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**EARNINGS IN TYNE & WEAR  
2002**

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By

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## KEY POINTS

This report considers the gross earnings, in April 2002, of full-time employees at workplaces in Tyne & Wear as reported by the New Earnings Survey (NES) with a limited amount of data for part-time employees. Comparable figures are presented for the North East and Great Britain. Comparisons are also made with other metropolitan counties and other counties and Unitary Authorities in the North East. Data are also presented in an Appendix for districts, travel-to-work areas and some parliamentary constituencies.

### In Tyne & Wear:

Average annual earnings were around £20,840 (§2):

- for men & women £400.8 per week (£20,841 pa), 86% of Great Britain;
- for men £437.3 per week (£22,740 pa), 85% of Great Britain;
- for women £341.9 per week (£17,779 pa), 89% of Great Britain.

Men's earnings increased by 3% in 2001/2002 (GB 5%), a slowing of 1 percentage point from 2000/01.

### Part-time employees:

Hourly earnings for all part-time employees in Tyne & Wear were less than their full-time counterparts with manual and non-manual female employees receiving, on average, 10% less than in Great Britain (§3). Part-time employees in Tyne & Wear overall received over 12% less than in Great Britain. In Tyne & Wear, North East and Great Britain the differentials between manual and non-manual part-time females are significantly less than for full-timers. The lowest differentials are in Tyne & Wear where manual part-timers earn nearly 75% that of non-manuals compared to manual full-timers in GB earning 57% that of non-manuals.

### Low Pay:

As at spring 2002 ONS reported that the sample size of employees in the North East earning below the National Minimum Wage (NMW) was too small for a reliable estimate. For the UK, the proportion is 1.3% (ONS estimates from the Labour Force Survey, LFS, and New Earnings Survey, NES). This figure should not be regarded as a reliable measure of the effect of the NMW (§4.1). Employees aged under 18 are not covered by the NMW.

### Relative to Great Britain:

Earnings remain below the Great Britain average (§2):

- for men & women 14% below Great Britain;
- for men 15% below Great Britain;
- for women 11% below Great Britain.

During 2001/02, the overall rise in earnings was slower in Tyne & Wear (3.2%) than in Great Britain (4.6%) (§5.1). In 2001/02 women's earnings rose by 2.7% (GB, 4.5 %) and men's rose by 3.2% (GB, 4.8%). These differences, although suggestive, are probably not statistically significant, given the sampling error.

### Other Metropolitan Counties and unitary authorities:

Overall, Tyne & Wear earnings are 23<sup>rd</sup> lowest among the (81) English counties and Unitary Authorities (§6.2). For men, Tyne & Wear's earnings are 17<sup>th</sup> lowest among the (73) English counties and Unitary Authorities. Women's earnings rank highest at 44<sup>th</sup> out of 74, although a drop of 9 places from 2001. Both overall earnings and men's earnings were the second lowest of any Metropolitan county, above only South Yorkshire. Women's earnings have fallen to the lowest of all the Metropolitan Counties for the first time for at least 5 years.

### Men & women's earnings compared:

The gap between men and women's hourly earnings remains closer than in Great Britain as a whole (§7). In 2002, women's hourly pay was 86% of men's (GB 81%). Women's weekly earnings were also closer to men's in Tyne & Wear (78%) than in GB (75%). This reflects, however, the failure of

men's earnings in Tyne & Wear to grow in real terms for most of the 1990s (1992-1997). Over the period 1990-2002, women's hourly earnings (up 93%) in Tyne & Wear, have performed equally as well as GB women and out-performed both Tyne & Wear men's hourly earnings (by 18.5 percentage points) and GB men (by 10.7 percentage points (§7).

**Public and private sectors compared:**

Public sector employees in Tyne & Wear, on average, earn less per week than private sector employees (§9). Hourly earnings of the public sector are, however, greater than in the private sector by nearly 9% (Public 1064p, Private 979p).

Average hours worked per week and overtime worked are less in the public sector than in the private sector. Public sector employees work, on average, including overtime, 39.1 hours per week compared to 43.1 hours in the private sector.

The greatest disparity between Tyne & Wear & Great Britain earnings is in the private sector. Weekly earnings of private sector workers in Tyne & Wear are about 84% of the Great Britain average. 25.6% of the public sector earn less than £460 per week compared to nearly half of those working in the private sector (46.5%). Twice as many private sector workers earn less than £250 per week than those working in the public sector (Public 8.1%, Private 16.1%).

**In real terms:**

In 2001/02, men's real earnings (that is after inflation) rose by 1.7%, women's earnings rose 1.2%. Since 1980 men's earnings have risen 41% and women's 65% (in real terms) (§10). Men's real earnings in Tyne & Wear remained stagnant from 1992 to 1997. Since 1997 there has been a rise in men's real earnings (almost 10%).

Over the last ten years, 1992-2002, GB men's real earnings (up about 20%) have risen at double the rate of those in Tyne & Wear and women's real earnings in Tyne & Wear rose less than 20%, over 6 percentage points less than Great Britain (26%).

(These calculations assume that the inflation rates have been the same in Tyne & Wear and Great Britain over these periods).

## 1 INTRODUCTION

This report presents information on average earnings and the distribution of earnings, including low pay and part-time earnings as recorded by the 2002 New Earnings Survey (NES). The areas covered include Tyne & Wear, Great Britain, the North East and other Metropolitan Counties. The analyses cover men, women, manual, non-manual and total employees. Earnings by occupation and industry for Tyne & Wear are given in Appendices 2 and 3, along with Great Britain and North East region data.

There are eleven earlier reports in this series, produced by TWRI, covering the period 1980-2001.

The NES has two great merits: First, a long, consistent time-series, and secondly, statistically robust results for counties, due to the large sample size. For updates since the April 2002 data presented here, see the AEI (Average Earnings Index) reported in ONS' Labour Market Trends. For further details about NES see Labour Market Trends December 2002.

Since 1970 the Office for National Statistics (ONS) and its predecessor, the Central Statistical Office (CSO), have conducted the NES annually, in a similar form. The NES is the most comprehensive source of earnings data. It collects information on hours of work and earnings for a 1% sample of employees. The current data were collected for 109,377 employees in Great Britain and 2,360 employees in Tyne & Wear. The data relate to gross pay excluding over-time and payments in kind for full-time employees. The NES provides information for Government Office Regions (including the North East) instead of Standard Statistical Regions (including the North), which were provided prior to 1997.

Regrettably, since 1999 ONS no longer publish the standard errors of the estimates (a measure of their accuracy), below regional level.

Wages and salaries account for 71% (UK 69%) of gross weekly household income from all sources. Other sources of income are:

	NE	UK
Social Security Benefits	15%	11%
Pensions (+Annuities)	5%	7%
Self Employment	6%	9%
Investment Income	2%	4%

(Source: ONS Family Spending 2001/02 report)

For further information on these non-earnings sources of income and overall household income see TWRI's report 'Household Income and Expenditure, 2001'.

This report on earnings of employees covers mainly full-time employees. ONS now produce 'NES (Volume F): Analyses for part-time employees; analyses by age group; distribution of hours and of earnings by hours'. The report also includes some data on part-time earnings (§3). Part-timers account for about a quarter of all employees, about 100,000 of over 400,000 people in Tyne & Wear.

A DTI report on 'Trends in Earnings Inequality and Earnings Mobility, 1977-1999: The impact of mobility on long-term inequality', provides findings relating to inequality, mobility and long-term inequality in earnings over a 21-year period. It concludes that earnings inequality rose from the late 1970s to the late 1990s among men and women, full and part-time employees within all age groups and particularly among prime age workers.

(Source: DTI website: [www.dti.gov.uk](http://www.dti.gov.uk))

The Office for National Statistics (ONS) has various types of earnings data designed to each fulfil a different purpose.

- ONS's preferred measure of earnings growth in the economy is the Average Earnings Index

(AEI) headline rate (See Appendix 1). The AEI is a monthly index of earnings growth in Great Britain based on the Monthly Wages and Salaries Survey (MWSS).

- 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.
- The New Earnings Survey (NES) and the Labour Force Survey (LFS) (See Appendix 1) are the best sources to use when measuring the levels of average earnings for full-time and part-time employees respectively.

Labour Market Trends February 2003 (published by ONS) compares the various methods and looks at the data sources of each. In addition, the article details the recommendations that came from the ONS Quality Reviews introduced in 2000 to ensure National Statistics and other official statistics are fit for purpose.



## 2 AVERAGE GROSS WEEKLY EARNINGS, 2002

This section presents information on average weekly earnings in Tyne & Wear. The analyses cover men, women, manual, non-manual and all employees and compares Tyne & Wear to Great Britain and the North East.

In 2002, the average full-time employee in Tyne & Wear earned £400.8 per week, (£20,842 pa). This is 13.8% less than the Great Britain average of £464.7 per week, (£24,164 pa) (see Table 1). This gap in earnings between Tyne & Wear and Great Britain is much larger, in percentage terms, for men than women. Men's average weekly earnings were £437.3, (£76.5, or 14.9% below the Great Britain average). Women's average weekly earnings were £341.9, (£41.5, or 10.8%) below the Great Britain average. In Tyne & Wear annual earnings were £22,740 for men and £17,779 for women.

The disparity between average earnings in Tyne & Wear and Great Britain was greatest for non-manual men, (£110.20pw, or 18.1%, below Great Britain). Average earnings for manual men were slightly below the national average, (£2.7pw, or 0.7% below Great Britain). Average earnings for non-manual women were 11.7% or £47.6pw below the national average. Manual women earned 1.7%, or £4.2pw, less than the national average compared to earning 1.6% more than the national average in 2001.

**Table 1 : Average earnings of full-time employees on adult rates (April 2002)**

	£'s per week			Pence per hour (excludes overtime)		
	Manual	Non-Manual	All	Manual	Non-Manual	All
<b>ALL EMPLOYEES</b>						
Great Britain	£347.6	£515.4	£464.7	788p	1352p	1173p
North East	£338.4	£433.7	£399.3	772p	1127p	993p
<b>Tyne &amp; Wear</b>	<b>£346.7</b>	<b>£428.9</b>	<b>£400.8</b>	<b>788p</b>	<b>1131p</b>	<b>1009p</b>
T & W % of GB	99.7%	83.2%	86.2%	100.0%	83.7%	86.0%
<b>MEN</b>						
Great Britain	£368.2	£610.4	£513.8	821p	1568p	1259p
North East	£357.8	£516.0	£439.1	806p	1298p	1052p
<b>Tyne &amp; Wear</b>	<b>£365.5</b>	<b>£500.2</b>	<b>£437.3</b>	<b>820p</b>	<b>1292p</b>	<b>1066p</b>
T & W % of GB	99.3%	81.9%	85.1%	99.9%	82.4%	84.7%
<b>WOMEN</b>						
Great Britain	£251.0	£405.2	£383.4	626p	1091p	1022p
North East	£232.2	£349.8	£332.1	580p	948p	890p
<b>Tyne &amp; Wear</b>	<b>£246.8</b>	<b>£357.6</b>	<b>£341.9</b>	<b>615p</b>	<b>965p</b>	<b>914p</b>
T & W % of GB	98.3%	88.3%	89.2%	98.2%	88.5%	89.4%

Source: New Earnings Survey, 2002

In the North East average earnings were lower than in Great Britain; men's earnings were £74.70 lower, and women's were £41.50 lower. Women's earnings in Tyne & Wear were £9.8 higher than in the North East, whilst men's were £1.8 lower.

In Tyne & Wear, the differential for non-manual over manual employment was 36.9% for men and 44.9% for women. The differential for non-manual work for men & women together was 23.7%. In Britain the differentials were significantly wider for all categories (65.8%, 61.4% and 48.3%, respectively). The smaller differential in Tyne & Wear is unsurprising as the average pay for all non-manual workers is significantly lower than in Great Britain (by 16.8%). Earnings for manual workers are only very slightly lower than in Great Britain (by 0.3%). Incidentally, these much smaller differentials also provide much smaller incentives for people to train. In Tyne & Wear, unlike Great Britain, women can raise their earnings by a much larger percentage than men by moving from manual to non-manual work.

Note: Earnings by occupation are given in Appendix 2 for Great Britain, the North East Region and Tyne & Wear.

### 3 PART-TIME EARNINGS

This sections covers earnings of part-time employees. The NES analyses a limited amount of part-time data in the North East. Tyne & Wear data were obtained by special request to ONS. The sample size of part-time men in Tyne & Wear is too small to draw any real conclusions or make any comparisons but the corresponding samples for women and for all part-timers is much more robust.

Even more than with full-time employees, hourly earnings give a better indication of average earnings. They remove the problem that part-time employees are those working less than 30 hours per week (average of 20.2 hours in Tyne & Wear) compared to greater than 30 hours (average of 37.5 hrs for females and 40.8 hrs for males in Tyne & Wear) for full-timers. In addition, a lot of part-time employees do not have a fixed number of contracted hours.

Part-time data was not included in the NES until 2001. 2002 is the first year TWRI has analysed it in the report. Therefore there is not a time series of data in order to make comparisons over time. The main comparisons made in this report are comparing Tyne & Wear with Great Britain and North East earnings and part-time earnings with full-time earnings.

In 2002 the average part-time employees in Tyne & Wear earned 669p per hour, over 12% less than in Great Britain (762p) (see Table 2). There are no data for part-time men only in Tyne & Wear but women part-time employees earn 10% less than in Great Britain (TW 666p, GB 740p), by inference the gap must be greater than this for men.

**Table 2: Average hourly earnings of part-time employees and full-time employees on adult rates**

	<i>Pence per hour (part-time employees)</i>			<i>Pence per hour (full-time employees)</i>		
	<b>Manual</b>	<b>Non-Manual</b>	<b>All</b>	<b>Manual</b>	<b>Non-Manual</b>	<b>All</b>
<b>ALL EMPLOYEES</b>						
Great Britain	576p	839p	762p	788p	1352p	1173p
North East	531p	748p	681p	772p	1127p	993p
<b>Tyne &amp; Wear</b>	<b>542p</b>	<b>726p</b>	<b>669p</b>	<b>788p</b>	<b>1131p</b>	<b>1009p</b>
T&W % of GB	94.1%	86.5%	87.8%	100.0%	83.7%	86.0%
<b>MEN</b>						
Great Britain	641p	1048p	873p	821p	1568p	1259p
North East	*	*	*	806p	1298p	1052p
<b>Tyne &amp; Wear</b>	*	*	*	<b>820p</b>	<b>1292p</b>	<b>1066p</b>
T&W % of GB	*	*	*	99.9%	82.4%	84.7%
<b>WOMEN</b>						
Great Britain	557p	806p	740p	626p	1091p	1022p
North East	516p	726p	667p	580p	948p	890p
<b>Tyne &amp; Wear</b>	<b>532p</b>	<b>720p</b>	<b>666p</b>	<b>615p</b>	<b>965p</b>	<b>914p</b>
T&W % of GB	95.5%	89.3%	90.0%	98.2%	88.5%	89.4%

Source: New Earnings Survey 2002  
\* denotes data not available

The average hourly earnings for part-time employees are significantly less than the equivalent for full time employees. The majority of part-time employees are women (around 80% in Tyne & Wear) so data for all part-time employees is massively influenced by women's earnings. Men's part-time hourly earnings in GB are greater than women's (See Table 2). This is a pattern seen across all earnings included in the NES (See §2 for full-time average weekly earnings). It is safe to assume this is the case for Tyne & Wear part-timers, (in the absence of men only data) explaining the low average earnings for all part-time employees.

Female part-time earnings in the North East are similar to those in Tyne & Wear, both being significantly less than the national average (TW 666p, NE 667p, GB 740p). For all part-time employees, the pattern is similar with hourly earnings in Tyne & Wear and the North East both being less than the national average by nearly £1 per hour (TW 669p, NE 681p, GB 762p).

There is a small amount of data showing the distribution of hourly earnings for part-time employees (See Tables 3 & 4). Women's hourly earnings are more compressed in Tyne & Wear than in Great Britain with top earners closer to the average in Tyne & Wear and about £2 per hour less than in Great Britain (TW 1031p, NE 1035p, GB 1232p). The bottom deciles for Tyne & Wear, North East and Great Britain are around the National Minimum Wage (NMW) of £4.10. In Tyne & Wear 10% of part-time employees earn less than £4.20 per hour. ONS has estimated that the majority of those earning below the minimum wage are female part-time employees.

**Table 3: Distribution of gross hourly earnings, part-time**

	Great Britain (p)	North East (p)	Tyne & Wear (p)
<b>Men &amp; Women</b>			
Top decile	*	1087	1034
Bottom decile	*	410	415
<b>Men</b>			
Top decile	1660	*	*
Bottom decile	415	*	*
<b>Women</b>			
Top decile	1232	1035	1031
Bottom decile	427	410	420

Source: New Earnings Survey, 2002

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

\* denotes data not available

Table 4 gives data on hourly pay from the NES and indicates the cumulative percentages earning below each threshold. These data cannot be used to judge how many part-time employees fall below the NMW as there is no threshold for £4.10 in the NES and it only includes people on adult rates. In addition, there is no minimum wage for employees under 18 years. The data is, however, a good indicator of the distribution of part-time earnings and strengthens the statement that hourly earnings for all part-time employees in Tyne & Wear are less than the national average. The sample size of men in Tyne & Wear is far too small to make reliable inferences. The following points are therefore presented as only indicative. They are not reliable for analysis. Over 44% of part-time men in the survey and over 37% of part-time women earn less than £5 per hour, a maximum of only 22% above the NMW. Over 20% of part-time men in GB earn more than £10 per hour compared to less than 13% in Tyne & Wear. Also nearly 7% of GB men earn more than £20 per hour compared to less than 4% for Tyne & Wear.

**Table 4: Distribution of earnings for part-time employees in the North East, Great Britain and Tyne & Wear (% earning under)**

	Great Britain		Tyne & Wear <sup>#</sup>		North East
	Men	Women	Men <sup>^</sup>	Women	Women
<b>Hourly Earnings</b>					
£4.00	2.4	1.3	3.6	1.0	1.4
£5.00.....NMW £4.10	33.1	31.0	44.1	37.2	42.8
£6.00	53.5	52.4	62.2	55.1	60.6
£7.00	65.1	65.8	73.9	69.0	71.9
£8.00	72.1	74.4	82	78.8	80.2
£9.00	76.6	80.3	87.4	85.4	85.6
£10.00	79.5	84.0	87.4	88.8	88.3
£11.00	81.7	87.0	88.3	92.8	91.6
£12.00	83.7	89.4	89.2	94.1	93.1
£15.00	88.2	94.6	91.9	97.6	96.9
£20.00	93.1	97.8	96.4	99.5	99.0

Source: *New Earnings Survey, 2002*

North East men's data, not available

<sup>#</sup> Data by special request to ONS

<sup>^</sup> Sample size = 111. Caution: The Tyne & Wear sample of men is far too small to make reasonable inferences.

#### 4 LOW PAY AND DISTRIBUTION OF EARNINGS

Low pay is more prevalent in Tyne & Wear than Great Britain (see Table 5):

- Almost one quarter of men & women (24%) earn below £250 per week (GB 18%);
- Almost one-fifth of full-time men (18%) earn below £250 per week (GB 12%);
- Over one third of full-time women (34%) earn below £250 per week (GB 27%);
- Over one tenth of women (10.7%) earn below £190 per week (GB 8.6%).

**Table 5: Distribution of gross weekly earnings, full-time**

		Great Britain	North East	Tyne & Wear
<b>Men &amp; Women</b>				
Top decile		£752.4	£624.9	£635.3
Bottom decile		£215.6	£200.5	£205.2
Percentage earning under:	£250	18.0%	25.5%	24.0%
	£350	42.9%	52.2%	51.5%
	£460	63.6%	72.1%	72.1%
<b>Men</b>				
Top decile		£836.6	£668.0	£675.8
Bottom decile		£238.0	£218.1	£218.7
Percentage earning under:	£250	12.4%	18.2%	17.6%
	£350	35.3%	43.8%	43.3%
	£460	57.2%	66.2%	66.4%
<b>Women</b>				
Top decile		£614.2	£543.4	£549.2
Bottom decile		£195.0	£182.0	£186.9
Percentage earning under:	£190	8.6%	12.2%	10.7%
	£250	27.4%	37.9%	34.3%
	£350	55.5%	66.3%	64.6%

Source: New Earnings Survey, 2002

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

The Low Pay Unit's (LPU) threshold for low pay is defined as 2/3 male median earnings (£280pw). The Unit is currently campaigning for a minimum equivalent to 1/2 male median earnings (£210pw). The LPU said that once this is achieved, successive increases would be recommended to bring it closer to the 2/3 male median earnings figure.

The median earnings will be lower than the average, since the average is boosted by the relatively small number of people at the top end of the distribution, with extremely high earnings.

The Council of Europe have altered their 'decency threshold' on pay to 60% of net average earnings, including bonuses and benefits in kind. The threshold figure was, until recently, 68% of average earnings and the LPU used it in their work. Since the change they have ceased using The Council Europe's decency threshold.

The NES does not provide men's pay bands below £250 and women's pay bands below £190 at county level. In the North East, however, 6.2% of men and 15.7% of women earned less than £200 per week (GB 4.1%, 11.3%) (see Table 6).

The distribution of overall earnings is slightly less dispersed in Tyne & Wear than in Great Britain. Top earners in Tyne & Wear are closer to average earnings (£400.8pw) than in Great Britain (see Table 2). The distribution of men's earnings in Tyne & Wear continued to be more compressed in Tyne & Wear than in Great Britain:

- The top decile (10%) of men in Tyne & Wear earned 55% more than men's average earnings (GB 63%);
- The lowest decile of men in Tyne and Wear earned 50% less than men's average earnings (GB 46%).

The top ten percent of men in Tyne & Wear earned £675.8 pw (£35,142 pa). This is 19% less than in Great Britain. The bottom ten percent of men in Tyne & Wear earn under £218.7 pw, (£11,372 pa). This is 8% less than in Great Britain, a drop of 2 percentage points from 2001.

Women's high earnings in Tyne & Wear show a similar differential to Great Britain:

- The top decile of women in Tyne & Wear earned 61% more than women's average earnings (GB 60%);
- The bottom decile of women earned 45% less than women's average earnings (GB 49%).

The top ten percent of women in Tyne & Wear earn over £549.2 pw (£28,558pa). This is 11% less than in Great Britain. The bottom ten percent of women earn under £186.9 pw, (£9,719 pa). This is 4% less than in Great Britain.

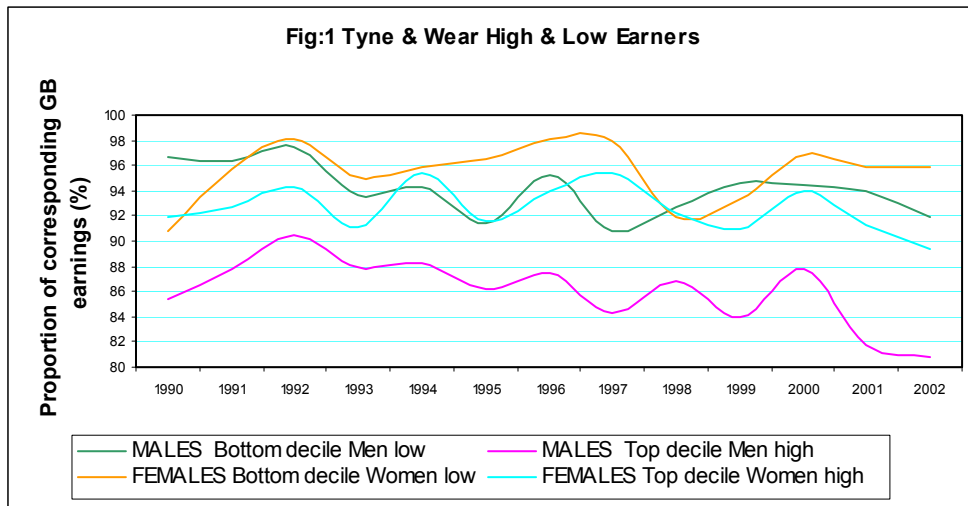
Table 6 gives data on low pay from the New Earnings Survey (NES). These data cannot be used to judge how many people would fall below the new National Minimum Wage (NMW). This is because the NES mainly includes full-time employees and only includes people on adult rates.

	North East		Great Britain	
	Men	Women	Men	Women
<b>Weekly Earnings</b>				
£150	n.a.	2.0	n.a.	1.4
£160	n.a.	4.0	n.a.	2.5
£180	n.a.	9.3	n.a.	6.2
£200	6.2	15.7	4.1	11.3
£220	10.6	22.4	6.8	17.4
£250	18.2	37.9	12.4	27.4
<b>Hourly Earnings</b>				
£2.90	n.a.	0.1	0.0	n.a.
£3.00	n.a.	0.1	0.0	n.a.
£3.50	0.1	0.2	0.1	0.2
£3.60	0.2	0.2	0.1	0.3
£4.00.....NMW £4.10	1.4	0.8	0.2	2.1
£5.00	7.3	12.0	4.2	11.1

Source: New Earnings Survey, 2002  
n.a. = not available

In 2001/02, top earnings for both men and women in Tyne & Wear dropped further below the GB average (Figure 1). For men and for women, top earnings have fluctuated since 1990. For women, low earnings moved closer to the GB level from 1993 until a notable drop in 1998. Women's low earnings have still not recovered to the 1997 level. For men, low earnings fluctuated from 1990 until 1999 and since have steadily moved further away from the GB average.

The percentage disparity between earnings in Tyne & Wear and GB is greatest for highest-paid men. In percentage terms, top and bottom earnings were 4-20% below the GB average. (Note: Given the scale of the sampling errors, all figures should be taken as a broad indication.)



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

ONS has stopped issuing estimates for Tyne & Wear and the Rest of the NE, which TWRI previously published. These were from the LFS only and related to employee *main jobs*. They tended to over-estimate low pay (in Tyne & Wear at 15.0% or 60,000 in 1998 and estimate those affected by 1999 at 13.3% or 53,000).

The North East was the UK region with the highest proportion of its employees earning below the NMW-level in spring 1998 and also in spring 1999. By spring 2000 the proportion of employees earning below the NMW rate in the North East was too small to allow reliable estimates (ONS). This continued to be the case in 2001 and 2002. In 2002 only the North West, Yorkshire & Humberside, the South East and South West Government Office Regions had sufficiently high numbers of employees earning below the NMW to allow the calculation of reliable estimates. The statutory NMW was introduced on 1<sup>st</sup> April 1999 at £3.60/hour for people aged 21 and over. This increased to £3.70/hour in October 2000 and £4.10/hour in October 2001. A lower rate of £3.00/hour applied to people aged 18-21, increasing to £3.20/hour in October 2000 and £3.50/hour in October 2001. Treasury research estimated that £3.20 per hour would represent an average pay rise of 30% for 18-20 year-olds and 50,000 would enjoy a 50% increase (FT 17/6/98). There is no minimum wage for those aged under 18.

**Table 7 : Employees earning below the NMW, Spring 1998 – 2002#**

	Spring 1998		Spring 1999		Spring 2000		Spring 2001		Spring 2002	
	%	,000	%	,000	%	,000	%	,000	%	,000
<b>North East</b>	9.3	90	3.3	30	*	*	*	*	*	*
<b>UK</b>	6.0	1,420	2.2	530	1.0	240	1.0	250	1.3	330

Source: ONS

Notes: # Using "adjusted LFS and NES" data.

\* Sample size too small for reliable estimates

The proportion of employees earning below the NMW in the North East fell between spring 1998 and spring 1999 by nearly three-fifths, as in the UK (Table 7). ONS has developed a new methodology for estimating the number of low paid jobs and hence revised the estimates for 1998 and 1999 quoted in TWRI's 1999 report. The revised estimates are "adjusted LFS and NES" estimates, produced from a combination of data from both the Labour Force Survey (LFS) and the New Earnings Survey (NES). Combining NES and LFS data compensates for the LFS' over-estimation of low pay. Cautiously, ONS has rounded them to the nearest 0.1m. The estimates should not be regarded as a reliable measure of annual change.

## 5 INCREASES IN EARNINGS

This section focuses on rises in earnings. The highest and lowest deciles (10%) of earners are considered. It should be noted that rises in earnings are particularly affected by sampling error as they are subject at both the beginning and the end of the period.

### 5.1 Increases in 2001/02

Between 2001 and 2002, the overall rise in earnings was slower in Tyne & Wear (3.2%) than in Great Britain (4.6%), with overall manual earnings falling by 0.1% (Table 8). Men's earnings rose by 3.2% in Tyne & Wear compared to 4.8% in Great Britain. Manual men's earnings fell by 0.2%, compared to an increase of 2.3% in Great Britain. Earnings of non-manual men rose at a slightly quicker rate than in Great Britain (5%, GB 4.8%). Overall women's earnings rose at a slower rate than in Great Britain (2.7%, GB 4.5%), with both manual and non-manual earnings being slower than the national rate. Average earnings for manual women being 0.4% (GB 3.8%) and non-manual women 2.9% (4.2% GB).

**Table 8 : Percentage increases in weekly earnings (2001/02)**

	Men		Women		Men & Women	
	Great Britain	Tyne & Wear	Great Britain	Tyne & Wear	Great Britain	Tyne & Wear
<b>Manual</b>	2.3%	-0.2%	3.8%	0.4%	2.6%	-0.1%
<b>Non-Manual</b>	4.8%	5.0%	4.2%	2.9%	4.6%	4.5%
<b>All</b>	4.8%	3.2%	4.5%	2.7%	4.6%	3.2%

Source New Earnings Survey, 2002

Pay settlements in Tyne & Wear averaged 3.7% in the six months to September 2002 according to the TW 250<sup>1</sup> survey of the private sector. This was only very slightly above that for the previous six-month period and has been relatively static for around 2 years. This increase is well above the September 2002 inflation rate of 1.1 %.

The leading sector for pay rises was Construction, with a reported average increase of 5.8%. (The twice-yearly analyses by NERU, on the TW250, have highlighted this as an indicator of skill shortages). This was followed by Other Services, with 5%, with Transport & Communication and Other Manufacturing also increasing modestly. The greatest slowing in pay rises was Business Services, dropping from 5.2% to 3.2% in six months. Smaller falls were recorded in Engineering and Distribution & Catering.

During 2001/02, earnings for the lowest ten percent of men rose at a slower rate than in GB (1.4%, 3.7%). Earnings of the bottom decile of women, however, rose at a similar rate to GB (4.9%, 5%). Earnings for the top decile of men grew more slowly than the GB average (3.4%, GB 4.6%), the difference being a lot less significant than the 2000/01 equivalent of 5.6%. The earnings of the top decile of women rose at a similar rate (2.8%) to the overall increase in earnings for women (2.7%).

### 5.2 Increases in earnings, 1999-2002

Comparisons are made over three years to try to reduce the distortion of sampling error (see Table 9). Earnings for men & women are middle for rises in the metropolitan counties. Earnings for men rose at the fifth slowest rate after South Yorkshire, Greater Manchester MC, West Midlands and West Yorkshire. Women's earnings rose at the slowest rate for metropolitan counties.

<sup>1</sup> The TW 250 survey is Tyne & Wear LSC's biannual survey of a representative sample of firms only, based on Tyneside and Wearside. Its objective is to provide an assessment of trends relating to the labour market and business environment in the Tyne & Wear economy.



Comparisons over two years from 2000 to 2002 are also made (see Table 9). Earnings for men & women together and separately rose at the slowest rate in all metropolitan counties.

**Table 9 : Increases in earnings within the Metropolitan Counties 1999-2002**

	Average Weekly Wage				% change	
	1999	2000*	2001	2002	1999-2002	2000-2002
<b>Men &amp; Women</b>						
London GOR	520.0	561.7	593.7	624.1	20.0%	11.1%
West Midlands MC	387.9	397.0	432.8	442.1	14.0%	11.4%
Greater Manchester MC	377.0	391.1	410.7	427.9	13.5%	9.4%
Merseyside MC	371.8	389.2	413.8	425.6	14.5%	9.4%
West Yorkshire MC	368.2	382.9	403.0	417.3	13.3%	9.0%
<b>Tyne &amp; Wear MC</b>	<b>352.6</b>	<b>373.9</b>	<b>388.4</b>	<b>400.8</b>	<b>13.7%</b>	<b>7.2%</b>
South Yorkshire MC	350.6	363.9	381.5	398.2	13.6%	9.4%
<b>Men</b>						
London GOR	584.4	633.3	667.7	704.8	20.6%	11.3%
West Midlands MC	427.3	439.4	475.3	483.9	13.2%	10.1%
Merseyside MC	416.7	434.9	462.1	475.9	14.2%	9.4%
Greater Manchester MC	420.0	434.4	453.3	471.8	12.3%	8.6%
West Yorkshire MC	402.4	419.5	437.7	456.3	13.4%	8.8%
<b>Tyne &amp; Wear</b>	<b>384.3</b>	<b>407.5</b>	<b>423.8</b>	<b>437.3</b>	<b>13.8%</b>	<b>7.3%</b>
South Yorkshire MC	380.9	395.9	411.6	426.9	12.1%	7.8%
<b>Women</b>						
London GOR	422.8	454.8	483.1	503.6	19.1%	10.7%
West Midlands MC	312.1	318.2	355.5	367.6	17.8%	15.5%
Greater Manchester MC	304.9	320.0	342.1	359.0	17.7%	12.2%
Merseyside MC	304.0	320.7	342.2	355.5	16.9%	10.9%
West Yorkshire MC	309.3	320.6	345.3	354.0	14.5%	10.4%
South Yorkshire MC	297.8	306.8	329.6	347.6	16.7%	13.3%
<b>Tyne &amp; Wear MC</b>	<b>299.5</b>	<b>314.7</b>	<b>332.9</b>	<b>341.9</b>	<b>14.2%</b>	<b>8.6%</b>

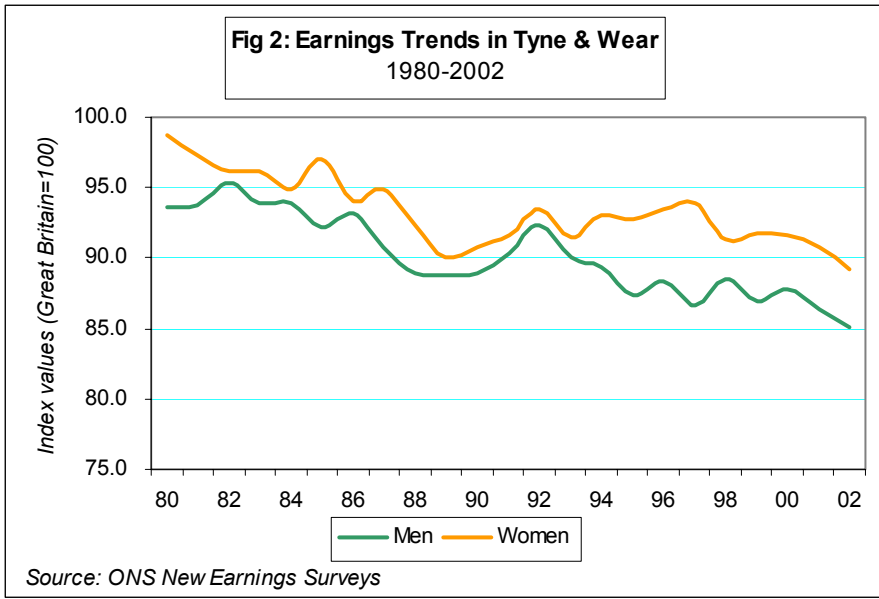
Source: New Earnings Surveys

\*Data for the 2000 NES was revised and the survey reissued, this is the revised data.

N.B. London's earnings were particularly revised upwards in 2000

### 5.3 Trends in earnings relative to GB 1980-2002

Since 1980 both men and women's earnings in Tyne & Wear have fallen behind Great Britain (Figure 2). The "earnings gap" relative to GB widened for both men and women until 1989. From 1989 to 1997 the gaps were relatively stable. Since then, and despite fluctuations, women's earnings relative to Great Britain have begun to fall back from 1997 onward. Men's earnings, however, have failed to narrow the gap, dropping back after 1992. Over the economic cycle since 1989, the trend in Tyne & Wear men's earnings compared to Great Britain appears broadly flat but with both men and women's earnings dropping further back in 2002. Thus the trend since 1989 is now slightly downwards.



## 6 COMPARISONS WITH OTHER COUNTIES

### 6.1 Other Counties and Unitary Authorities in England

For men, Tyne & Wear's earnings are 57th among the (73) English counties and Unitary Authorities (see Table 10). Women's earnings in Tyne & Wear rank highest at 44<sup>th</sup> out of 72, dropping into the bottom half after being in the top 50% in 2001.

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

Earnings in Tyne & Wear are fairly typical of the other counties and unitary authorities in the North East (see Table 10). There is not a great range of earnings, with the widest range being within men's earnings. Darlington men earn £65.1pw less than their counterparts in Redcar & Cleveland, with Tyne & Wear men falling slightly below middle. Women's earnings are the highest in the North East.

- Overall, Tyne & Wear average earnings were £18.9 pw (£983 pa) less than in Redcar & Cleveland (n=182), narrowing the gap hugely by over £2,000pa from 2001. (Due to the small sample size for Redcar & Cleveland, however, this is not likely to be an accurate indication.);
- Men's earnings were £33.6 pw (£1,747 pa) less than in Redcar & Cleveland, only half the difference from 2001;
- Women's earnings were £21.2 pw (£1,102 pa) higher than in Northumberland.

It can be seen that the earnings gap is closing with other counties in the North East, whilst as a whole North East earnings are moving further away from the GB average.

Table 10 : Average weekly earnings in counties and Unitary Authorities In North East (£)								
Men & Women			Men			Women		
Redcar & Cleveland	419.7	43	Redcar & Cleveland	470.9	35	<b>Tyne &amp; Wear MC</b>	<b>341.9</b>	<b>44</b>
Stockton-on-Tees	412.6	51	Stockton-on-Tees	454.5	46	Durham	330.1	51
<b>Tyne &amp; Wear MC</b>	<b>400.8</b>	<b>59</b>	<b>Tyne &amp; Wear MC</b>	<b>437.3</b>	<b>57</b>	Middlesbrough	322.6	66
Middlesbrough	391.8	68	Durham	419.1	67	Northumberland	320.7	67
Durham	384.8	71	Darlington	405.8	68	Stockton-on-Tees	n.a.	n.a.
Darlington	374.8	75	Middlesbrough	n.a.	n.a.	Darlington	n.a.	n.a.
Northumberland	n.a.	n.a.	Northumberland	n.a.	n.a.	Redcar & Cleveland	n.a.	n.a.
Hartlepool	n.a.	n.a.	Hartlepool	n.a.	n.a.	Hartlepool	n.a.	n.a.

Source New Earnings Survey, 2002

Note: Data are not available where the sample is below 10 or the standard error is more than 5% of the mean

### 6.3 Other Metropolitan Counties

Overall earnings and men's earnings in Tyne & Wear remain the second lowest of any metropolitan county (see Table 11). Men's earnings rose from being bottom in 1997 to second bottom in 1999 where they have remained above South Yorkshire MC. Women's earnings have fallen from second lowest in 2001 to lowest.

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

Earnings in Tyne & Wear are closest to South Yorkshire and West Yorkshire – its geographically nearest metropolitan county neighbours. In 2002, however, Tyne & Wear fell closer to South Yorkshire. It is too early to say this is a real decline.

<b>Table 11 : Average weekly earnings in Metropolitan Counties (£)</b>					
<b>Men &amp; Women</b>		<b>Men</b>		<b>Women</b>	
London GOR	624.1	London GOR	704.8	London GOR	503.6
West Midlands MC	442.1	West Midlands MC	483.9	West Midlands MC	367.6
Greater Manchester MC	427.9	Merseyside GOR	475.9	Greater Manchester MC	359.0
Merseyside Region	425.6	Greater Manchester MC	471.8	Merseyside Region	355.5
West Yorkshire MCC	417.3	West Yorkshire MC	456.3	West Yorkshire MC	354.0
<b>Tyne &amp; Wear MC</b>	<b>400.8</b>	<b>Tyne &amp; Wear MC</b>	<b>437.3</b>	South Yorkshire MC	347.6
South Yorkshire MC	398.2	South Yorkshire MC	426.9	<b>Tyne &amp; Wear MC</b>	<b>341.9</b>

*Source: New Earnings Survey, 2002*

Excluding London, the range of earnings in the metropolitan counties is £57pw for men, £25.7pw for women and £43.9pw overall (for men and women):

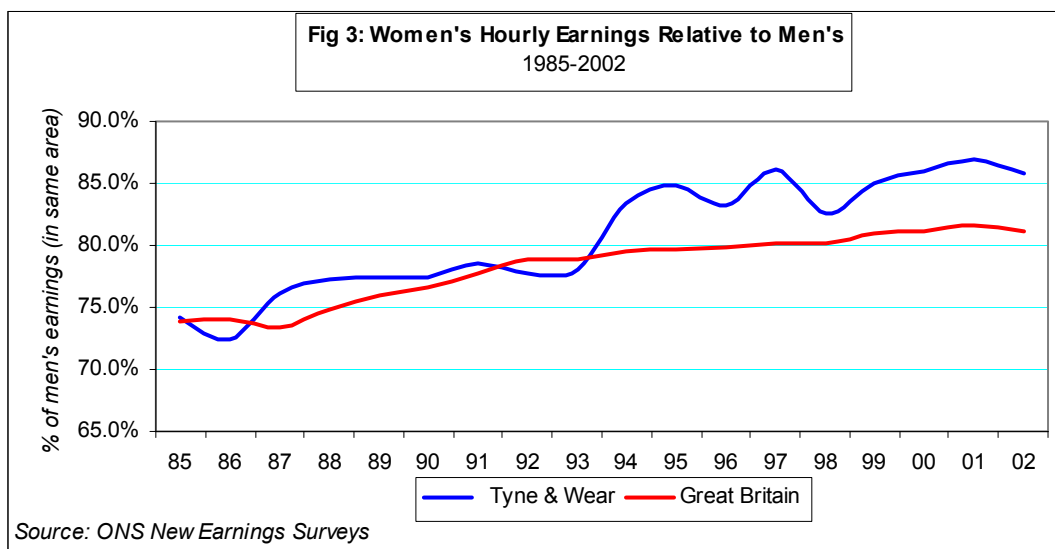
- Overall, Tyne & Wear average earnings are £41.3pw (£2,148 pa) less than in the West Midlands;
- Men's earnings are £46.6pw (£2,423 pa) less than in the West Midlands;
- Women's earnings are £25.7pw (£1,336 pa) less than in the West Midlands.

## 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.

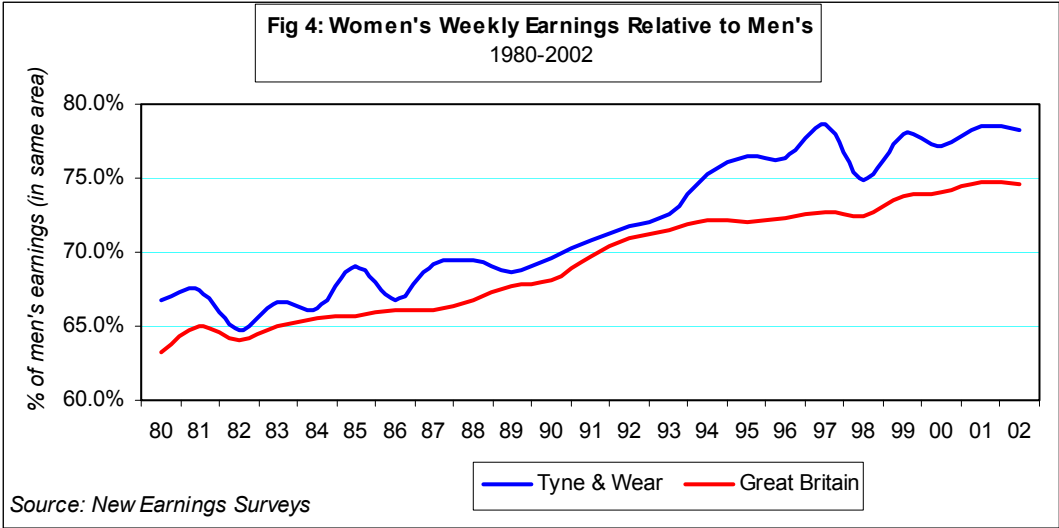
When comparing women's earnings to men's there is less distortion when looking at hourly earnings rather than weekly earnings as this excludes changes in hours and overtime payments.

In 2002, in Tyne & Wear women's hourly pay was 86% of men's, a slight fall from 2001 (GB 81%) (Figure 3). Despite this slight dip, and a more marked fall in 1998, the trend is clear. Women are continuing to narrow the hourly pay gap with men in Tyne & Wear. Between 1993-97, the hourly pay gap narrowed sharply, by a quarter, the ratio rising at an overall rate of approximately 2% per year from 78.1% to 86.1%. Thus since 1994 this gap has been much narrower (around 15%) than in Great Britain (about 20%). In 1974 the ratio of women's hourly pay to men's was about 67%. Following the Equal Pay Act it rose sharply to 75% in 1976. From 1976 to 1987 women's earnings fluctuated around this level. Since 1987, however, women's pay has risen steadily by 11 percentage points relative to men's.



Women's *weekly* earnings are also closer to men's than in Great Britain as a whole (Figure 4). In 2002, average weekly earnings for women in Tyne & Wear were 21.8% less than men's, whereas in Great Britain earnings were 25% less. This continues the improvement for women from 1998, when (oddly) earnings dropped to 25% less than men's in Great Britain, which was the closest to Great Britain since 1993.

One reason for the narrowing 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 (two-thirds in 1996, compared with a quarter in 1979). (See Labour Market Trends, Feb.2000, p64 for references to other reports on this). The pay gap between the sexes narrowed only marginally in 1999, the year of the NMW. This is partly because the NES data mainly applies to *full-time* employees. The benefit to women part-timers is not picked up by the NES.



## 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. This section considers only the totals for each sector, although data is available on manual and non-manuals and men and women in each sector. The data presented is for Great Britain, England, North East and Tyne & Wear.

Public sector employees, on average, earn less per week than those employed in the private sector. Public sector *hourly* earnings are greater but the average number of hours worked per week, and overtime hours worked, are less than in the private sector.

In both the public and private sector, weekly and hourly earnings are less in Tyne & Wear and the North East than in Great Britain and England. This pattern is evident in all earnings data contained in the NES.

In both sectors hourly and weekly earnings are greater in England than the GB average. Tyne & Wear hourly and weekly earnings are lower than in the North East in the public sector but higher than in the North East in the private sector (See Table 12).

In Tyne & Wear, the huge complexes of the Department of Work & Pensions (DWP) probably depress the public sector average earnings to some extent. Conversely, the lower private sector earnings in the rest of the North East probably reflect their generally weaker labour markets, and the higher-level private sector occupations in Tyne & Wear.

**Table 12 : Average earnings of public and private sector employees on adult rates (April 2002)**

	<i>£'s per week</i>	<i>Pence per hour (excludes overtime)</i>
<b>Public sector employees</b>		
Great Britain	447.5	1196
England	451.8	1212
North East	401.2	1084
Tyne & Wear	395.4	1064
TW as % of GB	88.4%	89.0%
<b>Private Sector employees</b>		
Great Britain	471.4	1163
England	479.4	1184
North East	398.7	948
Tyne & Wear	404.4	979
TW as % of GB	85.8%	84.2%

Source: New Earnings Survey, 2002  
(Full-time employees only)

Private sector top and bottom earners are further from the average than in the public sector, where earnings are more compressed. In the public sector a smaller proportion of employees are on low pay than in the private sector (Table 13). In Tyne & Wear 8.1% of public sector workers earn less than £250 compared to 16.1% in the private sector. Only 25.6% of the public sector earn less than £460 compared to nearly half (46.5%) of the private sector.

**Table 13 : Distribution of Public and Private sector gross weekly earnings, full time**

		Great Britain	England	North East	Tyne & Wear
<b>Public sector employees</b>					
Top decile		686.1	694.8	606.9	616.2
Bottom decile		237.0	237.8	220.1	216.1
Percentage earning under:					
	£250	3.6	3.2	7.3	8.1
	£350	9.7	9.0	16.3	17.9
	£460	15.5	14.4	23.3	25.6
<b>Private sector employees</b>					
Top decile		787.0	804.6	636.6	656.5
Bottom decile		209.2	211.5	193.1	199.6
Percentage earning under:					
	£250	14.6	14.3	18.3	16.1
	£350	33.3	33.2	35.9	33.6
	£460	48.2	48.5	48.9	46.5

Source: New Earnings Survey, 2002

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

Over the whole of Great Britain it is clear that, on average, public sector employees work fewer hours per week (excluding overtime) than those in the private sector (See Table 14). In Tyne & Wear public sector employees work 37.7 hours per week including 1.4 hours overtime compared to 40.6 hours including 2.5 hours overtime in the private sector, basic hours of 36.3 hours and 38.1 hours respectively. The average difference ( including overtime) is just under 3 hours per week, equating to nearly 150 hours per year.

**Table 14 : Average hours of work per week (inc overtime) and average overtime worked (hrs) - Public and Private Sector**

	Great Britain	England	North East	Tyne & Wear
<b>Public sector employees</b>				
Average hours worked (inc overtime)	37.4	37.4	37.4	37.7
Average overtime worked (hrs)	1.3	1.3	1.2	1.4
<b>Private sector employees</b>				
Average hours worked (inc overtime)	40.5	40.5	40.8	40.6
Average overtime worked (hrs)	2.0	2.0	2.4	2.5

Source: New Earnings Survey 2002



## 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. Movements in total hours and in overtime are cyclical.

In 2001/02 hourly earnings in Tyne & Wear rose 4.5% for men and 3.2% for women (Table 15). Both men's and women's hourly earnings rose at a faster rate than weekly earnings (3.2% and 2.7% respectively). Men's hourly earnings rose slightly less quickly in Tyne & Wear than in Great Britain (4.5%, GB 4.8%). Women's earnings also rose less quickly in Tyne & Wear than in Great Britain (3.2%, GB 4.5%).

**Table 15 : Percentage change in hourly earnings, 2001/02 (excluding overtime)**

	Men			Women		
	Manual	Non-manual	All	Manual	Non-manual	All
Tyne & Wear	1.6%	5.6%	4.5%	1.3%	3.2%	3.2%
Great Britain	3.7%	4.6%	5.2%	4.9%	4.2%	4.7%
Difference (T&W -GB)	-2.1%	1.0%	-0.7%	3.6%	-1.0%	-1.3%

Sources: *New Earnings Survey, 2002; TWRI calculations*

Since 1990, men's earnings have grown at a slower rate than in Great Britain (7.8% lower than GB), whereas women's earnings have, unusually, grown at a similar rate to Great Britain (Table 16). Women's hourly earnings (up 93%) in Tyne & Wear, have substantially out-performed Tyne & Wear men's (by 18.5 percentage points). 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.

**Table 16 : Percentage change in hourly earnings 1990-2002 (excludes overtime)**

	Men			Women		
	Manual	Non-manual	All	Manual	Non-manual	All
Tyne & Wear	68.3%	63.4%	74.9%	80.3%	90.2%	93.4%
Great Britain	61.5%	73.8%	82.7%	71.0%	90.4%	93.6%
Difference (T & W -GB)	6.8%	-10.4%	-7.8%	9.3%	-0.2%	-0.2%

Sources: *New Earnings Surveys : TWRI calculations*

### 9.2 Hours Worked

Between 1990 and 2002, hours worked by men fell both in Tyne & Wear and Great Britain (TW -1.5, GB -1.3). The hours worked by women remained fairly static in both Tyne & Wear and Great Britain (both increased by a marginal 0.1 hours).

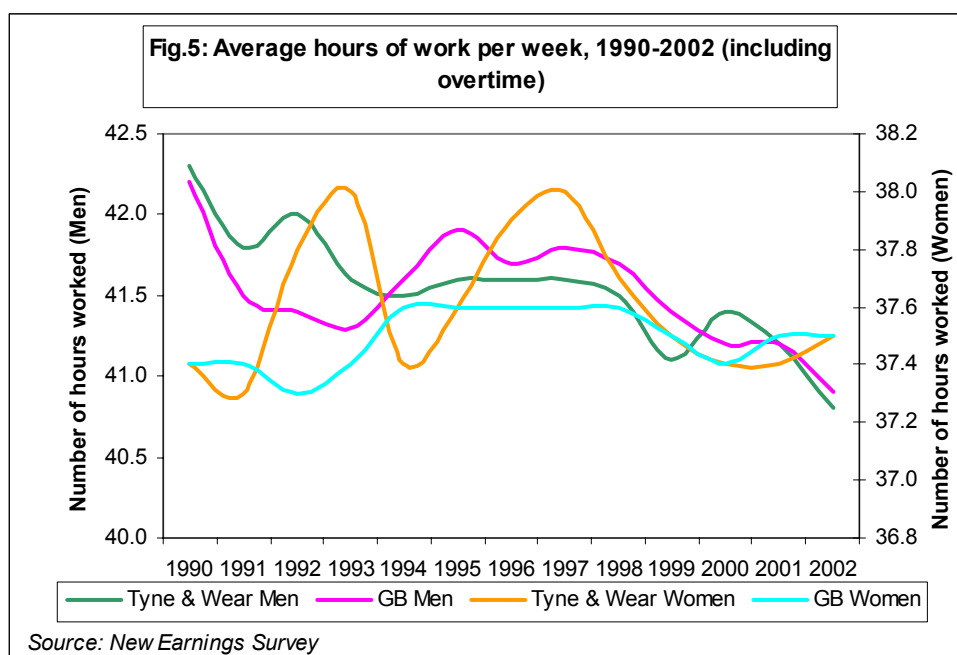
In 2001/02, the number of hours worked per week remained fairly static for women; the average hours per week remained unchanged in Great Britain and increased by 0.1 hours in Tyne & Wear. Men's hours fell by 0.4 hours in Tyne & Wear and 0.3 hours in GB (see Table 17). The fall in hours worked in 2001/02 are probably mainly due to slower economic growth.

**Table 17: Average hours of work per week, 1990-2002 (including overtime)**

	Men		Women	
	Tyne & Wear	Great Britain	Tyne & Wear	Great Britain
1990	42.3	42.2	37.4	37.4
1991	41.8	41.5	37.3	37.4
1992	42.0	41.4	37.8	37.3
1993	41.6	41.3	38.0	37.4
1994	41.5	41.6	37.4	37.6
1995	41.6	41.9	37.6	37.6
1996	41.6	41.7	37.9	37.6
1997	41.6	41.8	38.0	37.6
1998	41.5	41.7	37.7	37.6
1999	41.1	41.4	37.5	37.5
2000	41.4	41.2	37.4	37.4
2001	41.2	41.2	37.4	37.5
2002	40.8	40.9	37.5	37.5
2001/02	-0.4	-0.3	0.1	0.0
1990-2002	-1.5	-1.3	0.1	0.1

Source: New Earnings Surveys

Hours of work have clearly fallen since 1998 (Figure 5). The EU Working Time Directive was introduced limiting the working week to 48 hours per week, from October that year.



Overtime hours fell over the period 1990-2002 for men (TW -1.3, GB-1.5 hours) but for women in Tyne & Wear rose above the 1990 level by 0.2 hours and remained unchanged for Great Britain (Table 18). In 2001/02 men's overtime hours fell by 0.2 in both Tyne & Wear and Great Britain. Overtime hours rose by 0.1 for women in Tyne & Wear and fell by 0.1 hours in Great Britain.

In Tyne & Wear women worked on average 3.3 hours less than men, over half of which could be accounted for by overtime.

**Table 18: Overtime (average hours per week)**

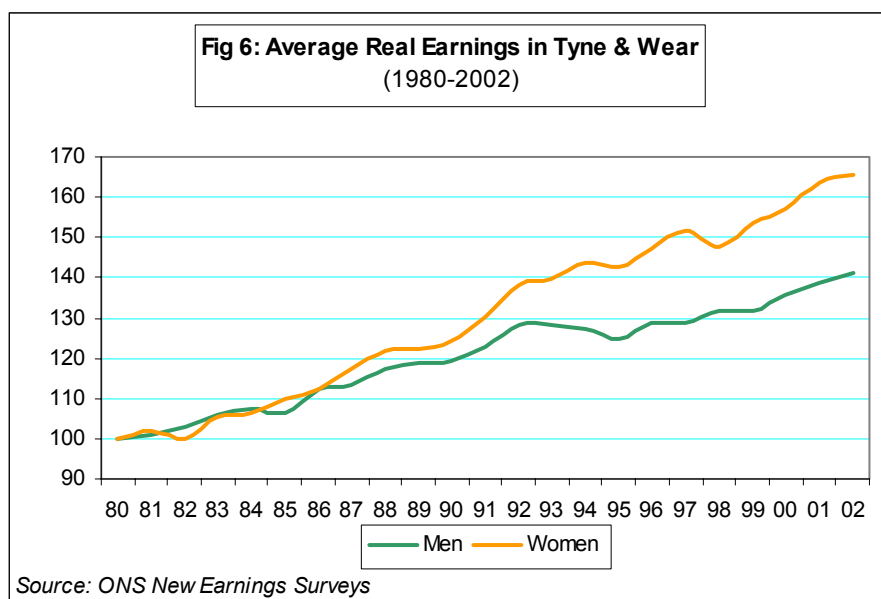
	<b>Men</b>		<b>Women</b>	
	<b>Tyne &amp; Wear</b>	<b>Great Britain</b>	<b>Tyne &amp; Wear</b>	<b>Great Britain</b>
1990	4.0	3.9	0.7	0.7
1991	3.7	3.3	0.6	0.8
1992	3.9	3.3	0.9	0.8
1993	3.4	3.1	1.1	0.8
1994	3.4	3.3	0.9	0.9
1995	3.3	3.3	0.8	0.9
1996	3.0	3.1	0.8	0.9
1997	3.2	3.2	1.1	0.9
1998	3.1	3.0	0.9	0.9
1999	2.8	2.7	0.8	0.8
2000	3.1	2.5	0.8	0.7
2001	2.9	2.6	0.8	0.8
2002	2.7	2.4	0.9	0.7
2001/02	-0.2	-0.2	0.1	-0.1
1990-2002	-1.3	-1.5	0.2	0.0

Source: *New Earnings Survey*

## 10 EARNINGS IN REAL TERMS, SINCE 1980

This section analyses earnings in real terms i.e. after adjusting for price inflation, as measured by the Retail Prices Index (RPI). The figures still relate to gross earnings. They therefore make no allowance for direct tax changes. In 1988 there were significant tax cuts followed by large tax rises in 1994 and 1995. Given the size of the sampling errors, the figures for single years and for comparisons with Great Britain are indicators rather than exact measures.

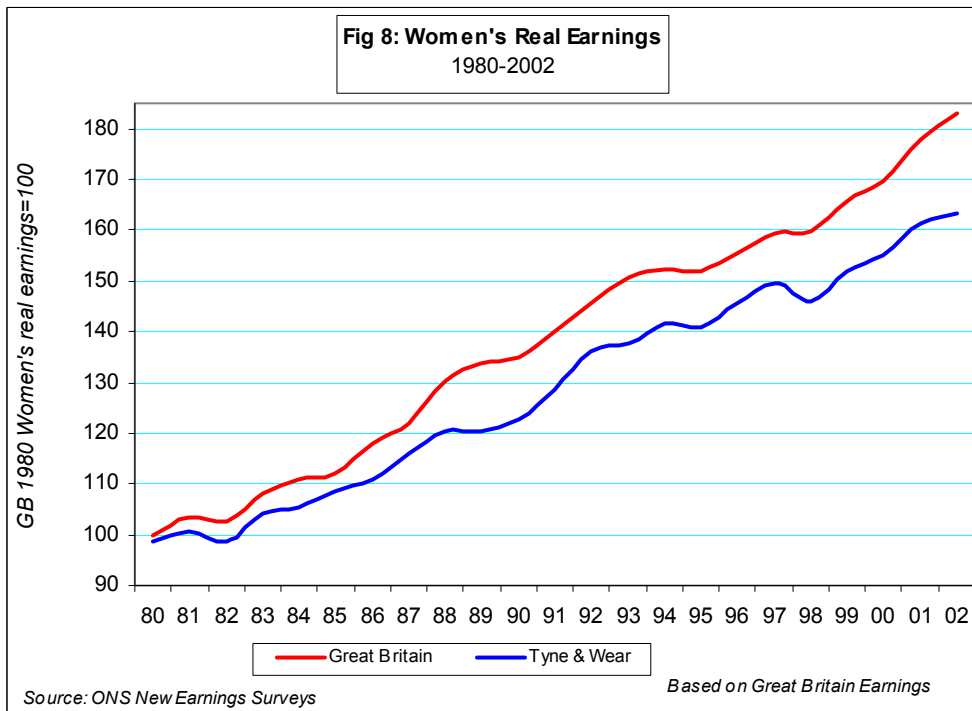
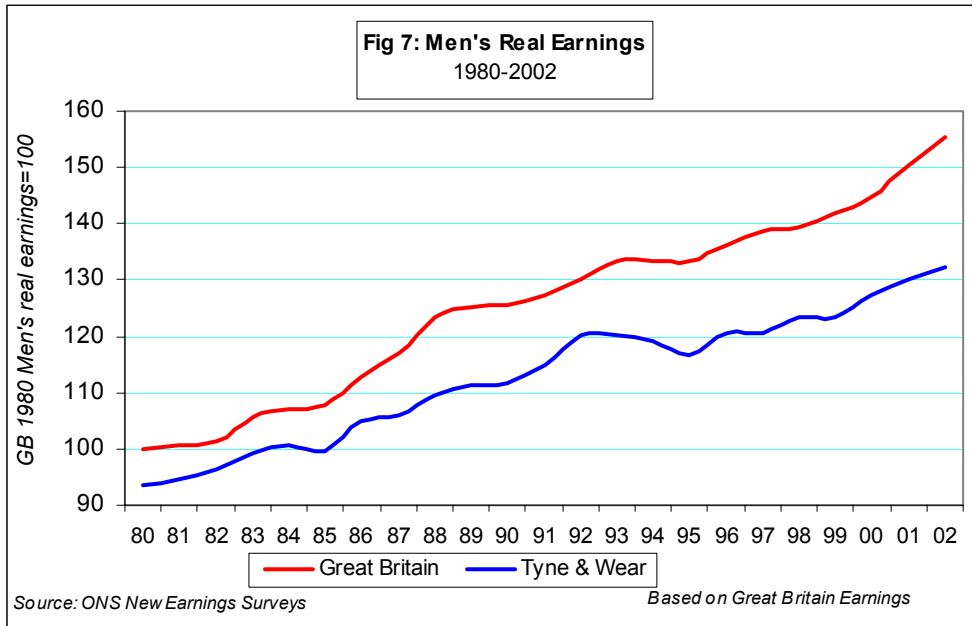
Between 1980 and 2002, real earnings for both men and women, in Tyne & Wear, have risen significantly; men's by 41% and women's about 65% (Figure 6). In real terms, the average annual compound rises were about 1.6% for men and 2.4% for women.



In the year to April 2002 the RPI rose 2.6%. This implies that in 2001/2002, men's earnings in Tyne & Wear rose by 1.7% in real terms, whereas in Great Britain they rose by 3.2% (Figure 7). Women's real earnings, having dipped in 1997/98, continued the strong upward trend apparent since 1990 rising modestly in 2001/02 by 1.2% in real terms, whereas in Great Britain they rose by 3% (Figure 8).

Since 1980, in real terms, earnings for both men and women have increased less quickly than in Great Britain (Figure 7 and 8). In real terms, the under-performances relative to Great Britain are about 13% for men and nearly 20% for women (% of the 1980 base in both cases). In 1980-2002, men's real earnings have risen by 32%, while in Great Britain they rose by 55%. Women's real earnings rose by 62%, whilst in Great Britain they increased by 83%.

Notably, men's real earnings in Tyne & Wear remained stagnant from 1992 to 1997 but since 1997 have risen by 10%. Meanwhile over the whole period 1992-2002, GB men's real earnings have risen by over 19%. Since 1992, women's real earnings in Tyne & Wear have risen about 20%, over 6 percentage points less than Great Britain (26%).



## APPENDIX 1

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

Estimates of weekly gross earnings for full-time employees are also published from the Labour Force Survey. 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 New Earnings Survey. 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.

**Table A1.1: Weekly earnings, Labour Force Survey and New Earnings Survey , Spring 2002**

	LFS	NES	Difference as % of NES
	£	£	
<b>Great Britain</b>			
Men & Women	419	464.7	-9.8%
Men	459	513.8	-10.7%
Women	348	383.4	-9.2%
<b>North East</b>			
Men & Women	372	399.3	-6.8%
Men	407	439.1	-7.3%
Women	308	318.4	-3.3%

Source: Labour Force Survey Quarterly Supplement, August 2002

### Average Earnings Index (AEI)

The AEI, published by the Office for National Statistics (ONS), gives monthly estimates of the change in average earnings. Average earnings are obtained by dividing the total number of employees by the total pay. Monthly chain-linking ensures that the sample firms are the same from one month to the next. The index may be used to estimate earnings between each NES. In the year to November 2002 the AEI rose by 3.9% (provisional) seasonally adjusted. The headline rate<sup>2</sup> was 3.8% (provisional).

### Latest data on earnings

Projections are normally published in ONS Labour Market Trends using the AEI. This series is currently undergoing a methodological review and so has not been updated since July 2002.

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<sup>2</sup> The headline rate is the average annual change in the seasonally adjusted series over the last three months and replaces the underlying rate of change.

## APPENDIX 2

Table A2.1: Average gross weekly earnings by occupational group, April 2002 (£)

SOC	Tyne & Wear <sup>#</sup>		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
1 Managers & Administrators	627.6	455.7	*	436.3 <sup>d</sup>	784.4	528.7
2 Professional Occupations	671.0	561.9	649.3	545.4	679.7	562.2
3 Associate Professional & Technical	522.6	401.6	487.1	394.4	581.9	447.8
4 Clerical & Secretarial	289.4 <sup>d</sup>	273.0	303.1	268.8	328.1	298.0
5 Craft & Related	409.8 <sup>d</sup>	275.2	393.9 <sup>d</sup>	*	404.6	276.6
6 Personal & Protective Service	332.5	263.5	350.4	256.5	396.1	267.7
7 Sales	307.6	225.6	341.7	228.2	395.4	274.2
8 Plant & Machine Operatives	353.0	281.8	358.0	256.3 <sup>d</sup>	372.2	264.6
9 Other Occupations	307.6 <sup>d</sup>	202.6	307.9	205.2	315.4	230.2
All Occupations	437.0	341.9	439.1	332.1	513.8	383.4

Source: New Earnings Survey 2002 Tyne & Wear data - special request to ONS

\* Sample size too small to allow reliable estimates

<sup>d</sup> Down on 2001. Caution: May be sampling error

Table A2.2: Average gross annual earnings by occupational group, April 2002 (£)

SOC	Tyne & Wear <sup>#</sup>		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
1 Managers & Administrators	32635	23696	*	23124	41573	28021
2 Professional Occupations	34892	29219	34413	28906	36024	29797
3 Associate Professional & Technical	27175	20883	25816	20903	30841	23733
4 Clerical & Secretarial	15049	14196	16064	14246	17389	15794
5 Craft & Related	21310	14310	20877	*	21444	*
6 Personal & Protective Service	17290	13702	18571	13595	20993	14188
7 Sales	15995	11731	18110	12095	20956	14533
8 Plant & Machine Operatives	18356	14654	18974	13584	19727	14024
9 Other Occupations	15995	10535	16319	10876	16716	12201
All Occupations	22724	17779	23272	17601	27231	20320

Source: New Earnings Survey 2002 # Tyne & Wear data - special request to ONS

\* Sample size too small to allow reliable estimates

## APPENDIX 3

Table A3.1: Average gross weekly earnings by industry, April 2002 (£): Manuals

SIC 92	Tyne & Wear <sup>#</sup>		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
A Agriculture, hunting & forestry	*	*	n.a.	n.a.	310	n.a.
B Fishing	*	*	n.a.	n.a.	n.a.	n.a.
C Mining & Quarrying	*	*	n.a.	n.a.	427.1	n.a.
D Manufacturing	388.5	273.4	381.5	252.4 <sup>d</sup>	388	260.5
E Electricity, gas & water supply	513.1 <sup>d</sup>	*	511.1 <sup>d</sup>	n.a.	489.1	n.a.
F Construction	391.1	*	377.1	n.a.	411.1	n.a.
G Wholesale & retail trade	295.2	205.8	286.2	n.a.	335.5	238.2
H Hotels & restaurants	238.5	196.8	n.a.	n.a.	262.1	209.1
I Transport, storage & communication	355	284.8	345 <sup>d</sup>	n.a.	381.5 <sup>d</sup>	340
J Financial intermediation	*	*	n.a.	n.a.	420.1	n.a.
K Real estate, renting & business activities	287.2	250.4	309.1 <sup>d</sup>	n.a.	346.6	252.7
L Public Admin. & defence	341.9	*	n.a.	n.a.	333.5	275.3
M Education	323.4	228.8	315.7	238.1	324.4	250.7
N Health & social work	331	233.5	n.a.	209.2	308.2	230.1
O Other community, social & personal services	255.3	*	n.a.	n.a.	340.8	228.4
C-E All Production	412.5	282	397.5 <sup>d</sup>	257.4 <sup>d</sup>	391.6	260.9
G-Q All Services	313.9	230.1	311.7	220.6	344.3	246
All industries	365.5 <sup>d</sup>	246.8	357.8	232.2	368.2	251

Source: New Earnings Survey, 2002

Note: Estimates not available where sample size less than 30 employees

# Tyne & Wear data by special request from ONS

d Down on 2001. Caution: May be sampling error

Table A3.2: Average gross weekly earnings by industry, April 2002 (£): Non-Manuals

SIC 92	Tyne & Wear <sup>#</sup>		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
A Agriculture, hunting & forestry	*	*	n.a.	n.a.	451.1	288.7
B Fishing	*	*	n.a.	n.a.	n.a.	n.a.
C Mining & Quarrying	*	*	n.a.	n.a.	852.9	n.a.
D Manufacturing	535.2	343.6	542.3	n.a.	615.5	408.1
E Electricity, gas & water supply	570.0	376.4	n.a.	n.a.	643.9	394.0 <sup>d</sup>
F Construction	702.1	*	n.a.	n.a.	611.3	360.0
G Wholesale & retail trade	434.9	253.7	n.a.	257.8	505.4	320.7
H Hotels & restaurants	311.0	294.7	n.a.	n.a.	448.5	321.6
I Transport, storage & communication	516.8	371.9	n.a.	n.a.	583.6	407.1
J Financial intermediation	435.6	385.6	n.a.	n.a.	833.5	448.4
K Real estate, renting & business activities	590.7	356.9	n.a.	329.5	709.2	438.5
L Public Admin. & defence	372.3 <sup>d</sup>	324.3	409.0 <sup>d</sup>	326.8 <sup>d</sup>	508.8	375.3
M Education	495.0	422.0	509.1	404.3	549.4	435.0
N Health & social work	605.2	378.9	n.a.	373.8	625.7	407.5
O Other community, social & personal services	506.6	312.3	n.a.	n.a.	606.5	403.2
C-E All Production	546.0	357.1	553.5	360.2	621.0	408.3
G-Q All Services	608.2	358.2	501.9	349.7	608.2	406.0
All industries	499.7	357.6	516.0	349.8	610.4	405.2

Source: New Earnings Survey, 2002

Note: Estimates not available where sample size less than 30 employees

# Tyne & Wear data by special request from ONS. d Down on 2001. Caution: May be sampling error



## APPENDIX 4: Earnings for Small Areas

These data series are subject to much bigger margins of error than for Tyne & Wear. The ONS published 2002 estimates of earnings for areas smaller than counties; Local Authority Districts, Travel-to-Work Areas, and some Parliamentary Constituencies.

**Wherever possible, users are recommended to use the estimates for Tyne & Wear** as they are more statistically reliable than for the smaller areas.

Standard errors were not published by ONS for 2002. Standard errors were last published in 1998. The margin of error for the Small Area estimates is likely to be twice or three times as wide as for Tyne & Wear (1.2% in 1998). For example the standard error of the estimate for Sunderland in 1998 was 2.5% of the estimate (the table below shows 2002). If earnings are normally distributed, this means that the actual value is 95% likely to lie within 2 standard errors of the estimate (plus or minus 5.0% of £343.6 in the case of Sunderland in 1998). Obviously these large margins of error will make analysis of annual change unwise at this level. Nevertheless TWRI presents these data for users.

**Table A4.1: Earnings by district, 2002 (Men & Women)**

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	400.8	389.4 <sup>d</sup>	409.9	412.9	375.4	395.8
No. in sample	2360	415	978	240	174	553
% earning under £250	24	27.2	21.3	21.7	26.4	26.6
10% earned under (£)	205.2	199.2	211.0	203.7	202.4	201.4
10% earned over (£)	635.3	631.2	637.6	689.3	611.2	623.2
Average hourly earnings (p) (excludes overtime)	1009	972	1044	1023	925	998
Average weekly hours (including overtime)	39.5	39.8	39.2	40.4	40	39.4
Overtime (hr)	2	2.2	1.8	3.1	2.5	1.7

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents.  
d Down on 2001. Caution: May be sampling error

**Table A4.2: Men's earnings by district, 2002**

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	437.3	421.1 <sup>d</sup>	456.1	445.9	393.9	431.2
No. in sample	1456	587	555	148	114	352
% earning under £250	17.6	18.8	15.7	12.8	19.3	21
10% earned under (£)	218.7	210.4	224.7	228.6	219	212.3
10% earned over (£)	675.8	679.7	684.4	783.8	620.5	643.6
Average hourly earnings (p) (excludes overtime)	1066	1028	1118	1071	927	1058
Average weekly hours (including overtime)	40.8	40.9	40.4	42.1	41.8	40.5
Overtime (hr)	2.7	2.7	2.5	4.0	3.4	2.2

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents.  
d Down on 2001. Caution: May be sampling error

**Table A4.3: Women's earnings by district, 2002**

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	341.9	318.1	349.4	n.a	n.a	333.7
No. in sample	904	128	423			201
% earning under £250	34.3	46.1	28.6			36.3
10% earned under (£)	186.9	175.3	194.7			182.9
10% earned over (£)	549.2	534.9	544.6			547
Average hourly earnings (p) (excludes overtime)	914	n.a.	941			889
Average weekly hours (including overtime)	37.5	n.a.	37.6			37.4
Overtime (hr)	0.9	n.a.	0.8			0.8

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents.

**Table A4.4: Earnings by travel-to-work area, 2002**

	Tyneside			Sunderland & Durham		
	All	Men	Women	All	Men	Women
Gross weekly earnings (£)	405.6	446.6	342.3	398.0	436.3	333.3
No. in sample	2048	1243	805	913	573	340
% earning under £250	24.3	17.5	34.8	26.5	19.9	37.6
10% earned under (£)	204.6	218.6	186.1	203.5	216.3	186.7
10% earned over (£)	634.2	679.5	549	622	661.6	554.5
Average hourly earnings (p) (excludes overtime)	1000	1051	918	1006	1071	893
Average weekly hours (including overtime)	39.5	40.9	37.4	39.3	40.5	37.2
Overtime (hr)	2	2.8	0.9	1.6	2.2	0.7

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents.

**Table A4.5: Earnings in parliamentary constituencies, 2002**

	Blay	H&W	Jar	NcE	NT	SS	SdN	TyBr
Gross weekly earnings (£)	359.1 <sup>d</sup>	414.8	384.9	340.7	406.6	366.3 <sup>d</sup>	373.9 <sup>d</sup>	422.4
No. in sample	123	152	90	240	127	87	201	668
% earning under £250	32.5	21.1	20	28.8	22.8	32.2	30.3	18.7
10% earned under (£)	196.3	213.9	202.5	183.9	203.7	202.2	194.6	223.1
10% earned over (£)	557.4	651.4	645.7	497.5	691.7	590.9	608.5	658.1
Average hourly earnings (p) (excludes overtime)	n.a.	1014	909	893	n.a.	n.a.	949	1064
Average weekly hours (including overtime)	n.a.	40.3	40.6	39.5	n.a.	n.a.	38.9	39.3
Overtime (hr)	n.a.	2.6	2.7	2.2	n.a.	n.a.	1.1	2.0

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents

Note: Not all Parliamentary Constituencies within Tyne & Wear are listed in the New Earnings Survey. Five are excluded: Gateshead East & Washington West, Newcastle Central, Newcastle North, Sunderland South and Tynemouth.

<sup>d</sup> Down on 2001. Caution: May be sampling error

Blay = Blaydon  
 SdN = Sunderland North  
 SS = South Shields  
 TyBr = Tyne Bridge  
 SdS = Sunderland South

NT = North Tyneside  
 H&W = Houghton & Washington East  
 Jar = Jarrow  
 NcE = Newcastle East & Wallsend

**Table A4.6: Men's earnings in parliamentary constituencies, 2002**

	H&W	TyBr
Gross weekly earnings (£)	445.3	458.8
No. in sample	114	450
% earning under £250	14.9	14.0
10% earned under (£)	226.3	236.4
10% earned over (£)	660.9	703.3
Average hourly earnings (p) (excludes overtime)	1059	1126
Average weekly hours (including overtime)	41.4	40.4
Overtime (hr)	3.3	2.7

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents.  
Note: Not all Parliamentary Constituencies within Tyne & Wear are listed in the New Earnings Survey.

**Table A4.7: Women's earnings in parliamentary constituencies, 2002**

	NcE	SdS	TyBr
Gross weekly earnings (£)	294.6	307.0	347.2
No. in sample	125	68	218
% earning under £250	36.0	36.8	28.4
10% earned under (£)	182.0	188.8	206.2
10% earned over (£)	447.4	485.1	521.3
Average hourly earnings (p) (excludes overtime)	802	n.a	931
Average weekly hours (including overtime)	37.8	n.a	37.1
Overtime (hr)	0.9	n.a.	0.7

Source: New Earnings Survey, 2002. Note all NES data are for workplaces, not residents.  
Note: Not all parliamentary constituencies within Tyne & Wear are listed in the New Earnings Survey