

Statistical bulletin

Low and high pay in the UK: 2018

The distribution of earnings of high- and low-paid jobs, earnings by selected percentiles and jobs paid below the National Minimum Wage. Compiled from the Annual Survey of Hours and Earnings (ASHE).



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Notice

1 November 2018

The [Distribution of low paid jobs by 10p bands dataset](#) is published annually as part of the Earnings and hours worked in the UK: 2018 releases, however, in 2018, this dataset was not available at the same time as the rest of the release and was published one week later.

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1 . Other bulletins in this release

Commentary on topics covered in the Annual Survey of Hours and Earnings (ASHE) is split between three separate bulletins in 2018. This is part of our ongoing work to improve bulletins. Other commentary from the latest ASHE data can be found on the following pages:

- [Employee earnings in the UK \(from Annual Survey of Hours and Earnings\): 2018](#)
- [Gender pay gap in the UK: 2018](#)

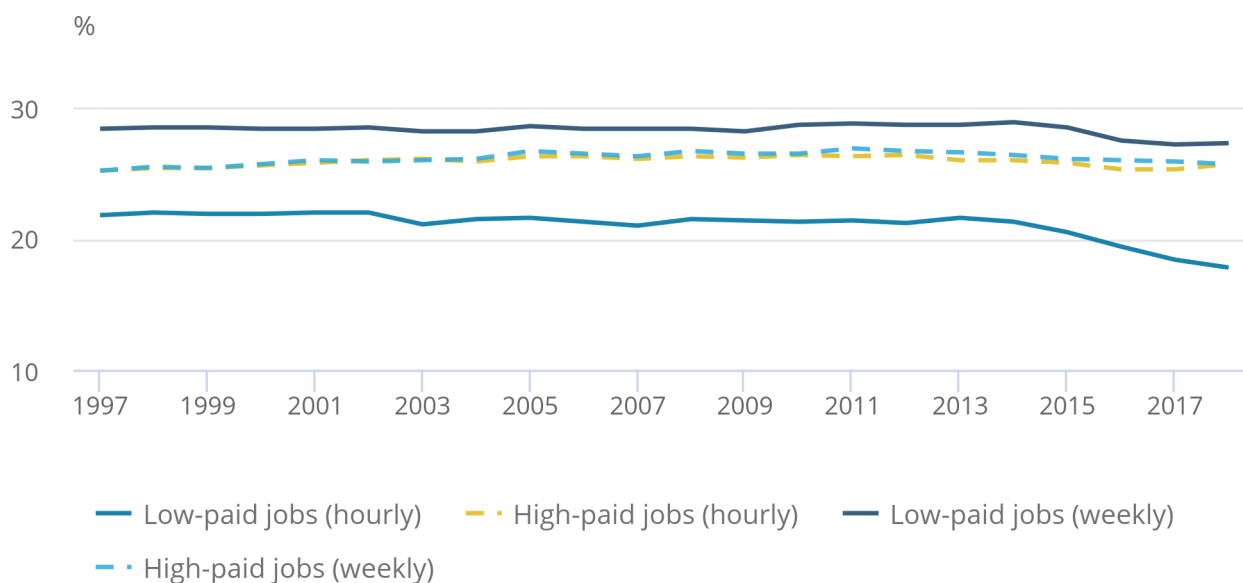
2 . Analysis of low- and high-paid employee jobs

Proportion of low-paid employee jobs by hourly earnings falls to 17.8%, the lowest since the series began

Figure 1: Proportion of high- and low-paid employee jobs for hourly pay and gross weekly pay, whole economy, UK, 1997 to 2018

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

Notes:

1. Footnotes applicable to all charts in this bulletin can be found in [Section 5: Measuring these data](#).

In 2018, 17.8% of all employee jobs are low-paid, when considered in terms of hourly earnings. This is the lowest proportion of low-paid employee jobs by hourly pay since the series began in 1997, which coincides with recent increases in the [National Minimum Wage and National Living Wage](#) rates.

There is a weaker decline in the proportion of low-paid employee jobs when considered in terms of gross weekly earnings. This weaker decline reflects fewer hours worked per week among the lowest paid; in 2018, hours worked by part-time workers [fell by 1.2%](#), compared with 2017.

High-paid employee jobs, however, have remained at a similar proportion of the total since the series began for both hourly and weekly pay, averaging around 26% of all employee jobs across both the series.

Definition of low and high pay

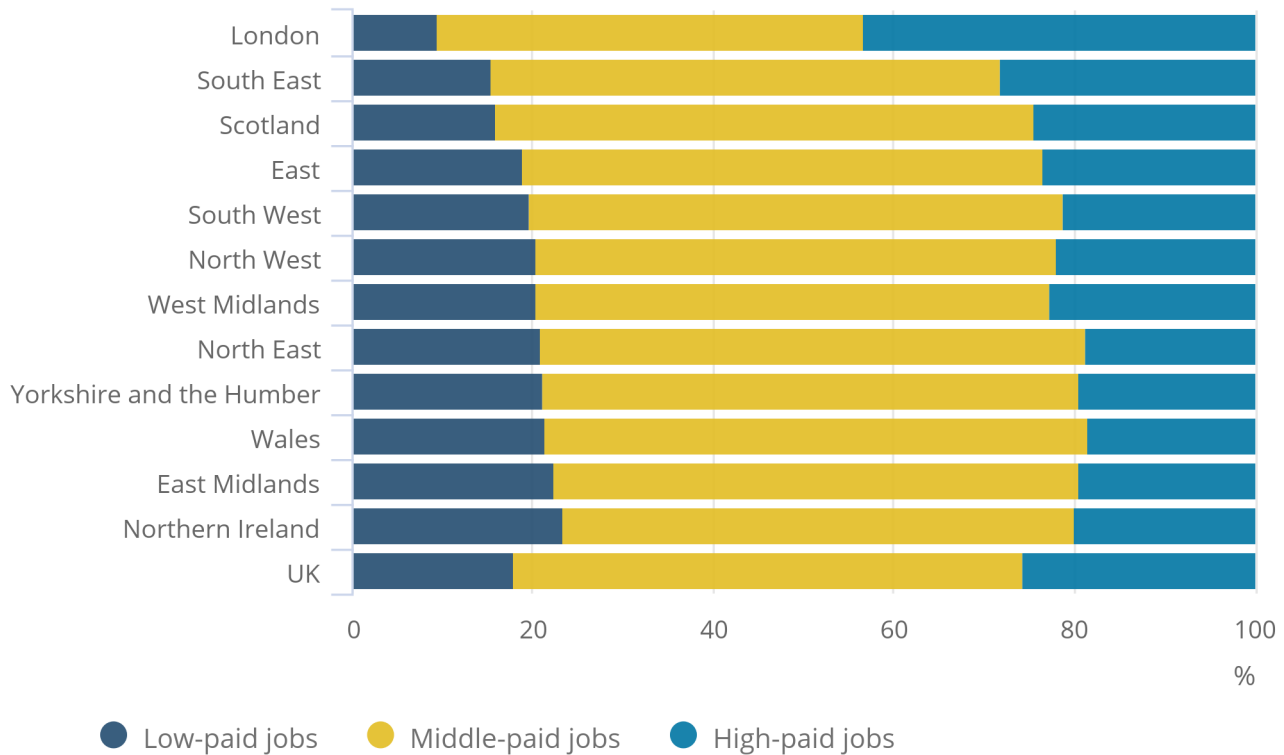
With the exception of the gross weekly earnings analysis in Figure 1, the [Organisation for Economic Co-operation and Development \(OECD\) definitions](#) of low pay and high pay are used: low pay is defined as the value that is two-thirds of median hourly earnings ($£12.78 \times \frac{2}{3} = £8.52$ in 2018) and high pay is defined as the value that is 1.5 times median hourly earnings ($£12.78 \times 1.5 = £19.17$ in 2018).

The proportion of low-paid employee jobs in London is half of that of the rest of the UK

Figure 2: Proportion of low-paid and high-paid employee jobs, by regions and countries, UK, April 2018

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

Notes:

1. Region is determined by the employee's place of work.
2. Footnotes applicable to all charts in this bulletin can be found in [Section 5: Measuring these data](#).

In 2018, 9.4% of employee jobs in London are low-paid, compared with an average of 19.3% in the rest of the UK. Similarly, London has nearly twice the proportion of high-paid jobs as the rest of the UK (43.1% compared with an average of 22.5%, respectively).

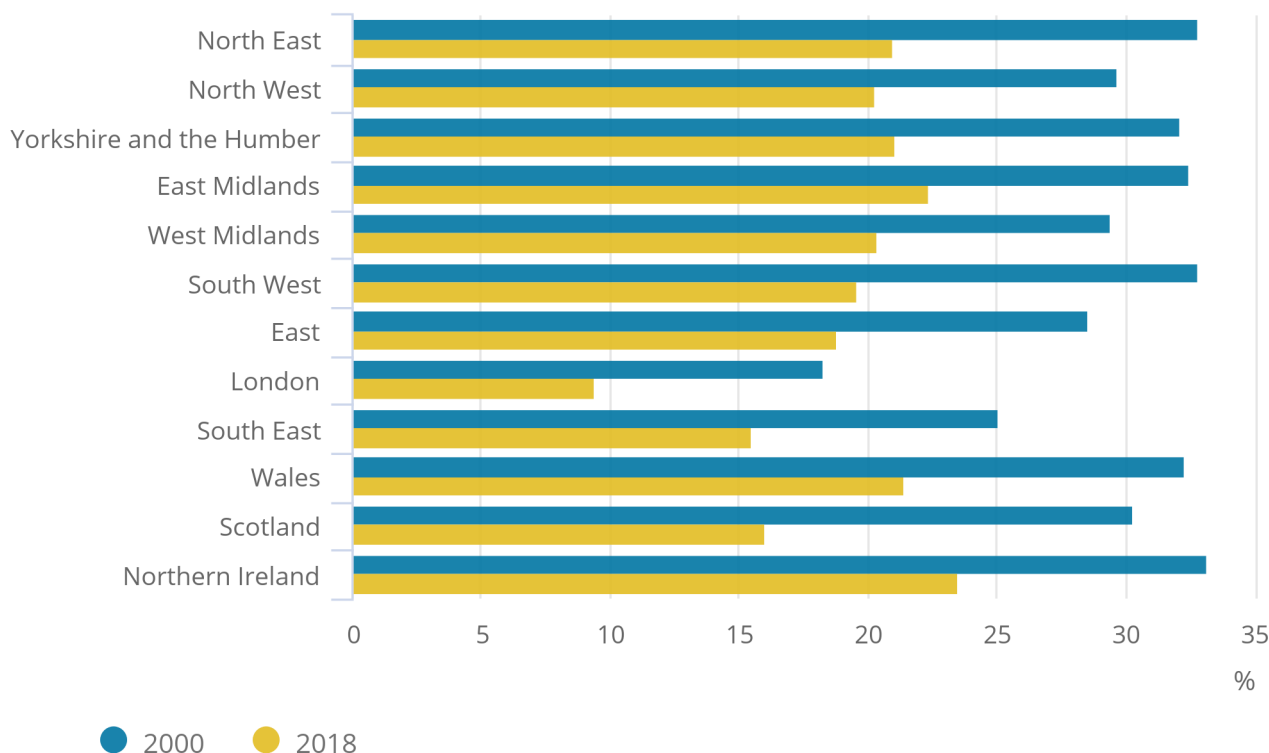
The country with the lowest proportion of low-paid employee jobs is Scotland with 16.0%, followed by England with 17.5% of jobs being low-paid. In Wales, the proportion is 21.4% and in Northern Ireland it is 23.5%.

Scotland has the largest reduction in the proportion of low-paid employee jobs since 2000

Figure 3: Proportion of low-paid employee jobs, by regions and countries, UK, April 2000 and April 2018

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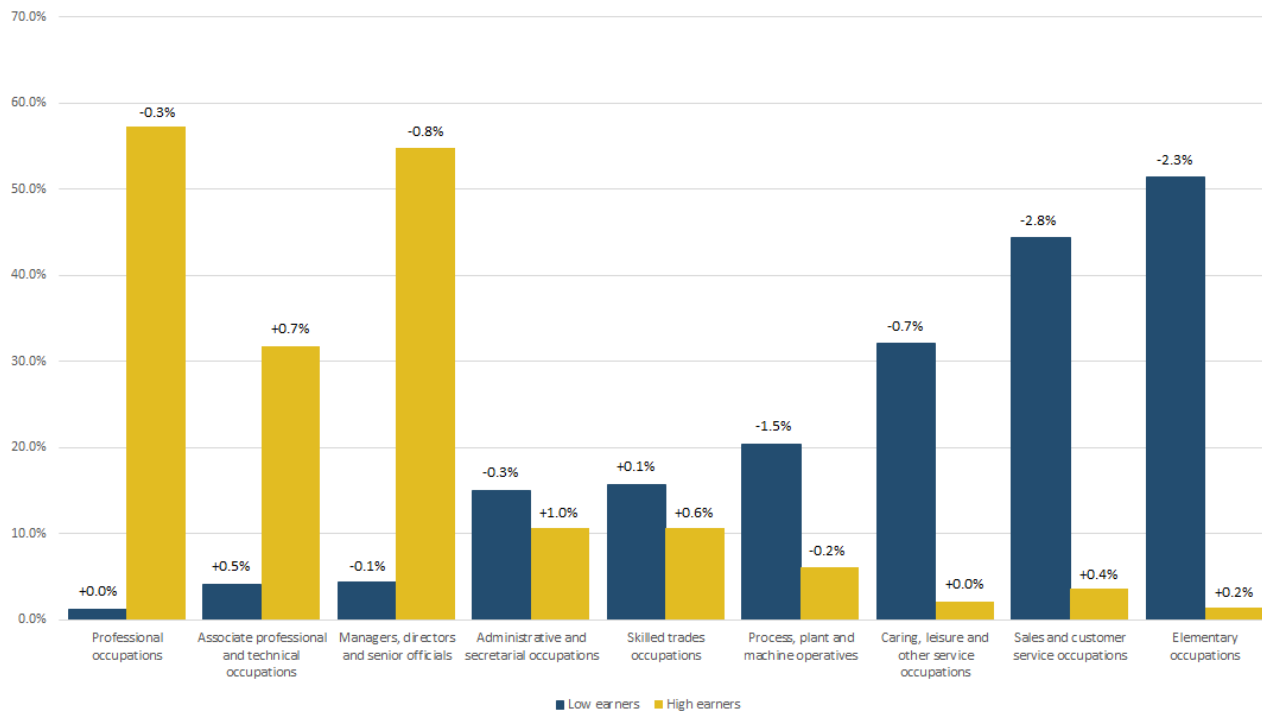
1. Region is determined by the employee's place of work.
2. Footnotes applicable to all charts in this bulletin can be found in [Section 5: Measuring these data](#).

The proportion of low-paid employee jobs has decreased since 2000 in all regions and countries of the UK. Scotland has experienced the largest decrease (by 14.3 percentage-points) followed by the South West (13.3 percentage points) and the North East (11.8 percentage points).

However, the proportion of high-paid employee jobs has changed comparably little since 2000; the East has experienced the largest decrease, by 2.1 percentage points, and Scotland has experienced the largest increase, by 2.8 percentage points.

Over half of all employee jobs in elementary occupations are low-paid

Figure 4: Proportion and year-on-year change of low paid and high paid employee jobs, by occupation, UK, April 2018



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

Notes:

1. Occupations as defined by the Standard Occupational Classification 2010.
2. Footnotes applicable to all charts in this bulletin can be found in [Section 5: Measuring these data](#).

In April 2018, over half (51.4%) of all employee jobs in elementary occupations were low-paid while only 1.4% were high-paid. The occupation with the largest decrease in low-paid employee jobs is sales and customer service occupations, down 2.8 percentage points since 2017.

Managers, directors and senior officials and professional occupations have the largest proportions of high-paid employees (54.8% and 57.3% respectively).

Proportion of low-paid part-time employee jobs is over three times as large as that of full-time employee jobs

Figure 5: Proportion of low- and high-paid employee jobs by working pattern, UK, 2018

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

Notes:

1. Footnotes applicable to all charts in this bulletin can be found in [Section 5: Measuring these data](#).

There is a large difference between the proportion of low-earning employees for full-time and part-time working patterns: 36.5% of part-time employee jobs are low-paid compared with just 10.3% of full-time employee jobs.

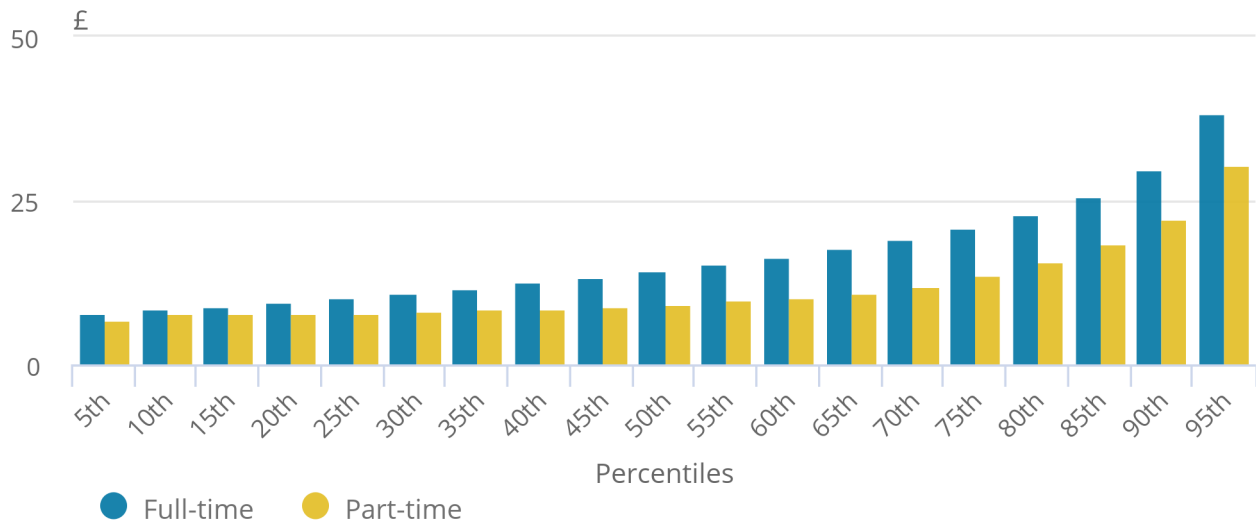
Conversely, the proportion of high-paid employee jobs is twice as high for full-time employees than for part-time employees. This difference in pay is an important element of the [gender pay gap](#) because a higher proportion of women work part time.

The highest earning full-time employee jobs are paid almost five times as much per hour as the lowest paid

Figure 6: Distribution of full-time and part-time hourly earnings (excluding overtime) for every fifth percentile, UK, 2018

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

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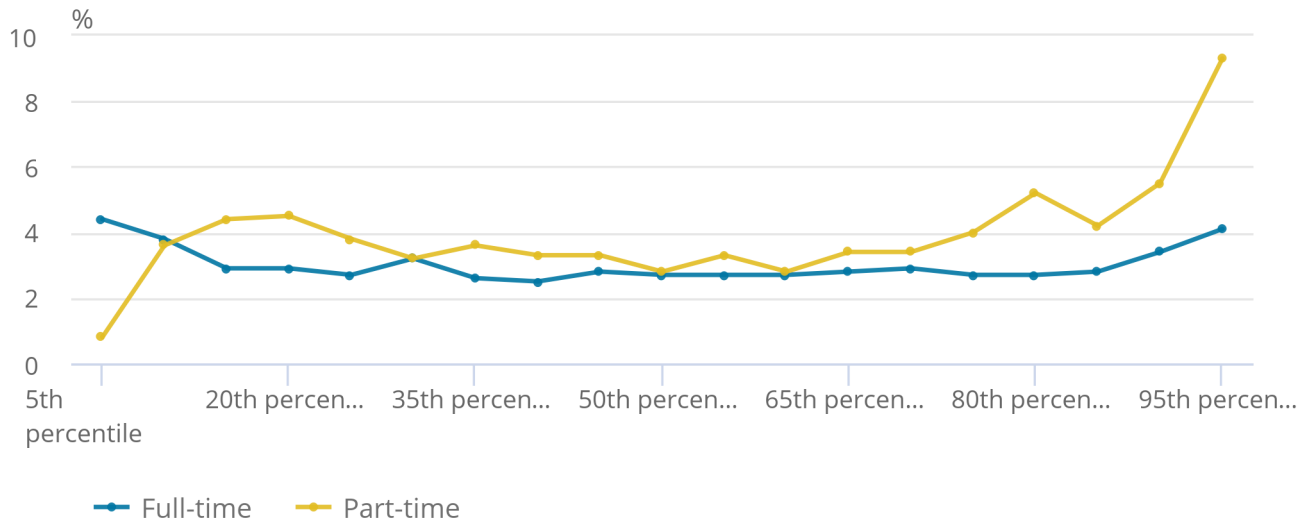
To demonstrate the distribution of employee earnings, the hourly rate of pay has been presented for every fifth percentile. In 2018, full-time employees earn more per hour (excluding overtime) than part-time employees at every point in the distribution. The highest-paid full-time employee jobs (at the 95th percentile) are paid just under five times as much as the lowest paid (at the fifth percentile). In monetary terms, the highest-earning 5% earn £38.48 per hour (excluding overtime pay) compared with £7.92 per hour (excluding overtime pay) for the lowest earning 5%.

Relatively strong growth in median earnings for the highest paid 10% of employees

Figure 7: Percentage change to the distribution of full-time and part-time hourly earnings excluding overtime for every fifth percentile, UK, 2018

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

Notes:

1. Footnotes applicable to all charts in this bulletin can be found in [Section 5: Measuring these data](#).

Although the proportion of high-paid employee jobs has remained stable, hourly pay among the highest-earning 10% of employee jobs has increased more than average. This is particularly true for part-time employee jobs and can in part be explained by an increase in the proportion of part-time employees working in the highest-paid occupations (managers, directors and senior officials and professional occupations).

The smallest increase is for part-time employee jobs at the bottom of the distribution (fifth percentile), which increased by 0.8%. This low growth can be largely attributed to an increase in 16- and 17-year-olds in employment in 2018, who are the lowest-paid age-group and whose National Minimum Wage rate is only £4.20 compared with £7.83 for those aged 25 years and over.

Number of jobs paid below the National Minimum Wage and National Living Wage increases in 2018

In April 2018, there were 441,000 employees aged 16 years and over who were paid below the [National Minimum Wage or National Living Wage](#) (1.6% of employee jobs). This is compared with 419,000 (1.5% of employee jobs) in 2017. In April 2018, the National Minimum Wage and National Living Wage rates were increased by approximately 4.4%.

Warning

The National Minimum Wage and National Living Wage estimates in this release and ASHE datasets cannot be used as a measure of non-compliance with the minimum wage legislation. This is because it is not always possible to determine from the survey data whether an individual is eligible for the minimum wage. For example, if employees receive free accommodation, employers are entitled to offset hourly rates.

3 . Low and high pay data

Data for the distribution of low-paid jobs by 10 pence thresholds and the proportion of employee jobs earning below the Living Wage, by work geography, are available.

[Jobs paid below minimum wage by category](#)

Released: 25 October 2018

Annual estimates of the number of UK jobs paid below the minimum wage by sex, age, occupation and industry, full-time and part-time, and region, from 1998 to 2018.

[Distribution of low-paid jobs by 10 pence bands](#)

Released: 1 November 2018

Tables showing the number of UK jobs from 1998 to 2017 paid less than various 10p thresholds split by age band.

[Estimates of the number and proportion of employee jobs with hourly pay below the living wage](#)

Released: 25 October 2018

Estimates of the number and proportion of employee jobs with hourly pay below the living wage, as defined by the living wage foundation. Estimates are provided by parliamentary constituency and local authority.

4 . Glossary

Low pay and high pay

Throughout this bulletin, unless otherwise stated, low and high pay are calculated using the [Organisation for Economic Co-operation and Development \(OECD\) definitions](#). Low pay is defined as the value that is two-thirds of median hourly earnings and high pay is defined as the value that is 1.5 times median hourly earnings. For example, median hourly earnings for all employees in 2018 is £12.78, therefore low-pay employees are considered to be anyone earning below two-thirds of £12.78, which is £8.52 and high-pay employees are those earning anything above 1.5 times £12.78, which is £19.17.

Full-time and part-time

Full-time is defined as employees working more than 30 paid hours per week (or 25 or more hours for the teaching professions). Part-time is defined as employees working less than or equal to 30 paid hours per week (or less than or equal to 25 hours for the teaching professions).

Standard occupational classification (SOC)

The [standard occupational classification \(SOC\)](#) is a common classification of occupational information for the UK.

National Minimum Wage and National Living Wage

The National Minimum Wage (NMW) is a minimum amount per hour that most workers in the UK are entitled to be paid. There are different rates of minimum wage depending on a worker's age and whether they are an apprentice. The NMW applied to employees aged between 16 and 24 years. The Government's National Living Wage (NLW) was introduced on 1 April 2016 and applies to employees aged 25 years and over.

On the ASHE reference date in April 2018, the NMW and NLW rates were:

- £7.83 for employees aged 25 years and over
- £7.38 for employees aged 21 to 24 years
- £5.90 for employees aged 18 to 20 years
- £4.20 for employees aged 16 to 17 years
- £3.70 for apprentices aged 16 to 18 years and those aged 19 years or over who are in the first year of their apprenticeship

Percentiles

The Xth percentile indicates the value at which X% of the population falls under. For example, the fifth percentile means that 5% of the population earn under this amount and 95% of the population earn above this amount. The median corresponds to the 50th percentile, that is, the value at which half the population falls under.

5 . Measuring this data

All estimates for 2018 are provisional and relate to the reference date 16 April 2018. Data from the 2017 survey have been subject to small revisions since the provisional estimates were published on 26 October 2017.

For the charts in this bulletin, the following notes apply:

1. Employees on adult rates, pay unaffected by absence.
2. Low pay is defined as the value that is two-thirds of median hourly earnings and high pay is defined as the value that is 1.5 times median hourly earnings [Figures 1 to 5 only].
3. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions) [Figures 5 to 7 only].
4. 2018 data are provisional.

A [guide to interpreting ASHE estimates](#) is available and addresses common questions about the data.

Specific low pay methodology and guidance is available on the [low pay methodology pages](#).

Further information on ASHE methodology can be found on the ASHE methodology and guidance page and in the [Quality and Methodology Information report](#).

6 . Strengths and limitations

The National Minimum Wage and National Living Wage estimates in this release and ASHE datasets cannot be used as a measure of non-compliance with the minimum wage legislation. This is because it is not always possible to determine from the survey data whether an individual is eligible for the minimum wage. For example, if employees receive free accommodation, employers are entitled to offset hourly rates.

The strengths and limitations of ASHE can be found in the [Quality and Methodology Information report](#) and the [Guide to sources of data of earnings and income](#).

7 . More about low and high pay and the distribution of pay

[Analysis of the distribution of earnings across the UK using Annual Survey of Hours and Earnings \(ASHE\) data: 2016](#)

Released: 26 October 2016

This article provides an analysis of the distribution of earnings using ASHE 2016 data and previous ASHE datasets over time. It also considers differences in earnings by gender, region, skill level and working pattern.

[National Minimum Wage: Low Pay Commission report 2017](#)

Includes recommendations for the National Living Wage and National Minimum Wage rates to apply from April 2018.

[Low Pay Britain 2018 – Resolution Foundation](#)

Since 2011, the Resolution Foundation has published an annual review. This year's report – the eighth edition of Low Pay Britain, based on pay data from April 2017 – documents the headline trends shaping the low-paid end of the labour market today and highlights the new challenges policymakers should be addressing.

8 . You may also be interested in

[Earnings and working hours](#)

ONS employee earnings and hours worked home-page.

[UK labour market](#)

Estimates of employment, unemployment, economic inactivity and other employment-related statistics for the UK.

[Contracts that do not guarantee a minimum number of hours](#)

Estimates of the number of people in employment on contracts where they are not guaranteed any hours in a given week, also known as "zero hours contracts".