

ECONOMY AND LABOUR MARKET

Annual Survey of Hours and Earnings (ASHE)

Statistics from the ONS Annual Survey of Hours and Earnings 2022, first published 26 October 2022

Key Points

- Gross median weekly earnings for full-time employees in Scotland were £640.50 in 2022, an increase of 3.2 per cent over the year and continues the longer-term upward trend seen prior to the Covid-19 pandemic
- The gender pay gap for full-time employees in Scotland has typically been reducing over time
- Gender pay gap for full-time employees in Scotland increased from 3.0 per cent in 2021 to 3.7 per cent in 2022. However, this is still below the gap of 7.2 per cent on 2019 (pre-pandemic)
- Proportion of employees in Scotland aged 18 and over earning less than the real living wage decreased from 14.5 per cent in 2021 to 9.0 per cent in 2022, continuing the downward trend seen since 2018.

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About this publication

The ONS Annual Survey of Hours and Earnings (ASHE) is the official source of UK earnings and hours worked estimates. ASHE data is published annually and is based on a 1% sample of the Pay As You Earn system (PAYE). The ONS have released three statistical bulletins covering Employee earnings in the UK, Gender Pay Gap in the UK and Low and high pay in the UK.

Estimates for 2022 in this publication are provisional and relate to the pay period that includes 27 April 2022. Estimates for 2021 have been revised and relate to the pay period that includes 21 April 2021. In 2021, approximately-3.7 million employees were on furlough (300,800 in Scotland) under the Coronavirus Job Retention Scheme (CJRS); this is fewer than during the period covered by ASHE 2020 when approximately 8.8 million UK employees were furloughed. Estimates for 2020 and 2021 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.

Over the coronavirus pandemic period, earnings estimates were affected by changes in the composition of the workforce and the impact of CJRS, making interpretation difficult. In July 2021, ONS published a blog: How COVID-19 has impacted the Average Weekly Earnings data, which explains the complexities of interpreting earnings data during the Covid-19 period in relation to compositional and base effects which particularly affect the growth rates. In addition, data for 2020 and 2021 were subject to more uncertainty due to data collection disruption and lower response rates and should be treated with caution. Therefore, ONS encourage users to focus on long-term trends rather than year on year changes.

The <u>Standard Occupational Classification (SOC)</u> is a common classification of occupational information for the UK. The most recent version of SOC, SOC 2020, was used for revised 2021 ASHE estimates and provisional 2022 ASHE estimates. More information on the impact of the change from SOC 2010 to SOC 2020 is available in the <u>Measures of employee earnings based on SOC 2020, UK: 2021 bulletin.</u>

This means earnings estimates for April 2021 based on SOC 2020 represent a break in the ASHE time series. Therefore, estimates pre- and post-2021 are not directly comparable.

ASHE data are weighted to UK population totals from the Labour Force Survey (LFS) based on region, occupation, age and sex.

The LFS data for 2021 and 2022 has been impacted by an issue with the occupation coding using SOC2020 outlined in the ONS The impact of miscoding of occupational data in Office for National Statistics social surveys, UK article. Therefore, the ASHE estimates will be subject to further review given the use of one-digit SOC in the weighting process. However, the impact is likely to be minimal.

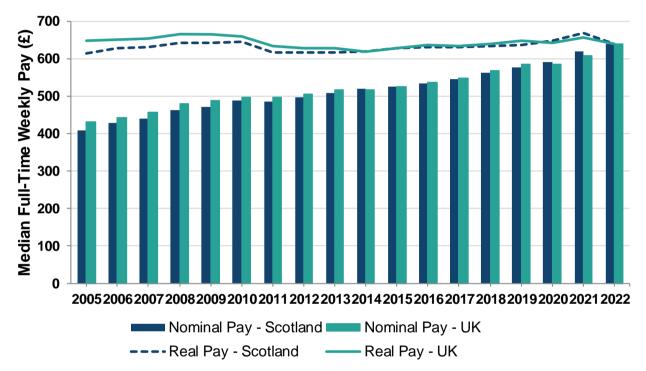
Earnings

Median Full-time Gross Weekly Earnings, Scotland and UK

Gross median weekly earnings for full-time employees in Scotland were £640.50 in 2022, an increase of 3.2% over the year and continues the longer-term upward trend seen prior to the Covid-19 pandemic.

In the UK, gross median weekly earnings for full-time employees were £640.00, an increase of 5.0% since 2021.

Chart 1: Median Full-time Gross Weekly Earnings, Scotland and UK.



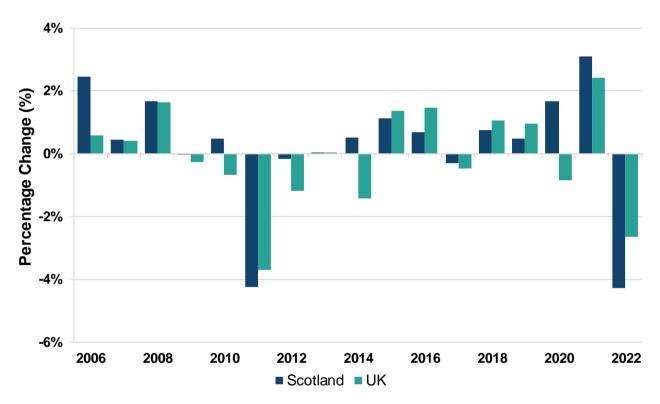
Source: Scottish Government Analysis of Annual Survey of Hours and Earnings (ASHE), ONS

- 1. Estimates for 2022 data are provisional.
- 2. Employees are on adult rates, pay is unaffected by absence unless furloughed
- 3. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
- 4. Real pay is pay adjusted for inflation using CPIH
- 5. Discontinuities in the series in 2006, 2011 and 2021. Discontinuity in 2021 is due to change in occupational coding from SOC 2010 to SOC 2020.

Annual Percentage Change in Earnings (adjusted for inflation), Scotland and UK

Adjusted for inflation (using the <u>Consumer Prices Index including owner occupiers'</u> housing costs (CPIH)), gross median weekly earning for full-time employees in Scotland decreased by 4.3% over the year and the UK decreased by 2.6% over the year.

Chart 2: Annual Percentage Change in Median Full-time Weekly Earnings (adjusted for inflation), Scotland and UK



Source: Scottish Government Analysis of Annual Survey of Hours and Earnings (ASHE), ONS

- 1. Estimates for 2022 data are provisional.
- 2. Employees are on adult rates, pay is unaffected by absence unless furloughed
- 3. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
- 4. Real pay is pay adjusted for inflation using CPIH
- 5. Discontinuities in the series in 2006, 2011 and 2021. Discontinuity in 2021 is due to change in occupational coding from SOC 2010 to SOC 2020.

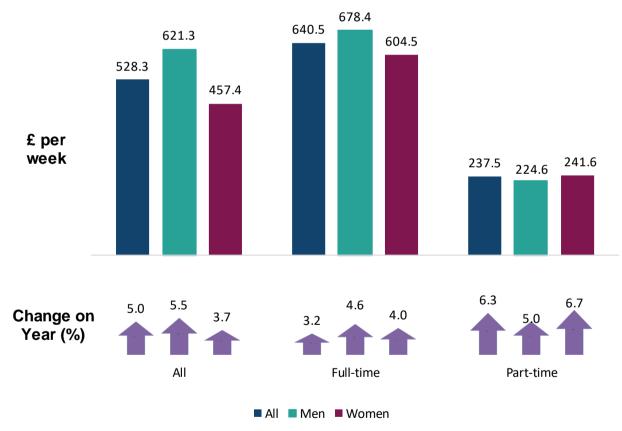
Median Gross Weekly Earnings by Gender and Work Pattern, Scotland, 2022

Between April 2021 and April 2022, overall median weekly earnings for men (including both full-time and part-time employees) increased at a faster rate than for women.

Median gross weekly earnings for full-time women increased by 4.0 per cent to £604.50 while median weekly earnings for full-time men increased by 4.6 per cent to £678.40.

Median gross weekly earnings for part-time women increased by 6.7 per cent to £241.60 while men's part-time earnings increased by 5.0 per cent to £224.60.

Chart 3: Median Gross Weekly Earnings by Gender and Work Pattern, Scotland, 2022



Source: Scottish Government Analysis of Annual Survey of Hours and Earnings (ASHE), ONS

- 1. Estimates for 2022 data are provisional.
- 2. Employees are on adult rates, pay is unaffected by absence unless furloughed
- 3. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
- 4. 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).

Gender Pay Gap

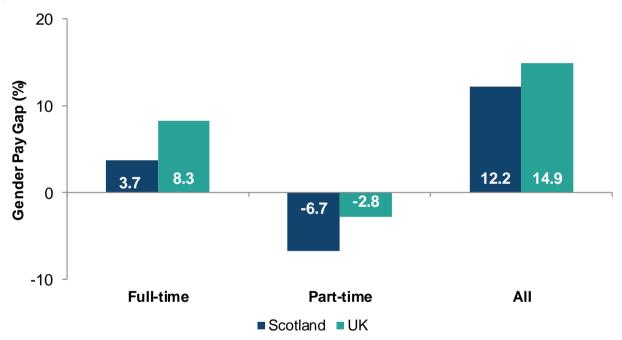
The gender pay gap is calculated as the difference between the average hourly earnings (excluding overtime) for men and women as a proportion of the average hourly earnings (excluding overtime) for men.

Gender Pay Gap by Work Pattern, Scotland and UK, 2022

In 2022, the gender pay gap for all employees in Scotland (12.2 per cent) was lower than the gender pay gap for all employees in the UK (14.9 per cent).

The gender pay gap for full-time employees in Scotland (3.7 per cent) was also lower than the gap for the UK (8.3 per cent).

Chart 4: Gender Pay Gap for Median Gross Hourly Earnings (excluding overtime) by Work Pattern, Scotland and UK, 2022



Source: Scottish Government Analysis of Annual Survey of Hours and Earnings (ASHE), ONS

- 1. Estimates for 2022 data are provisional.
- 2. Employees are on adult rates, pay is unaffected by absence unless furloughed
- 3. Figures represent the difference between men's and women's hourly earnings as a percentage of men's earnings.
- 4. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
- 5. 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).

Gender Pay Gap for Median Full-Time Hourly Earnings (excluding overtime) Scotland and UK

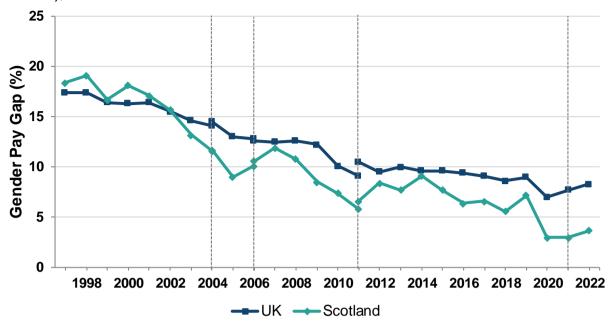
The gender pay gap for both Scotland and the UK has typically been reducing over time.

The gender pay gap in Scotland has been lower than in the UK since 2003.

The gender pay gap for full-time employees in Scotland increased from 3.0% in 2021 to 3.7% in 2022 due to men's hourly earnings increasing at a faster rate than women's hourly earnings. However, this is still below the gap of 7.2% in 2019 (prepandemic) and so continuing the longer-term downward trend.

The gender pay gap in the UK increased from 7.7 per cent in 2021 to 8.3 per cent in 2022. However, the gender pay gap in the UK for 2022 is below the gap of 9.0 per cent in 2019.

Chart 5: Gender Pay Gap for Median Full-Time Hourly Earnings (excluding overtime), Scotland and UK



Source: Scottish Government Analysis of Annual Survey of Hours and Earnings (ASHE), ONS

- 1. 2022 data are provisional.
- 2. Employees on adult rates whose pay was not affected by absence. Estimates for 2020 and 2021 include employees who have been furloughed under the Coronavirus Job Retention Scheme (CJRS).
- 3. Figures represent the difference between men's and women's hourly earnings as a percentage of men's earnings.
- 4. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
- 5. Dashed lines represent discontinuities in 2004, 2006, 2011 and 2021 ASHE estimates. Discontinuity in 2021 is due to change in occupational coding from SOC 2010 to SOC 2020.

Real Living Wage

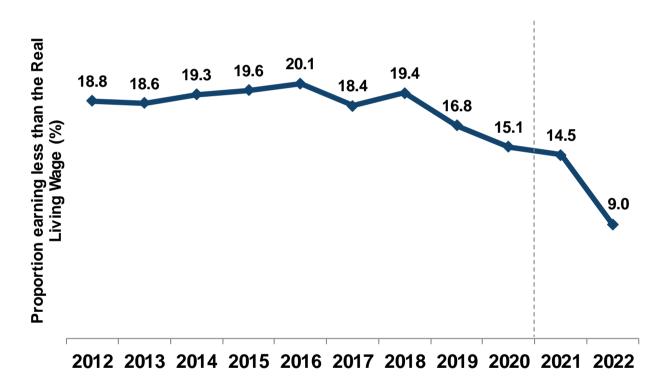
In April 2022, the real living wage rate was £11.05 for employees in London and £9.90 for employees who did not work in London.

Proportion of Employees (18+) earning less than the Real Living Wage, Scotland

In 2022, the proportion of employees aged 18+ in Scotland earning less than the Real Living Wage (£9.90) was 9.0 per cent. This was a decrease from 14.5 per cent in 2021 and continues the downward trend seen since 2018.

The proportion of employees earning less than the Real Living Wage remained relatively constant between 2012 to 2016, decreasing to 9.0 per cent in 2022.

Chart 6: Proportion of Employees (18+) earning less than the Real Living Wage, Scotland



Source: Scottish Government Analysis of Annual Survey of Hours and Earnings (ASHE), ONS

- 1. 2022 data are provisional.
- 2. Employees on adult rates whose pay was not affected by absence unless furloughed.
- 3. Dashed line represents a discontinuity in the series due to change in occupational coding from SOC 2010 to SOC 2020.

Concepts and Definitions

Real earnings

Earnings adjusted for inflation are calculated by adjusting nominal earnings from ASHE to the Consumer Prices Index including owner occupiers' housing costs (CPIH). CPIH is the most comprehensive measure of inflation. The ONS Consumer price inflation, UK publication provides further details on CPIH.

Work Patterns (full-time and part-time)

Full-time is defined as employees working more than 30 paid hours per week (or 25 or more hours for 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).

Median

A measure of the average. The median is calculated by identifying the exact middle point in a set of observations. When the observations are ranked from lowest to highest, the median is the value in the exact middle of the observed values. This is the preferred measure of average earnings as it is less affected by a relatively small number of very high earners than the mean is.

Gender Pay Gap

Gender Pay Gap is calculated as the difference between the average hourly earnings (excluding overtime) for men and women as a proportion of the average hourly earnings (excluding overtime) for men.

The gender pay gap can be calculated based on the median or mean and for full-time, part-time or all employees.

Real Living Wage

The real living wage rates have been independently calculated by the Resolution Foundation according to the cost of living based on household goods and services and are overseen by the Living Wage Commission.

In April 2022, the period which the latest ASHE estimates relate to, the real living wage rate for employees in London was £11.05 and £9.90 for employees who did not work in London.

Current and historical living wage rates are available on the <u>Living Wage</u> Foundation website

Standard Occupational Classification (SOC)

The Standard Occupational Classification (SOC) is a common classification of occupational information for the UK. The most recent version of SOC, SOC 2020, was used for revised 2021 ASHE estimates and provisional 2022 ASHE estimates. More information on the impact of the change from SOC 2010 to SOC 2020 can be found in the Measures of employee earnings based on SOC 2020, UK: 2021 bulletin.

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How to access background or source data

Results are provided based on the <u>provisional 2022 and revised 2021 Annual Survey of Hours and Earnings (ASHE) data</u> released by the Office for National Statistics (ONS) on 26 October 2022.

Time series data for hourly, weekly and annual earnings from ASHE are available on Nomis.

Complaints and suggestions

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