

The living wage

Summary

For the Lancashire-12 area, the percentage of jobs not paying the living wage is estimated to have increased between 2012 and 2015 from 22.9% to 27.5%.

West Lancashire (39.9%), Rossendale (37.2%) and Wyre (36.2%), were the three Lancashire authorities with the highest proportions of local jobs paying less than the living wage. These rates were the fourth, tenth and fifteenth highest in the UK.

Introduction

The private-sector firm KPMG commissioned Markit Economics to produce the 2015 update to a series of yearly reports that consider the '[living wage](#)'. The 2015 edition analyses the national, regional and selected local authority level results, but does include a full set of figures for all authorities across the country. Markit Economics however, has very kindly provided Lancashire County Council with a full breakdown of the local percentages of jobs not paying the living wage for 2015. The 2012 to 2014 figures in table 1, were kindly obtained from KPMG.

The [annual survey of hours and earnings \(ASHE\)](#) is used by Markit Economics to help derive the living wage figures, therefore there are some close correlations between the results in table 1 and the ASHE figures by place of work. The living wage rates are by place of work and not by place of residence, whilst the results in the complementary ASHE article contain both. For some Lancashire authorities, commuting patterns result in significant differences between average wage rates all the working people who live an area and those that work in the area.

The UK living wage is calculated on the basic cost of living in the UK, and employers can choose to pay it on a voluntary basis. The report used a living wage rate of £7.85 per hour to calculate the 2015 rates for areas outside London.

The [living wage foundation](#) website provides details of the latest living wage rates. The website also has an employer map section that shows the localities of living wage employers across the country.

The National and Lancashire results

Between 2012 and 2015, the percentage of jobs in the UK not paying the living wage increased from 20% to 23%. In 2015, this equated to around 5.84 million people earning less than the living wage. The report highlights a range of jobs that are often identified as paying low wages. These include bar staff, catering, cleaning, accommodation and jobs in the retail sector.

Table 1. Percentage of jobs not paying the living wage

Area	2012	2013	2014	2015	Rank (2015)*
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Burnley	25.3	23.5	26.8	26.8	152
Chorley	18.6	25.1	24.8	27.4	135
Fylde	16.3	23.0	21.4	17.9	334
Hyndburn	31.3	26.3	28.7	27.8	125
Lancaster	25.6	22.8	24.7	26.9	148
Pendle	25.2	30.3	27.3	26.8	153
Preston	22.4	21.7	22.6	22.9	244
Ribble Valley	18.2	20.5	25.7	21.1	286
Rossendale	31.9	35.1	33.1	37.2	10
South Ribble	24.5	20.5	20.6	28.8	106
West Lancashire	20.1	24.1	41.0	39.9	4
Wyre	32.1	29.0	31.1	36.2	15
Lancashire-12	22.9	23.9	26.5	27.5	---
Blackburn with Darwen	26.0	28.3	27.1	29.5	91
Blackpool	26.0	28.3	33.3	34.1	26
North West	22.0	22.7	23.6	25.5	---

United Kingdom	20%	21%	22%	23%	---
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Source: KPMG/ Markit Economics. * Rank out of 379 local authorities across the UK. No results were available for four local authority areas.

Table 1 details the percentage of jobs paying below the living wage for the Lancashire-12 area, and each Lancashire authority between 2012 and 2015. The results are also ranked to reveal how each authority compares with 379 areas across the UK.

For the Lancashire-12 area, the percentage of jobs not paying the living wage is estimated to have increased from 22.9% to 27.5% between 2012 and 2015.

West Lancashire (39.9%), Rossendale (37.2%) and Wyre (36.2%), were the three Lancashire authorities with the highest proportions of local jobs paying less than the living wage. These rates were the fourth, tenth and fifteenth highest in the UK, and were the highest percentages recorded in the North West. In contrast, Fylde was in 334th position, and was the only Lancashire authority with a rate below 20%.

Along with Blackpool, the [ASHE figures by place of work](#) identify West Lancashire, Rossendale and Wyre as areas with low rates of weekly pay by place of work. They also reveal that especially in West Lancashire, the figures are noticeably higher when measured by place of residence. The authority benefits from people commuting to better paid jobs outside the local area.

In West Lancashire, a major local economic specialism is labour-intensive agriculture-related activities that are often viewed as low-wage activities. A very large amount of top quality agricultural land [designated as green belt](#), means that the local [agriculture sector](#) has a strong presence in field crops. In addition, the two manufacturing sub-sectors of 'processing and preserving of fruit and vegetables' plus manufacture of dairy products, together account for 25% of manufacturing jobs in the authority.

Apart from some deprivation in central Skelmersdale, much of West Lancashire is viewed as a reasonably affluent locality, and the high percentage of low-wage jobs contrasts with the good quality of life enjoyed by many of the authority's residents.

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