

Appendix M

Earnings in Managerial occupations, skilled trades and personal service occupations

Introduction

This section deals with three categories of employees whose numbers within the HE sector are relatively small – at least compared with academics, administrative staff, cleaners and catering staff. The Standard Occupational Classification (SOC) groups employees into nine ‘major groups’, of which the three examined here are SOC1 - managers (which would include HR, IT and administrative managers, but would exclude registrars and those who are also teaching academics); SOC 5 - skilled trades (which includes plumbers and electricians); and SOC 6 - personal services (which includes sports and leisure assistants, caretakers and childcare occupations). The source used for the statistics in this section is the Annual Survey of Hours and Earnings (ASHE). As this is a sample survey (covering around 0.7% of employees across the economy) it does not produce a large enough sample for any specific occupations within these groups, such as leisure assistants or electricians, within the HE sector. The analysis is therefore limited to the major group level. For each of the three major groups, we compare earnings of those employed in the HE sector and those in the remainder of the economy. The statistics are derived from specially ordered tables which differentiated between those within and outside the HE sector.

Even at major group level the numbers employed in these groups in the HE sector are not large. Therefore the ASHE samples of these employees are small. ASHE statisticians provide information about the confidence intervals around estimates. We judge that these intervals are too large to support analysis of earnings by gender or of quartiles. Elsewhere, if samples are small but we judge them usable with caution, we follow the practice of the ASHE statisticians by shading the relevant estimates and any indices derived from them.

Section 1: HE sector: Major Groups 1, 5 and 6 in 2008

Full-time employees

We use the mean measure in Table 1.1 below because it provides a more reliable estimate than the median. In 2008 it showed gross annual earnings for managers in the HE sector at £39,772, for skilled trades at £25,914 and for personal service occupations at £19,579. For managers gross earnings exceeded basic earnings by about £400, but for skilled trades and for personal service occupations the difference was about £1,200-£1,300.

Table 1.1 Annual mean earnings of full-time employees in SOC major groups 1, 5 and 6, HE sector, April 2008

	Gross £	Basic £
SOC 1: managers	39,772	39,350
SOC 5: skilled trades	25,914	24,579
SOC 6: personal service	19,579	18,353

Source: ASHE

Table 1.2 shows gross hourly earnings figures for full-timers and part-timers. Note that the estimate for part-time managers needs to be treated with caution, and no figure could be provided for part-time trades people. For the other groups the hourly earnings of full-timers are greater than those of part-timers.

Table 1.2 Mean gross hourly earnings of full-time and part-time staff: SOC major groups 1, 5 and 6 and HE sector, April 2008

	Full-time £	Part-time £
SOC1: managers	20.86	17.46
SOC 5: skilled trades	12.96	x
SOC 6: personal service	9.81	8.28

Source: ASHE

Section 2: 2008-based comparisons

The figures already discussed for the HE sector are compared here with those for the same major groups outside the sector. Table 2.1 sets out mean gross annual earnings, and then indexes figures for the rest of the economy against the estimates for the corresponding HE group. The table shows that, on average, managers earned around 12% more in the rest of the economy, those in skilled trades earned around 3% less in the rest of the economy and those in personal services earned nearly 10% less in the rest of the economy. Obviously the occupational compositions of the groups are likely to be different inside and outside the HE sector, and this is likely to explain some of the difference.

Table 2.1 Mean gross annual earnings of full-time employees: HE sector and comparators, SOC major groups 1, 5 & 6, April 2008

	HE sector £	Not HE sector £	Index Not HE/HE
SOC 1: managers	39,772	44,501	111.9
SOC 5: skilled trades	25,914	25,147	97.0
SOC 6: personal & protective	19,579	17,759	90.7

Source: ASHE

Table 2.2 sets out similar information but for basic earnings. The figures show that managers' earnings are still higher in the rest of the economy, though by a narrower margin. Earnings of skilled trades people are, however, higher within the HE sector by a wider margin.

Table 2.2 Mean annual basic earnings of full-time staff: HE sector and Not HE sector: SOC major groups 1, 5 & 6, Apr 2008

	HE sector £	Not HE sector £	Index Not HE/HE
SOC 1: managers	39,350	42,896	109.0
SOC 5: skilled trades	24,579	21,544	87.7
SOC 6: personal & protective	18,353	16,471	89.7

Source: ASHE

Table 2.3 provides similar information but on the basis of hourly earnings. For full-timers, the relativities are not very different to those for basic earnings. Earnings are higher within the HE sector for personal services and for skilled trades, but higher in the rest of the economy for managers (though the gap is now 6% compared to 12% on the basis of gross annual earnings). For part-timers, however, earnings are higher in the HE sector for managers but marginally lower for personal services occupations (note, though, the small sample sizes for the HE sector figures for part-time managers).

Table 2.3 Mean hourly gross earnings of full-time and part-time staff: HE sector and not HE sector: SOC major groups 1, 5 and 6

	Full-time		Part-time	
	£ph	HE sector=100	£ph	HE sector=100
HE sector				
SOC 1: managers	20.86	100	17.46	100
SOC 5: skilled trades	12.96	100	x	100
SOC 6: personal services	9.81	100	8.28	100
Rest of economy				
SOC 1: managers	21.98	105.4	16.79	96.2
SOC 5: skilled trades	11.26	86.9	9.70	
SOC 6: personal services	8.79	89.6	8.30	100.2

Source: ASHE

Section 3: Change in HE sector major group 1, 5 and 6 earnings over time

Table 3.1a HE sector Major Group 1: mean gross and basic annual earnings, 2001-8

	Gross earnings			Basic earnings			RPI	
	£pa	Index 1	Index 2	£pa	Index 1	Index 2	Index 1	Index 2
2001	27,913	42.5		27,569	42.7		23.6	
2002	29,898	33.0	7.1	29,556	33.1	7.2	21.8	1.5
2003	32,475	22.5	16.3	32,082	22.7	16.4	18.1	4.7
2004	34,777	14.4	24.6	33,909	16.0	23.0	15.2	7.3
2005	35,938	10.7	28.8	35,871	9.7	30.1	11.7	10.7
2006	37,874	5.0	35.7	37,572	4.7	36.3	8.9	13.5
2007	39,527	0.6	41.6	39,449	-0.3	43.1	4.2	18.7
2008	39,772		42.5	39,350		42.7		23.6

Source: ASHE

Index 1: Percentage increase from year shown to 2008.

Index 2: Percentage increase from 2001 (2002 for researchers).

RPI: Retail Prices Index.

Table 3.1a considers Major Group 1 and shows trends in mean gross and basic earnings over the period since 2001. The two series are little different, with an increase of 42.5% being recorded on the gross measure and 42.7% on the basic measure. Both show steady earnings increase until 2007, but a small increase or decline 2007-8. Price movements (as measured by the Retail Prices Index) are shown for comparison.

Table 3.1b HE sector Major Group 5: mean gross and basic annual earnings, 2001-8

	Gross earnings			Basic earnings			RPI	
	£pa	Index 1	Index 2	£pa	Index 1	Index 2	Index 1	Index 2
2001	16,926	53.1		15,874	54.8		23.6	
2002	17,871	45.0	5.6	16,624	47.9	4.7	21.8	1.5
2003	18,848	37.5	11.4	18,164	35.3	14.4	18.1	4.7
2004	19,809	30.8	17.0	19,260	27.6	21.3	15.2	7.3
2005	21,607	19.9	27.7	20,511	19.8	29.2	11.7	10.7
2006	22,055	17.5	30.3	21,169	16.1	33.4	8.9	13.5
2007	23,917	8.3	41.3	22,587	8.8	42.3	4.2	18.7
2008	25,914		53.1	24,579		54.8		23.6

Source: ASHE

Index 1: Percentage increase from year shown to 2008

Index 2: Percentage increase from 2001 (2002 for researchers)

RPI: Retail Prices Index

Table 3.1b provides similar statistics to Table 3.1a, but for those in skilled trades within the HE sector. On a gross basis earnings increased by 53.1% from £16,926 in 2001 to £25,914 in 2008. Using the basic earnings figures an increase of 54.8% was recorded, from £15,874 in 2001 to £24,579 in 2008. As with managers, both series recorded steady increase to

2006, but for this group growth was swifter after 2006. Statistics for any one year have a margin of error, which should even out in the long run. The reduction in the ASHE sample from 2007 may have compounded the effect.

Table 3.1c is concerned with those in personal service occupations within the HE sector. It shows an increase in mean gross earnings of 29.7%, from £15,097 in 2001 to £19,579 in 2008. Using basic earnings figures the increase was 33.9%, from £13,704 in 2001 to £18,353 in 2008. There was a small fall in recorded gross earnings 2001-2, and a relatively small increase in basic earnings for the same period. This might reflect a change in occupational classification definitions between 2001 and 2002. Even allowing for this, though, earnings increase for this group was lower than for groups 1 and 5.

Table 3.1c HE sector Major Group 6: mean gross and basic annual earnings, 2001-8

	Gross earnings			Basic earnings			RPI	
	£pa	Index 1	Index 2	£pa	Index 1	Index 2	Index 1	Index 2
2001	15097	29.7		13704	33.9		23.6	
2002	14966	30.8	-0.9	14079	30.4	2.7	21.8	1.5
2003	15607	25.4	3.4	14470	26.8	5.6	18.1	4.7
2004	16212	20.8	7.4	14957	22.7	9.1	15.2	7.3
2005	17057	14.8	13.0	15654	17.2	14.2	11.7	10.7
2006	17498	11.9	15.9	16549	10.9	20.8	8.9	13.5
2007	18395	6.4	21.8	17055	7.6	24.5	4.2	18.7
2008	19579		29.7	18353		33.9		23.6

Source: ASHE

Index 1: Percentage increase from year shown to 2008

Index 2: Percentage increase from 2001 (2002 for researchers)

RPI: Retail Prices Index

Table 3.2 provides statistics for mean gross hourly earnings. They broadly confirm the patterns observed and reported for annual earnings, except that earnings growth 2001-2 for personal services is nearly 6% on a gross hourly basis, compared with the decrease reported for gross annual earnings.

Table 3.2: HE sector Major Groups 1, 5 and 6: full-timers mean gross hourly earnings, 2001-2008

	Major group 1			Major group 5			Major group 6		
	£pa	Index 1	Index 2	£pa	Index 1	Index 2	£pa	Index 1	Index 2
2001	14.63	42.6		8.39	54.4		7.12	37.8	
2002	15.50	34.6	5.9	8.69	49.1	3.6	7.54	30.2	5.8
2003	16.97	22.9	16.0	9.39	38.1	11.9	7.81	25.6	9.7
2004	18.02	15.8	23.1	10.01	29.5	19.3	8.00	22.6	12.4
2005	18.91	10.3	29.3	10.73	20.8	27.8	8.51	15.2	19.6
2006	19.95	4.6	36.3	11.03	17.5	31.4	8.83	11.1	24.0
2007	20.89	-0.1	42.8	11.96	8.4	42.5	9.16	7.1	28.7
2008	20.86		42.6	12.96		54.4	9.81		37.8

Source: ASHE

Index 1: Percentage increase from year shown to 2008.

Index 2: Percentage increase from 2001 (2002 for researchers).

Section 4: Comparisons of change Major Groups 1, 5 and 6, 2001-2008

[Note that the tables for this section are necessarily large, and so each is printed on a separate page: there is no analysis for part-time employees due to small sample numbers and hence unstable fluctuations over time]

The comparisons made in this part of the paper are based on what has been referred to in previous tables as 'Index 1', whereby percentage change in earnings is shown for each year to 2008. This reflects the fact that the occupational classification changed between 2001 and 2002, and so we consider change over the period 2002-8 as well as 2001-8 in the following commentary.

Three measures are used in calculating change over time: mean gross annual earnings (Table 4.1), mean basic annual earnings (Table 4.2) and mean gross hourly earnings (Table 4.3). For these particular occupational groups the three measures are quite consistent in what they show. Therefore we consider each of the three major groups in turn.

For managers (SOC 1), those in the HE sector consistently record greater earnings growth than those in the rest of the economy. Looking at the period 2001-8, those in the sector record increases of around 42.5% while those outside the sector record increases of around 32%. Taking 2002 as the start point, HE sector managers record increases of around 33-34% while managers in the wider economy record increases of 23-24%.

Similarly, skilled trades people (SOC 5) recorded growth of around 53-55% between 2001 and 2008, while those outside the sector recorded growth in the range 26-31%. Over the shorter period starting in 2002 those in the HE sector recorded earnings growth of 45-49% while those outside recorded growth of 23-26%.

The 2001 wider economy figures for personal services are clearly affected by changes in group composition between 2001 and 2002 (in 2001 the group was known as personal and protective services and included occupations such as firefighting and policing). Comparisons can therefore only be meaningful from 2002-8. On this basis the HE sector recorded growth of around 30% while the wider economy recorded 26-27%, except on the basic earnings basis where the wider economy growth of 30.6% was just ahead of the HE sector figure (30.4%).