

Low Pay Jobs



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242 thousand jobs below national minimum wage in United Kingdom

Estimates from the Annual Survey of Hours and Earnings show that the number of jobs paid below the national minimum wage in the UK was 242,000 in April 2009, amounting to 0.9 per cent of all jobs in the labour market.

In April 2009 there were three rates for the national minimum wage: one for those aged between 16 and 17 (£3.53 per hour), one for those aged between 18 and 21 (£4.77 per hour) and one for those aged 22 and over (£5.73 per hour).

The number of jobs paid below the national minimum wage were:

- 14,000 jobs (4.1 per cent) held by those aged 16 to 17,
- 44,000 jobs (2.6 per cent) held by those aged 18 to 21 and
- 184,000 jobs (0.8 per cent) held by those aged 22 and over.

People in part-time work were more than twice as likely as people in full-time work to be paid less than minimum wage, with 1.5 per cent of part-time jobs and 0.7 per cent of full-time jobs falling below the minimum wage.

Jobs held by women were more likely to fall below the minimum wage than jobs held by men (1.1 per cent compared with 0.8 per cent). This was due to the greater number of women in part-time jobs.

Estimates for 2008 have been revised down by 14,000 jobs.

It is important to note that these estimates do not measure non-compliance with the national minimum wage legislation. The survey used to provide these estimates does not indicate whether individuals fall into a category that is exempt from the legislation, such as apprentices or new trainees

Measuring Low Pay Jobs paid below national minimum wage

	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 - Sept 2001		£3.20	£3.70
Oct 2001 - Sept 2002		£3.50	£4.10
Oct 2002 - Sept 2003		£3.60	£4.20
Oct 2003 - Sept 2004		£3.80	£4.50
Oct 2004 - Sept 2005	£3.00	£4.10	£4.85
Oct 2005 - Sept 2006	£3.00	£4.25	£5.05
Oct 2006 - Sept 2007	£3.30	£4.45	£5.35
Oct 2007 - Sept 2008	£3.40	£4.60	£5.52
Oct 2008 - Sept 2009	£3.53	£4.77	£5.73
Oct 2009 -	£3.57	£4.83	£5.80

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National minimum wage rates per hour: April 1999-October 2009

UK legislation covering minimum wages for employees over the age of 18 was introduced on 1 April 1999. In October 2004 this was extended to introduce a national minimum wage for 16 and 17 year olds.

Estimates of the number of people in low paid jobs, and specifically those paid less than the national minimum wage, are published by the Office for National Statistics annually in October.

It is important to note that these estimates do not measure non-compliance with the national minimum wage legislation. This is because the survey data used to provide the estimates do not indicate whether an individual is eligible for the minimum wage. For example, some people, such as apprentices or new trainees, are exempt from the minimum wage or are only entitled to lower rates. If employees receive free accommodation, employers are entitled to offset hourly rates.

Until 2004, the estimates had been based on analyses from two surveys: the New Earnings Survey (NES), which asks employers about their employees' earnings information, and the Labour Force Survey (LFS), a household survey which asks employees directly about their own earnings.

In terms of measuring low pay, both the NES and LFS had limitations. The NES information should have been accurate as it was taken from payroll records. The LFS has more complete coverage of jobs, but the individual data on earnings and hours are less precise, particularly when supplied by proxy respondents.

In response to the Distribution of Earnings Review, the New Earnings Survey was redesigned as the Annual Survey of Hours and Earnings (ASHE) to provide better earnings information. The ASHE includes imputation for item non-response of earnings and hours information in individual questionnaires, and weighting to population totals by categories defined by age band, gender, occupation and region. It also collects supplementary information in order to improve coverage and hence make the survey more representative. This includes employees who have either moved jobs or entered the labour market between February, when the main ASHE sample is selected from HM Revenue & Customs records, and April, when the survey is conducted.

The improved methodology and coverage allows the ASHE to stand alone from 2004 as the sole source of information for the low pay estimates. For previous years, before the additional samples were introduced, the central point between the ASHE and LFS estimate provides the best available estimate of the number of low paid jobs.