

**EARNINGS IN TYNE & WEAR**

**2005**

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## KEY POINTS

### Average earnings<sup>1</sup> (£2):

- On average, men & women earn £466.80 per week (£24,310pa), 90.0% of Great Britain's earnings;
- Men earn £508.90 per week (£26,647 pa), 89.1% of Great Britain's earnings;
- Women earn £405.80 per week (£20,898 pa), 92.8% of Great Britain's earnings.

### Median Earnings<sup>2</sup> (£2):

- Median earnings are about £3,400 pa lower than average earnings.
- Median men & women earn £394.00 per week (£20,965 pa), 91.2% of Great Britain's earnings;
- Men earn £431.20 per week (£23,232 pa), 91.1% of Great Britain's earnings;
- Women earn £339.40 per week (£18,080 pa), 91.2% of Great Britain's earnings.

### Part-time employees (£3):

- Hourly earnings for all part-time employees in Tyne & Wear were less than their full-time counterparts (TW part-time employees earn *hourly* 67% of TW full-time employees).
- Overall, part-time employees in Tyne & Wear received 10.7% per hour less than those in Great Britain.

### Low Pay (£4):

- The proportion earning under £250 pw is 11.0% of full-time men (UK 9.1%) and more than 22.5% of full-time women (UK 18.7 %).
- In the North East, 1.6% of people earned less than the National Minimum Wage (NMW), higher than in the UK (1.3%). Employees aged under 18 are not covered by NMW.

### Increases in Earnings (£5):

- Tyne & Wear's reported earnings growth for 1998–2005 was similar to the rest of the country (but slightly higher), (TW 33.7%, GB 31.7%) for all employees.
- Men's growth in earnings was 31.4% in Tyne & Wear (GB 30.0%).
- Women's earnings rose 41.5% between 1998–2005 (GB 38.3%).
- All employees' earnings growth for 2004/05 (excluding overtime – see Table 5.1) was 6.1% (GB 3.8%); men's earnings growth was 6.7% (GB 3.8%); and women's earnings growth was 5.4% (GB 4.6%).
- West Yorkshire has moved up the rankings of earnings in the metropolitan counties to third (from fifth) since 1998. This reflects Leeds' exceptionally rapid employment growth<sup>3</sup>.

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<sup>1</sup> These are full-time only.

<sup>2</sup> The median earnings are the level at which there are equal numbers of employees, above and below for that category of earners.

<sup>3</sup> Leeds' employment grew by 23% 1991-2003, according to the ODPM State of the Cities Report (SOCR)

### **Other Metropolitan Counties and Unitary Authorities (§6):**

Overall, Tyne & Wear's average earnings rank 53<sup>rd</sup> among the (87) English counties, metropolitan counties and Unitary Authorities.

- For men, Tyne & Wear's average earnings are 51<sup>st</sup>
- Women's average earnings in Tyne & Wear rank 40<sup>th</sup>
- Women's earnings are highest of the NE's counties and unitary authorities

### **Men & Women's earnings compared (§7):**

The gap between men's and women's earnings in Tyne & Wear remains narrower than in Great Britain.

- In 2005, women's *hourly* pay was 86.8% of men's, compared to 82.7% for Great Britain.
- Women's *weekly* earnings were also closer to men's earnings in Tyne & Wear (79.7%) than in Great Britain (76.5%).

However, this partly reflects the failure of men's earnings in Tyne & Wear to grow in real terms for most of the 1990's (1992-1997). Throughout the period from 1998-2005, women's hourly earnings in Tyne & Wear rose over 43%. They outperformed Great Britain's women by nearly 4 percentage points, Tyne & Wear's men's hourly earnings increases (by 9 percentage points), and Great Britain's men's hourly increases (by 11 percentage points).

### **Public and Private sectors compared (§8):**

- Public sector employees in Tyne & Wear and in the North East, on average, earn 8.9% and 12.7% *more* per week than private sector employees. *Hourly* earnings of the public sector are greater than in the private sector by 16.1% (Public 1300p, Private 1120p).
- Hours worked per week (and overtime worked), are shorter in the public sector than the private sector. Public sector men work in Tyne & Wear, on average, 39.2 hours per week (36.7 for women) compared to 41.3 hours (37.9 for women) in the private sector. [Hours include overtime].
- The greatest difference between Tyne & Wear and UK earnings is in the private sector. Weekly earnings of private sector workers are 87.1% for men, and 88.3% for women, of the UK average.

### **Hourly Earnings and Hours of Work (§9):**

- Hourly earnings rose (1998-2005) marginally faster than weekly earnings, as average hours fell slightly (by 0.8h for men and 0.2h for women).

### **Earnings in Real Terms (§10):**

- 1998-2005, men's real earnings (i.e. after RPI inflation) rose 11.5% and women's 20.1% in Tyne & Wear. Average annual compound rates of earnings growth in real terms are 1.6% pa for men, 2.6% pa for women.

*Note: These calculations assume that the rate of inflation has been the same in Tyne & Wear and Great Britain over these periods.*

### **Earnings of Residents of Tyne & Wear (§11):**

- Earnings of residents in Tyne & Wear are typically 4-5% lower than at workplaces (given in §2). This difference is due to in-commuters (on average) earning significantly more than out-commuters.

## 1 INTRODUCTION

This report presents information on average and median earnings, and the distribution of earnings; including low pay and part-time earnings as recorded by the 2005 Annual Survey of Hours and Earnings (ASHE).

TWRI has made some corrections to the Earnings in Tyne & Wear 2005 report released on the TWRI website on 22<sup>nd</sup> June 2006.

Some of the data in the following tables have been revised. The corrections do **NOT** relate to Tyne & Wear. Generally W. Midlands is corrected. Also W. Yorkshire and S. Yorkshire are sometimes corrected:

- Page 9: Table 3.1
- Page 16: Table 5.2
- Page 18: Table 6.1
- Page 19: Table 6.2
- Page 30: Table 11.3 and 11.4
- Page 35: Table A3.4

*Caution – ASHE 2003 was revised in Spring 2006, the data in this report have subsequently been revised. Figs 4.1, 7.1, 10.1, 10.2 and 10.3 were affected.*

TWRI (14/07/06)

### **Important note on geographies:**

The **areas presented** are generally **Tyne & Wear [and TW districts] the North East, Great Britain** and other **metropolitan counties**. As TWRI made a special request to ONS' ASHE team for data which is not made publicly available [i.e. at a lower geographical level], for several tables there was **no GB comparator, only UK**<sup>4</sup>. This affects sections on low pay and public/private earnings. ONS now more commonly produces data at the UK level for consistency with other sources. In future TWRI earnings reports are likely to present data for the UK only, in keeping with ONS' decision.

The analyses cover total employees and men and women employees separately. Earnings by occupation for Tyne & Wear are given in Appendix 2, along with Great Britain and North East region data.

The ASHE dataset was first produced in 2004. Its back series, (pre-2004), is based upon the New Earnings Survey (NES) dataset, which has a long, consistent time series. The only back series available, at time of writing, were from 1998-2003.

The ASHE is the most comprehensive source of earnings data. It collects information on hours of work and earnings for a 1% sample of employees. The data in this report relates to gross pay **for full-time employees** excluding over-time and payments in kind. The ASHE provides information for Government Office Regions (including the North East).

The NES, between 1999 and 2003, did not provide the *standard errors* of the estimates (a measure of their accuracy). This has been rectified with the change from NES to ASHE, with results given 'error boundaries.' If these boundaries are over 20% C.V. (coefficient of variation<sup>5</sup>), the results are omitted, by ONS, as not being statistically robust. Thus all the results presented in this report are statistically sound to this minimum level. Estimates for the larger groups are very much more precise.

Wages & salaries account for 68% (UK also 68%) of gross weekly household income from all sources. Other sources of income are:

<sup>4</sup> Data for the UK is presented in Tables 3.3, 4.1, 4.2, 8.1, 8.2, 8.3, A2.1 and A2.2. Note that Table 4.1 is a hybrid presenting data for GB for top and bottom deciles, and data for the UK for people earning under £250, £350 and £460.

<sup>5</sup> The coefficient of variation (CV) is the ratio of the standard deviation of an estimate to the estimate. It is a unit-less ratio that can be used to compare variables that are expressed in different units.

	NE	UK
Social Security Benefits	18%	12%
Pensions (+ Annuities)	6%	7%
Self Employment	4%	8%
Investment Income	2%	3%
Other Sources	2%	2%

(Source: ONS Family Spending 2003/04)

For further information on these non-earnings sources of income and overall household income, please refer to TWRI's report 'Household Income and Expenditure, 2004'.

This report on earnings of employees covers both full-time and part-time employees (part-time analyses in §3). Part-timers account for nearly a third of all employees, about 150,500 of over 475,000 employees in Tyne & Wear<sup>6</sup>.

## 1.1 SUMMARY OF METHODOLOGICAL CHANGES BETWEEN ASHE AND NES

*Note: A summary of methodological changes is provided here, for a full analysis of changes see TWRI's previous ASHE-based 'Earnings Report 2004'.*

### 1.1.1 Reasons for Survey and Questionnaire Changes

As in NES, ASHE uses data from the Inland Revenue's PAYE system as the main sample, but *weights* the survey responses to the population of jobs as measured by the Labour Force Survey<sup>7</sup> (LFS). The survey sample has been increased to include employees in businesses outside of the PAYE system and those changing jobs between sample selection and the survey reference date.

The questionnaire design of NES was reviewed because it produced biased estimates of earnings:

- Survey responses were not weighted to the population of employees.
- Prime use of Inland Revenue's PAYE system yielded incomplete coverage of employees
- Biases occurred due to differential non-response for employees of different types.
- The survey missed employees changing jobs between sample selection and the survey date.

*Note: the ASHE-based data are always likely to over-estimate average levels of pay and could potentially miss an important group of employees at the bottom of the pay distribution. This is because ASHE excludes employees of businesses not included on the interdepartmental business register (IDBR). This type of business will usually have a turnover lower than the VAT threshold, or have employees earning below the PAYE threshold.*

### 1.1.2 Methodological Changes: the introduction of weighting and calibration

ASHE methodology weights the estimates of earnings; the weights are calculated by calibrating the survey responses to totals from the LFS by occupation, gender, [super] 'region'<sup>8</sup> and age. Estimates of pay and associated standard errors for different subsets of the population of employees have been made using weighted estimation.

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<sup>6</sup> Source: ONS Annual Business Inquiry (ABI) 2003

<sup>7</sup> TWRI notes that the LFS records both first and second jobs, which may influence the resulting estimates obtained from ASHE. The standard errors within the LFS dataset are also not included in the final estimates of pay.

<sup>8</sup> Workplace region is based upon government office region (GOR), but aggregated into two areas comprising (i) London and the South East and (ii) elsewhere in the United Kingdom. TWRI notes that this may not give the most accurate depiction of Tyne & Wear, due to its often different characteristics from the rest of the UK. However, the possible errors associated with this weighting method are probably minor and difficult to estimate.



The *weighted estimates* are *higher than unweighted ones*, because the weights compensate for under-representation of high-paid jobs. With weighting, different results can be obtained by using different LFS totals for calibration, (but these are very small). The higher estimates generated by weighting may seem counter-intuitive since the main exclusion from the NES were those individuals outside the PAYE system. However, a poorer response rate from employees in high-paying occupations more than offset the bias from the PAYE exclusion. Thus, high-earning employees are under-represented in the unweighted sample, and weighting corrects for this.

The weighted estimates of the *median and the upper and lower deciles* have been acknowledged by ONS to have *larger standard errors* than the unweighted estimates. The distribution of weekly pay is skewed with a relative sparsity of high pay records making reliable estimation of upper deciles more difficult than the lower ones.

### 1.1.3 Impact of Methodological Changes upon NES data sets

The main impacts of the methodological changes when applied to the existing NES data are:

- To raise estimates of the level of average weekly pay.
- To raise men's earnings more than women's. In particular, this affects hourly pay excluding overtime, which is used in the calculation of the ONS' preferred measure of the gender pay gap.
- London is raised more than estimates for other regions. This widens the estimate of the difference in pay between London and other regions of the UK.

### 1.1.4 Publication of the Median

ONS' publication of the median in ASHE is a major advance. Thus one can assess the nature of the distribution, by the differences between the average and median for each category. The median is a useful guide in skewed distributions. It is beneficial because it is not affected by extreme values and it always exists as a value. This report uses both the average and median as a complementary guide to assess the findings of the ASHE.

### 1.1.5 Publication of Standard Error (SE) of each estimate

Each estimate generated within ASHE has an associated level of standard error (SE) related with it. The standard error of each estimate is presented (by ONS) as its coefficient of variation (CV). The CV measures the quality of an estimate, relative to the (size of) the estimate itself. ASHE gives four levels of CV:

- CV  $\leq 5\%$  'Precise'
- CV  $> 5\%$  and  $\leq 10\%$  'Reasonably Precise'
- CV  $> 10\%$  and  $\leq 20\%$  'Acceptable'
- CV  $> 20\%$  or unavailable 'Unreliable'

Referenced throughout § 1A from:

Bird, D. 2004. 'Methodology for the 2004 Annual Survey of Hours and Earnings', *Office for National Statistics, Labour Market Trends*, December: No.12 (Vol.112), 457 – 464

## 1.2 THE NEW ASHE QUESTIONNAIRE (2005)

A new questionnaire was introduced for the 2005 ASHE following testing in 2004. ONS believes the changes to the questionnaire have brought a noticeable improvement to the quality of the data collected. ONS published two sets of data for 2004, one excludes these changes to allow for comparison with reweighted data pre-2004 (i.e. NES reweighted). The other includes them to allow for comparison with 2005 (data for 2004 including the changes has been used throughout this report), however comparison with data for 2003 and earlier is not possible. While the core data collected by the new questionnaire is essentially the same as that collected in 2004, questions have been added to collect new information in key policy areas (e.g. pensions).

The basic hours question was changed from asking for average weekly hours to asking for hours worked in the pay period. This was done to get consistency between the pay and hours information and hence to give better hourly pay estimates.

The definition of bonus pay was changed to enable the estimation of more consistent results by only collecting bonus pay for the April pay period.

The NES question on 'basic pay' was a 'catch all' question designed to collect all pay that was not bonus, shift or overtime. The wording was considered confusing and so the new questionnaire added a 'pay for other reasons' question as it was expected that most users would split their old basic pay into new basic pay and pay for other reasons.

Questions on pensions have been updated and extended, guidance notes have been simplified and new questions included asking for the pension contributions of both employer and employee.

ONS considers these changes have improved the data quality: "therefore the new results for 2005 are considered to be our best estimates of the pay level and can be published without adjustment."

Referenced throughout from Daffin, C. *'The new ASHE Questionnaire,'* ONS Article's Database, October 2005

## 2 AVERAGE AND MEDIAN GROSS WEEKLY EARNINGS, 2005

### 2.1 AVERAGE EARNINGS

The first section presents information on average weekly earnings in Tyne & Wear. The analyses cover men, women and all employees and compare Tyne & Wear to Great Britain and the North East<sup>9</sup>. The next section (§2.2) discusses median earnings.

In 2005, the average full-time employee in Tyne & Wear earned £466.80 per week, (£24,310 pa). This is 10% less than the Great Britain average of £518.70 per week, (£28,341 pa) (see Table 2.1). The earnings gap between Tyne & Wear and Great Britain is much larger for men, in percentage terms, than women. Men's average weekly earnings were £508.90 (£62.20 per week or 10.9% below the Great Britain average); whereas women's average weekly earnings were £405.80 (£31.30 per week or 7.2% below the Great Britain average). In Tyne & Wear, average annual earnings were £26,647 for men and £20,898 for women.

**Table 2.1: Average earnings of full-time employees on adult rates (2005)**

	MEN & WOMEN				MEN				WOMEN			
	Average		Median		Average		Median		Average		Median	
	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)
<b>Tyne &amp; Wear</b>	£466.80	1186	£394.00	988	£508.90	1252	£431.20	1038	£405.80	1087	£339.40	906
<b>North East</b>	£452.20	1150	£385.50	958	£494.60	1214	£424.20	1019	£390.00	1051	£330.60	875
<b>Great Britain</b>	£518.70	1321	£432.10	1072	£571.10	1414	£473.40	1135	£437.10	1170	£372.10	989
<b>T&amp;W % of GB</b>	90.0%	89.8%	91.2%	92.2%	89.1%	88.5%	91.1%	91.5%	92.8%	92.9%	91.2%	91.6%

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a and 7.6a)

In the North East, average weekly earnings were lower than in Great Britain; men's earnings were £76.50 lower, and women's earnings were £47.10 lower. Tyne & Wear women's weekly earnings were £15.80 higher than in the North East (close to 2004 at £14.10). Tyne & Wear men's were £14.30 higher (compared to just £3.50 higher in 2004). Since 2004, North East men's weekly earnings have risen by £20.90 and Tyne & Wear men's earnings have risen by £31.70 per week (6.7%). Tyne & Wear women's earnings have risen £17.60 per week (4.5%). In Tyne & Wear, the differential between men and women's earnings<sup>10</sup> was 20.3%, compared to 21.2% in 2004.

### 2.2 Median Earnings

Median earnings are those of the 'middle person' in a distribution. They can be said to give a better measure of 'typical' earnings than the average.

Distributions of earnings are nearly always asymmetric. They have many low earners (bunched below the peak) and a much longer 'tail' of high earners on the other side of the distribution. It is this shape of the distribution, technically 'skewed to the left' (low earnings), which causes the median earnings to be much lower than the average.

<sup>9</sup> Note: Earnings by occupation are given in Appendix 2 for the UK, the North East Region and Tyne & Wear.

<sup>10</sup> As a proportion of men's earnings.

In Tyne & Wear, median earnings are about £3,400 pa lower than the average.

In 2005, the median full-time employee in Tyne & Wear earned £394.00 per week (£20,965 pa) [£3,345 less than the average] (Table 1). Men's median earnings were £431.20 per week (£23,232 pa) [£3,415 less than the average]. Women's median earnings were £339.40 per week (£18,080 pa) [£2,818 less than the average].

Compared with Great Britain, Tyne & Wear's median (as a % ratio of GB) for men & women is 1.2 percentage points higher (91.2%) than the ratio of averages (90.0%). This reflects the relative lack of high earners in Tyne & Wear. This effect also applies to men in Tyne & Wear (median 91.1%, average 89.1%; difference 2 percentage points). Conversely, for women in Tyne & Wear, there are more high paid women than in GB. In 2004 the women's average ratio (93.4%) was slightly higher than the median ratio (93.3%). In 2005 this gap of 0.1 percentage points widened to 1.6pp (average ratio 92.8%, median ratio 91.2%).

### 3 PART-TIME EARNINGS

Hourly earnings give a better indication of average earnings, as the problem of the exact amount of hours worked (as part-time employees often do not have contracted hours) is removed. Part-time employees are those that work less than 30 hours per week (average of 19.5 hours in Tyne & Wear<sup>11</sup>) compared to greater than 30 hours (average of 37.3 hours for women and 40.5 hours for men in Tyne & Wear) for full-time employees.

In 2005, the average part-time employee in Tyne & Wear earned 795p per hour, a rise of 8.2% from 2004. This is, however, 10.7% less than Great Britain (890p) (see Table 3.1). Part-time men employees earn 887p per hour, which is 9.6% less than Great Britain (981p). Tyne & Wear part-time women employees earn 771p an hour, which is 11.2% less than Great Britain (868p). The gap between Tyne & Wear's overall part-time earnings compared to Great Britain's has narrowed since 2004 (17.3% to 10.7%).

**Table 3.1: Comparison of average earnings of part-time and full-time employees on adult rates (2005)**

	<i>Part time employees (Pence per hour)</i>						<i>Full time employees (Pence per hour)</i>					
	AVERAGE			MEDIAN			AVERAGE			MEDIAN		
	MEN & WOMEN	MEN	WOMEN	MEN & WOMEN	MEN	WOMEN	MEN & WOMEN	MEN	WOMEN	MEN & WOMEN	MEN	WOMEN
<b>Tyne &amp; Wear</b>	795	887 <sup>a</sup>	771	633	664 <sup>a</sup>	624	1186	1252	1087	988	1038	906
<b>North East</b>	796	955 <sup>a</sup>	759	603	650	597	1150	1214	1051	958	1019	875
<b>Great Britain</b>	890	981	868	662	650	666	1321	1414	1170	1072	1135	986
<b>T&amp;W % of GB</b>	89.3%	90.4%	88.8%	95.6%	102.2%	93.7%	89.8%	88.5%	92.9%	92.2%	91.5%	91.9%

<sup>a</sup> Reasonably precise, CV >5% and <=10%

Source: Annual Survey of Hours and Earnings 2005 (Table 7.6a) and TWRI calculations

The average hourly earnings for part-time employees (795p) are 33% less than the equivalent for full-time employees (1186p). The majority of part-time employees are women (around 80% in Tyne & Wear) and thus data for all part-time employees is largely influenced by women's earnings. Men's part-time hourly earnings in Great Britain (981p) are 13% greater than women's (868p) (see Table 3.1). This is a pattern seen across all earnings included in ASHE (see §2 for full-time average weekly earnings).

A report published by the Government's Women and Equality Unit<sup>12</sup> states that part-time women earn 22% less than their full-time women counterparts in Great Britain. [These ASHE 2005 data in this TWRI report, however, show that, in GB, in hourly pay, women part-timers (868p) earn 26% less than full-timers (1170p)]. This was also reflected in ASHE 2004 data (27%). Further research has shown that almost a quarter of part-time women workers are concentrated in jobs such as care assistants and shop assistants, whereas 4.4% are in managerial roles. According to the report, the rises in national minimum wages have not closed the pay gap between part-time and full-time jobs.

In 2003 and 2004, female part-time hourly earnings in the North East (744p) were higher than in Tyne & Wear (724p). Conversely, in 2005 women's part-time earnings rose 6.5% to 771p in Tyne & Wear, to exceed the North East which rose by just 2% to 759p. These levels are respectively 11.2% and 12.6% lower than the national average.

<sup>11</sup> GB 18.6 hours

<sup>12</sup> The Part-time Pay Penalty Report is available at [www.womenandequalityunit.gov.uk](http://www.womenandequalityunit.gov.uk)

For all part-time employees, Tyne & Wear and North East hourly earnings are very similar at 795p and 796p respectively; 10.7% less than GB (890p).

Women's hourly earnings are more compressed with top earners in Tyne & Wear (1218p) compared to Great Britain (1529p) (see Table 3.2). Women's top earnings are closer to the average in Tyne & Wear and £3.11 per hour less than in Great Britain. The bottom decile for Tyne & Wear has risen since 2004 in line with the rise in the National Minimum Wage (NMW). Men's and women's bottom decile earnings are at NMW (485p, as at April 2005).

**Table 3.2: Distribution of gross hourly earnings, part-time (pence per hour)**

	Great Britain	North East	Tyne & Wear
<b>Men &amp; Women</b>			
Top decile	1605	1305 <sup>a</sup>	1298 <sup>b</sup>
Bottom decile	487	485	485
<b>Men</b>			
Top decile	1974	x	x
Bottom decile	485	485	488
<b>Women</b>			
Top decile	1529	1248 <sup>b</sup>	1218 <sup>b</sup>
Bottom decile	490	485	485

*Note: A decile is a tenth of the (statistical) population. The top decile is the top 10% of earners who are part-time employees.*

<sup>a</sup> Reasonably precise, CV >5% and ≤10%

<sup>b</sup> Acceptable, CV >10% and ≤20%

x Data unreliable

*Source: Annual Survey of Hours and Earnings 2005 (Table 7.6a)*

Table 3.3 illustrates the data on hourly pay from ASHE for the UK, the North East and Tyne & Wear. The table indicates the cumulative percentages earning below each threshold. It should be noted that this data only includes people on adult rates.

The proportions earning under £5/hr are over 17.6% of part-time men in the NE and 16.4% in the UK and over 16.7% of part-time women (18.8% in NE and 11.9% in UK) in Tyne & Wear [data for men in Tyne & Wear withheld].

The proportions earning over £10/hr are around 28.7 % of part-time men in Tyne & Wear, 25.7% in the North East, and 26.8% in the UK. Women part-timers earning over £10/hr are around 15.7% in Tyne & Wear and the North East.

**Table 3.3: Distribution of part-time earnings in the UK, the NE and T&W, % earning under:**

	UK		North East		Tyne & Wear	
	Men	Women	Men	Women	Men	Women
<b>Hourly Earnings</b>						
£4.50 (NMW)	5.7	2.9	...	3.2 <sup>b</sup>	...	...
£5.00	16.4	11.9	17.6 <sup>b</sup>	18.8 <sup>a</sup>	...	16.7 <sup>a</sup>
£5.50	31.0	26.4	32.1 <sup>b</sup>	36.6	28.2 <sup>b</sup>	31.5 <sup>a</sup>
£6.00	41.2	37.8	42.1 <sup>b</sup>	50.0	38.5 <sup>b</sup>	45.2
£6.50	49.4	46.9	50.3 <sup>b</sup>	58.4	48.2 <sup>a</sup>	53.4
£7.00	55.0	53.6	54.7 <sup>b</sup>	63.7	53.3 <sup>a</sup>	58.8
£7.50	60.0	59.7	60.2	69.2	59.2 <sup>a</sup>	65.8
£8.00	64.1	64.7	63.6	73.3	62.7 <sup>a</sup>	69.9
£10.00	73.2	76.9	74.3	84.3	71.3 <sup>a</sup>	84.3
£12.00	78.9	83.4	82.0	89.2	81.0	89.5
£14.00	82.3	87.7	86.9	93.0	88.0	92.8
£16.00	85.4	91.1	89.4	96.0	89.9	95.9
£18.00	88.0	93.5	91.7	97.1	91.4	97.5
£20.00	90.3	95.3	92.9	98.0	93.1	98.5

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

... Too little data to be statistically robust

Source: Annual Survey of Hours and Earnings 2005 (Specially Requested from ONS).

#### 4 LOW PAY AND DISTRIBUTION OF EARNINGS

- Low pay is more prevalent in Tyne & Wear than in the UK using £250 pw as the threshold for *full-timers* (see Table 4.1):
- 15.7 % of men & women (UK 12.9%) earn under £250pw
- 11.0% of men (UK 9.1%) earn under £250pw
- 22.5% of women (UK 18.7 %) earn under £250pw

**Table 4.1: Distribution of gross full-time weekly earnings in GB, the NE and T&W [% earning under for UK, NE and TW]**

	GB ( UK for % earning under)	North East	Tyne & Wear
<b>Men &amp; Women</b>			
Top decile	£854.40	£729.40	£759.30 <sup>a</sup>
Bottom decile	£236.00	£222.60	£226.50
% earning under:			
£250	12.9	16.7	15.7 <sup>a</sup>
£350	34.8	42.5	41.1
£460	54.9	63.3	61.3
<b>Men</b>			
Top decile	£943.10	£784.90 <sup>a</sup>	£817.90 <sup>b</sup>
Bottom decile	£256.70	£241.00	£245.30
% earning under:			
£250	9.1	12.0 <sup>a</sup>	11.0 <sup>a</sup>
£350	27.9	34.2	33.7
£460	48.2	56.4	55.2
<b>Women</b>			
Top decile	£709.00	£647.70 <sup>a</sup>	£671.60 <sup>b</sup>
Bottom decile	£217.60	£202.70	£207.00
% earning under:			
£250	18.7	23.7	22.5 <sup>a</sup>
£350	45.6	54.8	51.8
£460	65.3	73.4	70.2

Note: A decile is a tenth of the (statistical) population. The top decile is the top 10% of earners who are full-time employees.

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a) and Specially Requested from ONS.

Caution: T.4.1 refers to top and bottom deciles for GB, but the % 'earning under' is for the UK.

The distribution of overall earnings were less dispersed in Tyne & Wear than in Great Britain; however, the results were more dispersed than overall earnings in the North East.

- In 2005 the top decile (10%) of men in Tyne & Wear earned 61% more than men's average earnings (GB 65%).
- In 2005 the lowest decile of men in Tyne & Wear earned 52% less than men's average earnings (GB 55%).



The top 10% of men in Tyne & Wear earned £817.90pw (£42,531pa). The bottom 10% of men in Tyne & Wear earned £245.30pw, (£12,756 pa).

Women's earnings in Tyne & Wear show:

- In 2005 the top decile of women in Tyne & Wear earned 66% more than women's average earnings (GB 62%).
- In 2005 the bottom decile of women earned 49% less than women's average earnings (GB 50%).

The top 10% of women in Tyne & Wear earn over £671.60pw (£34,923 pa). The bottom 10% of women earn under £207.00 pw, (£10,764 pa).

Table 4.2 gives data on low pay from ASHE. Data for men earning less than £5.00/hr have been suppressed for Tyne & Wear; however 2.6% of men in the North East and 2.1% in the UK earn less than £5.00/hr. 4.0% of women in Tyne & Wear earned less than £5.00/hr compared to 4.7% in the North East and 3.2% in the UK.

**Table 4.2: Distribution of full-time earnings in the UK, the NE and T&W, % earning under:**

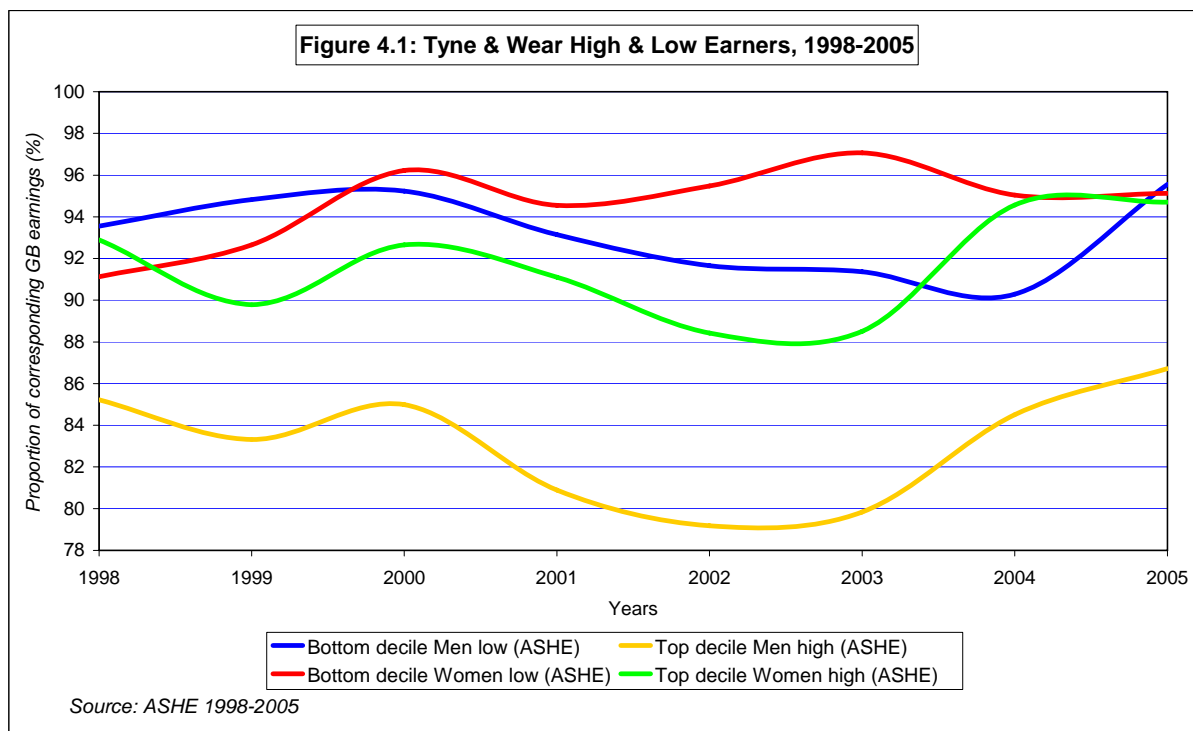
Weekly Earnings	UK		North East		Tyne & Wear	
	Men	Women	Men	Women	Men	Women
£175	1.0	2.3	1.3 <sup>b</sup>	3.3 <sup>b</sup>	...	...
£200	2.7	6.3	3.3 <sup>b</sup>	9.4 <sup>a</sup>	3.0 <sup>b</sup>	8.9 <sup>b</sup>
£220	4.9	10.6	6.3 <sup>a</sup>	14 <sup>a</sup>	5.6 <sup>b</sup>	12.4 <sup>a</sup>
£250	9.1	18.7	12 <sup>a</sup>	23.7	11 <sup>a</sup>	22.5 <sup>a</sup>
£290	16.1	30.3	20.9	37.8	19.6 <sup>a</sup>	35.8
£310	19.9	35.8	25.5	44.7	24.6	41.8
<b>Hourly Earnings</b>						
£5.00	2.1	3.2	2.6 <sup>b</sup>	4.7 <sup>b</sup>	...	4.0 <sup>b</sup>
£5.50	4.8	7.8	5.9 <sup>a</sup>	10.6 <sup>a</sup>	5.2 <sup>b</sup>	9.4 <sup>b</sup>
£6.00	7.8	12.7	10.1 <sup>a</sup>	15.8 <sup>a</sup>	8.8 <sup>a</sup>	14 <sup>a</sup>
£6.50	11.5	17.9	14.9	22.1	13.6 <sup>a</sup>	21 <sup>a</sup>
£7.00	15.4	23.2	19.1	27.8	18.1 <sup>a</sup>	26.1 <sup>a</sup>
£7.50	19.7	28.4	24.2	35.1	23 <sup>a</sup>	32.1 <sup>a</sup>
£8.00	24.2	33.7	29.0	41.6	28.0	39.3

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 2005 (Specially Requested from ONS).

Top earnings have continued to rise as a proportion of GB earnings (Fig. 4.1). For women, low earnings have fallen in proportion to GB from 2003. The level has remained unchanged at around 95% of GB 2004-2005. For men, low earnings improved relative to the GB level, peaking at almost 96% in 2005. The percentage disparity from 1998-2005 between earnings in Tyne & Wear and Great Britain is greatest for highest-paid men.



#### 4.1 The National Minimum Wage (NMW)

ONS has stopped issuing estimates of low pay for Tyne & Wear and the rest of the North East, which TWRI previously published. These results were from the Labour Force Survey (LFS) only and related to employee main jobs. LFS tended to overestimate low pay.

The proportion of employees earning below NMW in the North East has fallen between 1998 and 2005, from 8.7% of employees, to 1.6% (Table 4.3).

**Table 4.3: Employees earning below National Minimum Wage (NMW) 1998-2005**

	1998		1999		2000		2001		2002		2003		2004		2005#	
	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%
<b>North East</b>	80	8.7%	...	...	...	...	...	...	...	...	...	...	19	1.8%	17	1.6%
<b>UK</b>	1,280	5.6%	490	2.1%	320	1.0%	240	1.0%	340	1.4%	250	1.0%	279	1.1%	327	1.3%

... sample size too small for reliable estimate

<sup>b</sup> Acceptable, CV >10% and <=20%

# Before 2005 the estimates are for employees aged 18 and over, for 2005 the estimates are for those aged 16 and over.

Source: ONS Website – <http://www.statistics.gov.uk/StatBase/>

The statutory NMW was introduced on 1<sup>st</sup> April 1999 at £3.60/hr for people aged 21 and over. The table below shows the changes in NMW up to October 2005.

Statutory National Minimum Wage (NMW) (for those over 21 years)	
01 April 1999	£3.60/hr
01 October 2000	£3.70/hr
01 October 2001	£4.10/hr
01 October 2002	£4.20/hr
01 October 2003	£4.50/hr
01 October 2004	£4.85/hr
01 October 2005	£5.05/hr

## 5 INCREASES IN EARNINGS

This section focuses on rises in earnings. The highest and lowest deciles (10%) of earners are considered.

### 5.1 Increases in earnings, 2004/2005

Between 2004 and 2005, the overall reported rise in earnings was 2.3 percentage points larger in Tyne & Wear (6.1%) than in Great Britain (3.8%), (Table 5.1). In 2005, Men's earnings rose by 6.7% in Tyne & Wear compared to 3.8% in Great Britain. Women's earnings rose 5.4%, this rise was just 0.8% more than GB.

**Table 5.1: Percentage increases in weekly earnings (excluding overtime) 2004/2005**

	Great Britain		Tyne & Wear	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
<b>Men &amp; Women</b>	3.8%	3.3%	6.1%	4.7%
<b>Men</b>	3.8%	3.1%	6.7%	4.6%
<b>Women</b>	4.6%	4.5%	5.4%	4.2%

*Source: Annual Survey of Hours and Earnings 2004 and 2005 (Tables 7.2a) with TWRI calculations.*

During 2004/05, earnings for the lowest ten percent of men in Tyne & Wear increased at a much faster rate than in Great Britain (GB 2.7%, TW 7.0%). Women's earnings for the bottom decile also increased at a faster rate than those of Great Britain (GB 3.8%, TW 6.3%).

Top decile earnings for men in Tyne & Wear rose at a faster rate than in Great Britain (GB 4.0%, TW 5.1%). Women's earnings in the top decile in Tyne & Wear rose at a much faster rate compared to Great Britain (GB 4.5%, TW 6.5%).

### 5.2 Increases in earnings, 1998-2005

**Caution: In Spring 2006 the ASHE 2003 was revised, these figures have subsequently been changed in this report**

Between 1998-2005, men & women's earnings in Tyne & Wear had the third-fastest rise (33.7%) of the seven metropolitan counties (Table 5.2). Men's earnings from 1998-2005 were also the third-fastest to increase (31.4%), after London (34.7%) and West Yorkshire (34.5%). The rise in women's earnings 1998-2005 (41.5%), was fastest of all the metropolitan counties except West Yorkshire (42.8%), and on average 10 percentage points faster than the rise in men's earnings.

Big rises in rankings of earnings sometimes reflect particularly rapid employment growth. In terms of level of earnings, by 2005, West Yorkshire had moved up to third place from fifth. This may well be a response to exceptionally strong employment growth, +23%<sup>13</sup> in the dozen years 1991-2003.

<sup>13</sup> *Source: State of the English Cities Report (SOCR), strictly for Leeds only the LA and Primary Urban Area.*

Table 5.2: Gross average weekly earnings in Metropolitan Counties, 1998-2005

	Average Weekly Wage (£)								% Change	
	1998	1999	2000	2001	2002	2003	2004	2005	1998-2005	2004-2005
<b>Men &amp; Women</b>										
London	515.70	536.50	571.50	606.60	641.30	659.00	668.00	697.60	35.3%	4.4%
W. Midlands	374.70	395.20	403.70	436.50	450.80	456.70	466.30	489.10	30.5%	4.9%
G. Manchester	367.00	384.70	397.90	418.40	434.40	450.10	466.00	483.00	31.6%	3.6%
Merseyside	368.90	378.30	393.90	419.20	433.80	427.00	448.90	476.10	29.1%	6.1%
W. Yorkshire	356.10	375.10	389.60	409.10	426.10	449.80	460.00	485.30	36.3%	5.5%
Tyne & Wear	349.10	359.50	379.50	391.70	404.70	<b>413.70</b>	441.20	466.80	33.7%	5.8%
S. Yorkshire	<b>344.90</b>	<b>353.90</b>	<b>367.90</b>	<b>383.60</b>	<b>402.00</b>	421.10	<b>440.10</b>	<b>448.70</b>	30.1%	2.0%
<b>Men</b>										
London	586.20	607.20	646.60	685.00	723.30	743.50	748.50	789.50	34.7%	5.5%
W. Midlands	418.30	436.20	448.00	481.40	494.80	501.50	508.90	536.00	28.1%	5.3%
G. Manchester	410.80	430.40	443.80	465.10	481.00	500.60	513.90	530.10	29.0%	3.2%
Merseyside	415.50	427.40	442.70	470.80	487.30	472.40	494.90	526.10	26.6%	6.3%
W. Yorkshire	391.70	412.50	429.10	447.80	469.00	496.50	501.70	526.70	34.5%	5.0%
Tyne & Wear	387.20	394.40	415.30	430.70	444.80	<b>451.80</b>	477.10	508.90	31.4%	6.7%
S. Yorkshire	<b>378.80</b>	<b>385.60</b>	<b>402.20</b>	<b>416.10</b>	<b>433.80</b>	455.50	<b>473.60</b>	<b>485.60</b>	28.2%	2.5%
<b>Women</b>										
London	410.20	430.20	456.60	486.20	517.20	528.00	543.30	567.10	38.2%	4.4%
W. Midlands	295.20	318.10	321.80	354.30	371.30	376.70	390.50	412.80	39.8%	5.7%
G. Manchester	295.60	309.90	322.60	343.60	361.20	373.00	396.60	413.40	39.9%	4.2%
Merseyside	301.50	308.40	321.60	343.70	357.70	368.20	385.20	414.70	37.5%	7.7%
W. Yorkshire	295.70	313.40	323.00	345.10	355.50	376.00	394.00	422.20	42.8%	7.2%
Tyne & Wear	286.80	302.00	316.30	330.10	<b>342.10</b>	<b>355.40</b>	388.20	405.80	41.5%	4.5%
S. Yorkshire	<b>284.30</b>	<b>300.20</b>	<b>307.40</b>	<b>328.40</b>	346.00	362.00	<b>385.00</b>	<b>388.20</b>	36.5%	0.8%

Source: Annual Survey of Hours and Earnings 1998 – 2005 (Tables 7.1a) and TWRI calculations.

Note: earnings in bold are the lowest

Higher earners rose more quickly than earnings generally. This explains why average earnings rose more quickly than the median.

In the previous TWRI Earnings Report (2004) the increases in median showed a generally similar relationship to that of average earnings when Tyne & Wear was compared to other metropolitan counties. Conversely, earnings increases measured by the median in 2005 (see Table 5.2.1) are *significantly* lower than for the average. In 1998/2005 men & women's increase in median earnings was 29.6%, 4.1 percentage points smaller than for the average.

Similarly, men's earnings, measured by the median, rose by 24.7% (1998-2005), 6.7 percentage points lower than measured by the average.

Women's median earnings rose by 36.8% between 1998-2005, 4.7 percentage points slower than the rise in women's average earnings.

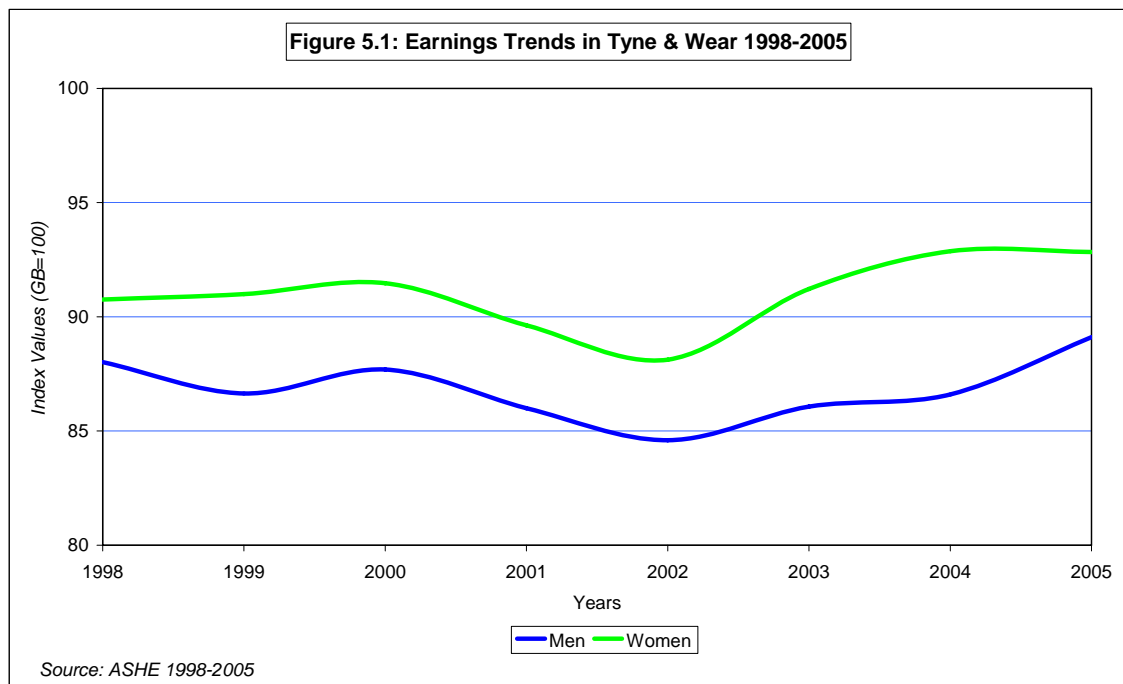
Table 5.2.1: Gross median weekly earnings in Metropolitan Counties, 1998-2005

	Median Weekly Wage (£)								% Change	
	1998	1999	2000	2001	2002	2003	2004	2005	1998-2005	2004-2005
<b>Men &amp; Women</b>										
London	419.00	433.00	460.00	479.90	501.10	521.40	537.40	555.80	32.6	3.4
W. Midlands	329.90	337.90	348.70	371.70	383.50	391.10	400.90	415.20	25.9	3.6
G. Manchester	317.60	331.50	342.90	353.40	371.00	379.70	392.90	410.10	29.1	4.4
Merseyside	315.00	329.20	337.20	355.00	364.40	364.70	384.80	398.70	26.6	3.6
W. Yorkshire	314.70	326.40	340.00	349.90	361.10	379.80	388.90	405.20	28.8	4.2
Tyne & Wear	<b>303.90</b>	315.90	337.40	342.40	<b>345.50</b>	<b>350.50</b>	<b>378.60</b>	394.00	29.6	4.1
S. Yorkshire	311.90	<b>314.70</b>	<b>326.90</b>	<b>340.40</b>	354.60	370.60	389.80	<b>383.50</b>	23.0	-1.6
<b>Men</b>										
London	468.20	480.30	507.30	531.30	551.40	575.80	594.00	619.90	32.4	4.4
W. Midlands	371.80	378.70	387.80	410.60	422.30	431.10	441.40	457.30	23.0	3.6
G. Manchester	355.10	371.50	375.00	388.00	408.30	414.80	435.70	448.30	26.2	2.9
Merseyside	361.70	374.90	375.80	392.30	398.40	401.90	437.70	440.80	21.9	0.7
W. Yorkshire	345.50	357.70	375.80	383.90	395.00	416.30	422.30	436.50	26.3	3.4
Tyne & Wear	345.80	350.80	380.60	390.10	383.90	<b>393.10</b>	<b>415.10</b>	431.20	24.7	3.9
S. Yorkshire	<b>340.40</b>	<b>346.80</b>	<b>363.20</b>	<b>374.90</b>	<b>381.80</b>	402.60	425.60	<b>422.00</b>	24.0	-0.8
<b>Women</b>										
London	364.60	379.60	393.50	422.30	443.40	460.70	475.10	491.80	34.9	3.5
W. Midlands	261.20	275.40	283.90	305.10	311.00	319.90	334.80	360.60	38.1	7.7
G. Manchester	260.70	274.80	287.20	300.50	316.70	326.80	345.50	354.60	36.0	2.6
Merseyside	264.10	274.50	278.70	299.90	316.70	324.30	333.40	364.30	37.9	9.3
W. Yorkshire	259.90	277.10	282.30	298.70	310.90	322.30	337.80	355.90	36.9	5.4
Tyne & Wear	248.10	259.40	276.20	280.10	<b>289.80</b>	<b>307.00</b>	<b>329.20</b>	339.40	36.8	3.1
S. Yorkshire	<b>244.70</b>	<b>249.70</b>	<b>260.00</b>	<b>278.70</b>	292.60	314.50	338.50	<b>318.30</b>	30.1	-6.0

Source: Annual Survey of Hours and Earnings 1998 – 2005 (Tables 7.1a) and TWRI calculations.

### 5.3 Trends in earnings relative to GB 1998-2005

Relative to GB, from 1998-2005, for most of the period Tyne & Wear earnings declined by about 3 percentage points (up to 2002) (Figure 5.1). This decline was sharply reversed in 2003. Between 2002 and 2004, women's earnings increased rapidly reaching 93% of GB, this was maintained during the year to 2005. Conversely, men's earnings increased steadily 2002-2004, with a sharp rise of about 2.5pp between 2004/05.



## 6 COMPARISONS WITH OTHER COUNTIES

### 6.1 Other Counties and Unitary Authorities in England

For men & women, Tyne & Wear's earnings are 53<sup>rd</sup> among the (87) English counties, Metropolitan counties and Unitary authorities that data was available for. Men's earnings in Tyne & Wear rank 51<sup>st</sup> out of the data available for 87 areas. Women's earnings in Tyne & Wear rank 40<sup>th</sup>.

### 6.2 Other Counties and Unitary Authorities in the North East

Earnings in Tyne & Wear are fairly typical of other counties and unitary authorities in the North East (see Table 6.1). There is not a great range of earnings, with the widest range observed in men's earnings. Darlington men earn £90 a week less than their counterparts in Redcar & Cleveland, with Tyne & Wear men falling above the middle of the Unitary Authorities. Tyne & Wear women's earnings are the highest. Women in Tyne & Wear earn £79.50 a week more than their counterparts in Redcar & Cleveland<sup>14</sup>.

**Table 6.1: Average and median weekly earnings in Unitary Authorities in the NE (£)\***

	Men & Women				Men				Women					
	Aver. Earning	Rank in Eng.	Med'n. Earning	Rank in Eng.	Aver. Earning	Rank in Eng.	Med'n. Earning	Rank in Eng.	Aver. Earning	Rank in Eng.	Med'n. Earning	Rank in Eng.		
Stockton-on-Tees	470.20	47	403.40 <sup>a</sup>	46	Redcar & Clevel.	523.90	45	484.50 <sup>a</sup>	23	Tyne & Wear	405.80	40	339.40	53
Tyne & Wear	466.80	53	394.00	59	Stockton-on-Tees	523.50 <sup>a</sup>	46	461.30 <sup>a</sup>	31	Durham	385.90	61	329.20	61
Redcar & Clevel.	463.50	59	423.50 <sup>a</sup>	27	Tyne & Wear	508.90	51	431.20	59	Darlington	385.00 <sup>a</sup>	63	363.30 <sup>a</sup>	26
Hartlepool	452.30 <sup>a</sup>	65	375.80 <sup>a</sup>	73	Hartlepool	497.00 <sup>a</sup>	62	422.60 <sup>b</sup>	64	Hartlepool	379.00 <sup>a</sup>	69	333.00 <sup>a</sup>	58
Northumberland	436.70	75	356.70 <sup>a</sup>	82	Northumberland	487.40 <sup>a</sup>	67	414.20 <sup>a</sup>	72	Northumberland	373.60	73	302.30	80
Middlesbrough	428.70	79	372.40 <sup>a</sup>	75	Middlesbrough	484.80 <sup>a</sup>	69	415.40 <sup>a</sup>	71	Stockton-on-Tees	364.30	83	308.90 <sup>a</sup>	78
Durham	424.90	81	371.60	77	Durham	452.80	80	400.20	77	Middlesbrough	355.50 <sup>a</sup>	85	313.90 <sup>a</sup>	74
Darlington	412.50	88	365.40 <sup>a</sup>	80	Darlington	433.10	84	366.00 <sup>a</sup>	87	Redcar & Clevel.	326.30 <sup>a</sup>	88	300.30 <sup>b</sup>	83

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

\* In rank order

Source: Annual Survey of Hours and Earnings 2005 (Table 7.1a)

Occasionally, the median is very different from the average. For example, in Northumberland, men & women's average earnings are £80 (£4,160pa) above the median. Large gaps between the average and the median indicate either a distribution with a high proportion of relatively high earners or a (smaller) high proportion of very high earners.

*Caution: Errors will be relatively larger when using smaller samples such as for Unitary Authorities and Northumberland.*

<sup>14</sup> Notably ASHE data for 2004 has been revised upwards; this is particularly striking for women as earnings trends looked very different in 2004. The most striking example is for women in Hartlepool, TWRI's 2004 Earnings report shows Hartlepool's earnings for women to be the lowest at £286.9, revised data for 2004 shows £324.5. In 2005 women's earnings for Hartlepool were £379 and Hartlepool falls in the middle of the Unitary Authorities.

### 6.3 Other Metropolitan Counties

For Tyne & Wear, all earnings, men's earnings and women's earnings are second lowest of the metropolitan counties in 2005 (Table 6.2). They have improved on 2004 when Tyne & Wear was lowest. This structure of earnings has been relatively stable over the last 7 years, except for West Yorkshire rising to 3<sup>rd</sup> place (on average earnings).

**Table 6.2: Gross average and median weekly earnings in Metropolitan Counties (£)\***

	Men & Women			Men			Women	
	Average	Median		Average	Median		Average	Median
London	697.60	555.80	London	789.50	619.90	London	567.10	491.80
W. Midlands	489.10	415.20	W. Midlands	536.00	457.30	W. Yorkshire	422.20	355.90
W. Yorkshire	485.30	405.20	G. Manchester	530.10	448.30	Merseyside	414.70	364.30
G. Manchester	483.00	410.10	W. Yorkshire	526.70	436.50	G. Manchester	413.40	354.60
Merseyside	476.10	398.70	Merseyside	526.10	440.80	W. Midlands	412.80	360.60
Tyne & Wear	466.80	394.00	Tyne & Wear	508.90	431.20	Tyne & Wear	405.80	339.40
S. Yorkshire	448.70	383.50	S. Yorkshire	485.60	422.00	S. Yorkshire	388.20	318.30

\* In rank order

Source: Annual Survey of Hours and Earnings 2005 (Table 7.1a)

Comparisons with other metropolitan counties are a more sensitive measure of change and are more meaningful than comparisons with Great Britain. This is because Great Britain averages are not typical of most of the country, being strongly affected by Greater London's high level of earnings.

## 7 WOMEN'S EARNINGS COMPARED TO MEN'S

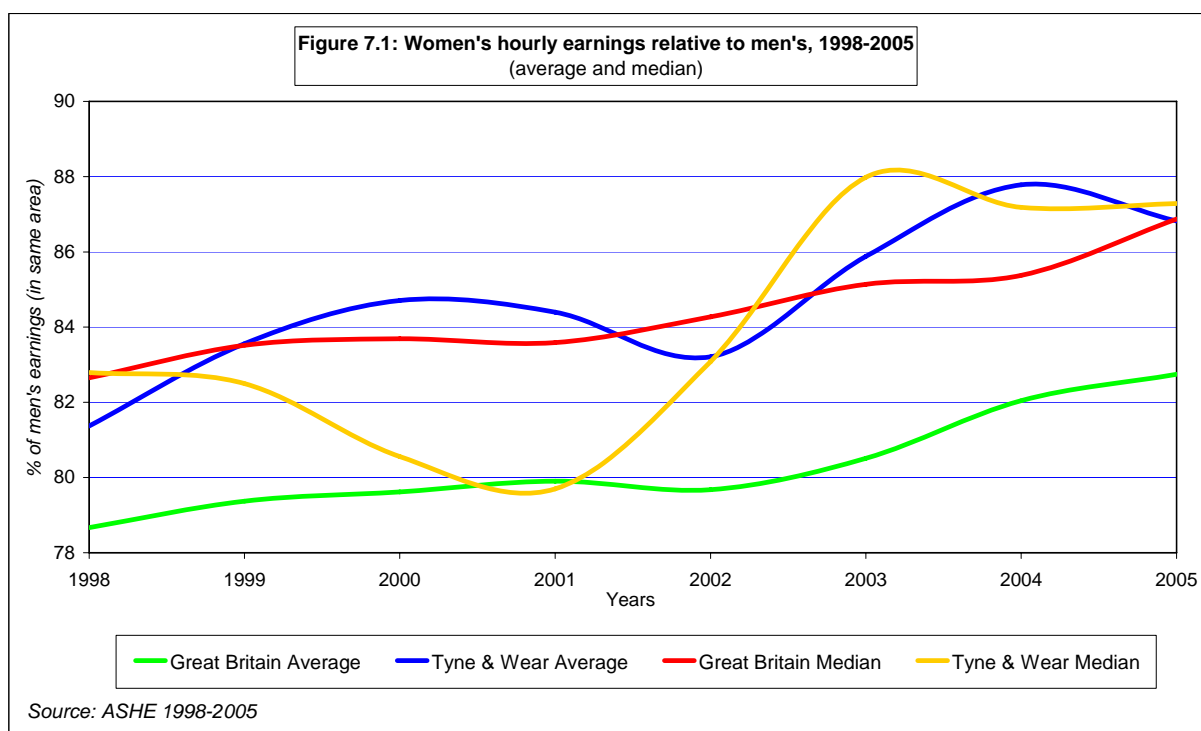
This section considers the extent to which women's earnings have been closing the gap with men's earnings. The term "weekly ratio" refers to the ratio of women's weekly earnings to men's weekly earnings and the "hourly ratio", excluding overtime, is the ratio of women's to men's hourly earnings.

Women's earnings are more meaningfully compared to men's using hourly earnings rather than weekly earnings as hourly figures exclude differences due to hours and overtime payments.

In Tyne & Wear, women's earnings have risen relative to men's, almost 1.5 times as quickly as in Great Britain. In the last eight years, the ratio of women's average hourly earnings compared to men's has risen only 4 percentage points for Great Britain, but 5.5 percentage points in Tyne & Wear. Between 2003-2005 however, as average and median women's earnings have continued to grow slowly but steadily in Great Britain, Tyne & Wear's women's median hourly pay has fallen relative to men's. In 2004, Tyne & Wear's women's hourly earnings peaked at 88% of men's, during 2004-2005 women's earnings fell to 86.8% of men's (Figure 7.1). Before this marked fall, women were generally narrowing the hourly pay gap with men in Tyne & Wear.

Relative to men's earnings, the *median* women's earnings in Tyne & Wear in 2001-2003 rose sharply (by 8 percentage points). Women's earnings fell in 2004 remaining at 87% of men's in 2005. For the same period (2001-2005) Great Britain's median women's earnings rose just 1.5 percentage points. (Figure 7.1).

- The percentage increase for relative earnings of women from 1998-2005 is more positive when using average data compared to median data, with an increase of 5.5% compared to 4.5%.
- In Great Britain the opposite pattern shows a rise of the median relative to the average (up 4 percentage points). These patterns show that amongst women, it is high earners in Tyne & Wear who have been relative 'gainers'. In Great Britain, conversely, the bulk of women, shown by the median, are relatively closer (85.4%) to men's earnings; in Great Britain the average women's earnings are lower (82.0%) in relation to men's.
- In Great Britain both ratios had the same increase of 4 percentage points over the 8 years.

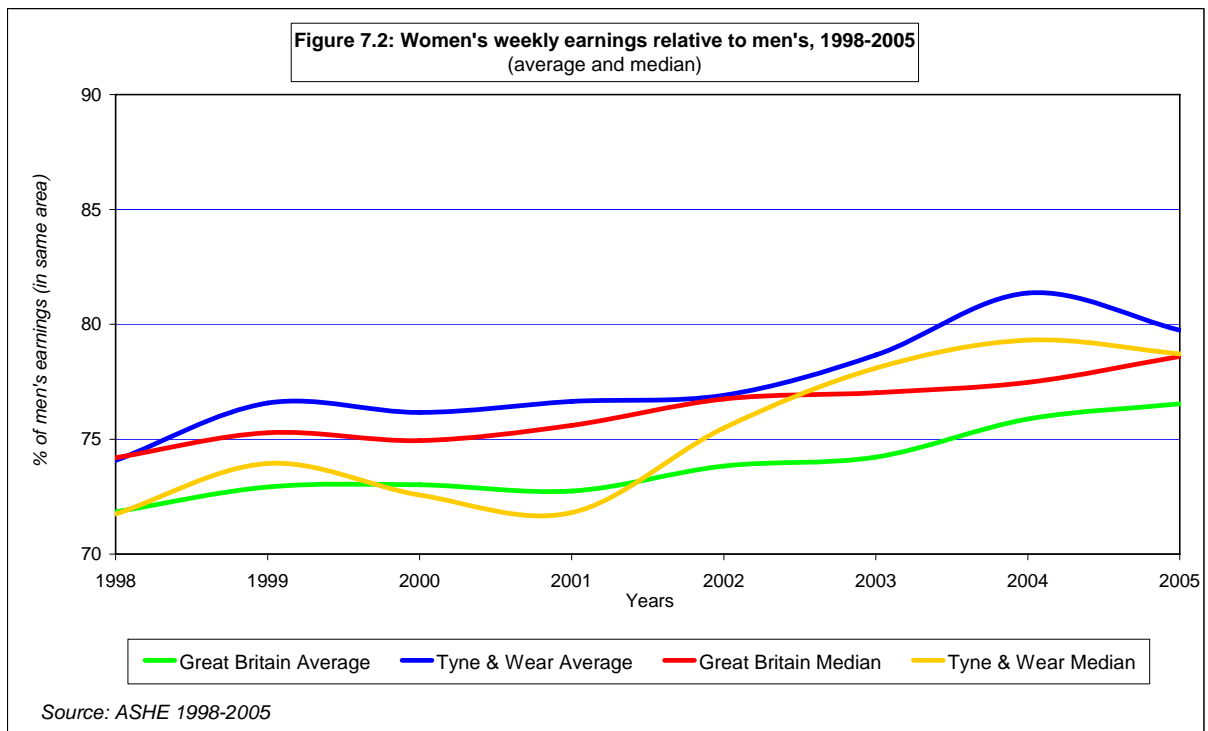




Women's weekly average earnings in Tyne & Wear are much closer to men's average earnings than in Great Britain, by about 4 percentage points (Figure 7.2). In 2005, average weekly earnings for women in Tyne & Wear were 80% of men's (GB 76.5%). Women's *median* weekly earnings however converge in 2005 (Tyne & Wear 78.6%, Great Britain 78.7%).

The ratio of women's weekly earnings to men's in Tyne & Wear and GB has been on a positive trend. Tyne & Wear's women's weekly earnings rose 5.7% (relative to men's) 1998-2005 (note the effect of the steep fall in 2004/05 of 1.6%). The rise in Great Britain was 4.7% with a continued slow but steady rise.

One reason for the narrowing trend of the pay gap between men and women over the last 10-15 years is that women are returning to work more quickly after maternity. More years of work can be expected to mean more women reach higher-paid jobs. Secondly, women are now a majority of the entrants into higher-paid professions such as law and medicine.



*Caution: These averages do not reveal the differences in rates of pay for comparable jobs, as they do not allow for the different employment characteristics of men and women, such as the proportion in different occupations and their length of time in jobs.*

## 8 PUBLIC & PRIVATE SECTOR EARNINGS

This section considers the differences between public sector earnings and private sector earnings. Data on the two sectors was obtained from ONS by special request. Weekly and hourly rates of pay are compared, as well as the distribution of gross weekly earnings. The difference in hours worked and average overtime worked are also considered. The data presented is for the UK, England, North East, and Tyne & Wear for men and women employees.

All employees, male employees and female employees working in the public sector earn more per week [and per hour] than those employed in the private sector (Table 8.1).

In both the public and private sector, weekly and hourly earnings are lower in Tyne & Wear and the North East, than in the UK and England (Table 8.1).

In both sectors, hourly and weekly earnings are greater in England than the UK average. Tyne & Wear is however, higher than the North East except in public sector hourly earnings (see Table 8.1).

**Table 8.1: Average full-time earnings of public and private sector employees on adult rates**

	<u>£'s per week</u>			<u>Pence per hour (excludes overtime)</u>		
	ALL EMPLOYEES	MEN	WOMEN	ALL EMPLOYEES	MEN	WOMEN
<b>Public sector employees</b>						
Tyne & Wear	491.10	554.60	440.50	1300	1415	1201
North East	487.50	554.30	439.00	1311	1429	1218
England	535.30	600.60	481.60	1427	1542	1325
UK	530.70	593.20	479.90	1410	1519	1316
TW as a % of UK	92.5%	93.5%	91.8%	92.2%	93.2%	91.3%
<b>Private sector employees</b>						
Tyne & Wear	451.10	490.60	358.30	1120	1189	945
North East	432.40	474.00	334.60	1070	1145	878
England	525.00	575.80	414.90	1305	1398	1087
UK	513.60	563.50	406.00	1276	1367	1064
TW as a % of UK	87.8%	87.1%	88.3%	87.8%	87.0%	88.8%

Source: Annual Survey of Hours and Earnings 2005 (Tables 13.1a & 13.6a) & Specially Requested from ONS.

Private sector top and bottom earners are further from the average than in the public sector, where earnings are more compressed (see Table 8.2).

**Table 8.2: Distribution of full-time public and private sector gross weekly earnings (£)**

	<u>UK</u>			<u>England</u>			<u>North East</u>			<u>Tyne &amp; Wear</u>		
	All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
<b>Public-sector employees</b>												
Top Decile	818.50	929.80	732.00	828.20	938.50	737.40	742.80 <sup>a</sup>	...	681.30 <sup>a</sup>	768.70 <sup>b</sup>	...	684.00 <sup>b</sup>
Bottom Decile	269.10	294.50	256.90	270.10	297.70	257.90	254.90	263.40	249.30	251.20	261.50	243.40
<b>Private-sector employees</b>												
Top Decile	873.60	952.00	686.10	892.90	969.60	703.40	712.50 <sup>a</sup>	759.60 <sup>a</sup>	539.60 <sup>b</sup>	750.70 <sup>a</sup>	797.00 <sup>b</sup>	....
Bottom Decile	225.00	247.70	200.90	228.60	250.80	202.90	208.40	230.10	182.20	214.40	232.70	183.70

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 2005 (Table 7.1a) & Specially Requested from ONS

In all areas, public sector employees work about 2.25 hours fewer per week (including overtime) than in the private sector (see Table 8.3). In Tyne & Wear, male public sector employees work 39.2 hours per week (including 1.8 hours overtime) compared to 41.3 hours (including 2.5 hours overtime) in the private sector, basic hours of 37.4 hours and 38.8 hours respectively.

Female public sector employees work 36.7 hours per week (overtime unknown) compared to 37.9 hours (including 0.7 hours overtime – women’s basic hours thus amount to 37.2 hours) in the private sector.

**Table 8.3: Average hours worked and overtime of public and private sector employees**

	UK			England			North East			Tyne & Wear		
	All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
<b>Public-sector employees</b>												
Average hrs worked (inc. overtime)	37.6	39.1	36.5	37.5	39.0	36.3	37.2	38.8	36.0	37.8	39.2	36.7
Average overtime (hrs)	1.2	1.7	0.7	1.1	1.7	0.8	1.0 <sup>a</sup>	1.6 <sup>a</sup>	0.5 <sup>b</sup>	1.1 <sup>b</sup>	1.8 <sup>b</sup>	x <sup>b</sup>
<b>Private-sector employees</b>												
Average hrs worked (inc. overtime)	40.2	41.2	38.2	40.2	41.2	38.2	40.4	41.4	38.1	40.3	41.3	37.9
Average overtime (hrs)	1.7	2.2	0.8	1.7	2.2	0.8	2.0	2.5 <sup>a</sup>	0.8 <sup>b</sup>	2.0 <sup>b</sup>	2.5 <sup>a</sup>	0.7 <sup>b</sup>

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 2005 (Tables 13.9a and 13.11a)

## 9 HOURLY EARNINGS AND HOURS OF WORK

### 9.1 Hourly Earnings

Hourly earnings may give a better indication of underlying changes in earnings as they exclude the effects of changes in hours and in overtime payments.

Caution: Movements in total hours and in overtime are cyclical.

In 2004/05, hourly earnings in Tyne & Wear rose 6.2% for men and 5.0% for women (Table 9.1). In 2004 both men's and women's hourly earnings rose at a slightly faster rate than weekly earnings, this was not the case in 2005 (weekly earnings rose 6.7% and 5.4% respectively). Men's earnings rose much more quickly in Tyne & Wear than in Great Britain (TW 6.2%, GB 4.0%). For women, the Tyne & Wear rise was just 0.1% higher than in Great Britain.

The same trends are also apparent when the median is used instead of average, although the gap for men is wider. The opposite is true for women's earnings, both Tyne & Wear and Great Britain rose 4.9%.

**Table 9.1: Percentage change in average and median hourly earnings, 2004/2005\***

	Men		Women	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
Tyne & Wear	6.2%	4.4%	5.0%	4.9%
Great Britain	4.0%	1.8%	4.9%	4.9%
Difference (T&W minus GB)	2.1%	2.6%	0.1%	0.0%

\* Excluding overtime

Source: Annual Survey of Hours and Earnings 2004 and 2005 (Tables 7.6a) and TWRI calculations.

Caution: Annual change figures are affected by sampling error at both the beginning and end of the period. A better indicator of the trend can be gained over a long period of time.

Since 1998, Tyne & Wear men's earnings have grown at a similar, but slightly faster, rate than in Great Britain (Table 9.2). Women's earnings have followed a similar pattern but have been much faster. Women's hourly earnings (up 43.0% since 1998) in Tyne & Wear have risen faster than men's (up 34.0%).

**Table 9.2: Percentage change in average and median hourly earnings, 1998-2005\***

	Men		Women	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
Tyne & Wear	34.0%	29.4%	43.0%	36.4%
Great Britain	32.3%	29.6%	39.1%	36.2%
Difference (T&W minus GB)	1.7%	-0.2%	3.9%	0.2%

\* Excluding overtime

Source: Annual Survey of Hours and Earnings 1998 - 2005 (Tables 7.6a) and TWRI calculations.

## 9.2 Hours Worked

The EU Working Time Directive was introduced to limit the working week to 48 hours per week from October 1998.

Between 1998 and 2005, hours worked by men fell both in Tyne & Wear and Great Britain (TW -0.8 hours, GB -0.6 hours). The hours worked by women have remained fairly static, but with a slight fall in Tyne & Wear (TW -0.2 hours, GB 0.0 hours). (See Table 9.3).

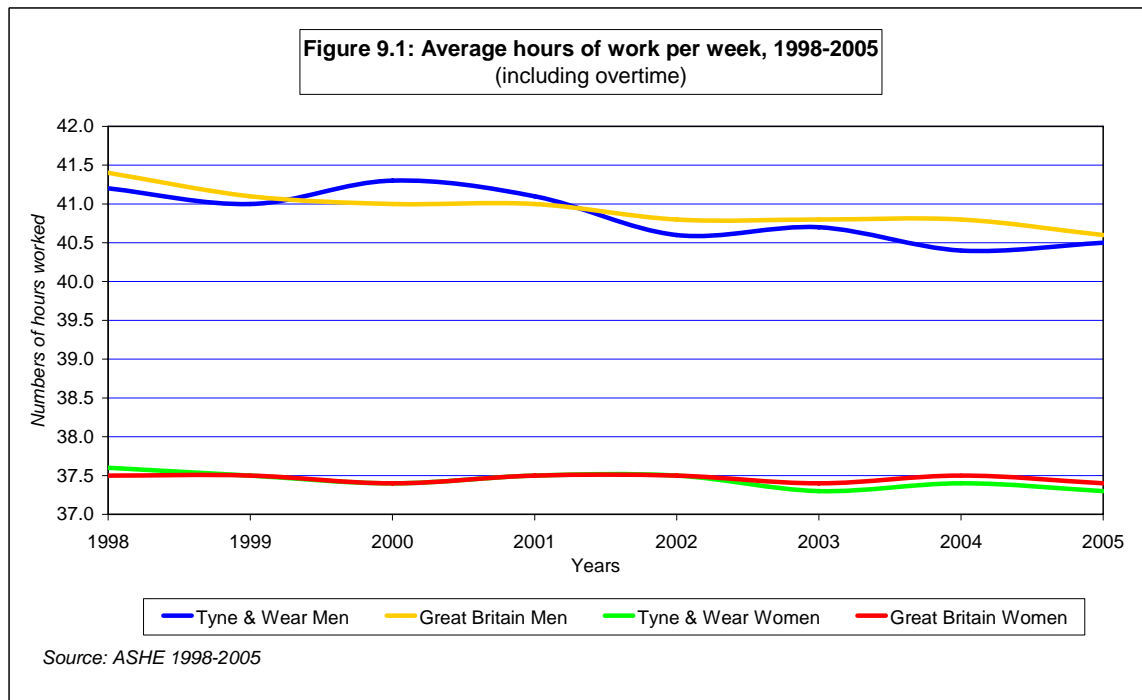
**Table 9.3: Average and median hours of work per week, 1998-2005\***

	Men				Women			
	Tyne & Wear		Great Britain		Tyne & Wear		Great Britain	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN	AVERAGE	MEDIAN	AVERAGE	MEDIAN
1998	41.2	39.0	41.4	39.0	37.6	37.0	37.5	37.1
1999	41.0	39.0	41.1	39.0	37.5	37.0	37.5	37.0
2000	41.3	39.0	41.0	39.0	37.4	37.0	37.4	37.0
2001	41.1	39.0	41.0	39.0	37.5	37.0	37.5	37.0
2002	40.6	39.0	40.8	39.0	37.5	37.0	37.5	37.0
2003	40.7	39.0	40.8	39.0	37.3	37.0	37.4	37.0
2004	40.4	38.8	40.8	39.0	37.4	37.0	37.5	37.0
2005	40.5	39.0	40.6	39.0	37.3	37.0	37.4	37.0
% change 2004 – 2005	0.1	0.2	-0.2	0.0	-0.1	0.0	-0.1	0.0
% change 1998 – 2005	-0.8	-0.2	-0.6	0.0	-0.2	0.0	0.0	-0.1

\*Including overtime

Source: Annual Survey of Hours and Earnings 1998 – 2005 (Tables 7.9a) & TWRI calculations.

Hours of work have generally fallen since 1998 (Figure 9.1).



Men's overtime has fallen -0.6 hours in Tyne & Wear and -0.7 hours in Great Britain over the period 1998-2005. Women's overtime has also fallen, but less steeply (Tyne & Wear -0.3, Great Britain -0.1) (see Table 9.4). In 2004/05, men's overtime hours remained relatively static for both Tyne & Wear

and Great Britain (both -0.1). Overtime hours for women have fallen more steeply in Tyne & Wear, down 0.3 hours (Great Britain -0.1).

In Tyne & Wear in 2005, women worked on average 3 hours less than men, of which, 1.6 hours could be accounted for by shorter overtime (Tables 9.3 and 9.4).

**Table 9.4: Average overtime hours per week**

	Men		Women	
	Tyne & Wear	Great Britain	Tyne & Wear	Great Britain
1998	2.8 <sup>a</sup>	2.7	0.9 <sup>b</sup>	0.8
1999	2.7 <sup>a</sup>	2.6	0.7 <sup>b</sup>	0.8
2000	2.7 <sup>a</sup>	2.6	0.7 <sup>b</sup>	0.8
2001	2.8 <sup>a</sup>	2.4	0.8 <sup>b</sup>	0.8
2002	2.5 <sup>a</sup>	2.2	0.9 <sup>b</sup>	0.7
2003	2.3 <sup>a</sup>	2.2	0.7 <sup>b</sup>	0.7
2004	2.3 <sup>a</sup>	2.1	0.9 <sup>b</sup>	0.7
2005	2.2 <sup>a</sup>	2.0	0.6 <sup>b</sup>	0.7
2004 – 2005	-0.1	-0.1	-0.3	0.0
1998 – 2005	-0.6	-0.7	-0.3	-0.1

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 1998 – 2005 (Tables 7.11a) & TWRI calculations

*Caution: Median overtime hours are about two or three times as long as average overtime. This is because the median and percentiles have been presented as a distribution of non-zero values only, whereas mean values are an average across all respondents. Thus it is impossible to directly compare average and median values of overtime.*

**Table 9.5: Median overtime hours per week\***

	Men		Women	
	Tyne & Wear	Great Britain	Tyne & Wear	Great Britain
1998	6.3 <sup>a</sup>	6.3	3.0 <sup>b</sup>	3.1
1999	6.0 <sup>a</sup>	6.0	2.3 <sup>b</sup>	3.0
2000	6.0 <sup>a</sup>	6.0	2.3 <sup>b</sup>	3.0
2001	5.1 <sup>b</sup>	6.0	2.7 <sup>b</sup>	3.0
2002	5.1 <sup>a</sup>	5.6	3.2 <sup>b</sup>	3.0
2003	5.2 <sup>b</sup>	5.3	2.4 <sup>b</sup>	2.5
2004	5.0 <sup>b</sup>	5.4	2.9 <sup>b</sup>	2.8
2005	4.6 <sup>b</sup>	5.0	x	2.7
2004 – 2005	-0.4	-0.4	x	-0.1
1998 – 2005	-1.7	-1.3	-0.1	-0.4

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

x - unreliable, % change to 2004 presented

\* **Warning:** The median overtime hours are only for those who work **some** overtime. This makes them non-comparable with the averages, which are for all employees, including the (large number of) employees who had zero overtime.

Source: Annual Survey of Hours and Earnings 1998 – 2005 (Tables 7.11a) & TWRI calculations

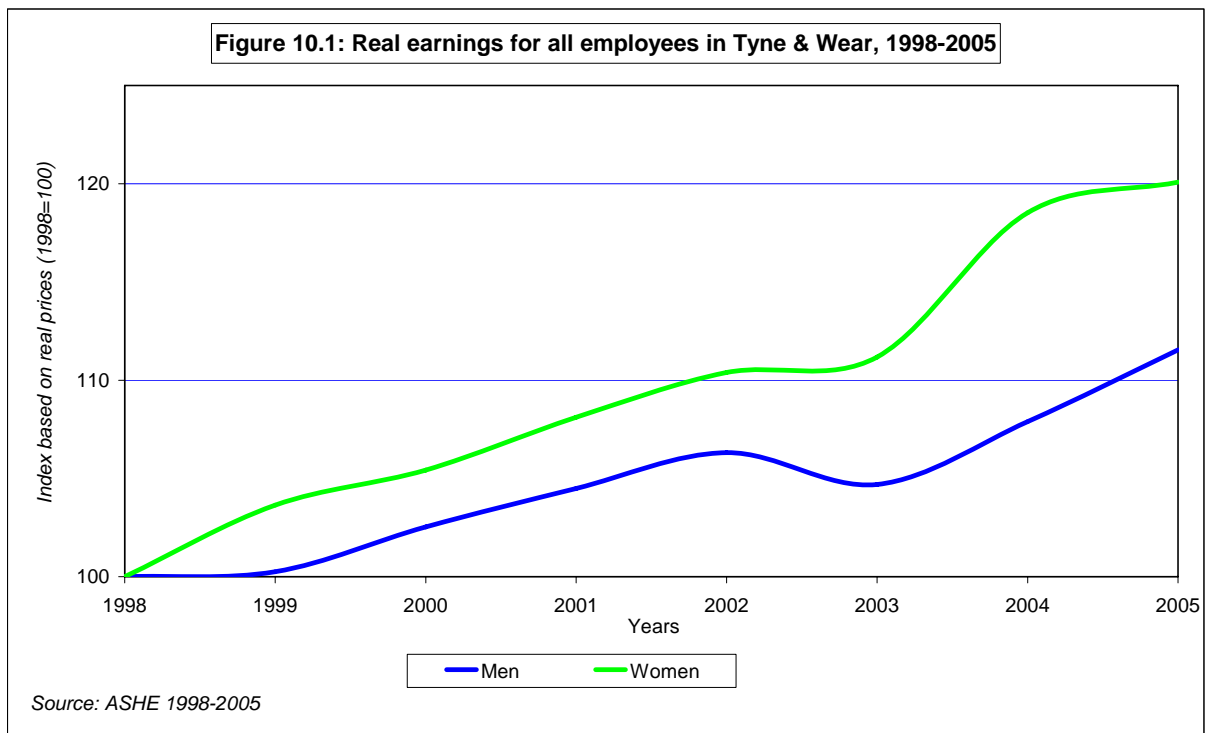
## 10 EARNINGS IN REAL TERMS, SINCE 1998

This section analyses earnings in real terms, i.e. after adjusting for price inflation, as measured by the Retail Prices Index (RPI). Effectively they estimate the rise in average living standards for the vast majority of the people in work (employees, full-time). The figures still relate to gross earnings. They therefore make no allowance for direct tax changes. For example, notably National Insurance rates rose by 1 percentage point (in 2003).

*Caution: Given the size of the sampling errors, the figures for single years, and for comparisons with Great Britain, are more indicative than exact measures.*

Between 1998 and 2005, real earnings for both men and women in Tyne & Wear have risen significantly; men's by 11.5% and women's by 20.1% (Figure 10.1). In real terms, the average annual compound rises were 1.6% for men and 2.6% for women<sup>15</sup>.

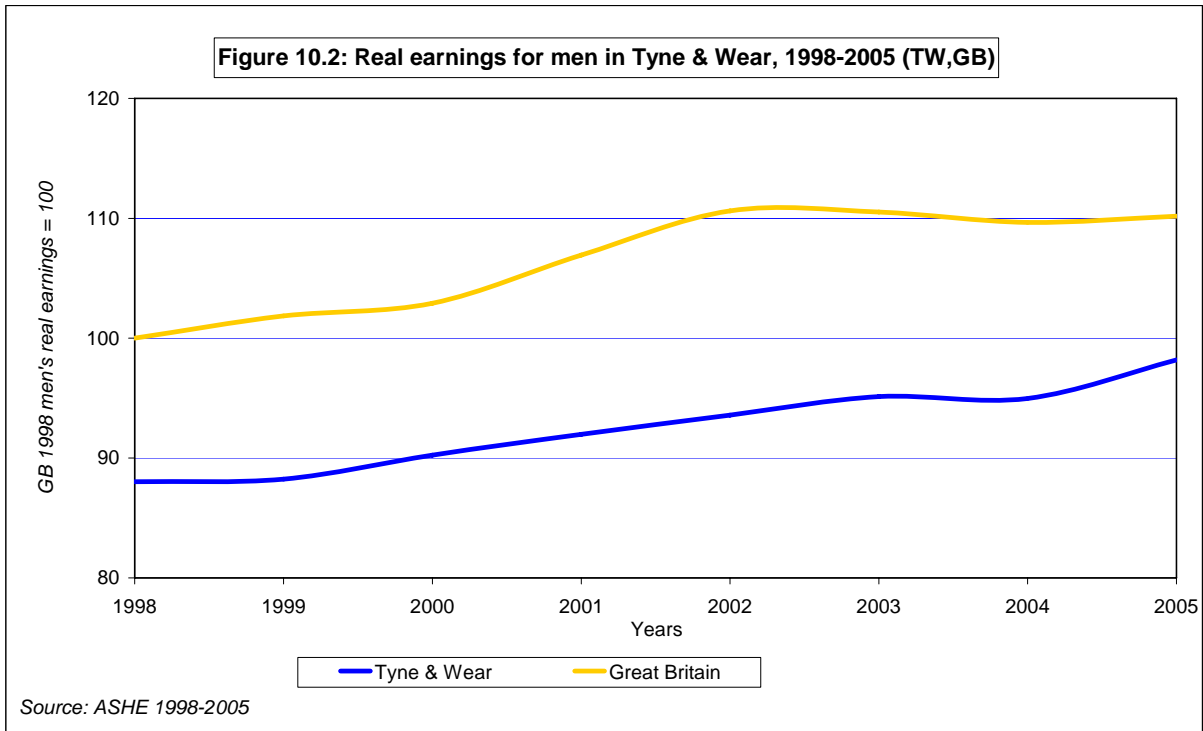
[As 1998-2005 was also a period of overall employment growth, according to ABI and LFS, this implies very significant economic growth – Ed.]



Between April 2004/05, the RPI rose 3.2%. This implies that in 2004/2005, men's earnings in Tyne & Wear reportedly rose 3.4% in real terms, whereas in Great Britain, real earnings rose by 0.5% (Figure 10.1). Women's real earnings experienced moderate growth in 2004/05, up 1.3% in Tyne & Wear (men 3.4%) matched by Great Britain, also up 1.3% (Figure 10.2).

Since 1998, real earnings for men have risen significantly faster (by 1.4 percentage points) in Tyne & Wear than in Great Britain, whereas women's earnings have risen even faster (by 2.7 percentage points) than in Great Britain (Figures 10.2 and 10.3). In 1998-2005, men's real earnings in Tyne & Wear rose by 11.5%, (GB 10.2%). Women's real earnings rose by 20.1% in Tyne & Wear, whilst in Great Britain they rose 17.4%.

<sup>15</sup> The formula for calculating the annual average compound rise [in MS Excel] is  $=((x/y)^{(1/z)})-1$ .  $x$  is real earnings in 2005 (111.5 for men in Fig 10.1),  $y$  is real earnings in 1998 (100 for men in Fig 10.1) and  $z$  is the number of years in the time series (7 years in Fig 10.1).





## 11 EARNINGS OF RESIDENTS

This section presents information on average and median weekly earnings in Tyne & Wear *by place of residence* of employees, not by place of work, as is the case in the rest of the report. The analyses cover men, women and all employees, and compare Tyne & Wear to Great Britain and the North East. Findings from 2005 indicate significantly lower earnings of residents than at workplaces in Tyne & Wear.

### 11.1 Average & Median Gross Weekly Earnings

In 2005, full-time employees resident in Tyne & Wear earned on average £445.60, which is £21.20 (-4.5%) less than the workplace-based population (refer to Tables 2.1 and 11.1).

Table 11.1: Residents average and gross weekly full-time earnings

	MEN & WOMEN				MEN				WOMEN			
	Average		Median		Average		Median		Average		Median	
	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)
Tyne & Wear	445.60	1121	378.50	936	479.50	1164	414.70	997	394.30	1052	325.70	863
North East	449.70	1140	383.80	956	488.50	1196	423.50	1018	391.00	1051	328.40	870
Great Britain	520.20	1325	433.10	1075	572.80	1418	474.90	1139	438.00	1173	372.30	987
T&W % of GB	85.7%	84.6%	87.4%	87.1%	83.7%	82.1%	87.3%	87.5%	90.0%	89.7%	87.5%	87.4%

Source: Annual Survey of Hours and Earnings 2005 (Tables 8.1a and 8.6a)

Logically, residents' average earnings are lower than for workplaces only where net in-commuters have higher earnings than residents. In Tyne & Wear, earnings of residents are typically 4-5% (-2.8% to -7.0%) less than for employees at work places in the same area. The difference is very small in the North East (up to 1.5%), and is marginal in Great Britain (up to 0.4%) [Presumably due to higher earnings abroad of GB residents than the reverse] (Table 11.2).

Table 11.2: Percentage difference between resident and workplace-based weekly earnings

	MEN & WOMEN				MEN				WOMEN			
	Average		Median		Average		Median		Average		Median	
	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)
Tyne & Wear resid. earnings % of workplace earnings	-4.5%	-5.5%	-3.9%	-5.3%	-5.8%	-7.0%	-3.8%	-3.9%	-2.8%	-3.2%	-4.0%	-4.7%
North East resid. earnings % of workplace earnings	-0.6%	-0.9%	-0.4%	-0.2%	-1.2%	-1.5%	-0.2%	-0.1%	0.3%	0.0%	-0.7%	-0.6%
Great Britain resid. earnings % of workplace earnings	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.2%	0.3%	0.1%	-0.2%

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a, 7.6a, 8.1a and 8.6a) & TWRI calculations

The lower earnings of residents in Tyne & Wear (than of employees at workplaces at Tyne & Wear) MUST be due to higher average earnings of net in-commuters. [See Census SWS Table W107 for employees commuting – Ed.]

## 11.2 Comparisons with Other Counties

In the metropolitan counties, residence-based earnings are generally lower than workplace-based earnings (Table 11.3) [except for women in Merseyside]. These differences are greater in London than in the other metropolitan counties, (men & women's average earnings are £42.30 less than workplace-based estimates). In Tyne & Wear, resident employees earn less than the workplace-based employees, especially men.

**Table 11.3: Weekly earnings of residents and workplace employees in Metropolitan Counties (£)\***

Men & Women				Men				Women						
Average		Median		Average		Median		Average		Median				
Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place			
London	655.30	697.60	527.00	555.80	London	731.40	789.50	574.80	619.90	London	556.10	567.10	482.90	491.80
Merseyside	473.60	476.10	400.20	398.70	Merseyside	515.60	526.10	438.70	440.80	Merseyside	418.20	414.70	364.30	364.30
W. Yorkshire	470.50	485.30	397.50	405.20	G. Manchester	515.50	530.10	433.90	448.30	W. Yorkshire	413.20	422.20	346.40	355.90
G. Manchester	468.10	483.00	401.00	410.10	W. Yorkshire	507.50	526.70	426.50	436.50	G. Manchester	398.60	413.40	346.10	354.60
W. Midlands	459.60	489.10	395.60	415.20	W. Midlands	499.10	536.00	429.10	457.30	W. Midlands	396.50	412.80	345.00	360.60
Tyne & Wear	445.60	466.80	378.50	394.00	S. Yorkshire	481.70	485.60	431.10	422.00	Tyne & Wear	394.30	405.80	325.70	339.40
S. Yorkshire	444.60	448.70	386.90	383.50	Tyne & Wear	479.50	508.90	414.70	431.20	S. Yorkshire	380.40	388.20	318.20	318.30

\* Ranked on resident's average pay

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a and 8.1a)

In the North East, earnings are higher at workplaces than for residents in Tyne & Wear (by £21.20 pw), Middlesbrough (by £27.40 pw), and Hartlepool (by £14.20 pw). These are therefore all places with net in-commuters who are earning (on average) more than their out-commuters. The reverse is true of the other five areas, which gain higher earnings from net out-commuting; particularly Northumberland (by £38.30 pw). (Note: data for Northumberland and Stockton-on-Tees appears to be incorrect. For Men & Women's and Men's earnings the two are very close but there is a gap of £32 for women's earnings. This appears to be a mistake in the ASHE).

**Table 11.4: Weekly earnings of residents and workplace employees in Unitary Authorities (£)\***

Men & Women				Men				Women						
Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place			
Average		Median		Average		Median		Average		Median				
Stockton-on-Tees	477.8	470.2	418.7	403.4 <sup>a</sup>	Stockton-on-Tees	524.2	523.9	456.6 <sup>a</sup>	461.3 <sup>a</sup>	Northumberland	414.2	373.6	320.3 <sup>a</sup>	302.3
Northumberland	475.0	436.7	390.9	356.7 <sup>a</sup>	Northumberland	522.5	487.4 <sup>a</sup>	454.5 <sup>a</sup>	414.2 <sup>a</sup>	Darlington	407.8 <sup>a</sup>	385 <sup>a</sup>	362.6 <sup>a</sup>	363.3 <sup>a</sup>
Redcar & Cleveland	467.3	463.5	433.3 <sup>a</sup>	423.5 <sup>a</sup>	Redcar & Cleveland	518.7	523.9	498.3	484.5 <sup>a</sup>	<b>Tyne &amp; Wear</b>	<b>394.3</b>	<b>405.8</b>	<b>325.7</b>	<b>339.4</b>
<b>Tyne &amp; Wear</b>	<b>445.6</b>	<b>466.8</b>	<b>378.5</b>	<b>394</b>	Durham	484.6	452.8	412.4	400.2	Durham	387.2	385.9	339.0 <sup>a</sup>	329.2
Durham	443.7	424.9	381.2	371.6	<b>Tyne &amp; Wear</b>	<b>479.5</b>	<b>508.9</b>	<b>414.7</b>	<b>431.2</b>	Stockton-on-Tees	382.7	364.3	336.0	308.9 <sup>a</sup>
Hartlepool	438.1	452.3 <sup>a</sup>	373.6 <sup>a</sup>	375.8 <sup>a</sup>	Hartlepool	471.1 <sup>a</sup>	497 <sup>a</sup>	419.3 <sup>a</sup>	422.6 <sup>b</sup>	Hartlepool	380.0 <sup>a</sup>	379.4 <sup>a</sup>	335.7	333.0 <sup>a</sup>
Darlington	433.6	412.5	369.1 <sup>a</sup>	365.4 <sup>a</sup>	Middlesbrough	451.2 <sup>a</sup>	484.8 <sup>a</sup>	397.8 <sup>a</sup>	415.4 <sup>a</sup>	Redcar & Cleveland	363.9 <sup>a</sup>	326.3 <sup>a</sup>	311.2 <sup>b</sup>	300.3 <sup>a</sup>
Middlesbrough	401.3	428.7	348.3 <sup>a</sup>	372.4 <sup>a</sup>	Darlington	449.1	433.1	379.4 <sup>a</sup>	366.0 <sup>a</sup>	Middlesbrough	329.8 <sup>a</sup>	355.5 <sup>a</sup>	307.8 <sup>b</sup>	313.9 <sup>a</sup>

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

\* Ranked on resident's average pay

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a and 8.1a)

### 11.3 Women's Earnings Compared to Men's

Using ASHE 2005, it is now possible to monitor the differences between men's and women's earnings of residents as well as for the usual work-places. In Tyne & Wear, women's average hourly earnings are 3.6% higher (relative to men) for residents than for workplaces (90.4% for a TW resident, 86.8% for a TW work-based employee) (Table 11.5). This is also the case, although weakly, for the North East (NE resident 87.9%, NE workplace 86.6%). For Great Britain, there is no difference between men's and women's earnings.

**Table 11.5: Women's hourly earnings compared to men's, by workplace and by residence**

	Tyne & Wear		North East		Great Britain	
	Average	Median	Average	Median	Average	Median
<b>By Workplace</b>						
% of men's earnings	86.8%	87.3%	86.6%	85.9%	82.7%	87.1%
<b>By Residence</b>						
% of men's earnings	90.4%	86.6%	87.9%	85.5%	82.7%	86.7%

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.6a and 8.6a)

### 11.4 Hourly Earnings & Hours of Work

In Tyne & Wear, both men's and women's hours per week worked (and overtime) are higher for residents than for workplace employees. Men and women residents' hours per week and men's overtime were 0.2 hours higher than workplace hours. Women residents' overtime hours were just 0.1 hours higher than workplace hours. In terms of average hours and overtime worked, there are no other differences in hours.

**Table 11.6: Hours worked per week and overtime, by workplace and by residence\***

	Tyne & Wear				Great Britain			
	Average		Median		Average		Median	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
<b>By Workplace</b>								
Hours per week	40.5	37.3	39.0	37.0	40.6	37.4	39.0	37.0
Overtime	2.2 <sup>a</sup>	0.6 <sup>b</sup>	4.6 <sup>a</sup>	x	2.0	0.7	5.0	2.7
<b>By Residence</b>								
Hours per week	40.7	37.5	39.0	37.0	40.6	37.4	39.0	37.0
Overtime	2.4 <sup>a</sup>	0.7 <sup>b</sup>	5.0 <sup>a</sup>	x	2.0	0.7	5.0	2.7

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

\* **Warning**: The median overtime hours are only for those who work **some** overtime. This makes them non-comparable with the averages, which are for all employees, including the (large number of) employees who had zero overtime.

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.9a, 8.9a, 7.11a and 8.11a)

*Caution: when considering overtime, due to the smaller samples, the error associated with these findings is likely to be relatively large, and thus the results are likely to be difficult to compare fairly.*

## APPENDIX 1 (Other) Sources of Earnings Data

### Earnings data from Labour Force Survey (LFS):

Estimates of weekly gross earnings for full-time employees are also published from the LFS<sup>16</sup>. They are quarterly and cover all full-time employees including those below the income tax threshold.

Average earnings are lower in the LFS than in the ASHE, this difference is greater in the North East (11-14.5%) than in Great Britain (10-12%) (Table A1.1). The LFS may under-record earnings because it is based on responses by households. They may confuse gross earnings with net earnings. In addition many responses are on behalf of other household members.

The ASHE and the Labour Force Survey (LFS) are the best sources to use when measuring the levels of average earnings for full-time and part-time employees respectively<sup>17</sup>.

**Table A1.1: Weekly full-time earnings from Labour Force Survey and ASHE, 2005**

	GB			NE		
	Men & Women	Men	Women	Men & Women	Men	Women
<b>LFS</b>	465.00	508.00	397.00	400.00	432.00	352.00
<b>ASHE</b>	518.70	571.10	437.10	452.20	494.60	390.00
<b>% difference</b>	-11.5	-12.4	-10.1	-13.1	-14.5	-10.8

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a) and Labour Force Survey (Table 35, Spring 2005 and TWRI calculations).

### Average Earnings Index (AEI)

ONS's preferred measure of earnings growth in the whole economy is the Average Earnings Index (AEI) headline rate. The AEI is a monthly index of earnings growth in Great Britain based on the Monthly Wages & Salaries Survey (MWSS). Average earnings are obtained by dividing the total number of employees by the total pay. Monthly chain-linking ensures that the vast majority of firms sampled are the same from one month to the next. The index may be used to estimate earnings between each ASHE.

### Latest data on earnings

Projections are normally published in ONS' Labour Market Trends each quarter using the AEI. Total remuneration of all employees in the UK (by employers) can be best determined using the National Accounts wages and salaries component. Wages and salaries estimates also include non-cash earnings, for example wages in kind.

<sup>16</sup> As of August 2005 the Labour Force Survey has been included in the new Annual Population Survey. The APS supercedes the Local Area LFS and the quarterly (four quarter averages) LFS.

<sup>17</sup> Please refer to: Daffin, C. 2004. 'An analysis of historical ASHE data 1998-2003', in Labour Market Trends, Vol. 112 (12), pp493-504.

## APPENDIX 2 Earnings by Occupation

**Table A2.1: Gross weekly average earnings by Occupational Group (£)**

SOC 2000	Tyne & Wear		North East		UK	
	Men	Women	Men	Women	Men	Women
Managers and senior officials	761.60	573.90 <sup>a</sup>	721.30	539.20	848.50	616.80
Professional Occupations	743.20	633.60	730.20	610.30	755.50	634.80
Associate Professional & Technical	509.00	470.00	504.20	455.90	593.50	491.60
Administrative & Secretarial Occupations	341.90	315.00	342.00	308.40	388.10	340.30
Skilled Trades Occupations	445.70	257.00 <sup>a</sup>	442.50	253.70 <sup>a</sup>	440.50	312.60
Personal Service Occupations	337.70	287.10	316.70	274.60	336.50	288.70
Sales & Customer Service Occupations	306.70 <sup>a</sup>	264.20	293.80	260.40	310.10	265.60
Process, Plant & Machinery Occupations	392.10	290.10 <sup>a</sup>	403.70	286.40	407.30	301.70
Elementary Occupation	318.70	248.90 <sup>a</sup>	313.20	243.40	333.20	260.60

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 2005 (Table 3.1a) and Specially Requested from ONS.

**Table A2.2: Gross annual average earnings by Occupational Group (£)**

SOC 2000	Tyne & Wear		North East		UK	
	Men	Women	Men	Women	Men	Women
Managers and senior officials	41,500 <sup>a</sup>	29,492 <sup>a</sup>	38,885 <sup>a</sup>	28,052 <sup>a</sup>	50,397	34,303
Professional Occupations	38,479 <sup>a</sup>	31,801	38,323 <sup>a</sup>	30,833	39,952	32,210
Associate Professional & Technical	27,125	23,888	26,669	23,139	31,959	25,507
Administrative & Secretarial Occupations	18,508	16,721	18,368	16,329	20,950	17,744
Skilled Trades Occupations	22,643	13,775 <sup>a</sup>	22,231	13,779 <sup>a</sup>	22,755	16,117
Personal Service Occupations	16,754 <sup>a</sup>	15,106	15,967	13,938	17,241	14,279
Sales & Customer Service Occupations	14,413 <sup>a</sup>	13,441 <sup>a</sup>	14,591	13,245	16,840	13,668
Process, Plant & Machinery Occupations	20,112	15,620 <sup>b</sup>	20,869	14,403 <sup>a</sup>	21,019	14,999
Elementary Occupation	16,584	12,563 <sup>a</sup>	16,503	11,964 <sup>a</sup>	17,437	13,019

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

Source: Annual Survey of Hours and Earnings 2005 (Table 3.1a) and Specially Requested from ONS.

### APPENDIX 3: Earnings for Small Areas

These data series are subject to much bigger margins of error than for Tyne & Wear. Those estimates labelled with no data (...) have errors too large to be statistically sound.

**Table A3.1: Average earnings by District (All employees)**

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	466.80	459.80	477.80	465.00	437.30	465.90
10% earned under (£)	226.50	219.80	236.00	219.60	200.0 <sup>a</sup>	235.60
10% earned over (£)	759.30 <sup>a</sup>	...	770.90 <sup>b</sup>	...	...	748.40 <sup>b</sup>
Average hourly earnings (p) excl. overtime	11.86	11.59	12.36	11.96 <sup>a</sup>	10.95	11.54
Average weekly hours (including overtime)	39.2	39.5	38.6	39.2	39.5	39.8
Overtime (hr)	1.6 <sup>a</sup>	2.0 <sup>b</sup>	1.0 <sup>b</sup>	1.7 <sup>b</sup>	1.9 <sup>b</sup>	1.8 <sup>a</sup>

*a* Reasonably precise, CV >5% and <=10%

*b* Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a, 7.6a, 7.9a, and 7.11a) and Specially Requested from ONS.

**Table A3.2: Average earnings by District (Men)**

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	508.90	511.00	524.00	509.90 <sup>a</sup>	457.20 <sup>a</sup>	504.10
10% earned under (£)	245.30	247.30	249.40	226.20	204.30 <sup>b</sup>	254.20
10% earned over (£)	817.90 <sup>a</sup>	...	...	...	...	...
Average hourly earnings (p) excl. overtime	12.52	12.44	13.24	12.59 <sup>a</sup>	10.91 <sup>a</sup>	12.13
Average weekly hours (including overtime)	40.5	41.0	39.5	40.9	41.5	40.9
Overtime (hr)	2.2 <sup>a</sup>	3.0 <sup>b</sup>	1.5 <sup>b</sup>	2.4 <sup>b</sup>	2.7 <sup>b</sup>	2.4 <sup>b</sup>

*a* Reasonably precise, CV >5% and <=10%

*b* Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a, 7.6a, 7.9a, and 7.11a) and Specially Requested from ONS.

**Table A3.3: Average earnings by District (Women)**

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	405.80	379.70	424.50	398.50 <sup>a</sup>	403.80 <sup>a</sup>	394.00
10% earned under (£)	207.00	189.00	226.50	...	196.40 <sup>a</sup>	197.10 <sup>a</sup>
10% earned over (£)	671.60 <sup>a</sup>	...	...	...	...	...
Average hourly earnings (p) excl. overtime	10.87	10.20	11.32	10.95 <sup>a</sup>	11.02 <sup>a</sup>	10.38
Average weekly hours (including overtime)	37.3	37.2	37.5	36.6	36.1	37.9
Overtime (hr)	0.6 <sup>b</sup>	...	0.5 <sup>b</sup>	...	...	...

*a* Reasonably precise, CV >5% and <=10%

*b* Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Tables 7.1a, 7.6a, 7.9a, and 7.11a) and Specially Requested from ONS.

**Table A3.4: Average earnings by Travel-to-Work Area**

	Tyneside			Sunderland & Durham		
	All	Men	Women	All	Men	Women
Gross weekly earnings (£)	460.30	502.80	403.00	452.90	485.70	399.60
% earning under £250	35.10	19.90 <sup>a</sup>	49.90	33.60	17.60 <sup>a</sup>	48.70
10% earned under (£)	222.40	237.60	204.70	234.00	249.30	220.50
10% earned over (£)	750.70 <sup>a</sup>	801.70 <sup>b</sup>	670.10 <sup>b</sup>	718.70 <sup>a</sup>	756.80 <sup>b</sup>	...
Average hourly earnings (p) excl. o/time	1178	1242	1088	1152	1196	1078
Average weekly hours (including o/time)	39	41	37	39	40	37
Overtime (hr)	1.5 <sup>a</sup>	2.2 <sup>a</sup>	0.6 <sup>b</sup>	1.4 <sup>a</sup>	1.9 <sup>a</sup>	0.6 <sup>b</sup>

*a* Reasonably precise, CV >5% and <=10%

*b* Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Specially Requested from ONS).

**Table A3.5: Average earnings by Tyne & Wear Parliamentary Constituency (All employees)**

	Blaydon	Gates E. / Wash W.	Hought & Wash. East	Jarrow	Newc. Cent.	Newc. North	Newc. E / Walls.	North Tyne	South Shields	Sund. North	Sund. South	Tyne Bridge	Tynemouth
Gross weekly earnings (£)	425.50	488.20 <sup>a</sup>	490.30	430.10 <sup>a</sup>	544.10	469.80	397.10	437.30 <sup>a</sup>	438.30 <sup>a</sup>	480.00 <sup>a</sup>	450.30 <sup>a</sup>	465.30	510.80 <sup>a</sup>
10% earned under (£)	205.00 <sup>a</sup>	226.00 <sup>a</sup>	252.70 <sup>a</sup>	193.70 <sup>a</sup>	249.50 <sup>a</sup>	223.60	225.40	209.00 <sup>a</sup>	225.70 <sup>a</sup>	232.70 <sup>a</sup>	228.30 <sup>a</sup>	230.00	226.30 <sup>a</sup>
10% earned over (£)	...	...	...	...	...	...	...	...	...	...	...	...	758.8 <sup>b</sup>
Average hourly earnings (pence) excl. overtime	10.40	12.63 <sup>a</sup>	11.70	10.50 <sup>a</sup>	14.03	11.75	10.06	11.32 <sup>a</sup>	11.19 <sup>a</sup>	11.96 <sup>a</sup>	11.63 <sup>a</sup>	12.05	13.00 <sup>a</sup>
Average weekly hours (incl. overtime)	40.5	38.8	41.0	40.1	38.9	39.8	39.0	38.8	39.0	39.5	38.7	38.5	39.8
Overtime (hr)	2.9 <sup>b</sup>	...	2.7 <sup>b</sup>	2 <sup>b</sup>	...	...	1.4 <sup>b</sup>	...	...	1.6 <sup>b</sup>	...	1.2 <sup>b</sup>	...

*a* Reasonably precise, CV >5% and <=10%

*b* Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Tables 11.1a, 11.6a, 11.9a, and 11.11a)

**Table A3.6: Average earnings by Tyne & Wear Parliamentary Constituency (Men)**

	Blaydon	Gates E. / Wash W.	Hought & Wash. East	Jarrow	Newc. Cent.	Newc. North	Newc. E / Walls.	North Tyne	South Shields	Sund. North	Sund. South	Tyne Bridge	Tynemouth
Gross weekly earnings (£)	461.00	551.60 <sup>a</sup>	504.80	448.60 <sup>a</sup>	595.50 <sup>a</sup>	500.40	440.60 <sup>a</sup>	483.50 <sup>a</sup>	456.10 <sup>a</sup>	525.00 <sup>a</sup>	505.40 <sup>a</sup>	518.50	546.40 <sup>b</sup>
10% earned under (£)	256.70 <sup>a</sup>	253.30 <sup>b</sup>	268.80 <sup>a</sup>	...	248.80 <sup>a</sup>	245.90 <sup>a</sup>	228.80 <sup>a</sup>	217.60 <sup>a</sup>	207.30 <sup>a</sup>	247.50 <sup>a</sup>	247.30 <sup>a</sup>	259.60 <sup>a</sup>	228.90 <sup>a</sup>
10% earned over (£)	...	...	...	...	...	...	...	...	...	...	...	...	...
Average hourly earnings (pence) excl. overtime	10.83 <sup>a</sup>	13.90 <sup>a</sup>	11.68	10.51 <sup>a</sup>	15.05 <sup>a</sup>	12.04 <sup>a</sup>	10.83 <sup>a</sup>	12.07 <sup>a</sup>	11.08 <sup>a</sup>	12.68 <sup>a</sup>	12.79 <sup>a</sup>	13.09	13.31 <sup>b</sup>
Average weekly hours (incl. overtime)	42.1	40.0	42.0	42.1	39.7	41.4	40.2	40.2	40.8	40.5	39.5	39.5	41.9
Overtime (hr)	3.7 <sup>b</sup>	...	3.4 <sup>b</sup>	...	...	...	...	...	...	...	...	1.8 <sup>b</sup>	...

*a* Reasonably precise, CV >5% and <=10%

*b* Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Tables 11.1a, 11.6a, 11.9a, and 11.11a)

**Table A3.7: Average earnings by Tyne & Wear Parliamentary Constituency (Women)**

	Blaydon	Gates E. / Wash W.	Hought & Wash. East	Jarrow	Newc. Cent.	Newc. North	Newc. E / Walls.	North Tyne	South Shields	Sund. North	Sund. South	Tyne Bridge	Tynemouth
Gross weekly earnings (£)	355.10 <sup>a</sup>	407.40 <sup>a</sup>	442.50 <sup>b</sup>		491.10 <sup>a</sup>	423.60 <sup>a</sup>	348.60	373.30 <sup>a</sup>	412.30 <sup>a</sup>	422.70 <sup>a</sup>	359.30 <sup>a</sup>	396.80	449.90 <sup>a</sup>
10% earned under (£)	...	...	...	...	249.60 <sup>a</sup>	...	219.70 <sup>a</sup>	...	...	215.70 <sup>a</sup>	...	217.00	...
10% earned over (£)	...	...	...	...	...	...	...	...	...	...	...	...	...
Average hourly earnings (pence) excludes overtime	9.47 <sup>a</sup>	10.96 <sup>b</sup>	11.80 <sup>b</sup>	10.48 <sup>b</sup>	12.94 <sup>a</sup>	11.30 <sup>a</sup>	9.18	10.21 <sup>a</sup>	11.37 <sup>a</sup>	11.02 <sup>a</sup>	9.65 <sup>a</sup>	10.67	12.41 <sup>a</sup>
Average weekly hours (including overtime)	37.2	37.3	37.5	35.8	38.1	37.4	37.6	36.8	36.4	38.2	37.3	37.3	36.3
Overtime (hr)	...	...	...	...	...	...	...	...	...	...	...	...	...

<sup>a</sup> Reasonably precise, CV >5% and <=10%

<sup>b</sup> Acceptable, CV >10% and <=20%

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2005 (Tables 11.1a, 11.6a, 11.9a, and 11.11a)