

5 Low pay analysis

This section presents information on the proportions of employees earning less than the National Living Wage (NLW). The estimates in this section 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 proportion earning less than the 'Real Living Wage' is also included. Following agreed methodology the hourly rate used to compare against the Real Living Wage is hourly earnings excluding overtime and shift premium pay while the minimum wage threshold is based on hourly wages excluding overtime. This is also the headline hourly rate used in Section 4.

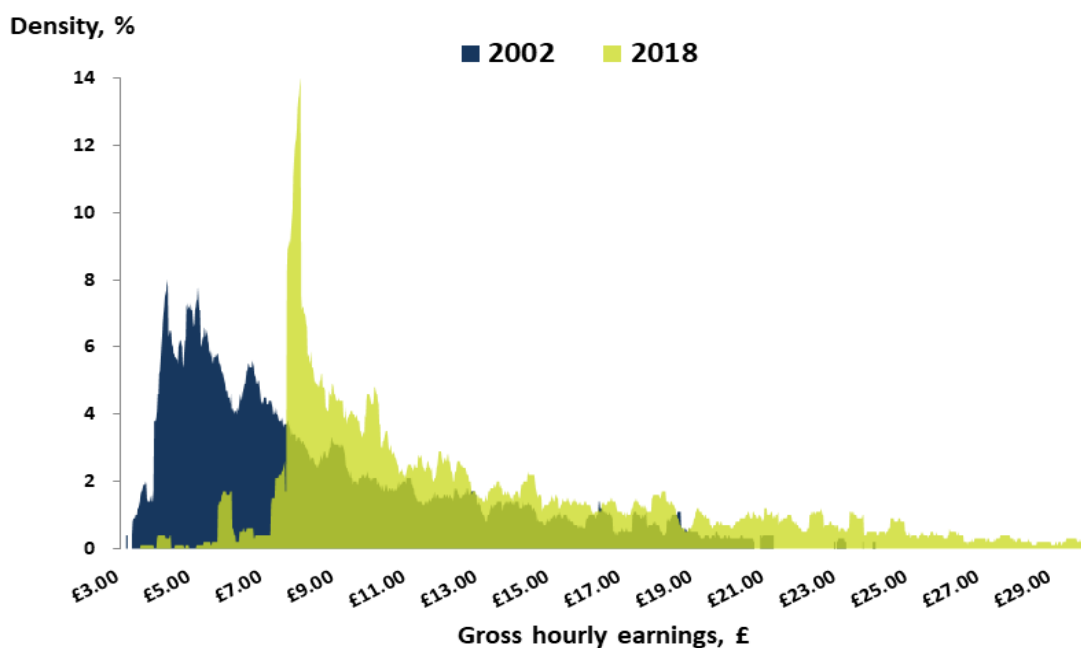
The **National Living Wage (NLW)** was introduced by the Government on 1 April 2016 for all working people aged 25 and over, and is currently set at £7.83 per hour.

The **National Minimum Wage (NMW)** applies for those under the age of 25. It was introduced in 1 April 1999. Further details and a full breakdown on rates can be found in section 6.

The **Real Living Wage** is produced by the Living Wage Foundation. The value of the Living Wage is re-calculated each year. The 2017/2018 rate is £8.75 across the UK and £10.20 in London. For further information about the Living Wage, please refer to the Living Wave Foundation website: www.livingwage.org.uk/calculation

The following [interactive chart](#) shows how the distribution of pay has changed since 2002:

ASHE - earnings distribution for Northern Ireland



Source: Annual Survey of Hours and Earnings
Note: Density shows proportion of jobs within +/-20p of shown pay rate

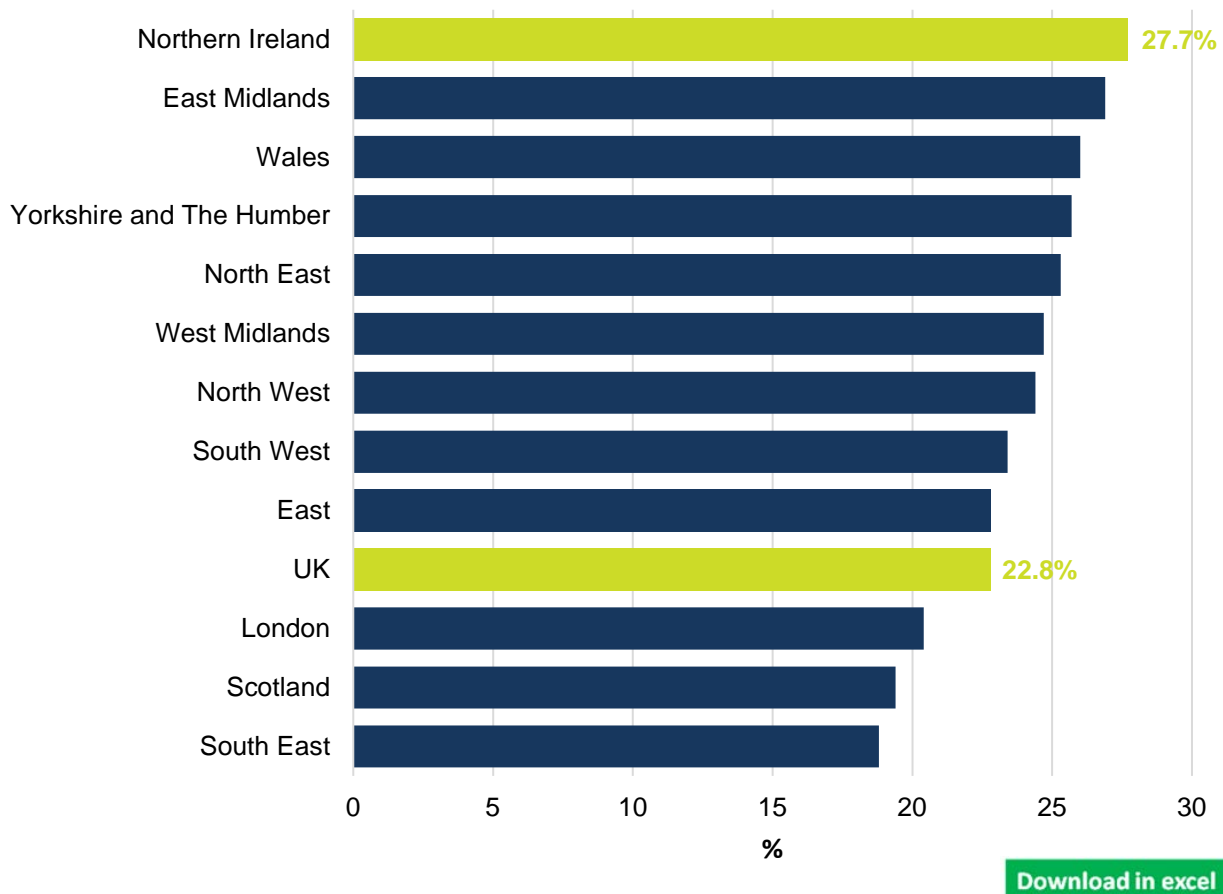


5.1 National Living/Minimum Wage and Real Living Wage

Key findings

- Approximately 1% of employees earned below the National Minimum/Living Wage
- 28% earned below the Real Living Wage (£8.75)

Figure 15: Proportion of employee jobs with hourly earnings (excluding overtime and shift premium pay) less than the Real Living Wage, by Government region, April 2018



Analysis of the Real Living Wage as presented in figure 15, shows that:

- NI had the highest proportion (27.7%) of jobs earning less than the Real Living Wage, followed by East Midlands (26.9%) and Wales (26.0%)
- South East (18.8%) had the lowest proportion under the Real Living Wage, followed by Scotland (18.4%) and London (19.2%, which is based on a higher rate)
- overall, regions in the south of the UK had lower proportions than the north with the exception of Scotland (19.4%).

Analysis of the National Living Wage/National Minimum Wage show that:

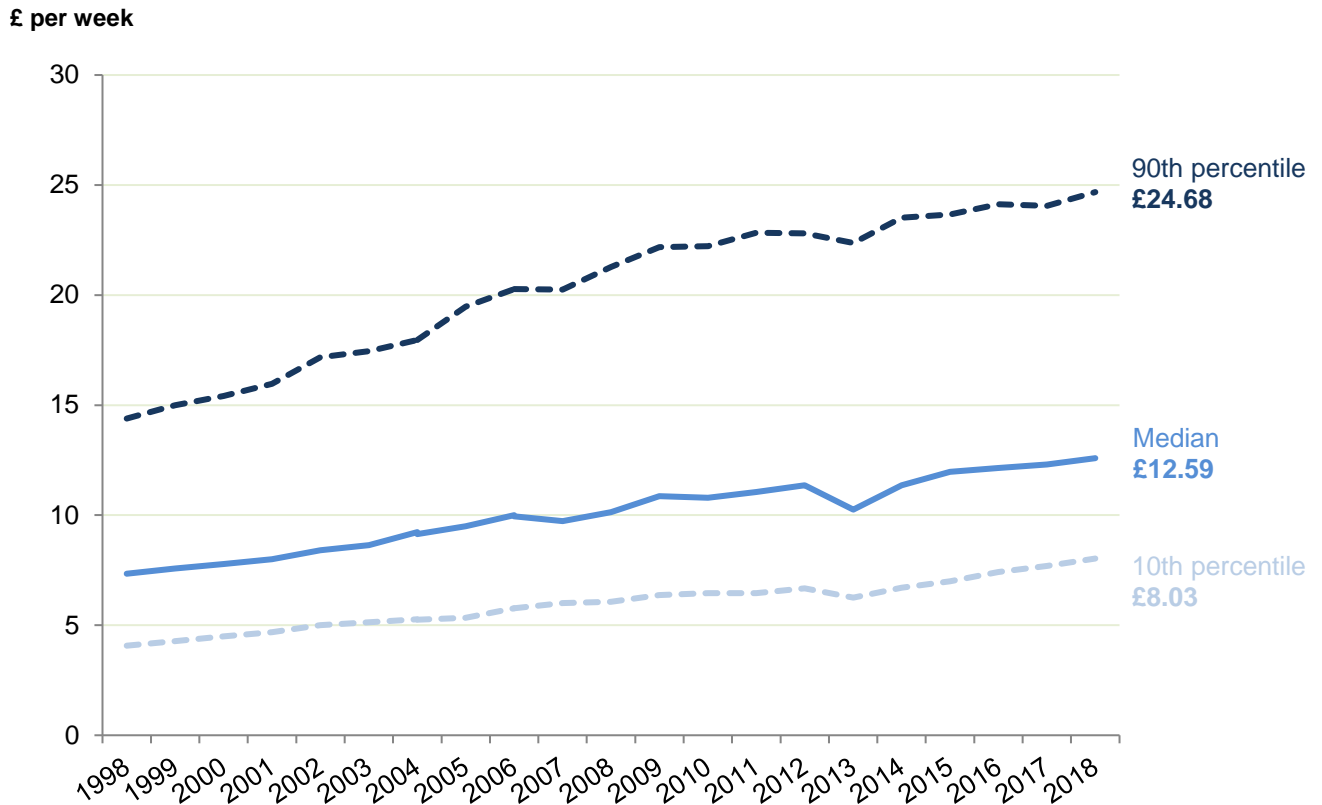
- in NI, 0.8% of all employees earned less than the NLW/NMW
- there has been a slight decrease from the 1.0% recorded last year.

5.2 Low earners and high earners

Key findings

- The hourly rate at the 90th percentile was 3 times that at the 10th percentile
- 10th percentile had a larger increase than the 90th percentile over the year

Figure 16: Distribution of gross hourly earnings excluding overtime, for full-time employees in NI, April 1998 to 2018



Note: there were a number of methodological changes during the series in 2004, 2006 and 2011. See Section 6 Further information for full details.

[Download in excel](#)

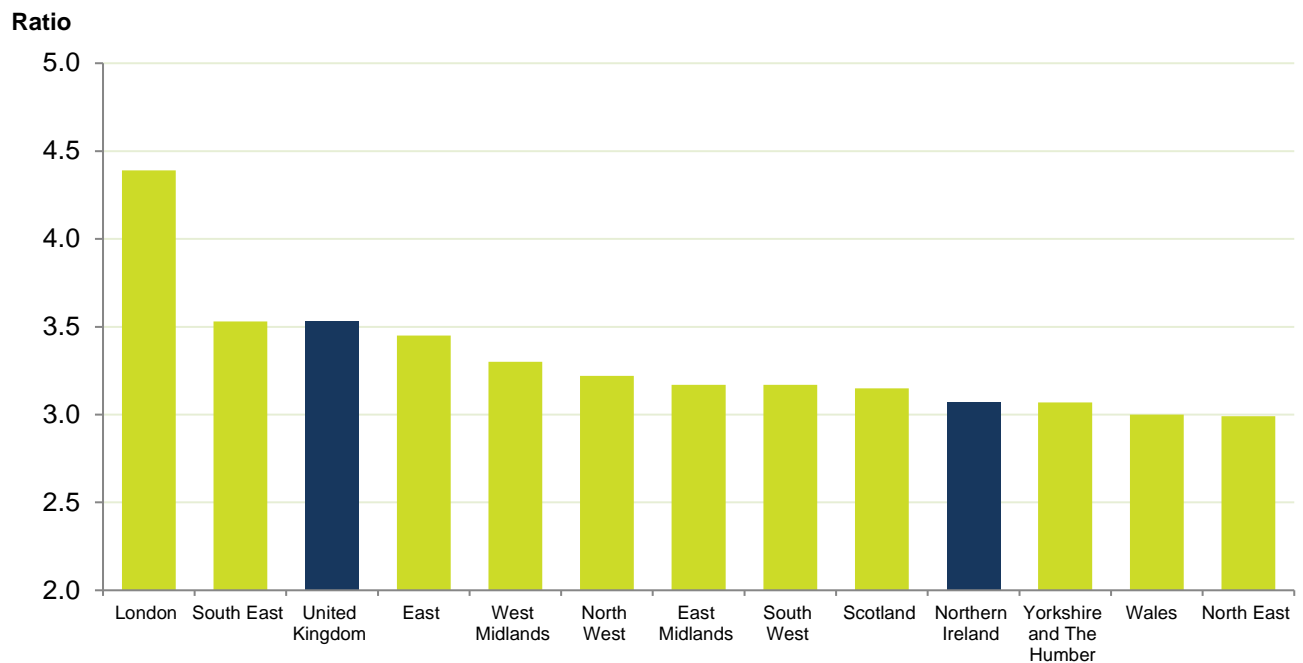
Figure 16 shows that:

- the 10th percentile (lower earners) increased by 4.3% over the year to April 2018
- the 90th percentile (higher earners) increased by 2.6%, however they earn more than 3 times that of the 10th percentile

Further analysis of hourly earnings (excluding overtime) for full-time employees shows that:

- elementary occupations (£8.50) and Sales and customer service occupations (£8.62) were the only two occupation groups that earned within £1 of the current NLW
- accommodation and food service activities (£8.50) was the only industry that earned within £1 of the current NLW
- the 10th percentile of the private sector (£7.83) earned the same as the current NLW
- the 10th percentile of the public sector (£9.95) earned more than the 40th percentile of the private sector (£9.89).

Figure 17: Ratio of highest and lowest 10% of hourly earnings (excluding overtime) in each UK Government region, April 2018



Note: Non-zero axis

[Download in excel](#)

Figure 17 shows that:

- the 90th percentile in NI earned 3.1 times more than the 10th percentile
- at 4.4, London had the highest ratio between high and low earners
- NI had the joint third lowest ratio of the 12 UK government regions.