

Average Earnings and Composition of the Public and Private Sector Workforces

Theme: Labour Market

1 Introduction

This paper provides users with a more detailed look at earnings estimates from the Annual Survey of Hours and Earnings (ASHE) for employees in both the public and private sectors. It compares and contrasts the composition of the two sectors showing how working industry, occupation and skill level contribute to the overall median earnings of each sector.

The headline measure of earnings from ASHE is median gross weekly earnings for full-time employees. This is referred to throughout this paper as “weekly earnings”.

Key Points

Provisional results from the 2023 Annual Survey of Hours and Earnings showed that:

- Weekly earnings for employees working in the public sector in Northern Ireland were £733 in April 2023. This was an increase of 60p (0.1%) over the year.
- Weekly earnings in the private sector were £599 in April 2023, an increase of £51 (9.3%) from 2022.
- Public sector earnings have been higher on average than private sector earnings since records began. In 2023 public sector weekly earnings were 22% higher than private sector earnings. However, it is important to note the compositional difference of the two sectors in terms of occupation and industry, therefore, median earnings for each sector are best considered separately rather than in direct comparison.
- While many of the lowest paid occupations, such as bar and restaurant staff, hairdressers, elementary sales occupations and cashiers, exist primarily in the private sector, there is a larger proportion of higher paid, graduate-level and professional occupations in the public sector.
- Private sector jobs have a more even spread of skill levels compared to the public sector, where half of all jobs are at the highest skill level and thus have the highest earnings.

2 Public and Private Sector Earnings

Public sector: The NI public sector can be broken down into five areas:

NI central government; Bodies under aegis of NI central government; UK central government employees based in Northern Ireland; Local government; Public corporations.

Private sector: The private sector encompasses all for-profit businesses (that are not owned or operated by the government). This does not include any non-profit body or mutual association.

Nominal earnings are the actual earnings reported for employees.

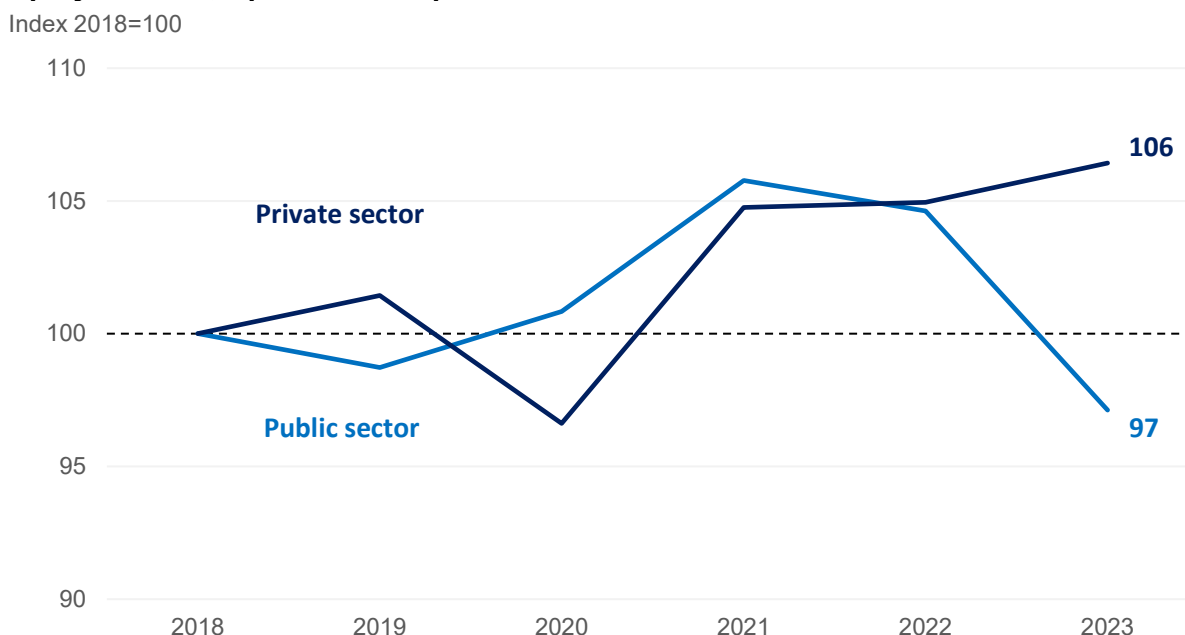
Real earnings are earnings with the effects of inflation removed. This provides a comparison of the amount of goods and services that can be bought over time (also known as purchasing power).

Real earnings are calculated by adjusting historic earnings data using the Consumer Price Index including owner occupiers' housing costs (CPIH).

ASHE estimates have shown that weekly earnings in the NI public sector have been consistently higher than earnings in the NI private sector over the last 20 years. However, caution should be taken when making direct comparisons between the two sectors since the composition of their workforces contributes to the earnings gap between them.

This section compares the changes recorded in each sector and looks at the real earnings for each section.

Figure 1: Annual index¹ of real weekly earnings in the public and private sectors for full-time employees in NI, April 2018 to April 2023

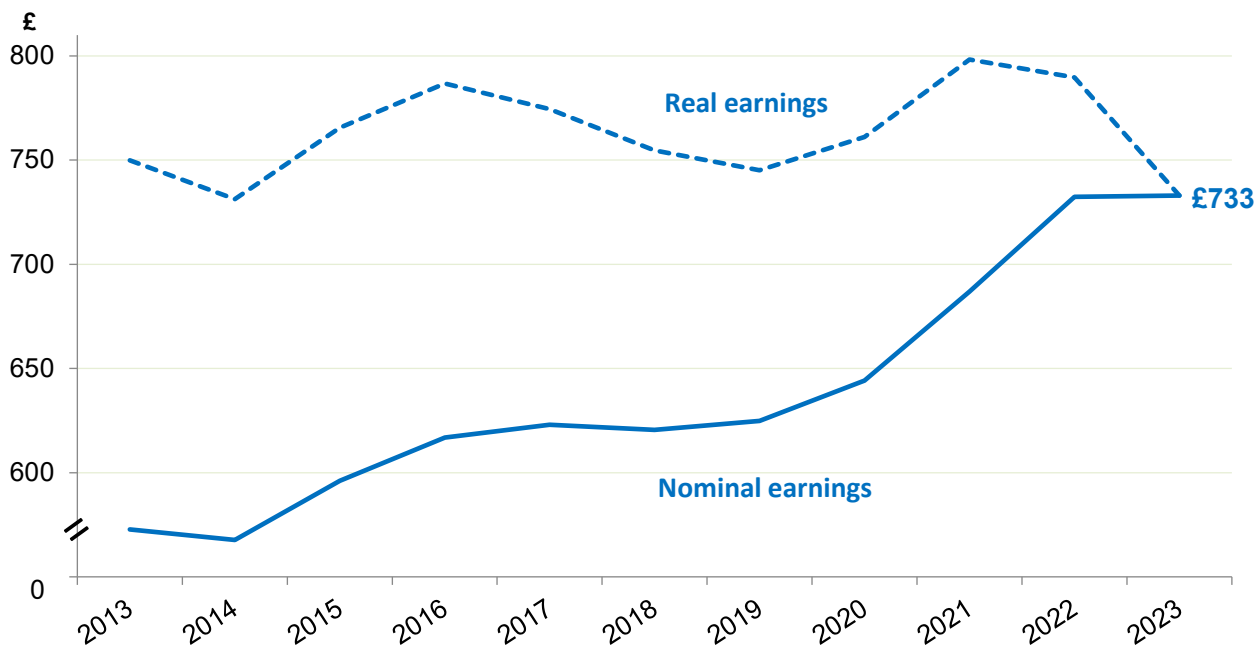


Note: Non-zero axis

¹ An index value is a convenient form of expressing a series in a way that makes it easier to see changes in that series. The numbers in the series are expressed relatively, in this case the weekly earnings in 2018 are chosen to be the 'base' (expressed as 100) and other weekly earnings values being measured relative to this base.

Figure 1 presents the inflation adjusted earnings (real earnings) for full-time employees in the NI public and private sectors between 2019 and 2023 relative to the 2018 estimate. This shows the comparative change within the two sectors over the last five years. While it is clear that the public sector fared better during covid, the two series were relatively similar until the most recent year. In 2023, real earnings in the private sector were 6% above 2018 levels, while in the public sector they were around 3% below real earnings recorded in 2018.

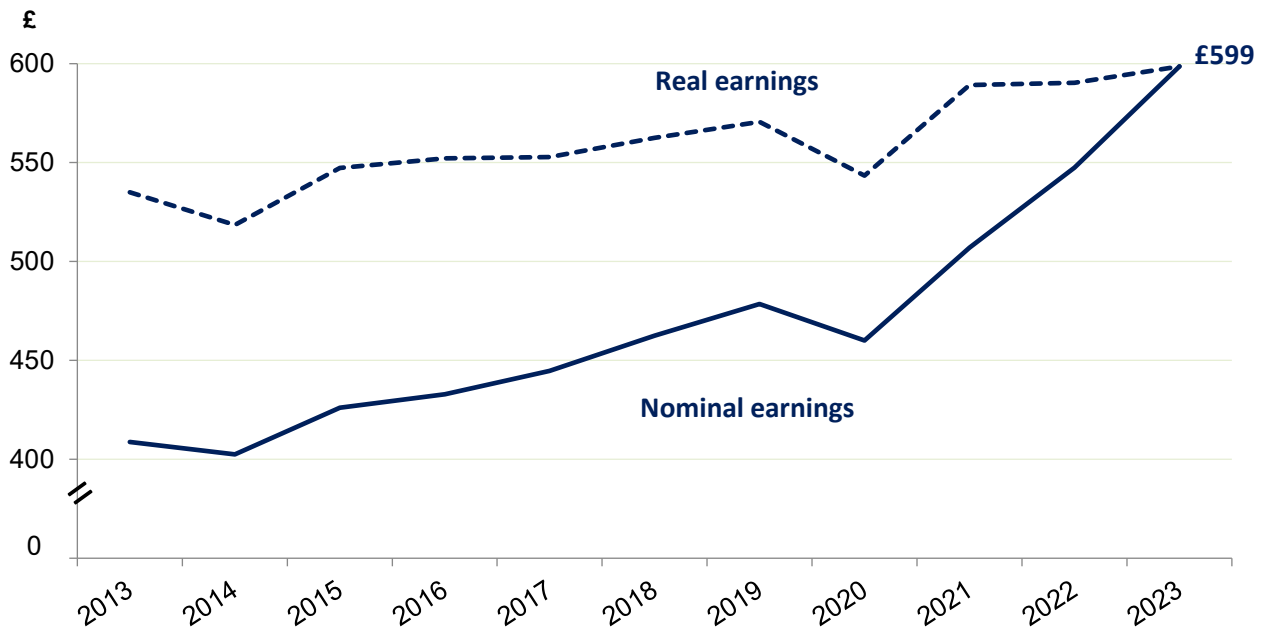
Figure 2: Nominal and real median gross weekly earnings for full-time employees in the public sector in NI, April 2013 to April 2023



Note: Non-zero axis

Estimated real weekly earnings in the public sector have been plotted in Figure 2 above alongside the actual estimates (nominal earnings) from 2013. While there was an upward trend in actual earnings in the public sector over the last decade, real earnings have been much more changeable. The Real earnings in the public sector peaked in 2021 (£798) and are currently the second lowest on record (£733), just above 2014 levels (£731). Real earnings in the public sector in 2023 were £17 (2.3%) below those in 2013 (£750).

Figure 3: Nominal and real median gross weekly earnings for full-time employees in the private sector in NI, April 2018 to April 2023



Note: Non-zero axis

When weekly earnings in the private sector are adjusted for inflation to give the real earnings, they follow a very similar trend to private sector nominal earnings as shown in Figure 3. Apart from the small drop in earnings in 2014 and the more substantial one in 2020 due to furlough, both nominal and real earnings in the private sector have been on an upward trend for the last decade. By 2023, private sector earnings were £64 (12%) above 2013 real earnings (£599 compared to £535).

3 Public and Private Sector Composition

Some of the difference between earnings in the NI public and private sectors, both in NI and the UK, may be due to differences in the composition of the respective workforces. For example, many of the lowest paid occupations, such as bar and restaurant staff, hairdressers, elementary sales occupations and cashiers, exist primarily in the private sector, while there is a larger proportion of graduate-level and professional occupations in the public sector.

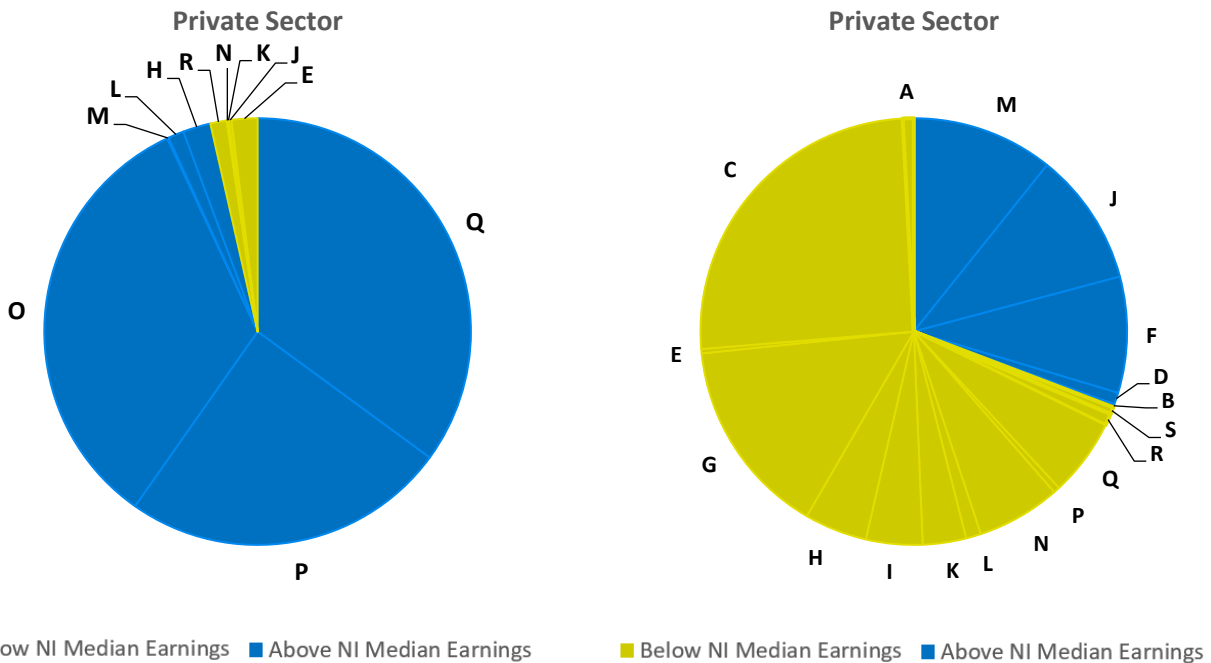
In order to better understand the differences, this section provides a closer look at the characteristics of each workforce, and the average earnings for certain groups which are prevalent within a particular sector or group.

Further details on public sector employees can be found at [Who works in the public sector?](#)

3.1 Industry

Industry: Results are collated using the 2007 Standard Industrial Classification (SIC07).

Figure 4: Proportion of full-time employee jobs in the public and private sectors in NI by industries above and below NI median earnings, April 2023



Note: Industry categories can be found in Table 1

When considering the composition of the two sectors in terms of industry, there are contrasting results between the proportion of employee jobs in industries which earn above the NI median (£641) in the public and private sectors as shown in Figure 4. While almost all (96%) of public sector employee jobs are within industries that have average earnings above £641, only 31% of private sector jobs are. More than half of public sector jobs were in the 'Education' and 'Public administration' industries in 2023. These two sectors are primarily made up of public sector workers and are two of the three highest earnings industries overall.

Table 1 shows the earnings across each industry in the public and private sectors. Across the majority of industries, average earnings in the public sector were higher than those in the private sector. However, when making direct industry comparisons, it should be noted that the number of public sector jobs will be minimal in the majority of industries with both public and private sector employees. Furthermore, occupation types may vary within industries when considering the two different sectors.

Table 1: Median gross weekly earnings for full-time employees in the public and private sectors in NI by industry, April 2023

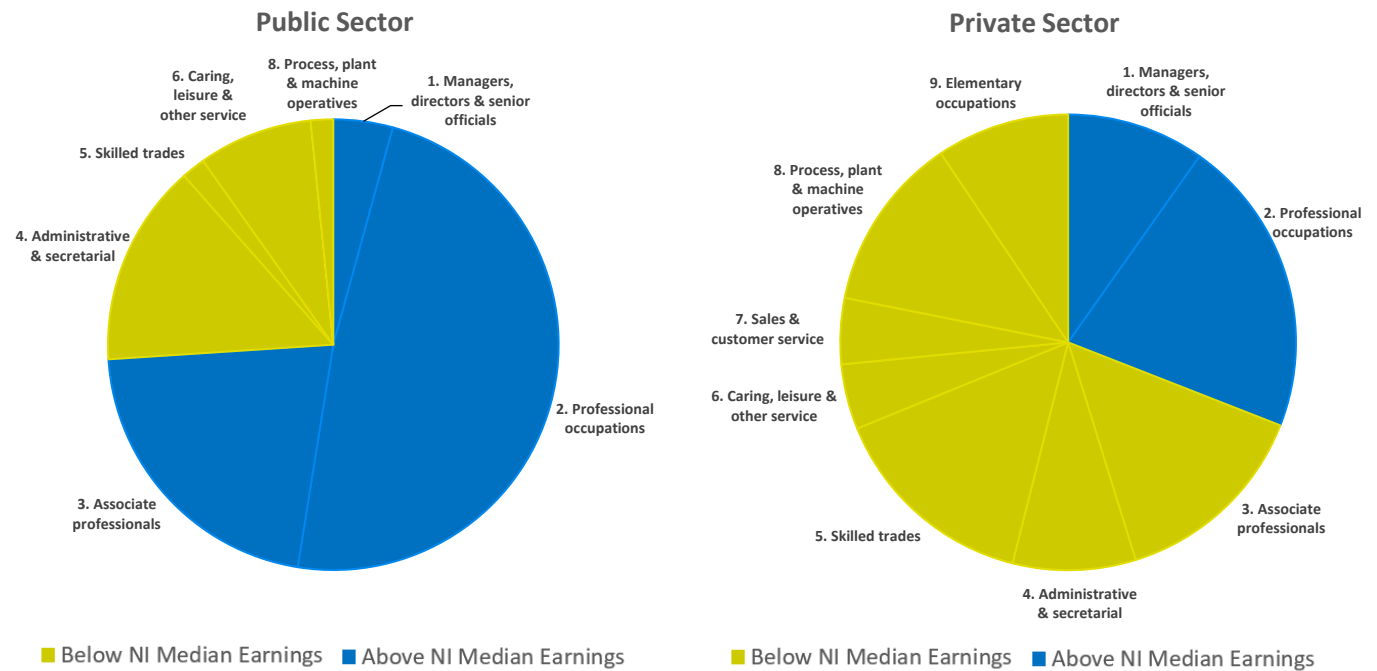
	Public Sector (£)	Private Sector (£)
A. Agriculture, Forestry and Fishing	x	534.9
B. Mining and quarrying	x	645.5
C. Manufacturing	x	611.3
D. Electricity, gas, steam and air conditioning supply	x	x
E. Water supply, sewerage, waste management and remediation activities	596.5	537.1
F. Construction	x	679.2
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	x	532.2
H. Transportation and storage	757.7	600.4
I. Accommodation and food service activities	x	452.2
J. Information and communication	x	767.9
K. Financial and insurance activities	x	622.6
L. Real estate activities	678.0	598.9
M. Professional, scientific and technical activities	x	652.7
N. Administrative and support service activities	x	533.4
O. Public administration and defence; compulsory social security	711.8	x
P. Education	787.6	x
Q. Human health and social work activities	704.3	484.2
R. Arts, entertainment and recreation	626.2	458.9
S. Other service activities	x	471.7

Note: X – Estimates are considered unreliable for practical purposes

3.2 Occupation

Occupation: Results are collated using the 2020 Standard Occupational Classification (SOC20).

Figure 5: Proportion of full-time employee jobs in the public and private sectors in NI by occupations above and below NI median earnings, April 2023



The two pie charts in Figure 5 above are shaded according to whether each of the occupation groups within the public and private sectors have earnings above or below the NI median (£641). According to the 2023 ASHE data, around half (47%) of public sector employee jobs were concentrated in the ‘Professional occupations’, which require more highly qualified staff or workers with more experience-related training (see Annex 1). ‘Professional occupations’ had the second highest full-time median earnings amongst public sector employees in 2023 (£827), almost £200 more than the overall median earnings for full-time employees in NI. ‘Managers, directors and senior officials’ and ‘Associate professional occupations’ in the public sector also earned above the NI median.

In contrast, private sector jobs are more evenly split across all occupation groups, with only the two highest earnings occupation groups, ‘Professional occupations’ and ‘Managers, directors and senior officials’, averaging more than the NI median.

While almost three-quarters (72%) of public sector jobs were in occupation groups earnings above NI median earnings, less than a third (31%) of private sector jobs were in an occupation group averaging more than £641. Furthermore, in all but one of the occupation categories, employees in the public sector were likely to earn more, on average, than those in the private sector. Table 2 presents the earnings across each of the occupation groups in both sectors.

Table 2: Median gross weekly earnings for full-time employees in the public and private sectors in NI by occupation, April 2023

	Public Sector (£)	Private Sector (£)
1. Managers, directors and senior officials	1,129.6	973.4
2. Professional occupations	827.2	821.6
3. Associate professional occupations	760.1	632.4
4. Administrative and secretarial occupations	498.6	498.3
5. Skilled trades occupations	528.5	580.2
6. Caring, leisure and other service occupations	465.7	455.6
7. Sales and customer service occupations	X	444.3
8. Process, plant and machine operatives	576.5	560.7
9. Elementary occupations	495.9	458.9

Note: X – Estimates are considered unreliable for practical purposes

3.3 Skill Level

Occupation: Results are collated using the 2020 Standard Occupational Classification (SOC20). SOC20 classifies jobs into groups according to the concepts of 'skill level'.

Skill Level: is defined with respect to the duration of training and/or work experience recognised in the field of employment concerned as being normally required in order to perform the activities related to a job in a competent and efficient manner.

Skill levels are developed by collating occupation groups (see Annex 2) and approximating the length of time necessary for a person to become fully competent in the performance of the tasks associated with a job. Level 1 relates to the lowest level and thus is the lowest earning group, while Level 4 indicates the highest level of skills and relates to 'Corporate managers and directors' and 'Professional occupations', thus is the group with the highest earnings. Further information on skills level criteria can be found on the [NISRA website](#).

Figure 6: Proportion of full-time employee jobs in the public and private sectors in NI by skill level, April 2023

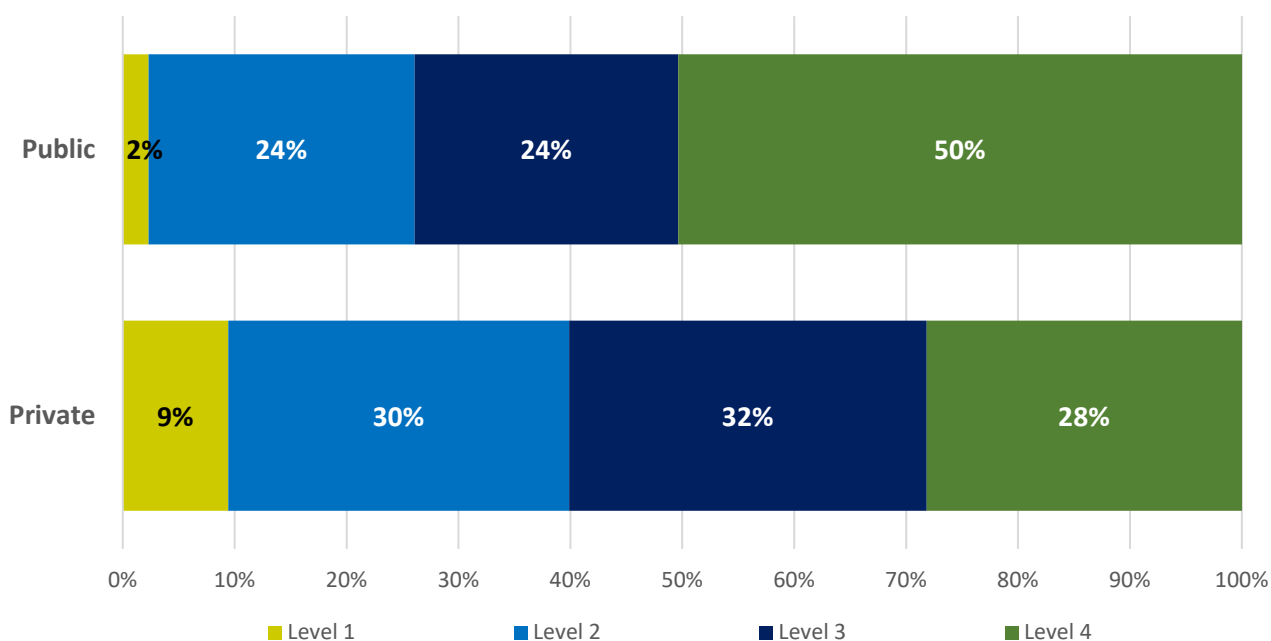


Figure 6 shows the breakdown of skills across all employee jobs in the public and private sectors. The private sector has a greater proportion of employees with Level 1 skills (9% compared to 2% in the public sector), with similar proportions across the other three levels (between 28% and 32%). Although private sector employees with skill level 4 earn more than those with skill level 4 in the public sector (£862 compared to £836), half of employees (50%) in the public sector are employed at this level compared to 28% in the private sector.

Annex 1: Major occupational groupings

Major group	General nature of qualifications, training and experience for occupations in the major group
Managers, Directors and Senior Officials	A significant amount of knowledge and experience of the production processes and service requirements associated with the efficient functioning of organisations and businesses.
Professional Occupations	A degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training.
Associate Professional and Technical Occupations	An associated high-level vocational qualification, often involving a substantial period of full-time training or further study. Some additional task-related training is usually provided through a formal period of induction.
Administrative and Secretarial Occupations	A good standard of general education. Certain occupations will require further additional vocational training to a well-defined standard (e.g. office skills).
Skilled Trades Occupations	A substantial period of training, often provided by means of a work based training programme.
Caring, Leisure and Other Service Occupations	A good standard of general education. Certain occupations will require further additional vocational training, often provided by means of a work-based training programme.
Sales and Customer Service Occupations	A general education and a programme of work-based training related to Sales procedures. Some occupations require additional specific technical knowledge but are included in this major group because the primary task involves selling.
Process, Plant and Machine Operatives	The knowledge and experience necessary to operate vehicles and other mobile and stationary machinery, to operate and monitor industrial plant and equipment, to assemble products from component parts according to strict rules and procedures and subject assembled parts to routine tests. Most occupations in this major group will specify a minimum standard of competence for associated tasks and will have a related period of formal training.
Elementary Occupations	Occupations classified at this level will usually require a minimum general level of education (that is, that which is acquired by the end of the period of compulsory education). Some occupations at this level will also have short periods of work-related training in areas such as health and safety, food hygiene, and customer service requirements.

Annex 2: Skill levels and the sub-major group structure of SOC2010 and SOC2020

Skill Level	Sub-major groups of SOC2020	
Level 4	11	Corporate managers and directors
	21	Science, research, engineering and technology professionals
	22	Health professionals
	23	Teaching and other educational professionals
	24	Business, media and public service professionals
Level 3	12	Other managers and proprietors
	31	Science, engineering and technology associate professionals
	32	Health and social care associate professionals
	33	Protective service occupations
	34	Culture, media and sports occupations
	35	Business and public service associate professionals
	51	Skilled agricultural and related trades
	52	Skilled metal, electrical and electronic trades
	53	Skilled construction and building trades
54	Textiles, printing and other skilled trades	
Level 2	41	Administrative occupations
	42	Secretarial and related occupations
	61	Caring personal service occupations
	62	Leisure, travel and related personal service occupations
	63	Community and civil enforcement occupations
	71	Sales occupations
	72	Customer service occupations
	81	Process, plant and machine operatives
	82	Transport and mobile machine drivers and operatives
Level 1	91	Elementary trades and related occupations
	92	Elementary administration and service occupations