GLAECONOMICS

Current Issues Note 36

Patterns of low pay

By **Joanna Smith**

MAYOR OF LONDON

copyright

Greater London Authority
July 2012

Published by
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA
www.london.gov.uk
enquiries **020 7983 4000**
minicom **020 7983 4458**

ISBN: **978-1-84781-513-2**

Cover photograph
© Getty images

For more information about this publication, please contact:
GLA Economics
telephone 020 7983 4922
email glaeconomics@london.gov.uk

Contents

1. Introduction 2
2. Defining low pay 3
3. Estimating low pay 5
4. Where do the low paid live and work? 16
5. Assessing wage inequality 19
6. Conclusions 25

1. Introduction

The then Mayor of London initiated the London Living Wage (LLW) campaign in 2005 and it was taken up in 2008 by his successor. There are now over 3,000 employees working for GLA Group contractors benefitting from the LLW and over 100 employers signed up to paying it. This paper updates Current Issues Note 22: "Patterns of Low Pay in London", August 2008,[1] allowing researchers and policymakers to both assess the impact of the LLW and see what remains to be done.

The Office for National Statistics (ONS) and the Low Pay Commission provide estimates of low pay in the UK by looking at earnings below the statutory minimum wage. While they have done some regional analysis they do not analyse how the earnings distribution in London varies with more than one characteristic at a time (e.g. age or occupation) nor do they consider earnings in relation to the LLW.

This note focuses on the main features of the patterns of low pay in London, taking the living wage as the threshold for defining low pay. It examines how many people are low paid, and what personal and job characteristics are associated with low pay in the capital. It also assesses the extent of inequality in wages across employees in London and the UK.

[1] http://www.london.gov.uk/publication/current-issues-note-22-patterns-low-pay-london

2. Defining low pay

The extent of the low pay problem depends on the level at which the low pay threshold is set and on the data sources. The most common threshold used, by the ONS, is the national minimum wage, but in the context of London, we use the living wage threshold. In this note we consider the proportion of employees earning less than £8.30 (London Living Wage in 2011).

Box 1: Minimum and Living wages

The national minimum wage (NMW) - The lowest wage permitted by UK law. This currently (May 2012) stands at £6.08.

Living wage - A wage sufficient to meet a certain standard of living for a worker and their dependents.

London Living Wage - Unlike the NMW, the London Living Wage is not a statutory wage floor. It is calculated by taking the average of two approaches, the 'Basic Living Costs' approach and the 'Income Distribution' approach. The first, developed by the Family Budget Unit, estimates the cost of a 'low cost but acceptable' budget for a selection of households and then calculates the wage required to meet those costs. The second takes 60 per cent of the median income for London. This average gives the 'Poverty Threshold Wage'. In order to protect against unforeseen events, a 15 per cent margin is added to the Poverty Threshold Wage to give us the London Living Wage (rounded to the nearest 5 pence).

The 2011 London Living Wage was £8.30, up 5.7 per cent from a year previously. (This was the biggest increase since its introduction and reflected the rising cost of living and changes to the benefit and tax system)[2].

2.1 Information data sources

The two most commonly used earnings datasets in the UK are the Annual Population Survey (APS) and the Annual Survey of Hours and Earnings (ASHE). Both surveys have strengths and limitations, see Table 1.

[2] 'A Fairer London: The 2011 Living Wage in London' GLA Economics, May 2011

Table 1: APS and ASHE strengths and limitations

Annual Population Survey (APS)	**Strengths**	Largest regular household survey	Wide range of characteristics (e.g. occupation, qualifications, type of job, industry and ethnicity)	Integrated estimates of the numbers in employment, unemployment and economic inactivity.
	Limitations	Earnings data is likely to be imperfect owning to proxy responses on behalf of another person living in the household		
Annual Survey of Hours and Earnings (ASHE)	**Strengths**	Based on employers' payroll records ensuring a high response rate and degree of accuracy.	The addition of supplementary samples improves the coverage of the whole earnings distribution	
	Limitations	Limited information on individual and job characteristics (e.g.no information on qualifications and ethnicity)		

APS has a wealth of information on employee characteristics, but it surveys a smaller sample of employees than ASHE. Also APS can be answered by one person on behalf of the whole household. These proxy responses can introduce error into measures of pay.

Earnings data from ASHE are likely to be more accurate than APS because the ASHE sample is constructed from PAYE tax records from employers. Prior to the introduction of ASHE, New Earnings Survey (NES) under-sampled workers with low earnings. ASHE replaced NES in 2004. ONS has conducted supplementary surveys to augment the data inputs to ASHE specifically, to ensure that low paid individuals are included in the sample. These supplementary samples include businesses with employees:

- who do not appear in the PAYE system;
- working in VAT-only units held on the Inter Departmental Business Register (IDBR);
- who change or start a new job between sample selection and the survey reference period[3].

As the ASHE is more accurate but does not include information on a range of characteristics, both earnings surveys, ASHE and APS, are used in this report. Our estimates are based on ASHE data where possible, following ONS advice that this is the best source for measuring low pay. APS 2009 data will be used in order for us to estimate and analyse the number of low paid in the capital by age, gender, ethnicity, whether working part-time, occupation and industry, using the three different thresholds mentioned above.

[3] Derek Bird, "Methodology for the 2004 Annual Survey of Hours and Earnings", Labour Market Trends, November 2004, Office for National Statistics.

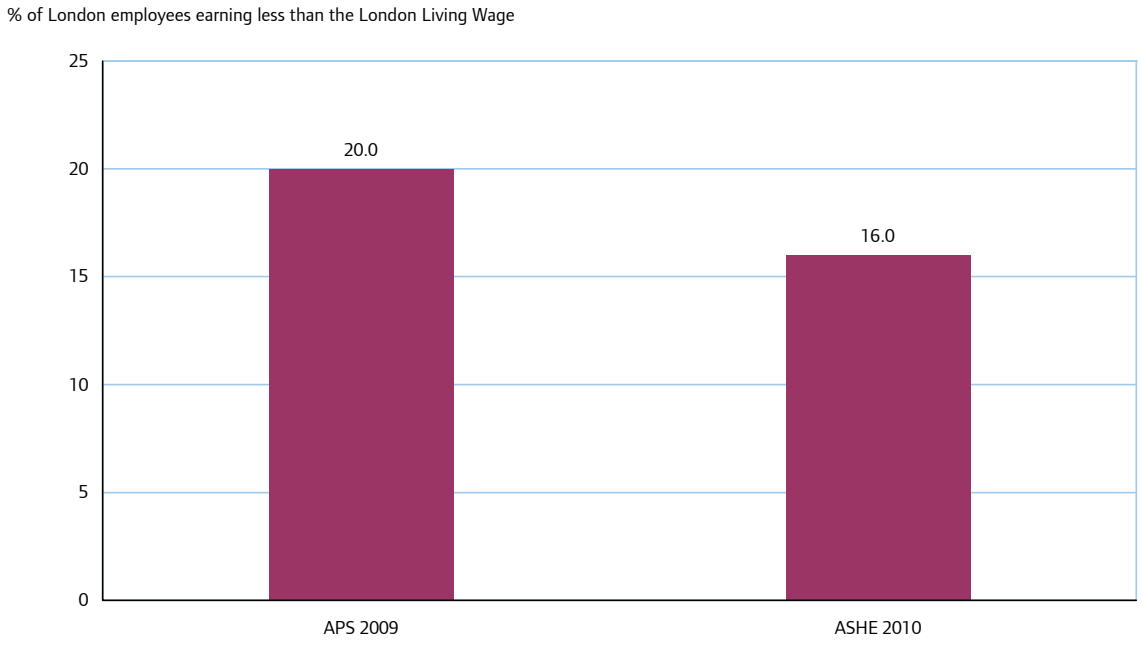
3. Estimating low pay

3.1 How many low paid are there in London?

In this section we present estimates of low pay using both ASHE and APS datasets. Figure 1 shows the proportion of low paid employees (from the total London workforce) earning below £8.30 per hour, the 2011 London Living Wage.

APS produces a higher estimate of the incidence of low pay than ASHE. On the basis of APS data, 20 per cent of the total London workforce earned less than the 2011 Living Wage, £8.30. This compares with 16 per cent of employees using ASHE data.

Figure 1: Low pay estimates in London, working age employees



Sources: APS 2009, ASHE 2010 (commissioned from the ONS)

3.2 Who are London's low paid?

In this section we consider how the incidence of low pay varies across different individual characteristics and worker and industry types.

Key points:

- On the basis of APS, part-time workers are more likely to be low paid than full-time workers; 47 per cent of part-time workers are low paid, compared to 13 per cent of full-time workers in London.

- There is a clear positive relationship between age and level of pay until a certain point (around 50 years of age). Younger workers have less experience and are more likely

to work part-time, often around studies. Similarly, older workers, above 50, often have less or dated qualifications and often retire to part-time work. (See Figure 2)

- Pay varies across sector and occupation. Low pay is more likely in industries where average productivity is low. These industries often have a higher concentration of part-time workers. (Figures 3 and 4)

- Higher qualifications appear to provide better job opportunities and wages. There is a clear negative association between an individual's chances of being low paid and their level of qualification. Policies to help individuals acquire skills and 'move up' the labour market are thus important to tackling low pay. (Figure 5)

- On the basis of APS, women are significantly more likely to be low paid than men in London. Around 270,000 female workers (23 per cent of all London working age female workers) are low paid compared to 223,000 male workers, 16 per cent. (Figure 7).

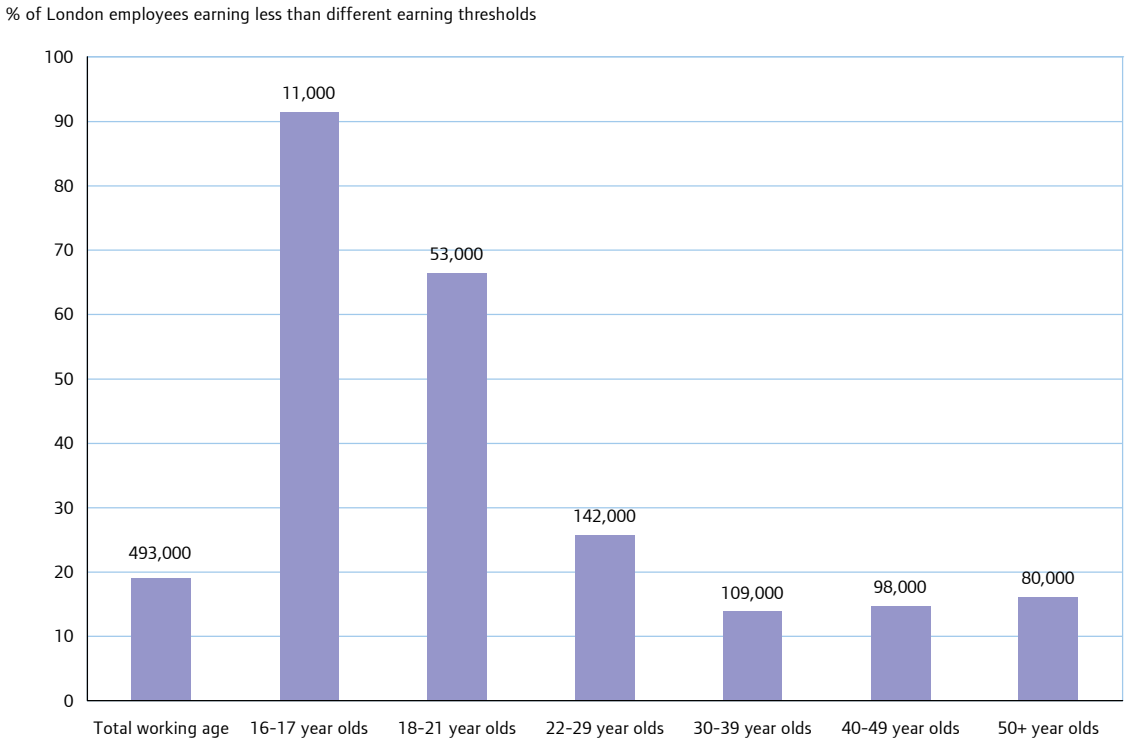
- According to APS data, a higher proportion of ethnic minority residents in London is low paid compared to white residents. Thirty-three per cent of Asian or Asian British and 31 per cent of Black or Black British residents earn less than the London Living Wage. This compares with 15 per cent of white workers in London. (Figure 8)

- The Asian or Asian British ethnic group comprises people of Bangladeshi, Indian, Pakistani and 'other Asian' origins. People of Bangladeshi and Pakistani origins or other Asian individuals generally do much worse in the London labour market compared to people of Indian origin. So, looking at this group as a whole can mask differences in their labour market outcomes. Considering this group in greater detail: 45 per cent of employees of Bangladeshi and Pakistani origins, 44 per cent of employees of 'other Asian origins' and 28 per cent of employees of Chinese and 'other' ethnicity are low paid.

3.2.1 Age

Figure 2 considers the relationship between low pay and age. It shows that young employees tend to be low paid, with almost 92 per cent of 16-17 year-olds earning less than the London Living Wage of £8.30 per hour in 2010. The proportion of low paid employees reduces with age until we reach employees aged 50 and over. This is consistent with the general pattern that pay on average tends to rise with age up to a certain point after which average pay falls. Explanations for this include the fact that the younger and elder workers tend to be less qualified/experienced and, or more likely to work on a part-time basis.

Figure 2: Low pay in London by age



Source: ONS, Annual Population Survey 2010
Note: Working age individuals, including full-time students

Sixteen to twenty-one year olds are more likely to be full-time students, and a growing number of full-time students work part-time around their studies, but often in jobs that do not make full use of their skills. Both for this reason, and because young people are at the start of their career and so lack labour market experience, a much higher proportion of young people is low paid. However, as they gain labour market experience and start working full-time, it is clear from Figure 2 that the proportion which is are low paid declines dramatically after the age of 21. This may also reflect the increase in the minimum wage threshold at the age of 21.

If all full-time students are omitted, the proportion of workers which is low paid falls from 19.1 per cent to 17.5 per cent. It would be reasonable to expect that the inclusion of full-time students in the analysis may distort patterns of low pay across industries and occupations. However, when excluding those still in full-time education from the analysis the results are very similar, with one main exception.

Table 2 shows that when full-time students are excluded the only industry group with a significant reduction in the proportion of low paid workers is 'Wholesale, retail and repair of vehicles'. The inclusion of full-time students in this group raises the percentage of low paid by 5.8 percentage points[4].

[4] Note: Repair of vehicles only accounts for around 3 per cent of the Industry Group. For this reason, 'Wholesale, retail and the repair of vehicles' will hereafter by referred to as 'wholesale and retail'.

With this important exception in mind, estimates for any of the categories analysed hereafter refer to working individuals including full-time students.

Table 2: Low pay excluding full-time students

Industry group *SIC 2007*	*Working age* Number of workers earning <£8.30 per hour	*Working age* % of low paid workers in each category	*Working age excluding full-time students* Number of workers earning <£8.30 per hour	*Working age excluding full-time students* % of low paid workers in each category
Public admin and defence	7,000	3.2	7,000	3.2
Financial, insurance, real estate	11,000	3.7	11,000	3.6
Prof, scientific, technical activ.	14,000	5.4	12,000	4.7
Information and communication	15,000	9.2	13,000	7.9
Transport and storage	19,000	13.2	19,000	13.3
Construction	17,000	15.5	17,000	15.8
Health and social work	50,000	16.0	44,000	15.1
Primary utilities and manufacturing	21,000	16.4	20,000	16.2
Education	54,000	18.9	51,000	18.4
Arts, entertainment and recreation	16,000	23.6	13,000	20.9
Admin and support services	36,000	28.3	34,000	28.0
Other services	21,000	29.6	19,000	28.4
Wholesale, retail, repair of vehicles	136,000	48.8	105,000	43.0
Accommodation and food services	76,000	62.6	68,000	62.1
All industries	**493,000**	**19.1**	**433,000**	**17.5**

Source: ONS, Annual Population Survey 2009

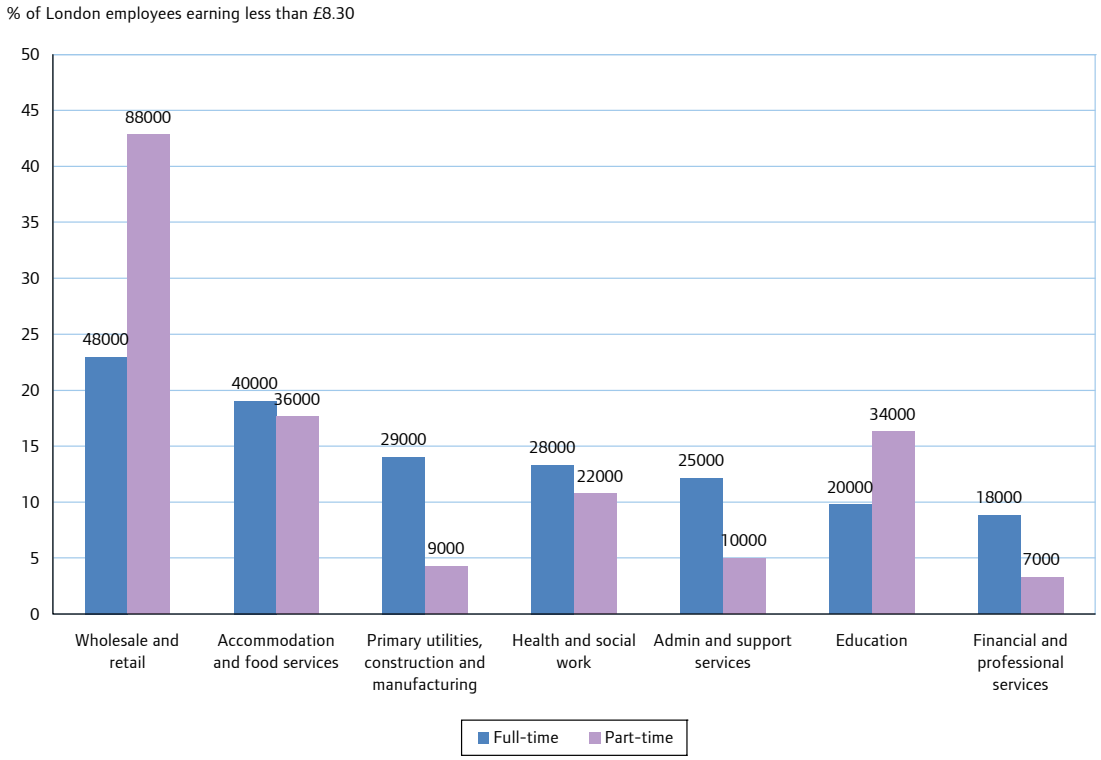
3.2.2 Industry

Distribution of low pay

In considering the distribution of low pay, this section looks at the percentage of employees across different industry groups that are paid less than the London Living Wage, £8.30. As the number of full-time and part-time workers varies depending on industry, to prevent any distortions due to differences in pay between the two worker types they are analysed individually.

On the basis of APS data, the highest proportion of low paid, full-time employees works in the "Wholesale and Retail" industry at 23 per cent (48,000). The lowest proportion of low paid, full-time workers is employed in "financial and professional services" at 9 per cent (7,000). Low paid employees seem to be mostly distributed among 'lower level' industries such as 'wholesale and retail' and 'accommodation and food services' (see Figure 3), where lower qualifications are required. A similar pattern occurs when looking at part-time employment. The highest proportion of low paid, part-time employees works in the wholesale and retail industry at 43 per cent or 88,000 workers. 'Financial and professional services' accounts for just 3 per cent of part-time low paid employees (or 7,000 workers), the lowest proportion across all industries.

Figure 3: Low pay by sector

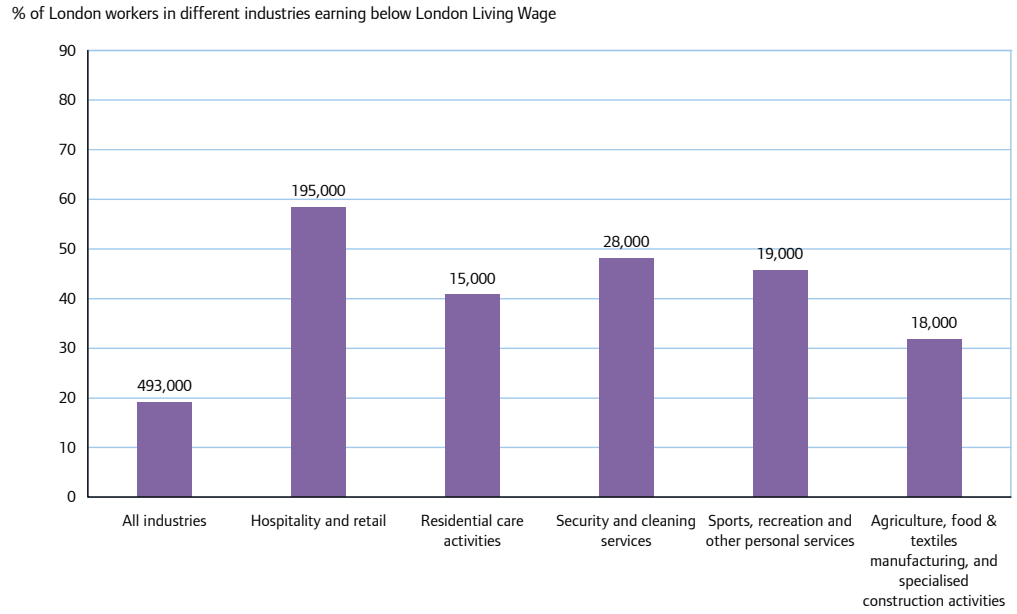


Source: ONS, Annual Population Survey 2009
Note: Data are based on Standard Industrial Classification (SIC) 2007 section level categories

Concentration of low pay

It is important to also think about the concentration of low pay across different sectors – that is, not where most low paid work but the percentage of workers in these industries who are low paid.

Figure 4: Low pay within low paying sectors[5]



Source: ONS, Annual Population Survey 2009
Note: Data are based on Standard Industrial Classification (SIC) 2007 division level categories

Among the low paying sectors targeted by the Low Pay Commission in London, most employees (195,000) worked in the 'Hospitality and Retail' sector, followed by 28,000 in 'Security and Cleaning' and 19,000 in 'Sports and Recreation'. The proportion of employees who are low paid (paid below £8.30 per hour) in these categories was 58 per cent, 48 per cent and 46 per cent respectively.

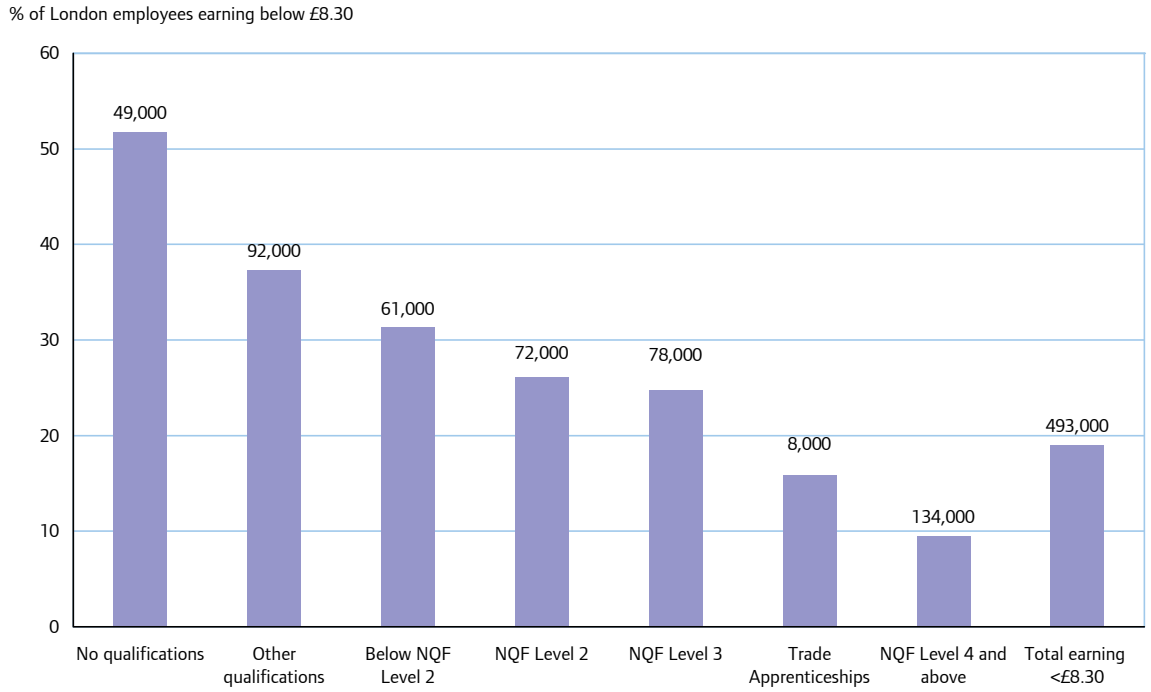
Note that, as previously stated, data for 'Hospitality and Retail' will be slightly distorted by higher numbers of students. However, even with full-time students excluded, its proportion is still significantly higher than other sectors.

3.2.3 Level of qualification

Figure 5 shows this general negative relationship between qualification and low pay.

[5] Figure 3 is for SIC 2007 Section level and Figure 4 is for SIC 2 digit Division level – in other words, Figure 4 is at a greater level of disaggregation than Figure 3.

Figure 5: Low pay by qualification

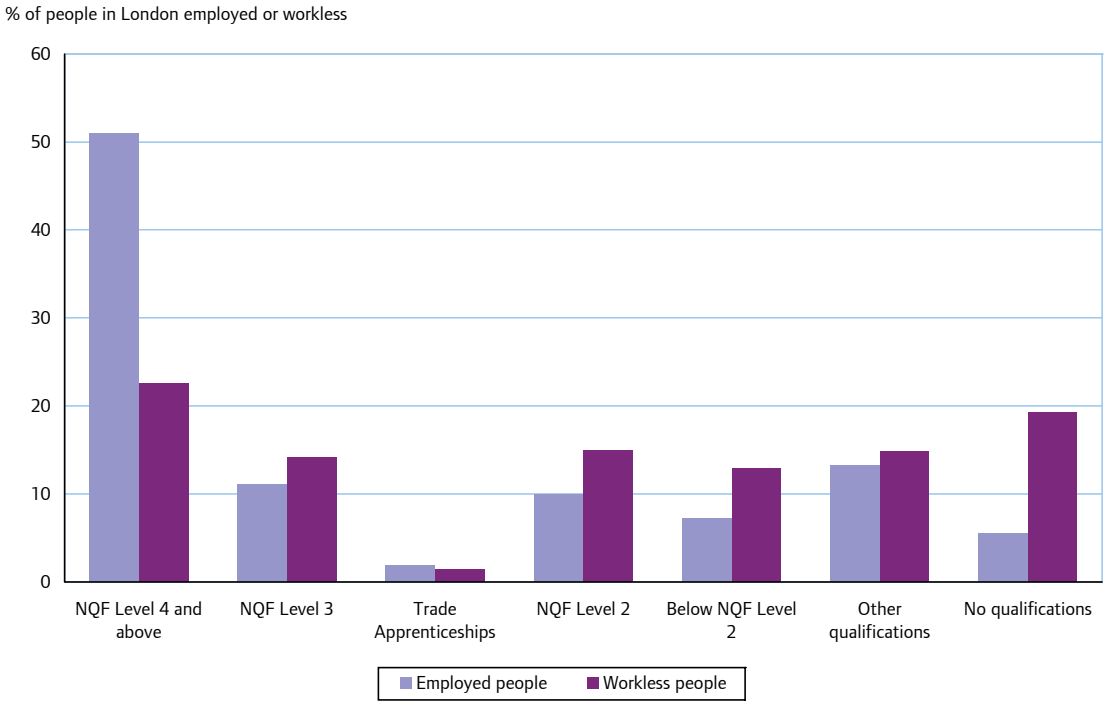


Source: ONS Annual Population Survey (APS) 2009

These low paid employees are more likely to be out of work in the future; those who re-enter the labour market after being unemployed are likely to be in low paid jobs. If low paid employees tend to move from periods of low paid work to periods of unemployment, these individuals not only do not receive earnings when workless, but are not developing their skills/experience or receiving training. A lower proportion of workless people have qualifications compared to employed people, as Figure 6 shows. Nineteen per cent of workless London residents have no qualifications, compared to just 5 per cent of those employed. Only 23 per cent of workless Londoners have NQF level 4 and above, whilst 51 per cent of employed London residents have these qualifications.

This creates a 'low pay, no pay cycle', where low paid employees find it hard to acquire skills and move up the labour market and increase their pay.

Figure 6: Employed and workless London residents by qualification

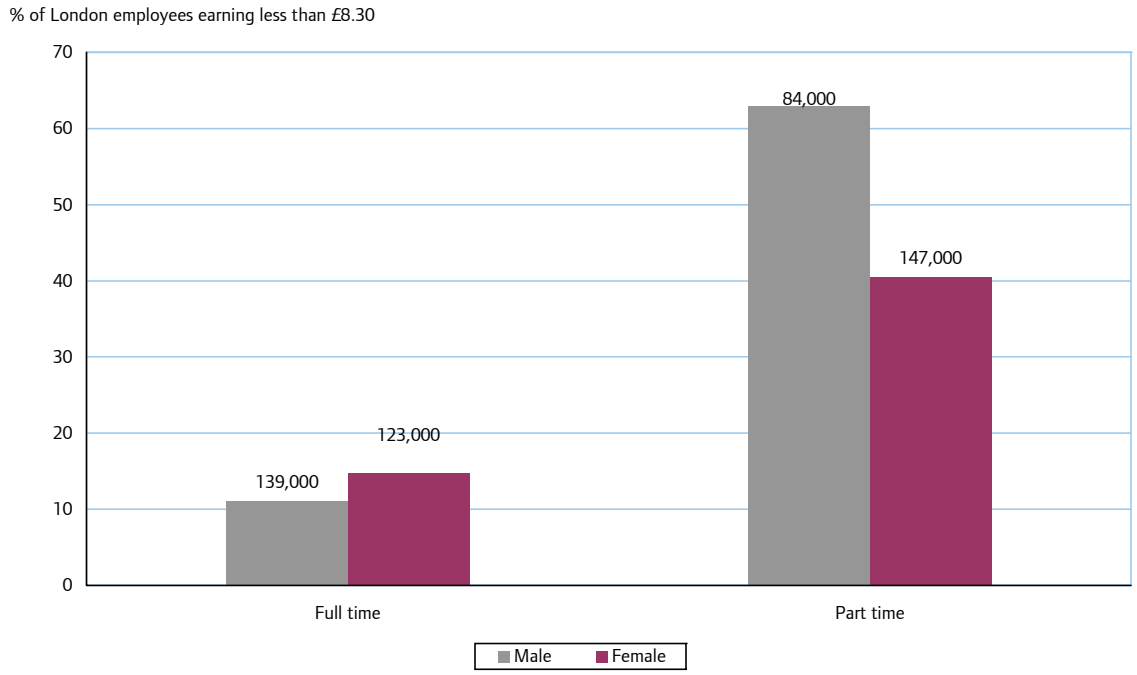


Source: ONS Annual Population Survey (APS) 2009

3.2.4 Gender

Over all, women are more likely to be low paid than men. However, a much larger percentage of women works part-time than men (32 per cent compared to 11 per cent) and, as mentioned earlier, part-time workers are more likely to be low paid. Figure 7 looks at whether women are still more likely to paid low paid when taking part-time and full-time workers separately.

Figure 7: Low pay by sex



Source: ONS Annual Population Survey (APS) 2009

When taking full-time employees, 15 per cent of females are low paid compared to 11 per cent of males. However, when looking at part-time workers, 40 per cent of females are low paid compared to 63 per cent of males. This is partly because of the different age profiles of male and female part-time workers. There are more part-time women workers who are older and more experienced and therefore receive higher wages[6].

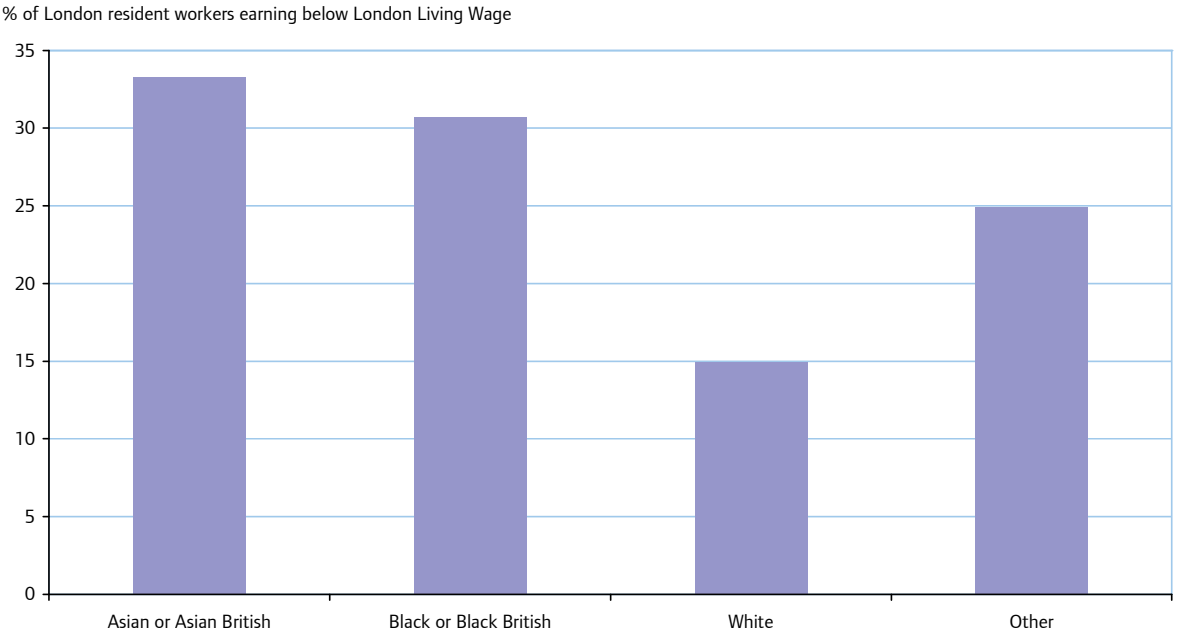
3.2.5 Ethnicity

Low pay among different ethnic groups

Figure 8 shows that those of ethnic minority background are more likely to be low paid than their white counterparts. Those who are Asian or Asian British have the highest incidence of low pay with 33.3 per cent earning less than the London Living Wage. 30.8 per cent of residents who are Black or Black British earn below the London Living Wage. This compares to 14.9 per cent of White residents.

[6] Women in London's Economy, 2007, GLA Economics

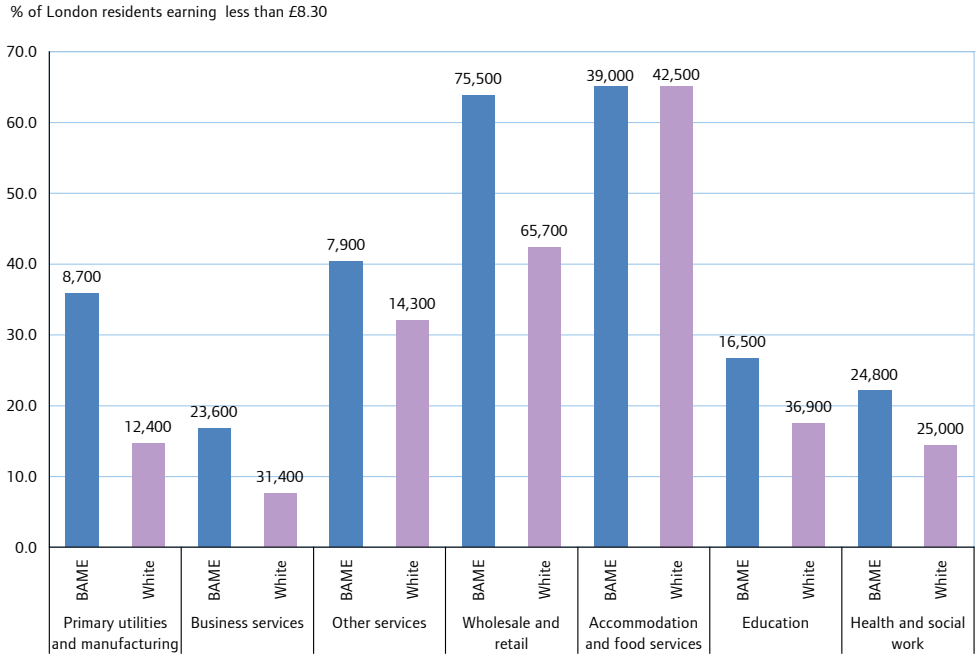
Figure 8: Earnings of London residents by ethnicity



Source: ONS, Annual Population Survey (2009)
Note: 'other' includes Chinese, mixed and other ethnic categories

To better assess patterns of low pay according to ethnicity, Figure 9 looks at those of an ethnic minority background and their white counterparts within the same industry group. The highest concentration of both BAME (Black, Asian & Minority Ethnic) low paid and White low paid are within the Accommodation and Food Services sector, at 65.1 and 65.2 per cent respectively. This is the only industry in which there is a higher proportion of white residents earning under the living wage than BAME residents (see Figure 9). The lowest incidence of low pay among white residents is in the Business Services Industry at 7.7 per cent, as is the lowest proportion of low paid BAME residents (at 16.8 per cent).

Figure 9: Percentage of London resident workers earning less than the living wage by industry group



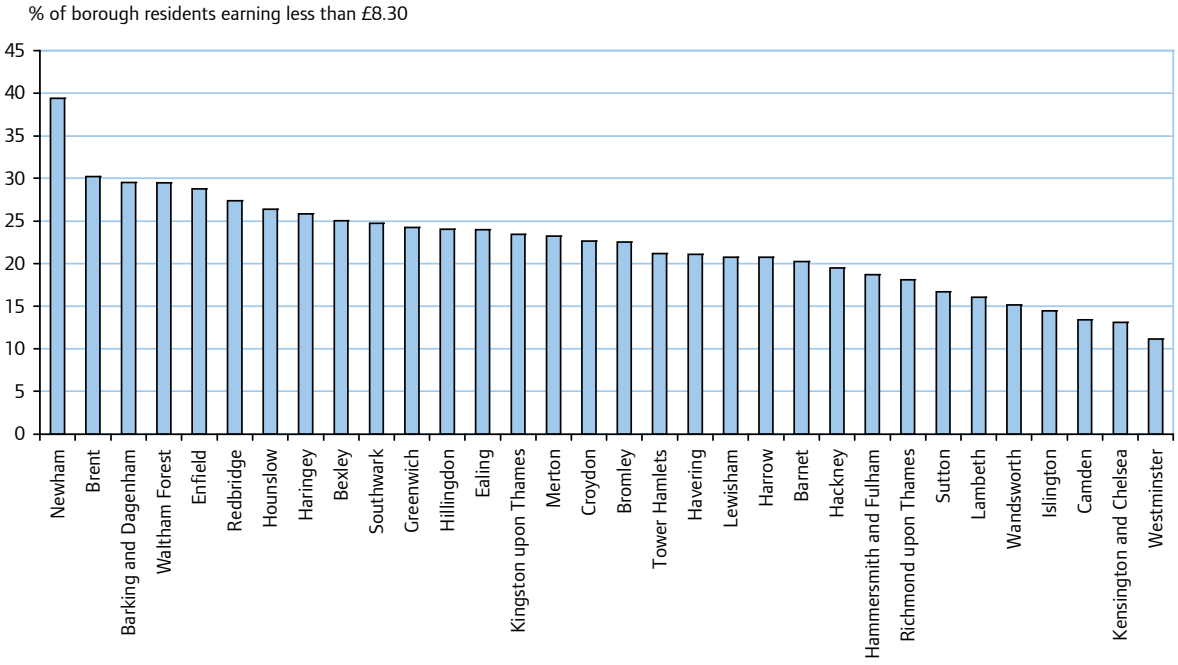
Source: ONS, Annual Population Survey (2009)

4. Where do the low paid live and work?

4.1 Low paid residents

Figure 10 shows the incidence of the low paid in each borough. (Note that the City is not included as the data are unreliable). Newham has the highest proportion of low paid residents at 39.4 per cent. The borough with the smallest percentage of low paid residents is Westminster at 11.2 per cent.

Figure 10: Low paid employees, by borough of residence



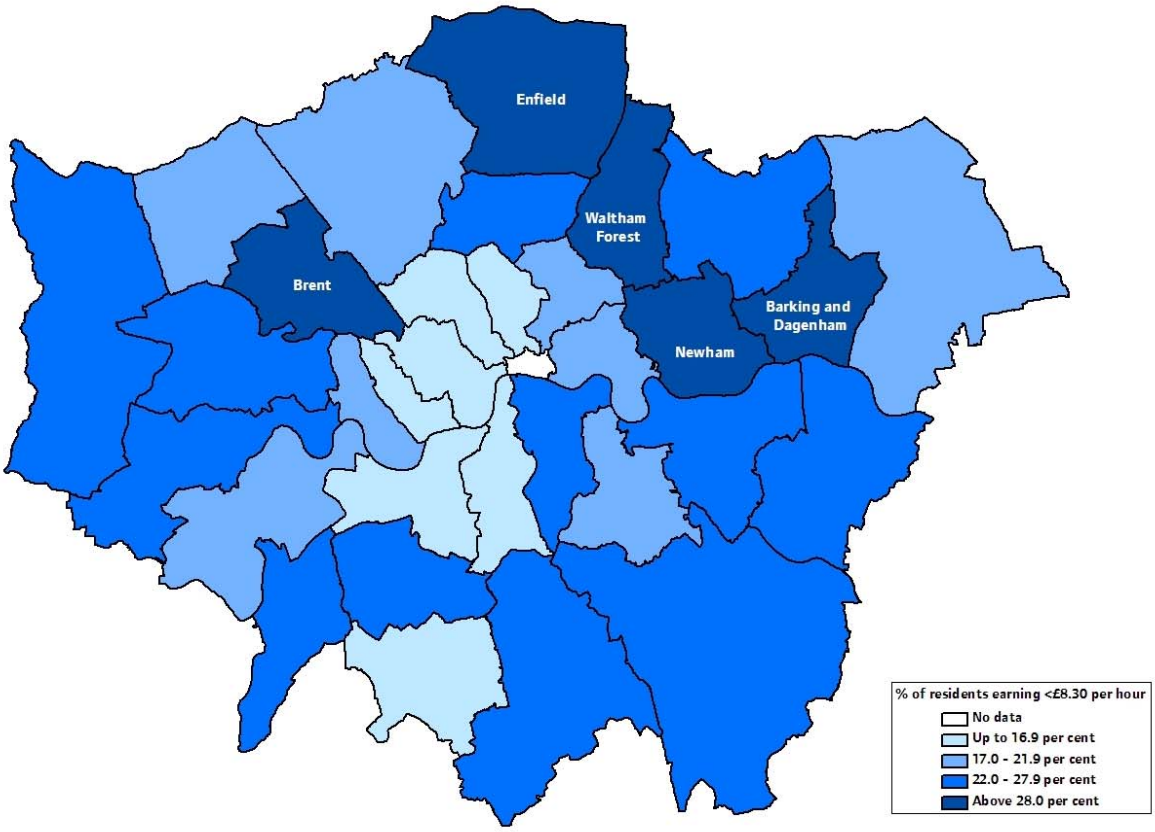
Source: ONS, Annual Population Survey (2009)

Even though inner boroughs generally show higher levels of deprivation and unemployment in comparison to outer boroughs, a higher proportion of outer London residents is low paid than in Inner London (see Figure 11)[7].

The five boroughs with the highest proportions of the low paid are Newham, Brent, Barking and Dagenham, Waltham Forest and Enfield, all above 28 per cent. The five boroughs with the lowest proportions of the low paid are Westminster, Kensington, Camden, Islington and Wandsworth, all with an incidence below 16 per cent.

[7] Worklessness in London – GLA Intelligence update, September 2010

Figure 11: Low paid employees, by area of residence



Source: ONS, Annual Population Survey (2009)

4.2 Low paid employees

A similar pattern is observed when we consider where low paid people work. Over 50 per cent of low paid employees work in outer London. 104,000 workers are low paid in Central London, 119,100 workers in the rest of Inner London and 269,700 in Outer London. This is 10.7 per cent, 18.6 per cent and 27.6 per cent of employees in the relevant areas. It seems that people working in Outer London are much more likely to be low paid. A reason for this variation in pay is the difference in the industrial composition of Inner and Outer London. London's specialised, globally competitive activities - such as financial and business services - locate almost exclusively in Central London. Such industries, as previously discussed, have a lower incidence of low pay. By contrast, in Outer London, the majority of employment is in industries with lower wages, such as retail and leisure[8].

[8] Economic Evidence Base, GLA Economics, 2010

Figure 12: Percentage of low paid London employees in Inner and Outer London

Source: ONS, Annual Population Survey (2009)

5. Assessing wage inequality

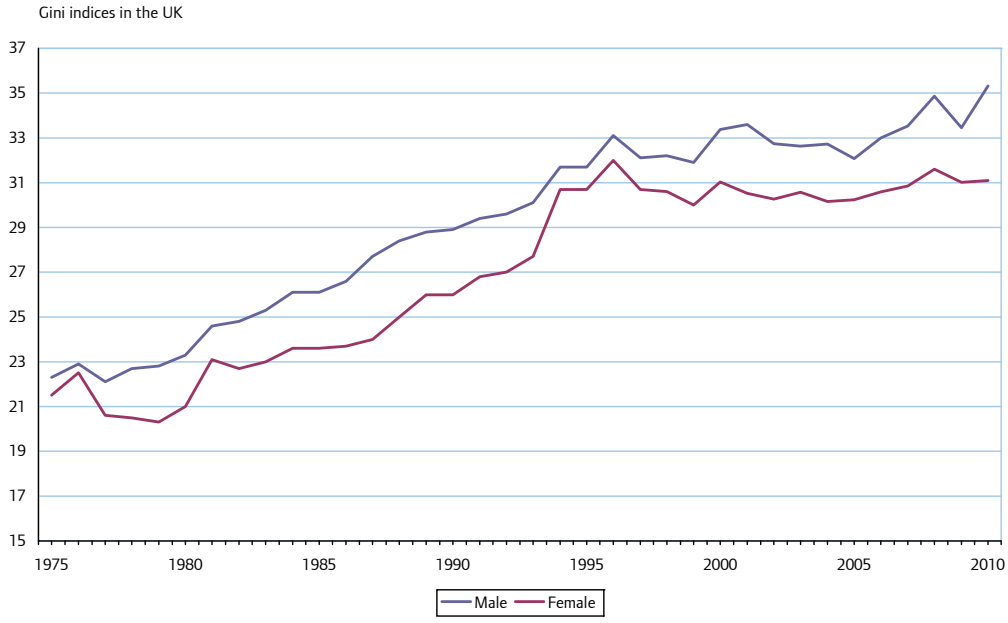
Although London has problems of low pay and areas of deprivation and poverty, it is overall a prosperous world city where some earn the highest incomes in the country. We would therefore expect to observe a large wage gap between those at the top and the bottom of the earnings distribution. How large is wage inequality in London and how does this compare with the UK?

5.1 Wage inequality measured with the Gini coefficient

The Gini Coefficient measures the inequality of a distribution[9]. The Gini Coefficient can range from zero to one where zero indicates complete equality and one complete inequality. The Gini index is the Gini coefficient expressed as a percentage. Therefore, the index ranges from 0 to 100 and the higher the index, the greater the inequality.

Some economists have calculated Gini coefficients to assess wage inequality in the UK since the 1970s using various datasets such as the Family Expenditure Survey (FES), New Earnings Survey (NES), Annual Local Area Labour Force Survey (ALALFS) and Labour Force Survey (LFS). Machin (2003) provides figures for the period 1975 – 2001 using NES and LFS data. GLA Economics has derived the Gini coefficient from 2000 onwards, using data from LFS, APS and ALALFS.

Figure 13: Wage inequality in the UK, Gini Indices, 1975 - 2005



Source: Data to 2000 reproduced from 'Wage Inequality Since 1975', Stephen Machin from "The Labour Market Under New Labour: The State of Working Britain" edited by Richard Dickens Paul Gregg and Jonathan Wadsworth. Data since 2000 is sourced from ONS datasets ALALFS, LFS, APS

[9] The Gini Coefficient is calculated using the Lorenz Curve which plots the proportion of (for example) total income cumulatively earned by the bottom x% of the population (where x ranges from 0 to 100). Thus, perfect inequality will yield a 45 degree line and an unequal distribution will yield a curve. The Gini coefficient is the ratio of the gap between the Lorenz Curve and the line of equality over the total area under the equality line.

Figure 13 shows Gini Indices for men and women in the UK for the period 1975 – 2010. Overall wage inequality increased sharply between the mid 1970s and mid 1990s for both male and female employees. Female wage inequality peaked in 1996 at 32 per cent and overall saw a decrease over the period to 2010 to 31.1. Male inequality however, hit 33.1 in 2006 and has since continued to rise. A sharp peak can be seen in male inequality in 2008, which coincides with the most recent recession. A possible reason for this may be that earnings of middle and lower income employees fell more significantly than that of top income employees. Male inequality then again ticks up in 2010, with the largest annual increase in wage inequality since calculations began and the Gini index reaching 35.3. However, female inequality over this period has been relatively stable.

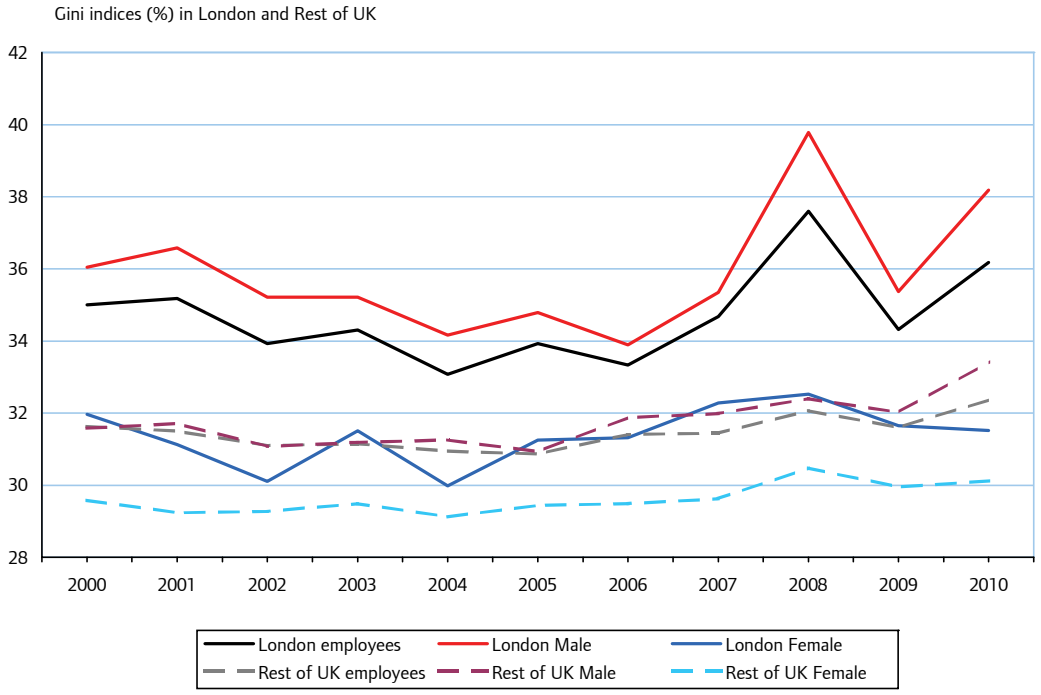
Figure 14 presents Gini Indices in London and the rest of the UK for all employees and male and female employees separately, using ALALFS, LFS and APS data for the period 2000 - 2010. There are four main points worth noting. First, wage inequality is higher among male and female employees in London than it is for male and female employees in the rest of the UK.

Second, the variation in wages between highest and lowest paid employees is higher among men than among women for both London and the rest of the UK. This difference in male and female inequality is accentuated in the capital.

Third, over the period, wage inequality among London employees has increased. Wage inequality among London females has however decreased slightly whereas male inequality in the capital has seen a large increase over the period. For the rest of the UK, wage inequality has increased for both males and females.

Fourth, wage inequality in London has been much more volatile than for the rest of UK. The variation in wages between high and low earners for the rest of the UK has stayed relative constant (only seeing any significant increase in male inequality in 2009).

Figure 14: Wage inequality in London and Outside London, Gini indices, 2000-2010

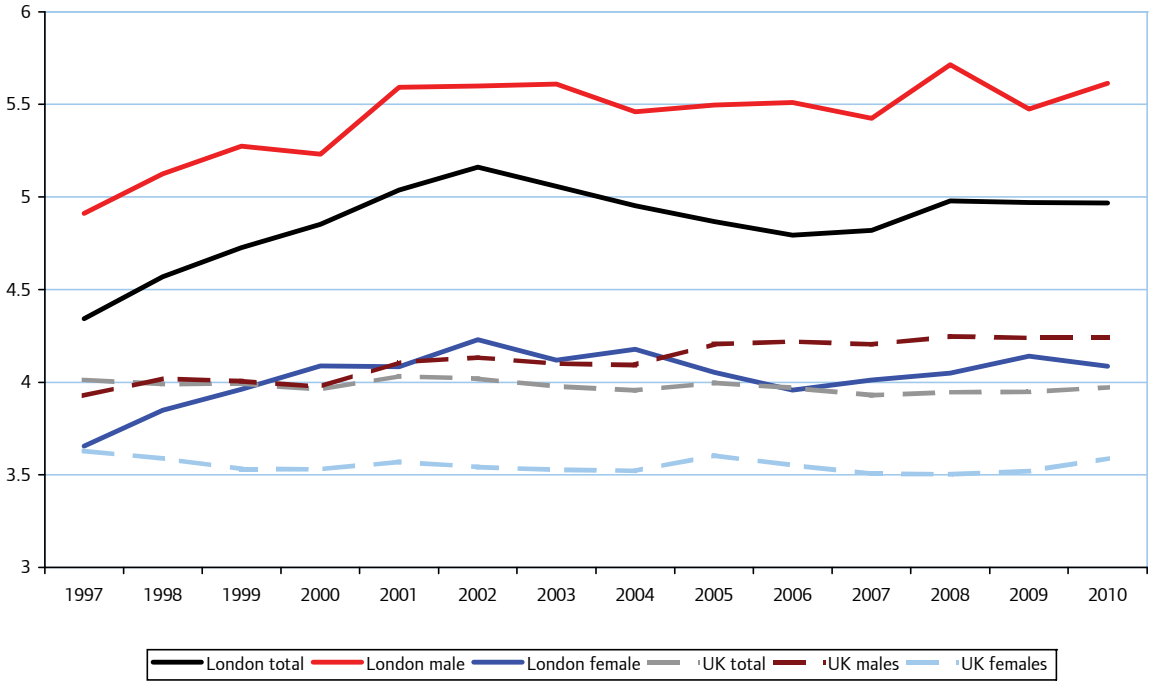


Source: ONS datasets ALAFS, LFS, APS

5.2 Wage inequality at different point in the earning distribution (using percentile ratios)

Calculating the ratio between incomes at the top of the distributions (90th percentile) and the bottom of the distribution (10th percentile) is another way to assess wage inequality. A higher ratio depicts a bigger difference between the top and bottom of the distribution, thus greater inequality. Using different percentile ratios also allows us to see where in the earnings distribution the inequality lies.

Figure 15: Earnings distribution (using 90/10 percentile ratios) of UK and London by gender



Source: Annual Survey of Hours and Earnings, 2010

Figure 15 above illustrates wage inequality using percentile ratios in London and the UK for males and females separately. Supporting the Gini coefficient findings, it shows there to be greater wage inequality in London than the UK. It also shows women to have a smaller dispersion in wages than men in both the UK and London. The top 10 per cent of males in London earn over five times more than the bottom 10 per cent. Moreover, over the time period analysed, London males have seen the greatest increase in wage inequality over the period. When using percentile ratios however, UK total and UK females have actually seen a slight decrease in wage inequality over the period.

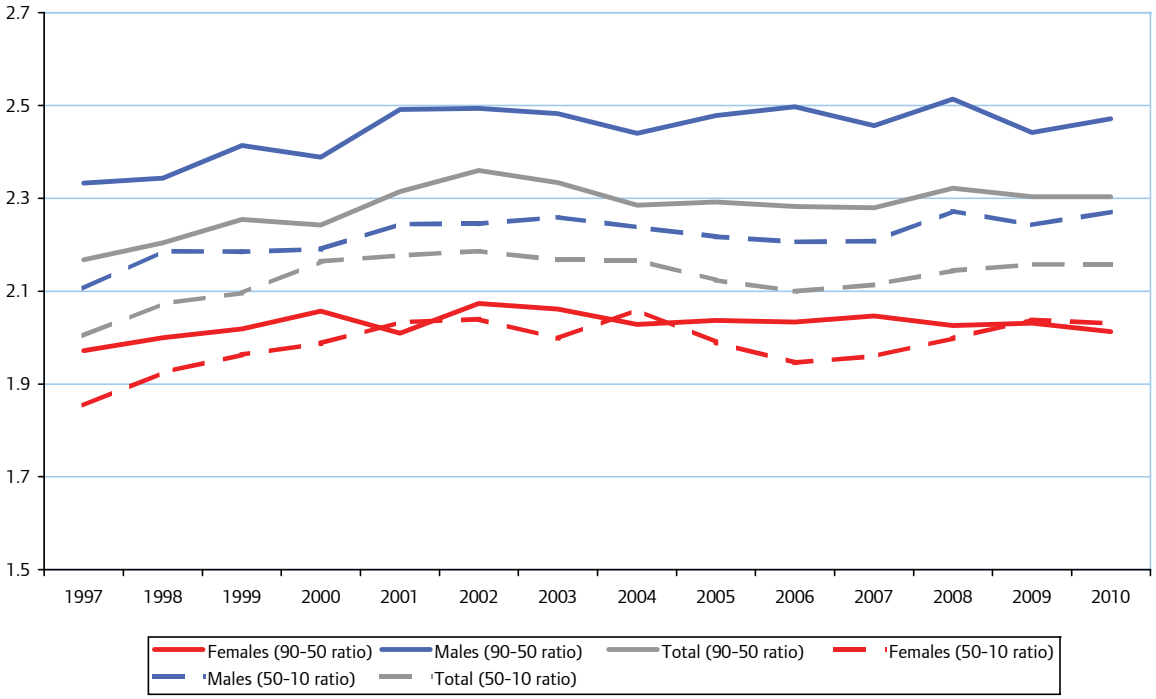
It is also interesting to note that wage inequality has been relatively volatile in London compared to that of the UK; since 1997 UK ratios have ranged from 3.0 to 4.0, compared with from 4.3 to 5.2 for London.

As seen above, the ratio of the 90th percentile and 10th percentile provides a measure of polarisation at the top and bottom tails of the distribution. However, from a social inclusion point of view, it is important to know whether inequality has increased at the lower end of the distribution rather than at the upper end. It is at the lower end of the distribution where disadvantaged individuals (low paid employees) are located. We can look at the dispersion of those in the upper half of the wage distribution and those at the bottom half of the wage distribution separately by using 90-50 and 50-10 percentile ratios.

5.3 Wage inequality at the top and bottom of the earning distribution

Figure 16 shows that the ratio of the 90th/50th percentile has increased for males over the period but has stayed relatively constant for females. This indicates that male top earners have been earning increasingly more relative to the median earner, whereas women's top earnings has stayed similar over the period. This could be seen to support the notion of the 'Glass ceiling effect' for women.

Figure 16: Wage distribution using 90-50 and 50-10 percentile ratios for men and women in London



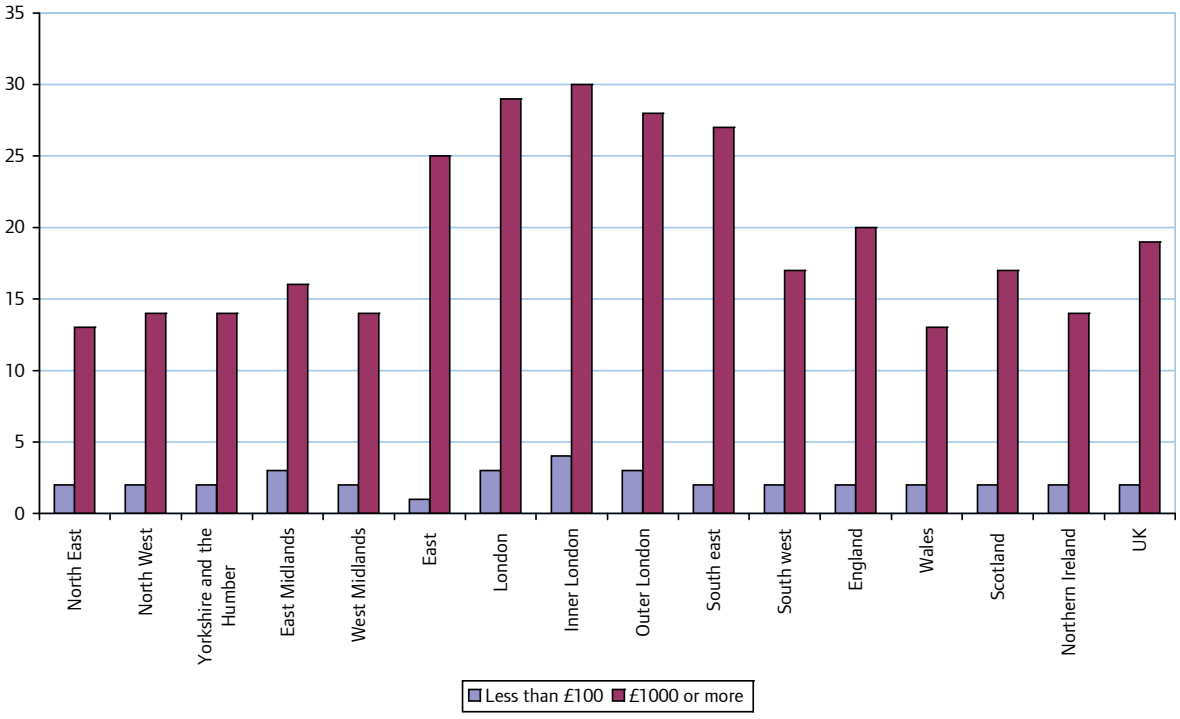
Source: Annual Survey of Hours and Earnings, 2010

Low pay can be about inequality in the lower half of the income distribution only. When looking at the lower half of the wage distribution, that is the ratio of the 50th/10th percentile, wage inequality has risen for both males and females over the period. This indicates that low paid earners, both male and female, have not kept up with wage growth over the period 1997 to 2010; the gap between bottom earners and the median has grown increasingly larger. This reflects the increase in low pay over the period. However, the growth rate in wage inequality has decreased over the past three years, suggesting that the gap may start to close.

5.4 Wage inequality across regions

Figure 17 shows that across all regions Inner London has the highest proportion of its population earning under £100 per week and also the highest percentage earning above £1000 per week, at 4 per cent and 30 per cent respectively.

Figure 17: Income dispersion across boroughs



Source: DWP, Family Resource Survey

6. Conclusions

Estimates of low pay will vary depending on the earnings threshold and the dataset being used. Using ASHE data,16 per cent of the London workforce earned less than London's Living wage, £8.30, compared to APS data which estimates 20 per cent were low paid.

This report has found the people who are most likely to be low paid are those with low qualifications, working in lower level industries, those of an ethnic minority background, young people, over 50s, women, and those that work part-time.

Also, even though Inner London boroughs tend to show higher levels of deprivation and worklessness, Outer London has a higher proportion of low paid workers than Inner London, with 28 per cent of Outer London workers being paid under £8.30, compared to 10.7 and 18.6 per cent in Central and the rest of Inner London. This pattern is also true for residents in Inner and Outer London.

Wage inequality in the UK has decreased slightly since the late 1990s. In the capital however, wage inequality has significantly increased. This is mainly due to an increase in wage dispersion of London males. Additionally, males in both London and the UK have a larger dispersion in wages than females. This dispersion is larger at the higher end of the earnings distribution.

Finally, low pay is not inevitable. Identifying the distribution of low pay helps advance the London Living Wage and better tackle low pay. Tackling the low pay problem can be done in two ways: by encouraging more organisations to adopt the London Living Wage and through training and the development of skills in order to help those in low paid jobs progress up the labour market.

GLAECONOMICS

Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

Tel: 020 7983 4922
Fax: 020 7983 4674
Minicom: 020 7983 4458
Email: glaeconomics@london.gov.uk

http://www.london.gov.uk/gla-economics-publications

MAYOR OF LONDON