

2 Low and high pay analysis

Key findings

- Median hourly pay for all employees in NI is lowest of all regions (£11.98)
- The percentage of low-paid and high-paid jobs in NI at their lowest in 20 years
- NI has the highest percentage of low-paid jobs of all the UK regions

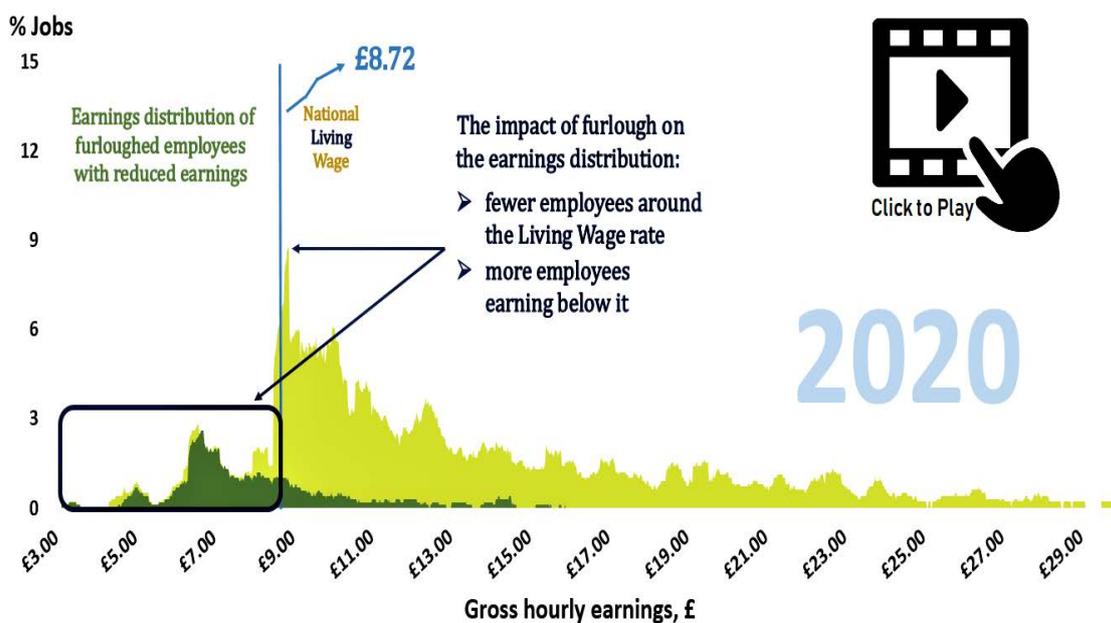
The **National Living Wage (NLW)** was introduced by the Government on 1 April 2016 for all working people aged 25 and over. It is currently set at £8.72 per hour.

The **National Minimum Wage (NMW)** applies for those under the age of 25. It was introduced on 1 April 1999 and ranges between £4.15 and £8.20 per hour. Further details and a full breakdown of rates can be found in section 4.

At £11.98, median hourly pay for all employees (full-time and part-time combined) in Northern Ireland remains the lowest of all the UK regions and is currently £1.70 below the UK median (£13.68). This has been the broad trend since 2000, with NI median hourly pay the lowest or second lowest of all the regions in each of the last 20 years. The percentage difference in 2020 (14%) is the largest over this time period between the NI and UK median hourly earnings.

A comparison of the distribution of hourly pay between 2002 and 2020 is shown below and can also be viewed on the [NISRA website](#).

Figure 10: Gross hourly earnings distribution for all employees and furloughed employees with reduced earnings in NI, April 2002 to April 2020



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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.

Furlough impacts number paid below National Living Wage

Figure 10 shows the earnings distribution for 2020. The shape of the chart is typical of a skewed earnings distribution with more jobs at lower earnings and tailing off towards higher earnings.

When the [interactive version](#) is played showing 2002 to 2020, 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.

The shape of the distribution has also changed over time. In 2002, 8% of jobs were within 20p of the minimum wage, compared with 6% within 20p of the National Living Wage in 2020. 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.

2020 shows a reversal in this trend of increased compression, with the proportion within 20p of the National Living Wage halving from 12% in 2019 to 6% in 2020. Notably a cluster of 3% within 20p of £6.60 is evident. This hourly rate is approximately 80% of the 2019 NLW and likely to reflect those receiving support through the Coronavirus Job Retention Scheme which was based on the previous year's earnings.

When considering the hourly earnings of all employees, the lowest earning 10% of workers in the private sector (those at the 10th percentile) earned the same as 80% (furlough rate) of the current National Living Wage (£8.72). In contrast, those at the 10th percentile of the public sector (£9.89) earned more per hour than those at the 40th percentile of the private sector (£9.55).

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% and increased to 10% in 2020. However, more than 90% of those below these rates were on furlough rates of pay.

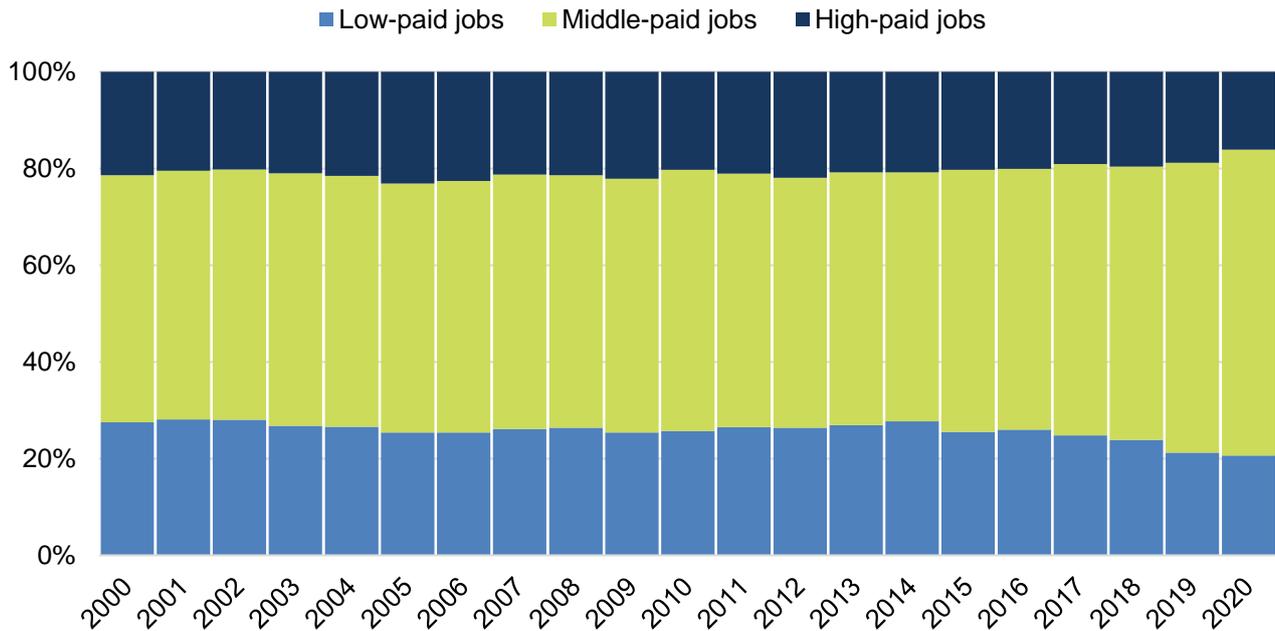
Proportion of low paid jobs decreased marginally over the year

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. £13.62 x 2/3 = £9.08 in 2020)

High pay is defined as the value that is 1.5 times the UK median hourly earnings (e.g. £13.62 x 1.5 = £20.43 in 2020).

Figure 11: Proportion of low-paid and high-paid employee jobs in NI, April 2000 to April 2020



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

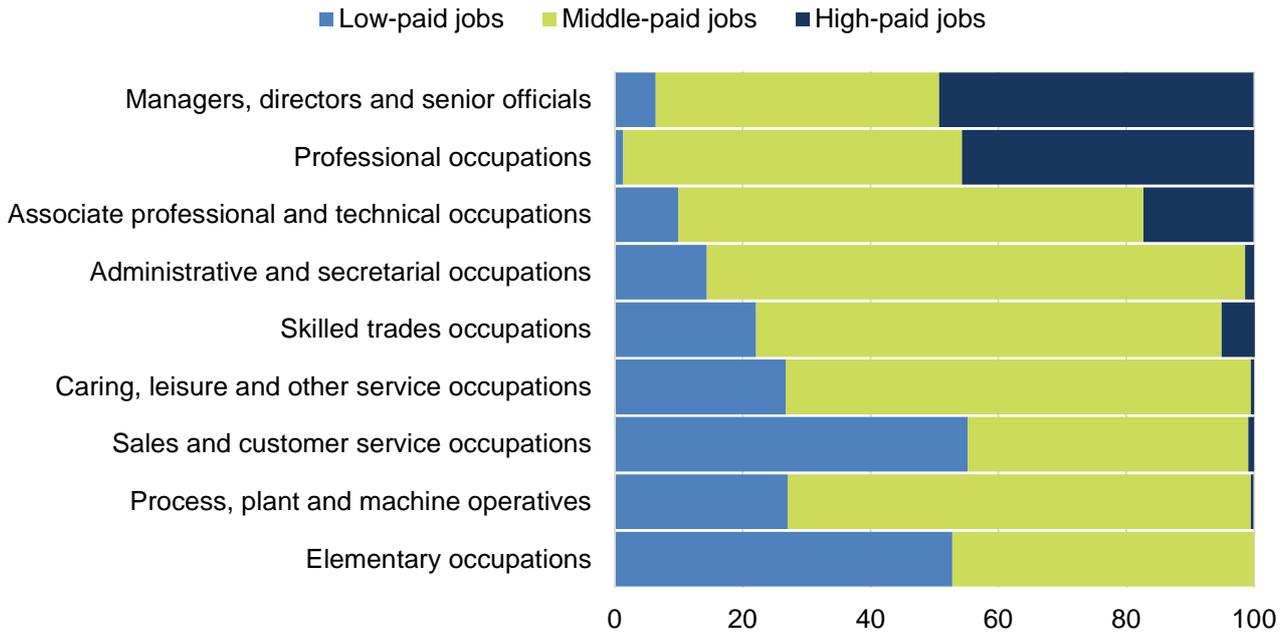
See Section 4 Further information for full details.

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

Figure 11 shows that, over the last 20 years the proportion of low-paid jobs has decreased from 28% in 2001 to its lowest proportion of 21% in 2020. It decreased slightly (under 1pps) over the year to 2020. Since the introduction of the National Living Wage in 2016, the proportion of low-paid jobs has decreased by 4.9pps.

The proportion of high paid jobs is also at its lowest in the 20 year period at 16%, compared to a high of 23% in 2005. As the proportions of both low-paid and high-paid jobs have decreased, the proportion of middle-paid jobs has increased to 63% in 2020, the highest on record.

Figure 12: Proportion of low-paid and high-paid employee jobs in NI by occupation, April 2020



Hourly earnings for all employees is used to calculate high and low pay in line with ONS methodology. [Download in excel](#)

The highest percentage of low paid employee jobs are in ‘Sales and customer service occupations’ (55%), which has less than 1% high paid jobs, and ‘Elementary occupations’ (53%) which has no high paid jobs. In contrast, almost half of all ‘Managers, directors and senior officials’ jobs are high paid, and when considered alongside ‘Professional occupations’ make up 80% of all high paid jobs in NI.

Figure 13: Proportion of low and high paid employee jobs by working pattern in NI, April 2020

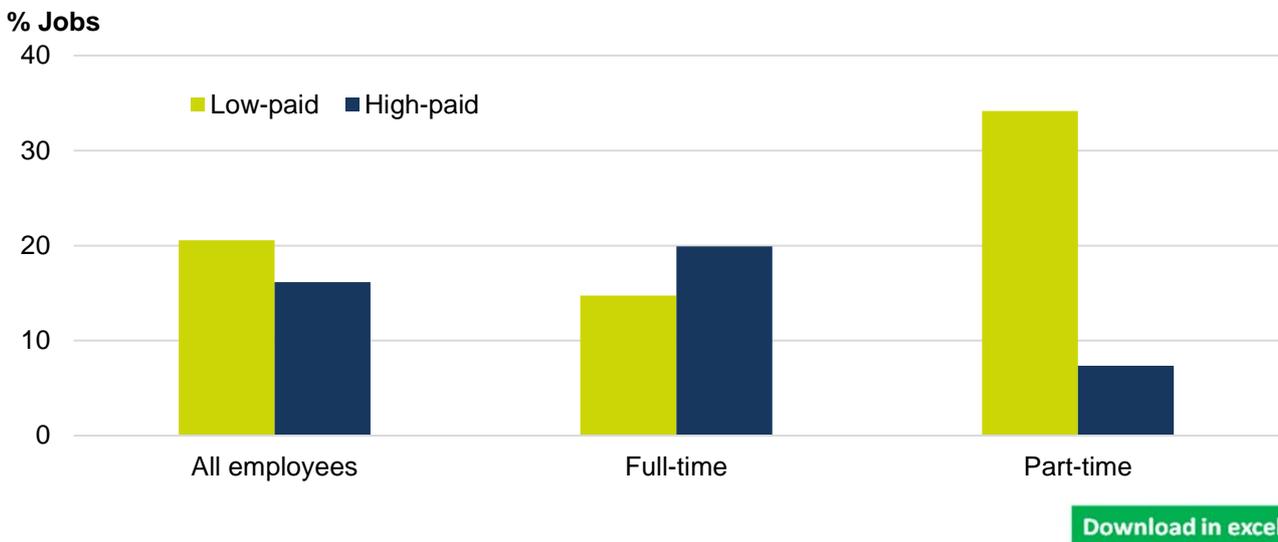
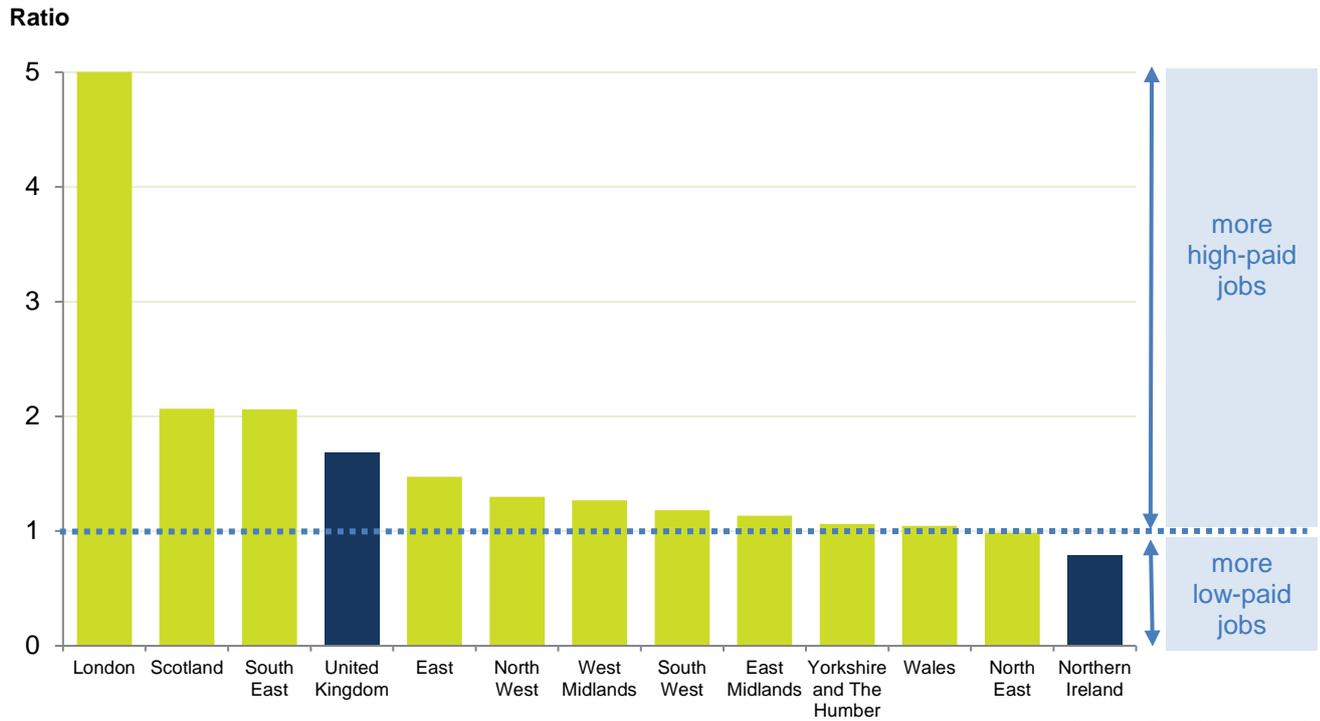


Figure 13 highlights the greater proportion of low paid part-time (34%) employee jobs, compared with full-time (15%) and similarly the lower proportion of high paid part-time jobs (7%) compared with full-time (21%).

Figure 14: Ratio of high-paid to low-paid employee jobs, by Government region, April 2020



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

The proportion of low-paid jobs has decreased marginally over the year and NI has the highest proportion of low-paid jobs of all the UK regions.

Analysis of ratios of high-paid to low-paid employee jobs in the different regions of the UK (Figure 14) shows that NI had the lowest ratio, indicating that low-paid jobs exceeded high-paid jobs to the greatest extent in the UK. London had the highest ratio, with over 5 times as many high-paid than low-paid jobs, followed by South East and Scotland, all of which were above the UK average. There is only one region (North East) other than NI where the number of low-paid jobs exceeded the number of high-paid jobs.