

Statistical bulletin

Low Pay: April 2012

Jobs with pay below the national minimum wage, excluding payments in kind.



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1 . April 2012 low pay estimates

- The Annual Survey of Hours and Earnings (ASHE) low pay estimates for April 2012 show that there were 287 thousand jobs paid below the national minimum wage held by people aged 16 and over, which constitutes 1.1 % of all employee jobs in the UK labour market.

2 . Summary of low pay jobs

The Annual Survey of Hours and Earnings (ASHE) low pay estimates for April 2012 show that:

- There were 287 thousand jobs with pay less than the national minimum wage held by people aged 16 and over. This constitutes 1.1 % of UK employee jobs.
- There were 18 thousand jobs held by 16 to 17-year-olds (6.5 % of jobs in this age group) with pay less than £3.68 per hour.
- For 18 to 20-year-olds, there were 58 thousand jobs with pay less than £4.98 per hour (5.2 % of jobs in this age group).
- For employees aged 21 and over, there were 211 thousand jobs with pay less than £6.08 per hour (0.9 % of jobs held by those in this age group).

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 levels of NMW depending on a worker's age and whether they are an apprentice.

3 . Low pay among full-time and part-time employees and men and women

People in part-time work were nearly twice as likely as people in full-time work to be paid less than the minimum wage, with 1.7 % of part-time jobs and 0.9 % of full-time jobs falling below the minimum wage. Jobs held by women were more likely to be paid less than the minimum wage than jobs held by men (1.3 % compared with 0.9 %). This is consistent with the fact that a greater proportion of women work part-time than men.

Number and percentage of jobs paid below the national minimum wage in the UK, April 2012

	Men		Women		All Jobs	
	000s	%	000s	%	000s	%
Full-time	94	0.8	66	0.9	160	0.9
Part-time	30	1.6	97	1.7	127	1.7
All	124	0.9	163	1.3	287	1.1

Source: Annual Survey of Hours and Earnings, Office for National Statistics

4 . Estimates for 2004 - 2012

The figures for 2012 show an increase of 16 thousand jobs with pay less than the national minimum wage compared with the estimates for 2011.

Number and percentage of jobs paid below the national minimum wage in the UK 2004 - 2010

	Age 16–17		Age 18–21		Age 22 and over		All jobs	
	000s	%	000s	%	000s	%	000s	%
April 2004 ¹			44	2.3	233	1.0	276	1.1
April 2005 ²	20	4.0	55	3.0	233	1.0	308	1.2
April 2006 ³	14	3.8	44	2.3	238	1.0	296	1.2
April 2007 ⁴	16	4.0	49	2.6	231	1.0	296	1.1
April 2008 ⁵	16	3.9	46	2.5	212	0.9	274	1.0
April 2009 ⁶	14	4.0	43	2.5	181	0.8	237	0.9
April 2010 ⁷	16	5.6	50	3.0	203	0.9	269	1.0

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Number and percentage of jobs paid below the national minimum wage in the UK 2011 - 2012

	Age 16–17		Age 18–20		Age 21 and over		All jobs	
	000s	%	000s	%	000s	%	000s	%
April 2011 ⁸	15	5.7	49	4.4	207	0.8	272	1.1
April 2012 ⁹	18	6.5	58	5.2	211	0.9	287	1.1

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Notes for estimates for 2004 - 2012

1. Rate is £3.80 per hour (aged 18–21) or £4.50 per hour (aged 22 and over).
2. Rate is £3.00 per hour (aged 16–17) or £4.10 per hour (aged 18–21) or £4.85 per hour (aged 22 and over).
3. Rate is £3.00 per hour (aged 16–17) or £4.25 per hour (aged 18–21) or £5.05 per hour (aged 22 and over).
4. Rate is £3.30 per hour (aged 16–17) or £4.45 per hour (aged 18–21) or £5.35 per hour (aged 22 and over).
5. Rate is £3.40 per hour (aged 16–17) or £4.60 per hour (aged 18–21) or £5.52 per hour (aged 22 and over).
6. Rate is £3.53 per hour (aged 16–17) or £4.77 per hour (aged 18–21) or £5.73 per hour (aged 22 and over).
7. Rate is £3.57 per hour (aged 16–17) or £4.83 per hour (aged 18–21) or £5.80 per hour (aged 22 and over).
8. Rate is £3.64 per hour (aged 16–17) or £4.92 per hour (aged 18–20) or £5.93 per hour (aged 21 and over).
9. Rate is £3.68 per hour (aged 16–17) or £4.98 per hour (aged 18–20) or £6.08 per hour (aged 21 and over).

5 . Estimates for 1998 - 2003

For years prior to 2004, the survey did not include additional samples introduced to improve the ASHE coverage. Therefore, to yield the best available low pay estimate the ASHE-based estimate must be combined with the Labour Force Survey (LFS). Estimates for 1998 to 2003 provided by the central estimate of the ASHE and LFS are given below.

Number and percentage of jobs paid below the national minimum wage in the UK 1998 - 2003

	Age 18–21		Age 22 and over		All jobs	
	000s	%	000s	%	000s	%
Spring 1998 ¹	110	7.2	1170	5.4	1280	5.6
Spring 1999 ²	40	2.4	460	2.1	490	2.1
Spring 2000 ²	30	2.2	190	0.9	230	1.0
Spring 2001 ³	40	2.1	210	0.9	240	1.0
Spring 2002 ⁴	50	2.7	290	1.3	340	1.4
Spring 2003 ⁵	40	2.3	210	0.9	250	1.0

Source: Annual Survey of Hours and Earnings and Labour Force Survey, Office for National Statistics

Notes for estimates for 1998 - 2003

1. Figures for Spring 1998, before the national minimum wage was introduced, are for the number of jobs paid at less than £3.00 per hour (aged 18–21) or £3.60 per hour (aged 22 and over).
2. Rate is £3.00 per hour (aged 18–21) or £3.60 per hour (aged 22 and over).
3. Rate is £3.20 per hour (aged 18–21) or £3.70 per hour (aged 22 and over).
4. Rate is £3.50 per hour (aged 18–21) or £4.10 per hour (aged 22 and over).
5. Rate is £3.60 per hour (aged 18–21) or £4.20 per hour (aged 22 and over).

6. Background notes

1. Survey Details

The ASHE is based on a sample of employee jobs taken from HM Revenue & Customs (HMRC) Pay As You Earn (PAYE) records. Information on earnings and hours is obtained from employers and treated confidentially. ASHE does not cover the self-employed nor does it cover employees not paid during the reference period. In 2012 information related to the pay period which included 18 April.

This release contains summary earnings statistics from the 2012 Annual Survey of Hours and Earnings (ASHE). More detailed information is available on the National Statistics web site.

Basic Quality Information

2. Link to Summary Quality Report

A Summary Quality Report for the ASHE can be found on the ONS website by searching for 'quality reports for business statistics'. This report describes in detail the intended uses of the statistics presented in this publication, their general quality, and the methods used to produce them.

3. Common pitfalls in interpreting the series

Although the low pay estimates attempt to measure the number of jobs that are paid below the national minimum wage, it should be noted that the estimates cannot be used as a measure of non-compliance with the legislation. This is because it is not possible to determine from the survey data whether an individual is eligible for the minimum wage. For example, it is not possible to identify people such as apprentices and those undergoing training who are exempt from the minimum wage rate or are entitled to lower rates. In addition, if employees receive free accommodation, employers are entitled to offset hourly rates.

4. Relevance

The low pay estimates presented relate to gross pay excluding overtime before tax, National Insurance or other deductions, and exclude payments in kind. The results are limited to earnings relating to the survey pay period and so exclude payments of arrears from another period made during the survey period. Any payments due as a result of a pay settlement but not yet paid at the time of the survey will also be excluded.

Published low pay estimates do not include those employees whose earnings in the pay period were affected because of absence from work.

Full-time employees are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

This bulletin only gives estimates of the total number of jobs paid below the national minimum wage by sex or age band. More detailed estimates, including the UK distribution by 10p bands and analyses by occupation, industry and regions, are given for years 1998 to 2012 in the reference tables included in the Low Pay - April 2012 release.

UK legislation covering minimum wage rates for employees over the age of 18 was introduced on 1 April 1999. In October 2004 a national minimum rate was introduced for 16 to 17-year-olds. Since their introduction the national minimum wage rates have been regularly reviewed. In October 2010 the age at

which employees are entitled to the main national minimum wage rates was changed from 22 years old to 21 years old. Details of the different wage rate levels are given in the following table.

National minimum wage rates per hour: April 1999 – October 2010

	Aged 16– 17	Aged 18– 21	Aged 22 and over
Apr 1999–May 2000		£3.00	£3.60
Jun 2000–Sep 2000		£3.20	£3.60
Oct 2000–Sep 2001		£3.20	£3.70
Oct 2001–Sep 2002		£3.50	£4.10
Oct 2002–Sep 2003		£3.60	£4.20
Oct 2003–Sep 2004		£3.80	£4.50
Oct 2004–Sep 2005	£3.00	£4.10	£4.85
Oct 2005–Sep 2006	£3.00	£4.25	£5.05
Oct 2006–Sep 2007	£3.30	£4.45	£5.35
Oct 2007–Sep 2008	£3.40	£4.60	£5.52
Oct 2008–Sep 2009	£3.53	£4.77	£5.73
Oct 2009–Sep 2010	£3.57	£4.83	£5.80

Source: Office for National Statistics

National minimum wage rates per hour: October 2010 – October 2012

	Aged 16– 17	Aged 18– 20	Aged 21 and over
Oct 2010–Sep 2011	£3.64	£4.92	£5.93
Oct 2011–Sep 2012	£3.68	£4.98	£6.08
Oct 2012–	£3.68	£4.98	£6.19

Source: Office for National Statistics

5. Accuracy

Revisions

In line with normal practice this release contains revised estimates for the number of jobs paid below the national minimum wage from the 2011 survey results, which were first published on 23 November 2011. These estimates take account of some corrections to the original 2011 ASHE data that were identified during the validation of the results for 2012, as well as late returns.

Low pay estimates for 2011 have been revised down by 25 thousand jobs.

Both the 2012 Low Pay estimates and the revised 2011 Low Pay estimates will be made available from 22 November 2012.

Coefficient of Variation

The coefficient of variation (cv) is the ratio of the standard error of an estimate to the estimate, expressed as a percentage. The smaller the cv value the higher the quality of the estimate. The coefficients of variation for estimates of UK jobs paid below national minimum wage in April 2012 are shown in the table below:

Coefficients of variation for estimates of UK jobs paid below national minimum wage in April 2012

	Estimate (000s)	Coefficient of variation (%)
16–17 years	18	10.6
18–20 years	58	5.9
21 years and over	211	2.6
All over 16 years	287	2.3

Source: Office for National Statistics

Response

The 2012 ASHE is based on approximately 182 thousand returns.

ASHE - LFS central estimates 1998 - 2003

For 1998–2003, the average of the ASHE and the Labour Force Survey (LFS) estimates (the ‘central estimate’) has been taken as the best available indication of the number of jobs paid below the national minimum wage. This is because the ASHE cannot stand alone as the source for low pay estimates without the additional samples introduced in 2004 to improve its coverage. For comparison, the estimate for low pay jobs in 2004 is 276 thousand with the additional samples, and 270 thousand with the central estimate.

6. Coherence

The LFS collects information on the earnings, and normal and actual hours worked, of about 15 thousand people aged 16 and over each quarter. In addition it collects data on a wide range of personal characteristics, including education level and ethnic origin. This enables the preparation of statistics on levels and distribution of earnings similar to the ASHE but with lower precision due to the much smaller sample size.

7. Notes on tables

The percentage changes of constituent items in tables may not always agree exactly with the values shown due to rounding.

- Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: 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.