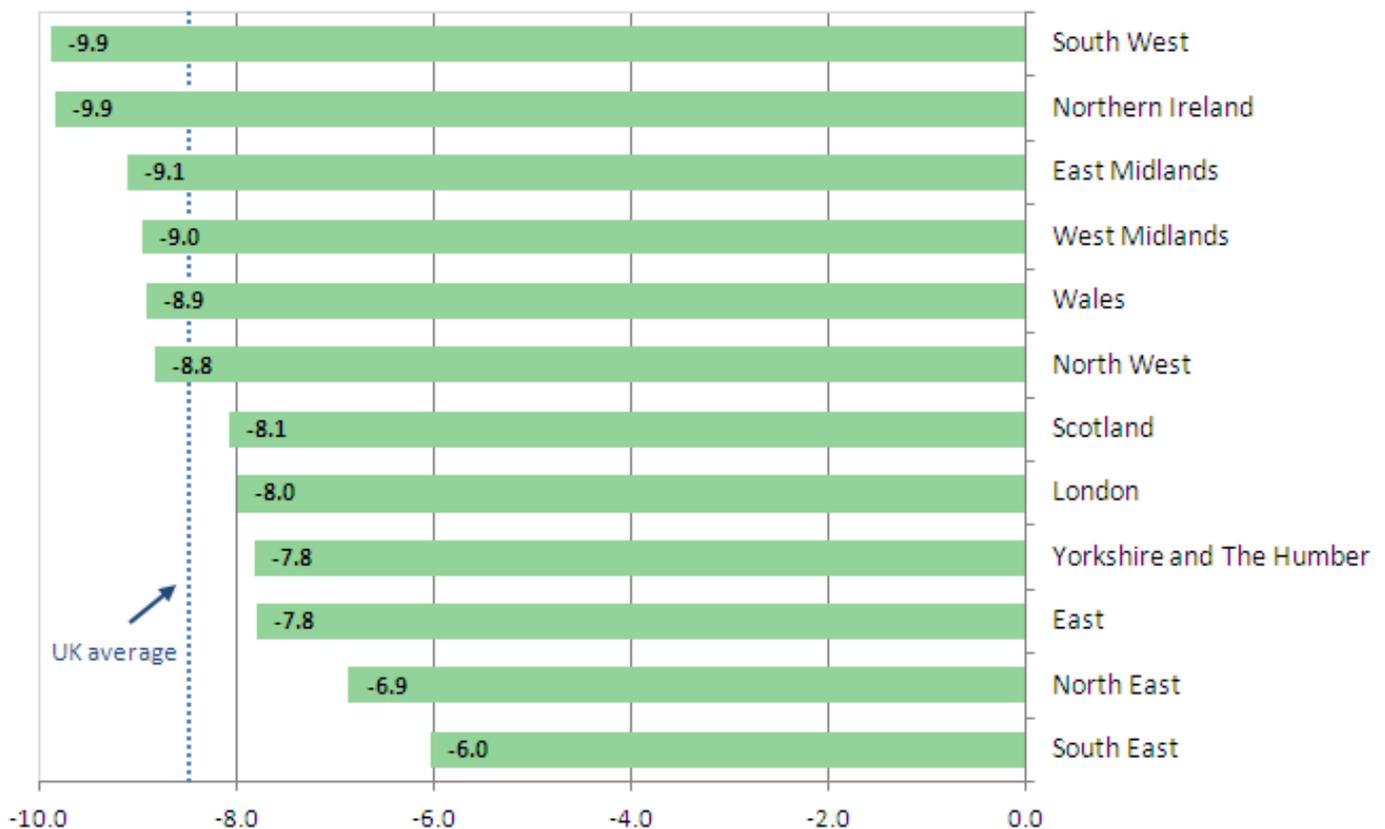


Real wages down by 8.5% since 2009

UK employees' average hourly earnings have fallen by 8.5% since 2009 in real terms (after adjusting for inflation). Real wages have fallen most in the South West of England and in Northern Ireland (9.9%). The South East of England has seen the smallest decline, of 6%. The fall in London was also below the UK average, at 8%.

Fall in average hourly earnings of employees in real terms, 2009-2012 (%)



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

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(55.5 Kb)

After three decades of strong growth, real wages peaked in 2009. Although it is too early to be sure whether there has been a permanent change in the long-term trend, the decline in real wages has now been sustained for three consecutive years: 2010, 2011 and 2012. Average real hourly earnings of UK employees are now back at roughly 2003 levels.

The decline may be because of pay freezes for people who remain in the same job or it may reflect changes in the type of jobs that people do as the economy adjusts following the shock of 2008-09. The 'average' earnings outcome for UK employees is probably the result of a combination of both pay freezes and economic restructuring.

Comparing the path of real earnings in the public and private sectors, the trends are similar. However, the decline since 2009 has been less marked in the public sector than in the private sector. For example, the real hourly earnings of full-time male public sector workers averaged a decline of 2.1% a year in 2010 to 2012, compared with a decline of 3.1% a year for their private sector counterparts.

Background notes

1. The analysis uses the median as a measure of 'average' earnings because it gives a good idea of the pay of a typical employee. To calculate the median, we place earnings in order from the lowest to the highest; the median is the value in the middle.
2. The regional figures shown here are on a workplace basis. This means that they are for employees working in the region including people commuting in from outside it.
3. The analysis uses a deflator based on the UK Consumer Prices Index to convert earnings in cash terms into their equivalents in real terms (at 2012 constant prices). This shows the value of employees' earnings over time, after adjusting for inflation.
4. The data for this analysis comes from the Annual Survey of Hours and Earnings (ASHE). Hourly earnings do not include overtime, but they do include incentive payments - such as bonuses - if they were paid at the time of the survey, in April each year. The figures are for gross pay, i.e. pay before tax and other deductions.
5. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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