

3 Low and high pay analysis

Key findings

- Median hourly pay for all employees in NI is joint second lowest of all regions (£12.78)
- The percentage of low-paid jobs in NI is at its lowest in 20 years
- NI has the highest percentage of low-paid jobs of all the UK regions

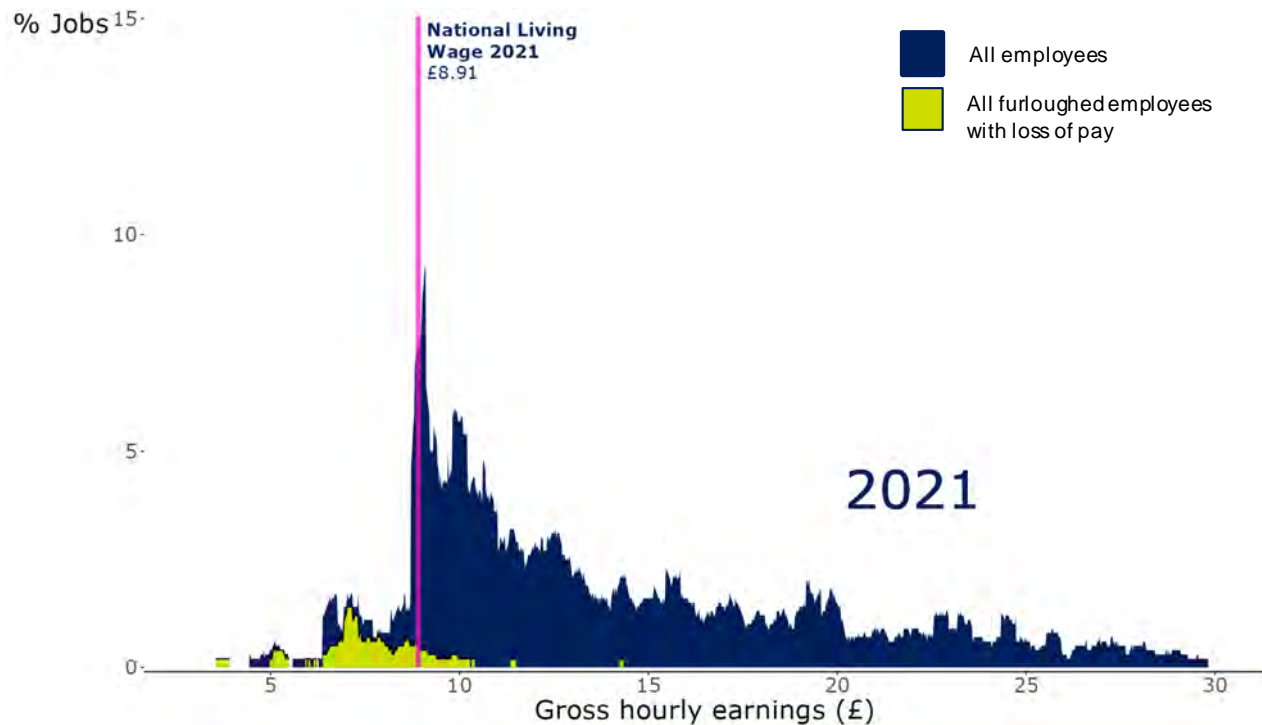
The **National Living Wage (NLW)** was introduced by the Government on 1 April 2016. It is currently set at £8.91 per hour for those aged 23 and over.

The **National Minimum Wage (NMW)** applies for those under the age of 23. It was introduced on 1 April 1999 and ranges between £4.30 and £8.36 per hour. Further details and a full breakdown of rates can be found in section 4.

At £12.78, median hourly pay for all employees (full-time and part-time combined) in Northern Ireland is the joint second lowest of all the UK regions and is currently £1.32 below the UK median (£14.10). This has been the broad trend since 2000, with NI median hourly pay recording the lowest or second lowest of all the regions in each of the last 20 years.

A comparison of the distribution of hourly pay between 2002 and 2021, with particular focus on the impact of furlough over the last two years, can be viewed in a scrollytelling article on the NISRA website - [Scrollytelling through Employee Earnings](#).

Figure 12: Gross hourly earnings distribution for all employees and furloughed employees with reduced earnings in NI, April 2021



*Note: Jobs shows proportion of jobs within +/-20p of shown pay rate
This cannot be used as a measure of non-compliance with the minimum wage legislation as 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.*

[Download figure 12 data](#)

Furlough continues to impact number paid below National Living Wage

Figure 12 shows the earnings distribution for 2021. The shape of the chart is typical of a skewed earnings distribution with more jobs at the lower earnings end, tailing off towards higher earnings.

When the [interactive version](#) is played showing 2002 to 2021, the peak of the chart, which shows the wage rate with the largest proportion of jobs, can be seen moving to the right each year in line with increases in the National Minimum/Living Wage (NLW).

Not only has the peak shifted, but the shape of the distribution has also changed over time. In 2002, 5% of jobs were within 20p of the minimum wage, compared with 10% in 2019. Between 2008 and 2019, the peak generally became more pronounced each year as earnings compressed around the National Minimum/Living Wage. The largest increase in compression coincided with the largest increase in minimum wage (70p) which occurred in 2016 when the National Living Wage was introduced (increasing for those aged 25+ from a National Minimum Wage of £6.50 in April 2015 to National Living Wage of £7.20 in April 2016). The proportion of jobs within 20p of the minimum wage increased from 9% in 2015 to 11% in 2016.

From 2020, there has been a reversal in the trend of increased compression, with the proportion within 20p of the NLW reducing from 10% in 2019 to 7% in both 2020 and 2021. In 2020, a cluster (3%) at 80% of the NLW is evident, and to a lesser extent a cluster (1.4%) is visible in 2021. This reflects those paid at the minimum wage and furloughed at 80% of their pay.

When considering the hourly earnings of all employees, the lowest earning 10% of workers (those at the 10th percentile) in the private sector (£8.00) earned less than the current National Living Wage (£8.91), whilst those in the 20th percentile earned within 2p of it (£8.93). In contrast, those at the 10th percentile of the public sector (£10.31) earned more per hour than those at the 40th percentile of the private sector (£10.08).

Using a different derived hourly rate, which excludes overtime and shift premium payments and in-line with [ONS methodology](#), the proportion of jobs paid below the National Living Wage and National Minimum Wage in 2019 was 1.1%, this increased to 11% in 2020, but fell to 5.8% in 2021. However, almost 90% of those below these rates were on furlough rates of pay in the last two years.

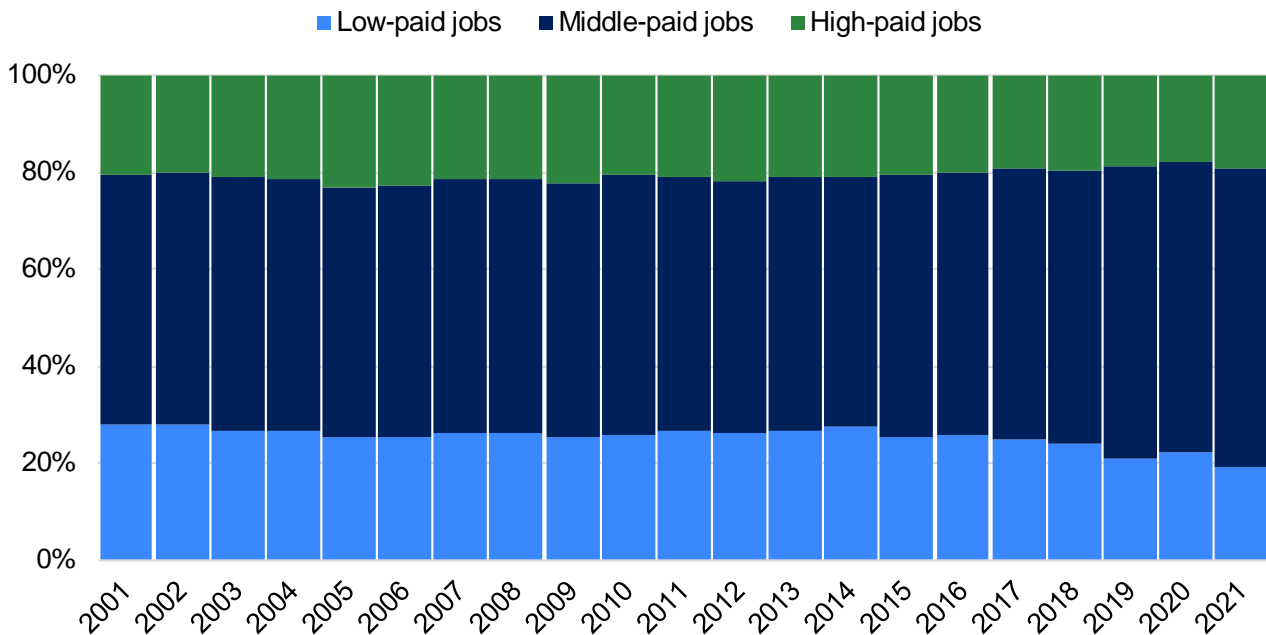
Proportion of low-paid jobs is lowest on record

The following [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 the UK median hourly earnings (e.g. £14.10 x 2/3 = £9.40 in 2021)

High pay is defined as the value that is 1.5 times the UK median hourly earnings (e.g. £14.10 x 1.5 = £21.15 in 2021).

Figure 13: Proportion of low-paid and high-paid employee jobs in NI, April 2001 to April 2021



Note: there were a number of methodological changes during the series in 2004, 2006 and 2011.

See Section 5 Further information for full details.

Hourly earnings for all employees is used to calculate high and low pay in line with ONS methodology.

[Download figure 13 data](#)

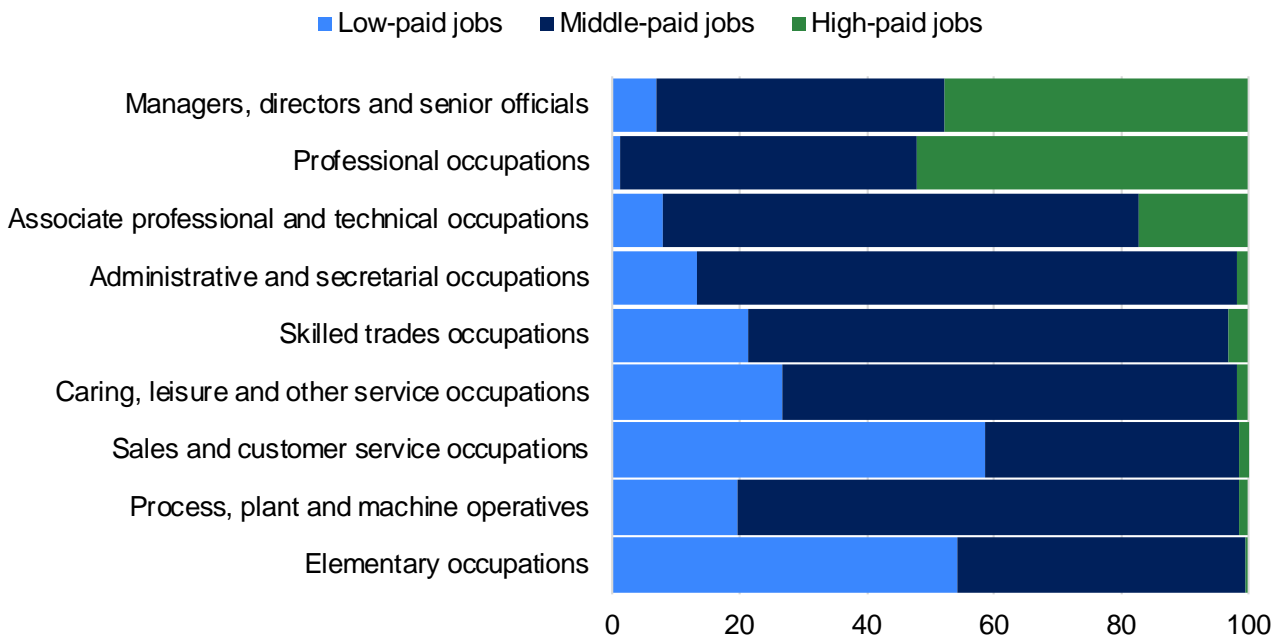
Figure 13 shows that, over the last 20 years the proportion of low-paid jobs has decreased from 28% in 2001 to its lowest proportion of 19% in 2021. The majority of this drop has occurred since the introduction of the National Living Wage in 2016. The largest annual increase (1.1pps) occurred in 2020, followed by the largest annual decrease in 2021 (3.2pps).

At the other end of the spectrum, the proportion of high-paid jobs has stayed more consistent, with a slight decrease of 1.3% between 2001 and 2021. The latest year saw an increase (1.5pps) following the lowest level in the 20 year period (18% in 2020).

As a result of the decrease in both low and high-paid jobs, the proportion of middle-paid jobs has now increased to 62%, the highest on record and 10pps above the proportion recorded in 2001.

Sales & customer services, and elementary occupations make up half of low-paid jobs

Figure 14: Proportion of low-paid and high-paid employee jobs in NI by occupation, April 2021



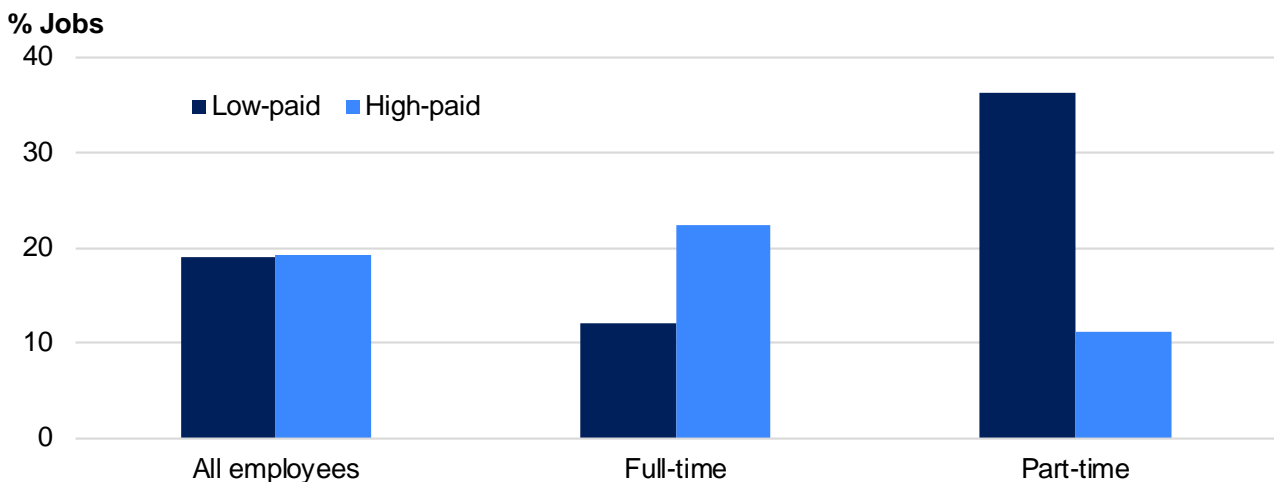
Hourly earnings for all employees is used to calculate high and low pay in line with ONS methodology.

[Download figure 14 data](#)

The highest percentage of low-paid employee jobs are in ‘Sales and customer service occupations’ (59%), and this sector only consists of 1.6% high-paid jobs. Similarly, within ‘Elementary occupations’ 54% of jobs are low-paid, whilst only 0.3% are high-paid jobs. These two occupational groups made up 51% of all low-paid jobs in NI in 2021.

In contrast, over half (52%) of all ‘Professional occupations’ jobs are high-paid, with 1.3% low-paid within this sector. When considered alongside ‘Managers, directors and senior officials’, these two sectors account for over 80% of all high-paid jobs in NI. Whilst 17% of ‘Associate professional and technical occupation’ jobs are high-paid, there are less than 2% of high-paid jobs within all the remaining six occupational groups.

Figure 15: Proportion of low- and high-paid employee jobs in NI by working pattern, April 2021

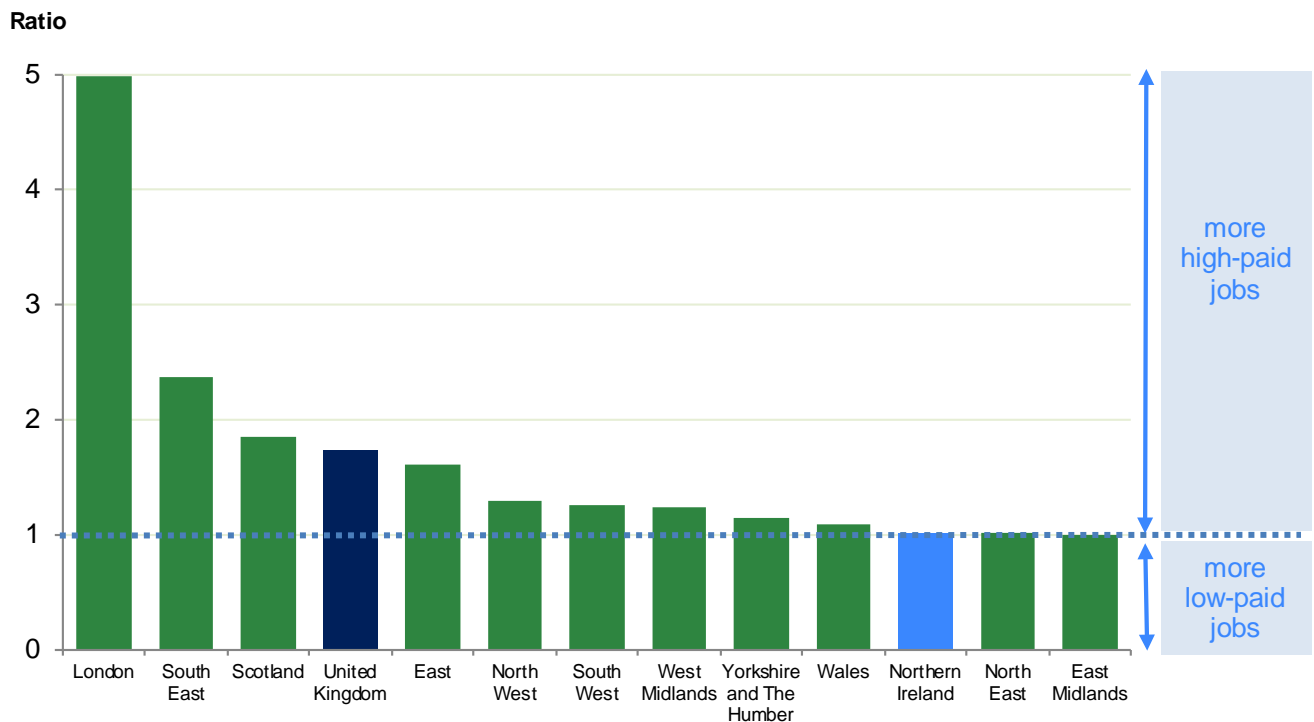


[Download figure 15 data](#)

Figure 15 shows that there is an equal balance of high and low-paid jobs across all employees, however when broken down by working pattern, there is a clear indication of imbalance between those working full-time and those working part-time. There is a greater proportion of low-paid part-time employee jobs (36%), compared with full-time (12%) and similarly the lower proportion of high-paid part-time jobs (11%) compared with full-time (23%).

A closer examination of the pay difference between part-time and full-time jobs shows that, not only are part-time jobs more likely in lower-paid occupation groups but, even within 8 of the 9 occupation groups, part-time workers' hourly pay rates are, on average, lower than full-time hourly pay rates.

Figure 16: Ratio of high-paid to low-paid employee jobs, by Government region, April 2021



Hourly earnings for all employees is used to calculate high and low pay in line with ONS methodology.

[Download figure 16 data](#)

The proportion of low-paid jobs has decreased over the year in NI (to 19.1%) but it still has the highest proportion of low-paid jobs of all the UK regions. The second highest was in East Midlands (17.7%), with London (8.4%) having the lowest.

Analysis of ratios of high-paid to low-paid employee jobs in the different regions of the UK (Figure 16) shows that NI had the joint second lowest ratio. Along with North East and East Midlands, NI had a ratio of around 1, meaning that the proportion of low-paid jobs was equal to the proportion of high-paid jobs in these areas. In all other regions, high-paid jobs exceeded low-paid. London had the highest ratio, with five times more high-paid than low-paid jobs, followed by South East (2.4) and Scotland (1.9). These three regions were all above the UK average (1.7).