

Statistical bulletin

# Low and high pay in the UK: 2020

The distribution of hourly earnings of high-paid and low-paid jobs and jobs paid below the National Minimum Wage.



Contact:  
Roger Smith  
earnings@ons.gov.uk  
+44 (0)1633 456120

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# 1 . Other pages in this release

Commentary on topics covered in the Annual Survey of Hours and Earnings (ASHE) is split between three separate bulletins in 2020. Other commentary from the latest ASHE data can be found on the following pages:

- [Employee earnings in the UK \(from Annual Survey of Hours and Earnings\): 2020](#)
- [Gender pay gap in the UK: 2020](#)

## 2 . Main points

- Statistics in this bulletin relate to the pay period that includes 22 April 2020, at which time approximately 8.8 million employees were furloughed under the Coronavirus Job Retention Scheme (CJRS); pay estimates include furloughed employees and are based on actual payments made to the employee from company payrolls and the hours on which this pay was calculated, which in the case of furloughed employees are their usual hours.
- The CJRS funded 80% of normal pay, to a maximum of £2,500 per month, and employers were permitted to top up pay to normal levels but were not required to; the furloughed jobs receiving no top-up were more prevalent in the bottom 10% of the pay distribution.
- The number of low-paid jobs was not impacted notably by furloughed jobs receiving no pay top up in 2020, and the proportion of low-paid employee jobs (based on hourly pay) fell to 15.1%, which is the lowest since the data series began in 1997.
- The jobs for which hourly pay has clearly been most impacted in 2020 are those at the bottom of the pay distribution; hourly pay among the bottom 5th and 10th percentile of part-time jobs falling by 16.1% and 8.1% respectively compared with 2019; no other percentiles experienced a fall in pay rates.
- The lowest earning part-time employees are concentrated in the elementary occupations, the 16 to 21 years age group and in food and beverage, and arts, entertainment and recreation industries.
- The number of jobs paid below the National Minimum Wage and National Living Wage in April 2020 was naturally higher than in previous years because of the number of furloughed employees, standing at 2,043,000 (7.2%) employee jobs.
- Analysis in this bulletin is based primarily on hourly pay, which is directly impacted by government policy around the National Minimum Wage and National Living Wage rates; this analysis should be considered alongside that in the [Employee earnings bulletin](#), which focuses more on weekly pay, that is, taking into account the number of hours worked and paid for.

2020 estimates are subject to some more uncertainty than usual as a result of the challenges we faced in collecting the data under government-imposed public health restrictions. More information is provided in the [Measuring the data section][1] of this bulletin.

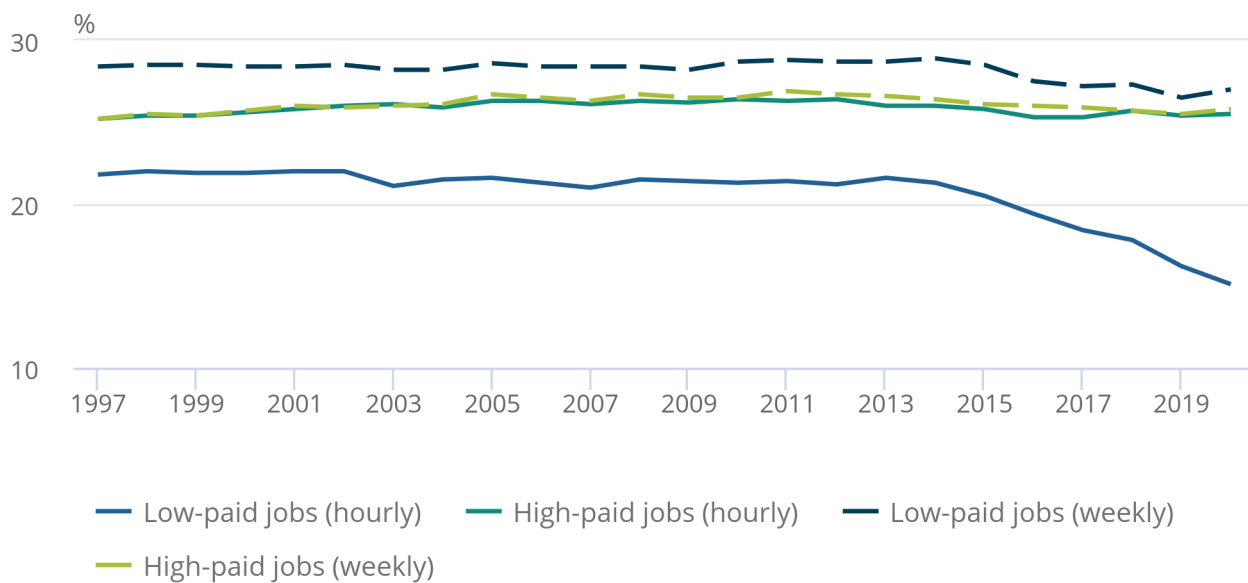
### 3 . Low- and high-paid employee jobs

**Figure 1: The proportion of low-paid employee jobs based on hourly pay fell to a record low of 15.1% in 2020**

Proportion of high- and low-paid employee jobs for hourly pay and gross weekly pay, whole economy, UK, 1997 to 2020

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Proportion of high- and low-paid employee jobs for hourly pay and gross weekly pay, whole economy, UK, 1997 to 2020



Source: Office for National Statistics – Annual Survey of Hours and Earnings (ASHE)

Notes:

- Footnotes applicable to all charts in this bulletin can be found in [Section 7: Measuring the data](#).

Of all employee jobs, 15.1% were low-paid<sup>1</sup> in 2020 (that is, were paid less than two-thirds of median hourly pay), when considered in terms of hourly earnings. This was the lowest proportion of low-paid employee jobs by hourly pay since the data series began in 1997, which coincides with recent increases in the [National Minimum Wage](#) and [National Living Wage](#) rates.

When considered in terms of weekly pay, the proportion of low-paid jobs has fallen only slowly in recent years and in 2020 increased, to 27%. This indicates reduced hours given to lower-paid employees, driven by working restrictions around the coronavirus (COVID-19) in 2020.

High-paid employee jobs (those earning more than 1.5 times the median) have remained at a similar proportion of the total since the data series began for both hourly and weekly pay, averaging around 26% of all employee jobs across both the hourly and weekly pay data series.

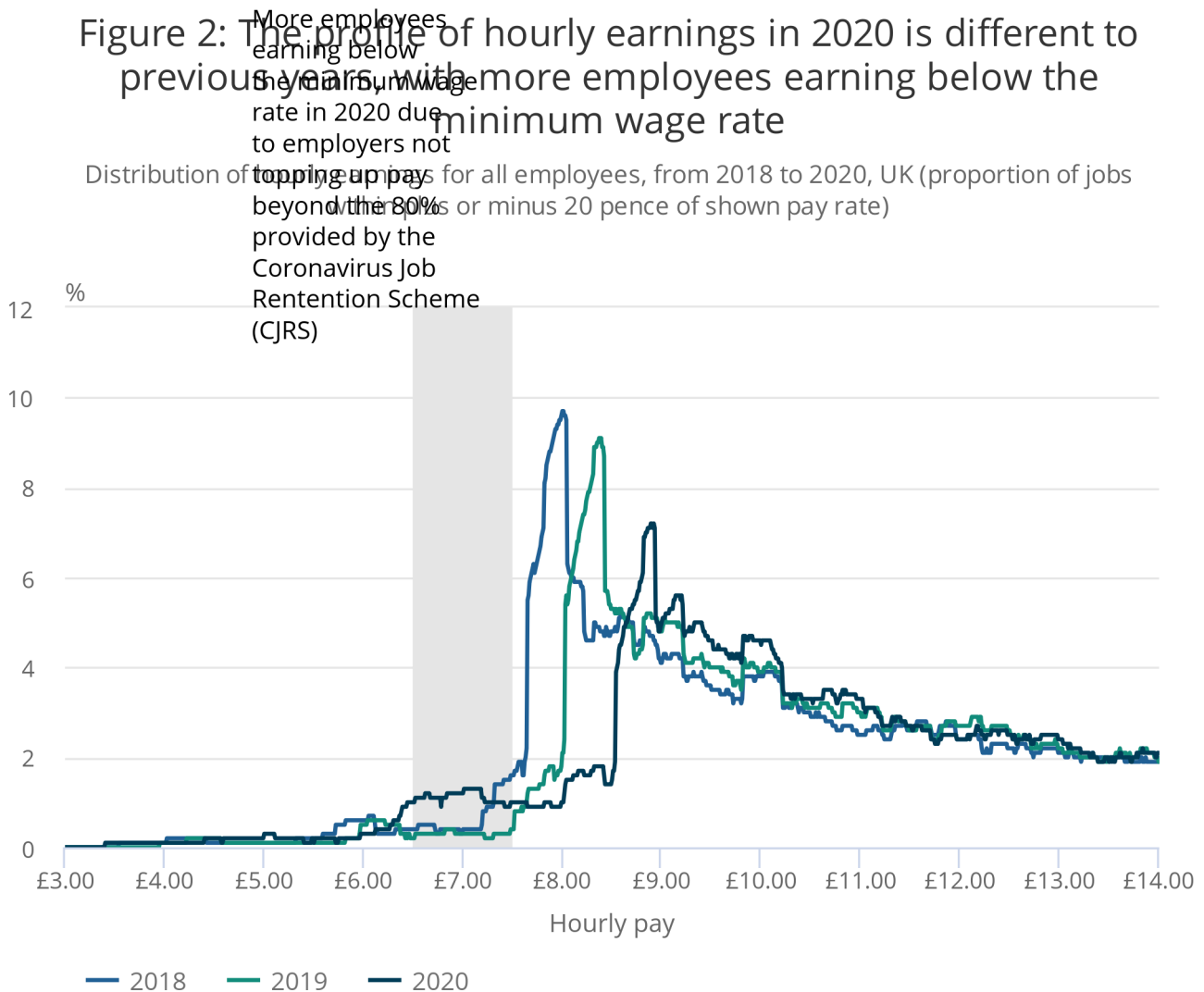
**Notes for:**

1. Definitions of low and high pay are based on those used by the Organisation for Economic Co-operation and Development (OECD) in which low pay is defined as below two-thirds of median hourly earnings and high pay is defined as more than 1.5 times median hourly earnings. See the [Glossary](#) for details.

## 4 . Distribution of pay

**Figure 2: The profile of hourly earnings in 2020 is different to previous years, with more employees earning below the minimum wage rate**

Distribution of hourly earnings for all employees, from 2018 to 2020, UK (proportion of jobs within plus or minus 20 pence of shown pay rate)



Source: Office for National Statistics – Annual Survey of Hours and Earnings (ASHE)

**Notes:**

1. Footnotes applicable to all charts in this bulletin can be found in [Section 7: Measuring these data](#).

There is a large concentration of jobs paid within 20 pence of the National Minimum Wage each year, but in 2020 the peak is less pronounced. There is an additional, smaller, peak below the minimum wage rate in 2020, which is attributed to [furloughing under the Coronavirus Job Retention Scheme \(CJRS\)](#), which was in operation in April 2020. Approximately half of employees who were furloughed under the CJRS did not have pay topped up by employers beyond the 80% provided by the scheme but this will also be driven by no opportunity to increase hourly pay rates for furloughed employees.

Further up the pay distribution, the pattern is more in line with both 2018 and 2019 highlighting that higher-paid workers were impacted much less by the coronavirus (COVID-19).

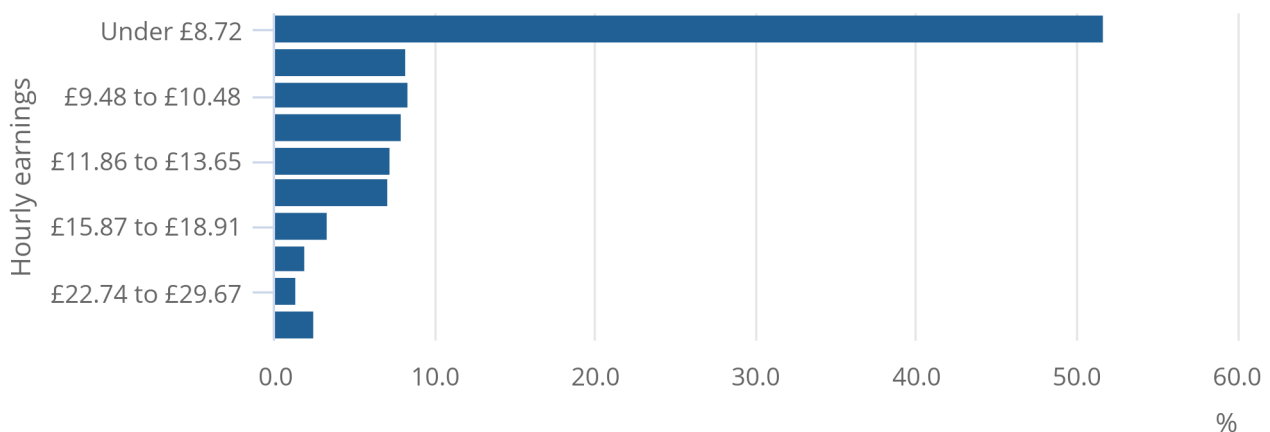
## 5 . The people most impacted by furlough

**Figure 3: Employee jobs paying the lowest hourly rate were over five times more likely than other jobs to be furloughed with reduced pay**

Proportion of employees in the Annual Survey of Hours and Earnings that were furloughed with reduced pay, by hourly pay (excluding overtime) bands 2020, UK, all employees

Figure 3: Employee jobs paying the lowest hourly rate were over five times more likely than other jobs to be furloughed with reduced pay

Proportion of employees in the Annual Survey of Hours and Earnings that were furloughed with reduced pay, by hourly pay (excluding overtime) bands 2020, UK, all employees



Source: Office for National Statistics – Annual Survey of Hours and Earnings (ASHE)

Notes:

- Footnotes applicable to all charts in this bulletin can be found in [Section 7: Measuring these data](#).

The Annual Survey of Hours and Earnings (ASHE) collects information from employers about pay, hours and aspects such as whether pay was reduced because of absence. This information has been supplemented in 2020 by detail of whether employee jobs were furloughed at 22 April, drawn from the Coronavirus Job Retention Scheme (CJRS).

Although, because of challenges in matching some jobs to the ASHE sample, the furlough estimates in ASHE represent an undercount of approximately 20% against administrative sources: the information is useful for profiling differences in work status between different employee jobs.

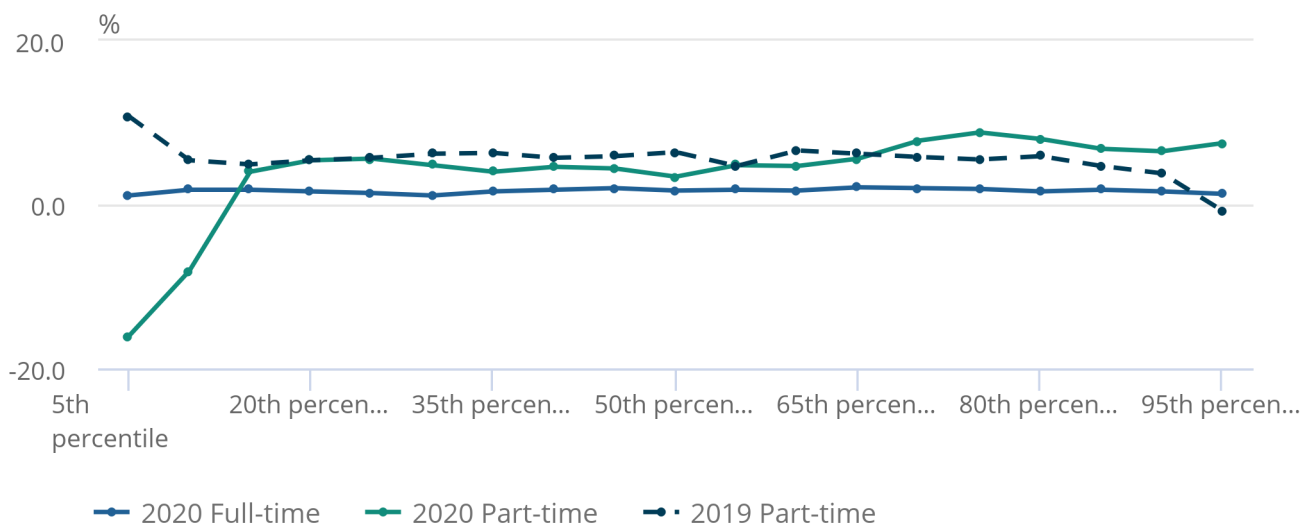
Over half of employees earning less than £8.72 an hour (that is, in the bottom decile of hourly pay) in 2020 were furloughed and receiving reduced pay. This compares with less than 10% in other hourly pay deciles, meaning that the lowest-paying jobs were over five times more likely than other employees to be furloughed with reduced pay.

**Figure 4: Reduced hourly pay in 2020 has centred on the lowest-paying part-time jobs**

Year-on-year percentage change to the distribution of full-time and part-time hourly earnings (excluding overtime) for every 5th percentile, UK, 2019 and 2020

Figure 4: Reduced hourly pay in 2020 has centred on the lowest-paying part-time jobs

Year-on-year percentage change to the distribution of full-time and part-time hourly earnings (excluding overtime) for every 5th percentile, UK, 2019 and 2020



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

Notes:

- Footnotes applicable to all charts in this bulletin can be found in [Section 7: Measuring the data](#).

The average hourly pay of part-time employees has increased in comparison with 2019, but the lowest paid part-time jobs (5th and 10th percentile) have seen a noticeable decrease in pay rates (8.1% decrease at the 10th percentile, 16.1% decrease at the 5th percentile). Full-time employees have seen an increase across the distribution, although not as strong as in previous years.

Figure 4 highlights that the growth in hourly earnings between 2019 and 2020 for part-time employee jobs is lower than the growth experienced between 2018 and 2019 for lower earners, but larger for the highest part-time jobs. The lowest earners in 2020 have had a drop in pay because of furloughing, overriding the strong underlying growth because of increases in [National Minimum Wage](#) or [National Living Wage](#) rates.

The highest paying part-time jobs, from the 70th percentile upwards, have seen larger hourly pay growth than in 2019. This may be because of full-time employees (who on average earn more per hour) losing hours and becoming part-time.

### **Figure 5: The lowest-earning (per hour) part-time employees tend to be younger, in elementary occupations and in the food and accommodation services industry**

The bottom 10th percentile of part-time employees broken down various characteristics

#### **Notes:**

1. Footnotes applicable to all charts in this bulletin can be found in [Section 7: Measuring these data.](#)

[Data download](#)

### **Types of people in the bottom 10th percentile of part-time employees**

Employees in the bottom 10th percentile of part-time employees, excluding overtime, had a different makeup compared with the other 90 percentiles. Most notable is the strong presence of those aged 16 to 21 years.

Elementary occupations (such as waiters and bar staff, and labourers) are over-represented compared with other occupations (around 25% of all part-time employees in this occupation are in the bottom 10th percentile). Hairdressers and beauticians are also over-represented (within the caring and leisure, and other occupations group). Food and beverage service industries (includes restaurants, bars and pubs) are also over-represented (over 40% of part-time employees in this industry and in the bottom 10th percentile).

## **6 . National Minimum Wage and National Living Wage**

There were 2,043,000 employee jobs with employees aged 16 years and over who were paid below the [National Minimum Wage or National Living Wage](#) (7.2% of employee jobs) in April 2020. For context, this compares with 409,000 (1.4% of employee jobs) in 2019, but no conclusions should be drawn about the percentage change because new rates are introduced at the start of April, at which point in 2020 many employees were furloughed and a pay rise was not reasonable.

The National Minimum Wage and National Living Wage estimates in this release and the Annual Survey of Hours and Earnings (ASHE) cannot be used as a measure of non-compliance with minimum wage legislation as it is not always possible to determine eligibility from survey data. See Strengths and limitations for details.

## 7 . Low and high pay data

Data for the distribution of low-paid jobs by 10 pence thresholds and the proportion of employee jobs earning below the Living Wage, by work geography, are available.

[Distribution of low-paid jobs by 10 pence bands](#)

Released: 3 November 2020

The number of UK jobs from 1998 to 2020 paid less than various 10 pence thresholds split by age band.

[Jobs paid below minimum wage by category](#)

Released: 3 November 2020

Annual estimates of the number of UK jobs paid below the minimum wage by sex, age, occupation and industry, full-time and part-time, and region, from 1998 to 2020.

[Estimates of the number and proportion of employee jobs with hourly pay below the living wage](#)

Released: 3 November 2020

Estimates of the number and proportion of employee jobs with hourly pay below the living wage, as defined by the living wage foundation. Estimates are provided by Parliamentary constituency and local authority.

## 8 . Glossary

### Low pay and high pay

In this bulletin, low and high pay are calculated using the [Organisation for Economic Co-operation and Development \(OECD\) definitions](#). Low pay is defined as the value that is two-thirds of median hourly earnings and high pay is defined as the value that is 1.5 times median hourly earnings.

For example, median hourly earnings for all employees in 2020 is £13.68, therefore low-pay employees are anyone earning below two-thirds of £13.68, which is £9.12. High-pay employees are those earning anything above 1.5 times £13.68, which is £20.52.

### Full-time and part-time

Full-time is defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions). Part-time is defined as employees working less than or equal to 30 paid hours per week (or less than 25 hours for the teaching professions).

### Standard Occupational Classification (SOC)

The [Standard Occupational Classification](#) (SOC) is a common classification of occupational information for the UK.

### National Minimum Wage and National Living Wage

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 rates of minimum wage depending on a worker's age and whether they are an apprentice. The NMW applies to employees aged between 16 and 24 years. The government's National Living Wage (NLW) was introduced on 1 April 2016 and applies to employees aged 25 years and over.



On the ASHE reference date in April 2020, the NMW and NLW rates were:

- £8.72 for employees aged 25 years and over
- £8.20 for employees aged 21 to 24 years
- £6.45 for employees aged 18 to 20 years
- £4.55 for employees aged 16 to 17 years
- £4.15 for apprentices aged 16 to 18 years and those aged 19 years or over who are in the first year of their apprenticeship.

## Percentiles

The Xth percentile indicates the value at which X% of the population falls under. For example, the 5th percentile means that 5% of the population earn under this amount and 95% of the population earn above this amount. The median corresponds to the 50th percentile, that is, the value at which half the population falls under.

## 9 . Measuring the data

All estimates for 2020 are provisional and relate to the reference date 22 April 2020. Data from the 2019 survey have been subject to small revisions since the provisional estimates were published on 29 October 2019.

All estimates for 2020 are provisional and relate to the pay period that includes 22 April 2020, at which time [approximately 8.8 million employees were furloughed](#) under the Coronavirus Job Retention Scheme (CJRS). Furloughed employee jobs received 80% of normal pay from the scheme, to a maximum £2,500 a month. Employers were able to top up employees' pay, but they were not required to; the Office for National Statistics (ONS) has estimated that approximately a half of employees had their pay topped up.

The Annual Survey of Hours and Earnings (ASHE) collected actual payments made to the employee and the hours on which this pay was calculated, which in the case of furloughed employees would be their usual hours (as included in the CJRS claim).

The survey includes a question "Did the employee earn less in the pay period due to absence from work?" for which, in most years, approximately 5% of employees are recorded as "yes". The ASHE datasets exclude these employees on the basis of them being temporarily on the margins of the labour market. In 2020 the weighted percentage recorded as "yes" was over 17%, reflecting numerous furloughed employees whose pay was not topped up. These employees are more likely to be employed in lower-paid jobs and if we were to exclude them from our estimates, we would be falsely inflating pay estimates. Given this, we have revised the exclusion criteria for the 2020 datasets to be "those employees who were not furloughed but whose pay was affected by absence". This results in the ASHE datasets excluding 6% of employee jobs in 2020 (compared with approximately 5% in previous years); the profile of jobs excluded in 2020 is similar to 2019, in that in both years these jobs have a mean pay of less than two-thirds of that among all jobs, are more likely to be held by women, employees aged 20 to 39 years, and have a similar profile of occupations.

The achieved sample size on ASHE is approximately 180,000 each year. In 2020, there were challenges to data collection, centering on lower response from companies and challenges in validating returns in the time available. The final achieved sample size is 136,000. Given the smaller sample size and potential skew to companies with stronger financial basis, the ONS investigated whether industry should be added to the weighting strata. However, analysis indicated that this would have little impact, and could produce instability because of smaller achieved sample sizes within the numerous calibration strata that would be created. Therefore, the standard ASHE weighting approach has been retained, calibrating to occupation, age, sex and region strata. However, ASHE estimates for 2020 are subject to more uncertainty than usual as a result of the challenges we faced in collecting the data under government-imposed public health restrictions.

Estimates from the 2019 Annual Survey of Hours and Earnings (ASHE) survey have been subject to small revisions since the provisional estimates were published on 29 October 2019.

For the charts in this bulletin, the following notes apply:

1. Employees are on adult rates, pay is unaffected by absence (in 2020 employees are on adult rates, pay is unaffected by absence unless furloughed).
2. Low pay is defined as the value that is two-thirds of median hourly earnings and high pay is defined as the value that is 1.5 times median hourly earnings [Figures 1 to 4 only]. Figure 1 also includes low and high pay based on weekly pay calculations.
3. Full-time is defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions) [Figures 4 to 6 only].
4. 2020 data are provisional.

A [Guide to interpreting ASHE estimates](#) is available and addresses common questions about the data. Specific low pay methodology and guidance is available on the [Low pay methodology pages](#).

Further information on ASHE methodology can be found on the ASHE methodology and guidance page and in the [Quality and Methodology Information report](#).

## 10 . Strengths and limitations

The National Minimum Wage and National Living Wage estimates in this release and the Annual Survey of Hours and Earnings (ASHE) datasets 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 strengths and limitations of ASHE can be found in the [Quality and Methodology Information report](#) and the [Guide to sources of data of earnings and income](#).

## 11 . Related links

### [Distribution of earnings in the UK: 2017](#)

Article | Released 2 November 2018

Distribution of earnings analysis using Annual Survey of Hours and Earnings (ASHE) provisional 2017 data and previous ASHE datasets, with a focus on earnings growth for those in employment between two consecutive years.

### [Low Pay Commission report 2019](#)

Reports | Released 10 January 2020

Includes recommendations for the National Living Wage and National Minimum Wage rates to apply from April 2020.

### [Low Pay Britain 2020 – Resolution Foundation](#)

Report | Released 23 September 2020

Since 2011, the Resolution Foundation has published an annual review. This year's report -- the ninth edition of Low Pay Britain, based on pay data from April 2019 -- focuses on the minimum wage.

### [Average weekly earnings in Great Britain](#)

Bulletin | Released 13 October 2020

Monthly estimates of growth in employee earnings before tax and other deductions from pay.

### [UK labour market overview](#)

Bulletin | Released 13 October 2020

Monthly estimates of employment, unemployment, economic inactivity and other employment-related statistics for the UK.

### [Earnings and employment from Pay As You Earn Real Time Information, UK: October 2020](#)

Bulletin | Released 13 October 2020

Experimental monthly estimates of payrolled employees and their pay from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) Real Time Information (RTI) data.

### [Coronavirus and the economic impacts on the UK: 22 October 2020](#)

Bulletin | Released 22 October 2020

Indicators and analysis how turnover, workforce prices, trade and business resilience have been affected by the coronavirus.