

# Patterns of pay: results of the 2002 New Earnings Survey

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## Key points

- For the 2001-2002 tax year, average gross annual pay of full-time employees in Great Britain was £24,603.
- Between April 2001 and April 2002 the average gross weekly pay of full-time employees in Great Britain increased by 4.6 per cent to £465.
- The pay gap between the sexes widened by 0.4 percentage points between April 2001 and April 2002. Average gross hourly earnings excluding overtime of full-time women were 81.1 per cent of the equivalent average for men. This widening was caused largely by the growth in earnings of men outstripping that of women in London and the South East in highly paid professional and senior management occupations.
- The dispersion of earnings between the lowest-paid employees and the highest-paid employees changed little from April 2001. Earnings of the highest-paid full-time employees increased by 4.3 per cent, compared with a 4.2 per cent increase for the lowest-paid full-time employees.
- Managers and administrators were the occupational group with the highest average gross weekly earnings (£703); sales occupations had the highest increase in the year to April 2002 (6.2 per cent).
- In the year to April 2002 the New Earnings Survey (NES) estimate of the growth in gross weekly pay excluding bonus payments was 4.0 per cent. The comparable figure from the Annual Earnings Index (AEI) was 4.1 per cent.
- Regionally, London had by far the highest average earnings (£624 per week). The North East had the lowest average earnings (£399 per week). The South West experienced the smallest increase in average earnings (2.4 per cent).

***The New Earnings Survey provides a wealth of information on employees' earnings, giving data by sex, age, occupation, industry and region. This article describes some of the main findings from the latest survey, which relate to earnings in April 2002.***

## Introduction

THE NEW Earnings Survey (NES) has been carried out each April since 1970, and is the most detailed and comprehensive source of national information on:

- the levels of earnings – separately for type of worker and for men and women (the NES also gives information on the growth in earnings, which can be compared with other sources);
- the make-up of total earnings – split between basic pay and other components;
- the distribution of the earnings of individual employees – the extent to

which they are dispersed around the median; and

- averages and distributions of hours worked – in total and on overtime.

The first few sections of this article present summary results of the 2002 NES that look at overall averages, and the make-up and distribution of earnings. While these figures are of interest, they can mask wide variations between different industries, occupations, regions and age groups. The concluding sections of the article give summary analyses for each of these factors.

## Summary results for full-time employees

Average gross annual earnings of all full-time employees on adult rates that had been in the same job for at least a year were £24,603 for the 2001-2002 tax year. Full-time men earned on average £27,437 compared with £19,811 for women. Full-time female employees saw an increase in annual earnings 0.9 percentage points more than that for men (5.3 per cent, compared with 4.4 per cent respectively).

Average gross weekly earnings of all full-time employees on adult rates working a full week in April 2002 was £465. The average working week, for those full-time employees for whom weekly hours were reported, was 39.6 hours, of which 1.8 hours consisted of paid overtime (see *Table 1*).

At £383, average gross weekly earnings of full-time women were just over £130 less than those for men (see *Figure 1*). Women worked on average 37.5 hours per week, 3.4 hours less than men did and around half of this difference could be accounted for by overtime.

Average gross hourly earnings excluding overtime of all full-time employees were £11.73 in April 2002, representing an increase of 4.9 per cent

since April 2001. The average full-time working week (including overtime) at 39.6 hours in April 2002 showed a decrease of 0.4 hours from April 2001. This can be accounted for by a decrease in overtime hours worked in April 2002 by both men and women.

## Summary results for part-time employees

Average gross annual pay of part-time employees increased by 10.1 per cent to £7,903 for the 2001/02 tax year. The average number of hours worked by part-timers increased slightly to 19.6 hours. Women continued to work more hours than men (19.7 hours, compared with 19.2 hours).

Part-time employees earned on average £148 per week in April 2002, an increase of 7.9 per cent over the year. Average part-time men's earnings increased by 15.1 per cent over the year to £165, while those of part-time women rose by 6.2 per cent to £144.

Average gross hourly earnings excluding overtime of all part-time employees increased by 7.3 per cent between April 2001 and April 2002 to stand at £7.64. This represents a greater increase than that for full-timers. Hourly earnings of part-time

men rose by 14.6 per cent over the year to stand at £8.82 per hour, while hourly earnings excluding overtime of part-time women rose on average by 5.7 per cent to stand at £7.42.

Hourly earnings excluding overtime of part-time workers were just over two-thirds of those for full-time workers. The differential was more for part-time men (70.0 per cent of full-time male earnings) than for women (72.6 per cent).

It should be noted that coverage of part-time employees by the NES is not comprehensive: many employees with earnings below the income tax threshold are excluded.

## Pay differences between men and women

Various methods can be used to measure the earnings of women relative to men. ONS prefers to use hourly earnings excluding overtime, as including overtime can distort the picture due to the fact that men work relatively more overtime than women. Average hourly earnings excluding overtime for women, at £10.22, were 81.1 per cent of those for men (£12.59). In 2001 hourly earnings excluding overtime for women were 81.5 per cent of those for

Table 1 Employees' average pay<sup>a</sup> and hours in April 2002 and increases since April 2001; Great Britain

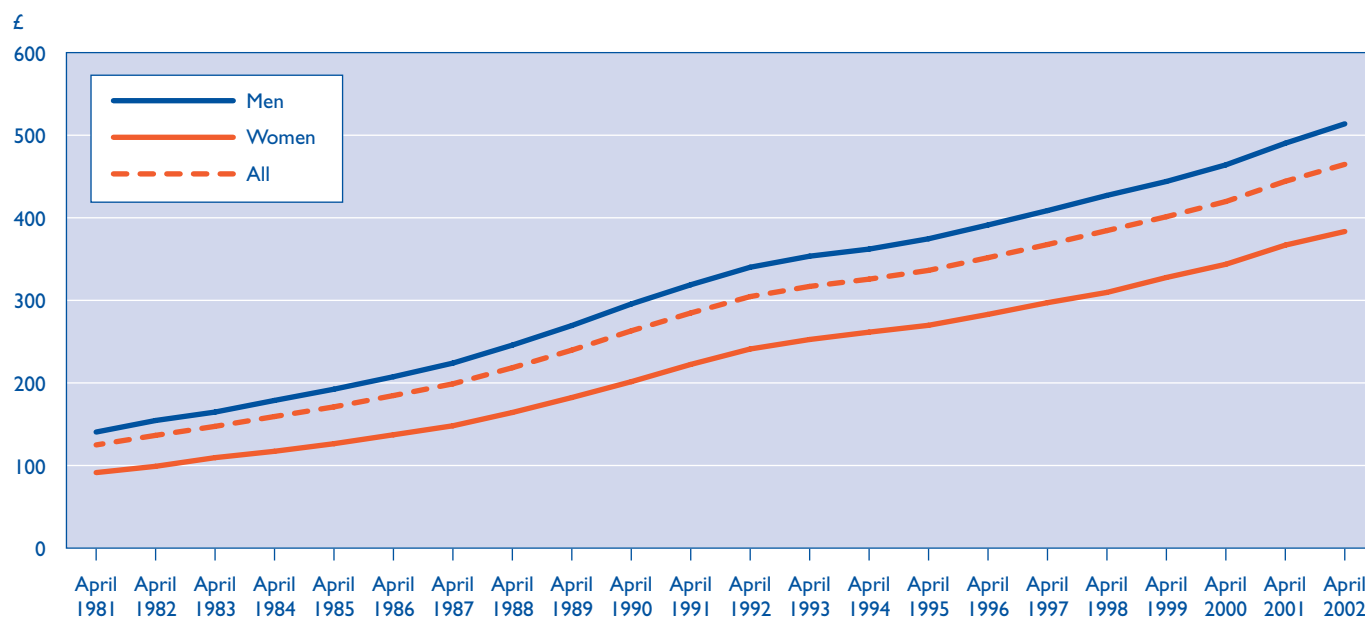
	Full-time			Part-time			All employees		
	Men	Women	All	Men	Women	All	Men	Women	All
<b>Average gross annual earnings (£)<sup>b</sup></b>	27,437	19,811	24,603	9,485	7,593	7,903	26,020	14,619	20,474
<i>Increase since April 2001 (per cent)</i>	4.4	5.3	4.6	13.9	9.0	10.1	4.3	6.0	4.7
<b>Average gross weekly earnings (£)</b>	513.8	383.4	464.7	165.3	143.8	147.7	484.1	283.5	386.5
<i>Increase since April 2001 (per cent)</i>	4.8	4.5	4.6	15.1	6.2	7.9	4.7	4.3	4.3
<b>Average gross hourly earnings</b>									
Excluding overtime pay and hours (£)	12.59	10.22	11.73	8.82	7.42	7.64	12.46	9.48	11.19
<i>Increase since April 2001 (per cent)</i>	5.1	4.6	4.9	14.6	5.7	7.3	5.2	4.6	4.8
<b>Average total weekly hours</b>	40.9	37.5	39.6	19.2	19.7	19.6	39.3	30.1	34.9
<i>Increase since April 2001 (per cent)</i>	-0.5	0.0	-0.4	3.4	0.9	1.3	-0.6	-0.2	-0.6
<b>Average weekly overtime hours</b>	2.4	0.7	1.8	1.5	1.0	1.0	2.3	0.8	1.6
<i>Increase since April 2001 (per cent)</i>	-6.4	-5.1	-6.4	16.4	3.0	6.0	-5.8	-1.2	-5.0

Source: New Earnings Survey

a Employees on adult rates, whose pay for the survey period was unaffected by absence.

b Annual earnings estimates relate to employees who have been in the same job for at least 12 months, regardless of whether or not their pay was affected by absence.

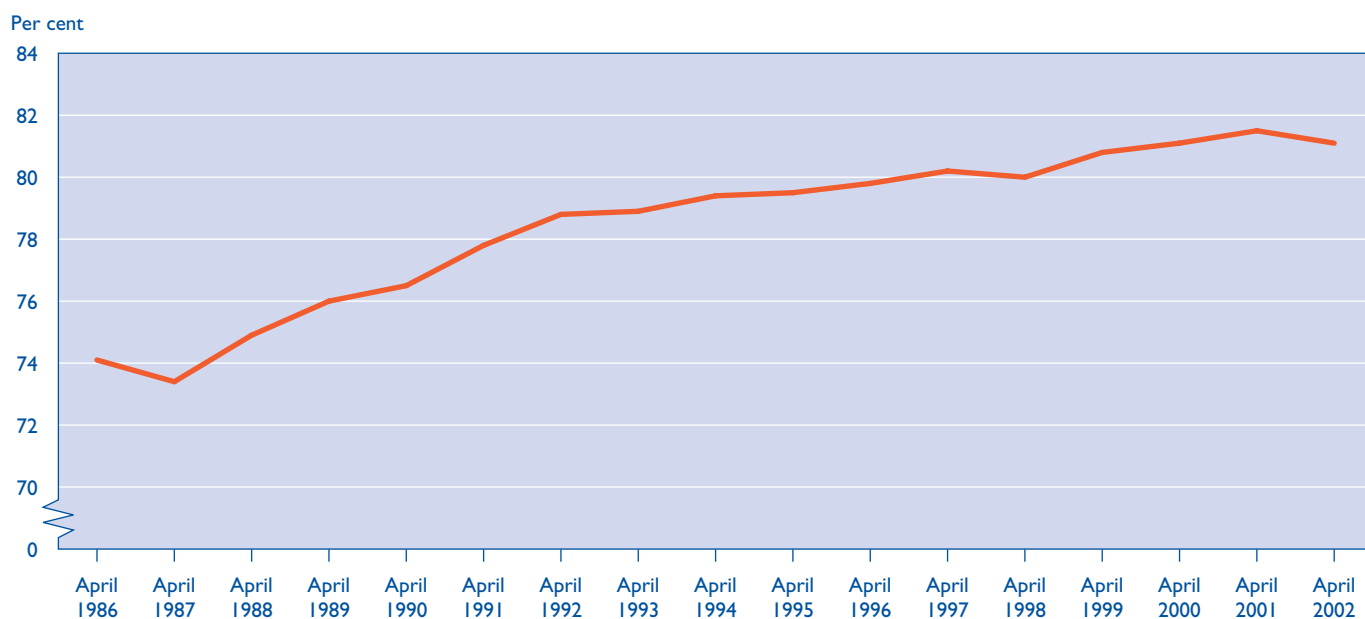
Figure 1 Average gross weekly earnings of full-time employees by sex;<sup>a</sup> Great Britain; April 1981 to April 2002



Source: New Earnings Survey

a Full-time employees on adult rates whose pay for the survey period was unaffected by absence.

Figure 2 Ratio of women's pay to men's pay;<sup>a</sup> Great Britain; April 1986 to April 2002



Source: New Earnings Survey

a Hourly earnings excluding overtime. Full-time employees on adult rates, whose pay for the survey period was unaffected by absence.

men. This represents a widening of the pay gap, returning to the level recorded in April 2000. *Figure 2* shows the variation in pay differences between the sexes since 1986.

The widening of the gap this year is largely the result of differences at the top end of the earnings distribution

where the growth in men's earnings has outstripped that of women. To illustrate the extent to which very high earners have shaped the growth rates for the averages, and have driven the pay gap wider this year, it is useful to look across the distribution of earnings and compare the mean average for men and

women at each point on the cumulative distribution. This is illustrated in *Figure 3*. The points at which the lines touch the right-hand axis are the change in the pay gap between the sexes for all employees (-0.4 points representing a widening of the gap from 81.5 per cent in 2001 to 81.1 per cent in 2002), the

growth rate for women's mean hourly pay of 4.6 per cent, and the growth rate for men's mean hourly pay of 5.1 per cent. At the 50th percentile, average growth in earnings for women since 2001 has been 4.7 per cent (that is, mean hourly pay growth for the lowest-paid half). For men the equivalent growth rate was 4.0 per cent. The graph line for the change in the pay gap takes the ratio of mean pay for women in 2002 to mean pay for men in 2002 minus the equivalent ratio in 2001. Therefore, on the basis of these values, the gap between women's and men's pay for the bottom 50 per cent of the cumulative distribution actually narrowed between 2001 and 2002.

It is notable from the chart that, from around the 10th percentile point of the distribution to the 75th percentile point the change in the gap is fairly constant at around 0.5 percentage points. That is, for the bottom 75 per cent of women (compared with the bottom 75 per cent of men), the gap narrowed by around 0.5 percentage points (although not shown on the chart, the gap, or ratio of women's pay to men's pay, was around 87.3 per cent at that point in April 2002). Whereas, after the 75th per-

centile on the distribution the change in the gap starts to fall, illustrating that growth in men's earnings outstripped those of women from that point on. The combined effect of strong growth in pay for the top 25 per cent of male earners relative to the top 25 per cent of women finally produces the widening of the gender pay gap of -0.4 points at the 100 per cent point of the distribution. These high earner effects were particularly marked in London and the South East. A more detailed regional analysis of the pay difference between the sexes is included later in the article.

Although average hourly pay excluding overtime provides a useful comparison of men's and women's earnings, it does not reveal differences in rates of pay for comparable jobs. This is because such averages do not highlight the different employment characteristics of men and women, such as the differing proportions in higher or lower-paid occupations and their length of time in jobs.

### The make-up of pay

NES divides total gross weekly earnings into four components: overtime;

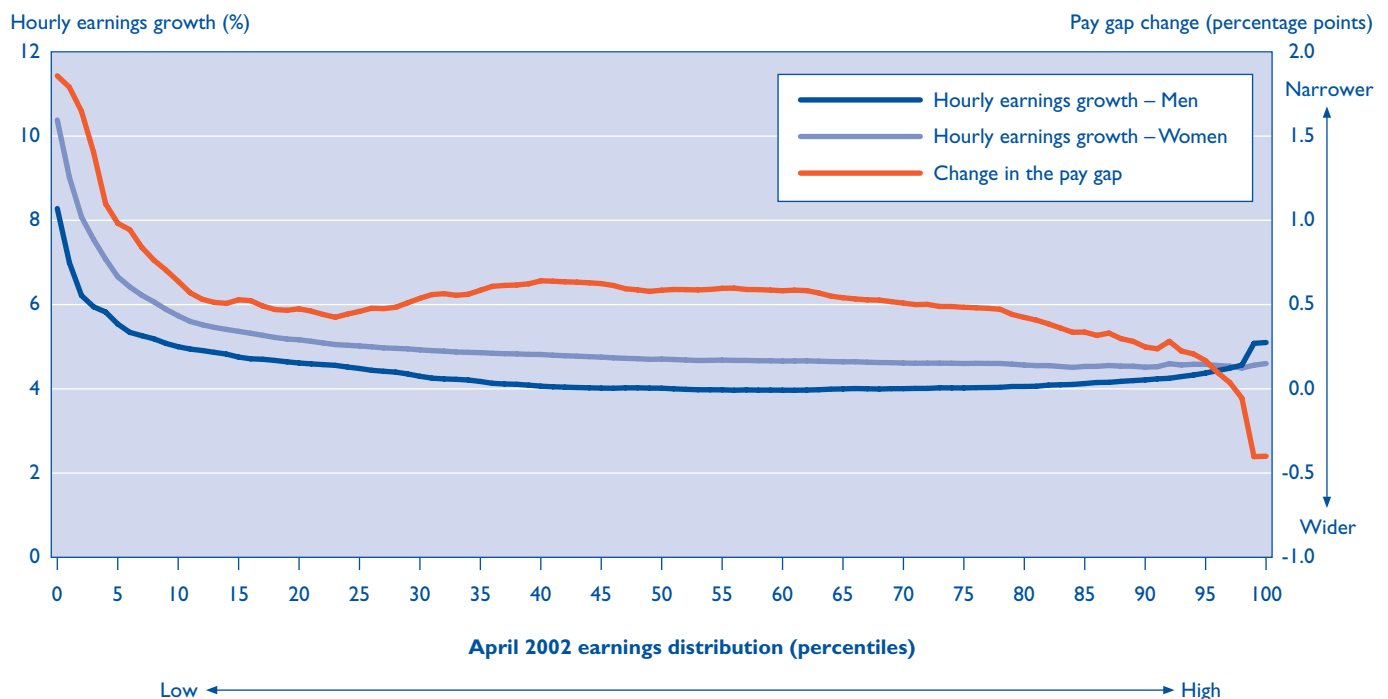
payments by results/incentive payments; premium payments for shift work; and the residual – which can be summed up as 'basic pay'. Due to the phasing out of the Inland Revenue approved profit-sharing schemes, figures regarding profit-related pay are no longer collected within the NES. The first three elements vary quite considerably by type of worker. Overall, additional payments as a proportion of total pay rose slightly over the year for full-timers from 8.8 per cent (excluding profit-related payments) to 8.9 per cent of average gross weekly pay (see *Table 2*).

The proportion of full-time male employees working paid overtime (30.0 per cent) outstripped that for women (16.2 per cent) by a long way, although for part-time employees the proportion of women working overtime was greater than that for men (20.4 per cent, compared with 19.4 per cent respectively). However, this gap has narrowed in comparison with 2001.

At £54, additional payments for full-time male employees were far greater than that for their female counterparts (£20).

Among the 25 per cent of full-time workers who worked paid overtime,

**Figure 3** Percentage change in mean hourly earnings<sup>a</sup> for men and women and percentage point change in the pay gap between the sexes by cumulative earnings distribution; Great Britain; April 2001-April 2002, not seasonally adjusted



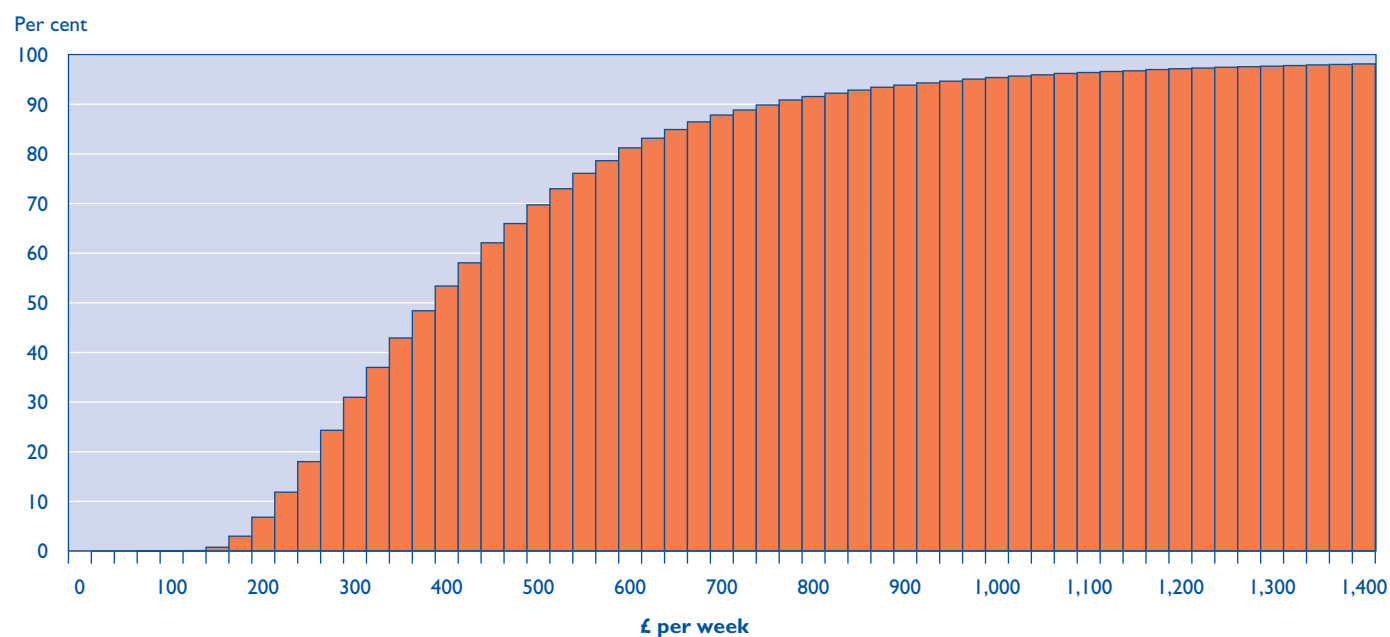
<sup>a</sup> Excluding overtime.

Table 2 Make-up of average gross weekly pay;<sup>a</sup> Great Britain; April 2002

	Full-time			Part-time			All employees		
	Men	Women	All	Men	Women	All	Men	Women	All
<b>Average gross weekly earnings (£)</b>	513.8	383.4	464.7	165.3	143.8	147.7	484.1	283.5	386.5
of which:									
overtime payments	25.7	7.3	18.8	10.7	6.7	7.4	24.4	7.0	16.0
payment by results etc. incentive payments	21.8	9.3	17.1	2.6	1.5	1.7	20.2	6.1	13.3
shift etc. premium payments	6.8	3.8	5.7	2.2	2.7	2.6	6.4	3.4	4.9
<b>As a percentage of average gross weekly earnings</b>									
overtime payments	5.0	1.9	4.0	6.5	4.6	5.0	5.0	2.5	4.1
payment by results etc. incentive payments	4.2	2.4	3.7	1.6	1.1	1.2	4.2	2.1	3.4
shift etc. premium payments	1.3	1.0	1.2	1.3	1.9	1.8	1.3	1.2	1.3
<b>Percentage of employees who received</b>									
overtime payments	30.0	16.2	24.8	19.4	20.4	20.2	29.1	18.0	23.7
other incentive etc. payments	16.3	10.7	14.2	6.1	6.4	6.3	15.5	8.9	12.3
in each pay period	9.7	5.0	8.0	3.5	3.0	3.1	9.2	4.2	6.8
less often than each pay period	7.3	6.1	6.8	2.7	3.6	3.5	6.9	5.0	6.0
shift etc. premium payments	12.5	9.1	11.2	9.0	9.8	9.7	12.2	9.4	10.8
<b>Average weekly payment (£) of those who received</b>									
overtime payments	85.8	44.9	75.8	55.2	32.6	36.4	84.1	39.1	67.5
other incentive etc. payments	133.8	87.3	120.6	42.4	24.1	27.2	130.7	68.3	108.7
in each pay period	110.5	74.2	101.9	53.6	23.9	29.9	108.7	59.2	93.8
less often than each pay period	151.9	92.2	132.0	26.2	22.9	23.4	147.7	71.4	116.5
shift etc. premium payments	54.2	42.1	50.5	24.3	27.4	26.9	52.3	35.7	45.3

Source: New Earnings Survey

a Employees on adult rates, whose pay for the survey period was unaffected by absence.

Figure 4 Cumulative distribution of gross weekly earnings;<sup>a</sup> Great Britain; April 2001

Source: New Earnings Survey

a Full-time employees on adult rates whose pay for the survey period was unaffected by absence.

Table 3 Distribution of pay;<sup>a</sup> Great Britain; April 2002

	Full-time			Part-time			All employees		
	Men	Women	All	Men	Women	All	Men	Women	All
<b>Gross weekly earnings (£) including overtime pay and overtime hours:</b>									
10 per cent earned less than	238.0	195.0	215.6	37.3	42.8	41.8	196.2	74.2	102.5
25 per cent earned less than	305.5	243.6	277.5	66.4	76.2	74.4	281.3	137.5	200.2
50 per cent earned less than	420.0	326.9	383.4	114.0	120.4	119.6	399.7	239.8	320.3
25 per cent earned more than	585.7	464.5	539.3	185.0	178.2	179.3	570.1	370.8	484.0
10 per cent earned more than	836.6	614.2	752.4	331.5	266.8	275.7	812.7	536.6	683.3
<b>Gross hourly earnings (£) excluding overtime pay and overtime hours:</b>									
10 per cent earned less than	5.65	5.07	5.40	4.12	4.25	4.23	5.31	4.52	4.80
25 per cent earned less than	7.17	6.36	6.84	4.63	4.78	4.75	6.87	5.39	6.00
50 per cent earned less than	9.96	8.56	9.40	5.70	5.80	5.78	9.64	7.31	8.41
25 per cent earned more than	14.81	12.49	13.91	8.60	8.06	8.11	14.49	10.88	12.80
10 per cent earned more than	21.94	17.39	20.16	16.65	12.29	12.75	21.59	15.66	18.76

Source: New Earnings Survey

a Employees on adult rates, whose pay for the survey period was unaffected by absence.

the average weekly overtime payment was £76 for an average of seven weekly overtime hours. Part-time workers saw an average weekly payment of £36 for five weekly overtime hours. A total of 14.2 per cent of full-time workers received other incentive payments, averaging £121 per week. Incentive payments for part-time employees were £27, with 6.3 per cent of employees receiving this type of remuneration.

## The distribution of earnings

Figure 4 shows the distribution of gross weekly earnings among full-time employees in the NES sample. The median level of full-time weekly earnings was £383 per week. This is considerably lower than the average (£465), since the latter is boosted by the relatively small number of people at the top end of the distribution with extremely high earnings. At the bottom of the distribution, a tenth of employees earned less than £216 per week, whereas at the other end of the scale a tenth earned more than £752 per week (see Table 3). The ratio of the highest to the lowest decile for weekly earnings (3.5 in April 2002) gives a measure of the dispersion of weekly pay. Looking at hourly earnings excluding overtime, a similar pattern can be

observed: the dispersion of hourly pay for all full-time employees was 3.7.

The top 10 per cent of part-time employees earned around £60 per week more than the bottom 10 per cent of full-time employees (£276, compared with £216 respectively). Median hourly earnings excluding overtime for part-time employees were just over 60 per cent of those for full-time workers.

In the year to April 2002, the dispersion of full-time earnings showed little change from April 2001: weekly earnings increased by 4.2 per cent at the bottom decile and by 4.3 per cent at the top. Earnings for both full-time and part-time employees at both ends of the distribution increased in real terms (the Retail Prices Index (RPI) headline rate reported an increase of 1.5 per cent for the same period). Figure 5 shows the pattern of growth in the top and bottom deciles of gross weekly earnings for full-time employees and the RPI since 1987.

## Results by industry

Average weekly earnings for full-time employees in April 2002 were highest in the financial intermediation sector at £640. This was £21 per week higher than the second highest industrial sector, mining and quarrying. The weekly earnings in mining were boosted by significantly longer hours as employees in this sector worked on

average 43.3 hours per week (including 3.8 hours overtime), some 3.7 hours longer than the average for all industries and services (see Table 4).

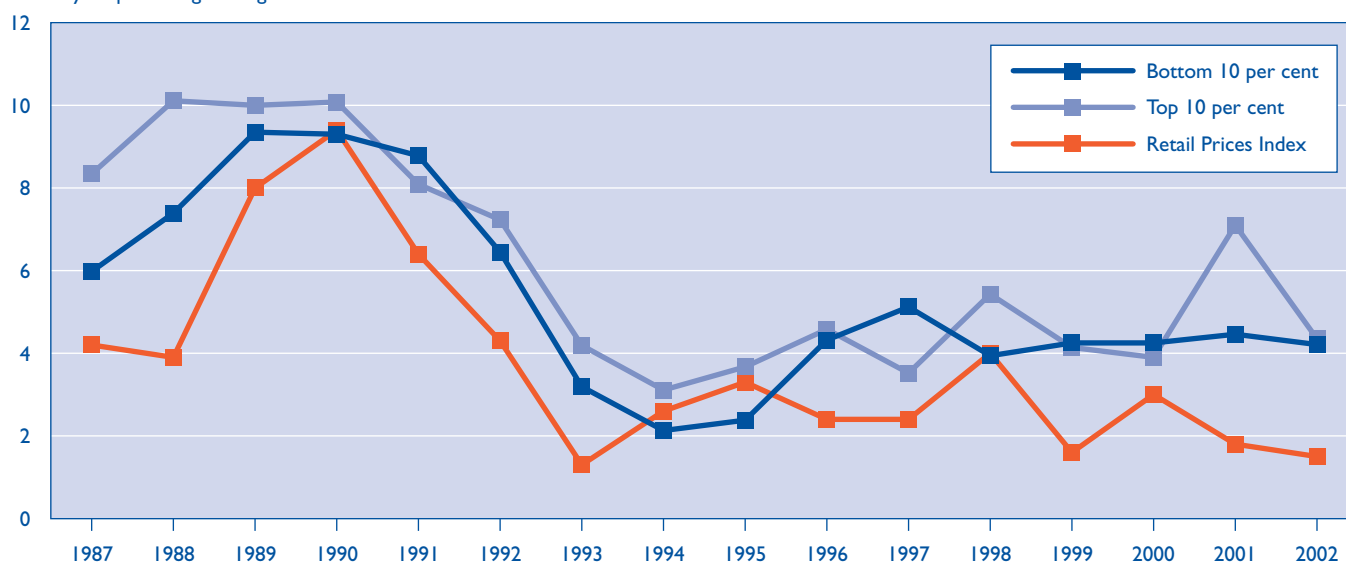
Employees in the financial intermediation sector also topped the list in terms of gross annual earnings. Their average of £38,493 for the 2001-02 tax year was just under two and a half times the average seen in the hotels and restaurants sector, which, as in 2001, was the lowest-paid sector.

The financial intermediation sector had the highest average hourly earnings excluding overtime for full-time employees (£17.70) followed by the mining and quarrying sector (£14.41).

The hotels and restaurants sector once again saw the lowest average gross weekly earnings. At £299, full-time employees' earnings were some £31 per week lower than the average for agriculture, hunting and forestry (the second lowest-paid sector). Working longer hours than those in hotels and restaurants (45.4 hours, compared with 40.9 hours) boosted agricultural employees' earnings. Average hourly earnings excluding overtime were actually lower in the agricultural sector (£7.02) than in the hotel sector (£7.28). It should be noted that the number of hours worked in each industry will be affected by the April survey date and may not be indicative of the annual average.

Figure 5 Earnings growth in the top and bottom deciles<sup>a</sup> and change in Retail Prices Index; Great Britain; 1987-2002

Year-on-year percentage change



Source: New Earnings Survey

a Full-time employees on adult rates whose pay for the survey period was unaffected by absence.

Table 4 Levels of pay for employees<sup>a</sup> by industrial sector; Great Britain; April 2002

Industry sector (SIC92)	Average gross annual pay (£) <sup>b</sup>	Average gross weekly pay (£)	Percentage increase April 2001-April 2002	Average hourly pay excluding overtime (£)	Average total weekly hours	Average weekly overtime hours
Agriculture, hunting and forestry	17,083	330	8.7	7.02	45.4	5.4
Mining and quarrying	32,885	619	7.6	14.41	43.3	3.8
Manufacturing	23,607	456	4.4	11.08	41.0	2.6
Electricity, gas and water supply	29,321	531	1.9	13.19	39.7	2.5
Construction	24,693	468	5.6	10.71	43.5	3.3
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	21,650	403	5.4	9.89	40.6	1.6
Hotels and restaurants	15,762	299	3.7	7.28	40.9	1.2
Transport, storage and communication	23,578	445	1.6	10.43	42.9	3.8
Financial intermediation	38,493	640	6.0	17.70	36.3	0.7
Real estate, renting and business activities	30,333	547	5.0	13.88	39.4	1.1
Public administration and defence; compulsory social security	22,651	442	4.4	11.63	38.3	1.2
Education	23,156	454	4.1	12.74	35.6	0.6
Health and social work	21,477	423	4.2	10.76	38.6	1.3
Other community, social and personal service activities	23,326	457	9.1	11.27	39.7	1.5
<b>All industries and services</b>	<b>24,603</b>	<b>465</b>	<b>4.6</b>	<b>11.73</b>	<b>39.6</b>	<b>1.8</b>

Source: New Earnings Survey

a Full-time employees on adult rates, whose pay for the survey period was unaffected by absence.

b Annual earnings estimates relate to employees who have been in the same job for at least 12 months, regardless of whether or not their pay was affected by absence.

At 9.1 per cent, employees in the other community, social and personal service activities sector had the largest increase in average weekly earnings between April 2001 and April 2002. At

the other end of the scale, average weekly pay in the transport storage and communication sector experienced an increase of just 1.6 per cent.

Average weekly earnings in services

(£467) were higher than in manufacturing (£456). The service sector also fared better in terms of pay increases, exceeding the average increase for manufacturing by 0.2 percentage points.

The gap between public and private sector earnings levels for full-time employees has continued to widen in April 2002. Public sector earnings stood at £448 per week compared with private sector earnings of £472. Private sector earnings increased more than public sector earnings (up 5.0 per cent and 3.6 per cent respectively). However, as in previous years, the bonus element of pay was considerably greater in the private sector. Gross weekly pay excluding bonus payments in the private sector grew more slowly (4.1 per cent) compared with 3.4 per cent growth in the public sector.

The broad industrial groupings described above can hide substantial variation within the sectors. The scale of NES, however, allows more detailed industrial analyses. For example, it is possible to identify the highest and lowest-paid industry groups (three-digit Standard Industrial Classification 1992). Such analyses reveal that, in addition to those employees noted earlier within financial intermediation and mining and quarrying, full-time employees involved in software consultancy and supply (£748), radio and television activities (£674), and advertising (£628) were among the highest-paid per week in April 2001 (see *Table 5*).

Various branches of the hotel and restaurant and manufacturing sectors made up much of the ten lowest-paid industries. However, those full-time employees employed within manufacture of other wearing apparel and accessories are the lowest-paid, earning on average £279 per week. It should be noted that there were higher and lower paid industries, but there were not enough employees in the sample to produce reliable results for these industries.

## Results by occupation

As expected, with average gross weekly earnings of £703, the occupational group (as defined within the Standard Occupational Classification 1990) with the highest average weekly earnings for full-time employees was managers and administrators, followed by professional occupations (£632 per week). Managers and administrators

**Table 5** Highest and lowest-paid industry subgroups; Great Britain; April 2002

	SIC 92 code	Average gross weekly pay (£) <sup>a</sup>
<b>Highest paid</b>		
1	Software consultancy and supply	748.2
2	Other financial intermediation	732.7
3	Radio and television activities	673.6
4	Activities auxiliary to insurance and pension funding	659.7
5	Advertising	627.6
6	Processing of nuclear fuel	616.1
7	Research and experimental development on natural sciences and engineering	731
8	Data processing	723
9	Monetary intermediation	651
10	Manufacture of pharmaceuticals, medicinal chemicals and botanical products	244
<b>Lowest paid</b>		
1	Manufacture of other wearing apparel and accessories	182
2	Restaurants	553
3	Retail sale of food, beverages and tobacco in specialised stores	522
4	Hotels	551
5	Bars	554
6	Canteens and catering	555
7	Compulsory social security activities	753
8	Retail sale in non-specialised stores	521
9	Growing of crops combined with farming of animals (mixed farming)	13
10	Agricultural and animal husbandry service activities, except veterinary activities	14

Source: New Earnings Survey

<sup>a</sup> Full-time employees on adult rates, whose pay for the survey period was unaffected by absence.

also had the highest average hourly earnings excluding overtime – their £18.14 was £0.58 higher than the average seen in professional occupations, the second most highly paid major group (see *Table 6*).

Again, the highest-paid occupational group in terms of gross annual pay was managers and administrators. Their average pay of £39,259 exceeded the next highest average gross annual pay (for professional occupations) by over £6,500. At the other end of the scale, 'other' occupations earned £15,514 for the 2001-02 tax year. This group includes occupations that are generally acknowledged to be low-paid, such as non-managerial occupations within agriculture, mining, construction and transport as well as service sector occupations such as shelf-fillers, porters, cleaners, attendants and catering assistants.

Average full-time gross weekly earnings and gross hourly earnings excluding overtime (£298 and £6.81 respec-

tively) were also lowest among 'other' occupations with the smallest increase in earnings (1.8 per cent). As far as pay increases for the occupational groups are concerned, the highest was within sales occupations (6.2 per cent) and personal and protective service occupations (6.0 per cent).

Once again, plant and machine operatives worked the longest average working week. Their average of 44.4 paid hours (including 4.7 hours overtime) was over eight hours more than that for professional occupations, who worked the shortest paid hours (36.0 with 0.6 hours paid overtime). This group, however, includes the teaching profession, who worked relatively shorter paid hours and thereby contribute to the high level of hourly pay within the professional occupations as a whole. Additionally, among the professional occupations, there may be an element of unpaid hours, which may further exacerbate the differential.



Table 6 Levels of pay by occupational group;<sup>a</sup> Great Britain; April 2002

Occupational group (SOC90)	Average gross annual pay (£) <sup>b</sup>	Average gross weekly pay (£)	Percentage increase April 2001-April 2002	Average hourly pay excluding overtime (£)	Average total weekly hours	Average weekly overtime hours
Managers and administrators	39,259	702.8	4.7	18.14	38.7	0.5
Professional occupations	32,657	631.7	4.7	17.56	36.0	0.6
Associate professional and technical occupations	28,353	519.6	2.3	13.55	38.1	1.0
Clerical and secretarial occupations	16,141	308.8	3.9	8.04	38.3	1.1
Craft and related occupations	20,454	396.3	2.7	9.04	42.7	3.6
Personal and protective service occupations	17,586	336.5	6.0	8.21	40.6	1.9
Sales occupations	17,493	338.1	6.2	8.65	39.1	1.1
Plant and machine operatives	18,284	356.3	3.6	7.85	44.4	4.7
Other occupations	15,514	297.7	1.8	6.81	42.8	4.2
<b>All occupations</b>	<b>24,603</b>	<b>464.7</b>	<b>4.6</b>	<b>11.73</b>	<b>39.6</b>	<b>1.8</b>

Source: New Earnings Survey

a Full-time employees on adult rates, whose pay for the survey period was unaffected by absence.

b Annual earnings estimates relate to employees who have been in the same job for at least 12 months, regardless of whether or not their pay was affected by absence.

Table 7 Highest and lowest-paid occupations;<sup>a</sup> Great Britain; April 2002

	SOC90 code	Average gross weekly pay (£) <sup>a</sup>	
<b>Highest paid</b>			
1	General managers; large companies and organisations	101	2,079.0
2	Treasurers and company financial managers	120	1,234.7
3	Medical practitioners	220	1,159.6
4	Management consultants, business analysts	253	933.2
5	Underwriters, claim assessors, brokers, investment analysts	361	923.6
6	Solicitors	242	899.2
7	Computer systems and data processing managers	126	864.8
8	Police officers (inspector and above)	152	839.8
9	Marketing and sales managers	121	807.7
10	Purchasing managers	122	794.3
<b>Lowest paid</b>			
1	Retail cash desk and check-out operators	721	205.4
2	Launderers, dry cleaners, pressers	673	207.2
3	Kitchen porters, hands	952	209.8
4	Waiters, waitresses	621	211.4
5	Petrol pump forecourt attendants	722	211.5
6	Bar staff	622	217.0
7	Counterhands, catering assistants	953	217.9
8	Educational assistants	652	224.9
9	Hotel porters	951	233.8
10	Cleaners, domestics	958	234.4

Source: New Earnings Survey

a Full-time employees on adult rates, whose pay for the survey period was unaffected by absence.

As with the industrial analyses, average hours worked for particular occupations may be affected by the choice of survey date. Also, some occupations, particularly managerial, do not get paid overtime, and the use of paid

overtime is likely to lead to total hours being underrecorded.

In the 2002 survey, results showed general managers of large companies and organisations earning on average £2,079 per week, topping the earnings

league table of specific occupations. The next highest-paid occupational group was treasurers and company financial managers, with average gross weekly earnings of £1,235. With average gross weekly earnings of £205, retail cash desk and check-out operators were the lowest-paid of all full-time adult employees (see *Table 7*). It should be noted that there are other high-paid occupations, but there were not enough employees in the sample to produce reliable results for these occupations.

## Results by region

Looking at the regional picture, London topped the list in terms of regional average full-time gross weekly earnings, with £624 in April 2002. This was £127 higher than the next highest, the South East, where average gross weekly earnings were £497. London's high levels of pay are largely due to the fact that a high proportion of London's labour force is employed in higher-paying industries and occupations, and also because many employees are entitled to allowances for working in the capital. Outside the South East, the East, with average weekly earnings of £460, once again fared better than all other regions, where average earnings ranged from £399 in the North East to £427 in the West Midlands (see *Table 8*).

Table 8 Levels of pay by government office region and country;<sup>a</sup> Great Britain; April 2002

	Average gross annual pay (£) <sup>b</sup>	Average gross weekly pay (£)	Percentage increase April 2001-April 2002	Average hourly pay excluding overtime (£)	Average total weekly hours	Average weekly overtime hours
<b>Great Britain</b>	<b>24,603</b>	<b>464.7</b>	<b>4.6</b>	<b>11.73</b>	<b>39.6</b>	<b>1.8</b>
England	25,079	471.7	4.5	11.91	39.7	1.8
North East	20,716	399.3	5.1	9.93	39.6	1.9
North West	22,487	426.8	4.6	10.75	39.5	1.8
Yorkshire and the Humber	21,503	409.9	4.6	10.19	40.0	2.1
East Midlands	21,772	413.0	5.0	10.21	40.3	2.2
West Midlands	22,387	427.3	2.4	10.69	39.8	1.9
East	24,099	459.6	4.9	11.47	40.1	1.9
London	34,762	624.1	4.8	16.23	38.7	1.2
South East	26,449	496.7	5.1	12.52	39.8	1.6
South West	22,359	421.7	3.3	10.60	39.7	1.7
Wales	20,758	399.7	4.7	10.10	39.5	1.7
Scotland	22,016	427.0	5.5	10.66	39.6	1.9

Source: New Earnings Survey

a Full-time employees on adult rates, whose pay for the survey period was unaffected by absence.

b Annual earnings estimates relate to employees who have been in the same job for at least 12 months, regardless of whether or not their pay was affected by absence.

Similar patterns can be observed for gross annual pay and hourly pay excluding overtime, with London topping the list across the board followed by the South East and the East. The North East and Wales showed the lowest pay levels across the regions.

Employees in Scotland experienced the largest increase in average gross weekly earnings (5.5 per cent), followed by the North East and South East (both at 5.1 per cent). The West Midlands, on the other hand, experienced the smallest rise (2.4 per cent), with the South West showing the next smallest rise (3.3 per cent).

It should be noted that earnings comparisons take no account of different price levels between regions and therefore do not indicate differences in the standard of living. Neither do they take account of the different mix of occupations and therefore cannot be used to claim that pay for like work is different. A region could have a lower level of average earnings than another if it has a higher proportion of employees in industries or occupations with relatively lower earnings.

Looking at the regional pay differences between the sexes, the overall widening of the sex pay gap within Great Britain by 0.4 per cent was caused largely by the growth of earnings of men outstripping that of women in London and the South East. The

main occupations contributing to this effect were professional and senior management.

Hourly earnings excluding overtime for women were 75.8 per cent of those for men in the London region. This represents the largest pay differential by sex, and has widened by 1.2 percentage points since April 2001 (see *Figure 6*). In the South East it widened by 2 percentage points.

The region with the largest widening of the sex pay gap was Scotland (from 83.7 per cent to 81.4 per cent or 2.3 percentage points) where, as in London and the South East, the earnings of men at the top end of the income distribution outstripped those of women. The main occupations affected were among professional people, notably marketing and sales managers.

Wales suffered the second largest drop in the sex pay gap (1.7 percentage points). The main occupational group responsible for this drop was marketing and sales managers. However, within Great Britain the sex pay gap is still narrowest in Wales.

As was observed above, the main reason for the widening of the sex pay gap was strong growth in men's pay at the top end of the earnings distribution. The gap between women's and men's pay for the bottom 50 per cent of the cumulative distribution actually narrowed. This was also true of regional

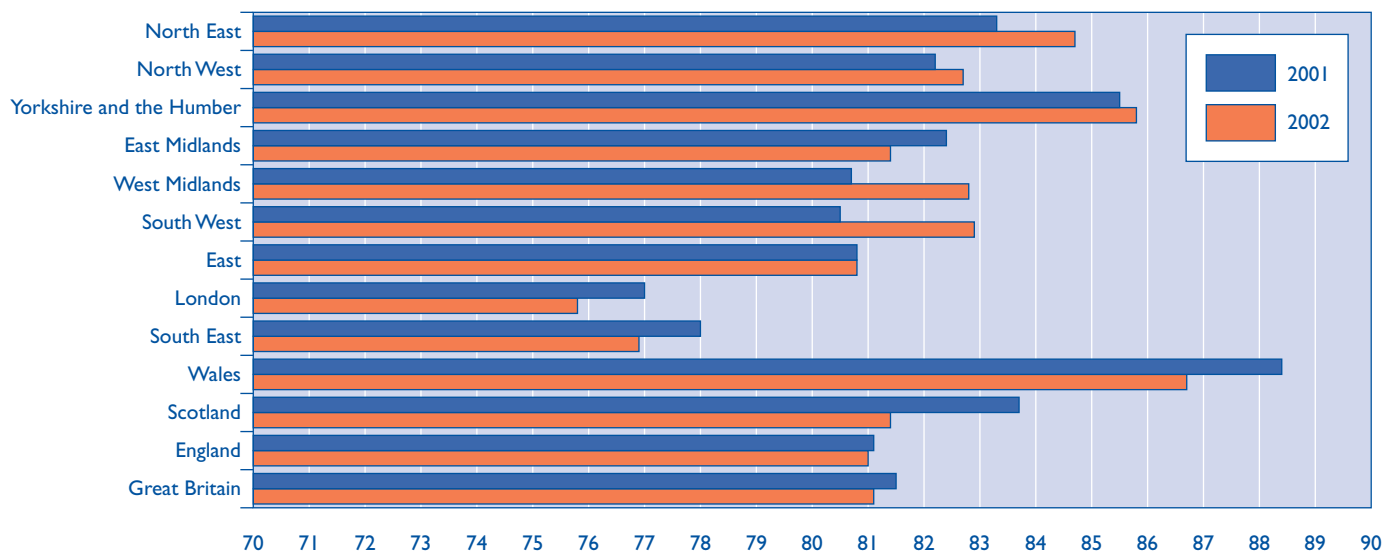
data in the South East, Wales and Scotland. In London the 'gap' on this basis remained broadly unchanged.

The largest narrowing of the pay difference can be found in the South West with women earning 82.9 per cent of their male counterparts (2.4 percentage points up on April 2001).

## Results by age group

In 2002, the distribution of average gross weekly earnings for full-time employees climbs steadily with age to reach a maximum of £510 per week for 40 to 49-year-olds and declines thereafter. Gross annual earnings and hourly earnings excluding overtime display a similar pattern, with the peaks of £26,799 and £12.96 respectively reached in the 40 to 49-year-old age group. However, looking at the average earnings of men and women separately, it can be seen that women's earnings peak earlier than those of men. Average gross weekly earnings of full-time women climb with age to reach a maximum of £428 in the 30 to 39-year-old age group. Full-time women's average gross annual earnings and gross hourly earnings excluding overtime also peak in this age group at £22,093 and £11.41 respectively. Full-time men's average earnings reach their maximum in the 40 to 49-year-old age group with values of £30,379 per

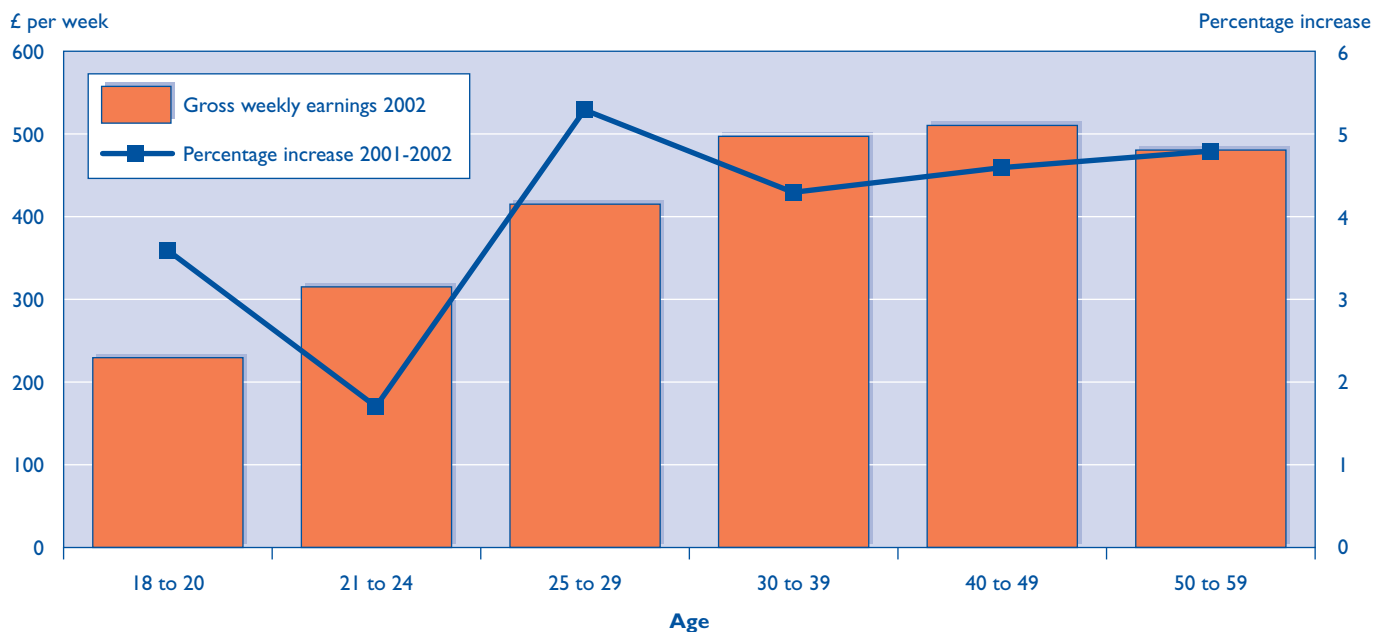
Figure 6 Ratio of women's pay<sup>a</sup> to men's pay<sup>a</sup> by government office region and country; Great Britain; April 2001 and April 2002



Source: New Earnings Survey

<sup>a</sup> Hourly earnings excluding overtime for full-time employees on adult rates whose pay for the survey period was unaffected by absence.

Figure 7 Average gross weekly earnings in 2002 and percentage increase since April 2001,<sup>a</sup> by age; Great Britain



Source: New Earnings Survey

<sup>a</sup> Full-time employees on adult rates whose pay for the survey period was unaffected by absence.

year, £574 per week and £14.16 per hour (excluding overtime).

The largest increase between April 2001 and April 2002 was recorded among employees aged 25 to 29, whose weekly earnings increased by 5.3 per cent to £415. This was 3.6 per-

centage points higher than for the 21 to 24-year-old age group, which saw an increase of 1.7 per cent in weekly earnings (see *Figure 7*).

There was little difference in the hourly working patterns of the various age groups with the exception of

employees aged 60 to 64, whose average working week of 41.1 hours was 1.8 hours longer than any other group. This age group, however, is primarily made up of men, who generally work longer hours than women.

It should be noted that the number of

young people in the NES has fallen over recent years, representing, for example, demographic decline, increasing proportions in education, and exclusion of employees who earn less than the tax threshold and therefore do not appear in the tax records from which the sample is drawn.

### Comparisons with the Average Earnings Index

Each month ONS also collects information on earnings from the survey used to construct the Average Earnings Index (AEI). This survey asks 8,300

employers to provide information about total pay and numbers of employees, but does not ask more detailed questions about, for example, the sex and occupations of their staff. The AEI itself is used to provide an estimate of the growth in earnings per head, and is not used to produce estimates of levels of pay. It is therefore not possible to make detailed comparisons of growth in earnings between the AEI and NES. Further, because of the definition used to calculate the estimate of average gross weekly pay for NES (that is, including elements of bonus/incentive pay which relate to the

NES survey period but which were paid outside of the period) it is not possible to compare growth in gross earnings between the two surveys.

The closest measure that can be derived from both surveys is for gross pay excluding bonus payments. In the year to April 2002 the NES estimate of the growth in gross pay excluding bonus payments was 4.0 per cent. The comparable figure from the AEI was 4.1 per cent. For the public sector, the comparable growth rates were 3.4 per cent (NES) and 3.6 per cent (AEI), and for the private sector 4.1 per cent (NES) and 4.2 per cent (AEI).

#### Further information

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## Technical note

The New Earnings Survey is based on a 1 per cent sample of employees in employment in Great Britain, information on whose earnings and hours is obtained in confidence from employers (a similar survey is carried out in Northern Ireland by the Department of Enterprise, Trade and Investment). Two broadly equivalent methods are used to identify the employees in the survey sample and their current employers. Around 90 per cent of the sample are identified from lists supplied by the Inland Revenue containing selected National Insurance numbers. Details of the remaining 10 per cent are obtained directly from the large organisations that employ them.

Coverage of full-time employees is virtually complete but coverage of part-time employment is less comprehensive. The response rates were similar except for part-time men. Many of those with earnings below the income tax threshold (equivalent to £89.00 per week in April 2002) are excluded.

The survey does not cover the self-employed. In 2002, the information related to the pay period that included 10 April.

The earnings information collected relates to gross pay before tax, National Insurance or other deductions, and generally excludes payments in kind. It is restricted to earnings relating to the survey pay period, and so excludes payments of arrears from another period made during the survey period. Any payments due as a result of a pay settlement but not yet paid at the time of the survey will also be excluded.

Most of the NES analyses relate to employees on adult rates whose earnings for the survey pay period were not affected by absence. Thus they do not include the earnings of those who did not work a full week, and those whose earnings were reduced because of, for example sickness and short time working. Nor do they include the earnings of young people not on adult rates of pay.

### Factors contributing to earnings growth

The increase in average earnings from one year to the next reflects several factors:

- pay settlements implemented between the April survey dates;

- changes in the amount of overtime and other payments relative to basic pay; and
- the structural effects of changes in the composition of the NES sample and the employed labour force.

### Revisions to 2001 results

In line with normal practice this article contains revised estimates from the 2001 survey results published on 24 January 2002. These take account of a small number of corrections to the original 2001 data which were identified during the validation of the results for 2002. The impact on the whole economy estimate of growth in average gross weekly pay for full-time employees was less than 0.1 percentage point (or around 12p on the estimate of the average weekly pay).

### Publication arrangements

National averages of earnings hide wide variations between different collective agreements, industries, occupations, regions and age groups. The six reports containing the detailed NES results for Great Britain include analyses of each of these, and are now available free of charge on the National Statistics website [www.statistics.gov.uk](http://www.statistics.gov.uk) or will shortly become available. The reports provide:

- streamlined analyses which give the principal results by major collective agreements by industry, by occupation, by age group and by region; distributions and summary analyses for broad categories of employees; and a description of the NES;
- results for regions, counties and small areas;
- results by occupation;
- results by industry;
- results by wage negotiating groups and pension categories (to be published on 12 December); and
- results by age group, hours and for part-time employees (to be published on 12 December).

A further report including results for the UK will also be published on 12 December.