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Eóin Murphy

The Living Wage in the Public and Private Sectors of Northern Ireland

1 Introduction

The following paper considers the Living Wage (LW) in Northern Ireland and what occupations in the Public and Private Sectors are paid below it.

The Living Wage is an hourly rate of pay calculated based on the basic cost of living in the United Kingdom. For the purposes of this paper, the LW set in November 2013 has been used. This was £7.65 per hour outside of London. Currently, the LW is set at £7.85 per hour outside of London. For further information on the Living Wage please see [NIAR 69 – 2013](#).¹

2 Key Points

- DETI's analysis of private and public sector wages found that median weekly earnings were 40.8% higher in the public sector than in the private sector;

¹ Available here: http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2013/employment_learning/1513.pdf

- Using Annual Survey of Hourly Earnings (ASHE) data there are an indicative 198,300 jobs in Northern Ireland paid below the LW, or around 28% of jobs;
- Accommodation and Food Services have the highest percentage of jobs paid below the LW at 80%, accounting for approximately 29,600 jobs;
- Of the eighteen Standard Industrial Classification (SIC) sectors only Public Administration and Defence did not have any jobs below the LW;
- Review of the ASHE data on hourly gross earnings found that the public sector wage remains above the LW throughout 2014. However, percentiles 10 – 30 for the private sector are all below the LW. This equates to at least 30% of the NI Working Age Population employed in the private sector being paid below the LW;
- **It should be noted that the figures below are an indication only of those in the private sector earning below the LW and should not be taken as definitive;**
- Very few public sector occupations fell below the LW with only 25% of those employed in Elementary Occupations below this level;
- No full time posts in the public sector were identified as being below the LW;
- For part time public sector jobs only those employed in part time Elementary occupations fall under the LW, with approximately 40% of these jobs paying less than £7.65 an hour. This equates to approximately 4,800 jobs being paid below the LW;
- In terms of the potential impact of the introduction of the LW to the Public Sector the data above appears to indicate that it would have a limited impact, with less than 5,000 people (out of 220,000) paid less than the LW;
- Unlike the public sector there are a greater number of occupations in the private sector which are below the LW, with seven identified as part of this paper;
- Based on the available data, approximately 134,000 jobs in the private sector earned below the LW in 2014. Three occupation types had high levels below the LW, with Caring, leisure and other service occupations and Elementary occupations at 70%;
- Once full time and part time jobs are separated it can be seen that a higher percentage of part time posts pay below the LW than full time (60% part time jobs as opposed to 25% of full time jobs); and
- In the Private sector approximately 60% of part time jobs earn below the LW in comparison to 25% of full time jobs.

3 Differences in Wages in the Public and Private Sector in Northern Ireland

Oxford Economics research on behalf of NICVA identified that:²

² NICVA, 2015, Oxford Economics, An economic analysis of the living wage in Northern Ireland, http://www.nicva.org/sites/default/files/d7content/attachments-resources/nicva_living_wage_2014_0.pdf

an estimated 173,000 employees in Northern Ireland earned below the then Living Wage in 2012, some 23% of all employees in the region. These workers were disproportionately young, part-time workers with low-skill levels working in the private sector, and female workers were more likely than males to be earning below the Living Wage.

DETI's analysis of private and public sector wages found that median weekly earnings were 40.8% higher than in the public sector than in the private sector. It goes on to state that this is likely due to differences in the composition of the workforces:³

Many of the lowest paid occupations, such as bar and restaurant staff, hairdressers, elementary sales occupations and cashiers, exist primarily in the private sector, while there are a larger proportion of graduate-level and professional occupations in the public sector.

As these occupations tend to attract a higher wage (whether in the public or private sector), the public sector tends to have a higher wage profile than the private sector.

The Annual Survey of Hourly Earnings (ASHE) provides details on the hourly pay for all employees based on Standard Industrial Classification (SIC).

Using ASHE data for 2014 it is possible to identify the approximate number of jobs which are paid below the LW in Northern Ireland.

Table 1 on the page following details these findings.⁴

Based on the available data in Table 1, there are an indicative 198,300 jobs in Northern Ireland paid below the LW, or around 28% of jobs.⁵ During this period the LW was £7.65 (per hour) outside of London.

Of these a large number are centred within specific SICs:

- **Agricultural, forestry and fishing:** Whilst there are a relatively small number of jobs in this sector in comparison to others (6,000), 60% of these are below the LW (3,600);
- **Wholesale and retail trade:** One of the largest sectors with 113,000 jobs, 50% of jobs are paid below the LW (56,500);
- **Accommodation and food service:** With 37,000 jobs, this sector has the largest percentage of jobs paid at less than the LW with 80%. This equates roughly to 29,600 jobs;
- **Administrative and support service activities:** This SIC has 36,000 jobs with 50% of these below the LW (18,000 jobs); and

³ DETI, http://www.detini.gov.uk/2013_public_and_private_sector_analysis.pdf

⁴ DETI, SIC2007 Table 5 (NI).5a Hourly pay - Gross (£) - For all employee jobs: Northern Ireland, 2014
www.detini.gov.uk/ashe_2014_by_industry_sic07_table_1a.xlsx?rev=0

⁵ It should be noted, however, that this figures is subject to rounding and in addition should be considered indicative only as a result of the use of percentiles to extrapolate numbers.

- **Arts, entertainment and recreation:** With 14,000 jobs this is one of the smaller sectors but has a high level of jobs below the LW level at 50% or 7,000 jobs.

Of the eighteen SIC 2007 sectors⁶ only Public Administration and Defence did not have any jobs below the LW.

Table 1: Approximate number of jobs below the LW in NI Industrial Sectors

Description	Number of Jobs	Percentile below the Living Wage	Approximate number of jobs below the LW
Agriculture, Forestry and Fishing	6,000	60	3,600
Manufacturing	95,000	20	19,000
Electricity, gas, steam and air conditioning supply	x	x	x
Water supply; sewerage, waste management and remediation activities	6,000	Unknown	Unknown
Construction	26,000	20	5,200
Wholesale and retail trade; repair of motor vehicles and motorcycles	113,000	50	56,500
Transportation and storage	23,000	10	2,300
Accommodation and food service activities	37,000	80	29,600
Information and communication	20,000	10	2,000
Financial and insurance activities	16,000	10	1,600
Real estate activities	8,000	20	1,600
Professional, scientific and technical activities	28,000	10	2,800
Administrative and support service activities	36,000	50	18,000
Public administration and defence; compulsory social security	63,000	0	0
Education	98,000	10	9,800
Human health and social work activities	111,000	30	33,300
Arts, entertainment and recreation	14,000	50	7,000
Other service activities	15,000	40	6,000

⁶ Mining and Quarrying has not been included as there was insufficient data available to discuss its findings.

The most recently published data from the ASHE compares public and private sector earnings. It found that:⁷

- The rate of growth of median⁸ gross weekly earnings for all (i.e. full and part-time) NI employees in the public sector between April 2013 and April 2014 (2.3%) was higher than for their counterparts in the private sector, who experienced an increase of 0.4%;
- Earnings of all public sector employees in Northern Ireland were 2.5% lower compared to the UK as a whole, and those of full-time NI public sector employees were 1.4% lower; and
- Private sector earnings in Northern Ireland were 17.8% lower for full-time employees, and 20.9% lower for all employees, than those in the UK.

The table below details data taken ASHE for 2014 and breaks down public and private sector wage data by percentiles.⁹

Table 2: Comparison of NI Public and Private Sector Hourly Pay (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
United Kingdom	25,010	11.54	6.64	7.58	8.10	8.69	10.00	13.56	16.11	17.66	19.52	25.43
Northern Ireland	720	10.00	6.31	7.00	7.44	7.87	8.91	11.58	13.83	15.43	17.19	22.29
Public Sector (NI)	220	13.34	8.13	9.13	9.63	10.26	11.58	15.62	18.10	19.78	21.13	24.90
Private Sector	448	8.67	6.31	6.50	6.75	7.00	7.70	9.85	11.47	12.48	13.96	18.96

As can be seen above, the public sector wage remains above the LW throughout 2014. However, percentiles 10 – 30 for the private sector are all below the LW. This equates to at least 30% of the NI Working Age Population employed in the private sector being paid below the LW.

Sections 4 and 5 following discuss the LW in the Public and Private sectors in further detail.

4 The Living Wage and the Public Sector

Using data provided by the Department for Finance and Personnel (DFP), it is possible to discuss the wage level within occupations in the public sector.

Table 3 below details the public sector's hourly pay broken down by percentiles and occupation.

⁷ Ibid

⁸ The headline statistics for ASHE are based on the median rather than the mean. The median is the value below which 50% of employees fall.

⁹ Based on data received from correspondence received from NISRA

Table 3: Hourly pay by occupation for public sector jobs (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
United Kingdom	25,010	11.54	6.64	7.58	8.10	8.69	10.00	13.56	16.11	17.66	19.52	25.43
Northern Ireland	720	10.00	6.31	7.00	7.44	7.87	8.91	11.58	13.83	15.43	17.19	22.29
Public Sector (NI)	220	13.34	8.13	9.13	9.63	10.26	11.58	15.62	18.10	19.78	21.13	24.90
Managers, directors and senior officials	8	20.73	x	x	x	17.45	19.99	22.29	x	x	x	x
Professional occupations	81	20.75	14.05	15.67	16.66	17.29	19.01	21.90	23.93	24.47	25.53	28.88
Associate professional and technical	27	14.20	9.19	11.33	12.44	12.96	13.41	15.52	16.47	17.02	17.68	x
Administrative and secretarial occupations	44	10.70	8.65	9.09	9.36	9.59	9.99	11.22	11.62	11.98	12.68	x
Skilled trades	6	10.85	x	x	8.48	8.81	9.19	11.81	x	x	x	x
Caring, leisure and other service occupations	30	9.32	7.85	8.31	8.40	8.50	8.93	9.66	10.55	10.89	11.57	x
Sales and customer service occupations	x	11.20	x	x	x	x	x	x	x	x	x	x
Process, plant and machine operatives	8	10.54	x	8.59	9.16	9.58	10.01	11.00	x	11.06	x	x
Elementary occupations	16	7.93	6.88	x	7.10	7.22	7.68	7.95	8.64	8.81	9.11	x

The highlighted cells denote where hourly pay falls below the 2013 to 2014 LW of £7.65.

As can be seen above very few public sector occupations fell below the LW with only 25% of those employed in elementary occupations below this level.

It is, of course, worth noting that Table 3 includes both full time and part time workers which may skew the data somewhat as part-time workers tend to earn less than full time workers.

Tables 4 and 5 provide data for full time and part time workers separately.

Table 4: Hourly pay by occupation for full time, public sector jobs (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
Northern Ireland	489	11.26	6.70	7.72	8.28	8.88	9.90	12.98	15.30	16.50	18.36	23.45
Public Sector	151	14.26	8.93	10.08	10.69	11.25	12.76	16.47	18.86	20.74	21.74	25.39
Managers, directors and senior officials	7	20.73	x	x	x	18.10	20.04	22.17	24.05	x	x	x
Professional occupations	61	21.00	13.95	15.54	16.39	17.65	19.35	22.40	23.93	24.66	25.99	x
Associate professional and technical occupations	22	14.21	9.26	11.85	12.53	13.01	13.73	15.68	16.46	17.02	17.42	x
Administrative and secretarial occupations	33	10.66	8.65	9.26	9.45	9.63	10.08	11.11	11.59	11.90	12.44	x
Skilled trades occupations	x	11.83	x	x	x	9.83	11.41	12.78	x	x	x	x
Caring, leisure and other service occupations	12	9.91	8.09	x	8.91	8.93	9.38	10.49	10.70	11.08	x	x
Sales and customer service occupations	..											
Process, plant and machine operatives	7	10.98	x	8.40	9.05	9.63	10.31	11.00	11.00	11.26	x	x
Elementary occupations	4	9.08	x	x	8.40	8.67	8.81	9.33	10.20	x	x	x

As can be seen above, no full time posts in the public sector were identified as being below the LW. However, it should be noted that a number of data points were unavailable as a result of being unreliable. As such there may be some occupations in which pay falls below the LW.¹⁰

Table 5 considers the hourly pay of public sector occupations for part time workers.

Table 5: Hourly pay by occupation for part time, public sector jobs (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
United Kingdom	7,166	8.33	6.31	6.55	6.80	7.01	7.61	9.39	10.99	12.38	14.27	20.08
Northern Ireland	231	7.94	6.31	6.35	6.50	6.71	7.21	8.89	10.10	11.30	13.10	19.83
Public Sector	69	10.79	7.60	8.08	8.40	8.66	9.34	12.80	15.43	17.14	18.74	22.37
Managers, directors and senior officials	..											
Professional occupations	20	19.92	14.26	15.79	16.74	17.09	18.44	20.95	22.37	23.42	24.97	x
Associate professional and technical occupations	5	13.15	x	x	10.14	10.34	13.10	13.65	16.80	x	x	x
Administrative and secretarial occupations	11	10.79	8.62	9.03	9.16	9.39	9.85	11.26	11.73	12.48	12.81	x
Skilled trades occupations	x	8.51	x	x	x	x	x	x	x	x	x	x
Caring, leisure and other service occupations	18	9.06	7.70	8.08	8.28	8.40	8.57	9.39	9.95	10.55	x	x
Sales and customer service occupations	x	x	x	x	x	x	x	x	x	x	x	x
Process, plant and machine operatives	x	9.23	x	x	x	x	x	x	x	x	x	x
Elementary occupations	12	7.72	6.84	7.03	x	7.10	7.25	x	7.93	8.04	8.39	x

As can be seen above only part time elementary occupations fall under the LW, with approximately 40% of these posts paying less than £7.65 an hour. This equates to approximately 4,800 posts being paid below the LW.

In terms of the potential impact of the introduction of the LW to the public sector the data above appears to indicate that it would have a limited impact, with less than 5,000 people (out of 220,000) paid less than the LW. However, as these are part time workers an increase in salary could have a significant impact for individual. For example, raising the salary of those in the 10th percentile to the LW would increase their salary by approximately 81 pence per hour worked.

¹⁰ Please note, no data is available for "Sales and customer service occupations" as a result of it being potentially disclosive. In addition, in cells with a X data has not been provided as it may be unreliable.

In response to a series of Assembly Questions the NI Government Departments provided the following information on the number of employees paid below the LW in 2014.¹¹

Table 6: Number of people earning less than the LW employed by Departments

Organisation	Number earning less than LW
NI Assembly	0
Department of the Environment	0
Department for Health, Social Services and Public Safety	0
Health and Social Care Trusts	5,074
Department for Finance and Personnel	4
DETI	0
Department of Education	0
BELB	2,055
WELB	1,934
NEELB	2,654
SEELB	2,652
SELB	2,737
CCMS	8
CCEA	63
Middletown Centre	1
Department of Culture, Arts and Leisure	0
Department of Agriculture and Rural Development	16
Department for Social Development	0
Department for Regional Development	0
Transport NI	440
Northern Ireland Water	17
Translink	158
Department of Employment and Learning	0

Based on the information provided by the AOs there were 17,813 people employed by Government Departments and their periphery agencies who earned less than the LW in 2014.

¹¹ Northern Ireland Assembly Questions, AQW 39137, 39061 – 39065 and 39031 - 39034

A study carried out by Landsman Economics on behalf of Unison on the economic impact of the introduction of the LW in the public sector across the UK found that for every 1% increase in wages, this would cost an additional £1.4 Billion to the PS wage bill.¹²

However, Unison noted that this increase in the wage bill is offset by a number of factors:

- As there is an increase in pay, the government receives a higher amount of Income Tax and National Insurance contributions. Added to this, as incomes have increased there is less paid out via In-Work Benefits and Tax Credits;
- There is an increase in indirect tax collected (such as VAT) as a result of the increased spending power of workers; and
- Finally, there is a related multiplier effect as the increase in demand for goods and services resulting from the increased income acts as a stimulus for growth within the private sector.

Based on this final point, Unison used IMF multiplier estimates to find that a 1% increase in public sector pay results in:

- Between £710 million and £820 million for the government in increased Income Tax, National Insurance contributions and expenditure tax receipts. This reduces the cost of a public sector pay increase to £600 million;
- Injection of between £470 to £880 million of extra value into the economy; and
- The creation of between 10,000 and 18,000 (full-time equivalent) jobs, especially in sectors such as leisure and transport.

5 The Living Wage and the Private Sector

Table 7 below details the private sector's hourly pay broken down by percentiles and occupation.¹³

Unlike the public sector there are a greater number of occupations in the private sector which are below the LW as highlighted above.

Indeed, in seven of the Occupation types the median hourly wage was below the LW. These were:

- Managers, directors and senior officials – 10% below the LW;
- Administrative and secretarial occupations – 30% below the LW;
- Skilled trades occupations – 20% below the LW
- Caring, leisure and other service occupations – 70% below the LW;
- Sales and customer service occupations – 60% below the LW;

¹² Unison, April 2014, Lifting the Cap, <https://www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/22329.pdf>

¹³ Data provided by NISRA

- Process, plant and machine operatives – 30% below the LW; and
- Elementary occupations – 70% below the LW.

Table 7: Hourly pay by occupation for private sector jobs (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
United Kingdom	25,010	11.54	6.64	7.58	8.10	8.69	10.00	13.56	16.11	17.66	19.52	25.43
Northern Ireland	720	10.00	6.31	7.00	7.44	7.87	8.91	11.58	13.83	15.43	17.19	22.29
Private Sector	448	8.67	6.31	6.50	6.75	7.00	7.70	9.85	11.47	12.48	13.96	18.96
Managers, directors and senior officials	44	15.86	6.69	8.66	9.89	10.93	13.17	17.91	20.82	22.28	24.76	x
Professional occupations	47	16.11	8.44	10.91	11.97	12.60	14.32	18.34	20.47	21.84	23.56	x
Associate professional and technical occupations	36	12.05	7.66	8.53	9.16	9.64	11.02	13.14	15.35	16.12	17.52	x
Administrative and secretarial occupations	48	8.88	6.50	7.02	7.39	7.52	8.12	9.57	10.11	10.81	11.47	x
Skilled trades occupations	60	9.61	6.50	7.50	7.74	8.07	8.99	10.76	11.90	12.35	13.01	x
Caring, leisure and other service occupations	29	6.80	x	x	6.31	6.44	6.60	7.00	7.40	7.72	8.09	x
Sales and customer service occupations	61	6.76	5.65	x	6.31	6.32	6.50	7.20	7.77	8.13	8.42	10.07
Process, plant and machine operatives	58	8.40	6.32	6.80	7.06	7.26	7.83	9.20	10.02	10.77	11.14	13.74
Elementary occupations	65	6.52	5.54	x	x	6.31	6.34	7.00	7.50	7.84	8.30	x

Using this data it is possible to provide an approximation of the general numbers of jobs in each occupation in the private sector which earn below the LW.

It should be noted that the figures below are an indication only of those in the private sector earning below the LW and should not be taken as definitive.

Table 8: Indicative number of jobs below the LW¹⁴

Private Sector	Percentage below the LW	Approximate Number of Jobs (Thousands)
Private Sector (total)	30%	134.4
Managers, directors and senior officials	10%	4.4
Administrative and secretarial occupations	30%	14.4
Skilled trades occupations	20%	12
Caring, leisure and other service occupations	70%	20.3
Sales and customer service occupations	60%	36.6
Process, plant and machine operatives	30%	17.4
Elementary occupations	70%	45.5

¹⁴ Calculation carried out by RaISe based on data provided by NISRA

As can be seen above, approximately 134,000 jobs in the private sector earned below the LW in 2014. Three occupation types had high levels below the LW, with Caring, leisure and other service occupations and Elementary occupations at 70%.

Tables 9 and 10 provide data for full time and part time jobs separately.

Table 9: Hourly pay by occupation for full time jobs, private sector (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
Private Sector	308	9.73	6.35	7.04	7.44	7.81	8.71	11.11	12.73	13.87	15.47	20.14
Managers, directors and senior officials	37	16.37	6.83	9.81	10.76	12.16	14.21	18.41	20.96	22.68	24.86	x
Professional occupations	39	15.99	8.48	10.83	11.91	12.53	14.25	18.39	20.14	21.31	22.98	x
Associate professional and technical occupations	30	12.26	8.00	9.07	9.31	10.18	11.46	13.36	15.62	16.30	17.58	x
Administrative and secretarial occupations	27	9.24	6.86	7.37	7.50	7.81	8.67	9.87	11.08	11.49	11.98	x
Skilled trades occupations	52	9.99	6.94	7.88	8.24	8.74	9.37	11.20	12.04	12.54	13.30	x
Caring, leisure and other service occupations	13	6.97	x	6.31	6.44	6.54	6.80	7.16	7.56	7.91	x	x
Sales and customer service occupations	27	7.50	6.31	6.33	6.48	6.60	7.06	8.00	8.57	9.11	9.96	x
Process, plant and machine operatives	49	8.50	6.40	6.99	7.16	7.40	7.90	9.38	10.18	10.79	11.16	x
Elementary occupations	34	7.05	x	6.31	6.32	6.41	6.78	7.63	8.20	8.50	9.15	x

For all full time private sector occupations, approximately 25% are paid below the LW, with seven full time occupations identified as paying below the LW.

Of these, jobs in the caring, leisure and other service occupations have the highest percentage of jobs paid below the LW with at least 70%.

Only professional occupations and associate professional and technical occupations do not pay below the LW.

Table 10: Hourly pay by occupation for part time jobs, private sector (2014)

Description	Number of jobs (Thousands)	Median	Percentiles									
			10	20	25	30	40	60	70	75	80	90
Private Sector	141	6.89	6.00	x	6.31	6.31	6.50	7.50	8.21	8.91	9.78	x
Managers, directors and senior officials	7	x	x	6.90	7.16	7.20	8.10	x	x	x	x	x
Professional occupations	8	16.29	x	10.83	11.91	13.04	14.83	18.05	x	x	x	x
Associate professional and technical occupations	6	9.65	x	x	7.48	8.00	8.54	x	x	x	x	x
Administrative and secretarial occupations	21	8.26	6.31	6.70	7.00	7.38	7.69	9.06	9.74	10.00	10.27	x
Skilled trades occupations	7	7.48	x	6.33	6.37	6.49	6.69	7.51	x	x	x	x
Caring, leisure and other service occupations	17	6.68	x	x	6.31	6.35	6.49	6.85	7.06	7.46	7.86	x
Sales and customer service occupations	34	6.48	5.03	x	x	6.31	6.32	6.71	7.01	7.28	7.61	x
Process, plant and machine operatives	9	7.86	x	6.39	6.50	6.61	7.10	8.27	9.12	x	x	x
Elementary occupations	32	6.31	5.03	5.89	6.29	x	x	6.40	6.66	6.91	7.00	x

For part time private sector posts, 60% are paid below the LW and only one of the occupation types (professional occupations) does not pay below the LW.

Sales and customer service occupations and elementary occupations have the highest percentile of jobs paid below the LW at 80%.

Once full time and part time jobs are separated it can be seen that a higher percentage of part time posts pay below the LW than full time (60% part time jobs as opposed to 25% of full time jobs).

Table 11 following provides an indicative figure for each of the SICs for full time and part time jobs in the private sector.

Whilst the numbers of jobs in full time and part time work who earn below the LW are relatively close (a difference of 8,000) the scale is significantly different.

In the Private sector approximately 60% of part time jobs earn below the LW in comparison to 25% of full time jobs.

Table 11: Indicative number of jobs below the LW in the Private Sector

	Full Time Percentage below the LW	Approximate Number of Jobs below the LW (Thousands)	Part Time Percentage below the LW	Approximate Number of Jobs below the LW (Thousands)
Private Sector	25%	77	60%	85
Managers, directors and senior officials	10%	4	30%	2
Associate professional and technical occupations	-	-	25%	2
Administrative and secretarial occupations	25%	7	30%	6
Skilled trades occupations	10%	5	60%	42
Caring, leisure and other service occupations	70%	9	75%	13
Sales and customer service occupations	40%	11	80%	27
Process, plant and machine operatives	30%	15	40%	4
Elementary occupations	60%	20	80%	26

Those employed in Sales, Elementary occupations and Caring and Leisure occupations have a much higher prevalence of below LW pay than the other occupation types.

Indeed, of the 32,000 jobs in part time Elementary Occupations, 26,000 earn below the LW. This is further exacerbated by 60% or approximately 20,000 full time jobs in elementary occupations (out of 34,000 jobs) paying below the LW.

6 Conclusion

Based on the information provided by NISRA, it can be seen that occupations in the public sector in Northern Ireland pay, in the main, above the LW.

Within the private sector there is a higher prevalence of occupations paid below the LW, with part time jobs having a higher percentage of below the LW salaries.

As a result, the introduction of a LW would impact more on the private sector than the public sector.

It is worth noting that in NI the vast majority of private sector companies are Micro-enterprises (which employ less than 10 people – around 75% of these employ between 1 and 4 people) with the Inter-Departmental Business Register (IDBR) identifying that 87% or 59,610 of businesses are micro-enterprises. There are 7,585 SMEs (11.1%) and 290 (0.4%) large companies.¹⁵

Research by the Low Wage Commission found that employers have offset the increase in wage costs created by adopting the LW through:

Adjusting pay structures; reducing non-wage costs; small reductions in hours; increases in productivity; some increases in prices; and some squeezing of profits although insufficient to lead to an increase in business failure.

The Federation of Small Businesses (FSB) reports that 74% of FSB members in NI pay their staff at or above the LW. However, Wilfred Mitchell FSB NI Policy Chairman has stated that:¹⁶

Businesses pay their staff what they can afford. If there were an increase in the current National Minimum Wage to raise it to the Living Wage that would represent a 20% uplift in wage costs, which is simply unsustainable in many sectors where margins are already squeezed.

As such, whilst it appears possible for some businesses to offset the increases in wage costs created by adoption of the LW, for many small businesses, of which NI has an abundance, this may be difficult as a result of lower margins.

¹⁵ DETI, IDBR, VAT and/or PAYE tables, http://www.deti.gov.uk/index/what-we-do/deti-stats-index/business_statistics/stats-inter-dept-bus-register.htm - please note, these figures may not match as a result of figures being rounded to the nearest 5 and as there are 225 businesses deemed as having no employees as a result of being holding companies or which are not yet trading.

¹⁶ Federation of Small Businesses, 18 September 2014, Three Quarters of FSB Northern Ireland members already pay staff Living Wage, <http://www.fsb.org.uk/news.aspx?rec=8730>