

# **EARNINGS IN TYNE & WEAR**

**2006**

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## KEY POINTS

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

- On average, men & women earn £476.40 per week (£24,780pa), 88.7% of UK earnings;
- Men earn £515.30 per week (£26,796 pa), 87.1% of UK earnings;
- Women earn £421.80 per week (£21,934 pa), 93.0% of UK earnings.

### Median Earnings<sup>2</sup> (£2):

- Median earnings are about £3,700 pa lower than average earnings.
- Median men & women earn £401.60 per week (£20,883 pa), 89.8% of UK earnings;
- Men earn £443.10 per week (£23,041 pa), 90.9% of UK earnings;
- Women earn £352.90 per week (£18,350 pa), 91.2% of UK earnings.
- Higher earners rose about four percentage points more quickly (+36% 1998-2006 for men & women) than earnings generally (median rose +32%). This explains why average earnings rose more quickly than the median. Median earnings have risen about 5 percentage points less quickly than the mean.

### Part-time employees (£3):

- Hourly earnings for all part-time employees in Tyne & Wear were less than their full-time counterparts (TW part-time employees earn *hourly* 66% of TW full-time employees).
- Overall, part-time employees in Tyne & Wear received 14.3% per hour less than those in the UK.

### Low Pay (£4):

- The proportion earning under £250 pw is 9.4% of full-time men (UK 7.8%) and 18.8% of full-time women (UK 16.1%).
- In the North East, 1.6% of employees earned less than the National Minimum Wage (NMW), higher than in the UK (1.3%). Employees aged under 18 are not covered by NMW.
- In 2006, top decile men's earnings rose 4.5% in the UK, against 0.4% in Tyne & Wear.

### Increases in Earnings (£5):

- Tyne & Wear's reported earnings growth for the eight years 1998–2006 was similar to the rest of the country, (TW 36.5%) for all employees (UK 36.9%).
- Men's growth in earnings was 33.1% in Tyne & Wear (UK 35.0%).
- Women's earnings rose 47.1% between 1998–2006 (UK 44.2%).
- All employees' earnings growth for 2005/06 (*excluding overtime* – see Table 5.1) was 2.8% (UK 4.3%); men's earnings growth was [only] 2.0% (UK 4.5%); and women's earnings growth was 4.6% (UK 4.3%).
- High earners' pay has been rising significantly more quickly than the average; by about ½pp each year, or over 4pp since 1998. Also, median earnings have risen about 4 percentage points less quickly than the mean. This increased inequality (at the top end) implies that growth of overall median earnings in real terms has been around 9% since 1998, whereas growth of the mean is around 13%. For men on median

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

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

earnings, real pay growth has been very dented, up only 6% (whereas men's *mean* earnings, in real terms, have grown about 10%).

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

Overall, Tyne & Wear's 2006 average earnings rank 60<sup>th</sup> among the (87) English counties, metropolitan counties and Unitary Authorities.

- For men, Tyne & Wear's average earnings are 59<sup>th</sup>
- Women's average earnings in Tyne & Wear rank 45<sup>th</sup>
- Women's earnings are highest of the NE's counties and unitary authorities

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

The gap between men's and women's earnings in Tyne & Wear remains much narrower than in the UK.

- In 2006, women's *hourly* pay was 89% of men's, compared to 83% for the UK.
- Women's *weekly* earnings were also closer to men's earnings in Tyne & Wear (82%) than in the UK (77%).

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

- Public sector employees in Tyne & Wear and in the North East, on average, earn 7.9% and 10.6% *more* per week than private sector employees. *Hourly* earnings of the public sector are greater than in the private sector by 14.8% (Public 1341p, Private 1143p). This estimate of the premium for the public sector fell by at least one percentage point in 2006.
- Hours worked per week (and overtime worked), are shorter in the public sector than the private sector. Public sector men work in Tyne & Wear, on average, 38.4 hours per week (36.2 for women) compared to 41.0 hours (38.4 for women) in the private sector. [Hours include overtime].

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

- Hourly earnings rose (1998-2006) faster than weekly earnings, as average hours fell slightly (by 1.0h for men and 0.1h for women).

### **Earnings in Real Terms (§10):**

- 1998-2006, men's average real earnings (i.e. after RPI inflation) rose about 10% and women's 22% in Tyne & Wear. Average annual compound rates of earnings growth in real terms are 1.2% pa for men and 2.5% pa for women. Median earnings rose about 4 percentage points more slowly.

In 2006, (excluding overtime) men's earnings growth (2.0%) failed to match the [RPI] inflation rate (2.6%) - meaning men's *real earnings fell* in 2006. Caution: only one year's data and may be due to sampling error.

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

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

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

## 1 INTRODUCTION

This report presents information on average and median earnings, and the distribution of earnings; including low pay and part-time earnings as recorded by the 2006 Annual Survey of Hours and Earnings (ASHE).

Earnings are one of the handful of best quality local economic indicators. This is because earnings data are very timely, have a decent length of consistent time series and have a good sample size<sup>3</sup>.

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

The areas presented are generally **Tyne & Wear [and TW districts] the North East, UK** and other **metropolitan counties**. For this report, as in 2005, TWRI made a special request to ONS' ASHE team for data which is not made publicly available [i.e. at a lower geographical level]. For several tables there was **no GB comparator, only UK**. ONS now more commonly produces data at the UK level for consistency with other sources and so this 2006 report presents data for the UK only, in keeping with ONS' decision (n.b. one exception, T 11.2).

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

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

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

The NES, between 1999 and 2003, did not provide the *standard errors* of the estimates (a measure of their accuracy). This has been rectified with the change from NES to ASHE, with results given 'error boundaries.' If these boundaries are over 20% C.V. (coefficient of variation<sup>4</sup>), the results are omitted, by ONS, as not being statistically robust. Thus all the results presented in this report are statistically sound to this minimum level. Estimates for the larger groups are very much more precise.

Wages & salaries account for 66% (UK also 68%) of gross weekly household income from all sources. Other sources of income are:

	<b>NE</b>	<b>UK</b>
Social Security Benefits	19%	13%
Pensions (+ Annuities)	7%	7%
Self Employment	5%	8%
Investment Income	2%	3%
Other Sources	1%	1%

(Source: ONS Family Spending 2004/05)

For further information on these non-earnings sources of income and overall household income, please refer to TWRI's report 'Household Income and Expenditure, 2005'.

This report on earnings of employees covers both full-time and part-time employees (part-time analyses in §3). Part-timers account for nearly a third of all employees, about 150,500 of over 475,000 employees in Tyne & Wear<sup>5</sup>.

<sup>3</sup> TWRI currently rates ASHE at 7/10 for quality. This quality rating does NOT apply to annual changes or for areas or groups smaller than Tyne & Wear overall (as in Appendices).

<sup>4</sup> The coefficient of variation (CV) is the ratio of the standard deviation of an estimate to the estimate. It is a unit-less ratio that can be used to compare variables that are expressed in different units.

<sup>5</sup> Source: ONS Annual Business Inquiry (ABI) 2003

## 1.1 SUMMARY OF METHODOLOGICAL CHANGES BETWEEN ASHE AND NES

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

### 1.1.1 Reasons for Survey and Questionnaire Changes

As in NES, ASHE uses data from the Inland Revenue's PAYE system as the main sample, but *weights* the survey responses to the population of jobs as measured by the Labour Force Survey<sup>6</sup> (LFS). The survey sample has been increased to include employees in businesses outside of the PAYE system and those changing jobs between sample selection and the survey reference date.

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

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

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

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

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

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

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

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<sup>6</sup> TWRI notes that the LFS records both first and second jobs, which may influence the resulting estimates obtained from ASHE. The standard errors within the LFS dataset are also not included in the final estimates of pay.

<sup>7</sup> Workplace region is based upon government office region (GOR), but aggregated into two areas comprising (i) London and the South East and (ii) elsewhere in the United Kingdom. TWRI notes that this may not give the most accurate depiction of Tyne & Wear, due to its often different characteristics from the rest of the UK. However, the possible errors associated with this weighting method are probably minor and difficult to estimate.



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

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

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

### 1.1.4 Publication of the Median

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

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

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

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

Referenced throughout §1a from Bird, D. 2004. 'Methodology for the 2004 ASHE', *Office for National Statistics, Labour Market Trends*, December: No.12 (Vol.112), 457 – 464

## 1.2 THE NEW ASHE QUESTIONNAIRE (2005)

In 2005 ONS introduced improvements to the ASHE questionnaire. While the core data collected is essentially the same as that collected in 2004, some questions have been added or changed:

- The basic hours question was changed from asking for average weekly hours to asking for hours worked in the pay period. This gives consistency between the pay and hours information to give better hourly pay estimates.
- The definition of bonus pay was changed to enable the estimation of more consistent results by only collecting bonus pay for the April pay period.
- Questions on pensions have been updated and extended. New questions have been included asking for the pension contributions of both employer and employee.

Referenced throughout from Daffin, C. 'The new ASHE Questionnaire,' Oct. 2005

## 1.3 CONTEXT – RECENT DEVELOPMENTS

### Earnings in the Construction Sector

There was weak growth in the Construction industry during 2005. According to RICS, "in 2005 earnings rose less than 2.2%, well down on the 4.7% increase in 2004." This deceleration in earnings growth was due to the subdued nature of construction output throughout 2005, and RICS suggests that this has been

magnified by the influx of workers from Eastern Europe (who according to a recent RICS survey have helped to keep a lid on wage increases).

### **Trade Union Members' Earnings**

The hourly earnings of UK union members averaged £11.98 in autumn 2005, 17.6% more than the earnings of non-union employees. The earnings of non-union members averaged £10.19 per hour.

Trade Union Membership 2005, DTI Employment market analysis and research (March 2006)

## 2 AVERAGE AND MEDIAN GROSS WEEKLY EARNINGS, 2006

### 2.1 AVERAGE EARNINGS

The first section presents information on average weekly earnings in Tyne & Wear. The analyses cover men, women and all employees and compare Tyne & Wear to the UK and North East<sup>8</sup>. The next section (§2.2) discusses median earnings.

In 2006, the average full-time employee in Tyne & Wear earned £476.40 per week, (£24,780 pa). This is 11.3% less than the UK average of £537.30 per week, (£27,939 pa) (Table 2.1). The earnings gap between Tyne & Wear and the UK is much larger for men, in percentage terms, than women. Men's average weekly earnings were £515.30 (12.9% below the UK average); whereas women's average weekly earnings were £421.80 (7.0% below the UK average). In Tyne & Wear, average annual earnings were £26,796 for men and £21,934 for women.

**Table 2.1: Average earnings of full-time employees on adult rates (2006)**

	MEN & WOMEN				MEN				WOMEN			
	Average		Median		Average		Median		Average		Median	
	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)	£'s per week	Pence/hr (excl. o/time)
<b>Tyne &amp; Wear</b>	£476.40	1217	£401.60	1020	£515.30	1275	£443.10	1082	£421.80	1132	£352.90	937
<b>North East</b>	£466.70	1182	£399.00	996	£509.40	1250	£444.20	1071	£403.50	1076	£341.00	894
<b>UK</b>	£537.30	1367	£447.10	1112	£591.60	1462	£487.40	1171	£453.60	1211	£386.80	1024
<b>T&amp;W % of UK</b>	88.7%	89.0%	89.8%	91.7%	87.1%	87.2%	90.9%	92.4%	93.0%	93.5%	91.2%	91.5%

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a and 7.6a)

In the North East, average weekly earnings were lower than in the UK; men's earnings were £82.20 lower, and women's earnings were £50.10 lower. Tyne & Wear women's weekly earnings were £18.30 higher than in the North East. Tyne & Wear men's were just £5.90 higher.

### 2.2 Median Earnings

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

Distributions of earnings are nearly always asymmetric. They have many low earners (bunched below the peak) and a much longer 'tail' of high earners on the other side of the distribution. It is this distribution shape, technically 'skewed to the left' (low earnings), which causes median earnings to be much lower than the average – about £3,700pa lower than the average in Tyne & Wear.

In 2006, the median full-time employee in Tyne & Wear earned £401.60 per week (£20,883 pa) [£3,900 less than the average] (Table 2.1). Men's median earnings were £443.10 per week (£23,041 pa) [£3,760 less than the average]. Women's median earnings were £352.90 per week (£18,350 pa) [£3,580 less than the average].

Compared with the UK, Tyne & Wear's median (as a % ratio of UK) for men & women is 1.1 percentage points higher (89.8%) than the ratio of averages (88.7%). This reflects the relative lack of high earners in Tyne & Wear. This effect also applies to men in Tyne & Wear (median 90.9%, average 87.1%; difference 3.8pp). Conversely, for women in Tyne & Wear, there are [proportionately] more high-paid women than in the UK (median 91.2%, average 93.0%, average 1.8pp higher).

<sup>8</sup> Note: Earnings by occupation are given in Appendix 2 for the UK, the North East Region and Tyne & Wear.

### 3 PART-TIME EARNINGS

Hourly earnings give a better indication of average earnings, as the problem of the exact amount of hours worked (part-time employees often do not have contracted hours) is removed. Part-time employees are those that work less than 30 hours per week compared to greater than 30 hours.

In 2006, the average part-time employee in Tyne & Wear earned 804p per hour. This is 14.3% less than the UK (938p) (T 3.1). Part-time men employees earn 813p per hour, which is a huge 21.7% less than the UK (1038p). Tyne & Wear part-time women employees earn 802p an hour, which is 12.1% less than UK (912p).

**Table 3.1: Comparison of average earnings of part-time and full-time employees on adult rates (2006)**

	Part time employees (Pence per hour)						Full time employees (Pence per hour)					
	AVERAGE			MEDIAN			AVERAGE			MEDIAN		
	Men & Women	Men	Women	Men & Women	Men	Women	Men & Women	Men	Women	Men & Women	Men	Women
<b>Tyne &amp; Wear</b>	804	813	802	652	623	661	1217	1020	1275	1082	1132	937
<b>North East</b>	802	822	797	641	643	641	1182	996	1250	996	1071	894
<b>UK</b>	938	1038	912	699	685	700	1367	1112	1462	1171	1211	1024
<b>T&amp;W % of UK</b>	85.7%	78.3%	87.9%	93.3%	90.9%	94.4%	89.0%	91.7%	87.2%	92.4%	93.5%	91.5%

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

Source: Annual Survey of Hours and Earnings 2006 (Table 7.6a) and TWRI calculations

The average hourly earnings for part-time employees (804p) are 34% less than the equivalent for full-time employees (1217p). The majority of part-time employees are women (around 80% in Tyne & Wear) and thus data for all part-time employees is largely influenced by women's earnings. Men's part-time hourly earnings in the UK (1038p) are 12% greater than women's (912p) (T 3.1). This is a pattern seen across all earnings included in ASHE (see §2 for full-time average weekly earnings).

A report published by the Government's Women & Equality Unit<sup>9</sup> states that part-time women earn 22% less than their full-time women counterparts in Great Britain. [These ASHE 2006 data in this TWRI report, however, show that, in the UK, in hourly pay, women part-timers (912p) earn 38% less than full-timers (1462p)]. This was also reflected in ASHE 2005 data (26%). Further research has shown that almost a quarter of part-time women workers are concentrated in jobs such as care assistants and shop assistants, whereas 4.4% are in managerial roles. According to the report, the rises in national minimum wages have not closed the pay gap between part-time and full-time jobs.

For all part-time employees, Tyne & Wear and North East hourly earnings are very similar at 804p and 802p respectively; 14.3% less than in the UK (938p).

Men and women's hourly earnings are more compressed with top earners (top decile) in Tyne & Wear (1374p) compared to the UK (1716p) (see Table 3.2). Bottom decile earnings are generally at NMW (505p, as at April 2006).

<sup>9</sup> The Part-time Pay Penalty Report is available at [www.womenandequalityunit.gov.uk](http://www.womenandequalityunit.gov.uk)

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

	UK	North East	Tyne & Wear
<b>Men &amp; Women</b>			
Top decile	1716	1408 <sup>b</sup>	1374 <sup>b</sup>
Bottom decile	505	505	505
<b>Men</b>			
Top decile	2206	x	x
Bottom decile	505	505	504
<b>Women</b>			
Top decile	1624	1348 <sup>b</sup>	x
Bottom decile	510	505	505

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

<sup>a</sup> Reasonably precise, CV >5% and <=10%  
<sup>b</sup> Acceptable, CV >10% and <=20%  
x Data unreliable

*Source: Annual Survey of Hours and Earnings 2006 (Table 7.6a)*

Table 3.3 illustrates the data on hourly pay from ASHE for the UK, the North East and Tyne & Wear. The table indicates the cumulative percentages earning below each threshold. It should be noted that this data only includes people on adult rates. The proportions earning under £5/hr are over 7.5% of part-time men in the UK and over 4.1% of part-time women (5.8% in NE) [data for men in Tyne & Wear and the NE and data for TW women withheld by ONS].

The proportions earning over £10/hr are 22.2 % of part-time men in Tyne & Wear, 22.8% in the North East, and 29.4% in the UK. Women part-timers earning over £10/hr are around 17% in Tyne & Wear and the North East.

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

Hourly Earnings	UK		North East		Tyne & Wear	
	Men	Women	Men	Women	Men	Women
£4.50	3.8 <sup>a</sup>	2.0	... <sup>b</sup>	3.3 <sup>b</sup>	... <sup>b</sup>	... <sup>b</sup>
£5.00	7.5	4.1	... <sup>b</sup>	5.8 <sup>b</sup>	... <sup>b</sup>	... <sup>b</sup>
£5.50	25.4	19.7	32.5 <sup>a</sup>	26.9	31.3 <sup>b</sup>	22.6 <sup>a</sup>
£6.00	36.2	32.0	41.6 <sup>a</sup>	41.5	43.6 <sup>a</sup>	38.1 <sup>a</sup>
£6.50	45.1	42.0	50.4 <sup>a</sup>	51.9	51.6 <sup>a</sup>	47.9
£7.00	51.4	49.6	57.1 <sup>a</sup>	58.5	60.4 <sup>a</sup>	55.2
£7.50	56.5	55.7	64.1	64.4	67.7 <sup>a</sup>	62.0
£8.00	61.0	61.5	66.9	69.7	68.5 <sup>a</sup>	68.0
£10.00	70.6	74.9	77.2	83.0	77.8	83.4
£12.00	76.6	81.5	82.0	87.9	83.9	88.5
£14.00	80.3	86.0	86.6	90.7	88.2	91.4
£16.00	83.1	89.7	90.9	93.4	93.2	93.9
£18.00	85.7	92.5	93.8	94.7	93.8	95.4
£20.00	88.1	94.5	94.7	96.6	94.4	97.0

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

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

... Too little data to be statistically robust

*Source: Annual Survey of Hours and Earnings 2006 (Specially Requested from ONS).*

#### 4 LOW PAY AND DISTRIBUTION OF EARNINGS

- Low pay is more prevalent in Tyne & Wear than in the UK using £250 pw as the threshold for *full-timers* (see Table 4.1):
- 13.3 % of men & women (UK 11.1%) earn under £250pw
- 9.4% of men (UK 7.8%) earn under £250pw
- 18.8% of women (UK 16.1 %) earn under £250pw

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

	UK	North East	Tyne & Wear
<b>Men &amp; Women</b>			
Top decile	£886.10	£746.90	£766.60 <sup>a</sup>
Bottom decile	£244.10	£231.90	£235.00
% earning under:			
£250	11.1	14.0	13.3 <sup>a</sup>
£350	32.0	40.1	38.8
£460	52.2	60.2	59.0
<b>Men</b>			
Top decile	£985.30	£803.30 <sup>a</sup>	£821.00 <sup>a</sup>
Bottom decile	£264.90	£252.60	£254.20
% earning under:			
£250	7.8	9.6 <sup>a</sup>	9.4 <sup>a</sup>
£350	25.4	31.8	31.4
£460	45.6	52.8	53.0
<b>Women</b>			
Top decile	£728.90	£652.40 <sup>a</sup>	£671.60 <sup>a</sup>
Bottom decile	£226.80	£211.50	£218.20
% earning under:			
£250	16.1	20.5	18.8 <sup>a</sup>
£350	42.2	52.5	49.1
£460	62.4	71.0	67.4

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

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

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

*Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a) and Specially Requested from ONS.*

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

- In 2006 the top decile (10%) of men in Tyne & Wear earned 59% more than men's average earnings (UK 67%).
- In 2006 the lowest decile of men in Tyne & Wear earned 51% less than men's average earnings (UK 55%).

The top 10% of men in Tyne & Wear earned £821.00pw. The bottom 10% of men in Tyne & Wear earned £254.00pw.

Women's earnings in Tyne & Wear show:

- In 2006 the top decile of women in Tyne & Wear earned 59% more than women's average earnings (UK 61%).
- In 2006 the bottom decile of women earned 48% less than women's average earnings (UK 50%).

The top 10% of women in Tyne & Wear earn over £671.60pw. The bottom 10% of women earn under £218.20 pw.

Table 4.2 gives data on low pay from ASHE. Data for men and women earning less than £5.00/hr have been suppressed for Tyne & Wear; however 1.4% of men in the North East and 1.0% in the UK earn less than £5.00/hr. 1.1% of women in the UK earned less than £5.00/hr, data for TW and NE have been suppressed.

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

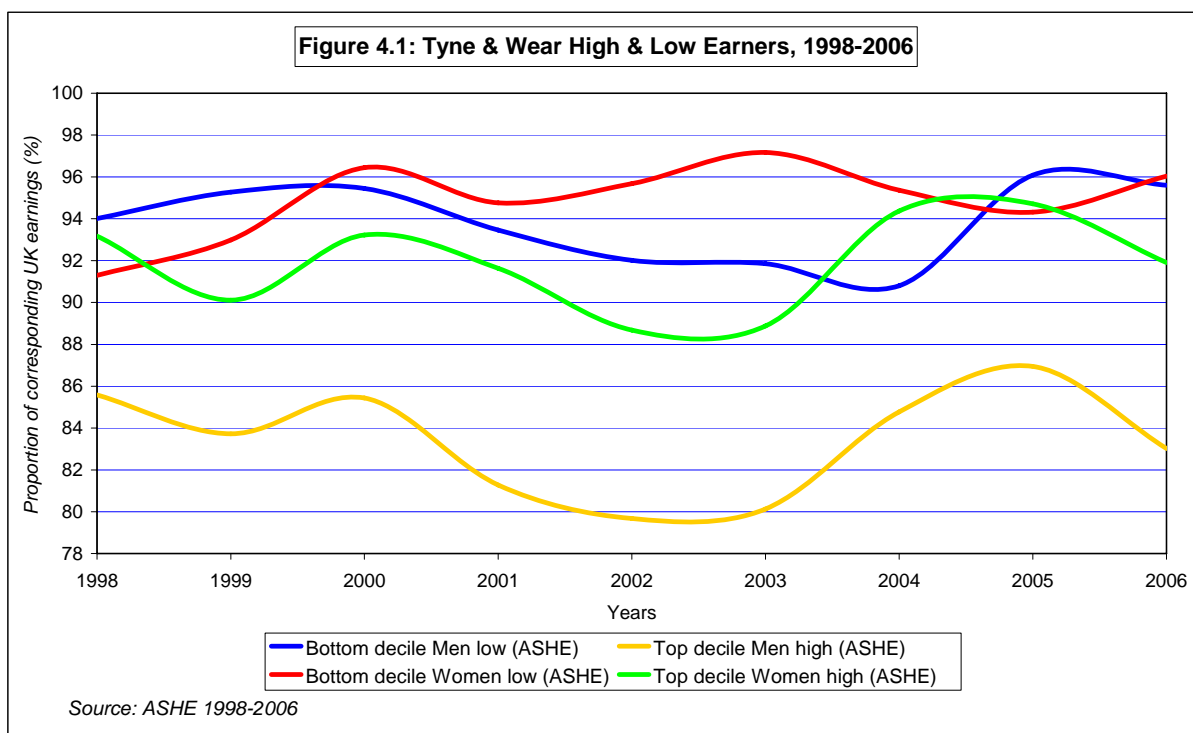
Weekly Earnings	UK		North East		Tyne & Wear	
	Men	Women	Men	Women	Men	Women
£175	0.7	1.5	...	2.9 <sup>b</sup>	...	...
£200	2.0	4.6	2.5 <sup>b</sup>	6.8 <sup>a</sup>	2.7 <sup>b</sup>	5.7 <sup>b</sup>
£220	3.9	8.5	4.9 <sup>a</sup>	11.6 <sup>a</sup>	4.8 <sup>b</sup>	10.3 <sup>a</sup>
£250	7.8	16.1	9.6 <sup>a</sup>	20.5	9.4 <sup>a</sup>	18.8 <sup>a</sup>
£290	14.4	21.7	18.7	34.7	18.1	31.4
£310	16.0	32.5	23.5	41.4	22.8	37.7
<b>Hourly Earnings</b>						
£5.00	1.0	1.1	1.4 <sup>b</sup>	... <sup>b</sup>	...	... <sup>b</sup>
£5.50	3.7	5.7	4.7 <sup>a</sup>	8.5 <sup>a</sup>	4.2 <sup>b</sup>	7.0 <sup>b</sup>
£6.00	6.5	10.2	7.9 <sup>a</sup>	13.2 <sup>a</sup>	7.2 <sup>a</sup>	11.3 <sup>a</sup>
£6.50	10.0	15.5	12.1	19.6	11.0 <sup>a</sup>	17.6 <sup>a</sup>
£7.00	13.6	20.4	16.4	26.2	14.8 <sup>a</sup>	23.5 <sup>a</sup>
£7.50	17.6	25.6	21.5	32.7	19.7 <sup>a</sup>	28.8 <sup>a</sup>
£8.00	21.7	30.9	26.3	38.9	25.0	34.0

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

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

Source: Annual Survey of Hours and Earnings 2006 (Specially Requested from ONS).

In 2006, Tyne & Wear's top earnings have ceased to rise as a proportion of UK earnings having risen in the two or three years to 2005 (Fig. 4.1). For women, low earnings had been on a downward trend in proportion to UK from 2003/04 [following the peak of 97% of the UK in 2003], this level returned to 96% in 2006. For men, low earnings improved relative to the UK level up to 2005, peaking at almost 96% in 2005, however men's earnings relative to the UK fell by 1.4 percentage points in 2006. The percentage disparity from 1998-2005 between earnings in Tyne & Wear and Great Britain is greatest for highest-paid men.



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

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

The proportion of employees earning below NMW in the North East has fallen between 1998 and 2006, from 8.7% of employees, to 1.6% (Table 4.3).

**Table 4.3: Employees earning below National Minimum Wage (NMW) 1998-2006**

	1998		1999		2000		2001		2002		2003		2004		2005#		2006	
	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%
<b>North East</b>	80	8.7%	...	...	...	...	...	...	...	...	...	...	19	1.9%	16	1.6%	16	1.6%
<b>UK</b>	1,280	5.6%	490	2.1%	320	1.0%	240	1.0%	340	1.4%	250	1.0%	276	1.1%	308	1.2%	336	1.3%

... sample size too small for reliable estimate

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

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

The statutory NMW was introduced on 1<sup>st</sup> April 1999 at £3.60/hr for people aged 21 and over. The table below shows the changes in NMW up to October 2006.

Statutory National Minimum Wage (NMW) (for 21 years and over)	
01 April 1999	£3.60/hr
01 October 2000	£3.70/hr
01 October 2001	£4.10/hr
01 October 2002	£4.20/hr
01 October 2003	£4.50/hr
01 October 2004	£4.85/hr
01 October 2005	£5.05/hr
01 October 2006	£5.35/hr



## 5 INCREASES IN EARNINGS

### 5.1 Increases in earnings, 2005/2006

Between 2005 and 2006, the overall reported rise in earnings (excluding overtime) was 1.5 percentage points slower in Tyne & Wear (2.8%) than in the UK (4.3%) (Table 5.1). Men's earnings rose by just 2.0% in Tyne & Wear compared to 4.5% in the UK. Women's earnings rose 4.6%, 0.3% more than the UK.

**Table 5.1: Percentage increases in weekly earnings (excluding overtime) 2005/2006**

	UK		Tyne & Wear	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
<b>Men &amp; Women</b>	4.3%	4.4%	2.8%	3.3%
<b>Men</b>	4.5%	4.1%	2.0%	4.4%
<b>Women</b>	4.3%	4.4%	4.6%	4.8%

Source: ASHE 2005 and 2006 (Tables 7.2a) with TWRI calculations.

During 2005/06, earnings for the lowest ten percent of men in Tyne & Wear increased at a much faster rate than in the UK (UK 3.5%, TW 4.2%). For women, earnings of the lowest 10% in the UK increased at a faster rate than in Tyne & Wear (UK 4.6%, TW 4.0%). Overall top decile earnings in the UK also rose at a faster rate than in Tyne & Wear (for men UK 5.3%, TW 3.4% and for women, UK 3.9%, TW 1.4%).

### 5.2 Increases in earnings, 1998-2006

**Table 5.2: Gross average weekly earnings in Metropolitan Counties, 1998-2006**

	Average Weekly Wage (£)									% Change	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	1998-2006	2005-2006
<b>Men &amp; Women</b>											
London	515.70	536.50	571.50	606.60	641.30	659.00	667.30	696.60	714.80	38.6%	2.6%
W. Midlands	374.70	395.20	403.70	436.50	450.80	456.70	466.30	489.60	506.50	35.2%	3.5%
Manchester	367.00	384.70	397.90	418.40	434.40	450.10	465.20	482.70	508.80	38.6%	5.4%
Merseyside	368.90	378.30	393.90	419.20	433.80	427.00	448.60	475.60	488.40	32.4%	2.7%
W. Yorkshire	356.10	375.10	389.60	409.10	426.10	449.80	458.40	485.20	492.50	38.3%	1.5%
Tyne & Wear	349.10	359.50	379.50	391.70	404.70	<b>413.70</b>	440.90	466.60	476.40	36.5%	2.1%
S. Yorkshire	<b>344.90</b>	<b>353.90</b>	<b>367.90</b>	<b>383.60</b>	<b>402.00</b>	421.10	<b>439.80</b>	<b>449.70</b>	<b>472.90</b>	37.1%	5.2%
<b>Men</b>											
London	586.20	607.20	646.60	685.00	723.30	743.50	478.00	787.50	806.90	37.6%	2.5%
W. Midlands	418.30	436.20	448.00	481.40	494.80	501.50	508.90	537.80	558.60	33.5%	3.9%
Manchester	410.80	430.40	443.80	465.10	481.00	500.60	513.10	529.40	558.20	35.9%	5.4%
Merseyside	415.50	427.40	442.70	470.80	487.30	472.40	495.20	524.50	539.70	29.9%	2.9%
W. Yorkshire	391.70	412.50	429.10	447.80	469.00	496.50	499.50	527.20	535.50	36.7%	1.6%
Tyne & Wear	387.20	394.40	415.30	430.70	444.80	<b>451.80</b>	477.10	508.60	<b>515.30</b>	33.1%	1.3%
S. Yorkshire	<b>378.80</b>	<b>385.60</b>	<b>402.20</b>	<b>416.10</b>	<b>433.80</b>	455.50	<b>473.60</b>	<b>485.20</b>	518.60	36.9%	6.9%
<b>Women</b>											
London	410.20	430.20	456.60	486.20	517.20	528.00	543.90	566.40	586.30	42.9%	3.5%
W. Midlands	295.20	318.10	321.80	354.30	371.30	376.70	390.40	411.30	424.90	43.9%	3.3%
Manchester	295.60	309.90	322.60	343.60	361.20	373.00	396.00	412.50	435.40	47.3%	5.6%
Merseyside	301.50	308.40	321.60	343.70	357.70	368.20	384.60	414.70	425.20	41.0%	2.5%
W. Yorkshire	295.70	313.40	323.00	345.10	355.50	376.00	393.40	421.20	427.40	44.5%	1.5%
Tyne & Wear	286.80	302.00	316.30	330.10	<b>342.10</b>	<b>355.40</b>	387.60	404.90	421.80	47.1%	4.2%
S. Yorkshire	<b>284.30</b>	<b>300.20</b>	<b>307.40</b>	<b>328.40</b>	346.00	362.00	<b>384.30</b>	<b>391.80</b>	<b>401.90</b>	41.4%	2.6%

Source: Annual Survey of Hours and Earnings 1998 – 2006 (Tables 7.1a) and TWRI calculations.

Note: earnings in bold are the lowest

Between 1998-2006, the rise in women's earnings was three percentage points faster than typical of the metropolitan counties and only just second to Greater Manchester.

For men & women's earnings and men's earnings, Tyne & Wear had only the fifth-fastest rise of the seven metropolitan counties (Table 5.2).

Higher earners rose about four percentage points more quickly (+36% 1998-2006 for men & women) than earnings generally (median rose +32%). This explains why average earnings rose more quickly than the median. Median earnings have risen about 5 percentage points less quickly than the mean.

Importantly, *earnings increases* measured by the median in 2006 (as in 2005) (see Table 5.2.1) are *significantly* lower than for the average. In 1998/2006 men & women's increase in median earnings was 32.1%, 4.4 percentage points smaller than for the average. [This under-performance by the median will have been particularly marked for real earnings – denting their growth by over a quarter overall since 1998 – Ed].

Similarly, men's earnings, measured by the median, rose by 28.1% (1998-2006), 5 percentage points lower than measured by the average.

Women's median earnings rose by 42.1% between 1998-2006, 4.9 percentage points slower than the rise in women's average earnings.

**Table 5.2.1: Gross median weekly earnings in Metropolitan Counties, 1998-2006**

	Median Weekly Wage (£)										% Change	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	1998-2006	2005-2006	
<b>Men &amp; Women</b>												
London	419.00	433.00	460.00	479.90	501.10	521.40	537.40	555.90	572.4	36.6	3.0	
W. Midlands	329.90	337.90	348.70	371.70	383.50	391.10	400.90	415.20	427.1	29.5	2.9	
G. Manchester	317.60	331.50	342.90	353.40	371.00	379.70	392.90	410.00	427.2	34.5	4.2	
Merseyside	315.00	329.20	337.20	355.00	364.40	364.70	384.70	398.40	415.2	31.8	4.2	
W. Yorkshire	314.70	326.40	340.00	349.90	361.10	379.80	388.60	403.80	417.8	32.8	3.5	
Tyne & Wear	<b>303.90</b>	315.90	337.40	342.40	<b>345.50</b>	<b>350.50</b>	<b>378.60</b>	391.90	401.6	32.1	2.5	
S. Yorkshire	311.90	<b>314.70</b>	<b>326.90</b>	<b>340.40</b>	354.60	370.60	389.10	<b>385.70</b>	<b>403.6</b>	29.4	4.6	
<b>Men</b>												
London	468.20	480.30	507.30	531.30	551.40	575.80	593.20	621.10	631.3	34.8	1.6	
W. Midlands	371.80	378.70	387.80	410.60	422.30	431.10	441.10	457.20	464.3	24.9	1.6	
G. Manchester	355.10	371.50	375.00	388.00	408.30	414.80	435.60	448.00	462.3	30.2	3.2	
Merseyside	361.70	374.90	375.80	392.30	398.40	401.90	437.70	439.20	460.0	27.2	4.7	
W. Yorkshire	345.50	357.70	375.80	383.90	395.00	416.30	422.30	435.30	451.6	30.7	3.7	
Tyne & Wear	345.80	350.80	380.60	390.10	383.90	<b>393.10</b>	<b>415.10</b>	430.60	443.1	28.1	2.9	
S. Yorkshire	<b>340.40</b>	<b>346.80</b>	<b>363.20</b>	<b>374.90</b>	<b>381.80</b>	402.60	425.70	<b>421.60</b>	<b>451.7</b>	32.7	7.1	
<b>Women</b>												
London	364.60	379.60	393.50	422.30	443.40	460.70	475.90	490.90	511.6	40.3	4.2	
W. Midlands	261.20	275.40	283.90	305.10	311.00	319.90	334.80	357.00	367.2	40.6	2.9	
G. Manchester	260.70	274.80	287.20	300.50	316.70	326.80	345.40	354.60	375.0	43.8	5.8	
Merseyside	264.10	274.50	278.70	299.90	316.70	324.30	333.30	364.60	374.8	41.9	2.8	
W. Yorkshire	259.90	277.10	282.30	298.70	310.90	322.30	337.10	354.40	366.9	41.2	3.5	
Tyne & Wear	248.10	259.40	276.20	280.10	<b>289.80</b>	<b>307.00</b>	<b>328.90</b>	338.20	352.9	42.2	4.3	
S. Yorkshire	<b>244.70</b>	<b>249.70</b>	<b>260.00</b>	<b>278.70</b>	292.60	314.50	338.30	<b>324.90</b>	<b>337.8</b>	38.0	4.0	

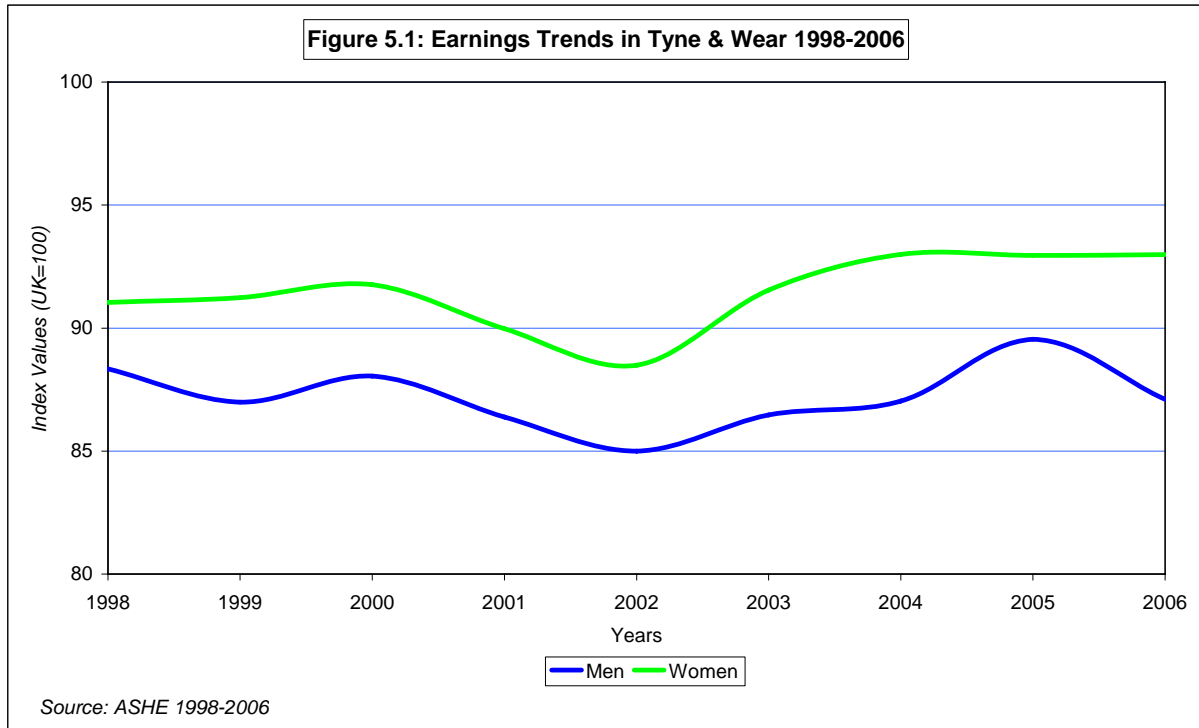
Source: Annual Survey of Hours and Earnings 1998 – 2006 (Tables 7.1a) and TWRI calculations.

### 5.3 Trends in earnings relative to UK 1998-2006

Relative to the UK, from 1998-2006, for most of the period (i.e. up to 2002) Tyne & Wear earnings declined by about 3 percentage points (Figure 5.1). This decline was sharply reversed in 2003. Between 2002 and 2004, women's earnings increased rapidly reaching 93% of the UK, and maintained this during the year to

2006. Conversely, men's earnings increased steadily 2002-2004, with a sharp rise of about 2.5pp between 2004/05.

In 2005/06 men's earnings fell back to 87% of the UK. [The high increase in TW earnings reported for 2005 (up 6.1% overall and up 6.7% for men) now looks out of line in the context of the last nine years (in Fig. 5.1). This 'blip' in the estimate for TW men in 2005 could well have been due to sampling variability in the 2005 sample – Ed.]



## 6 COMPARISONS WITH OTHER COUNTIES

### 6.1 Other Counties and Unitary Authorities in England

For men & women, Tyne & Wear's earnings are 60<sup>th</sup> among the (87) English counties, Metropolitan counties and Unitary authorities that data was available for. Men's earnings in Tyne & Wear rank 59<sup>th</sup> out of the data available for 87 areas. Women's earnings in Tyne & Wear rank 45<sup>th</sup>.

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

Earnings in Tyne & Wear are fairly typical of other counties and unitary authorities in the North East (see Table 6.1). There is not a great range of earnings, with the widest range observed in men's earnings. Middlesbrough men earn £65 a week less than their counterparts in Stockton, with Tyne & Wear men falling above the middle of the Unitary Authorities. Tyne & Wear women's earnings are the highest. Women in Tyne & Wear earn £64.10 a week more than their counterparts in Stockton.

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

	Men & Women					Men					Women			
	Aver. Earning	Rank in Eng.	Med'n. Earning	Rank in Eng.		Aver. Earning	Rank in Eng.	Med'n. Earning	Rank in Eng.		Aver. Earning	Rank in Eng.	Med'n. Earning	Rank in Eng.
Redcar & Clevel.	488.40 <sup>a</sup>	47	454.80 <sup>a</sup>	23	Stockton-on-Tees	539.80	42	493.50 <sup>a</sup>	29	Tyne & Wear	421.80	45	352.90	51
Stockton-on-Tees	479.50	57	420.10 <sup>a</sup>	49	Redcar & Clevel.	535.70	45	496.30 <sup>a</sup>	28	Northumberland	406.50	56	320.50	79
Tyne & Wear	476.40	60	401.60	67	Tyne & Wear	515.30	59	443.10	66	Darlington	401.50 <sup>a</sup>	60	345.00 <sup>a</sup>	57
Northumberland	463.70	73	389.70 <sup>a</sup>	73	Northumberland	510.20	67	443.40 <sup>a</sup>	65	Hartlepool	399.90 <sup>a</sup>	61	354.40 <sup>a</sup>	48
Hartlepool	452.50 <sup>a</sup>	75	396.10 <sup>a</sup>	70	Hartlepool	491.70 <sup>a</sup>	78	436.40 <sup>b</sup>	70	Middlesbrough	386.80	77	338.20 <sup>a</sup>	65
Darlington	443.60	80	383.30 <sup>a</sup>	81	Durham	487.20	81	413.9 <sup>a</sup>	80	Durham	366.50	84	307.00	85
Durham	442.70	81	360.90	86	Darlington	482.40 <sup>a</sup>	82	444.90 <sup>a</sup>	64	Redcar & Clevel.	364.80 <sup>a</sup>	86	306.80 <sup>b</sup>	86
Middlesbrough	437.00	85	387.20 <sup>a</sup>	75	Middlesbrough	474.40	83	412.60 <sup>a</sup>	82	Stockton-on-Tees	357.70	87	310.60 <sup>a</sup>	84

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

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

\* In rank order

Source: Annual Survey of Hours and Earnings 2006 (Table 7.1a)

Occasionally, the median is very different from the average. For example, in Northumberland, women's average earnings are £86 (£4,472pa) above the median. Large gaps between the average and the median indicate either a distribution with a high proportion of relatively high earners or a (smaller) high proportion of very high earners.

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

### 6.3 Other Metropolitan Counties

For Tyne & Wear, all earnings, and women's earnings are second-lowest of the metropolitan counties in 2006 (Table 6.2), and men's earnings are the lowest. This structure of earnings in the Met. Counties has been relatively stable over the last eight years.

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

	Men & Women			Men			Women	
	Average	Median		Average	Median		Average	Median
London	714.80	572.40	London	806.90	631.30	London	586.30	511.60
G. Manchester	508.80	427.20	W. Midlands	558.60	464.30	G. Manchester	435.40	375.00
W. Midlands	506.50	427.10	G. Manchester	558.20	462.30	W. Yorkshire	427.40	366.90
W. Yorkshire	492.50	417.80	Merseyside	539.70	460.00	Merseyside	425.20	374.80
Merseyside	488.40	415.20	W. Yorkshire	535.50	451.60	W. Midlands	424.90	367.20
Tyne & Wear	476.40	<b>401.60</b>	S. Yorkshire	518.60	451.70	Tyne & Wear	421.80	352.90
S. Yorkshire	<b>472.90</b>	403.60	Tyne & Wear	<b>515.30</b>	<b>443.10</b>	S. Yorkshire	<b>401.90</b>	<b>337.80</b>

\* In rank order

Source: Annual Survey of Hours and Earnings 2006 (Table 7.1a)

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

**Table 6.3: Median Weekly Earnings as % of the Mean in Metropolitan Counties (£)**

	Men & Women			Men			Women	
London	80.1%		London	78.2%		London	87.3%	
G. Manchester	84.0%		W. Midlands	83.1%		G. Manchester	86.1%	
W. Midlands	84.3%		G. Manchester	82.8%		W. Yorkshire	85.8%	
W. Yorkshire	84.8%		Merseyside	85.2%		Merseyside	88.1%	
Merseyside	85.0%		W. Yorkshire	84.3%		W. Midlands	86.4%	
Tyne & Wear	84.3%		S. Yorkshire	87.1%		Tyne & Wear	83.7%	
S. Yorkshire	85.3%		Tyne & Wear	86.0%		S. Yorkshire	84.1%	

Source: Annual Survey of Hours and Earnings 2006 (Table 7.1a)

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

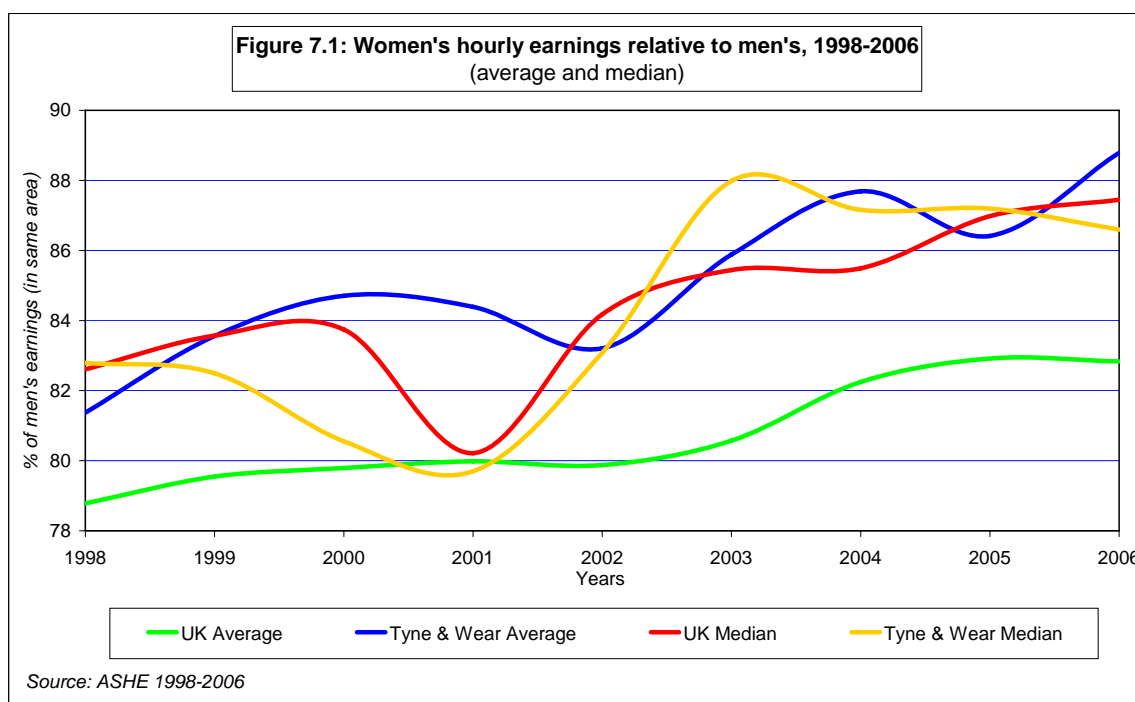
This section considers the extent to which women’s earnings have been closing the gap with men’s earnings. The term “weekly ratio” refers to the ratio of women’s weekly earnings to men’s weekly earnings and the “hourly ratio”, excluding overtime, is the ratio of women’s to men’s hourly earnings.

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

In Tyne & Wear, women’s earnings have risen relative to men’s, at almost double the rate of the UK. 1998-2006 the ratio of women’s average hourly earnings compared to men’s has risen only 4 percentage points for the UK, but 7 percentage points in Tyne & Wear. Between 2003-2006 however, as average and median women’s earnings have continued to grow slowly but steadily in the UK, Tyne & Wear’s women’s median hourly pay has fallen relative to men’s. Tyne & Wear women’s average hourly earnings have fluctuated significantly. In 2004, Tyne & Wear women’s [average] hourly earnings peaked at 87.7% of men’s, falling however 2004/05 to 86.4% of men’s (Figure 7.1). Before this marked fall in 2005, women were generally narrowing the hourly pay gap with men in Tyne & Wear. In 2005/06 however, TW’s position improved again and women’s hourly earnings peaked at 89% of men’s.

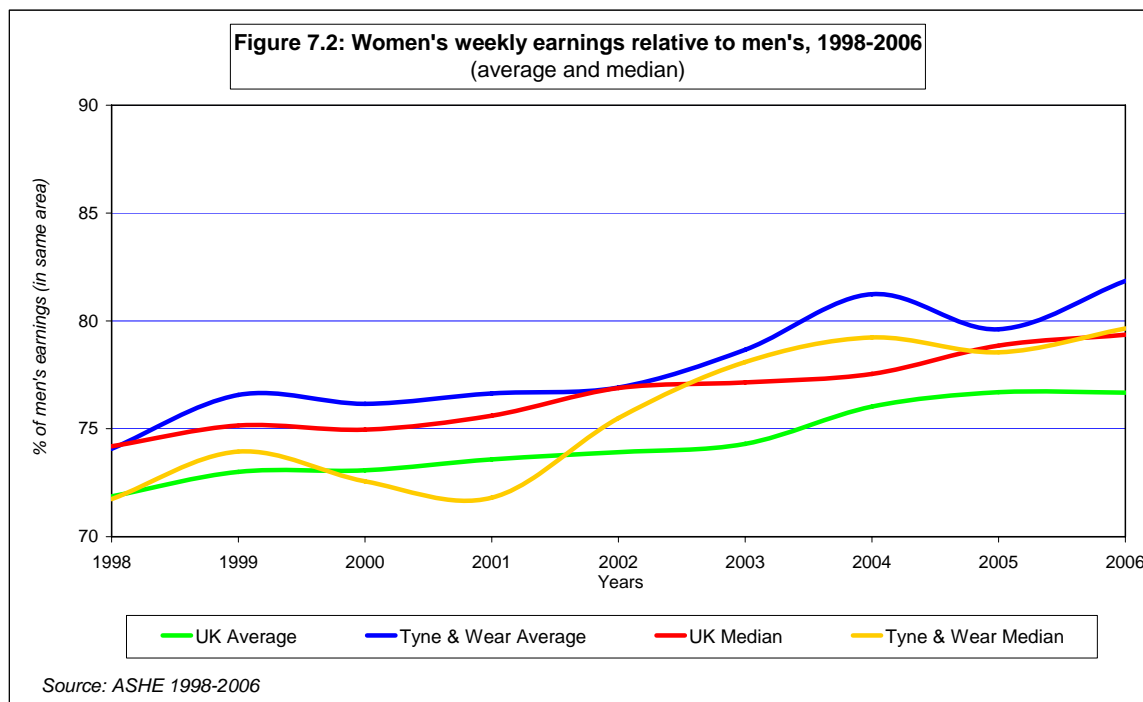
In Tyne & Wear, relative to men’s earnings, the *median* women’s earnings in Tyne & Wear in 2001-2003 rose sharply (by 8 percentage points). Women’s median earnings fell in 2004 remaining at 87% of men’s in 2005, but fell further in 2006 to 86.5%. For the same period (2001-2006) the UK’s median women’s earnings rose almost 5 percentage points (red line in Figure 7.1).

- Amongst women, it is high earners in Tyne & Wear who have been relative ‘gainers’. In the UK, conversely, the bulk of women, shown by the *median*, are relatively closer (87.4%) to men’s earnings; the *average* women’s earnings are lower (82.8%) in relation to men’s.
- The percentage increase for relative earnings of women from 1998–2006 is nearly twice as large for the average (up 7.4pp) as for the median (up 3.8pp).
- In the UK, both (mean and median) ratios had similar increases of 4-5 percentage points over the 8 years (up 4.8 percentage points, median 4.1pp).



Women's weekly average earnings in Tyne & Wear are much closer to men's average earnings than in the UK, by about 3.5 percentage points (Figure 7.2). In 2006, average weekly earnings for women in Tyne & Wear were 82% of men's (UK 77%). Women's *median* weekly earnings however converge in 2005-06 (Tyne & Wear and UK both at about 79%).

The ratio of women's weekly earnings to men's in Tyne & Wear and UK has been on a positive trend. Tyne & Wear's women's weekly earnings rose 7.8% (relative to men's) 1998-2006 (shown by the blue line in Fig 7.2, but note the effect of the steep fall in 2004/05 of 1.6%). The rise in the UK [shown by green line in Fig 7.2] was 4.8% with a continued slow but steady rise.



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

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

## 8 PUBLIC & PRIVATE SECTOR EARNINGS

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

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

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

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

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

	<u>£'s per week</u>			<u>Pence per hour (excludes overtime)</u>		
	<b>All Employees</b>	<b>Men</b>	<b>Women</b>	<b>All Employees</b>	<b>Men</b>	<b>Women</b>
<b>Public sector employees</b>						
Tyne & Wear	498.90	560.20	452.00	1341	1457	1247
North East	501.40	564.80	452.70	1339	1462	1239
England	552.40	621.10	497.20	1477	1601	1370
UK	546.40	612.00	493.90	1455	1571	1356
TW as a % of UK	91.3%	91.5%	91.5%	92.2%	92.7%	92.0%
<b>Private sector employees</b>						
Tyne & Wear	459.30	496.60	375.40	1143	1212	979
North East	448.40	492.00	349.40	1103	1187	901
England	546.80	599.30	433.60	1354	1452	1128
UK	535.90	587.30	425.60	1327	1422	1108
TW as a % of UK	85.7%	84.6%	88.2%	86.1%	85.2%	88.4%

*Source: Annual Survey of Hours and Earnings 2006 (Tables 13.1a & 13.6a) & Specially Requested from ONS.*

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



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

	UK			England			North East			Tyne & Wear		
	All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
<b>Public-sector employees</b>												
Top Decile	839.00	962.40	745.50	850.20	983.00	754.00	746.9 <sup>a</sup>	...	699.80 <sup>a</sup>	749.4 <sup>b</sup>	...	689.50 <sup>b</sup>
Bottom Decile	276.40	303.30	264.60	278.80	309.50	266.40	262.40	268.30	257.00	260.50	268.10	254.40
<b>Private-sector employees</b>												
Top Decile	919.90	996.60	714.40	941.20	1,021.00	728.30	743.700 <sup>a</sup>	785.90 <sup>a</sup>	558.9 <sup>b</sup>	768.60 <sup>a</sup>	807.20 <sup>b</sup>	....
Bottom Decile	233.60	255.80	210.10	236.80	259.00	211.90	216.20	243.60	191.00	220.40	245.40	195.70

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

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

Source: Annual Survey of Hours and Earnings 2006 (Table 7.1a) & Specially Requested from ONS

In all areas, public sector employees work about 2.25 hours fewer per week (including overtime) than in the private sector (see Table 8.3). In Tyne & Wear, men public sector employees work 38.4 hours per week (including 1.1 hours overtime) compared to 41.0 hours (including 2.3 hours overtime) in the private sector.

Women public sector employees work 36.2 hours per week (overtime 0.4 hours) compared to 38.4 hours (including 0.6 hours overtime) in the private sector.

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

	UK			England			North East			Tyne & Wear		
	All	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women
<b>Public-sector employees</b>												
Average hrs worked (inc. overtime)	37.6	39.0	36.4	37.4	38.8	36.3	37.5	38.6	36.5	37.2	38.4	36.2
Average overtime (hrs)	1.0	1.5	0.6	1.0	1.4	0.6	0.9	1.1 <sup>a</sup>	0.7 <sup>b</sup>	0.7 <sup>b</sup>	1.1 <sup>b</sup>	0.4 <sup>b</sup>
<b>Private-sector employees</b>												
Average hrs worked (inc. overtime)	40.4	41.3	38.4	40.4	41.3	38.4	40.6	41.4	38.8	40.2	41.0	38.4
Average overtime (hrs)	1.7	2.2	0.8	1.7	2.1	0.8	2.0	2.5 <sup>a</sup>	...	1.8 <sup>b</sup>	2.3 <sup>a</sup>	0.6 <sup>b</sup>

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

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

Source: Annual Survey of Hours and Earnings 2006 (Tables 13.9a and 13.11a)

## 9 HOURLY EARNINGS AND HOURS OF WORK

### 9.1 Hourly Earnings

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

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

In 2005/06, hourly earnings in Tyne & Wear rose just 1.9% for men compared to 4.7% for women (Table 9.1). Men's earnings rose much more quickly in the UK (4.1%). For women, the Tyne & Wear rise was 0.8% higher than in the UK (3.9%).

When the median is used, instead of the average, Tyne & Wear men's earnings growth was faster than in the UK (TW 4.9%, UK 3.7%). The opposite is true for women's earnings, Tyne & Wear and the UK rose at a very similar rate of 4.2% and 4.3% respectively.

**Table 9.1: Percentage change in average and median hourly earnings, 2005/2006\***

	Men		Women	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
Tyne & Wear	1.9%	4.9%	4.7%	4.2%
UK	4.1%	3.7%	3.9%	4.3%
Difference (T&W minus UK)	-2.1%	1.2%	0.8%	-0.1%

\* Excluding overtime

Source: Annual Survey of Hours and Earnings 2005 and 2006 (Tables 7.6a) and TWRI calculations.

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

Since 1998, Tyne & Wear men's earnings have grown at a similar rate to the UK, about 37% (Table 9.2). Women's average earnings growth has been much faster. Women's hourly earnings (up 48.9% since 1998) in Tyne & Wear have risen about a third faster than men's (up 36.5%) and 4.6 percentage points faster than women in the UK (44.3%). However, Tyne & Wear median women's earnings growth is little different from the UK's. Tyne & Wear women's faster growth [than the UK] has thus not been in the middle but rather near the bottom and/or top.

**Table 9.2: Percentage change in average and median hourly earnings, 1998-2006\***

	Men		Women	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
Tyne & Wear	36.5%	34.9%	48.9%	41.1%
UK	37.3%	34.0%	44.3%	41.8%
Difference (T&W minus UK)	-0.8%	0.9%	4.6%	-0.7%

\* Excluding overtime

Source: Annual Survey of Hours and Earnings 1998 - 2006 (Tables 7.6a) and TWRI calculations.

## 9.2 Hours Worked

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

Between 1998 and 2006, hours worked by men fell both in Tyne & Wear and the UK (TW -1 hour, UK -0.7 hours). The hours worked by women have remained fairly static, but with a slight fall in Tyne & Wear (TW -0.1 hours, UK 0.0 hours). (See Table 9.3).

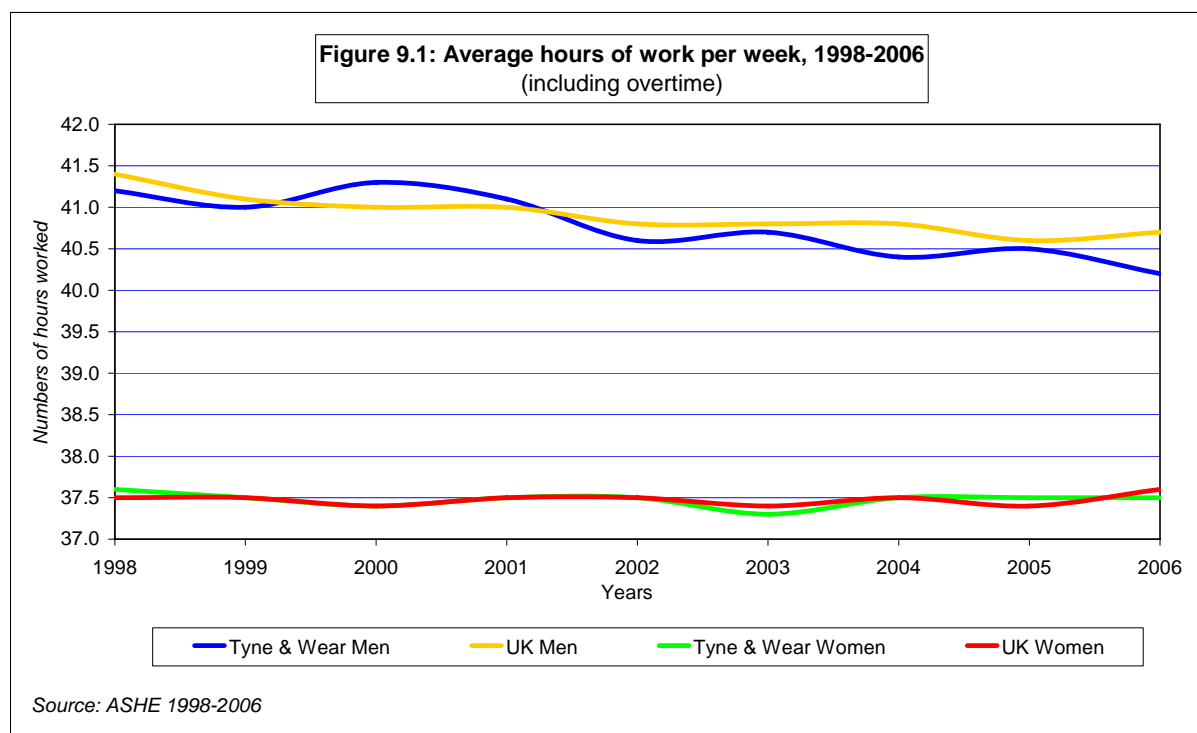
**Table 9.3: Average and median hours of work per week, 1998-2006\***

	Men				Women			
	Tyne & Wear		UK		Tyne & Wear		UK	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN	AVERAGE	MEDIAN	AVERAGE	MEDIAN
1998	41.2	39.0	41.4	39.0	37.6	37.0	37.5	37.1
1999	41.0	39.0	41.1	39.0	37.5	37.0	37.5	37.0
2000	41.3	39.0	41.0	39.0	37.4	37.0	37.4	37.0
2001	41.1	39.0	41.0	39.0	37.5	37.0	37.5	37.0
2002	40.6	39.0	40.8	39.0	37.5	37.0	37.5	37.0
2003	40.7	39.0	40.8	39.0	37.3	37.0	37.4	37.0
2004	40.4	38.8	40.8	39.0	37.5	37.0	37.5	37.0
2005	40.5	39.0	40.6	39.0	37.5	37.0	37.4	37.0
2006	40.2	38.9	40.7	39.0	37.5	37.0	37.6	37.0
% change 2005 – 2006	-0.3	-0.1	0.1	0.0	0.0	0.0	0.2	0.0
% change 1998 – 2006	-1.0	-0.1	-0.7	0.0	-0.1	0.0	0.1	-0.1

\*Including overtime

Source: Annual Survey of Hours and Earnings 1998 – 2006 (Tables 7.9a) & TWRI calculations.

Men's hours of work have generally fallen since 1998 (Figure 9.1), whilst women's have generally been static.



Men's overtime has fallen -0.9 hours in Tyne & Wear and -0.7 hours in the UK over the period 1998-2006 (see Table 9.4). Women's overtime has also fallen, but less steeply (Tyne & Wear -0.2, UK -0.1). In 2005/06, men's overtime hours fell -0.3 hours in Tyne & Wear, whilst there was no change in the UK.

In Tyne & Wear in 2006, women worked on average 3 hours less than men, of which, over half [1.6 hours] could be accounted for by shorter overtime (Tables 9.3 and 9.4).

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

	Men		Women	
	Tyne & Wear	UK	Tyne & Wear	UK
1998	2.8 <sup>a</sup>	2.7	0.9 <sup>b</sup>	0.8
1999	2.7 <sup>a</sup>	2.6	0.7 <sup>b</sup>	0.8
2000	2.7 <sup>a</sup>	2.6	0.7 <sup>b</sup>	0.8
2001	2.8 <sup>a</sup>	2.4	0.8 <sup>b</sup>	0.8
2002	2.5 <sup>a</sup>	2.2	0.9 <sup>b</sup>	0.7
2003	2.3 <sup>a</sup>	2.2	0.7 <sup>b</sup>	0.7
2004	2.3 <sup>a</sup>	2.1	0.9 <sup>b</sup>	0.7
2005	2.2 <sup>a</sup>	2.0	0.7 <sup>b</sup>	0.7
2006	1.9 <sup>a</sup>	2.0	x	0.7
2005 – 2006	-0.3	0.0	x	0.0
1998 – 2006 <sup>c</sup>	-0.9	-0.7	-0.2	-0.1

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

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

<sup>c</sup> 1998-2005 for TW Women

Source: Annual Survey of Hours and Earnings 1998 – 2006 (Tables 7.11a) & TWRI calculations

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

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

	Men		Women	
	Tyne & Wear	UK	Tyne & Wear	UK
1998	6.3 <sup>a</sup>	6.3	3.0 <sup>b</sup>	3.1
1999	6.0 <sup>a</sup>	6.0	2.3 <sup>b</sup>	3.0
2000	6.0 <sup>a</sup>	6.0	2.3 <sup>b</sup>	3.0
2001	5.1 <sup>b</sup>	6.0	2.7 <sup>b</sup>	3.0
2002	5.1 <sup>a</sup>	5.6	3.2 <sup>b</sup>	3.0
2003	5.2 <sup>b</sup>	5.3	2.4 <sup>b</sup>	2.5
2004	5.0 <sup>b</sup>	5.4	2.9 <sup>b</sup>	2.9
2005	4.5 <sup>b</sup>	5.0	x	2.7
2006	4.4 <sup>b</sup>	5.0	2.5 <sup>b</sup>	2.8
2005 – 2006	-0.1	0.0	x	-0.1
1998 – 2006	-1.9	-1.3	-0.5	-0.3

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

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

<sup>c</sup> 1998-2005 for TW Women

x - unreliable, % change to 2004 presented

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

Source: Annual Survey of Hours and Earnings 1998 – 2006 (Tables 7.11a) & TWRI calculations

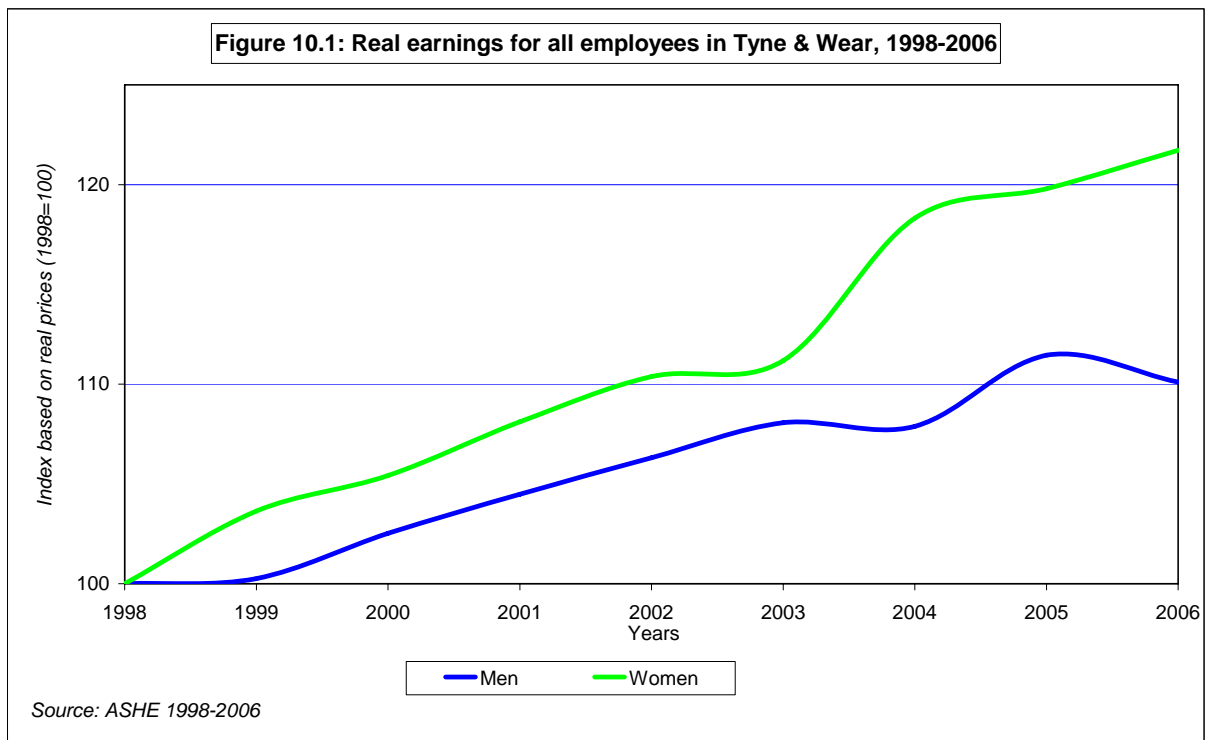
## 10 EARNINGS IN REAL TERMS, SINCE 1998

This section analyses earnings in real terms, i.e. after adjusting for price inflation, as measured by the Retail Prices Index (RPI). Effectively they estimate the rise in average living standards for the vast majority of the people in work (employees, full-time). The figures still relate to gross earnings. They therefore make no allowance for direct tax changes. For example, notably National Insurance rates rose by 1 percentage point (in 2003). Also, a rising proportion of earners now pay top rate tax (at 40%<sup>10</sup>).

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

Between 1998 and 2006, average real earnings for both men and women in Tyne & Wear have risen significantly; men's by 10.1% (but note the fall of 1.2pp in 2006) and women's by 21.7% (Figure 10.1). In real terms, the average annual compound rises were 1.2% for men and 2.5% for women<sup>11</sup>.

[As 1998-2006 was also a period of overall employment growth, according to ABI and LFS, this implies very significant economic growth – Ed.]

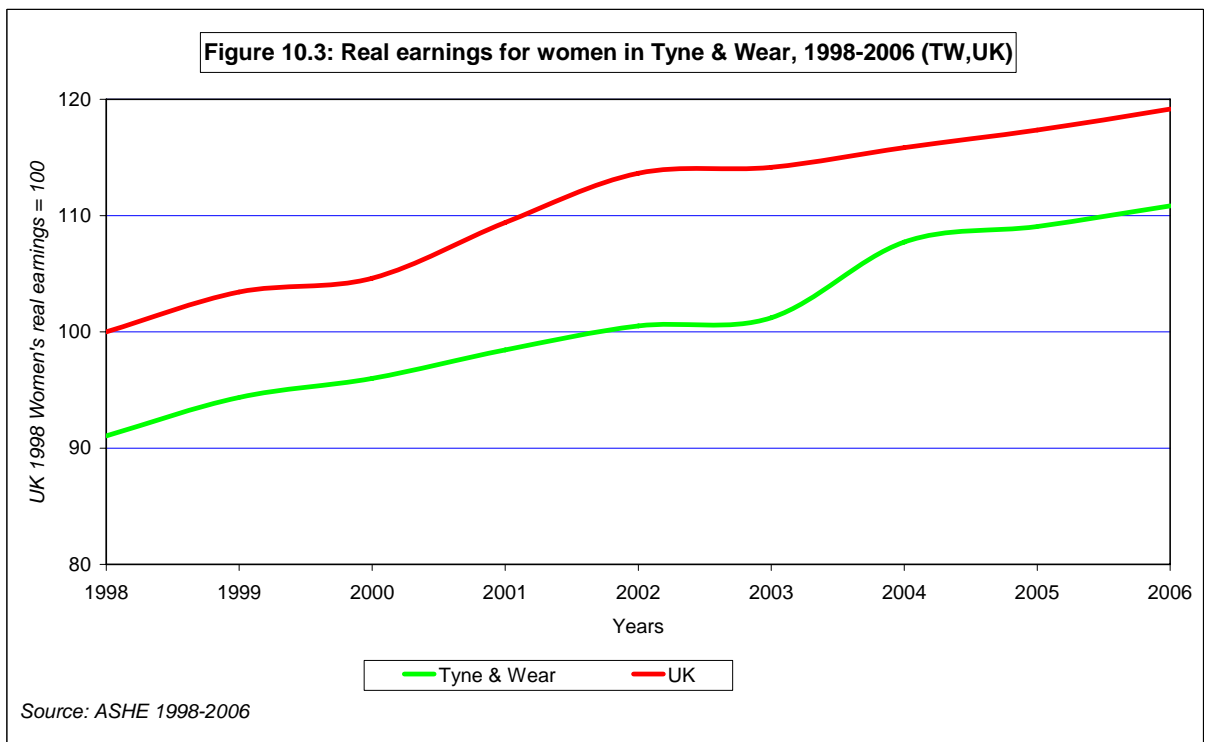
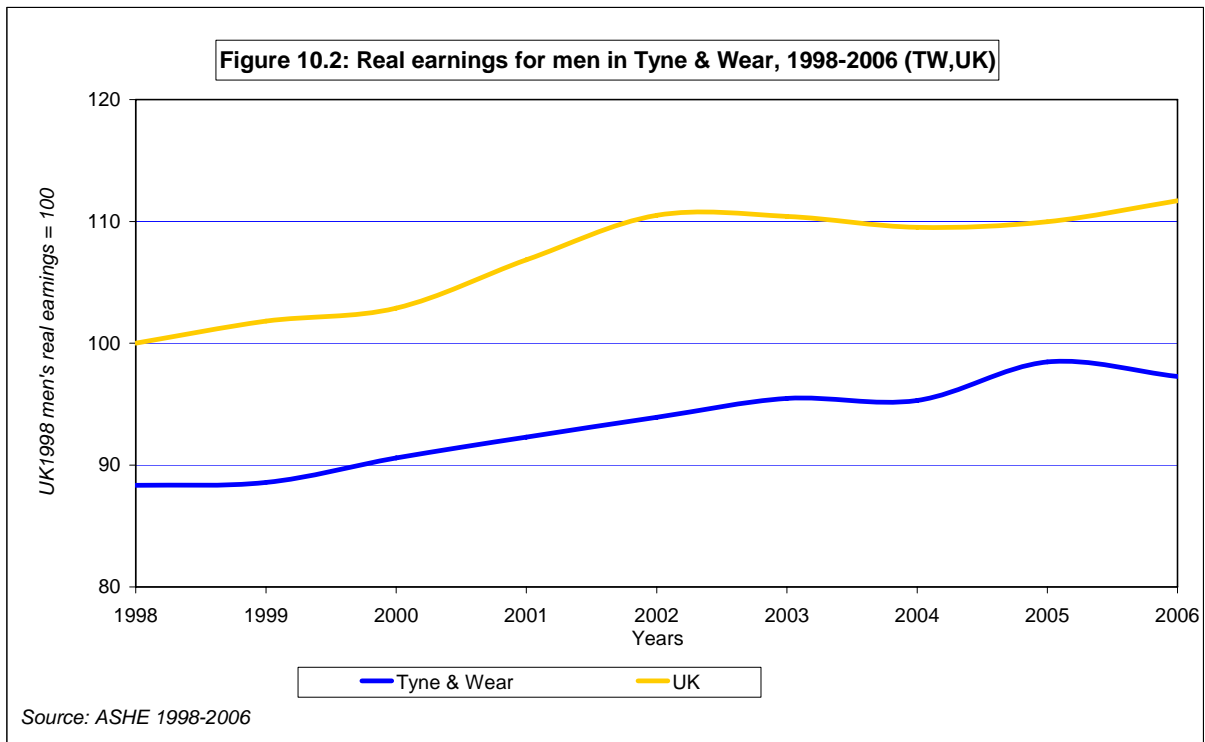


Between April 2005 and April 2006, the RPI rose 2.6%. This implies that in 2006, men's earnings in Tyne & Wear reportedly fell 1.2% in real terms. In the UK, real earnings rose 1.6% (Figure 10.2). Women's real earnings rose in 2006, up 1.6% in Tyne & Wear and up 1.5% in the UK (Figure 10.3).

Since 1998, real earnings for men have risen faster (by 1.6 percentage points) in the UK than in Tyne & Wear [owing to 2006's fall] (Figure 10.2), whereas women's earnings have risen faster (by 2.5 percentage points) than in the UK (Figure 10.3). In 1998-2005, men's real earnings in Tyne & Wear had risen by 11.5%, (UK 10.0%), but then fell slightly in 2006. By 2006, women's real earnings rose by 21.7% in Tyne & Wear, whilst in the UK they rose 19.2%.

<sup>10</sup> On incomes above about £34,000 p.a

<sup>11</sup> The formula for calculating the annual average compound rise [in MS Excel] is  $=((x/y)^{(1/z)})-1$ .  $x$  is real earnings in 2006 (110.0 for men in Fig 10.1),  $y$  is real earnings in 1998 (100 for men in Fig 10.1) and  $z$  is the number of years in the time series (8 years in Fig 10.1).



## 11 EARNINGS OF RESIDENTS

This section presents information on average and median weekly earnings in Tyne & Wear by place of residence of employees, not by place of work, as is the case in the rest of the report. The analyses cover men, women and all employees, and compare Tyne & Wear to Great Britain and the North East. Findings from 2006 indicate significantly lower earnings of residents than at workplaces in Tyne & Wear, particularly amongst women.

### 11.1 Average & Median Gross Weekly Earnings

In 2006, full-time employees resident in Tyne & Wear earned weekly on average £456.10, which is £20.30 less than the workplace-based population (refer to Tables 2.1 and 11.1).

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

	Men & Women				Men				Women			
	Average		Median		Average		Median		Average		Median	
	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)	£'s per week	Pence/hr (excludes overtime)
Tyne & Wear	456.10	1155	384.70	964	494.00	1210	422.20	1048	399.10	1068	333.40	881
North East	461.80	1165	393.60	979	502.20	1227	440.20	1054	399.20	1064	335.50	879
UK	537.30	1367	447.10	1112	591.60	1462	487.40	1171	453.60	1211	386.80	1024
T&W % of UK	84.9%	84.5%	86.0%	86.7%	83.5%	82.8%	86.6%	89.5%	88.0%	88.2%	86.2%	86.0%

Source: Annual Survey of Hours and Earnings 2006 (Tables 8.1a and 8.6a)

Logically, residents' average earnings are lower than for workplaces only where net in-commuters have higher earnings than residents. In Tyne & Wear, earnings of residents are typically 4-5% less than for employees at work places in the same area. The difference is very small in the North East (up to -1.8%), and is marginal in Great Britain (up to +0.3%) [Presumably due to higher earnings abroad of GB residents than the reverse] (Table 11.2).

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

	MEN & WOMEN				MEN				WOMEN			
	Average		Median		Average		Median		Average		Median	
	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)	£'s per week	Pence/hr (excludes o/time)
Tyne & Wear resid. earnings % of workplace earnings	-4.3%	-5.1%	-4.2%	-5.5%	-4.1%	-5.1%	-4.7%	-3.1%	-5.4%	-5.7%	-5.5%	-6.0%
North East resid. earnings % of workplace earnings	-1.0%	-1.4%	-1.4%	-1.7%	-1.4%	-1.8%	-0.9%	-1.6%	-1.1%	-1.1%	-1.6%	-1.7%
Great Britain* resid. earnings % of workplace earnings	0.2%	0.2%	0.2%	0.3%	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%	0.1%	0.1%

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a, 7.6a, 8.1a and 8.6a) & TWRI calculations

\* Note GB used here, not UK

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

## 11.2 Comparisons with Other Counties

In the metropolitan counties, residence-based earnings are generally lower than workplace-based earnings (Table 11.3) [except for Merseyside]. These differences are greater in London than in the other metropolitan counties, in London (men & women's average earnings are £38.50 less than workplace-based estimates).

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

	Men & Women				Men				Women					
	Average		Median		Average		Median		Average		Median			
	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place		
London	676.30	714.80	540.80	572.40	London	755.30	806.90	579.00	631.30	London	573.80	586.30	498.70	511.60
Merseyside	488.90	488.40	422.60	415.20	G. Manchester	533.70	558.20	455.00	462.30	Merseyside	430.60	425.20	375.90	374.80
G. Manchester	488.20	508.80	418.90	427.20	Merseyside	533.10	539.70	462.10	460.00	W. Yorkshire	422.70	427.40	362.40	366.90
W. Yorkshire	482.30	492.50	408.70	417.80	W. Yorkshire	523.10	535.50	444.10	451.60	G. Manchester	420.70	435.40	368.70	375.00
W. Midlands	474.30	506.50	406.50	427.10	W. Midlands	516.20	558.60	436.90	464.30	W. Midlands	410.20	424.90	358.30	367.20
S. Yorkshire	471.20	472.90	406.60	403.60	S. Yorkshire	512.40	518.60	450.00	451.70	S. Yorkshire	401.50	401.90	339.70	337.80
Tyne & Wear	456.10	476.40	384.70	401.60	Tyne & Wear	494.00	515.30	422.20	443.10	Tyne & Wear	399.10	421.80	333.40	352.90

\* Ranked on resident's average pay

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a and 8.1a)

In the North East, earnings are higher at workplaces than for residents in Tyne & Wear (by £20.30 pw), Middlesbrough (by £17.70 pw), and Redcar & Cleveland (by a huge £47.90 pw). These are therefore all places with net in-commuters who are earning (on average) more than their out-commuters. The reverse is true of the other five areas, which gain higher earnings from net out-commuting; particularly Northumberland (by £62.60 pw). (Note: oddly data for Northumberland and Stockton-on-Tees, Men & Women's and Men's earnings are very close but there is a gap of £57 for women's earnings, and this was also the case in 2004/05).

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

	Men & Women				Men				Women					
	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place	Resid.	Work-place		
	Average		Median		Average		Median		Average		Median			
Northumberland	499.30	436.70	430.90	389.70 <sup>a</sup>	Stockton-on-Tees	544.60	539.8	490.70 <sup>a</sup>	493.50 <sup>a</sup>	Northumberland	450.30	406.50	352.70 <sup>a</sup>	320.50
Stockton-on-Tees	489.00	479.50	449.60	420.1 <sup>a</sup>	Northumberland	537.00	510.2	480.20 <sup>a</sup>	443.40 <sup>a</sup>	Tyne & Wear	<b>399.10</b>	421.80	<b>333.40</b>	352.90
Hartlepool	478.70	452.50 <sup>a</sup>	409.90 <sup>a</sup>	396.10 <sup>a</sup>	Hartlepool	530.70 <sup>a</sup>	491.70 <sup>a</sup>	449.00 <sup>a</sup>	436.40 <sup>b</sup>	Hartlepool	399.10 <sup>a</sup>	399.90 <sup>a</sup>	355.80	345.40 <sup>a</sup>
Tyne & Wear	<b>456.10</b>	476.40	<b>384.70</b>	401.60	Durham	498.60	487.20	423.20	413.9 <sup>a</sup>	Stockton-on-Tees	393.10	357.70	333.30 <sup>a</sup>	310.60 <sup>a</sup>
Durham	453.50	442.70	382.90	360.90	Tyne & Wear	<b>494.00</b>	515.30	<b>422.20</b>	443.10	Darlington	383.50 <sup>a</sup>	401.50 <sup>a</sup>	326.80 <sup>a</sup>	345.00 <sup>a</sup>
Darlington	450.30	443.60	381.90 <sup>a</sup>	383.30 <sup>a</sup>	Darlington	493.7 <sup>a</sup>	482.4 <sup>a</sup>	456.50 <sup>b</sup>	444.90 <sup>b</sup>	Durham	381.10	366.50	334.10	307.00
Redcar & Cleveland	440.50	488.40 <sup>a</sup>	406.50 <sup>a</sup>	454.80 <sup>a</sup>	Redcar & Cleveland	478.80	535.70	453.9 <sup>a</sup>	496.30 <sup>a</sup>	Redcar & Cleveland	371.90 <sup>a</sup>	364.80 <sup>a</sup>	299.90 <sup>b</sup>	306.80 <sup>b</sup>
Middlesbrough	419.30	437.00	368.00 <sup>a</sup>	387.20 <sup>a</sup>	Middlesbrough	447.10 <sup>a</sup>	474.4	379.20 <sup>a</sup>	412.60 <sup>a</sup>	Middlesbrough	360.10 <sup>a</sup>	386.8	323.00 <sup>a</sup>	338.20 <sup>a</sup>

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

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

\* Ranked on resident's average pay

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a and 8.1a)



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

Using ASHE 2006, it is now possible to monitor the differences between men's and women's earnings of residents as well as for the usual work-places. In Tyne & Wear, the NE and the UK women's average hourly earnings are very similar for residents as for workplaces (88.3% for a TW resident, 88.8% for a TW work-based employee) (Table 11.5). This is also the case for the North East (NE resident 87.9%, NE workplace 86.1%). For the UK, there is no difference between workplace and residence men's or women's earnings.

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

	Tyne & Wear		North East		UK	
	Average	Median	Average	Median	Average	Median
<b>By Workplace</b>						
% of men's earnings	88.8%	86.6%	86.1%	83.5%	82.8%	87.4%
<b>By Residence</b>						
% of men's earnings	88.3%	84.1%	87.9%	85.5%	82.8%	87.4%

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.6a and 8.6a)

### 11.4 Hourly Earnings & Hours of Work

In Tyne & Wear, both men's and women's hours per week worked are higher for residents than for workplace employees. Men and women residents' hours per week were 0.1 hours and 0.4 hours higher than workplace hours. Men residents' overtime hours were just 0.1 hours lower than workplace hours.

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

	Tyne & Wear				UK			
	Average		Median		Average		Median	
	Men	Women	Men	Women	Men	Women	Men	Women
<b>By Workplace</b>								
Hours per week	40.2	37.5	38.9	37.0	40.7	37.6	39.0	37.0
Overtime	1.9 <sup>a</sup>	x	4.4 <sup>b</sup>	2.5 <sup>b</sup>	2.0	0.7	5.0	2.8
<b>By Residence</b>								
Hours per week	40.3	37.9	38.9	37.0	40.7	37.6	39.0	37.0
Overtime	1.8 <sup>a</sup>	x	4.5 <sup>b</sup>	2.6 <sup>b</sup>	2.0	0.7	5.0	2.8

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

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

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

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.9a, 8.9a, 7.11a and 8.11a)

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

## APPENDIX 1: (Other) Sources of Earnings Data

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

Estimates of weekly gross earnings for full-time employees are also published from the LFS<sup>12</sup>. They are quarterly and cover all full-time employees including those below the income tax threshold.

Average earnings are lower in the LFS than in the ASHE, and this difference is greater in the North East (17.5-20%) than in the UK (12.8-14%) (Table A1.1). The LFS may under-record earnings because it is based on responses by households. They may confuse gross earnings with net earnings. In addition many responses are on behalf of other household members.

The ASHE and the Labour Force Survey (LFS) are the best sources to use when measuring the levels of average earnings for full-time and part-time employees respectively<sup>13</sup>.

**Table A1.1: Weekly full-time earnings from Labour Force Survey and ASHE, 2006**

	UK			NE		
	Men & Women	Men	Women	Men & Women	Men	Women
<b>LFS</b>	£474.00	£519.00	£402.00	£394.00	£433.00	£336.00
<b>ASHE</b>	£537.30	£591.60	£453.60	£466.70	£509.40	£403.50
<b>% difference</b>	-13.4%	-14.0%	-12.8%	-18.5%	-17.6%	-20.1%

*Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a) and Labour Force Survey (Table 35, Winter 2005/6 and TWRI calculations).*

### Average Earnings Index (AEI)

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

### Latest data on earnings

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

<sup>12</sup> As of August 2005 the Labour Force Survey has been included in the new Annual Population Survey. The APS supersedes the Local Area LFS and the quarterly (four quarter averages) LFS.

<sup>13</sup> Please refer to: Daffin, C. 2004. 'An analysis of historical ASHE data 1998-2003', in *Labour Market Trends*, Vol. 112 (12), pp493-504.

## APPENDIX 2 : Earnings by Occupation

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

SOC 2000	Tyne & Wear		North East		UK	
	Men	Women	Men	Women	Men	Women
Managers and senior officials	737.3*	609.1 <sup>a</sup>	729.70	560.40	891.70	640.80
Professional Occupations	759.2 <sup>a</sup>	643.3	754.60	627.80	783.50	649.50
Associate Professional & Technical	508.2	471.2	513.00	470.10	600.30	499.10
Administrative & Secretarial Occupations	355.4	331.1	356.60	322.70	396.80	353.50
Skilled Trades Occupations	474.7	248.2 <sup>a</sup>	455.80	261.10	456.20	324.30
Personal Service Occupations	323.7 <sup>a</sup>	289.7	309.10	284.20	352.30	301.60
Sales & Customer Service Occupations	300.0	277.6	295.80	268.80	322.70	280.00
Process, Plant & Machinery Occupations	400.6	285.1 <sup>a</sup>	419.00	272.80	426.00	305.70
Elementary Occupation	326.7	271.1	328.70	260.00	340.40	266.10

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

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

Source: Annual Survey of Hours and Earnings 2006 (Table 3.1a) and Specially Requested from ONS.

\* The reported Tyne & Wear earnings for men who were Managers fell sharply in 2006, from 2005 (down £24/wk). This looks like a sampling error.

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

SOC 2000	Tyne & Wear		North East		UK	
	Men	Women	Men	Women	Men	Women
Managers and senior officials	38,732 <sup>a</sup>	32,231 <sup>a</sup>	38,528	28,934 <sup>a</sup>	53,879	36,447
Professional Occupations	39,731 <sup>a</sup>	33,235	39,787 <sup>a</sup>	32,137	41,293	33,065
Associate Professional & Technical	27,654	23,986	27,372	24,010 <sup>a</sup>	32,797	25,997
Administrative & Secretarial Occupations	18,815	17,162	18,799	16,799	21,186	18,364
Skilled Trades Occupations	23,613	12,851 <sup>a</sup>	22,826	14,289 <sup>a</sup>	23,394	16,511
Personal Service Occupations	17,614 <sup>a</sup>	14,728	17,137	14,194	18,272	14,980
Sales & Customer Service Occupations	14,857 <sup>a</sup>	13,728	14,699 <sup>a</sup>	13,041	16,673	13,791
Process, Plant & Machinery Occupations	21,045	16,963 <sup>b</sup>	21,463	15,045 <sup>a</sup>	21,605	15,602
Elementary Occupation	17,061	13,128 <sup>a</sup>	17,142	12,937	17,937	13,495

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

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

Source: Annual Survey of Hours and Earnings 2006 (Table 3.7a) and Specially Requested from ONS.

### APPENDIX 3: Earnings for Small Areas

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

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

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	476.4	489.0	489.3	473.2	442.0	460.1
10% earned under (£)	235.0	225.0	248.2	234.7	211.0 <sup>a</sup>	231.2
10% earned over (£)	766.6 <sup>a</sup>	x	801.3 <sup>b</sup>	x	x	749.9 <sup>b</sup>
Average hourly earnings (£) excl. overtime	12.17	12.44	12.76	12.05	11.17	11.48
Average weekly hours (including overtime)	39.0	39.3	38.3	39.2	40.3	39.5
Overtime (hr)	1.4 <sup>a</sup>	1.6 <sup>b</sup>	0.9 <sup>b</sup>	1.5 <sup>b</sup>	x	1.5 <sup>b</sup>

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

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

x sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a, 7.6a, 7.9a, and 7.11a) and Specially Requested from ONS.

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

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	515.3	540.4	534.2	507.4 <sup>a</sup>	461.5 <sup>a</sup>	492.8
10% earned under (£)	254.2	247.8 <sup>a</sup>	268.3	244.7 <sup>a</sup>	221.0 <sup>a</sup>	240.7
10% earned over (£)	821.0 <sup>a</sup>	x	x	x	x	x
Average hourly earnings (£) excl. overtime	12.75	13.31	13.63	12.39 <sup>a</sup>	11.30 <sup>a</sup>	11.88
Average weekly hours (including overtime)	40.2	40.7	39.1	40.7	40.5	40.7
Overtime (hr)	1.9 <sup>a</sup>	2.2 <sup>b</sup>	1.3 <sup>b</sup>	2.1 <sup>b</sup>	2.0 <sup>b</sup>	2.1 <sup>b</sup>

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

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

x sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a, 7.6a, 7.9a, and 7.11a) and Specially Requested from ONS.

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

	Tyne & Wear	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Gross weekly earnings (£)	421.8	403.0	439.6	428.6 <sup>a</sup>	409.3 <sup>a</sup>	403.8
10% earned under (£)	218.2	202.8	235.7	214.8 <sup>a</sup>	203.4 <sup>a</sup>	222.0
10% earned over (£)	671.6 <sup>b</sup>	x	x	x	x	x
Average hourly earnings (£) excl. overtime	11.32	10.91	11.78	11.58 <sup>a</sup>	10.94 <sup>a</sup>	10.75
Average weekly hours (including overtime)	37.5	36.9	37.3	37.2	40.1 <sup>a</sup>	37.5
Overtime (hr)	x	x	0.4 <sup>b</sup>	x	x	x

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

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

x sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Tables 7.1a, 7.6a, 7.9a, and 7.11a) and Specially Requested from ONS.

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

	Tyneside			Sunderland & Durham		
	All	Men	Women	All	Men	Women
Gross weekly earnings (£)	475.90	515.50	422.40	461.20	502.20	390.20
% earning under £250	13.60	9.30 <sup>a</sup>	19.40	13.50	11.20 <sup>a</sup>	17.60
10% earned under (£)	233.50	254.70	214.40	235.40	242.20	225.00
10% earned over (£)	771.00 <sup>a</sup>	834.40 <sup>a</sup>	689.00 <sup>b</sup>	725.70 <sup>b</sup>	784.10 <sup>b</sup>	...
Average hourly earnings (p) excl. o/time	1223	1283	1137	1158	1227	1034
Average weekly hours (including o/time)	39.0	40.1	37.4	39.4	40.4	37.7
Overtime (hr)	1.3 <sup>a</sup>	1.8 <sup>a</sup>	x	1.4 <sup>a</sup>	1.8 <sup>a</sup>	x

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

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

x sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Specially Requested from ONS).

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

	Blaydon	Gates E. / Wash W.	Hought & Wash. East	Jarrow	Newc. Cent.	Newc. North	Newc. E / Walls.	North Tyne	South Shields	Sund. North	Sund. South	Tyne Bridge	Tynemouth
Gross weekly earnings (£)	468.80 <sup>a</sup>	504.00 <sup>a</sup>	491.20	435.80 <sup>a</sup>	508.80	460.60	404.70	469.80 <sup>a</sup>	446.50 <sup>a</sup>	485.20 <sup>a</sup>	404.00 <sup>a</sup>	514.00	483.90 <sup>a</sup>
10% earned under (£)	209.20 <sup>a</sup>	237.80 <sup>a</sup>	241.30 <sup>a</sup>	202.60 <sup>a</sup>	254.70 <sup>a</sup>	242.40	230.50	220.50	211.60 <sup>a</sup>	234.00 <sup>a</sup>	212.70 <sup>a</sup>	241.10	252.90 <sup>a</sup>
10% earned over (£)	...	...	...	...	...	...	...	...	...	...	...	...	...
Average hourly earnings (£) excl. overtime	11.92 <sup>a</sup>	12.75 <sup>a</sup>	11.88	10.63 <sup>a</sup>	13.63	11.95	10.26	12.23 <sup>a</sup>	11.62 <sup>a</sup>	12.22	10.46 <sup>a</sup>	13.10	11.93 <sup>a</sup>
Average weekly hours (incl. overtime)	39.1	39.3	40.5	42.4	37.2	38.5	38.9	38.4	38.5	39.2	38.5	39.3	40.4
Overtime (hr)	...	...	2.5 <sup>b</sup>	...	...	...	...	...	...	...	...	1.1 <sup>b</sup>	...

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

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

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Tables 11.1a, 11.6a, 11.9a, and 11.11a)

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

	Blaydon	Gates E. / Wash W.	Hought & Wash. East	Jarrow	Newc. Cent.	Newc. North	Newc. E / Walls.	North Tyne	South Shields	Sund. North	Sund. South	Tyne Bridge	Tynemouth
Gross weekly earnings (£)	509.40 <sup>a</sup>	579.70 <sup>a</sup>	520.20	440.00 <sup>a</sup>	569.00	504.50	437.00 <sup>a</sup>	502.60 <sup>a</sup>	489.70 <sup>a</sup>	525.00 <sup>a</sup>	429.10 <sup>a</sup>	556.90	518.30 <sup>b</sup>
10% earned under (£)	...	282.10	292.60 <sup>a</sup>	...	288.30 <sup>a</sup>	260.60 <sup>a</sup>	233.50 <sup>a</sup>	226.50 <sup>a</sup>	...	216.60 <sup>a</sup>	227.70 <sup>a</sup>	266.50 <sup>a</sup>	262.20 <sup>a</sup>
10% earned over (£)	...	...	...	...	...	...	...	...	...	...	...	...	...
Average hourly earnings (£) excl. overtime	12.55 <sup>a</sup>	14.06 <sup>a</sup>	12.13	10.43 <sup>a</sup>	14.90 <sup>a</sup>	12.80 <sup>a</sup>	10.52	12.59 <sup>a</sup>	12.43 <sup>a</sup>	12.80 <sup>a</sup>	10.84 <sup>a</sup>	13.96	12.30 <sup>b</sup>
Average weekly hours (incl. overtime)	40.2	41.1	41.8	41.6	38.1	39.4	40.6	39.7	39.3	40.2	39.4	40.1	41.9
Overtime (hr)	...	...	3.2 <sup>b</sup>	...	...	...	...	...	...	...	...	1.6 <sup>b</sup>	...

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

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

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Tables 11.1a, 11.6a, 11.9a, and 11.11a)

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

	Blaydon	Gates E. / Wash W.	Hought & Wash. East	Jarrow	Newc. Cent.	Newc. North	Newc. E / Walls.	North Tyne	South Shields	Sund. North	Sund. South	Tyne Bridge	Tynemouth
Gross weekly earnings (£)	403.60 <sup>b</sup>	410.50 <sup>a</sup>	410.00 <sup>b</sup>	423.30 <sup>b</sup>	445.80 <sup>a</sup>	409.00 <sup>a</sup>	362.50	432.90 <sup>a</sup>	401.70 <sup>a</sup>	438.20	362.10 <sup>a</sup>	454.80 <sup>a</sup>	418.30 <sup>a</sup>
10% earned under (£)	...	...	...	...	242.20 <sup>a</sup>	...	226.10	...	...	239.90 <sup>a</sup>	...	222.70 <sup>a</sup>	...
10% earned over (£)	...	...	...	...	...	...	...	...	...	...	...	...	...
Average hourly earnings (£) excludes overtime	10.88 <sup>b</sup>	11.06 <sup>a</sup>	11.14 <sup>a</sup>	11.29 <sup>b</sup>	12.29 <sup>a</sup>	10.92 <sup>a</sup>	9.88	11.80 <sup>a</sup>	10.75 <sup>a</sup>	11.51	9.80 <sup>a</sup>	11.88	11.18 <sup>a</sup>
Average weekly hours (including overtime)	37.2	37.1	36.7	44.7 <sup>b</sup>	36.3	37.3	36.5	37.0	37.6	38.0	37.0	38.3	37.4
Overtime (hr)	...	...	...	...	...	...	...	...	...	...	...	...	...

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

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

... sample size too small for reliable estimate

Source: Annual Survey of Hours and Earnings 2006 (Tables 11.1a, 11.6a, 11.9a, and 11.11a)