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**HOUSEHOLD INCOME & EXPENDITURE  
IN TYNE & WEAR**

**2006**

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## KEY POINTS

This report presents information on the household incomes, ownership of durable goods and expenditure of residents in Tyne & Wear. It highlights the overwhelming evidence that incomes of residents in Tyne & Wear are among the lowest in the UK. Guidance on the use of the indicators is given (§1), with the ID (Indices of Deprivation) Income Domain as an alternative measure of people on low incomes. Seven indicators have been examined, mainly relating to typical incomes, not the lowest incomes (§2):

- **Household Disposable Income (HDI) per head** in the North East was the lowest of any UK region in 2005, **standing 14% lower than the UK** (§3). Source: ONS Economic Trends.
- **Household Income per household is about 24% below the UK average in the North East**, at £455 gross per week (or £23,660pa). The North East has the lowest household income of all UK regions (§3.2). Source: Expenditure & Food Survey, (EFS) 2005/06. [The difference from HDI is due to smaller average household size.]
- **Earnings for full-time employees at workplaces in Tyne & Wear are 11% below the average for the UK in 2006 (NE 13%)** (§3.2). These relate to workplaces, not residents. Source: Annual Survey of Hours and Earnings, (ASHE) 2006.
- Tyne & Wear's mean **Personal Income**, or taxable income, was among the lowest in the UK (§3.4). Sunderland had the lowest personal income among Districts in TW at £17,700, or 78% of the UK. These estimates of Personal Income are subject to a wide margin of error. Source: Inland Revenue Statistics 2004/05.
- **Household Income by ward** (2000/01 estimates from ONS). (§3.5) These are on the Neighbourhood Statistics website (Appendix 3).
- Estimates of household incomes for 2004 show very low levels for Tyne & Wear (§3.5). Source: CACI Wealth of the Nation report (2004) and *PayChecks* (§3.6).
- High proportions of adults are in '**financial distress**' in Tyne & Wear Districts. Source: Experian. [Experian's report, *A Divided Britain* (1999) is based on the financial classification system, Financial Strategy Segments (FSS)].

Lower than average household income is a function (§3.2) of:

- Low 'employment rates' (Tyne & Wear is about 4.3 percentage points below the UK) [APS July 2006 –June 2006];
- Low earnings (about 11% below UK average in TW, 13% in NE) [2006];
- An age structure with relatively more people beyond working age.

**North East households obtain less of their (gross) income from work (70%) than in the UK (76%)** (§3.3). This is largely due to a low contribution from self-employment, 5% (UK 8%). **Conversely, NE households obtain about 1½ times as much of their income from Social Security Benefits (20%) as in the UK (13%).** Source: Expenditure & Food Survey, 2005/06.

Of all the regions, the **North East has the highest proportion of SOAs<sup>2</sup> (38.1%) which fall in the most deprived 20% of SOAs** in England. (§3.7) Source: Indices of Deprivation 2004 (ID 2004).

<sup>1</sup> FSS classifies the population of Great Britain by seven broad groups and thirty-one financial types according to the types of financial services consumed. Further information on FSS can be found on the Experian website under Business Products and Services>Micro Marketing Data at [www.experian.co.uk](http://www.experian.co.uk)

<sup>2</sup> (Lower-level) Super Output Areas, with an average population of about 2,000 people

**‘Total expenditure’<sup>3</sup> by North East households is the lowest of any UK region at £352 pw (or almost £18,300pa) (§4.1).** This is around 18% (£80pw or £4,160pa) less than the UK average. This is narrower than the income gap of 24%.

Spending on **‘Housing’**, which includes mortgage interest payments and council tax etc., in the North East, at £32.20, is the lowest in all the Government Office Regions and around 30% lower than the UK average of £45.90. For the first time TWRI has generated an estimate of the average size of mortgage. The estimated average mortgage size in the North East is around £64,520.

Living standards are relatively low in real terms. **Ownership of consumer durables** provides an indicator of real living standards (§6). The North East’s relatively low living standards show particularly in its ownership of four durables:

- Dishwashers – at 20%, was the lowest for any region and 13 percentage points less than the UK
- Cars – 62% of households owned a car (or van) compared to 75% in the UK.
- Home Computers and Internet Connections – 57% and 44% respectively, both were 5-8 percentage points lower than the UK.

*Note: The above comparisons are with the UK. Comparisons, instead through time, for the UK, show real incomes have risen by about a third since the early 1990s, and broadly doubled since the 1970s.*

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<sup>3</sup> Note: ‘Total expenditure’ includes mortgage interest payments and council tax.

## 1. GUIDANCE ON USE OF INCOME INDICATORS

This page suggests appropriate uses for the various indicators. Table 2.1 gives the strengths and weaknesses of each income indicator. The indicators in this report relate to averages (except ID). They measure *typical* incomes rather than measuring the numbers below certain income levels. They are not well-suited to identifying this aspect of poverty.

**Household Disposable Income** (HDI) per head is conceptually the best indicator because it captures all sources of income. Its main drawback is that it is years before it is available. It is suitable for measuring differences in levels and for long-term analysis, as in TWRI's *Economic Trends in Tyne & Wear*.

**Earnings** is the most statistically robust measure, suitable for policy monitoring purposes over five years or so and available within a year of the event, giving local information. This is also, by far, the largest component of HDI. Earnings trends can be combined with changes in the "employment rate" (§3.2) to estimate income from employment.

The **Expenditure & Food Survey** (EFS) provides the only data on household expenditure. It thus includes expenditure financed from spending out of capital/wealth (important for people on very low or zero incomes).

**Personal Income** is the least useful measure, because it is not statistically robust. Nevertheless, in careful conjunction with other evidence it can be used.

The **ID income domain** should be suitable for identifying Super Output Areas (SOA) with the greatest poverty. It directly counts the number of people (including children) dependent on one of the four means-tested benefits. This produces estimates of the proportion of people deprived of a reasonable income.

The DWP has an annual publication "Households Below Average Income" (HBAI). Based on the Family Resources Survey, this series presents information on living standards as determined by disposable income in 2005/06, on changes in income patterns over time and on income mobility. This data is only available at regional level; at SOA level the ID's proportion of people income-deprived is likely to become the standard indicator of low incomes.

Other "income indicators" not covered in this report:

**GVA per capita** is a measure of the productivity of an economy. It is a poor measure of income below regional-level because it is seriously distorted by commuting effects. The Office for National Statistics (ONS) divides the GVA created in Tyne & Wear (including that by net in-commuters) by the *resident* population. The GVA per capita estimates thus over-state the prosperity of Tyne & Wear. In Tyne & Wear's case this over-statement of prosperity is probably at least 7 percentage points.

It is good practice to use several indicators. A small number of indicators, each with a decent time series (at least seven data points normally), provides a good basis for judgement. The TWRI report *Economic Trends in Tyne & Wear* (published in 1998, on the TWRI website) provides the most thorough analysis of trends. It also shows that, relative to the UK, income indicators moved in the opposite direction (downward) from GDP per capita (upward) for the best part of a decade to 1993. Between 1993 and 1998, available income indicators suggested further relative deterioration.

## 2. INTRODUCTION

This report is based mainly on the Expenditure & Food Survey (EFS), which presents information on household incomes, household expenditure and ownership of durable goods. The report also includes data from four additional sources:

- earnings (from the Annual Survey of Hours and Earnings, ASHE),
- “personal income” (from HMRC),
- household income (and household disposable income) from ONS,
- financial hardship (from Experian).

**Table 2.1: Source of data on Incomes and Expenditure; Summary of Features**

Source	Lowest Geographical Level	Strengths	Weaknesses
Expenditure & Food Survey (EFS) from National Statistics	Region, North East	Expenditure as well as income. Gives income by type. Family Spending has included a section on 'equivalised income' since 2004.	Small sample. Per household (therefore comparisons affected by changes in or differences in household size)
Household Disposable Income (HDI) from National Statistics	County, Tyne & Wear Now produced at NUTS levels. NUTS2 = Northumberland and Tyne & Wear.	Includes the effect of direct taxes. Per head (not affected by household size).	Long delay before release (sometimes up to three years)
Annual Survey of Hours and Earnings (ASHE)	District	The most robust series (at Tyne & Wear level). Recent (2006). Men and women separately.	Only covers earned income of employees, i.e., excludes self-employed, investment income, pensions and benefits.
Personal Income (from HMRC)	District	Medians as well as means. Income by type (self-employment, employment total).	Personal income excludes non-taxable income. Extremely rough estimates (wide confidence interval).
Household Income - estimates by ONS (on Neighbourhood Statistics website)	Ward (only)	Ward-level	Modelled estimates 2001/02 <sup>4</sup> Experimental data
Experian	Postcode sector Ward	Local. Allows identification of different types of financial hardship.	No estimate of income (in £). Partly based on Census 1991.
Household Income (from CACI PayChecks)	Ward	Local. Recent (PayCheck has now been updated to model incomes for the year 2005).	Modelled estimates. No confidence intervals published.

Source: *Tyne & Wear Research and Information.*

Note: 'Equivalised income' makes allowance for differences in the composition of households.

Data on incomes is of patchy quality. At District-level and below the data are of poor quality. Regrettably, the 2001 Census of Population did not include an income question. Nevertheless there are seven sources available which have different strengths and uses.

The first three sources (in Table 2.1) are official data from the Office for National Statistics (ONS). The last three sources are much less transparent, but are presented for completeness. The Inland Revenue's estimates of Personal Income are statistically unreliable. The District means (averages) of personal income are less than 95% certain to fall within + or – 25% of the stated estimates.

<sup>4</sup> Note: Due to the use of differing geographical boundaries and data sources, the 2001/02 estimates are not comparable with the 1998/99 estimates



The two commercial sources, CACI and Experian, provide estimates down to small areas (for a fee). CACI *PayCheck* estimates of household income at County, District and Postal Town-level are based on records from 4m households and modelled relationships. Experian estimates the proportion of resident (adults) who are in financial hardship on the basis of cluster analysis.

The Annual Survey of Hours and Earnings (ASHE) is the most statistically robust of the six sources and earnings make up the majority of household income (around 65% in the North East in 2005/06<sup>5</sup>). The sample is sufficient to accurately measure change over short periods of a few years. The ASHE collects information on levels, distribution and make-up of earnings for a one per cent sample of employees who are members of PAYE income tax schemes. TWRI's report *Earnings in Tyne & Wear, 2006* covers these data in detail.

The Expenditure & Food Survey (EFS) estimates household income, which makes it conceptually one of the best sources. It is also the only official source of *expenditure* data for households. The EFS is much less statistically robust than the earnings data, because the sample size is significantly smaller.

This report focuses on average households, not households in poverty. The report should thus not be used as a source of indicators on deprivation (except for the estimates of financial hardship).

This report does not cover GVA per capita because this is a measure of productiveness not prosperity:

- Gross Value Added (GVA) is a measure of economic output (not the incomes of households). ONS recognises this in its Regional Competitiveness Indicators.
- GVA includes profits which do not necessarily accrue to the area in which they are made.
- ONS estimates are distorted by commuting, producing high figures for areas with high in-commuting such as cities.

ONS have produced regional indices of prices for 2004 (Economic Trends, Feb 2005). The North East is amongst the cheapest UK regions for all products, alongside Wales and Yorkshire & Humberside.

An ONS report (May 2007 available for download on NSO), *The effects of taxes and benefits on household income 2005/06*, examines how taxes and benefits redistribute income between various groups of households in the UK. It reports on how Government intervention, through taxes and benefits, alters the incomes of households. In general, households in the top half of the distribution pay more in taxes than they receive in benefits while the reverse is true in the lower half. Taxes and benefits therefore tend to reduce the differences between households' incomes.

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<sup>5</sup> Source: *Expenditure and Food Survey, 2005/06*, ONS (Crown Copyright).

**Table 2.2: Income Comparisons with the UK**

	<b>Comparison with UK</b>	<b>Rank</b>
<u>Gross Weekly Household Income</u> From EFS 2005/06	NE 24% below the UK	Lowest UK region
<u>Household Expenditure</u> From EFS 2005/06	NE 18% below UK	Lowest UK region.
<u>Household Disposable Income per head</u> 2005 From NS' Economic Trends	TW 14% below UK in 2005	Lowest UK region
<u>Personal Income</u> From HMRC 2004/05 (latest)	TW 18% below UK in 2004/05	Lowest county in UK 2004/05
<u>Full-time Earnings</u> From ASHE 2006	TW 11% below GB, (NE 13% below)	TW average earnings rank 60 <sup>th</sup> among (87) Eng. counties, Mets. and UAs
<u>Financial Hardship</u> From Experian	16 percentage points more of the adult population than in GB	n.a. District ranks only
<u>Household Income</u> From CACI PayChecks 2005	TW, Districts	To be obtained.

Source: Tyne & Wear Research and Information

Note: for CACI Paycheck information, contact NERIP.com

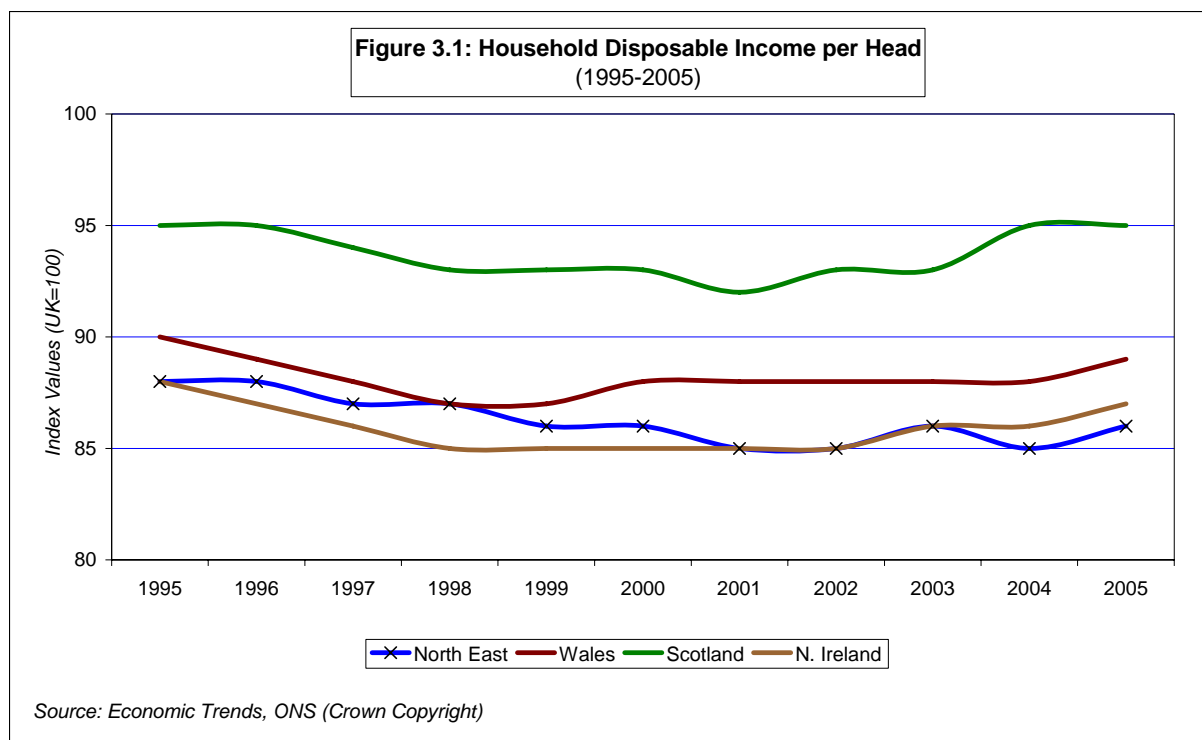
### 3. TOTAL HOUSEHOLD INCOME

This report largely presents data on incomes, although §3.2 presents data from ASHE on earnings. It is important to note that household income refers to a wider concept than earnings as it includes social security, pensions, investment income and self-employment income.

#### 3.1 Household Disposable Income (HDI) per head

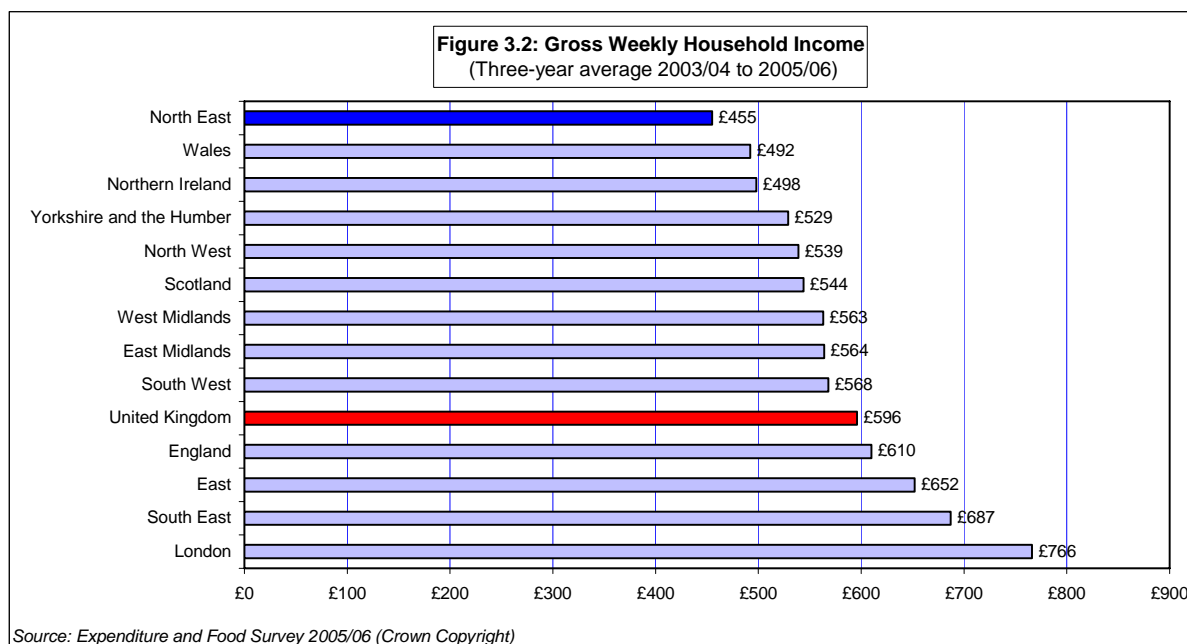
In 2005, North East Household Disposable Income (HDI) per head at £11,400 was 86% of the UK average, the lowest of all the UK regions. As Figure 1 shows, North East HDI fell steadily from 1995 to 2002, showing a slight recovery in 2003 and 2005. Welsh HDI remained at 88% of the UK from 2000 to 2004, rising slightly in 2005 to 89%. Northern Ireland's HDI remained at 85% of the UK 1998-2002 and rose to 86% in 2003 (which was maintained in 2004) and then to 87% in 2005. Scottish HDI has continued to rise steadily since 2001 achieving 95% of the UK in 2004 (and maintained in 2005).

HDI is measured after the effect of direct taxes, national insurance and pension contributions. The (mildly) re-distributive effect of the tax system tends to narrow the range of HDI index values compared with those for Household Income. HDI only captures the effect of direct taxes. Indirect taxes have to be paid out of HDI and their incidence is regressive.



#### 3.2 Household Income *per household* (Gross weekly household income)

The Expenditure & Food Survey (EFS) showed that averaged over the three years to 2005/06, the North East had the lowest household income of all UK regions, 24% below the UK average (Figure 3.2). North East average weekly household income, at £455pw (or £23,660pa) was £140pw or £7,330pa lower than the UK and 41% (£311pw, £16,200pa) lower than in London.



Throughout the mid-1990s, household income in the North (not North East) was around 18% below the UK average. By the late 1990s, the gap for the North East was around 19%, and by the early years of this decade it was around 21%. Caution: The EFS estimates are subject to quite wide sampling error because of the small sample size. The EFS sample is too small to generate estimates with narrow confidence intervals, necessary to identify trends. The levels of these index figures, however, largely corroborate the Household Income and HDI index values (on the previous page).

**Table 3.1: Gross weekly household income 1991 to 2005/06**

	North (£)	UK (£)	North % of UK
1991	275.70	347.17	79%
1992	285.05	342.93	83%
1993	291.09	353.03	82%
94/95	303.95	369.25	82%
95/96	337.62	380.89	89%
96/97	329.53	396.86	83%
	North East (£)	UK (£)	NE % of UK
96/97	321.33	396.86	81%
97/98	339.00	421.00	81%
96/7-98/9	357.00	430.00	83%
97/8-99/00	363.00	455.00	80%
98/9-00/01	379.00	480.00	79%
01-02*	489.00	547.00	89%*
01/02-02/03	477.00	546.00	87%
01/02-03/04	458.00	554.00	83%
02/03-04/05	454.00	574.00	79%
03/04-05/06	455.00	596.00	76%

Source: Family Expenditure Survey (1991 - 2001/02) replaced by Expenditure and Food Survey 2001/02-2002/03 onwards: Office for National Statistics (Crown Copyright)

\*Caution: This (high) estimate is from only one year's sample, and so is subject to a much wider confidence interval than the 3-year estimates.

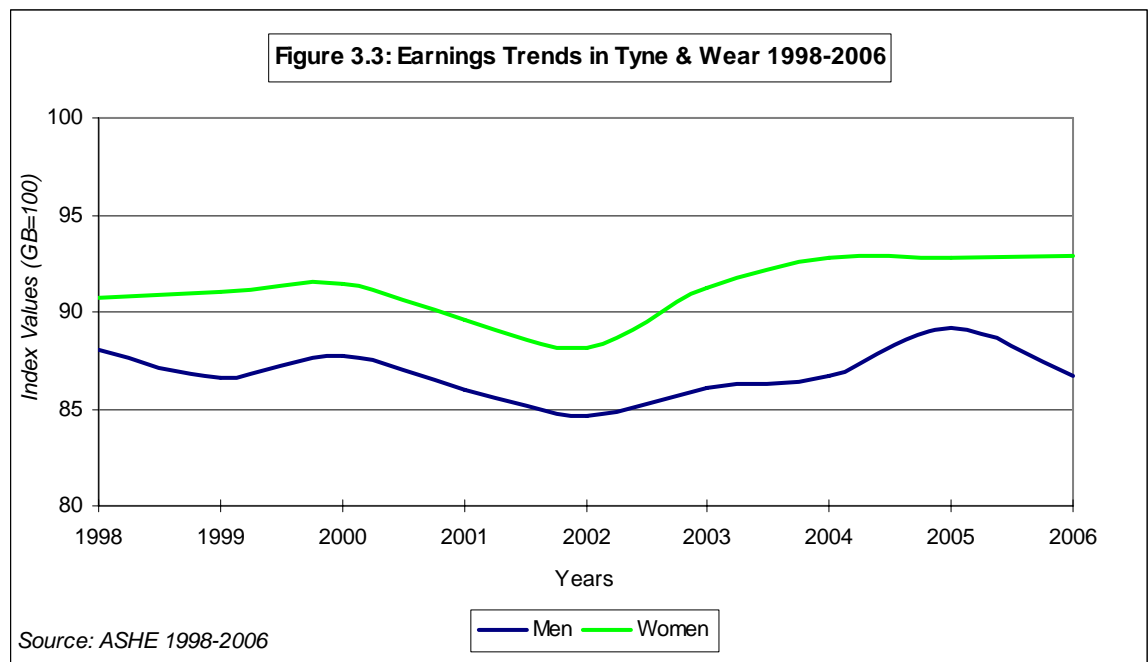
The household income gap of 19.3% (unweighted), the average for the years since 1997/98 (to allow for comparison with earnings) is wider than the earnings gap (which is about 13%)<sup>6</sup>. This highlights the fact that the North East's low incomes are not just due to low earnings. They are made worse by a number of other factors including:

- The low 'Employment Rate' (about 3.4 percentage points below the UK average. Tyne & Wear is 4.3 percentage points below the UK average. Source: APS July 2005-June 2006)<sup>7</sup>.
- Low Earnings (about 13% below the UK average) for those in work.
- An age structure with relatively more people beyond working age.

These reasons for low incomes are partly offset by state benefits (20% of income, UK 13% - EFS 2006), but only partly. Not only has the North East an employment rate which is 3.4 percentage points below the UK average, but its share of income from benefits is 7 percentage points above the UK average. The North East's dependence on state benefits is a huge weakness for two reasons:

- Benefits tend to be lower than earnings; and
- They generally do not rise with the growth of the economy (as earnings tend to), instead being linked only to prices. This drags the region further and further behind with time. Since 1997, however, some state benefits, notably Child Benefit, have been raised in real terms. Also Working Families Tax Credit (WFTC), introduced in October 1999, and other tax credits, may well have raised the North East's income from benefits more rapidly than in the UK.

Compared with Great Britain, between 1998 and 2002 Tyne & Wear earnings declined by about 3%. (Figure 3.3). Women's earnings declined less steeply than men's in this period. In 2004 this decline reversed sharply and women's earnings improved to 93% in relation to Great Britain, and this level was maintained in 2005 and 2006. Men's earnings rose sharply, by 2.5 percentage points to 89% in 2005, but then fell by 2.5pp in 2006. Full details are given in TWRI's report *Earnings in Tyne & Wear, 2006*.



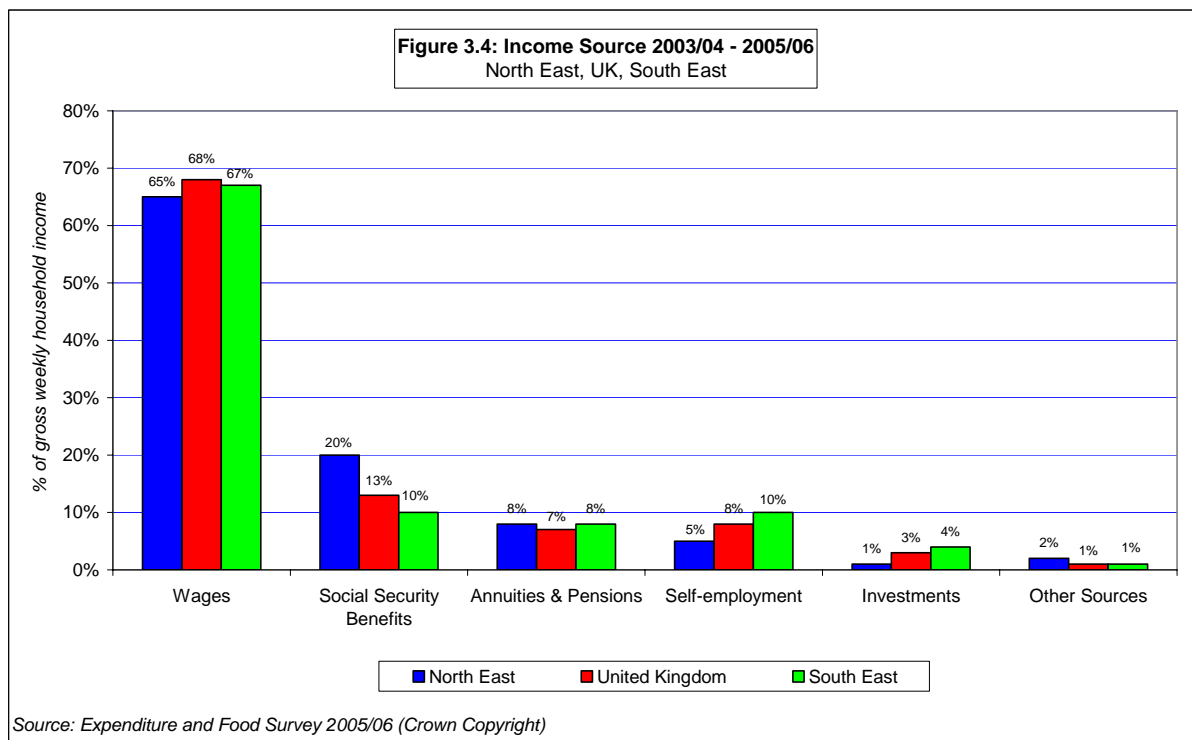
Caution: Estimates of earnings are subject to sampling error. Estimates for Tyne & Wear have a coefficient of variation of 5% or less

<sup>6</sup> The comparison is not perfect because earnings have to be compared with GB rather than the UK, but this will make very little difference.

<sup>7</sup> The 'employment rate' is the proportion of the population of working age (PWA, i.e., aged 16-59/64) who have a job. This is a key measure used by the European Commission and others. It picks up 'hidden unemployment'.

### 3.3 Sources of Income

Sources of income vary widely between regions with the exception of the proportion from 'other sources', 1-2% in all areas, and 'annuities & pensions', 7-8% in all areas (Figure 3.4). The proportion from wages, or self-employment, in the North East at 70% is 6pp lower than in the UK (76%). The North East is very low on income from self-employment, at 5%. Conversely, the North East obtains one-and-a-half times the proportion of its income from benefits (20%) compared to the UK (13%) and twice the proportion in the South East (10%).



### 3.4 Inland Revenue Personal Income

Personal Income is taxable income. It is therefore a much narrower concept than household income. TWRI's view is that it is not a useful indicator. First, it excludes the following three categories of income:

- incomes of *people below the threshold* for income tax.
- those *state benefits which are non-taxable* (such as Incapacity Benefit and Sickness Benefit).
- income from *tax-exempt sources* (ISAs and their predecessors PEPs and TESSAs).

Secondly, the denominator used to calculate the statistics is the number of tax records (roughly the number of tax-payers). This denominator therefore excludes non-taxpaying adults and all children, unlike the Household Income per head figures in Section 3.1. Thirdly, the Inland Revenue personal income estimates are not statistically robust at District-level. They are based on very small samples with huge confidence intervals<sup>8</sup>. (Detailed estimates are given in Appendix 1 for information only).

Inland Revenue Personal Income has, however, two small advantages over, for example, earnings data. Firstly, it relates to residents (whereas the ASHE *residents* earnings series began only in 2002).

<sup>8</sup> Note: Personal Income normally excludes an individual's income if it was under £4,615 in 2003/04. Some records exist of people with incomes below the tax threshold. It has, however, been possible to adjust for these problems at the regional level. Details are given in Inland Revenue Statistics 2004.

Secondly, it includes self-employment income as well as earnings from employment (by which Inland Revenue mean employees).

Tyne & Wear's mean Personal Income was among the lowest in the UK in 2004/05. At £18,800 Tyne & Wear's mean Personal Income was also notably lower than the UK (£22,800) but only slightly lower than the North East (£19,100) (82% of UK, and 98% of NE).

It is striking that 'Personal Income from employment' of Tyne & Wear residents (£17,700) ranks lower than in Northumberland (at £19,200) and Durham (at £18,100). The ASHE workplaces 'Earnings of full-time employees' data show Tyne & Wear to be above both Northumberland and Durham. In other words, the Inland Revenue data reinforce the evidence in the ASHE that workplace earnings are higher than the earnings of residents in Tyne & Wear.

Within the Tyne & Wear Districts, Sunderland had the lowest mean Personal Income (£17,700) at only 78% of the UK. Personal Income in Gateshead and South Tyneside was similarly low at £18,100 and £18,200 respectively. North Tyneside achieved 84% of the UK's mean Personal Income at £19,200. Newcastle had the highest mean Personal Income at £20,700 or 91% of the UK.

### 3.5 Household Income (Estimated by Ward)

ONS have produced a series of model-based income estimates for wards in England & Wales. The estimates have been produced for 2001/02 using 2003 CAS ward boundaries [i.e., wards which pre-date the current '2004 wards']. Estimates are for four income types:

- Gross household weekly income (unequalised)
- Net household weekly income (unequalised)
- Net household weekly income before housing costs (equalised)
- Net household weekly income after housing costs (equalised)

Of all Tyne & Wear wards, South Gosforth (in Newcastle) has the highest gross weekly household income at £680pw (or £35,360 annually). Monkchester and West City in Newcastle also have the lowest gross weekly income at £280 (or £14,560 annually). Newcastle and South Tyneside wards have a broad range of gross weekly incomes ranging from £280pw to £680pw in Newcastle and £290pw to £580pw in South Tyneside. Detailed income estimates for Tyne & Wear wards are provided in Appendix 3.

[These estimates can be found on the Neighbourhood Statistics website. They are not yet fully accredited by ONS as a National Statistic; instead they are labelled Experimental Statistics]

### 3.6 CACI Estimates of Household Income

CACI estimates of household income reinforce the data discussed thus far. Unfortunately, CACI has refused to allow any release from copyright of any examples of their estimates. CACI's estimates are published as its *PayCheck* series. Their estimates are by £5,000 bands. Essentially, CACI's estimates are modelled from the linking of the following three elements; income data from 4 million market research forms (rolled forward where out-of-date), census data (1991) (claiming to use this to ED-level), and CACI's classification of residential neighbourhoods (ACORN). Where data are incomplete, proxy data are imputed (created from the known relationship between income and household characteristics in other areas). This procedure has produced low estimates of household income in the North East.

TWRI holds Summary Reports derived from the CACI estimates of household income. These are by £10,000 bands.

It is not possible to assess the accuracy of CACI's detailed estimates. (That could have been achieved by an income question in the Census). At county-level, however, they should tally with the ONS estimates of household income. One possible use of the CACI estimates is for implementing 'affordable housing' where average incomes may be more appropriate. For this it is helpful that estimates are available down to ward-level.

More information on CACI's *PayChecks* series is accessible through the CACI website at [www.caci.co.uk](http://www.caci.co.uk). This information is available through the following navigation: CACI Homepage > Marketing Solutions > Consumer Marketing > Data > Paycheck

Some information from CACI's Paycheck series is available from the NERIP website, NERIP.com

### 3.7 Indices of Deprivation 2004

The ID 2004 is a Super Output Area (SOA)-level measure of multiple deprivation<sup>9</sup>. Produced by the ODPM, the Indices of Deprivation 2004 have been constructed by Oxford University's Social Disadvantage Research Centre. ID 2004 is made up of seven Super Output Area-level Domain Indices and there are two supplementary Indices (Income Deprivation Affecting Children and Income Deprivation Affecting Older People).

The ID 2004 updates the ID 2000 in two ways, first more up-to-date data has been used; and second, new measures have been incorporated as improved data sources have become available. ID 2004 contains the following seven weighted 'domains' or 'dimensions' (Income Deprivation 22.5%, Employment Deprivation 22.5%, Health Deprivation & Disability 13.5%, Education, Skills & Training Deprivation 13.5%, Barriers to Housing and Services 9.3%, Crime 9.3% and Living Environment Deprivation 9.3%).

The purpose of the Income Deprivation domain is to capture the proportion of the population experiencing income deprivation in an area. ID 2004 essentially defines income deprivation as dependence on one of the following, Income Support, Job Seekers Allowance, Working Families Tax Credits (households whose equivalised income is below 60% of median before housing costs), Disabled Person's Tax Credit (households whose equivalised income is below 60% of median before housing costs), National Asylum Support Service supported asylum-seekers in England in receipt of subsistence only and accommodation support. In terms of income deprivation, Tyne & Wear has 301 SOAs (about half) in the most deprived quintile (most deprived fifth) of SOAs in England (the most deprived quintile is comprised of 6496 SOAs).

ID 2004 provides ranks of the most deprived SOAs for each domain index. These domain indices combine to give the overall ID 2004; Tyne & Wear has 14 of the 200 most deprived SOAs in England.

On the *Income* index, Newcastle has 14 of the 200 most deprived SOAs in England and two of these SOAs rank within the twenty most income-deprived SOAs. Of the other Tyne & Wear districts, Sunderland has two of the 200 most deprived SOAs in terms of income and South Tyneside, North Tyneside and Gateshead just one SOA.

In ID 2004, income deprivation is expressed as a percentage rate of people who are dependent upon the key means-tested benefits (Table 3.2 below, Income Support, JSA etc as stated above). The North East has 631 SOAs (of a total of 1656 North East SOAs) in the most deprived 20% of SOAs in England. Of all the regions in England, the North East has the highest percentage of SOAs falling within this worst 20% range at 38.1%.

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<sup>9</sup> ID 2004 results are all at Lower Super Output Area-level (except for the few district measures).



**Table 3.2: Tyne & Wear District's Average Income and Average IDAC Scores (%)**

	Average of SOA Income Scores (%)	Average of SOA IDAC Scores (%)
Gateshead	20.2	27.2
Newcastle	22.8	31.8
North Tyneside	17.5	23.2
South Tyneside	22.7	30.8
Sunderland	21.0	27.5

Source: *Indices of Deprivation 2004*

The averages of SOA Income Deprivation Affecting Children Scores shown in Table 3.2 are based on the latest index presented in ID 2004. The Income Deprivation Affecting Children (IDAC) Index shows that Newcastle has 10 of the 200 most deprived SOAs for child deprivation, followed by Gateshead, which has two, and Sunderland, which has one. North Tyneside and South Tyneside do not appear in the 200 most deprived SOAs for Income Deprivation Affecting Children.

DCLG launched a consultation in summer 2007 on proposals to update the English Indices of Deprivation 2004. The Index of Deprivation 2007 was released in December 2007.

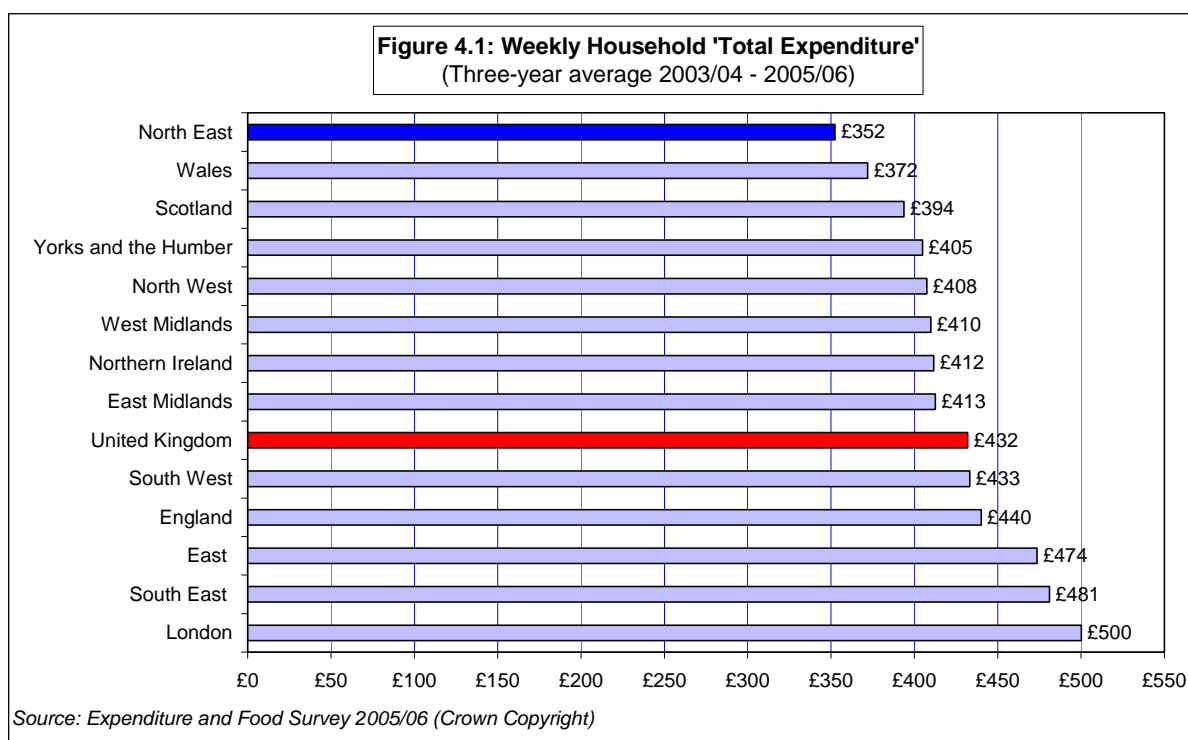
## 4. TOTAL HOUSEHOLD EXPENDITURE IN THE NORTH EAST

### 4.1 Expenditure 2005/06

The North East had the lowest weekly household expenditure of any region in the UK, measured as a three-year average to 2005/06 (Figure 4.1).

The percentage gap between the North East and the UK is narrower for 'total expenditure' (18%) than for income (24%).

North East average household weekly 'total expenditure' was £352 (£18,300pa) or £80 (£4,160pa) less than the UK average. London had the highest weekly spending, at £500 (£26,000pa), some 42% higher than the North East.



Note: Figures are for 'Total Expenditure' which includes 'Other Expenditure Items' consisting of Housing: mortgage interest payments, council tax etc. 'Other Expenditure Items' also includes; Licences, fines and transfers; Holiday spending.

### 4.2 Trends in Household Expenditure

Household expenditure in the *North*<sup>10</sup> remained stable between 1981 and 1996/97 at around 88% of the UK level (varying within about 4 percentage points of this level) (Table 4.1). In the North East household expenditure was around 85% of the UK in 1996/97 to 1998/99. However, in 1999/2000 and 2000/01 household expenditure in the North East fell by 3 then 4 percentage points to 81% of the UK. [This might have been due to the slow economic growth in the NE in 1999 and before the main impact of tax credits and tax increases – Ed.]

*Caution: it is not possible to make strong inferences from these data due to the small EFS sample sizes and consequent wide confidence intervals.*

<sup>10</sup> Before 1996/97, the regional data are for the Northern Region (i.e. North East plus Cumbria).

Table 4.1: Weekly Household Expenditure (1981-2006)

				Index	Indexed 1981=100	
	North	UK	Difference	NR÷UK UK=100	North	UK
1981	£109.94	£118.30	-£8.36	92.9	100	100
1982	£116.13	£129.64	-£13.51	89.6	106	110
1983	£119.00	£138.12	-£19.12	86.2	108	117
1984	£124.16	£146.52	-£22.36	84.7	113	124
1985	£131.16	£156.87	-£25.71	83.6	119	133
1986	£144.95	£170.39	-£25.44	85.1	132	144
1987	£150.21	£183.24	-£33.03	82.0	137	155
1988	£164.38	£196.44	-£32.06	83.7	150	166
1989	£191.68	£216.05	-£24.37	88.7	174	183
1990	£204.37	£236.07	-£31.70	86.6	186	200
1991	£210.52	£253.10	-£42.58	83.2	192	214
1992	£235.53	£271.83	-£36.30	86.6	214	230
1993	£245.94	£276.68	-£30.74	88.9	224	234
1994	£239.64	£283.58	-£43.94	84.5	218	240
1995	£258.20	£289.86	-£31.66	89.1	235	245
1996/97	£272.13	£309.07	-£36.94	88.0	248	261
				Index	Indexed	
				NE÷UK	1996/97=100	
	North	UK	Difference	UK=100	North	UK
	East				East	
1996/97	£264.88	£309.07	-£44.19	85.7	100	100
1997/98	£277.30	£328.80	-£51.50	84.3	105	106
3yr av. to 1998/99	£282.90	£332.60	-£49.70	85.1	107	108
3yr av. to 1999/00	£285.40	£348.20	-£62.80	82.0	108	113
3yr av. to 2000/01	£297.20	£365.80	-£68.60	81.3	112	118
<b>EFS Introduced in 2001</b>						
1yr av. 2001/02*	£348.30	£398.30	-£50.00	87.4	115	110
2yr av. to 2002/03*	£340.80	£400.30	-£59.50	85.1	112	111
3yr av. to 2003/04*	£335.70	£406.20	-£70.50	82.6	110	112
3yr av. to 2004/05*	£345.50	£419.60	-£74.10	82.3	113	115
3yr av. To 2005/06*	£352.30	£432.00	-£79.70	81.6	133	140

Source: Family Expenditure Survey and Expenditure and Food Survey, National Statistics (Crown Copyright)

The Index 1996/97=100 for these data refers to the total for 'All Expenditure Groups' (i.e., excludes mortgage interest etc.)

\*These figures represent a change in the data series as they are for 'Total Expenditure' (rather than 'All Expenditure Groups' as previously reported)

Total Expenditure' includes 'Other Expenditure Items' consisting of Housing: mortgage interest payments, council tax etc. It also includes Licences, fines and transfers; Holiday spending

Weekly 'total expenditure' in the UK increased by over £12 (3%) to £432.00 in the 3 years to 2005/06 (compared with the 3 years to 2004/05). North East expenditure rose by just 2%. These are very modest cash increases in spending.

## 5. EXPENDITURE BY CATEGORY

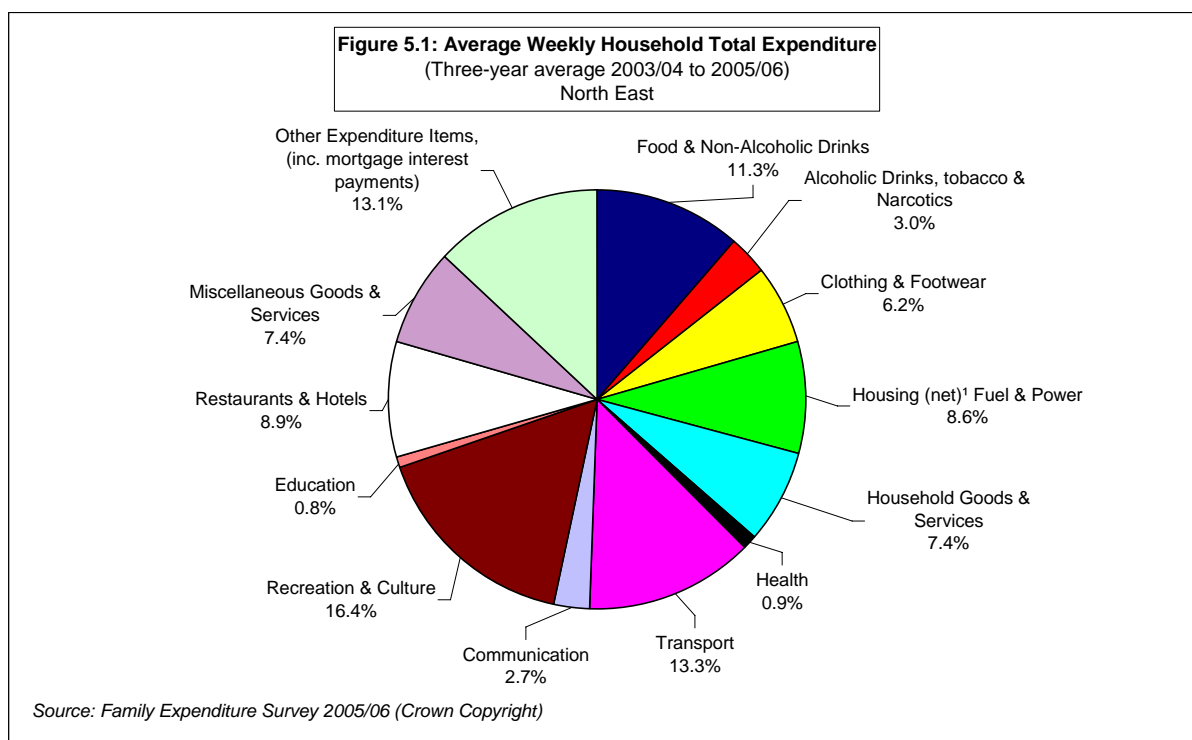
### North East Expenditure by Categories, 2003/04 - 2005/06

**Table 5.1: Average Weekly Expenditure by Categories, 2003/04 - 2005/06**

	NE (£)	UK (£)	Diff. (£)	NE (%)	UK (%)	Diff. (%)
Expenditure per household:	352.30	432.00	-79.70	100.00	100.00	0.0
Food and Non-Alcoholic Drinks	39.90	44.50	-4.60	11.33	10.30	1.0
Alcoholic Drinks, tobacco, narcotics	10.60	11.30	-0.70	3.01	2.62	0.4
Clothing and Footwear	21.70	23.10	-1.40	6.16	5.35	0.8
Housing (net) <sup>1</sup> Fuel and Power	30.30	41.20	-10.90	8.60	9.54	-0.9
Household Goods and Services	26.10	30.90	-4.80	7.41	7.15	0.3
Health	3.20	5.20	-2.00	0.91	1.20	-0.3
Transport	46.70	60.70	-14.00	13.26	14.05	-0.8
Communication	9.40	11.60	-2.20	2.67	2.69	0.0
Recreation and Culture	57.90	57.90	0.00	16.43	13.40	3.0
Education	2.70	6.10	-3.40	0.77	1.41	-0.6
Restaurants and Hotels	31.40	35.90	-4.50	8.91	8.31	0.6
Miscellaneous Goods and Services	26.10	34.40	-8.30	7.41	7.96	-0.6
Other Expenditure Items (inc. mortgage payments)	46.20	69.10	-22.90	13.11	16.00	-2.9

<sup>1</sup> Excluding mortgage payments, council tax and Northern Ireland rates

Source: Expenditure and Food Survey 2005/06, ONS (Crown Copyright)



#### Recreation & Culture 16.4%

Spending on Recreation & Culture at an average of £57.90 per week (UK £57.90), was the largest element of household expenditure. The proportion of spending at 16% was higher than in the UK (13%) (see Fig. 5.1 and Table 5.1). The main items in this category are holidays abroad, gambling, TV, video and computers, TV rental and licences, Internet, sports admissions and hobbies. Spending on gambling in the North East, at £5.10 is higher than in the UK (£3.70).

**Transport 13.3%**

Spending on Transport was the next largest category behind Recreation & Culture, at an average of £46.70 per week (UK £60.70). The proportion of spending, at 13% was lower than in the UK (14%). The average North East households spend £12.90 per week on petrol, diesel and motor oils (UK £16.20), and despite having the lowest rate for car ownership (see Table 6.1) spends £19.90 per week on new or second hand cars or vans (UK £25.10).

**Other Expenditure Items [inc. Mortgage Interest Payments] 13.1%**

The proportion of spending on Other Expenditure Items (including mortgage interest payments), at 13.1% was considerably lower than in the UK (at 16%). An average of £46.20 was spent in the North East (UK £69.10). The main item in this category is spending on Housing, which includes mortgage interest payments, council tax etc. (It also includes; Licences, fines and transfers; Holiday spending; and Money transfers and credit.)

Spending on Housing (including mortgage interest payments and council tax), at £32.20 in the North East (UK £45.90), equates to £1,674.40 annually. Assuming that just under two-fifths (37.9%)<sup>11</sup> of North East households have a mortgage, implies that North East households *with a mortgage* paid an average of about £269<sup>12</sup> per month. If the average payment rate was 5% (excluding principal), this implies an average mortgage size of about £64,520.

[Caveat: The above figures are average amounts over three years. Mortgage costs can vary significantly from year to year.]

**Food & Non-Alcoholic Drinks 11.3%**

The proportion of spending on Food & Non-Alcoholic Drinks at 11% was higher than in the UK (at 10%). An average of £39.90 per week was spent in the North East (UK £44.50). This category includes only basic food and drink stuffs (previously, FES included restaurant and takeaway foods, state school meals and meals at work in this category).

**Restaurants & Hotels 8.9%**

Spending at Restaurants & Hotels made up 9% of weekly spending in the North East compared to 8% in the UK. In money terms, weekly spending in the North East was £31.40 (UK £35.90). The greatest North East spending in this category was on alcoholic drinks (away from home) at £9.00 per week (UK £8.50). This was followed by restaurant and café meals with expenditure of £8.70 per week (UK £11.90).

**Housing (net) Fuel & Power 8.6%**

Spending on Housing (net), Fuel & Power in the North East, at 9%, was lower than in the UK (10%). The main component in this category is rental; net rent for the average North East household was £8.80 (gross rent *less* housing benefit, rebates and allowances), this compares with a UK average of £14.70. Total spending on fuel & power for the average North East household was £11.80 (UK, £12.80). North East households spend approximately 3.3% on fuel & power, compared to just over 3.0% for UK households, due to lower incomes as well as a colder climate.

<sup>11</sup> Census of Population, 2001

<sup>12</sup> This figure reflects a deduction of around £80 per month for Council Tax

### **Miscellaneous Goods & Services 7.4%**

Spending on Miscellaneous Goods & Services accounted for 7% of weekly spending in the North East, compared to just over 8% in the UK. The largest items were insurance (£11.00, £14.60 in the UK) and personal care (£8.10, £9.40 in the UK).

### **Household Goods & Services 7.4%**

Spending on Household Goods & Services accounted for about 7% of weekly spending in the North East and also in the UK, £26.10 and £30.90 per week respectively. The largest item was furniture and furnishings at £13.60 per week in the North East (UK £16.50).

### **Clothing & Footwear 6.2%**

Spending on Clothing & Footwear, at £21.70 per week accounted for 6% of weekly household expenditure, higher than the UK at 5% (£23.10).

### **Alcoholic Drinks, Tobacco & Narcotics 3.0%**

Spending on Alcoholic Drinks (brought home), Tobacco & Narcotics made up 3% of weekly spending in the North East, compared to 3% in the UK. In money terms, weekly spending was lower in the North East, at £10.60 compared to £11.30 in the UK. The EFS records higher spending on beer, lager, ciders & perry at £2.20 per week (UK £1.80) and on cigarettes at £4.70 (UK £4.40).

### **Communication 2.7%**

Spending on Communication accounted for around 3% of weekly spending in the North East at £9.40 (UK 3% or £11.60). The main item in this category was telephone and telefax services at £8.20 (UK £10.40) which includes call charges for mobile phones and landlines.

### **Health 0.9%**

Spending on Health was also very low at an average of £3.20 per week (1%) (UK 1% or £5.20). The main component in this category is medical products, appliances and equipment. Medical insurance premiums are not included in this category, but in Miscellaneous Goods & Services.

### **Education 0.8%**

Spending on Education was the smallest element of household expenditure in the North East. It accounted for just 1% of weekly household expenditure at £2.70 (UK 1%, £6.10). Education fees were the main component with spending of £2.70 per week in the North East compared with £5.80 per week in the UK.

## 6. OWNERSHIP OF HOUSEHOLD GOODS

An alternative way of measuring expenditure is to measure ownership rates for key household goods. Ownership rates have the advantage of not being prone to distortion by differences between areas in price levels in the way income or expenditure data in £ could be. The EFS now reports 17 household goods, averaging the data for the last three years. The figures should be regarded as rough estimates. The confidence intervals on these percentage estimates are not given by National Statistics but are likely to be several percentage points. The smaller the region (e.g. North East) the less robust the estimates.

These ownership rates are consistent with the other evidence of low incomes and expenditure in the North East. They provide evidence, in the absence of regional price indices, that North East incomes are not only low in nominal terms but in real (i.e., price-adjusted) terms. Of the 14 main goods categories, the North East is particularly low on dishwashers, cars, home computers and internet connections.

### **North East relatively high: Central Heating, Microwaves, Video Recorders, Washing Machines**

The 2005/06 EFS shows the North East to have a high proportion of households with central heating, fridge/freezers, microwaves, video recorders and washing machines (Table 6.1). The North East has the highest proportion of households of any UK region with central heating (97%, UK 94%). This high proportion is most likely explained by the North East's cooler climate coupled with the large proportion of public sector housing. Around 92% of households have microwaves (UK 90%), 91% of households have video recorders (UK 88%) and 96% have washing machines (UK 95%).

### **North East close to average: Tumble Dryers, CD Player, Satellite Receiver**

Ownership rates for CD Players are slightly lower in the North East at 86% (UK 87%). The rate for tumble dryers at 56% is also slightly lower than the UK average (57%). Around 59% of North East households own a satellite receiver, just above the UK average of 57%.

### **North East low: Home Computers, Internet Connection**

Compared to the UK, the North East has very low ownership rates for home computers and internet connections. Around 57% of households have home computers, five percentage points below the UK (62%). The gap is similar for internet connections; at 44% the North East has 8 percentage points fewer households with internet connections than the UK, at 52%.

### **North East lowest: Car Ownership, Dishwashers**

The 2005/06 EFS shows that the North East has a lower proportion of households with cars and dishwashers than any other UK region.

Only 62% of households in the North East own at least one car (or van) – much lower than the UK average (75%). Only 17% of households own two cars, compared to 25% in the UK and 30% in the East. The proportion of households with dishwashers (20%) is also lower than any other UK region, and well below the national average of 33%.

**Table 6.1: % of Households Owning Selected Durable Goods by Region, 2005/06 (based on 3 years' data)**

<i>Central Heating Full or Partial</i>	<i>Fridge Freezer/Deep Freezer</i>	<i>Microwave</i>	<i>Video Recorder</i>	<i>Washing Machine</i>	<i>Telephone</i>
Northern Ireland 97	Wales 98	Wales 94	<b>North East</b> 91	Scotland 97	South East 95
<b>North East</b> 97	<b>North East</b> 98	Yorkshire and the Humber 93	East 90	East Midlands 96	East 94
East Midlands 96	East Midlands 97	North West 92	East Midlands 89	Northern Ireland 96	East Midlands 94
Wales 96	West Midlands 97	<b>North East</b> 92	South East 89	<b>North East</b> 96	South West 94
Scotland 96	East 97	East Midlands 91	Scotland 89	East 96	England 93
South East 95	South East 97	West Midlands 91	Yorkshire and the Humber 88	Wales 95	London 93
East 95	England 96	England 91	England 88	Yorkshire and the Humber 95	<b>United Kingdom</b> 92
London 94	<b>United Kingdom</b> 96	Northern Ireland 90	<b>United Kingdom</b> 88	South East 95	Scotland 92
<b>United Kingdom</b> 94	Scotland 96	<b>United Kingdom</b> 90	Wales 88	<b>United Kingdom</b> 95	Yorkshire and the Humber 91
England 94	Yorkshire and the Humber 96	England 90	South West 88	England 94	North West 91
West Midlands 93	South West 95	East 90	North West 87	South West 94	West Midlands 90
North West 93	North West 96	South East 89	West Midlands 87	North West 94	<b>North East</b> 90
South West 92	London 95	South West 88	Northern Ireland 86	West Midlands 93	Northern Ireland 90
Yorkshire and the Humber 91	Northern Ireland 94	London 85	London 85	London 92	Wales 90
<i>Satellite Receiver</i>	<i>CD Player</i>	<i>Tumble Dryer</i>	<i>Mobile Phone</i>	<i>Home Computer</i>	<i>Internet Connection</i>
Wales 64	South East 89	East Midlands 62	East Midlands 84	London 68	London 58
Northern Ireland 64	Scotland 89	Scotland 62	South East 81	South East 65	South East 57
North West 62	East 89	Wales 61	South West 81	South West 65	East 55
Scotland 60	South West 88	North West 60	Yorkshire and the Humber 80	East 63	South West 55
<b>North East</b> 59	East Midlands 88	West Midlands 60	East 80	England 63	England 53
<b>United Kingdom</b> 57	North West 87	East 59	West Midlands 79	East Midlands 62	East Midlands 52
East 57	England 87	South West 58	England 79	<b>United Kingdom</b> 62	<b>United Kingdom</b> 52
South East 57	<b>United Kingdom</b> 87	South East 58	North West 78	North West 61	West Midlands 50
England 57	Yorkshire and the Humber 86	<b>United Kingdom</b> 57	<b>United Kingdom</b> 77	West Midlands 60	North West 49
East Midlands 56	<b>North East</b> 86	Yorkshire and the Humber 57	Scotland 77	Yorkshire and the Humber 58	Scotland 49
Yorkshire and the Humber 56	London 85	England 57	<b>North East</b> 73	Scotland 58	Yorkshire and the Humber 47
London 55	West Midlands 85	<b>North East</b> 56	London 72	<b>North East</b> 57	Wales 45
South West 55	Wales 83	Northern Ireland 54	Wales 68	Wales 55	<b>North East</b> 44
West Midlands 53	Northern Ireland 76	London 45	Northern Ireland 54	Northern Ireland 52	Northern Ireland 41
<i>Three or More Cars</i>	<i>Car/Van</i>	<i>Dishwasher</i>	<i>One Car</i>	<i>Two Cars</i>	
South West 8	South West 82	South East 40	Wales 46	East 30	
East 8	East 81	East 40	Northern Ireland 46	South East 29	
East Midlands 7	South East 80	Northern Ireland 38	South West 46	South West 29	
South East 7	East Midlands 78	South West 36	East 44	East Midlands 27	
West Midlands 7	Wales 76	London 34	Scotland 44	West Midlands 26	
England 6	West Midlands 76	East Midlands 34	South East 44	Wales 26	
<b>United Kingdom</b> 6	England 75	<b>United Kingdom</b> 33	Yorkshire and the Humber 44	North West 25	
North West 5	<b>United Kingdom</b> 75	Scotland 33	London 44	<b>United Kingdom</b> 25	
Yorkshire and the Humber 5	Northern Ireland 75	England 33	East Midlands 44	England 25	
Wales 5	North West 73	West Midlands 31	<b>United Kingdom</b> 44	Northern Ireland 25	
<b>North East</b> 4	Yorkshire and the Humber 73	Wales 29	England 44	Yorkshire and the Humber 24	
London 4	Scotland 69	North West 28	North West 43	Scotland 22	
Northern Ireland 4	London 65	Yorkshire and the Humber 26	West Midlands 43	London 17	
Scotland 3	<b>North East</b> 62	<b>North East</b> 20	<b>North East</b> 41	<b>North East</b> 17	

Source: Family Spending 2006 (Crown Copyright)



## APPENDIX 1: PERSONAL INCOME

Table A1: 'Personal Income' in North East Counties, Tyne &amp; Wear Districts and UK Regions, 2002/03, 2003/04 and 2004/05 (mean or average)

	Self Employment Income (£)			Employment Income (£)			Total Income (£)		
	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
<b>North East</b>	17,000	16,500	16,200	17,400	17,600	18,000	17,900	18,500	19,100
<b>Durham</b>	17,700	16,300	15,900	17,000	16,900	18,100	17,600	18,000	19,300
<b>Northumberland</b>	17,700	18,200	17,300	18,600	18,400	19,200	19,500	19,900	20,900
<b>Tyne &amp; Wear</b>	16,800	16,500	16,800	17,200	17,500	17,700	17,700	18,200	18,800
<b>Unitary Authorities</b>	16,000	15,300	14,500	17,400	18,000	17,400	17,700	18,400	18,300
<b>Gateshead</b>	-	14,300	15,200	-	17,000	17,300	16,800	17,200	18,100
<b>Newcastle</b>	-	21,200	22,900	-	19,800	18,900	19,700	20,700	20,700
<b>North Tyneside</b>	-	16,100	17,000	-	18,100	18,100	18,300	18,800	19,200
<b>South Tyneside</b>	-	13,700	12,800	-	16,500	17,300	16,600	17,000	18,200
<b>Sunderland</b>	-	15,200	14,100	-	16,300	17,000	16,800	17,000	17,700
<b>North West</b>	18,500	17,000	17,600	18,400	18,300	19,000	19,300	19,500	20,500
<b>Yorkshire &amp; Humber</b>	18,000	16,500	16,900	18,000	18,100	18,700	18,900	19,400	20,300
<b>East Midlands</b>	18,200	17,500	17,600	18,900	18,700	19,200	19,800	20,100	20,800
<b>West Midlands</b>	17,900	16,700	16,900	18,600	18,400	18,900	19,500	19,800	20,500
<b>East of England</b>	21,000	19,500	19,700	22,200	21,800	22,600	23,300	23,500	24,400
<b>London</b>	27,300	25,200	26,200	27,000	27,300	27,900	28,500	29,100	29,900
<b>South East</b>	21,600	19,700	20,300	24,100	24,000	24,600	25,100	25,600	26,400
<b>South West</b>	17,500	16,200	16,600	18,500	18,500	19,000	19,800	20,300	20,900
<b>Wales</b>	16,600	15,000	15,200	17,100	17,100	17,700	17,900	18,300	19,100
<b>Scotland</b>	19,300	18,800	19,100	18,600	18,600	19,300	19,500	20,000	20,900
<b>Northern Ireland</b>	19,500	18,000	18,400	16,500	16,900	17,400	18,400	18,900	19,600
<b>United Kingdom</b>	20,200	18,800	19,200	20,500	20,400	21,100	21,600	21,900	22,800

Source: Inland Revenue Statistics 2002/03, 2003/04 and 2004/05, Government Statistical Service (this source also gives medians)

'Personal Income' relates to individuals whereas household income refers to a domestic unit. These Inland Revenue figures estimate 'personal income' or 'taxable income' very roughly. They are based on very small samples. The Inland Revenue sample is stratified, with about '1 in 600 employees and occupational pensioners with smaller [2004/05] tax liabilities'.

The table only covers 'individuals for whom Inland Revenue tax offices hold records. There may be no record if an individual's income is less than the PAYE threshold (£4,745 in 2004/05)...No attempt has been made to estimate the numbers of cases below the tax threshold.'

Note: The Inland Revenue's average 'Personal Income' is lower than average full-time earnings because it includes, generally lower, incomes of part-time earners and occupational pensioners.

Appendix 2: Headline Gross Disposable Household Income<sup>13,14</sup> - Components NUTS 1&2, 2005<sup>15</sup>

(£m)

Nuts Level 1 Nuts	Operating Surplus / Mixed Income <sup>16</sup> a	Compensation of Employees <sup>17</sup> b	Property Income, received <sup>18</sup> c	Primary Resources Total d = a+b+c	Property Income, paid e	Primary Uses Total f=e	Balance of Primary Incomes, gross g=d-f	Imputed Social Contributions / Social Benefits other than Social benefits in kind [received] h	Other Current Transfers i	Secondary Resources Total j=h+i	Current Taxes on Income wealth etc. k	Social Contributions / Social Benefits [paid] l	Other Current Transfers m	Secondary Uses Total n=k+l+m	Balance of Secondary Income o=j-n	Gross Disposable Income p=g+o
<b>United Kingdom</b> <sup>19, 20</sup>	154,553	684,692	144,425	<b>983,670</b>	-72,066	-72,066	<b>911,604</b>	214,208	54,958	<b>269,166</b>	-159,400	-188,594	-31,861	-379,855	<b>-110,689</b>	800,915
<b>North East</b>	3,994	24,162	4,225	<b>32,381</b>	-2,143	-2,143	<b>30,239</b>	9,457	2,427	<b>11,884</b>	-5,062	-6,557	-1,451	-13,069	<b>-1,185</b>	29,053
Tees Valley & Durham	1,684	10,943	1,845	<b>14,472</b>	-921	-921	<b>13,551</b>	4,291	1,093	<b>5,384</b>	-2,301	-2,962	-650	-5,912	<b>-528</b>	13,023
Northumber- land & Tyne & Wear	2,310	13,219	2,380	<b>17,909</b>	-1,222	-1,222	<b>16,688</b>	5,166	1,334	<b>6,500</b>	-2,761	-3,595	-801	-7,157	<b>-657</b>	16,030

Source: Office for National Statistics

<sup>13</sup> The headline GDHI series have been calculated using a five-period moving average<sup>14</sup> Household income covers the income received by households and non-profit institutions serving households<sup>15</sup> Provisional<sup>16</sup> Gross Operating Surplus is the difference between GVA and Compensation of Employees. It includes capital consumption and rental income. At a regional-level, it is the Gross Operating Surplus of companies resident in the region (irrespective of ownership).<sup>17</sup> Compensation of employees consists of the total labour costs to an employer, for e.g., wages, salaries, employers social contributions etc.<sup>18</sup> Property income received includes rent on land (not rental on buildings). It includes property income in the form of interest and dividends<sup>19</sup> Components may not sum to totals due to rounding<sup>20</sup> Includes Extra-region: parts of the UK economic territory that cannot be attached to any particular region (essentially North Sea oil & gas)

TWRI has inserted negative signs, (-), to show deductions from income (called 'uses') in this table.

APPENDIX 3: MODELLED HOUSEHOLD INCOME ESTIMATED BY WARD<sup>21</sup>

## 3.1 Key (Guide to column headings in Table A3.2)

Table A3.1: Guide to Column Headings for Modelled Household Income Estimates

Column	Column Heading Corresponding to Column Number
1	Gross Weekly Household Income, Income Estimate
2	Gross Weekly Household Income, 95% Confidence Interval (Lower Limit)
3	Gross Weekly Household Income, 95% Confidence Interval (Upper Limit)
4	Net Weekly Household Income, Income Estimate
5	Net Weekly Household Income, 95% Confidence Interval (Lower Limit)
6	Net Weekly Household Income, 95% Confidence Interval (Upper Limit)
7	Net Weekly Household Income (Equivalised before housing costs), Income Estimate
8	Net Weekly Household Income (Equivalised before housing costs), 95% Confidence Interval (Lower Limit)
9	Net Weekly Household Income (Equivalised before housing costs), 95% Confidence Interval (Upper Limit)
10	Net Weekly Household Income (Equivalised after housing costs), Income Estimate
11	Net Weekly Household Income (Equivalised after housing costs), 95% Confidence Interval (Lower Limit)
12	Net Weekly Household Income (Equivalised after housing costs), 95% Confidence Interval (Upper Limit)

Source: ONS Neighbourhood Statistics (Crown Copyright)

These ONS estimates are only available at ward-level so comparison of these figures with regional data is not possible. ONS explains that ‘these estimates have been developed specifically for small areas where traditional survey methods do not capture sufficient data. They have been produced using a modelling approach that enables survey data to be combined with Census and administrative data to construct estimates at the small area level.’

## A3.2 Modelled Household Income Estimates (for 2001/02)

Note: H indicates the highest gross income ward in the district and L the lowest.

Table A3.2 Model-Based Estimates of Income for Wards in Gateshead (see key for column headings)

Ward name	1 2 3			4 5 6			7 8 9			10 11 12		
	Gross			Net			Net equivalised before housing costs			Net equivalised after housing costs		
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)
Bede	310	260	370	270	240	310	270	240	310	230	200	260
Bensham (L)	300	260	350	270	240	300	270	240	310	240	210	270
Birtley	430	370	500	370	330	410	320	290	360	290	250	330
Blaydon	390	340	460	350	310	390	310	270	350	270	240	310
Chopwell and Rowlands Gill	400	350	470	350	310	390	320	280	360	280	250	320
Chowdene	390	340	460	340	300	380	310	280	350	270	240	310
Crawcrook and Greenside	460	390	540	390	350	440	350	310	390	310	270	360
Deckham	370	320	430	330	290	360	290	260	330	270	230	310
Dunston	390	340	460	340	310	380	310	270	350	270	240	310
Felling	320	270	380	280	250	320	270	240	310	240	210	270
High Fell	330	280	380	290	260	330	280	250	320	250	220	290
Lamesley	400	340	460	340	310	390	310	280	350	270	240	310
Leam	380	320	440	330	300	370	290	260	330	260	230	300
Low Fell	500	430	580	420	370	470	380	330	420	340	300	390
Pelaw and Heworth	380	320	440	330	290	370	300	260	340	270	230	310
Ryton	450	380	520	390	340	440	340	310	390	300	260	350
Saltwell	350	300	410	310	280	350	290	250	320	260	230	300
Teams	340	290	400	310	270	340	290	260	320	250	220	290
Whickham North	440	370	510	370	320	420	340	300	380	300	260	350
Whickham South (H)	520	440	600	440	390	490	370	330	420	330	290	380
Winlaton	410	350	480	360	320	400	320	280	360	280	240	320
Wrekendyke	400	340	460	350	310	390	310	280	350	280	240	310

Source: ONS Neighbourhood Statistics (Crown Copyright)

<sup>21</sup> Time period of dataset 1 April 2001 - 31 March 2002. This dataset covers England and Wales at ward level (2003 CAS ward boundaries). Data from [www.neighbourhood.statistics.gov.uk/dissemination](http://www.neighbourhood.statistics.gov.uk/dissemination)

Table A3.3 Model-Based Estimates of Income for Wards in Newcastle (see key for column headings)

Ward Name	1			2			3			4			5			6			7			8			9			10			11			12		
	Gross			Net			Net equivalised before housing costs			Net equivalised after housing costs																										
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)				
Benwell	340	290	390	300	270	340	280	250	320	250	220	290																								
Blakelaw	380	330	450	340	300	380	300	270	340	270	240	310																								
Byker	310	260	360	270	240	310	280	240	310	230	200	260																								
Castle	520	440	600	440	390	490	370	330	420	330	290	380																								
Dene	510	440	600	430	380	480	370	330	420	330	290	380																								
Denton	360	310	430	330	290	360	290	260	330	260	230	300																								
Elswick	290	250	350	270	240	310	240	210	270	230	200	260																								
Fawdon	330	280	390	300	270	340	280	250	320	260	220	290																								
Fenham	360	310	420	320	290	360	290	260	330	260	230	300																								
Grange	480	410	560	400	350	450	370	330	420	330	290	380																								
Heaton	420	360	500	370	330	410	330	290	370	290	250	330																								
Jesmond	520	440	610	380	320	450	400	350	450	330	280	380																								
Kenton	390	340	460	320	280	380	310	270	350	280	250	320																								
Lemington	410	350	480	360	320	410	320	280	360	280	250	320																								
Monkchester (L)	280	240	330	270	240	300	250	220	280	230	190	260																								
Moorside	290	240	340	260	230	290	270	240	300	220	190	250																								
Newburn	370	320	430	330	290	360	310	270	350	270	230	310																								
Sandyford	360	310	420	320	290	360	320	280	360	260	220	300																								
Scotswood	330	290	390	300	270	330	270	240	300	240	210	280																								
South Gosforth (H)	680	580	800	460	370	560	480	420	540	440	380	510																								
Walker	290	240	340	260	230	300	250	220	280	220	190	250																								
Walkergate	360	310	420	320	290	360	290	260	320	260	220	290																								
West City (L)	280	230	340	250	220	280	250	220	290	200	170	230																								
Westerhope	480	410	560	410	360	450	350	310	400	310	270	360																								
Wingrove	370	320	430	330	290	370	280	250	310	260	230	300																								
Woolsington	360	310	420	310	270	360	290	260	330	260	230	300																								

Source: ONS Neighbourhood Statistics (Crown Copyright)

Table A3.4 Model-Based Estimates of Income for Wards in North Tyneside (see key for column headings)

Ward name	1			2			3			4			5			6			7			8			9			10			11			12		
	Gross			Net			Net equivalised before housing costs			Net equivalised after housing costs																										
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)					
Battle Hill	420	360	490	360	320	400	320	280	360	280	250	320																								
Benton	430	370	500	370	330	410	340	300	380	310	270	360																								
Camperdown	410	350	480	360	320	400	320	280	360	280	250	320																								
Chirton	340	290	400	310	280	350	270	240	310	240	210	280																								
Collingwood	360	310	420	320	280	350	280	250	320	260	220	290																								
Cullercoats	440	380	520	380	330	430	340	300	380	310	270	360																								
Holystone	450	380	520	390	350	430	340	310	390	310	270	350																								
Howdon	340	290	400	300	270	340	280	250	310	240	210	280																								
Longbenton	340	290	390	300	260	330	290	260	330	240	210	280																								
Monkseaton	530	450	620	440	390	500	390	350	440	360	310	410																								
North Shields	430	370	500	360	320	410	350	310	390	310	270	350																								
Northumberland	410	350	470	350	320	400	320	280	360	280	250	330																								
Riverside (L)	330	280	380	290	260	330	280	250	320	250	220	290																								
St. Mary's (H)	570	490	670	470	410	540	400	360	460	370	320	430																								
Seatonville	470	400	550	400	360	450	350	310	390	320	280	370																								
Tynemouth	480	410	560	400	350	450	370	330	420	330	290	380																								
Valley	410	350	470	360	320	400	320	280	360	290	250	330																								
Wallsend	360	310	420	320	280	350	300	270	340	260	230	300																								
Weetslade	430	370	500	370	330	410	340	300	380	290	260	340																								
Whitley Bay	480	410	560	400	360	450	350	310	400	330	290	380																								

Source: ONS Neighbourhood Statistics (Crown Copyright)

Table A3.5 Model-Based Estimates of Income for Wards in South Tyneside (see key for column headings)

Ward name	1			2			3			4			5			6			7			8			9			10			11			12		
	Gross			Net			Net equivalised before housing costs			Net equivalised after housing costs																										
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)				
All Saints	330	280	380	300	270	340	280	250	310	250	220	290																								
Beacon and Bents	340	290	390	300	270	340	270	240	310	240	210	280																								
Bede	300	260	360	280	250	310	260	230	300	230	200	260																								
Biddick Hall	310	260	360	290	260	320	260	230	300	230	200	270																								
Boldon Colliery	390	340	460	350	310	390	310	280	350	270	240	310																								
Cleadon and East Boldon (H)	580	490	680	460	390	540	410	360	460	370	320	430																								
Cleadon Park	360	300	420	320	290	360	280	240	310	260	220	300																								
Fellgate and Hedworth	420	360	490	350	320	400	310	270	350	270	230	300																								
Harton	360	310	420	320	290	360	290	260	330	260	220	290																								
Hebburn Quay	380	320	440	340	300	380	310	280	350	280	240	320																								
Hebburn South	380	320	440	330	290	360	290	260	330	250	220	290																								
Horsley Hill	370	320	430	330	290	370	290	260	330	260	230	300																								
Monkton	390	330	450	340	300	380	300	270	340	270	240	310																								
Primrose	380	330	450	330	300	370	290	260	330	260	220	300																								
Rekendyke (L)	290	240	340	260	230	290	250	220	290	210	180	240																								
Tyne Dock and Simonside	300	260	360	280	250	310	270	240	300	230	200	260																								
Westoe	430	370	500	370	330	420	330	290	370	300	260	340																								
West Park	430	370	500	370	330	410	320	280	360	290	250	330																								
Whitburn and Marsden	410	350	480	340	300	390	320	280	360	280	240	320																								
Whiteleas	350	300	410	320	280	350	280	250	310	240	210	280																								

Source: ONS Neighbourhood Statistics (Crown Copyright)

Table A3.6 Model-Based Estimates of Income for Wards in Sunderland (see key for column headings)

Ward name	1			2			3			4			5			6			7			8			9			10			11			12		
	Gross			Net			Net equivalised before housing costs			Net equivalised after housing costs																										
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)					
Castletown	350	300	410	320	280	350	290	250	320	250	220	290																								
Central (L)	310	270	360	290	250	320	270	240	310	240	210	270																								
Colliery	350	300	410	310	280	350	290	250	320	250	220	290																								
Eppleton	400	340	470	350	310	390	310	280	350	280	250	320																								
Fulwell	470	400	550	400	360	450	340	300	380	310	270	360																								
Grindon	330	280	380	300	260	330	270	240	300	240	210	280																								
Hendon	360	300	420	300	270	350	280	250	310	260	220	290																								
Hetton	380	330	450	330	290	370	300	270	340	260	230	300																								
Houghton	400	350	470	350	310	390	310	270	350	270	240	310																								
Pallion	400	340	470	350	310	390	300	260	330	270	240	310																								
Ryhope	430	370	500	370	330	420	320	280	360	290	250	330																								
St. Chad's	390	330	450	340	300	380	320	280	360	280	240	320																								
St. Michael's	460	400	540	400	350	450	340	300	390	310	270	360																								
St. Peter's	410	350	480	350	310	400	320	280	360	290	250	330																								
Shiney Row	440	370	510	370	330	420	330	290	370	300	260	340																								
Silksworth	410	350	480	360	320	400	310	280	350	280	250	320																								
South Hylton	350	300	410	320	280	360	270	240	300	250	210	280																								
Southwick	320	280	380	290	260	330	260	230	290	230	200	270																								
Thorney Close	320	270	370	280	250	320	260	230	300	230	200	260																								
Thornholme	350	300	410	310	270	350	280	250	320	250	220	290																								
Town End Farm	340	290	390	310	270	350	270	240	310	240	210	280																								
Washington East	470	400	550	390	350	440	330	300	380	290	260	340																								
Washington North	370	320	430	320	290	360	300	270	340	260	230	300																								
Washington South (H)	510	440	600	420	370	480	360	320	400	310	280	360																								
Washington West	490	410	570	400	360	450	340	300	390	310	270	350																								

Source: ONS Neighbourhood Statistics (Crown Copyright)