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Financial Scrutiny Unit Briefing

Earnings in Scotland 2013

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The Office for National Statistics released the Annual Survey of Hours and Earnings (ASHE) 2013 Provisional results on 12 December 2013. Using this data, this briefing provides a brief overview of earnings in Scotland.



The Scottish Parliament
Pàrlamaid na h-Alba

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ANNUAL SURVEY OF HOURS AND EARNINGS (ASHE) DATA

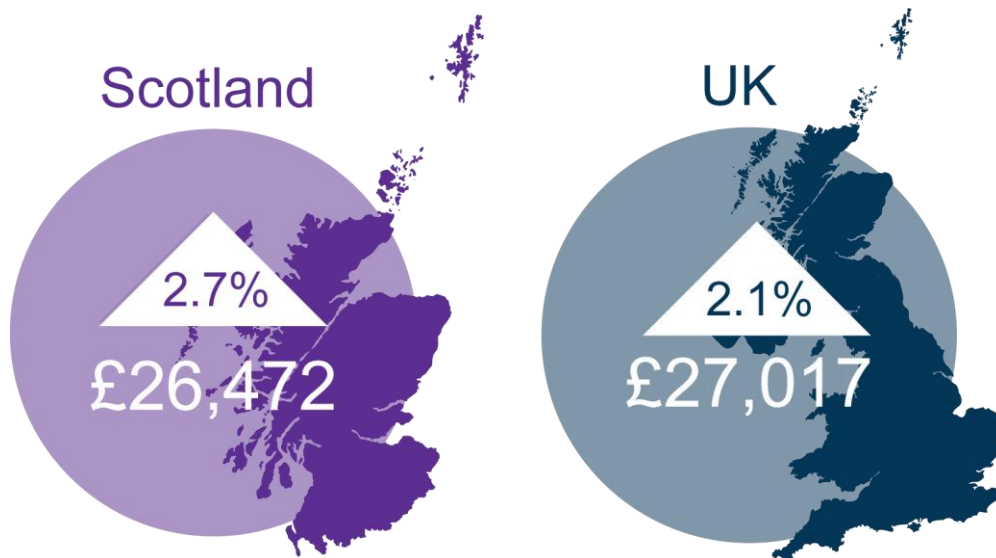
All the data in this briefing is taken from the Annual Survey of Hours and Earnings (ASHE) 2013 Provisional results, published by the Office of National Statistics (2013a). The survey provides a wide variety of earning statistics for employees across the UK. It does not cover the self-employed. ASHE is based on a 1% sample of employee jobs taken from the PAYE records of HMRC covering the pay period over the year to 5 April 2013.

Where figures are adjusted for inflation, the April 2013 Consumer Price Inflation (CPI) figure, 2.4%, is used. The CPI is used in this instance as it is used for uprating pensions, wages and some benefits and can aid in the understanding of inflation on family budgets.

Because of the potential for sampling errors for smaller groups, including local areas and small industries, there is a wider margin of error than for the data on Gender, Public/Private Sectors and Scotland as a whole.

ANNUAL PAY

Figure 1: Scottish and UK Annual Pay 2013



The full-time median annual pay in Scotland increased by 2.7% over the year to April 2013, with the UK seeing an increase of 2.1%. While Scotland saw a higher increase than the UK average the median annual pay for full-time employees is still below the UK average. Scotland has seen an increase in real terms in annual pay compared to the UK which has seen a real term decrease.

	Median	Annual percentage change	
		Cash (%)	Real (%)
Scotland	£26,472	2.7	0.3
UK	£27,017	2.1	-0.3

Source: [ONS \(2013a\)](#)

The survey showed Scotland had a higher proportion of part-time workers than the UK as a whole. The median gross annual pay for part-time employees in Scotland is higher than the UK

average but increased at a slower pace than the UK average over the year to April 2013. However both the UK and Scottish part-time annual pay have increased in real terms.

Table 2: Gross annual pay for part-time employees

	Median	Annual percentage change	
		Cash (%)	Real (%)
Scotland	£9,391	2.9	0.5
UK	£8,901	3.3	0.9

Source: [ONS \(2013a\)](#)

EARNING TRENDS

The main figure cited by the ONS when looking at earning trends is the median full-time gross weekly earnings. The ONS report on the 2013 ASHE provisional release has pointed out that “between 1997 (the first year for which ASHE data are available) and 2013 median full-time gross weekly earnings increased by 61%.” This growth has been driven by an average rise of 4% each year from 1997 to 2008, which has been above the rate of inflation. However, growth has been at a lower level from 2009 onwards.

Figure 2: Increase in earnings and CPI: 2007 onwards



Source: [ONS](#)

Like the UK, for the fifth year running median full-time pay in Scotland has increased below the rate of inflation. However Scotland outperformed the UK in 2009, 2010 and 2012 in terms of gross weekly pay increases. 2011 saw the biggest gap between wage increases and the rate of inflation for both the UK and Scotland.¹ The most recent data shows that for 2013 Scotland saw an increase of 2.1% and the UK saw an increase of 2.2%.

PUBLIC/PRIVATE SECTOR PAY

The public and private sectors are comprised of different workforces. The public sector has a higher proportion of graduate-level and professional occupations than the private sector which has a greater number of lower paid occupations such as bar and restaurant staff, hairdressers,

¹ UK and Scotland 2013 figures, and the Scottish figure for 2011, are based on ‘provisional results’ while all previous years use ‘revised’ data.

salespersons and cashiers. The proportion of people working in the Public sector in Scotland is higher than the UK as a whole.

Median gross full-time annual pay in the public sector, in both Scotland and the UK, is higher than that in the private sector. The difference in Scotland between the sectors is greater than that between the UK averages. Whilst both public and private sector pay increased in Scotland over the year, earnings in the private sector saw the largest percentage increase - just above the rate of inflation at 2.5%.

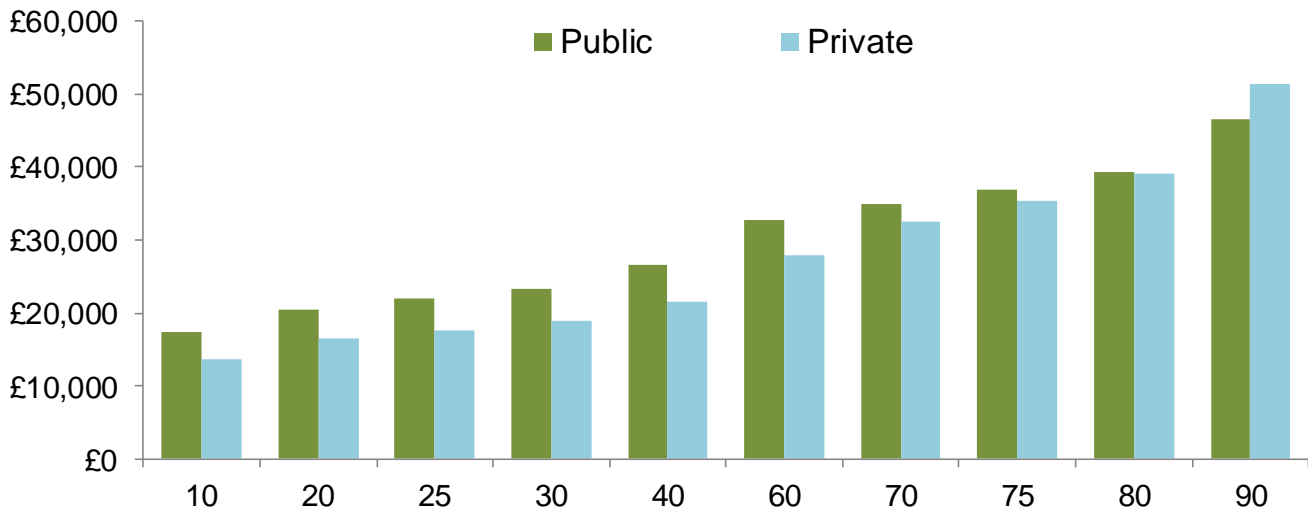
Table 3: Gross full-time annual pay for Public and Private sector employees

	Sector	Median	Annual percentage change	
			Cash (%)	Real (%)
Scotland	Public	£29,439	2.1	-0.3
	Private	£24,603	2.5	0.1
UK	Public	£29,515	2.0	-0.4
	Private	£25,795	2.2	-0.2

Source: [ONS \(2013a\)](#)

When breaking down the pay of Public and Private sectors workers in Scotland into deciles only the top 10% of workers in the private sector get paid more on average than those in the public sector.

Figure 3: Scottish Public and Private sector pay by decile



Source: [ONS \(2013a\)](#)

PAY BY GENDER

One measure used for comparing male and female pay is hourly pay excluding overtime. This is used because men are more likely to be in full-time employment and work over-time than women, therefore annual pay does not provide a fair comparison. Using this measurement, average full-time earnings for women in Scotland in 2013 were 8.2% lower than average male earnings.

At the UK level full-time pay has increased for both men and women but only men saw a 'real' increase (ie. above the rate of inflation). In Scotland men witnessed an increase in full-time pay

at the rate of inflation while women saw an increase 0.8 percentage points above the rate of inflation.

Table 4: Median full-time hourly earnings (excluding overtime) by Gender

		Median	Annual percentage change	
			Cash (%)	Real (%)
Scotland	Male	£13.27	2.4	0.0
	Female	£12.26	3.2	0.8
UK	Male	£13.60	2.5	0.1
	Female	£12.24	1.9	-0.5

Source: [ONS \(2013a\)](#)

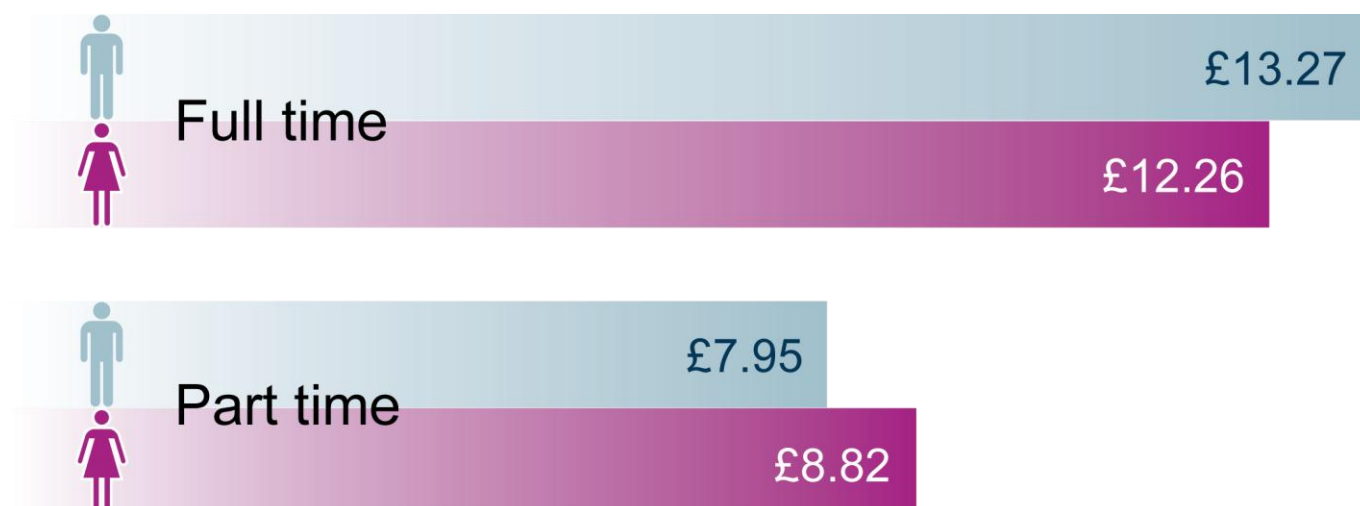
Part-time pay at the UK level has seen an increase above the rate of inflation for both men and women. However Scotland has seen higher growth in part-time pay than the UK particularly for women. The current median part-time pay for women in Scotland is the second highest in the UK, behind London (£9.99 per hour) when broken down by region.

Table 5: Median part-time hourly earnings (excluding overtime) by Gender

		Median	Annual percentage change	
			Cash (%)	Real (%)
Scotland	Male	£7.95	4.8	2.4
	Female	£8.82	5.3	2.9
UK	Male	£7.95	3.0	0.6
	Female	£8.40	3.2	0.8

Source: [ONS \(2013a\)](#)

Figure 4: Pay by Gender in Scotland



GENDER PAY GAP

The gender pay gap is defined as “the difference between men’s and women’s hourly earnings as a percentage of men’s earnings.”² The UK gender pay gap for all employees (full-time and part-time) increased from 19.6% in 2012 to 19.7% in 2013. The Scottish gender pay gap for all employees has narrowed from 17.6% in 2012 to 17.0% in 2013.

² [Office for National Statistics \(2013a\)](#)

Table 6: Gender Pay Gap

	2012	2013	Change (Percentage Points)
Scotland	17.6%	17.0%	-0.6
UK	19.6%	19.7%	+0.1

PAY BY INDUSTRY

When looking at a breakdown of gross annual pay most industries in Scotland have seen an increase in pay with the Agriculture, forestry and fishing industry has seen the biggest increase at 12.3%. The Professional, Scientific and Technical Activities industry has seen the biggest decrease in wages at -4.1%

The top earning industry in Scotland is Mining and Quarrying (which includes Oil and Gas) while the lowest earning industry is Accommodation and food services activity. However the low level of pay in the Accommodation and food services can be attributed to the high number of part-time employees with an estimated 51% of employees working part-time.

Table 7: Gross Annual Pay by Industry

Industry	Median (£)	Annual change (%)
Accommodation and food service activities	10,558	-2.4
Administrative and support service activities	16,724	-0.4
Agriculture, forestry and fishing	22,749	12.3
Arts, entertainment and recreation	15,864	6.6
Construction	26,179	0.6
Education	22,672	3
Electricity, gas, steam and air conditioning supply	33,238	1.6
Financial and insurance activities	27,334	5.8
Human health and social work activities	19,559	0.1
Information and communication	28,229	1
Manufacturing	26,383	5.7
Mining and quarrying	45,295	11.5
Professional, scientific and technical activities	26,170	-4.1
Public administration and defence; compulsory social security	26,508	-2.3
Real estate activities	21,070	2.6
Transportation and storage	26,339	9
Water supply; sewerage, waste management and remediation	29,594	2.2
Wholesale and retail trade; repair of motor vehicles	14,514	3.6

Source: [ONS \(2013a\)](#)

SOURCES

Office for National Statistics (2013a), *Annual Survey of Hours and Earnings, 2013 Provisional Results* Available online at: <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2013-provisional-results/stb-ashe-statistical-bulletin-2013.html> (Accessed on 16 December 2013)

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RELATED BRIEFINGS

[SB 12-75 Earnings in Scotland 2012 \(422KB pdf\)](#)

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