



# EARNINGS IN TYNE & WEAR 2009

This bulletin provides a summary of key points on earnings for Tyne & Wear

## KEY POINTS

Earnings (from ASHE) are a high-quality ONS local economic indicator. This is because they are timely (from April this year) and from a decent sample size and consistent method. All the estimates presented in this note are for full-time employees<sup>1</sup> who worked at workplaces in the geographical areas named<sup>2</sup>.

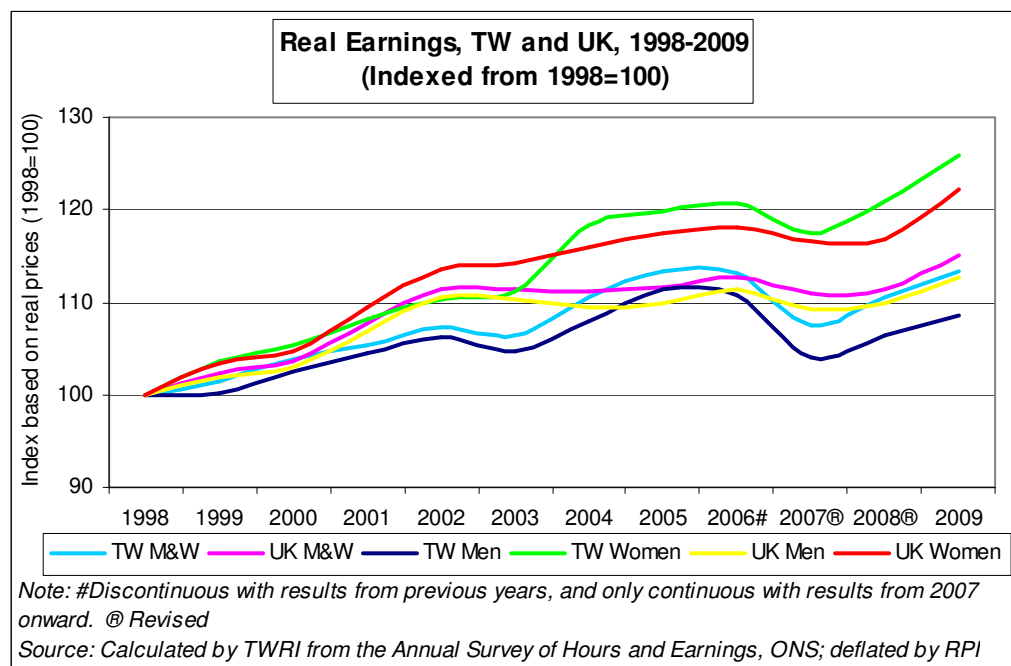
Earnings estimates have been released by ONS down to District-level. Due to the low statistical confidence of these estimates for Districts these will be reported in part of a forthcoming<sup>3</sup> TWRI knowledge Report called 'Earnings in Tyne & Wear 2009'.

The new ASHE (2009) data were issued on 12<sup>th</sup> November.

### Real<sup>4</sup> Earnings ...

Real earnings are a measure of living standards. This section is all calculated by TWRI.

- Real earnings growth had been weaker in Tyne & Wear at around 13%, than in the UK between 2000 and 2003 [compared to UK real GDP<sup>5</sup> growth, of the order of 30%].
- For Tyne & Wear men, the estimate of overall average real earnings grew by only 8.6%, 4pp less than the 12.8% growth in the UK.
- Tyne & Wear women's real earnings have in contrast to TW men grown somewhat faster than in the UK; Tyne & Wear women's real earnings grew by about (26%), 3.6pp faster than in the UK.



<sup>1</sup> Data on part-timers are due to be reported in a later TWRI full report on Earnings 2009.

<sup>2</sup> Estimates are also available for earnings of residents. These are covered in TWRI's Earnings Report.

<sup>3</sup> Due in January 2010.

<sup>4</sup> Earnings in real terms makes adjustments for price inflation, here as measured by the Retail Price Index (RPI). Real earnings have been calculated using the RPI (Retail Price Index) as the measure of inflation in the UK. Effectively they estimate the rise in average living standards for the vast majority of the people in work (employees full-time).

<sup>5</sup> GDP is Gross Domestic Product; essentially the output of the whole economy.

### Fluctuations in Real Earnings...

- Average Real earnings in Tyne & Wear have fluctuated over the 11-year period (e.g., dented by inflation at 4.5% in 2007)
- Tyne & Wear men's, were real earnings dipped in 2003 but fell about 5%<sup>6</sup>, over the 2 years 2006 and 2007. These falls in Tyne & Wear men's real earnings were followed by (smaller) growth in 2008 and 2009.
- Tyne & Wear women's, average real earnings grew steadily to 2006, before dipping in 2007. Like for men, this was followed by growth in both 2008 and 2009.

### Full-Time Earnings...

- **Average (mean) full-time earnings in Tyne & Wear now exceed £500 per week.** Full-time workers in Tyne & Wear on average earn around 12% less than workers in the UK. This level compares less favourably to West Yorkshire where earnings are only 9% below the UK. These percentage gaps have been broadly stable for a number of years.

#### Full-Time Median and Average (Mean) Earnings, 2009

	Median earnings	as % of UK	Average earnings	as % of UK
Tyne & Wear	440.8	90.2	514.7	87.6
North East	435.9	89.2	509.7	86.8
West Yorkshire	450.5	92.2	536.4	91.3
United Kingdom	488.7	100.0	587.3	100.0

*Source: Annual Survey of Hours and Earnings (ASHE), ONS*

<sup>6</sup> The estimated 5% fall in TW men's real earnings was cumulative, from 2006 to 2008.