ECONOMY AND LABOUR MARKET

Annual Survey of Hours and Earnings (ASHE)

Statistics from the ONS Annual Survey of Hours and Earnings 2023, first published 2 November 2023

This Scottish Government publication contains the latest estimates of gross median weekly earnings and the gender pay gap for employees in Scotland compared with the United Kingdom. The latest estimates relate to the pay period that includes 19 April 2023. Data are sourced from the Annual Survey of Hours and Earnings, first released on 1 November 2023 by the Office for National Statistics (ONS). This publication presents Scottish Government analysis of this data.

The ONS Annual Survey of Hours and Earnings statistics are accredited official statistics. Accredited official statistics comply with the standards of trustworthiness, quality and value in the <u>Code of Practice for Statistics</u>.



Key Points

- Gross median weekly earnings for full-time employees in Scotland were £702.80 in 2023, an increase of 9.7 per cent over the year and continuing the longer-term upwards trend. This was the also the highest annual increase since comparable records began.
- Gender pay gap for full-time employees in Scotland has typically been reducing over time
- Gender pay gap for full-time employees in Scotland decreased from 3.0 per cent in 2022 to 1.7 per cent in 2023 so continuing the longer-term downward trend

Contents

Key Points	2
Introduction	4
An Official Statistics Publication for Scotland	4
About this publication	4
Employee earnings	ô
Gross Median Weekly Earnings for full-time employees, Scotland and UK	6
Gross Median Weekly Earnings by sex and employment type, Scotland, 2023 8	3
Gender Pay Gap10	D
Gender Pay Gap by Employment Type, Scotland and UK, 202310)
Gender Pay Gap for Median Full-Time Hourly Earnings (excluding overtime), Scotland and UK1	1
Concepts and Definitions13	3
How to access background or source data13	3
Related Links14	4
Tell us what you think14	4
Feedback survey14	4
Enquiries14	4
Join our mailing list14	4
Future publications14	4
Crown Copyright14	4

Introduction

This publication contains the latest estimates of gross median weekly earnings and the gender pay gap for employees in Scotland compared with the United Kingdom. The latest estimates relate to the pay period that includes 19 April 2023. Data are sourced from the Annual Survey of Hours and Earnings, first released on 1 November 2023 by the Office for National Statistics (ONS).

An Official Statistics Publication for Scotland

These statistics are official statistics. Official statistics are statistics that are produced by crown bodies, those acting on behalf of crown bodies, or those specified in statutory orders, as defined in the <u>Statistics and Registration Service</u> <u>Act 2007</u>.

Scottish Government statistics are regulated by the Office for Statistics Regulation (OSR). OSR sets the standards of trustworthiness, quality and value in the <u>Code of</u> <u>Practice for Statistics</u> that all producers of official statistics should adhere to.

About this publication

The ONS Annual Survey of Hours and Earnings (ASHE) is the official source of UK earnings 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.

All estimates published by ONS on the 1 November 2023 for 2023 are provisional and relate to the pay period that includes 19 April 2023. Estimates for 2022 have been revised and relate to the pay period that includes 27 April 2022. 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: <u>How COVID-19 has impacted the Average Weekly Earnings data</u>, which explains the complexities of interpreting earnings data during the Covid-19 period in relation to compositional and base effects which are likely to the affect 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.

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

From 2021, ONS have moved from Standard Occupation Classifications (SOC) 2010 to SOC 2020 for their occupation coding. 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.

Employee earnings

Gross Median Weekly Earnings for full-time employees, Scotland and UK

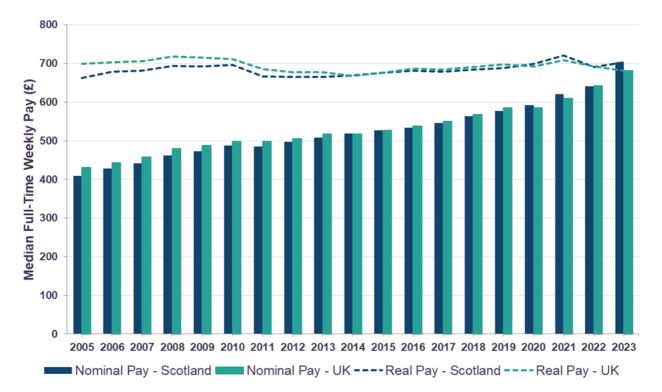
Gross median weekly earnings for full-time employees in Scotland were £702.80 in April 2023, an increase of 9.7 per cent over the year and continues the longer-term upward trend.

In the UK, gross median weekly earnings for full-time employees were £681.70, an increase of 6.2 per cent since April 2022.

The annual growth in median weekly earnings for full-time employees in Scotland (9.7 per cent) and the UK (6.2 per cent) between 2022 and 2023 was the highest growth since the series began in 1997.

Figure 1: Nominal median weekly earnings for full-time employees have been gradually increasing over time for Scotland and the UK

Gross median weekly earnings for full-time employees (nominal and real), Scotland and UK, April 2005 to April 2023



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

1. Estimates for 2023 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 Consumer Prices Index including owner occupiers' housing costs (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 gross median weekly earnings for fulltime employees (adjusted for inflation), Scotland and UK

Adjusted for inflation (using the <u>Consumer Prices Index including owner occupiers'</u> <u>housing costs (CPIH)</u>), gross median weekly earning for full-time employees in Scotland increased by 1.8 per cent over the year and the UK decreased by 1.5 per cent over the year.

The difference between nominal and real growth rates is because of high consumer price inflation including owner occupiers' housing costs; in April 2023, the CPIH annual rate was 7.8%, which was the same as April 2022.

Figure 2: When adjusted for inflation, median weekly earnings for full-time employees in Scotland increased between 2022 and 2023 following a decrease between 2021 and 2022

4% 2% 2% -2% -4% -6%

Annual percentage change in gross median weekly earnings for full-time employees (adjusted for inflation), Scotland and UK, 2005-2006 to 2022-2023

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 ■Scotland ■UK

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

1. Estimates for 2023 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.

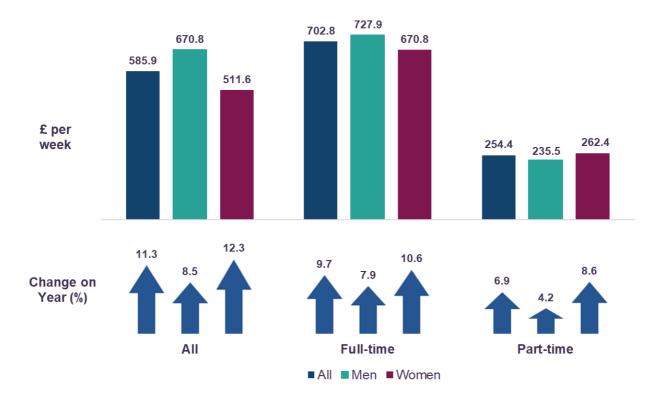
Gross Median Weekly Earnings by sex and employment type, Scotland, 2023

Between April 2022 and April 2023, women's median weekly earnings increased at a faster rate than for men across all employment types.

Gross median weekly earnings for full-time women increased by 10.6 per cent to $\pounds 670.80$ while median weekly earnings for full-time men increased by 7.9 per cent to $\pounds 727.90$.

Median weekly earnings for part-time women increased by 8.6 per cent to \pounds 262.40 while median weekly earnings for part-time men increased by 4.2 per cent to \pounds 235.50.

Figure 3: Women's earnings increased at a faster rate than for men between 2022 and 2023



Gross Median Weekly Earnings and annual percentage change in gross median weekly earnings by sex and employment type, Scotland, 2023

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

1. Estimates for 2023 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 median hourly earnings (excluding overtime) for men and women as a proportion of the median hourly earnings (excluding overtime) for men.

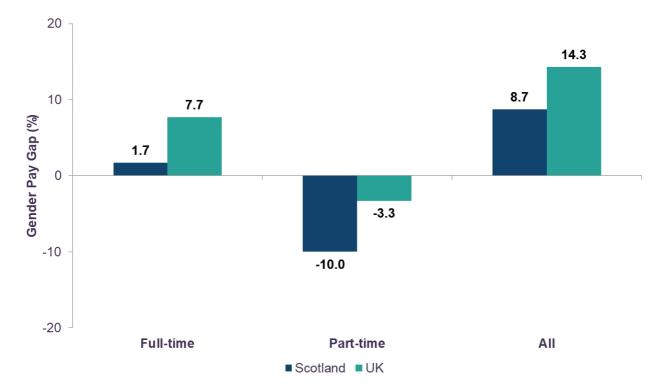
Gender Pay Gap by Employment Type, Scotland and UK, 2023

In 2023, the gender pay gap for all employees in Scotland (8.7 per cent) was lower than the gender pay gap for all employees in the UK (14.3 per cent).

The gender pay gap for full-time employees in Scotland (1.7 per cent) was also lower than the gap for the UK (7.7 per cent).

Figure 4: Scotland has a lower gender pay gap for full-time and all employees than the UK in 2023

Gender Pay Gap for Median Gross Hourly Earnings (excluding overtime) by Employment Type, Scotland and UK, 2023



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

1. Estimates for 2023 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.

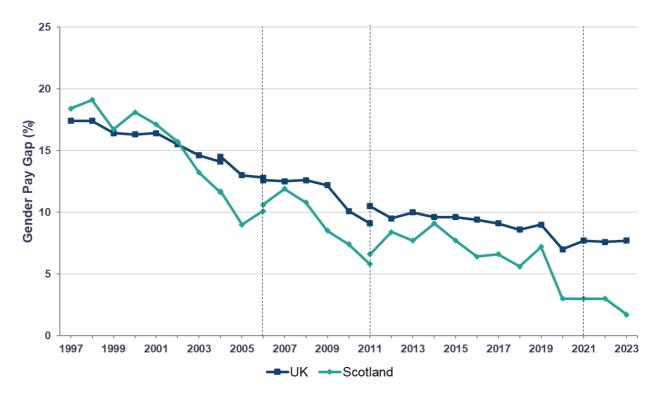
The gender pay gap in Scotland has been lower than in the UK since 2003.

The gender pay gap for full-time employees in Scotland decreased from 3.0 per cent in 2022 to 1.7 per cent in 2023 due to hourly earnings for full-time women increasing at a faster rate than the hourly earnings for full-time men. This is also below the gap of 7.2 per cent in 2019 (pre-pandemic) and so continuing the longer-term downward trend.

The gender pay gap in the UK increased from 7.6 per cent in 2022 to 7.7 per cent in 2023. However, the gender pay gap in the UK for 2023 is still below the gap of 9.0 per cent in 2019.

Figure 5: The gender pay gap has been declining over time for Scotland and the UK

Gender Pay Gap for Median Gross Hourly Earnings (excluding overtime) for fulltime employees, Scotland and UK, 2023



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

1. Estimates for 2023 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. Dashed lines represent discontinuities in 2006, 2011 and 2021 ASHE estimates. Discontinuity in 2021 is 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 fulltime, part-time or all employees.

Standard Occupational Classification (SOC)

The <u>Standard Occupational Classification (SOC)</u> is a common classification of occupational information for the UK.

From 2021, ONS have moved from Standard Occupation Classifications (SOC) 2010 to SOC 2020 for their occupation coding. This means earnings estimates for April 2021 based on SOC 2020 represent a break in the ASHE time series. 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.

How to access background or source data

Results are provided based on the <u>provisional 2023 and revised 2022 Annual</u> <u>Survey of Hours and Earnings (ASHE)</u> data released by the Office for National Statistics (ONS) on 1 November 2023. Time series data for hourly, weekly and annual earnings from ASHE are available on <u>Nomis</u>.

Related Links

Scottish Government Labour Market Statistics Collection

Labour Market trends: September 2023

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We are always interested to hear from our users about how our statistics are used, and how they can be improved.

Feedback survey

We'd appreciate it if you would complete our short <u>feedback survey</u> on this publication.

Enquiries

For enquiries about this publication please contact:

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