
**EARNINGS IN TYNE & WEAR
2003**

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By

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TYNE & WEAR RESEARCH AND INFORMATION

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KEY POINTS

This report considers the gross earnings, in April 2003, 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 £20,982 (§2):

- for men & women £403.5 per week (£20,982 pa), 85% of Great Britain;
- for men £438.1 per week (£22,781 pa), 83% of Great Britain;
- for women £351.3 per week (£18,268 pa), 89% of Great Britain.

Tyne & Wear's earnings growth in 2002/03 was exceptionally weak (0.7%, GB 2.4%). Men's earnings increased by 0.2% in 2002/2003 (GB 2.1%), a slowing of 2.8 percentage points from 2001/02¹. Women's earnings increases also slowed, to 2.7% (GB 3.3%).

Part-time employees:

Hourly earnings for all part-time employees in Tyne & Wear were less than their full-time counterparts with female employees receiving, on average, 9% less than in Great Britain (§3). Part-time employees in Tyne & Wear overall received over 12% less than in Great Britain. Women's earnings are more compressed in Tyne & Wear than in Great Britain, with top earners earning around £2.7 per hour less than in Tyne & Wear.

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% (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.

Increases in Earnings:

During 2002/03, the overall rise in earnings was much slower in Tyne & Wear (0.7%) than in Great Britain (2.4%) (§5.1). In 2002/03 women's earnings rose by 2.7% (GB, 3.3%) and men's rose by 0.2% (GB, 2.2%). These differences, although suggestive, are probably not statistically significant, given the sampling error.

Other Metropolitan Counties and unitary authorities:

Overall, Tyne & Wear earnings are 17th lowest among the (87) English counties, Metropolitan counties and Unitary Authorities (§6.2). For men, Tyne & Wear's earnings are 13th lowest among (74) English counties, Metropolitan counties and Unitary Authorities. Women's earnings rank second highest at 50th out of 79, although there has been a drop of 6 places from 2002, following a drop of 9 places between 2001 and 2002. All Tyne & Wear earnings, for all employees and men and women's separately were the lowest of any Metropolitan county, which has not happened 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 2003, women's hourly pay was 88% of men's (GB 82%). Women's weekly earnings were also closer to men's in Tyne & Wear (80%) 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

¹ Following concern raised by such small earnings growth ONS have been questioned on this by TWRI. In their response ONS did not identify any particular problems or explanations specifically relating to the Tyne & Wear results. Their response has been included in Appendix 5 for information.

period 1990-2003, women's hourly earnings (up 99%) in Tyne & Wear, have out-performed GB women by 5 percentage points and out-performed both Tyne & Wear men's hourly earnings (by 24 percentage points) and GB men (by over 16 percentage points) (§7).

Public and private sectors compared:

Public sector employees in Tyne & Wear, on average, earn more per week than private sector employees (§9). Hourly earnings of the public sector are greater than in the private sector by nearly 11% (Public 1087p, Private 968p).

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, 37.6 hours per week compared to 38.2 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 81.5% of the Great Britain average. Earnings in the public sector are much more compressed than in the private sector in Tyne & Wear.

In real terms:

In 2002/03, men's real earnings (that is after inflation) fell by 2.9% and women's earnings fell 0.4%, representing the first real fall since 1997. Since 1980 men's earnings have risen 37% 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 an overall rise in men's real earnings (by 6.6% - this is down on the figure from 2002 by almost 4.4 percentage points).

Over the last ten years, 1993-2003, GB men's real earnings (up about 15.2%) have risen at double the rate of those in Tyne & Wear and women's real earnings in Tyne & Wear rose just over 18%, over 3 percentage points less than Great Britain (22%).

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

Caution: These data for April 2003 may have been unusually affected in some ways by the war in Iraq. Economic activity and, (apparently) hours of work (§9.2) were depressed by this.

In addition, from April 2003 taxes were raised, most notably a rise in National Insurance rates of one percentage point (on whole earnings).

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 2003 New Earnings Survey (NES). The areas covered include Tyne & Wear, Great Britain, the North East and other Metropolitan Counties. The analyses cover men, women 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 twelve earlier reports in this series, produced by TWRI, covering the period 1980-2002.

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 2003 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 2003.

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 106,903 employees in Great Britain and 2,256 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.

This report does not provide information on manual and non-manual employee's earnings - which has been included in previous additions. For the NES 2003 the ONS coded data on the Standard Occupational Classification 2000, which does not make this differentiation in employment types.

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 2002/03 report)

For further information on these non-earnings sources of income and overall household income see TWRI's report 'Household Income and Expenditure, 2002'.

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)

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, 2003

This section presents information on average weekly earnings in Tyne & Wear. The analyses cover men, women and all employees and compares Tyne & Wear to Great Britain and the North East².

In 2003, the average full-time employee in Tyne & Wear earned £403.5 per week, (£20,982 pa). This is 15.2% less than the Great Britain average of £475.8 per week, (£24,741.6 pa) (see Table 1). This represents a trend of an increasing earnings gap between Tyne & Wear and Great Britain which dates back at least five years. 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 £438.1 (£86.9 or 16.6% below the Great Britain average). Women's average weekly earnings were £351.3 (£44.7 or 11.3%) below the Great Britain average. In Tyne & Wear annual earnings were £22,781.2 for men and £18,267.6 for women.

Table 1: Average earnings of full-time employees on adult rates (April 2003)

	MEN & WOMEN		MEN		WOMEN	
	£'s per week	Pence/hour (excludes overtime)	£'s per week	Pence/hour (excludes overtime)	£'s per week	Pence/hour (excludes overtime)
Tyne & Wear	£403.5	1021p	£438.1	1073p	£351.3	940p
North East	£402.1	1017p	£437.8	1069p	£347.3	933p
Great Britain	£475.8	1203p	£525.0	1288p	£396.0	1056p
T & W % of GB	84.8%	84.9%	83.4%	83.3%	88.7%	89.0%

Source: *New Earnings Survey 2003, Part A (Tables A21, A22 & A23)*

In the North East average earnings were lower than in Great Britain; men's earnings were £87.2 lower, and women's were £48.7 lower. Women's earnings in Tyne & Wear were £4.0 higher than in the North East (compared to £9.8 in 2002), whilst men's were £0.3 higher (compared to £1.8 lower in 2002). North East men's earnings have fallen by £1.3 since 2002 while Tyne & Wear men's earnings have grown by £0.8 since 2002.

In Tyne & Wear, the differential for men and women's earnings was 19.8% compared to 21.8% in 2002. This is unsurprising as women's earnings have risen by £9.7 per week since 2002 while men's have grown by only £0.8 over the same period.

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

3 PART-TIME EARNINGS

This section covers earnings of part-time employees. The NES analyses a limited amount of part-time data. TWRI therefore obtained some data for Tyne & Wear, North East and Great Britain by special request to ONS. The sample size of part-time men in Tyne & Wear is too small to be included 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 19.3 hours in Tyne & Wear) compared to greater than 30 hours (average of 37.3 hrs for females and 40.7 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 was the first year TWRI has analysed it in the report. Therefore there is not a proper 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 2003 the average part-time employees in Tyne & Wear earned 702p per hour, an increase of 4.9% from 2002. This remains, however, nearly 12% less than in Great Britain (795p) (see Table 2). There are no data for part-time men in Tyne & Wear but women part-time employees earn 697p an hour, which is 9% less than in Great Britain (766p), however this is an improvement of 1 percentage point since 2002. By inference the gap in part-time earnings for men in Tyne & Wear compared to Great Britain must be greater.

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>		
	MEN & WOMEN	MEN	WOMEN	MEN & WOMEN	MEN	WOMEN
Tyne & Wear	702p	..	697p	1021p	1073p	940p
North East	738p	..	716p	1017p	1069p	933p
Great Britain	795p	875p	766p	1203p	1288p	1056p
T & W % of GB	88.3%	..	91.0%	84.9%	83.3%	89.0%

Source: New Earnings Survey 2003 Part F (Tables F37 & F38) & Part A (Tables A21, A22 & A23) and Special Request from ONS

Note: .. Denotes not available, where sample is below 30 or the standard error is more than 5% of the mean

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.

The gap between female part-time earnings in the North East and Tyne & Wear has widened slightly to 19p in 2003 from just 1p in 2002. Both are significantly less than the national average (TW 697p, NE 716p, GB 766p). 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 (TW 702p, NE 738p, GB 795p).

Women's hourly earnings are more compressed in Tyne & Wear than in Great Britain (see Table 3) with top earners closer to the average in Tyne & Wear and about £2.8 per hour less than in Great Britain (TW 1010p, NE 1110p, GB 1288p). The bottom decile for Tyne & Wear has improved since 2002 from 10p to 20p above the National Minimum Wage (NMW). The top decile for men in Tyne &

Wear (1613p) is over 600p per hour greater than that for women (1010p). However the North East (1816p) remains noticeably higher than both Tyne & Wear and Great Britain.

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

	Great Britain	North East	Tyne & Wear
Men & Women			
Top decile	1335	1177	1060
Bottom decile	442	429	433
Men			
Top decile	1670	1816	1613
Bottom decile	428	420	420
Women			
Top decile	1288	1110	1010
Bottom decile	448	431	440

Source: New Earnings Survey 2003 Part F (Table F37.1 & F38.1) and Special Request from ONS

Table 4 gives data on hourly pay from the NES for Great Britain and the North East only. Data on Tyne & Wear could not be obtained, due an insufficient sample size. The table indicates the cumulative percentages earning below each threshold. It should be noted this data only includes people on adult rates. In addition, there is no minimum wage for employees under 18 years. Over 31% of part-time men and over 29% of part-time women in the North East earn less than £5 per hour, a maximum of only 14% above the NMW. Around 20% of part-time men in Great Britain and the North East earn more than £10 per hour. Around 13% of women in the North East earn more than £10 per hour compared to over 17% in Great Britain

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

Hourly Earnings	Great Britain		North East	
	Men	Women	Men	Women
£4.20 (NMW)	4.9	2.8	..	3.3
£4.50	15.3	10.4	17.9	14.1
£5.00	28.9	23.2	31.1	29.6
£6.00	51.1	47.4	49.1	54.2
£7.00	63.5	62.3	62.3	68.9
£8.00	71.5	71.7	71.2	77.2
£9.00	76.5	78.2	75.0	83.6
£10.00	80.1	82.4	79.2	86.6
£12.50	85.0	89.2	84.9	92.3
£15.00	88.1	93.5	87.3	95.4
£17.50	90.6	95.8	89.6	96.8
£20.00	92.6	97.2	92.9	98.1

Source: New Earnings Survey 2003 Section F (Table F27 & F28)

Note: .. Denotes not available, where the sample is below 30 or the standard error is more than 5% of the mean

4. LOW PAY AND DISTRIBUTION OF EARNINGS ³

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

- Over a fifth of men & women (22%) earn below £250 per week (GB 16%);
- A sixth of full-time men (17%) earn below £250 per week (GB 11%);
- Well over a quarter of full-time women (29%) earn below £250 per week (GB 24%);

Table 5: Distribution of Gross Weekly Earnings, Full-time

		Great Britain	North East	Tyne & Wear
Men & Women				
Top decile		770.0	641.8	646.7
Bottom decile		222.7	209.8	211.0
Percentage earning under:	£250	16.1%	22.4%	21.7%
	£350	40.7%	51.4%	51.6%
	£460	61.3%	70.6%	70.7%
Men				
Top decile		854.9	682.4	687.7
Bottom decile		243.8	226.0	225.0
Percentage earning under:	£250	11.1	16.5	16.6
	£350	33.3	43.1	44.5
	£460	54.7	64.5	64.4
Women				
Top decile		634.2	570.8	571.4
Bottom decile		202.0	191.6	198.3
Percentage earning under:	£250	24.1	31.6	29.3
	£350	52.7	64.0	62.2
	£460	72.1	80.0	80.3

Source: *New Earnings Survey 2003: Part E (Table A21 A22 A23)*

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 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 NES does not provide men or women's pay bands below £250 at county level. In the North East, however, 4.6% of men and 12.2% of women earned less than £200 per week (GB 3.3%, 9.3%) (see Table 6).

The distribution of overall earnings and those for men and women were less dispersed in Tyne & Wear than in Great Britain. Top and bottom for all employees in Tyne & Wear are closer to average earnings (£403.5pw) than in Great Britain (see Table 1), and this was also true for men and women separately.

- The top decile (10%) of men in Tyne & Wear earned 57% more than men's average earnings (GB 63%), this is an increase of 2 percentage points since 2002;
- The lowest decile of men in Tyne and Wear earned 49% less than men's average earnings (GB 54%).

³ The Low Pay Unit has ceased to exist, therefore this report does not include data which had previously been supplied by them.

The top ten percent of men in Tyne & Wear earned £687.7 pw (£35,760 pa). This is 19.6% less than in Great Britain. The bottom ten percent of men in Tyne & Wear earn under £225.0 pw, (£11,700 pa). This is 8% less than in Great Britain.

Women's earnings in Tyne & Wear show:

- The top decile of women in Tyne & Wear earned 63% more than women's average earnings (GB 60%), an increase of 2 percentage points from 2002;
- The bottom decile of women earned 44% less than women's average earnings (GB 49%).

The top ten percent of women in Tyne & Wear earn over £571.4 pw (£29,713pa). This is 10% less than in Great Britain, a fall of 1 percentage point from 2002. The bottom ten percent of women earn under £198.3 pw, (£10,311pa). This is 2% less than in Great Britain, a fall of 2 percentage points from 2002.

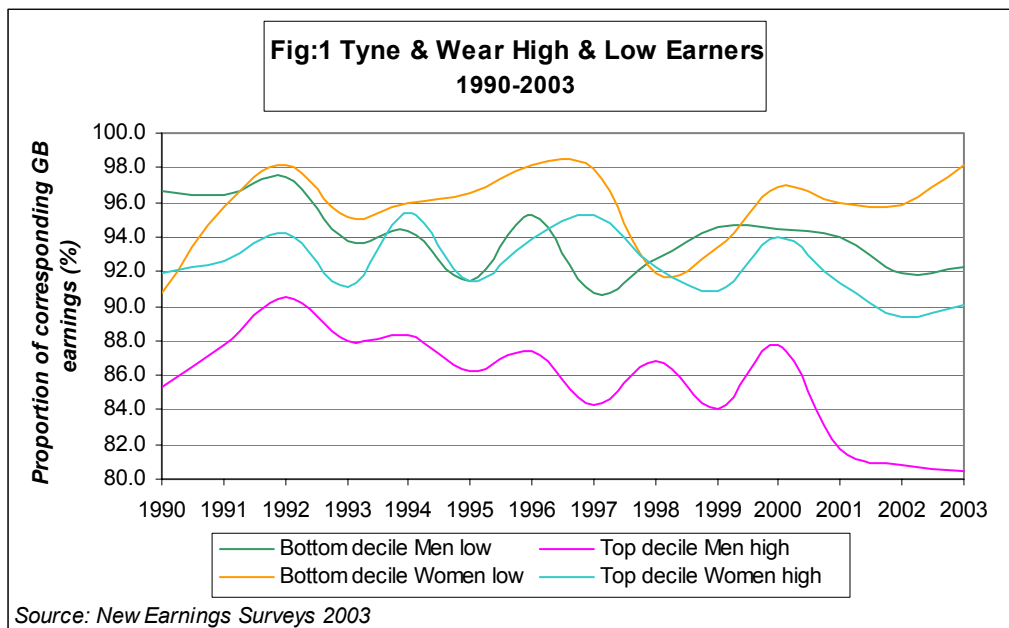
Table 6 gives data on low pay from the NES. These data cannot be used to judge how many people would fall below the new National Minimum Wage (NMW). This is because the NES mainly includes full-time employees and only includes people on adult rates.

Table 6: Distribution of Earnings in North East & Great Britain, % earning under				
% earning under	North East		Great Britain	
	Men	Women	Men	Women
Weekly Earnings				
£175	1.9	5.4	1.3	4.2
£200	4.6	12.2	3.3	9.3
£220	8.4	18.9	5.9	14.9
£250	16.5	31.6	11.1	24.1
£290	26.7	48.8	19.5	37.2
£310	32.7	55.0	24.1	43.0
Hourly Earnings				
£4.20 (NMW)	0.5	1.1	0.4	0.8
£4.50	1.6	4.4	1.3	2.8
£5.00	4.1	9.5	3.4	6.5
£6.00	14.5	21.0	10.3	17.2
£7.00	26.9	37.6	19.7	29.0
£8.00	37.3	51.5	29.8	40.5

Source: New Earnings Survey 2003: Part E (Tables E5 & E6)

In 2002/03, top earnings for men in Tyne & Wear continued to drop 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 although they have risen in 2002/03. For men, low earnings fluctuated from 1990 until 1999 and since have steadily moved further away from the GB average. The percentage disparity from 1990-2003 between earnings in Tyne & Wear and GB is greatest for highest-paid men. In percentage terms, top and bottom earnings were 3-20% below the GB average⁴.

⁴ 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, 2002 and 2003. In 2003 only the North West, Eastern 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 1st April 1999 at £3.60/hour for people aged 21 and over. This increased to £3.70/hour in October 2000, £4.10/hour in October 2001 and £4.20/hour in October 2002. 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). A lower rate of £3.00/hour applied to people aged 18-21, increasing to £3.20/hour in October 2000, £3.50/hour in October 2001 and £3.60/hour in 2002. There is no minimum wage for those aged under 18.

Table 7: Employees earning below NMW Spring 1998-2003,

Government Office Region	1998		1999		2000		2001		2002		2003	
	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%
North East	90	9.3%	30	3.3%	..	..	..	..	..	..	..	..
UK	1,420	6.0%	530	2.2%	240	1.0%	250	1.0%	330	1.3%	260	1.0%

Source: ONS Web Site - <http://www.statistics.gov.uk/StatBase/>

.. sample size too small for reliable estimate

The proportion of employees earning below the NMW in the North East fell between spring 1998 and spring 1999 by about two-thirds, as in the UK (Table 7). The estimates are “adjusted LFS and NES” estimates, produced from a combination of data from both the Labour Force Survey (LFS) and the 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 2002/03

Between 2002 and 2003, the overall rise in earnings was much slower in Tyne & Wear (0.7%) than in Great Britain (2.4%), (Table 8). This represents a slowing of the rise of earnings from 2002 when Tyne & Wear rose by 3.2% and Great Britain by 4.6%. In 2003 Men's earnings rose by 0.2% in Tyne & Wear compared to 2.2% in Great Britain, this is a sharp slowing from the previous year (T&W 3.2%, GB 4.8%). Overall for 2003 women's earnings also rose at a slower rate than in Great Britain (2.7%, GB 3.3%). However female earnings in Tyne & Wear have risen of a consistent rate in 2003 and the previous year, whereas in Great Britain female earnings growth slowed by 1.2 percentage points.

Table 8: Percentage increases in weekly earnings (2002/03)

	Great Britain	Tyne & Wear
Men & Women	2.4%	0.7%
Men	2.2%	0.2%
Women	3.3%	2.7%

Source: New Earnings Surveys, TWRI calculations

Pay settlements in Tyne & Wear averaged 3.7% in the six months to March 2003 according to the TW 250⁵ survey of the private sector. This has remained the same from the previous six-month period and has been relatively static for around 3 years. This increase was 0.6% above the March 2003 inflation (RPI) rate of 3.1%.

The leading sector for pay rises was Construction, with a reported average increase of 6.5%. (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 5.2%, with Transport & Communication and Other Manufacturing also increasing modestly. The greatest slowing in pay rises was in manufacturing and to a lesser extent Business Services, both remaining at 3% or just below. The Engineering and Distribution & Catering sectors both show increases following a fall in the previous 6 month period.

During 2002/03, earnings for the lowest ten percent of men rose at a higher rate than in GB (2.9%, 2.4%). Earnings of the bottom decile of women, also rose at a higher rate to GB (6.1%, 3.6%). Earnings for the top decile of men grew more slowly than the GB average (1.8%, GB 2.2%), the difference being less significant than the 2001/02 equivalent of 1.2%. The earnings of the top decile of women in Tyne & Wear rose at a faster rate of 4%, to the overall increase in earnings for women of 2.7% compared to the previous year.

5.2 Increases in earnings, 1999-2003

Comparisons are made over four years to try to reduce the distortion of sampling error (see Table 9). Earnings for men & women are second slowest, for rises in the metropolitan counties. Tyne & Wear's earnings for men also rose at the second slowest rate, with only Merseyside's falling below over the same period. In 2002, when comparisons for the previous three years were made, Tyne & Wear's men's earnings were fifth slowest. This change in ranking can be attributed to the area's small rise in

⁵ 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.

male earnings of just 0.2% between 2002/03. Women's earnings also rose at the slowest rate for metropolitan counties. This growth however has remained stable from 2002, whereas the general trend for other metropolitan counties was a significant decrease in growth compared to 2002.

Comparisons over two years from 2001 to 2003 are also made (see Table 9). Rises for men and for men & women were third slowest of all the metropolitan counties. Women were second slowest. This compares slightly more favourably than the two-year change to 2002, when earnings for men & women together and men and women separately rose at the slowest rate for all metropolitan counties.

Table 9: Average Weekly Earnings in the Metropolitan Counties, 1999-2003.

	Average Weekly Wage					% Change		
	1999	2000*	2001	2002	2003	1999-2003	2001-2003	2002-2003
Men & Women								
London GOR	520.0	561.7	593.7	624.1	636.9	22.5 %	7.3 %	2.0 %
West Midlands MC	387.9	397.0	432.8	442.1	448.2	15.5 %	3.6 %	1.4 %
Greater Manchester MC	377.0	391.1	410.7	427.9	440.1	16.7 %	7.2 %	2.8 %
Merseyside Region	371.8	389.2	413.8	425.6	416.9	12.1 %	0.7 %	-2.1 %
West Yorkshire MC	368.2	382.9	403.0	417.3	434.6	18.0 %	7.8 %	4.0 %
Tyne & Wear MC	352.6	373.9	388.4	400.8	403.5	14.4 %	3.9 %	0.7 %
South Yorkshire MC	350.6	363.9	381.5	398.2	414.0	18.1 %	8.5 %	3.8 %
Men								
London GOR	584.4	633.3	667.7	704.8	716.5	22.6 %	7.3 %	1.6 %
West Midlands MC	427.3	439.4	475.3	483.9	490.5	14.8 %	3.2 %	1.3 %
Merseyside Region	416.7	434.9	462.1	475.9	457.2	9.7 %	-1.1 %	-4.1 %
Greater Manchester MC	420.0	434.4	453.3	471.8	487.1	16.0 %	7.5 %	3.1 %
West Yorkshire MC	402.4	419.5	437.7	456.3	475.8	18.2 %	8.7 %	4.1 %
Tyne & Wear MC	384.3	407.5	423.8	437.3	438.1	14.0 %	3.4 %	0.2 %
South Yorkshire MC	380.9	395.9	411.6	426.9	445.6	17.0 %	8.3 %	4.2 %
Women								
London GOR	422.8	454.8	483.1	503.6	516.5	22.2 %	6.9 %	2.5 %
West Midlands MC	312.1	318.2	355.5	367.6	374.4	20.0 %	5.3 %	1.8 %
Greater Manchester MC	304.9	320.0	342.1	359.0	366.5	20.2 %	7.1 %	2.0 %
Merseyside Region	304.0	320.7	342.2	355.5	370.8	22.0 %	8.4 %	4.1 %
West Yorkshire MC	309.3	320.6	345.3	354.0	369.0	19.3 %	6.9 %	4.1 %
Tyne & Wear MC	299.5	314.7	332.9	341.9	351.3	17.3 %	5.5 %	2.7 %
South Yorkshire MC	297.8	306.8	329.6	347.6	360.2	21.0 %	9.3 %	3.5 %

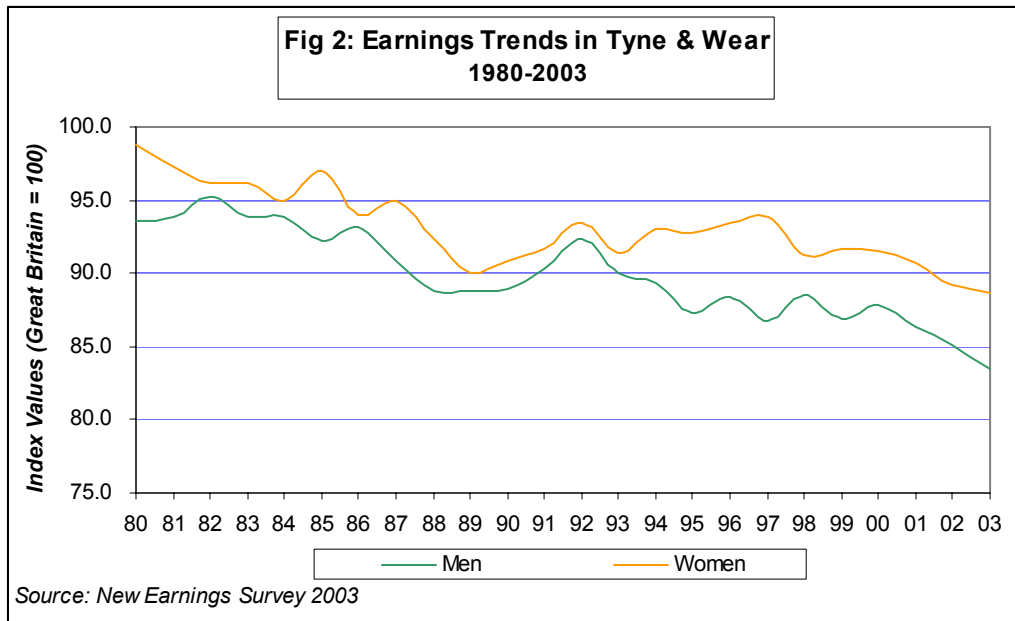
Source: New Earnings Surveys Part A

* Data from 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 1980-2003

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 began 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 is now downward whereas that for women is broadly flat.



6 COMPARISONS WITH OTHER COUNTIES

6.1 Other Counties and Unitary Authorities in England

For men & women, Tyne & Wear's earnings are 67th among the (83) English counties, Metropolitan Counties and Unitary Authorities that data were available for⁶ (see Table 10). Men's earnings in Tyne & Wear rank at the mid-point in the North East at 62nd out of the data available for 74 areas. Women's earnings in Tyne & Wear rank second highest in the North East at 50th out of 79, moving back into the top half after dropping into the bottom 50% in 2002.

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. Durham men earn £72.3 less than their counterparts in Redcar & Cleveland, with Tyne & Wear men falling above the middle, when in 2002 they fell below. Conversely women in Durham earn £65 more than their counterparts in Darlington.

- Overall, Tyne & Wear average earnings were £25.9pw (£1347 pa), (n=2256), less than in Redcar & Cleveland (n=168), increasing the gap by 37% (£364) from 2002. (However, due to the consistently smaller sample size for Redcar & Cleveland, this is not likely to be an accurate indication.)
- Men's earnings were £48.3pw (£2,512 pa), (n=1358) less than in Redcar & Cleveland, (n=113). This gap shows an increase of 44% since 2002.
- Women's earnings were £12.2pw (£634 pa), (n=898), lower than in Durham (n=307). In 2002 women's earnings in Tyne & Wear were at least £21.2pw ahead of any other county in the North East.

It can be seen that the earnings gap for Tyne & Wear fluctuates with other counties in the North East, whilst as a whole North East earnings are moving further away from the GB average (see Table 1).

Table 10: Average weekly earnings in counties and Unitary Authorities in North East (£)

	Men & Women		Men		Women			
	Average Earnings	Rank in England	Average Earnings	Rank in England	Average Earnings	Rank in England		
Redcar & Cleveland	429.4	45	Redcar & Cleveland	486.4	38	Durham	363.5	35
Stockton-on-Tees	406.8	63	Stockton-on-Tees	455.1	54	Tyne & Wear	351.3	50
Middlesbrough	404.9	65	Darlington	438.5	61	Middlesbrough	349.4	54
Tyne & Wear MC	403.5	67	Tyne & Wear	438.1	62	Northumberland	347.2	56
Northumberland	399.2	70	Northumberland	433.2	64	Stockton-on-Tees	326.9	66
Durham	393.6	76	Durham	414.1	72	Darlington	298.5	69
Darlington	382.8	82	Middlesbrough	n.a.	n.a.	Redcar & Cleveland	n.a.	n.a.

Source: New Earnings Survey 2003, Part A (Tables A21, A22 & A23)

Note: ... Denotes not available where the sample is below 30 or the standard error is more than 5% of the mean

6.3 Other Metropolitan Counties

Overall earnings and separate men and women's earnings in Tyne & Wear remain the lowest of any metropolitan county (see Table 11). Men's earnings rose from being bottom in 1997 to second bottom in 1999 where they remained above South Yorkshire MC until 2003. Women's earnings fell from second lowest in 2001 to lowest in 2002.

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 earnings.

Earnings in Tyne & Wear are closest to South Yorkshire and Merseyside. Prior to 2003 West Yorkshire was more similar to Tyne & Wear than Merseyside. In 2002 however, Tyne & Wear fell closer to South Yorkshire, a pattern which has been repeated in 2003.

⁶ There are 86 English counties, Metropolitan counties and Unitary Authorities.

Table 11: Average weekly earnings in Metropolitan Counties (£)

Men & Women		Men		Women	
London GOR	636.9	London GOR	716.5	London GOR	516.5
West Midlands MC	448.2	West Midlands MC	490.5	West Midlands MC	374.4
Greater Manchester MC	440.1	Greater Manchester MC	487.1	Greater Manchester MC	370.8
West Yorkshire MC	434.6	West Yorkshire MC	475.8	West Yorkshire MC	369.0
Merseyside Region	416.9	Merseyside Region	457.2	Merseyside Region	366.5
South Yorkshire MC	414.0	South Yorkshire MC	445.6	South Yorkshire MC	360.2
Tyne & Wear MC	403.5	Tyne & Wear MC	438.1	Tyne & Wear MC	347.3

Source: *New Earnings Survey 2003, Part A (Table A5, A21, A22 & A23)*

Excluding London, the range of earnings for metropolitan counties involves directly comparing the West Midlands with Tyne & Wear.

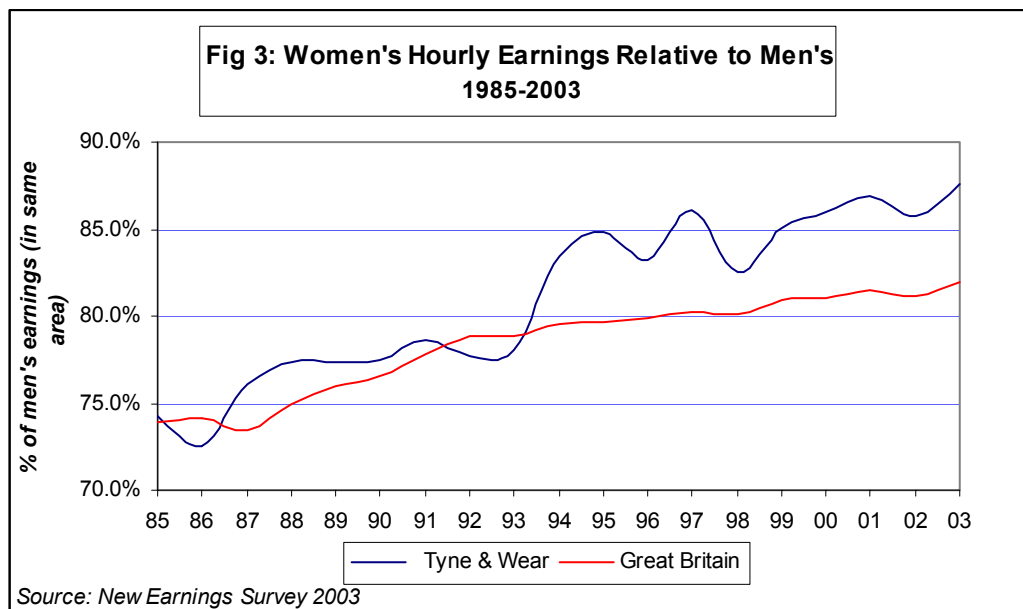
- Overall, Tyne & Wear average earnings are £44.7pw, (£2324pa) less than in the West Midlands;
- Men's earnings are £52.4pw (£2725pa) less than in the West Midlands;
- Women's earnings are £27.1pw (£1409pa) less than in the West Midlands.

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.

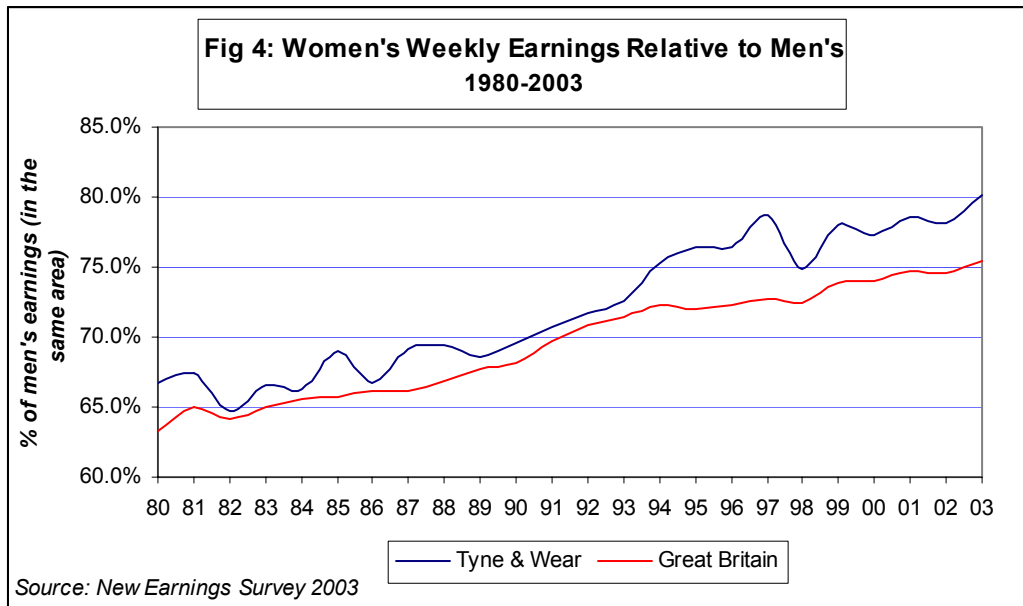
In 2003, in Tyne & Wear, women's hourly pay was 88% of men's, a rise from 2002 of 2 percentage points, compared to a 1 percentage point rise for Great Britain (GB 82%) (Figure 3). Despite a slight dip in 2002, and a more marked fall in 1998, the trend is clear. Women are continuing to narrow the hourly 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 13 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 2003, average weekly earnings for women in Tyne & Wear were 19.8% less than men's, whereas in Great Britain earnings were 24.6% 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.

Note: These improvements in the position of women relative to Tyne & Wear men are driven to an important degree by the persistent weakness of Tyne & Wear men relative to Great Britain.



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 Great Britain, England, North East and Tyne & Wear for men and women employees.

All employees and men employees working in the public sector in Great Britain and England, earn less per week than those employed in the private sector. However in Tyne & Wear and the North East public sector employees earn more than those in the private sector. Women earn more in the public sector than the private both nationally and locally. 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 (see Table 14).

In both the public and private sector, weekly and hourly earnings are lower 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. Tyne & Wear is however, higher than in the North East in the private sector, with the exception of male earnings (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 2003)

	<u>£'s per week</u>			<u>Pence per hour (excludes overtime)</u>		
	ALL EMPLOYEES	MEN	WOMEN	ALL EMPLOYEES	MEN	WOMEN
Public sector employees						
Tyne & Wear	409.3	450.2	374.5	1087	1162	1021
North East	414.8	452.4	385.2	1115	1177	1064
England	470.6	515.9	430.8	1253	1333	1180
Great Britain	465.9	510.0	427.6	1237	1313	1169
TW as a % of GB	87.8%	88.3%	87.6%	87.9%	88.5%	87.4%
Private sector employees						
Tyne & Wear	397.6	430.8	315.4	968	1024	822
North East	393.9	431.9	301.4	957	1024	785
England	489.3	538.1	382.4	1211	1301	1004
Great Britain	480.8	529.1	375.0	1188	1277	985
TW as a % of GB	82.7%	81.4%	84.1%	81.5%	80.2%	83.5%

Source: Special Request ONS from New Earnings Survey 2003

(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 13⁷).

⁷ ONS was unable to supply data relating to the numbers of employees earning within set wage bands.

Table 13: Distribution of public and private sector gross weekly earnings, full time (£)

	Great Britain			England			North East			Tyne & Wear		
	ALL	MEN	WOMEN	ALL	MEN	WOMEN	ALL	MEN	WOMEN	ALL	MEN	WOMEN
Public-sector employees												
Top decile	717.8	795.8	649.4	722.3	804.9	656.5	634.2	..	..	..	..	..
Bottom decile	245.7	264.7	233.7	247.8	266.8	234.9	226.6	230.9	224.4	222.7	227.9	222.7
Private-sector employees												
Top decile	805.2	876.8	616.5	816.4	896.0	633.4	643.1	689.3	..	652.6	692.5	..
Bottom decile	215.1	239.5	189.3	218.1	241.4	191.3	198.8	224.6	173.4	200.8	223.5	178.5

Source: Special Request from ONS New Earnings Survey 2003

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

..Denotes not available

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 37.6 hours per week including 1.3 hours overtime compared to 40.7 hours including 2.1 hours overtime in the private sector, basic hours of 36.3 hours and 38.6 hours respectively. The average difference (including overtime) is just over 3 hours per week, equating to over 160 hours per year. Women work fewer hours and overtime than men throughout Great Britain.

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		
	ALL	MEN	WOMEN	ALL	MEN	WOMEN	ALL	MEN	WOMEN	ALL	MEN	WOMEN
Public sector employees												
Average hours worked (inc overtime)	37.6	38.9	36.4	37.5	38.7	36.3	37.2	38.4	36.2	37.6	38.7	36.6
Average overtime worked (hrs)	1.2	1.9	0.7	1.2	1.9	0.7	1.1	1.7	0.6	1.3	2.0	0.7
Private sector employees												
Average hours worked (inc overtime)	40.5	41.6	38.1	40.5	41.6	38.1	40.8	41.8	38.2	40.7	41.7	38.1
Average overtime worked (hrs)	1.9	2.4	0.7	1.8	2.4	0.7	2.1	2.7	0.7	2.1	2.6	0.9

Source: Special Request from ONS New Earnings Survey 2003

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 2002/03 hourly earnings in Tyne & Wear rose 0.7% for men and 2.8% for women (Table 15). Both men's and women's hourly earnings rose at a faster rate than weekly earnings (which were 0.2% and 2.7% respectively). Men's hourly earnings rose much less quickly in Tyne & Wear than in Great Britain (0.7%, GB 2.3%). Women's hourly earnings also rose less quickly in Tyne & Wear than in Great Britain (2.8%, GB 3.3%).

Table 15: Percentage change in hourly earnings, 2002/03 (excluding overtime)

	Men	Women
Tyne & Wear	0.7%	2.8%
Great Britain	2.3%	3.3%
Difference (T&W-GB)	-1.6%	-0.5%

Source: *New Earnings Surveys, Part A (Table 22.1 & 22.3) & TWRI calculations*

Since 1990, men's earnings have grown at a slower rate than in Great Britain (13.9pp lower than GB), whereas women's earnings have, unusually, grown at a similar rate to Great Britain (Table 16). Women's hourly earnings (up 99% since 1990) in Tyne & Wear, have substantially out-performed Tyne & Wear men's (by 23 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 1990-2003 (excludes overtime)

	Men	Women
Tyne & Wear	76.0%	98.9%
Great Britain	89.9%	100.0%
Difference (T&W-GB)	-13.9%	-1.1%

Source: *New Earnings Surveys, Part A (Table 22.1 & 22.3) & TWRI calculations*

9.2 Hours Worked

Between 1990 and 2003, hours worked by men fell both in Tyne & Wear and Great Britain (TW -1.6, GB -1.3). The hours worked by women remained fairly static in both Tyne & Wear and Great Britain (falling marginally by 0.1 and no change respectively).

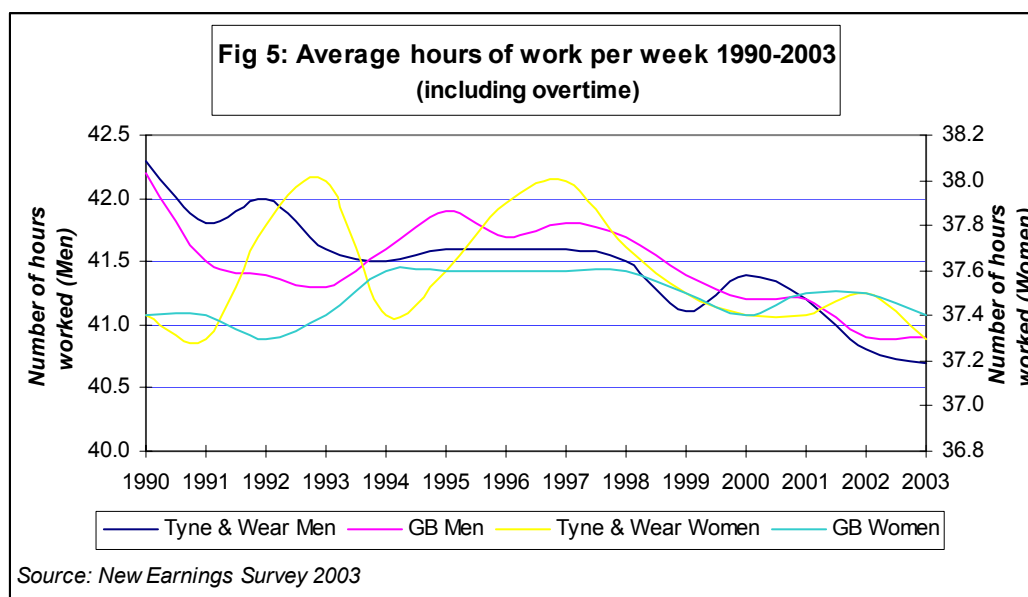
In 2002/03, the number of hours worked per week generally fell for women, the average hours per week fell by 0.2 hours in Tyne & Wear and by 0.1 hours in Great Britain. Men's hours fell by 0.1 in Tyne & Wear and no change in GB (see Table 17).

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
2003	40.7	40.9	37.3	37.4
2002-2003	-0.1	0.0	-0.2	-0.1
1990-2003	-1.6	-1.3	-0.1	0.0

Source: New Earnings Surveys & TWRI calculations

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 1990-2003 for men (TW -1.6, GB -1.7 hours), but for women in Tyne & Wear the figure rose above the 1990 level by 0.1 hours and remained unchanged for Great Britain (Table 18). In 2002/03 men's overtime hours fell by 0.3 in Tyne & Wear and by 0.2 in Great Britain. Overtime hours fell by 0.1 for women in Tyne & Wear and remained unchanged in Great Britain.

In Tyne & Wear women worked on average 3.4 hours less than men, 1.6 hours of which could be accounted for by overtime.

Table 18: Overtime (average hours per week)

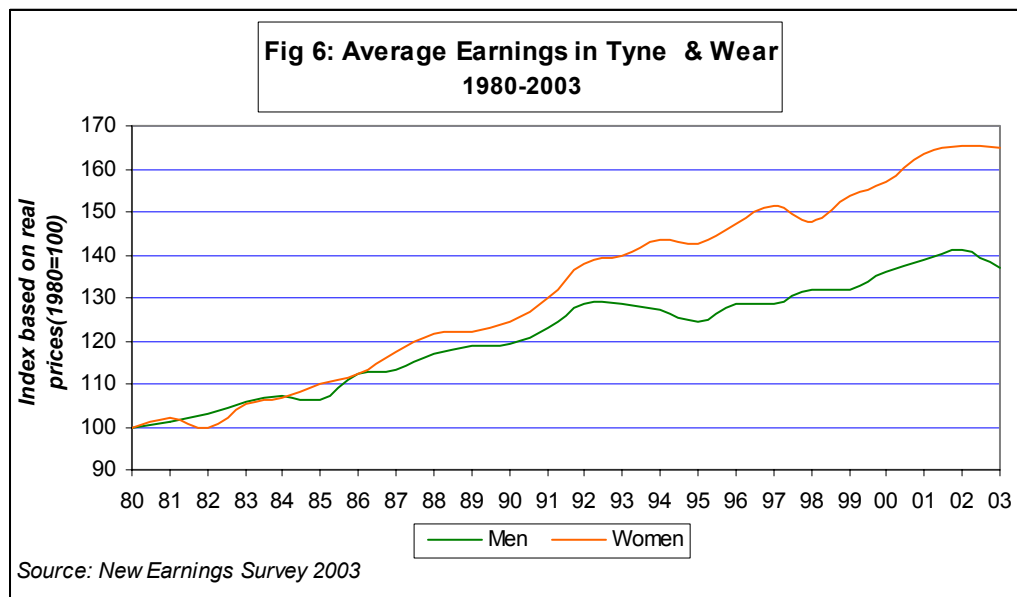
	Men		Women	
	Tyne & Wear	Great Britain	Tyne & Wear	Great Britain
1990	4.0	3.9	0.7	0.7
1991	3.7	3.3	0.6	0.8
1992	3.9	3.3	0.9	0.8
1993	3.4	3.1	1.1	0.8
1994	3.4	3.3	0.9	0.9
1995	3.3	3.3	0.8	0.9
1996	3.0	3.1	0.8	0.9
1997	3.2	3.2	1.1	0.9
1998	3.1	3.0	0.9	0.9
1999	2.8	2.7	0.8	0.8
2000	3.1	2.5	0.8	0.7
2001	2.9	2.6	0.8	0.8
2002	2.7	2.4	0.9	0.7
2003	2.4	2.2	0.8	0.7
2002-2003	-0.3	-0.2	-0.1	0.0
1990-2003	-1.6	-1.7	0.1	0.0

Source: New Earnings Surveys & TWRI calculations

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, they are indicators rather than exact measures.

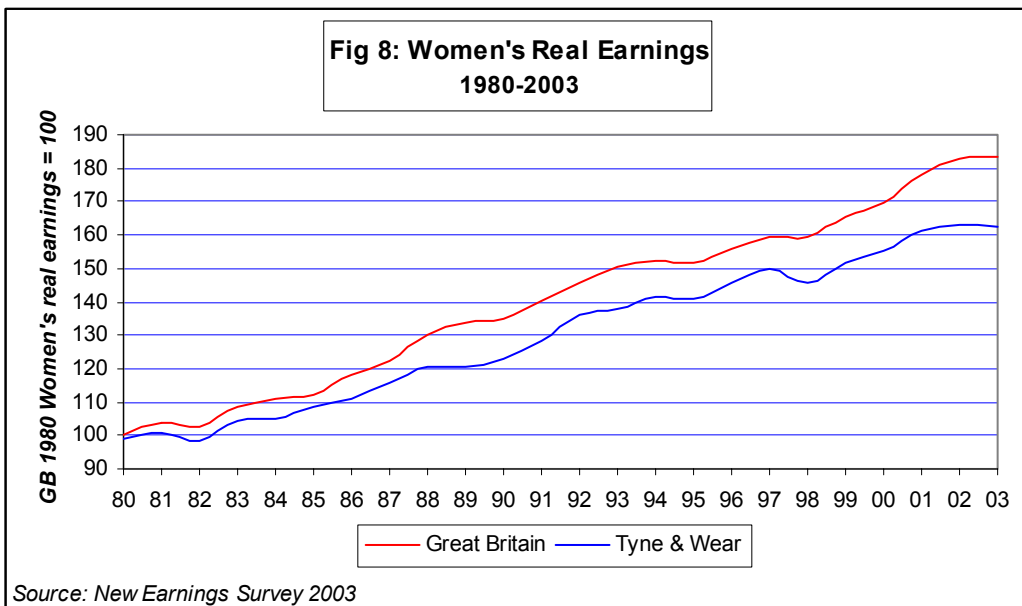
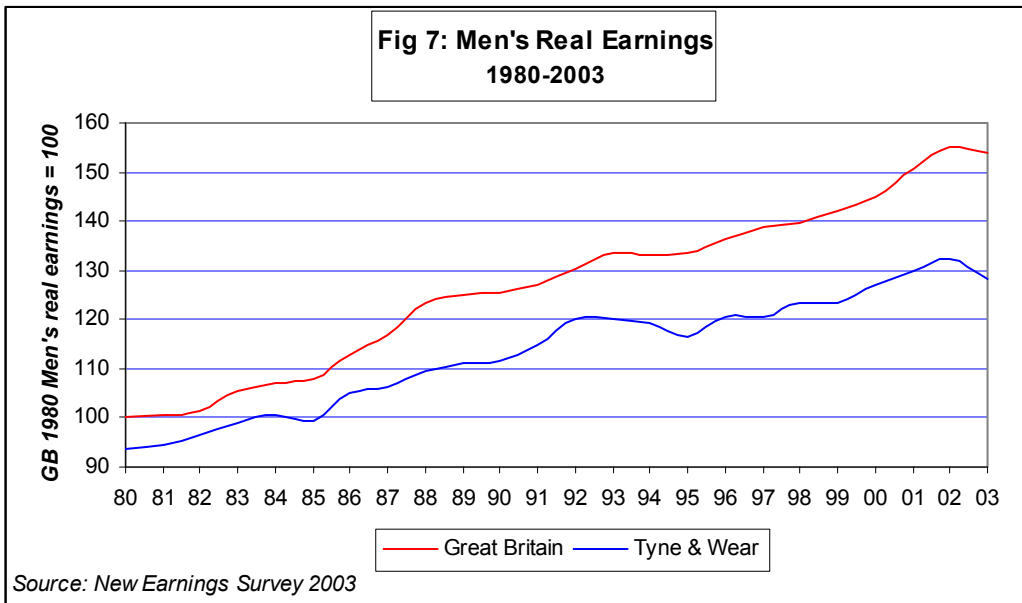
Between 1980 and 2003, real earnings for both men and women, in Tyne & Wear, have risen significantly; men's by 37% and women's about 65% (Figure 6). In real terms, the average annual compound rises were about 1.4% for men and 2.2% for women.



In the year to April 2003 the RPI rose 3.1%. This implies that in 2002/2003, men's earnings in Tyne & Wear fell by 2.9% in real terms, whereas in Great Britain they fell by 0.9% (Figure 7). Women's real earnings, having maintained a strong upward trend since 1998, dipped slightly in 2002/03 by 0.4% in real terms, but Great Britain rose by 0.2% (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 16.6 percentage points for men and 18.6 percentage points for women. In 1980-2003, men's real earnings have risen by 37%, while in Great Britain they rose by 54%. Women's real earnings rose by 65%, whilst in Great Britain they increased by 83%.

Notably, men's real earnings in Tyne & Wear remained stagnant from 1992 to 1997 but between 1997 to 2002 rose by 10%. However men's real earnings for 1997 to 2003 show an increase of only 6.6%, due to the 2003 fall in Tyne & Wear's real male earnings (Figure 6). Meanwhile over the whole period 1992-2002, GB men's real earnings rose by over 19.4%. However for 1993 to 2003 this figure has dropped back to 15.2%. Since 1993 women's real earnings in Tyne & Wear have risen about 18.1% (dropping back from 20% for 1992-2002), which is over 3.5 percentage points less than Great Britain (21.6%). Despite the fall from 2002 there has been some relative improvement as in 2002 women's earnings in Tyne & Wear trailed by more than 6 percentage points behind Great Britain.



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 2003

	LFS £	NES £	% difference
Great Britain			
Men & Women	439	475.8	-7.7%
Men	481	525.0	-8.4%
Women	363	396.0	-8.3%
North East			
Men & Women	378	402.1	-6.0%
Men	404 ^d	437.8	-7.7%
Women	329	347.3	-5.3%

Source: Labour Force Survey Quarterly Bulletin, August 2003, Table 35

d = down on 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 three months to September 2003 the AEI rose by 3.6% compared with the same period a year ago.

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.

APPENDIX 2

The sample sizes for Tyne & Wear's earnings by occupational group range between 57, for male Sales and Customer Service Occupations and 340, for female Administrative and Secretarial Occupations. Therefore estimates of earnings in Tyne & Wear should be regarded with great caution due to the small and very different sizes of samples.

Unfortunately any 2003 New Earnings Survey data which relates to Occupational Groups is not comparable with that of 2002. Figures in 2002 were created for occupational groups using the 1990 SOC codes. However in 2003 figures have been created using 2000 SOC codes.

Table A2.1: Average Gross Weekly Earnings by Occupational Group, April 2003 (£)

SOC 2000	Tyne & Wear [#]		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
Managers and senior officials	659.9	..	652.4	462.2	816.1	577.7
Professional Occupations	678.8	574.5	643.2	564.4	695.2	582.9
Associate Professional & Technical	..	440.2	499.8	427.2	577.6	460.0
Administrative and Secretarial Occupations	329.5	298.5	342.2	293.2	376.4	322.8
Skilled Trades occupations	413.9	..	403.8	..	420.5	287.3
Personal Service Occupations	..	260.0	281.2	252.4	320.7	267.9
Sales and Customer Service Occupations	280.5	232.1	294.8	241.1	324.4	259.9
Process, Plant and Machinery Occupations	375.6	..	383.3	266.8	388.8	272.5
Elementary Occupations	295.0	..	300.0	244.9	322.6	248.7
All Occs for Tyne & Wear	438.1	351.3	437.8	347.3	525.0	396.0

Source: New Earnings Survey, 2003 Part E (Tables E13 & E14) [#] Tyne & Wear data - special request to ONS

.. Denotes not available when sample is below 30 or the standard error is more than 5% of the mean

Table A2.2: Average Gross Annual Earnings by Occupational Group, April 2003 (£)

SOC 2000	Tyne & Wear [#]		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
Managers and senior officials	34,315	..	33,925	24,034	42,437	30,040
Professional Occupations	35,298	29,874	33,446	29,349	36,150	30,311
Associate Professional & Technical	..	22,890	25,990	22,214	30,035	23,920
Administrative and Secretarial Occupations	17,134	15,522	17,794	19,573	19,573	16,786
Skilled Trades occupations	21,523	..	20,998	..	21,866	14,940
Personal Service Occupations	..	13,520	14,622	13,125	16,676	13,931
Sales and Customer Service Occupations	14,586	12,069	19,932	13,874	20,218	13,515
Process, Plant and Machinery Occupations	19,531	..	19,932	13,874	20,218	14,170
Elementary Occupations	15,340	..	15,600	12,735	16,775	12,932
All occupations	22,781	18,268	22,766	18,060	27,300	20,592

Source: New Earnings Survey, 2003 Part E (Tables E13 & E14) [#] Tyne & Wear data - special request to ONS

& TWRI's calculations

.. Denotes not available when sample is below 30 or the standard error is more than 5% of the mean

APPENDIX 3

Table A3.1: Average Gross Weekly Earnings by Industry, April 2003 (£)

SIC 92	Tyne & Wear [#]		North East		Great Britain	
	Men	Women	Men	Women	Men	Women
A Agriculture, hunting & forestry	..	..	..	..	350.4	272.0
B Fishing	..	..	..	..	..	..
C Mining & Quarrying	..	..	..	..	672.0	..
D Manufacturing	430.1	..	439.0	329.2	496.4	365.2
E Electricity, gas & water supply	..	..	..	..	568.9	399.0
F Construction	..	..	459.0	..	498.5	367.3
G Wholesale & retail trade	..	252.9	389.2	265.2	453.7	316.8
H Hotels & restaurants	..	..	..	..	343.0	262.5
I Transport, storage & communication	413.9	..	401.6	..	474.9	404.6
J Financial intermediation	..	..	..	..	788.1	451.6
K Real estate, renting & business activities	452.2	..	437.4	318.6	614.3	432.9
L Public Admin. & defence	356.0	315.2	385.5	320.2	499.2	384.2
M Education	470.0	411.6	475.4	413.6	520.1	442.2
N Health & social work	..	370.6	..	362.5	565.8	390.2
O Other community, social & personal services	..	..	..	..	564.9	385.7
C-E All Production	430.4	342.5	443.5	328.9	501.8	368.4
G-Q All Services	436.8	352.3	433.6	350.4	538.1	400.2
All industries	438.1	351.3	437.8	347.3	525.0	396.0

Source: New Earnings Survey, 2003 Part E (Tables E9 & E11)

Note: .. Denotes not available, when the sample is below 30 or the standard error is more than 5% of the mean

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

Tyne & Wear data by special request from ONS

APPENDIX 4: Earnings for Small Areas

These data series are subject to much bigger margins of error than for Tyne & Wear. The ONS published 2003 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 2003. 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 2003). 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, 2003 (Men & Women)

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	403.5	387.3	407.6	..	391.3	408.4
No. in sample	2256	471	820	..	176	523
% earning under £250	21.7%	24.6%	20.5%	..	22.7%	18.9%
10% earned under (£)	211.0	206.6	221.1	..	209.2	215.8
10% earned over (£)	646.7	625.6	651.3	..	655.8	660.7
Average hourly earnings (p) (excludes overtime)	1021	983	1050	..	984	1010
Average weekly hours (including overtime)	39.3	39.4	38.7	..	39.2	40.0
Overtime (hr)	1.7	1.9	1.2	..	1.8	2.0

Source: New Earnings Survey 2003, Part E, (Table E15).

.. Denotes not available, when sample size is below 30 or the standard error is 5% more than the mean

Table A4.2: Men's Earnings by District, 2003

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	438.1	419.1	451.2	..	412.4	440.2
No. in sample	1358	308	431	..	117	341
% earning under £250	16.6%	19.2%	15.3%	..	17.9%	14.1%
10% earned under (£)	225.0	218.1	228.4	..	221.0	232.5
10% earned over (£)	387.7	677.4	686.1	..	687.9	692.0
Average hourly earnings (p) (excludes overtime)	1073	1025	1135	..	1000	1054
Average weekly hours (including overtime)	40.7	41.0	39.7	..	40.4	41.1
Overtime (hr)	2.4	2.7	1.8	..	2.4	2.3

Source: New Earnings Survey 2003, Part E, (Table E16)

.. Denotes not available, when sample size is below 30 or the standard error is 5% more than the mean

Table A4.3: Women's Earnings by District, 2003

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	351.3	327.3	359.3	..	..	348.8
No. in sample	898	163	389	..	..	182
% earning under £250	29.3%	35.0%	26.2%	..	..	28.0%
10% earned under (£)	198.3	183.0	210.0	..	..	188.8
10% earned over (£)	571.4	519.8	565.9	..	..	595.4
Average hourly earnings (p) (excludes overtime)	940	897	954	..	..	922
Average weekly hours (including overtime)	37.3	36.4	37.5	..	..	37.8
Overtime (hr)	0.8	0.5	0.6	..	..	1.4

Source: New Earnings Survey 2003, Part E, (Table E17)

.. Denotes not available, when sample size is below 30 or the standard error is 5% more than the mean

Table A4.4: Earnings by Travel-to-Work Area, 2003

	Tyneside			Sunderland & Durham		
	All	Men	Women	All	Men	Women
Gross weekly earnings (£)	400.4	433.0	353.8	405.3	436.6	355.2
No. in sample	1973	1161	812	865	532	333
% earning under £250	22.9%	17.7%	30.2%	19.7%	15.2%	26.7%
10% earned under (£)	209.7	222.7	197.0	216.7	230.5	201.0
10% earned over (£)	640.0	678.7	576.2	646.4	675.0	597.6
Average hourly earnings (p) (excludes overtime)	1021	1067	952	1024	1066	953
Average weekly hours (including overtime)	39.1	40.5	37.1	39.3	40.6	37.3
Overtime (hr)	1.6	2.3	0.6	1.6	2.0	1.1

Source: New Earnings Survey 2003, Part E (Tables E21, E22 & E23)

Blay = Blaydon
H&W = Houghton & Washington East
NcC = Newcastle Central
NcE = Newcastle East & Wallsend
SdN = Sunderland North
SdS = Sunderland South
SS = South Shields
TyBr = Tyne Bridge

Table A4.5: Earnings in Parliamentary Constituencies, 2003

	Blay	H&W	NcC	NcE	SS	SdN	TyBr
Gross weekly earnings (£)	370.4	443.1	439.3	356.2	409.8	394.9	397.0
No. in sample	133	156	234	223	94	175	564
% earning under £250	21.8%	16.7%	20.1%	29.6%	..	21.7%	21.5%
10% earned under (£)	198.8	223.6	212.3	209.3	218.9	208.4	216.8
10% earned over (£)	586.4	695.6	686.1	533.7	676.1	604.5	633.4
Average hourly earnings (p) (excludes overtime)	915	1081	1153	901	..	966	1030
Average weekly hours (including overtime)	40.1	40.2	38.2	39.0	..	40.1	38.4
Overtime (hr)	2.4	2	0.7	1.6	..	1.7	1.4

Source: New Earnings Survey 2003, Part E (Table E 18)

Note: All Parliamentary Constituencies within Tyne & Wear are not listed within the NES.

.. Denotes not available, when sample is below 20 or the standard error is more than 5% of the mean

Table A4.6: Men's Earnings in Parliamentary Constituencies, 2003

	Blay	H&W	TyBr
Gross weekly earnings (£)	394.5	466.4	434.5
No. in sample	92	122	338
% earning under £250	..	..	16.9%
10% earned under (£)	230.6	235.3	228.5
10% earned over (£)	615.2	713.0	696.8
Average hourly earnings (p) (excludes overtime)	931	1108	1103
Average weekly hours (including overtime)	41.9	41.3	39.5
Overtime (hr)	3.3	2.4	2

Source: *New Earnings Survey 2003 Part E (Table E19)*

Note: .. Denotes not available, when sample is below 30 or the standard error is more than 5% of the mean

Table A4.7: Women's Earnings in Parliamentary Constituencies, 2003

	NcC	NcE	TyBr
Gross weekly earnings (£)	404.4	299.3	340.9
No. in sample	126	111	226
% earning under £250	21.4%	36.0%	28.3%
10% earned under (£)	218.1	202.1	206.4
10% earned over (£)	647.9	438.1	539.8
Average hourly earnings (p) (excludes overtime)	1088	786	916
Average weekly hours (including overtime)	37.3	37.7	36.8
Overtime (hr)	0.2	0.8	0.5

Source: *New Earnings Survey 2003, Part E (Table E20)*

APPENDIX 5: ONS Response to Query of the Very Low Earnings Growth in Tyne & Wear:

The New Earnings Survey is based largely on a one per cent sample of employees who are members of pay-as-you-earn (PAYE) income tax schemes. The sample each year comprises all those whose National Insurance numbers end with a specified pair of digits. The same pair of digits has been used since 1975. Consequently the sample for Tyne & Wear would be broadly the same as in previous years, allowing for changes in workforce and location of employment.

Timing of individual pay settlements would affect the average gross weekly earnings growth, since the information is based on the reported actual pay for a week in April, however we do not collect any information regarding whether settlements have or have not occurred before our survey date.

As you will be aware, any sample survey will have a certain level of sampling error associated with any estimate produced. Even with the relatively large sample sizes available to the New Earnings Survey, the existence of a sampling error needs to be taken into account.

The other factor that needs to be considered is that the publication of results is based on the data available at that time. Data that is received after publication date is used when producing the next results a year later, although is not generally released within a publication. The average weekly earnings figure for full-time male employees for Tyne and Wear, for 2002, based on this later data is £432.3 (revised from the £437.3 published a year earlier). When compared with £438.1 this gives a growth rate of 1.3%. Of course, later this year we would be due to revise our estimate for 2003.

A longer run of the latest figures can be produced if required, along with information with regard to the size of the standard error associated with each estimate.

Apart from these points, the results produced for Tyne & Wear are a direct reflection of the data that we have received from our respondents.

I hope this helps with your understanding of the figures.

Bob Watson
New Earnings Survey
ONS

4th May 2004.