



IHS Markit™

# Living Wage Research for KPMG

2018 Report

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## Executive summary

### 1. Structure of hourly pay across UK demographics

#### i) Key findings:

- There are an estimated 5.75 million employees earning less than the Living Wage in 2018, up from 5.55 million in 2017.
- The estimated proportion of jobs that pay less than the Living Wage stands at 22% (up from 21% in 2017).
- We estimate that the total number of jobs that pay below the Living Wage has risen by 1.2 million compared to 2012.
- Approximately 3.2 million part-time employees earn less than the Living Wage, compared to 2.5 million full-time jobs.
- Part-time jobs remain more than three times as likely to pay below the Living Wage as full-time roles (43 percent versus 13 percent).
- On a regional basis, we estimate that Northern Ireland and the East Midlands have the highest proportion of jobs paying less than the Living Wage (both 26 percent).
- The South East has the lowest proportion of employees earning below the Living Wage (18 percent).
- We estimate that 3.5 million female employees earn below the Living Wage – much higher than the 2.2 million of males that are paid below the Living Wage.
- By age group, employees between 18–21 years old are by far the most likely to be paid less than the Living Wage (68 percent).
- Employees aged 40-49 years old are the least likely to earn less than the Living Wage (15 percent).
- In every age category, the proportion of females earning less than the Living Wage exceeds the percentage of males, with the greatest gap among employees aged 50-59 years old.
- Sales & retail assistants are estimated to have the largest number of jobs earning less than the Living Wage (approximately 756,000).
- Bar staff (86 percent) and waiters & waitresses (81 percent) are still the most likely to be paid less than the Living Wage.

*Data source: IHS Markit estimates based on ONS figures*

## 2. Introduction

The UK Living Wage is an hourly rate of pay set independently and updated annually. It is calculated according to the basic cost of living in the UK, with employers choosing to pay the Living Wage on a voluntary basis.

According to the Living Wage Foundation, the Living Wage is paid by over 4,500 UK businesses, and more than 150,000 employees have received a pay rise as a result of the Living Wage campaign.

The research herein is compiled by IHS Markit for KPMG and uses the Living Wage threshold as at October 2018, which is as follows:

- The UK Living Wage for outside of London is currently **£8.75 per hour**.
- The London Living Wage is currently **£10.20 per hour**, which covers employers based in all Greater London boroughs.

The rates are calculated annually by the Resolution Foundation and overseen by the Living Wage Commission.

- The UK minimum wage for people aged 25 and over is **£7.83 per hour** as at October 2018. The figure for people aged 21-24 is **£7.38**.

New Living Wage figures for 2018/19 will be announced on Monday 5<sup>th</sup> November 2018.

### i) About the research

KPMG commissioned IHS Markit to conduct a seventh annual update of its data analysis on the Living Wage, which uses official hourly earnings figures to estimate the proportion and number of jobs paid less than the Living Wage threshold.

These figures are provided for job types and broken down across key demographics, including region, gender, age, and part-time / full-time employees.

For the first time, our latest research includes detailed estimates of earnings below the Living Wage threshold across age-groups, with these figures broken down by gender and full-time / part-time employees.

Our aim is to highlight the 'hot spots' where workers are earning below the UK Living Wage.

### ii) Concept and data sources

The Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE 2018) was used as the data source to estimate the distribution of hourly earnings below the Living Wage, as well as the total number of jobs across employment types.

The methodology section outlines how IHS Markit used the ASHE data sources to produce the statistics contained in the main research.

## 3. Analysis of ONS hourly earnings data

This section contains results from IHS Markit's analysis of the 2018 ONS Annual Survey of Hours and Earnings. It aims to provide an up-to-date insight into the prevalence of people earning below the Living Wage across occupations, regions, gender, full-time/part-time work and age group. Please see section 4 for full methodology.

### Overall trends

- We estimate that 22% of all jobs held by UK employees pay less than the Living Wage in 2018
- The current estimate suggests that around 5.75 million jobs earn less than the Living Wage
- These figures were both up from 2017, when an estimated 21% of all jobs and 5.55 million roles paid less than the Living Wage
- The increase contrasted with the trend seen in 2017, which marked the first reduction of employee jobs earning less than the Living Wage since our estimates began six years ago
- An estimated 2.5 million full-time jobs pay less than the Living Wage in 2018, compared to 3.2 million part-time roles
- The figures for both full-time and part-time roles earning below the Living Wage were up by 100,000 compared to 2017
- Part-time jobs remain more than three times as likely to pay below the Living Wage than full-time roles (43 percent versus 13 percent)

### Gender and age group trends

- There are more females earning less than the Living Wage in both percentage terms (27% of females vs. 17% of males) and numerical terms (3.5 million females vs. 2.2 million males)
- By age, 18-21 year olds are the most likely to receive less than the Living Wage (68%)
- Employees aged 40-49 years old are the least likely to earn less than the Living Wage (15%)
- In every age category, the proportion of females earning less than the Living Wage exceeds the percentage of males, with the greatest gap among employees aged 50-59 years old
- Around 24% of females aged 50-59 years old earn less than the Living Wage, compared with an estimated 10% of males in the same age category
- Looking at earnings by age, gender and job type, the highest prevalence of earnings below the Living Wage is for female part-time staff aged 18-21 (77.2%), while the lowest is for full-time male staff aged 40-49 (6.7%)

### Job type and regional trends

- Earnings below the Living Wage remain most prevalent for job roles in the hospitality sector, particularly Bar Staff (86%) and Waiters & Waitresses (81%)
- Mirroring the trends seen in 2017, launderers, dry cleaners & pressers (80%), vehicle valeters & cleaners (78%) and kitchen & catering assistants (75%) are the next most likely jobs to pay less than the Living Wage
- An estimated 756,000 sales & retail assistants earn less than the Living Wage, which is still by far the largest category in numerical terms
- Kitchen & catering assistants (429,000), cleaners & domestics (387,000), care workers & home carers (306,000) and elementary storage occupations (178,000) are the next largest
- By region, we estimate that the proportion of all jobs earning below the Living Wage is highest in Northern Ireland at 26%, and lowest in the South East (18%)
- Only the West Midlands saw a fall since last year (23% of employees in 2018, down from 24%)
- Scotland has the lowest proportion of female employees earning below the Living Wage (22%)

### 3.1 Headline results *(IHS Markit calculations, based on ONS data)*

We estimate from the provisional 2018 ASHE results that 22% of all jobs are paid less than the Living Wage. This marks a renewed increase in the proportion of UK employees earning below the Living Wage, with the figure up from a three-year low of 21% in 2017.

In numerical terms, using the ASHE estimate of total UK jobs (26.4 million), we estimate that there are at least 5.75 million employees in the UK earning less than the Living Wage. This represents around a 200,000 increase compared to figures estimated for last year, which recorded 5.55 million jobs earning below the Living Wage.

We estimate that the proportion of employees earning less than the Living Wage has increased from 19% in 2012, and in numerical terms is up by 1.2 million compared with six years ago.

The official data signal that UK median earnings rose by 2.5% between the 2017 and 2018 ASHE surveys, compared with a 3.6% increase in the UK Living Wage (from £8.45 per hour to £8.75) and a 4.6% uplift in the London Living Wage (from £9.75 per hour to £10.20).

**Table 3.1.1: Overview of UK Living Wage statistics**

Year	Total jobs (000s) <sup>1</sup>	UK Living Wage (£)	London Living Wage (£)	UK median wage (£)	No. below Living Wage* (millions) <sup>1</sup>	% below Living Wage*
2012	24,203	7.20	8.30	11.28	4.539	<b>19%</b>
2013	24,575	7.45	8.55	11.59	4.867	<b>20%</b>
2014	25,036	7.65	8.80	11.61	5.332	<b>21%</b>
2015	25,997	7.85	9.15	11.78	5.602	<b>22%</b>
2016	25,758	8.25	9.40	12.16	5.619	<b>22%</b>
2017	26,241r	8.45	9.75	12.47r	5.552r	<b>21%</b>
2018	26,417	8.75	10.20	12.78	5.749	<b>22%</b>
% chg from 2017	0.7%	3.6%	4.6%	2.5%	3.5%	

\*IHS Markit estimates, rounded.

r = Revised since the 2017 Living Wage Report (ONS revise the provisional ASHE data each year).

<sup>1</sup>Employee jobs; excludes self-employed, government-supported trainees and HM Forces.

Source of total employee jobs each year is the Annual Survey of Hours and Earnings

### 3.2 Regional analysis *(IHS Markit calculations, based on ONS data)*

The vast majority of regions have seen a rise in the percentage of employees earning less than the Living Wage since 2017, with the main exception a slight fall in the West Midlands to 23% (down from 24% in the previous year).

Estimates for 2018 indicate that the highest proportions of jobs earning below the Living Wage are in Northern Ireland and the East Midlands (26%), followed by Wales (25%).

The lowest proportion of employees earning less than the Living Wage is found in the South East (18%) and Scotland (19%).

Looking at the absolute number of employees earning less than the Living Wage, the highest totals are in London\* at around 820,000, followed by the South East and North West (both estimated at around 655,000).

Table 3.2.1: Regions by number and proportion of earners below Living Wage

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)	% below Living Wage* (2017)
1	Northern Ireland	783	11.50	3.9	14.55	3.1	203	26%	26%
2	East Midlands	1,806	11.49	2.3	14.69	2.6	463	26%	24%
3	Wales	1,120	11.47	2.7	14.40	2.1	278	25%	24%
4	North East	984	11.70	0.7	14.83	2.5	238	24%	23%
5	Yorkshire & Humber	2,097	11.67	3.5	14.92	4.5	504	24%	24%
6	North West	2,800	11.94	2.1	15.37	3.7	655	23%	23%
7	West Midlands	2,219	11.98	3.7	15.60	5.2	515	23%	24%
8	South West	2,173	11.98	2.2	15.28	3.0	480	22%	21%
9	East	2,317	12.36	2.0	16.00	3.4	502	22%	21%
10	London	4,127	17.15	2.8	22.49	4.0	820	20%	19%
11	Scotland	2,310	12.90	2.7	16.17	3.1	435	19%	18%
12	South East	3,682	13.42	2.4	17.11	2.2	656	18%	17%
	United Kingdom	26,417	12.78	2.5	16.72	3.5	5,749	22%	21%

\* IHS Markit estimates. Note that IHS Markit's regional estimate for London differs from the estimate compiled by the Greater London Authority. See methodology section for full details of IHS Markit's calculations.

### 3.3 Job type analysis (IHS Markit calculations, based on ONS data)

Bar staff are the most likely job category to earn less than the Living Wage (86%), followed closely by waiters & waitresses (81%). Note that the gross hourly pay measure does not include tips.

Meanwhile, in numerical terms the highest prevalence of jobs paying below the Living Wage is for sales & retail assistants, with an estimated 756,000 earning less than the Living Wage. Kitchen & catering assistants (429,000), cleaners & domestic workers (387,000), care workers & home carers (306,000) and elementary storage occupations (178,000) once again make up the rest of the top five.

Table 3.3.1: Job type by proportion of earners below Living Wage

Rank	Occupation	Total jobs (000s)	Median wage (£)	Annual % chg	Average wage (£)	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	Bar staff	161	7.83	4.40	8.05	3.80	138	86%
2	Waiters & waitresses	211	7.83	4.40	8.04	6.40	170	81%
3	Launderers, dry cleaners & pressers	17	7.93	4.10	8.46	4.40	14	80%
4	Vehicle valeters & cleaners	16	7.89	4.50	8.35	2.50	13	78%
5	Kitchen & catering assistants	570	7.96	4.70	8.38	4.60	429	75%
6	Hairdressers and barbers	60	7.93	5.00	8.42	1.20	42	70%
7	Cleaners and domestics	559	8.16	3.60	8.92	5.10	387	69%
8	Elementary admin occupations n.e.c.	37	8.24	4.10	8.94	4.20	24	66%
9	Pharmacy & dispensing assistants	44	8.45	2.20	8.76	2.30	28	65%
10	Sales & retail assistants	1,180	8.20	3.00	9.34	3.90	756	64%
11	School midday & crossing patrol	104	8.48	2.50	8.70	2.10	66	63%
12	Leisure & theme park attendants	33	8.22	6.50	8.28	3.30	21	63%
13	Cooks	63	8.50	3.10	8.96	4.10	39	61%
14	Nursery nurses & assistants	187	8.43	3.70	9.10	4.80	109	58%
15	Sewing machinists	21	8.50	4.60	9.22	3.60	12	58%

\* IHS Markit estimates, rounded. Minimum 5,000 UK jobs. Top 50 table available in the appendix.

Table 3.3.2: Job type by **number** of earners below Living Wage

Rank	Occupation	Total jobs (000s)	Median wage (£)	Annual % chg	Average wage (£)	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	Sales & retail assistants	1,180	8.20	3.00	9.34	3.90	756	64%
2	Kitchen & catering assistants	570	7.96	4.70	8.38	4.60	429	75%
3	Cleaners & domestics	559	8.16	3.60	8.92	5.10	387	69%
4	Care workers & home carers	740	9.12	3.50	9.90	4.20	306	41%
5	Elementary storage occupations	515	9.52	2.10	10.52	2.60	178	35%
6	Waiters & waitresses	211	7.83	4.40	8.04	6.40	170	81%
7	Bar staff	161	7.83	4.40	8.05	3.80	138	86%
8	Van drivers	319	9.29	2.30	10.48	3.20	121	38%
9	Receptionists	263	8.95	3.60	9.59	3.90	117	44%
10	Customer service occupations n.e.c.	379	9.93	5.60	11.08	5.20	116	31%
11	Nursery nurses & assistants	187	8.43	3.70	9.10	4.80	109	58%
12	Teaching assistants	327	9.35	2.60	10.05	3.40	101	31%
13	Chefs	244	9.25	4.80	10.20	4.50	96	39%
14	Nursing auxiliaries & assistants	381	10.15	2.80	10.62	2.90	88	23%
15	Retail cashiers & check-out operators	152	8.70	2.60	8.95	2.80	84	56%

\*IHS Markit estimates, rounded. Minimum 5,000 UK jobs. Top 50 table available in the appendix.

### 3.4 Full-time / part-time analysis (IHS Markit calculations, based on ONS data)

The proportion of sub-Living Wage earners is much higher among part-time than full-time workers, at 43% and 13% in 2018. The proportion of full-time staff was unchanged since 2017, but the percentage of part-time staff is up from 42% in 2017. This works out at an estimated 3.2 million part-time jobs paying less than the Living Wage compared to 2.5 million full-time jobs in 2018.

Mirroring the trends seen last year, while part-time roles account for 28% of all UK employee jobs, they represent more than half (around 56%) of all jobs paying less than the Living Wage. We note that a relatively large amount of part-time roles are on offer in retail & hospitality, which are sectors that tend to have a widespread prevalence of jobs earning less than the Living Wage.

Table 3.4.1: Full-time / part-time jobs by **number and proportion** below Living Wage

Type of work	Total jobs (millions)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	% below Living Wage*	No. below LW (millions)*
Full-time	18.9	14.4	2.7	17.5	3.4	13%	2.5
Part-time	7.5	9.4	2.8	12.6	4.8	43%	3.2

\*IHS Markit estimates, rounded

Table 3.4.2: **Full-time jobs by region** earning below Living Wage

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	East Midlands	1,272	12.8	2.3	15.29	2.5	214	17%
2	Northern Ireland	556	12.8	2.6	15.15	2.8	93	17%
3	Wales	788	12.8	1.7	14.97	1.7	121	15%
4	West Midlands	1,591	13.4	3.1	16.20	4.8	243	15%
5	North East	695	13.0	0.4	15.34	2.1	102	15%
6	North West	2,000	13.4	2.9	16.01	3.6	293	15%
7	Yorkshire & Humber	1,455	13.0	2.7	15.56	4.6	210	14%
8	East	1,606	13.9	1.9	16.68	3.1	209	13%
9	South West	1,456	13.4	1.9	15.95	3.0	188	13%
10	London	3,260	18.7	2.6	23.32	3.9	392	12%
11	Scotland	1,613	14.4	3.1	16.97	3.1	170	11%
12	South East	2,608	15.0	2.2	17.85	2.1	269	10%
	United Kingdom	18,899	14.4	2.7	17.48	3.4	2,500	13%



\*IHS Markit estimates, rounded

**Table 3.4.3: Part-time jobs by region earning below Living Wage**

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	North East	289	8.9	1.2	12.21	5.1	137	48%
2	Northern Ireland	228	8.9	3.1	11.44	4.8	108	48%
3	London	866	10.4	2.5	15.70	5.7	407	47%
4	Wales	332	9.0	2.4	11.47	4.0	152	46%
5	East Midlands	534	8.9	2.4	11.56	3.1	245	46%
6	Yorkshire & Humber	642	9.0	3.4	11.80	4.6	292	46%
7	North West	800	9.0	3.4	11.96	4.6	360	45%
8	West Midlands	628	9.1	4.1	12.24	7.7	272	43%
9	South West	717	9.4	2.1	12.23	3.5	292	41%
10	East	710	9.3	2.0	12.57	4.3	288	41%
11	Scotland	697	9.7	3.0	12.34	4.3	259	37%
12	South East	1,075	9.7	3.7	13.10	4.7	389	36%
	United Kingdom	7,518	9.4	2.8	12.62	4.8	3,200	43%

\*IHS Markit estimates, rounded

### 3.5 Gender analysis (IHS Markit calculations, based on ONS data)

The proportion of female employees earning less than the Living Wage is estimated at 27% and around 3.5 million roles, which is much higher than for male employees (17% and 2.25 million respectively).

The proportion of females earning less than the Living Wage is considerably higher than among males in full-time roles. An estimated 16% of females earn less than the benchmark for full-time roles, compared with 11% of males.

The proportion of males earning less than the Living Wage in part-time jobs is 47% while around 40% of females in part-time roles earn less than the Living Wage benchmark.

However, in numerical terms, jobs earning less than the Living Wage are much higher for female part-time workers (approximately 2.3 million) compared to around 950,000 male part-time employees.

In section 3.6 we take a closer look at differences by gender across age groups.

**Table 3.5.1: Male employee jobs below Living Wage**

Type of work	Total jobs (000s)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	No. below LW (000s)*	% below Living Wage*
Full-time	11,372	14.93	2.4	18.44	3.3	1,300	11%
Part-time	1,975	9.07	4.1	13.34	7.4	950	47%
All jobs	13,347	14.10	2.2	18.08	3.4	2,250	17%

\*IHS Markit estimates, rounded

**Table 3.5.2: Female employee jobs below Living Wage**

Type of work	Total jobs (000s)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	No. below LW (000s)*	% below Living Wage*
Full-time	7,527	13.55	2.9	15.93	3.5	1,200	16%
Part-time	5,542	9.45	2.8	12.37	3.8	2,300	41%
All jobs	13,070	11.50	2.8	14.99	3.6	3,500	27%

\*IHS Markit estimates, rounded

Table 3.5.3: Full-time male employee jobs by region below Living Wage

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	Northern Ireland	334	12.7	2.6	15.34	2.8	54	16%
2	East Midlands	794	13.5	1.7	16.01	2.1	107	14%
3	Wales	466	13.1	1.5	15.54	1.8	61	13%
4	West Midlands	996	14.0	2.5	17.06	4.9	128	13%
5	North West	1,182	13.9	2.7	16.79	3.9	148	13%
6	North East	400	13.5	0.4	15.95	1.3	48	12%
7	Yorkshire & Humber	900	13.6	2.8	16.33	5.3	105	12%
8	East	984	14.6	1.4	17.60	3.0	108	11%
9	South West	899	14.0	1.4	16.85	3.3	99	11%
10	London	1,898	20.1	2.3	25.36	3.9	206	11%
11	Scotland	935	14.8	3.1	17.69	2.7	94	10%
12	South East	1,583	15.8	2.8	18.93	1.8	136	9%
	United Kingdom	11,372	14.9	2.4	18.44	3.3	1,300	11%

\* IHS Markit estimates, rounded

Table 3.5.4: Full-time female employee jobs by region below Living Wage

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	East Midlands	478	11.7	3.5	13.99	3.8	106	22%
2	Wales	322	12.1	0.7	14.10	1.5	62	19%
3	Yorkshire & Humber	555	12.1	2.6	14.21	2.9	104	19%
4	West Midlands	595	12.5	4.9	14.65	4.3	110	19%
5	Northern Ireland	222	13.0	2.8	14.83	2.8	40	18%
6	North West	818	12.7	1.9	14.81	3.2	141	17%
7	North East	295	12.2	0.9	14.46	3.4	51	17%
8	East	622	13.0	2.3	15.12	3.5	103	16%
9	South West	557	12.4	1.8	14.40	2.3	90	16%
10	London	1,362	17.3	3.0	20.37	3.9	187	14%
11	South East	1,025	13.9	3.2	16.06	2.9	133	13%
12	Scotland	678	14.0	4.2	15.89	4.0	79	12%
	United Kingdom	7,527	13.6	2.9	15.93	3.5	1,200	16%

\* IHS Markit estimates, rounded

Table 3.5.5: Part-time male employee jobs by region below Living Wage

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	Northern Ireland	63	8.5	5.5	11.49	10.7	34	53%
2	London	285	10.0	2.6	16.53	11.5	146	51%
3	Wales	86	8.7	3.4	11.57	8.0	44	51%
4	North East	66	8.6	1.2	14.03	9.8	34	51%
5	East Midlands	135	8.7	2.8	11.77	3.7	69	51%
6	Yorkshire & Humber	159	8.8	3.9	12.12	2.8	79	50%
7	North West	209	8.8	4.7	12.28	9.6	102	49%
8	South West	179	8.9	1.9	12.88	4.1	85	47%
9	West Midlands	170	9.0	6.9	12.71	12.4	79	47%
10	East	174	9.1	3.8	13.75	6.5	78	45%
11	Scotland	163	9.1	1.0	12.10	-0.4	72	44%
12	South East	287	9.4	3.5	14.27	8.2	115	40%
	United Kingdom	1,975	9.1	4.1	13.34	7.4	950	47%

\* IHS Markit estimates, rounded

Table 3.5.6: Part-time female employee jobs by region below Living Wage

Rank	Region	Jobs (000s)	Median wage	Annual % chg	Average wage	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	North East	224	9.0	1.1	11.70	3.9	102	46%
2	Northern Ireland	165	9.0	1.0	11.42	2.9	75	45%
3	Wales	246	9.0	1.4	11.43	2.8	110	45%
4	Yorkshire & Humber	483	9.0	2.8	11.70	5.1	216	45%
5	East Midlands	399	9.0	2.1	11.49	2.9	177	44%
6	North West	591	9.1	2.4	11.85	2.9	260	44%
7	London	582	10.8	2.6	15.30	2.9	253	43%
8	West Midlands	458	9.2	3.0	12.07	6.1	193	42%
9	East	536	9.3	1.2	12.20	3.4	210	39%
10	South West	538	9.5	3.0	12.03	3.3	210	39%
11	South East	788	9.8	3.2	12.69	3.2	275	35%
12	Scotland	534	9.8	2.6	12.40	5.7	186	35%
	United Kingdom	5,542	9.5	2.8	12.37	3.8	2,300	41%

\* IHS Markit estimates, rounded

### 3.6 Age group analysis (IHS Markit calculations, based on ONS data)

By age group, by far the highest proportion of sub-Living Wage employees is in the 18-21 year old category. An estimated 68% of people in this category are below the threshold.

This falls to 25% for those aged 22-29 and 16% for employees aged 30-39. For 40-49 year olds figure is the lowest at 15%. The proportion then rises to 17% for those aged 50-59, and to 25% for those aged 60 and above.

There is a clear gap between the proportion of male and female employees earning below the Living Wage in all age categories, with the gap widening from the age of 30. The largest gender gap is for those aged 50-59 years (24% of female employees, against 10% of males).

Table 3.6.1: All jobs by age group below Living Wage (GB)

Age group	Total jobs (000s)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	% below Living Wage*
18-21	1,227	8.10	3.43	8.89	1.81	68%
22-29	4,367	11.60	4.27	13.34	4.59	25%
30-39	6,059	14.71	2.83	17.51	4.01	16%
40-49	6,014	15.21	3.97	19.17	4.11	15%
50-59	5,566	13.68	-0.05	18.00	1.72	17%
60+	2,154	11.78	0.33	15.78	1.11	25%

\* IHS Markit estimates; calculation excludes Northern Ireland

Table 3.6.2: Male jobs by age group below Living Wage (GB)

Age group	Male % below Living Wage*	Female % below Living Wage*
18-21	65%	71%
22-29	22%	28%
30-39	12%	20%
40-49	10%	21%
50-59	10%	24%
60+	18%	31%

\* IHS Markit estimates; calculation excludes Northern Ireland

**Table 3.6.3: Male jobs by age group below Living Wage (GB)**

Age group	Total jobs (000s)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	% below Living Wage*
18-21	611	8.19	3.54	9.14	1.63	<b>65%</b>
22-29	2,229	12.07	4.20	13.85	4.73	<b>22%</b>
30-39	3,194	15.73	2.83	18.37	3.93	<b>12%</b>
40-49	3,039	17.42	3.36	21.10	3.39	<b>10%</b>
50-59	2,669	16.08	0.73	20.28	2.32	<b>10%</b>
60+	1,095	13.41	1.58	17.60	2.36	<b>18%</b>

\*IHS Markit estimates; calculation excludes Northern Ireland

**Table 3.6.4: Female jobs by age group below Living Wage (GB)**

Age group	Total jobs (000s)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	% below Living Wage*
18-21	615	8.04	3.16	8.58	2.20	<b>71%</b>
22-29	2,137	11.12	4.16	12.73	4.44	<b>28%</b>
30-39	2,863	13.62	3.35	16.35	4.21	<b>20%</b>
40-49	2,976	13.09	4.91	16.71	5.31	<b>21%</b>
50-59	2,897	11.88	0.62	15.33	0.89	<b>24%</b>
60+	1,058	10.45	0.59	13.24	-0.13	<b>31%</b>

\*IHS Markit estimates; calculation excludes Northern Ireland

**Table 3.6.5: Full-time jobs by age group below Living Wage (GB)**

Age group	Total jobs (000s)	Median wage (£)	Annual % chg	Mean wage (£)	Annual % chg	% below Living Wage*
18-21	564	8.51	3.38	9.15	2.04	<b>58%</b>
22-29	3,461	12.35	3.62	13.67	4.29	<b>18%</b>
30-39	4,659	15.96	2.68	18.14	3.82	<b>9%</b>
40-49	4,504	16.88	3.53	20.06	3.73	<b>9%</b>
50-59	4,003	15.43	0.17	18.97	1.79	<b>10%</b>
60+	1,129	13.56	1.13	16.83	0.74	<b>14%</b>
22-29	905	8.92	4.62	10.91	7.17	<b>51%</b>
30-39	1,401	10.13	3.56	13.64	5.91	<b>36%</b>
40-49	1,511	10.26	3.98	13.94	6.78	<b>34%</b>
50-59	1,561	9.92	1.41	13.10	2.04	<b>36%</b>
60+	1,026	9.93	1.66	13.24	3.43	<b>36%</b>

\*IHS Markit estimates; calculation excludes Northern Ireland

**Table 3.6.6: Part-time jobs by age group below Living Wage (GB)**

\*IHS Markit estimates; calculation excludes Northern Ireland

### 3.7 Appendix:

**Table 3.7.1: Top job types by proportion earning less than Living Wage**

Rank	Occupation	Total jobs (000s)	Median wage (£)	Annual % chg	Average wage (£)	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	Bar staff	161	7.83	4.40	8.05	3.80	138	86%
2	Waiters and waitresses	211	7.83	4.40	8.04	6.40	170	81%
3	Launderers, dry cleaners and pressers	17	7.93	4.10	8.46	4.40	14	80%
4	Vehicle valeters and cleaners	16	7.89	4.50	8.35	2.50	13	78%
5	Kitchen and catering assistants	570	7.96	4.70	8.38	4.60	429	75%
6	Hairdressers and barbers	60	7.93	5.00	8.42	1.20	42	70%
7	Cleaners and domestics	559	8.16	3.60	8.92	5.10	387	69%
8	Elementary administration occupations n.e.c.	37	8.24	4.10	8.94	4.20	24	66%
9	Pharmacy and other dispensing assistants	44	8.45	2.20	8.76	2.30	28	65%
10	Sales and retail assistants	1,180	8.20	3.00	9.34	3.90	756	64%
11	School midday and crossing patrol occupations	104	8.48	2.50	8.70	2.10	66	63%
12	Leisure and theme park attendants	33	8.22	6.50	8.28	3.30	21	63%
13	Cooks	63	8.50	3.10	8.96	4.10	39	61%
14	Nursery nurses and assistants	187	8.43	3.70	9.10	4.80	109	58%
15	Sewing machinists	21	8.50	4.60	9.22	3.60	12	58%
16	Playworkers	43	8.48	1.80	9.18	2.80	24	57%
17	Care escorts	10	8.52	2.30	9.20	10.20	6	57%
18	Retail cashiers and check-out operators	152	8.70	2.60	8.95	2.80	84	56%
19	Shelf fillers	52	8.67	5.90	8.94	3.40	29	55%
20	Beauticians and related occupations	34	8.50	2.20	9.03	-0.30	19	55%
21	Horticultural trades	n/a	8.51	2.40	9.67	0.30	n/a	55%
22	Housekeepers and related occupations	38	8.61	5.10	9.27	3.20	20	54%
23	Animal care services occupations n.e.c.	30	8.63	7.60	9.67	7.80	16	53%
24	Industrial cleaning process occupations	16	8.67	5.90	9.43	6.40	8	52%
25	Collector salespersons and credit agents	n/a	8.73	-10.60	8.90	-15.90	n/a	51%
26	Sports and leisure assistants	63	8.75	3.60	9.64	2.70	32	50%
27	Farm workers	33	8.75	0.50	9.77	5.70	17	50%
28	Packers, bottlers, canners and fillers	89	8.80	4.50	9.71	3.60	43	49%
29	Fishmongers and poultry dressers	6	9.00	6.20	10.10	12.90	3	46%
30	Fishing and other elementary agriculture n.e.c.	17	9.00	5.60	9.40	5.30	8	45%
31	Receptionists	263	8.95	3.60	9.59	3.90	117	44%
32	Telephonists	9	8.98	5.10	9.89	1.30	4	44%
33	Taxi and cab drivers and chauffeurs	16	9.21	-0.50	11.45	-0.50	7	44%
34	Window cleaners	n/a	9.01	0.10	9.84	2.10	n/a	44%
35	Care workers and home carers	740	9.12	3.50	9.90	4.20	306	41%
36	Cleaning & housekeeping managers & supervisors	47	9.03	2.00	9.98	1.80	19	41%
37	Tyre, exhaust and windscreen fitters	18	9.22	6.90	9.56	3.40	7	41%
38	Food, drink and tobacco process operatives	142	9.20	5.40	10.15	5.80	58	41%
39	Merchandisers and window dressers	17	9.30	-0.20	11.92	3.80	7	40%
40	Chefs	244	9.25	4.80	10.20	4.50	95	39%
41	Weighers, graders and sorters	7	9.20	-3.50	10.66	6.10	3	39%
42	Elementary process plant occupations n.e.c.	129	9.46	4.80	10.56	6.50	49	38%
43	Van drivers	319	9.29	2.30	10.48	3.20	121	38%
44	Security guards and related occupations	115	9.45	2.70	10.69	4.80	41	36%
45	Roundspersons and van salespersons	4	9.42	-4.70	10.54	5.30	1	35%
46	Elementary storage occupations	515	9.52	2.10	10.52	2.60	178	35%
47	Process operatives n.e.c.	10	9.74	2.20	10.92	3.50	3	34%
48	Travel agents	30	9.58	4.50	11.16	6.10	10	34%
49	Assemblers and routine operatives n.e.c.	124	9.69	-0.50	10.64	-0.60	42	34%
50	Leisure and travel service occupations n.e.c.	16	9.65	4.50	10.56	7.00	5	34%

Source: IHS Markit estimates, rounded

**Table 3.7.2: Top job types by number earning less than Living Wage**

Rank	Occupation	Total jobs (000s)	Median wage (£)	Annual % chg	Average wage (£)	Annual % chg	No. below Living Wage* (000s)	% below Living Wage* (2018)
1	Sales and retail assistants	1,180	8.20	3.00	9.34	3.90	756	64%
2	Kitchen and catering assistants	570	7.96	4.70	8.38	4.60	429	75%
3	Cleaners and domestics	559	8.16	3.60	8.92	5.10	387	69%
4	Care workers and home carers	740	9.12	3.50	9.90	4.20	306	41%
5	Elementary storage occupations	515	9.52	2.10	10.52	2.60	178	35%
6	Waiters and waitresses	211	7.83	4.40	8.04	6.40	170	81%
7	Bar staff	161	7.83	4.40	8.05	3.80	138	86%
8	Van drivers	319	9.29	2.30	10.48	3.20	121	38%
9	Receptionists	263	8.95	3.60	9.59	3.90	117	44%
10	Customer service occupations n.e.c.	379	9.93	5.60	11.08	5.20	116	31%
11	Nursery nurses and assistants	187	8.43	3.70	9.10	4.80	109	58%
12	Teaching assistants	327	9.35	2.60	10.05	3.40	101	31%
13	Chefs	244	9.25	4.80	10.20	4.50	95	39%
14	Nursing auxiliaries and assistants	381	10.15	2.80	10.62	2.90	88	23%
15	Retail cashiers and check-out operators	152	8.70	2.60	8.95	2.80	84	56%
16	School midday and crossing patrol occupations	104	8.48	2.50	8.70	2.10	66	63%
17	Food, drink and tobacco process operatives	142	9.20	5.40	10.15	5.80	58	41%
18	Educational support assistants	152	9.22	1.70	9.74	1.60	51	33%
19	Elementary process plant occupations n.e.c.	129	9.46	4.80	10.56	6.50	49	38%
20	Packers, bottlers, canners and fillers	89	8.80	4.50	9.71	3.60	43	49%
21	Hairdressers and barbers	60	7.93	5.00	8.42	1.20	42	70%
22	Assemblers and routine operatives n.e.c.	124	9.69	-0.50	10.64	-0.60	42	34%
23	Security guards and related occupations	115	9.45	2.70	10.69	4.80	41	36%
24	Cooks	63	8.50	3.10	8.96	4.10	39	61%
25	Sports and leisure assistants	63	8.75	3.60	9.64	2.70	32	50%
26	Shelf fillers	52	8.67	5.90	8.94	3.40	29	55%
27	Pharmacy and other dispensing assistants	44	8.45	2.20	8.76	2.30	28	65%
28	Elementary construction occupations	85	9.89	1.00	10.63	1.20	26	30%
29	Sales supervisors	90	9.86	2.50	10.87	3.00	25	28%
30	Playworkers	43	8.48	1.80	9.18	2.80	24	57%
31	Elementary administration occupations n.e.c.	37	8.24	4.10	8.94	4.20	24	66%
32	Leisure and theme park attendants	33	8.22	6.50	8.28	3.30	21	63%
33	Housekeepers and related occupations	38	8.61	5.10	9.27	3.20	20	54%
34	Cleaning & housekeeping managers & supervisors	47	9.03	2.00	9.98	1.80	19	41%
35	Beauticians and related occupations	34	8.50	2.20	9.03	-0.30	19	55%
36	Senior care workers	57	9.54	3.70	10.23	3.30	17	30%
37	Caretakers	67	9.89	2.30	10.69	2.20	17	25%
38	Farm workers	33	8.75	0.50	9.77	5.70	17	50%
39	Animal care services occupations n.e.c.	30	8.63	7.60	9.67	7.80	16	53%
40	Call and contact centre occupations	46	9.47	2.90	10.29	5.10	15	34%
41	Groundsmen and greenkeepers	46	9.39	2.10	10.36	3.90	15	33%
42	Launderers, dry cleaners and pressers	17	7.93	4.10	8.46	4.40	14	80%
43	Vehicle valeters and cleaners	16	7.89	4.50	8.35	2.50	13	78%
44	Sewing machinists	21	8.50	4.60	9.22	3.60	12	58%
45	Butchers	32	9.55	3.70	10.19	5.50	10	33%
46	Travel agents	30	9.58	4.50	11.16	6.10	10	34%
47	Childminders and related occupations	27	9.90	-0.40	10.60	3.80	9	33%
48	Industrial cleaning process occupations	16	8.67	5.90	9.43	6.40	8	52%
49	Fishing & other elementary agriculture n.e.c.	17	9.00	5.60	9.40	5.30	8	45%
50	Tyre, exhaust and windscreen fitters	18	9.22	6.90	9.56	3.40	7	41%

Source: IHS Markit estimates, rounded

## 4. Methodology

### i) ONS hourly earnings data analysis

The structural information on Living Wages is based on data from the provisional 2018 Annual Survey of Hours and Earnings (ASHE) conducted by the Office for National Statistics (ONS). This survey provides a detailed breakdown of hourly earnings across occupations, with results published on both a national and UK regional basis. ASHE does not cover the self-employed nor does it cover employees not paid during the reference period (April 2018).

#### **Office for National Statistics: Annual Survey of Hours and Earnings**

The Annual Survey of Hours and Earnings (ASHE) is based on a 1 per cent sample of employee jobs taken from HM Revenue & Customs (HMRC) 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.

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The ASHE includes percentile wage bands for each occupation, to illustrate the broad distribution of earnings within a particular grouping. This highlights patterns of hourly earnings below the Living Wage for a given occupation (and within a particular UK region).

However, the limitation of the data set is a lack of more detailed information on the distribution of wages *within* percentile bands (and the width of each band is at least five percentage points). Therefore, no official figure is published for either the *exact* percentage or number of jobs that are below the Living Wage within each occupation type and region. We have sought to overcome this limitation by generating our own estimates, thereby providing greater detail around the structure of hourly pay patterns across the UK.

The estimates are derived from a simple calculation, and give our best assessment of the exact number and percentage of workers in each occupational category that are earning below the Living Wage. The first step for estimating these proportions was an assumption that the distribution of earnings follows a linear trend between the percentile bands that are published by the ONS. This assumption is both intuitively appealing, and a casual inspection of the dataset gives little evidence to the contrary. For example, there does not seem to be clustering around particular wage points or erratic hourly earning spreads across the percentile bands.

We then identify the percentile band within which the Living Wage falls for each occupation in the dataset, and interpolate the exact percentage of employees that fall either side of the threshold (assuming a linear trend in the distribution). Because the ONS publish the total number of jobs within each occupational category, it is then a simple calculation to obtain an estimate of the actual number of workers above and below the Living Wage threshold.

Having run this analysis over the dataset, lists of 'hotspots' by various demographics were created detailing where the highest or lowest proportions of people are earning less than the Living Wage. Estimates have been rounded where appropriate.

Due to the difference in the Living Wage between London and the rest of the UK, the estimate for the number of people below the Living Wage at the overall UK level is derived from aggregating the regional estimates (i.e. a 'bottom up' approach).

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