figure 7. This shows that there are substantial variations between industries. The highest proportions of jobs paid less than the living wage in 2014 are in accommodation and food services and in retail:

- in accommodation and food services, an estimated 65% of employee jobs (136,000 ) in London and 70% (758,000 jobs) in the rest of the UK paid less than the living wage
- in retail, an estimated 55% of employee jobs (175,000) in London and 59% (1.2 million jobs) in the rest of the UK paid less than the living wage

Other industries also have high proportions of jobs below the living wage – for instance, administrative and support services, arts, entertainment and recreation, and agriculture, forestry and fishing had over one-third of jobs below the living wage in 2014. By contrast, industries such as information and communication, finance and insurance, and public administration and defence had small proportions of jobs below the living wage.

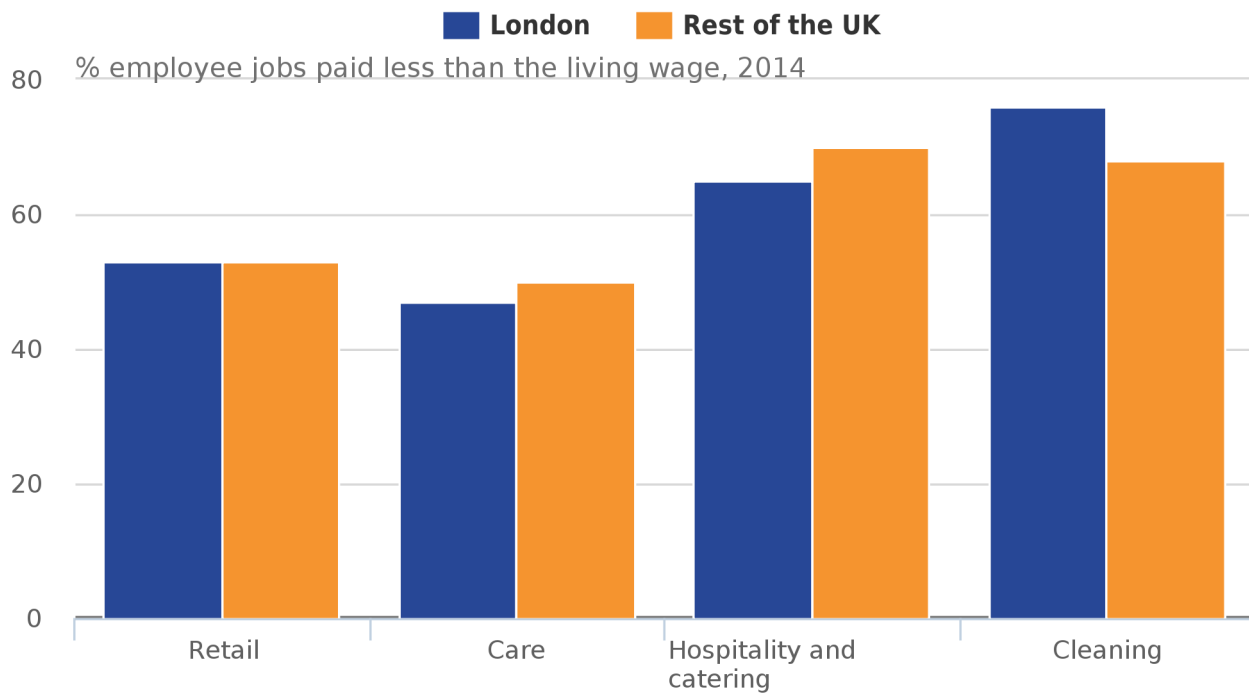
One important question is whether proportions of jobs paid less than the living wage have risen faster in some industries than the average rate of increase for the whole economy since 2008. This analysis is only possible to do for London. Here, there are 3 industries for which the evidence strongly suggests above average increases in proportions of jobs paid less than the living wage between 2008 and 2014: accommodation and food services, retail and human health and social work activities (which includes social care). The proportions of below-living-wage jobs in these industries in London have risen by 7, 11 and 10 percentage points respectively over this period. The number of employee jobs below the LLW in these 3 industries combined rose from 245,000 in 2008 to 393,000 in 2014. As noted above (Section 4), this may be linked to a recovery in demand for low-skill, low-pay workers following the 2008 to 2009 economic downturn.

The LPC produces estimates for 4 industries where it considers that employees are particularly likely to be on low wages. The definitions of these 'low pay sectors' are based on the SIC 2007 (see Appendix 3). The LPC definition of hospitality and catering is the same as the definition of accommodation and food service activities used in Figure 7, while 'retail' is slightly different and care is a sub-category within human health and social work activities.

Figure 8 shows the proportion of jobs paid less than the living wage in the LPC's low pay sectors in 2014. Although care and cleaning are relatively small sectors in terms of numbers of employee jobs, they had high proportions of jobs paid less than the living wage in 2014:

- in cleaning, 76% of employee jobs in London (37,000) and 68% (163,000 jobs) in the rest of the UK paid less than the living wage
- in care, 47% of employee jobs in London (28,000) and 50% (338,000 jobs) in the rest of the UK paid less than the living wage

**Figure 8: Proportions of employee jobs paid less than the living wage in 2014, by 'low pay sector'**

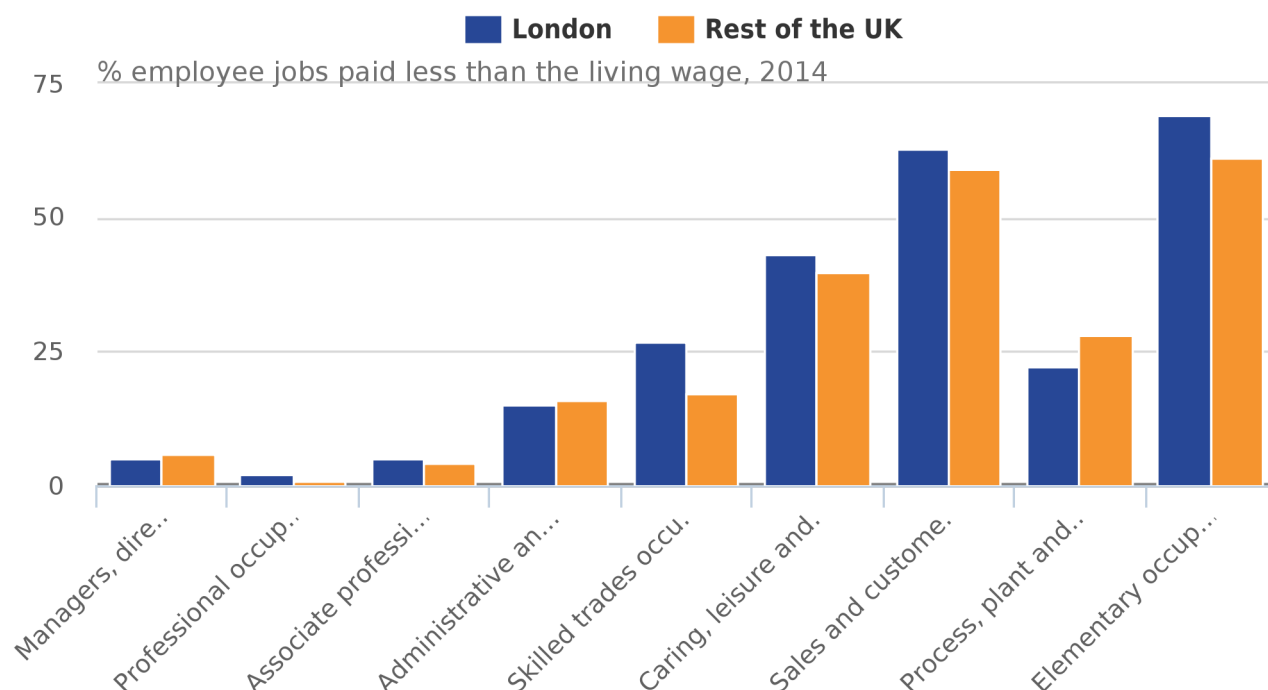


**Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics**

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

**Figure 9: Proportions of employee jobs paid less than the living wage in 2014, by occupation**



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

Figure 9 shows breakdowns by occupation using the major groups of the Standard Occupational Classification (SOC) 2010. In 2014, less than 2% of employee jobs in professional occupations in 2014 were paid below the living wage, whereas around 60% of employee jobs in sales and customer services and 60 to 70% of those in elementary occupations paid less than the living wage. Although the proportion of all jobs paid less than the living wage is lower for London than the rest of the UK overall (see Section 4), there are a number of occupations with higher proportions of jobs below the living wage in London than in the rest of the UK, notably skilled trades, caring, leisure and other service occupations, sales and customer services and elementary occupations.

## Notes for Breakdowns by sector, industry and occupation

1. Whereas many official data sources include not for profit bodies within the private sector, ASHE allows us to analyse them separately

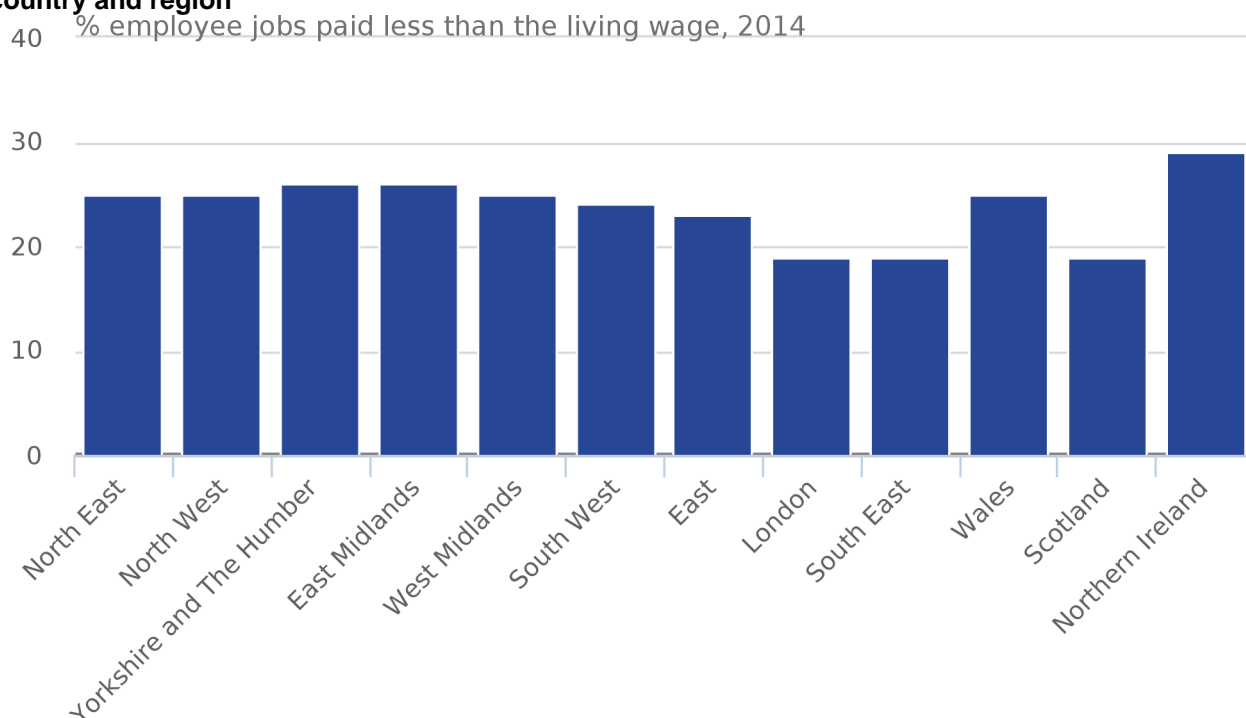
## 9. Patterns across the UK

Figure 10 shows the proportions of employee jobs below the living wage in 2014 in different parts of the UK. The places with the lowest proportions of jobs below the living wage were the South East of England, London and Scotland (all 19%). Northern Ireland had the highest proportion of jobs below the living wage (29%). However, in terms of numbers of below-living-wage jobs, London had the most (752,000) followed by the North West (675,000) and the South East of England (652,000). Northern Ireland had the lowest number (214,000).



These estimates can also be provided for smaller geographical areas. Appendix 4 shows the proportions and estimated numbers of jobs paid less than the living wage for each Local Authority in Great Britain, while Appendix 5 shows the equivalent information for Northern Ireland Local Government Departments. Figures 11 and 12 show that there are some areas, even within relatively well-off regions such as London and the South East of England, with over one-quarter of employee jobs paid less than the living wage.

**Figure 10: Proportions of employee jobs paid less than the living wage in 2014, by UK constituent country and region**

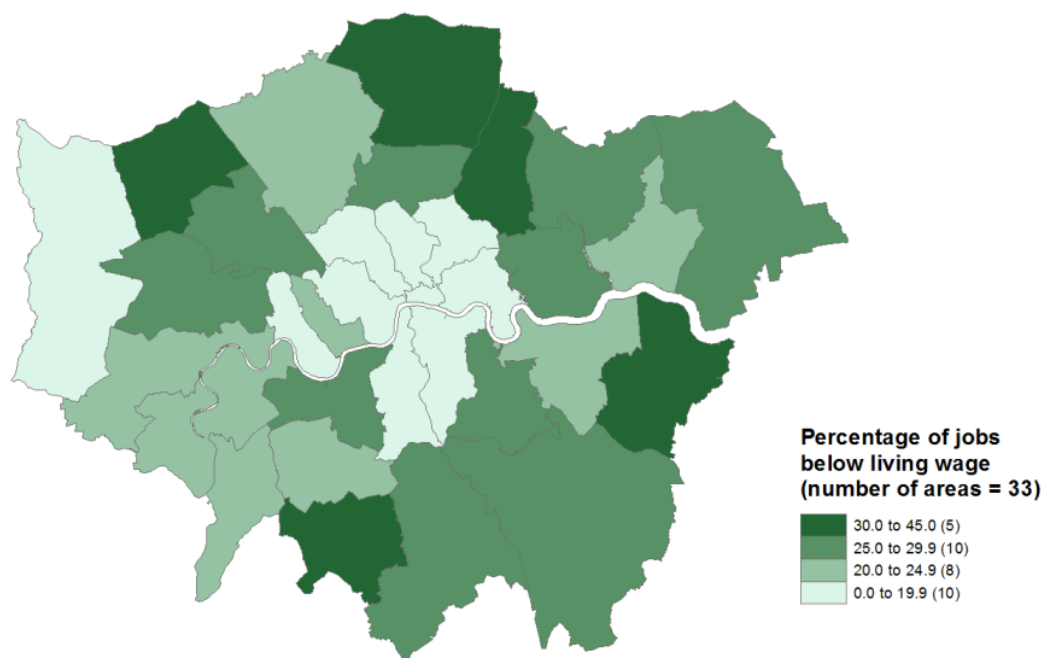


Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

**Notes:**

1. Results are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. Estimates are on a workplace basis. Employees may have more than one job

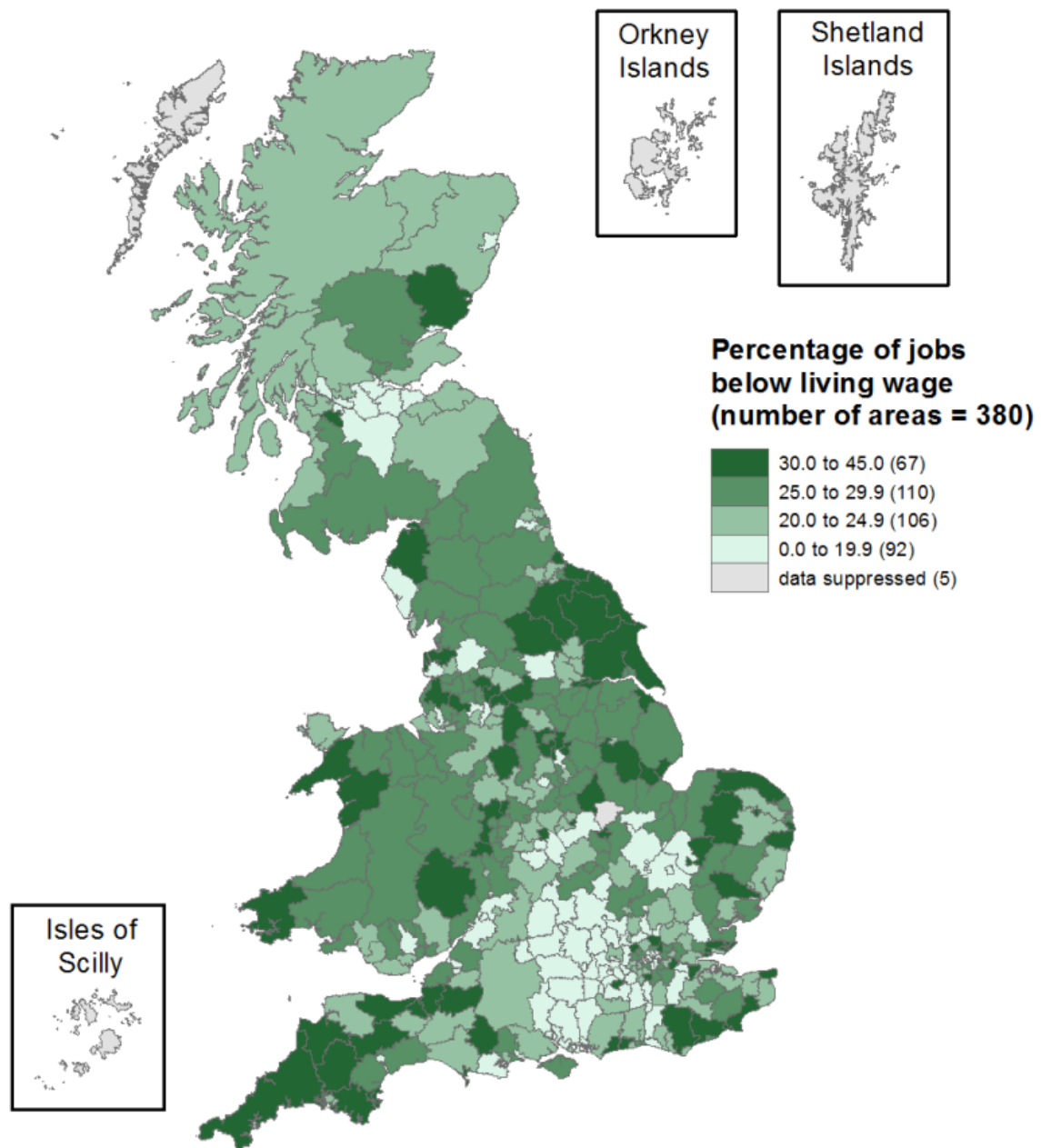
**Figure 11: Proportions of employee jobs paid less than the living wage in London Local Authorities, 2014**



Source: Annual Survey of Hours and Earnings, Office for National Statistics  
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**Source: Annual Survey of Hours and Earnings (2014 – provisional), ONS**

**Figure 12: Proportions of employee jobs paid less than the living wage in Local Authorities in Great Britain, 2014**



Source: Annual Survey of Hours and Earnings, Office for National Statistics  
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**Source: Annual Survey of Hours and Earnings (2014 – provisional), ONS**

## 10. Appendices

### Appendix 1: The living wage, median pay and inflation

Table A1a: Living wage rates and median pay per hour at the time of ASHE (April each year)

Reference period for ASHE	Living wage in place at time of survey (£)		Median gross pay per hour excluding overtime (£)	
	London	Rest of UK	London	Rest of UK
April 2008	£7.20	.	£14.73	£10.11
April 2009	£7.45	.	£15.33	£10.50
April 2010	£7.60	.	£15.51	£10.58
April 2011	£7.85	.	£15.63	£10.56
April 2012	£8.30	£7.20	£15.71	£10.74
April 2013	£8.55	£7.45	£15.81	£11.03
April 2014	£8.80	£7.65	£15.82	£11.08

Source: Greater London Authority annual living wage reports and Living Wage Foundation website for living wage rates in place in April each year; ONS Annual Survey of Hours and Earnings for median pay

Notes:

1. Median pay per hour estimates are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. London and the rest of the UK are on a workplace basis

Table A1b: London indices, April 2008 = 100

	Living wage	Median pay per hour	UK CPI Inflation
April 2008	100.0	100.0	100.0
April 2009	103.5	104.1	102.3
April 2010	105.6	105.3	106.1
April 2011	109.0	106.1	110.8
April 2012	115.3	106.7	114.2
April 2013	118.8	107.3	116.9
April 2014	122.2	107.4	119.0

Source: Greater London Authority annual living wage reports and Living Wage Foundation website for living wage rates in place in April each year; ONS Annual Survey of Hours and Earnings for median pay; and ONS Consumer Prices Index (CPI) tables (April to April)

Notes:

1. Median pay per hour estimates are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. London and the rest of the UK are on a workplace basis

2. CPI inflation is shown for the UK as a whole. There is no breakdown for London and the rest of the UK

**Table A1c: Rest of the UK indices, April 2012 = 100**

	Living wage	Median pay per hour	UK CPI Inflation
April 2012	100.0	100.0	100.0
April 2013	103.5	102.7	102.4
April 2014	106.3	103.2	104.3

Source: Greater London Authority annual living wage reports and Living Wage Foundation website for living wage rates in place in April each year; ONS Annual Survey of Hours and Earnings for median pay; and ONS Consumer Prices Index (CPI) tables (April to April)

Notes:

1. Median pay per hour estimates are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay period was not affected by absence. London and the rest of the UK are on a workplace basis
2. CPI inflation is shown for the UK as a whole. There is no breakdown for London and the rest of the UK

## Appendix 2: Employee job totals from ASHE and the Workforce Jobs series

	Employee jobs (thousands) from WFJ			Employee jobs (thousands) from ASHE		
	London	Rest of the UK	UK	London	Rest of the UK	UK
2008	4,327	23,828	28,155	3,657	22,201	25,858
2009	4,302	23,488	27,790	3,558	21,619	25,178
2010	4,228	23,015	27,243	3,619	21,553	25,172
2011	4,264	23,077	27,341	3,668	21,686	25,354
2012	4,459	23,108	27,567	3,665	21,499	25,164
2013	4,555	23,057	27,612	3,848	21,824	25,672
2014	4,688	23,644	28,332	3,941	22,095	26,036

Source: ONS Annual Survey of Hours and Earnings (ASHE) and Workforce Jobs (WFJ) series

Notes:

1. Figures are for Sections A-S of the Standard Industrial Classification 2007. See <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>
2. ASHE figures are for April, while WFJ figures are for March (seasonally adjusted)
3. ASHE estimates exclude employees aged 16 and 17 and anyone aged 18 and over who is paid on youth, training and apprentice rates

### Appendix 3: Definition of the LPC's 'low pay sectors'

Name of low pay sector	SIC 2007 definition
Retail	Division 45 + division 47 + class 7722 + group 952
Care	Division 87 + sub-class 86102
Hospitality and catering	Section I: Accommodation and Food Service Activities
Cleaning	Group 812 + class 9601

Source: Low Pay Commission (LPC)

### [Appendix 4: Local Authority tables, Great Britain \(GB\) \(68.5 Kb Excel sheet\)](#)

Estimates of the proportion and number of employee jobs paid less than the living wage in each Local Authority in Great Britain. Estimates are from the Annual Survey of Hours and Earnings (2014 – provisional).

### [Appendix 5: Local Government Department tables, Northern Ireland \(28.5 Kb Excel sheet\)](#)

Estimates of the proportion and number of employee jobs paid less than the living wage in each Local Government Department in Northern Ireland. Estimates are from the Annual Survey of Hours and Earnings (2014 – provisional).

## 11. Background notes

1. Details of the policy governing the release of new data are available by visiting [www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gsi.gov.uk](mailto:media.relations@ons.gsi.gov.uk)

These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.