
**EARNINGS IN TYNE & WEAR
AND THE CITY REGION**

2008

May 2009

Carol Burdis
Peter Sturman
Kadhem Jallab

Ref: EB 09/1

Price: £20

TYNE & WEAR RESEARCH AND INFORMATION

1st Floor Provincial House
Northumberland Street
Newcastle upon Tyne
NE1 7DQ

Tel: (0191) 277 1912, Fax: (0191) 277 1911

E-MAIL: twri@twri.org.uk

WEBSITE: www.twri.org.uk

Supported jointly by Cities of Newcastle and Sunderland and the Metropolitan Boroughs of Gateshead, North Tyneside and South Tyneside

CONTENTS

KEY MESSAGES	1
KEY POINTS	2
1 INTRODUCTION	5
1.1 Methodological changes between ASHE and NES	7
1.1.1 Reasons for Survey and Questionnaire Changes	7
1.1.2 Methodological Changes: the introduction of weighting and calibration	7
1.1.3 Impact of Methodological Changes upon NES data sets	8
1.1.4 Publication of the Median	8
1.1.5 Publication of the Standard Error (SE)	8
1.2 The New ASHE Questionnaire (2005)	8
1.3 Context – Recent Developments	8
2 AVERAGE AND MEDIAN GROSS WEEKLY EARNINGS, 2008	10
2.1 Average Earnings	10
2.2 Median Earnings	11
3 PART-TIME EARNINGS	12
4 LOW PAY AND DISTRIBUTION OF EARNINGS	14
4.1 The National Minimum Wage (NMW)	16
5 INCREASES IN EARNINGS	18
5.1 Increases in earnings 2007/2008	18
5.2 Increases in earnings, 1998-2008	19
5.3 Trends in earnings relative to UK 1998-2008	20
6 COMPARISONS WITH OTHER COUNTIES	22
6.1 Other Counties and Unitary Authorities in England	22
6.2 Other Counties and Unitary Authorities in the North East	22
6.3 Other Metropolitan Counties	22
7 WOMEN'S EARNINGS COMPARED TO MEN'S	24
8 PUBLIC & PRIVATE SECTOR EARNINGS	27
9 HOURLY EARNINGS AND HOURS OF WORK	30
9.1 Hourly Earnings	30
9.2 Hours Worked	31
10 EARNINGS IN REAL TERMS, SINCE 1998	35
11 EARNINGS OF RESIDENTS	38
11.1 Average & Median Gross Weekly Earnings	38
11.2 Comparisons with Other Counties	39
11.3 Women's Earnings Compared to Men's	40
11.4 Hourly Earnings & Hours of Work	41
 APPENDICES	
Appendix 1 (Other) Sources of Earnings Data	43
Appendix 2 Earnings by Occupation	44
Appendix 3 Earnings for Small Areas	46

TABLES

Table 2.1	Average earnings of full-time employees on adult rates	10
Table 3.1	Comparison of average earnings of full-time employees on adult rates	12
Table 3.2	Distribution of gross hourly earnings, part-time (pence per hour)	13
Table 3.3	Distribution of part-time earnings, % earning under:	13
Table 4.1	Distribution of full-time weekly earnings, % earning under:	14
Table 4.2	Distribution of full-time earnings, % earning under:	15
Table 4.3	Employees earning below National Minimum Wage (NMW) 1998-2008	16
Table 5.1	Percentage increases in weekly earnings (excluding overtime) 2007/2008	18
Table 5.2	Gross average weekly earnings in Metropolitan Counties, 1998-2008	19
Table 5.2.1	Gross median weekly earnings in Metropolitan Counties, 1998-2008	20
Table 6.1	Average and median weekly earnings in Unitary Authorities in the NE (£)	22
Table 6.2	Gross average and median weekly earnings in Metropolitan Counties (£)	23
Table 6.3	Median Weekly Earnings as % of the Mean in Metropolitan Counties (£)	23
Table 8.1	Average full-time earnings of public and private sector employees on adult rates	27
Table 8.2	Distribution of full-time public and private sector gross weekly earnings (£)	28
Table 8.3	Average hours worked and overtime of public and private sector employees	29
Table 9.1	Percentage change in average and median hourly earnings, 2007/2008	30
Table 9.1.1	Coefficients of variation for average and median hourly earnings, 2007 and 2008 ...	30
Table 9.2	Percentage change in average and median hourly earnings, 1998-2008	31
Table 9.3	Average and median hours of work per week, 1998-2008	32
Table 9.4	Average overtime hours per week, 1998-2008	33
Table 9.5	Median overtime hours per week, 1998-2008	34
Table 11.1	Residents' average and median weekly full-time earnings	38
Table 11.2	Percentage difference between resident and workplace-based weekly earnings	39
Table 11.3	Weekly earnings of residents and workplace employees in Metropolitan Counties (£). 39	
Table 11.4	Weekly earnings of residents and workplace employees in Unitary Authorities (£) ...	40
Table 11.5	Women's hourly earnings compared to men's, by workplace and by residence	41
Table 11.6	Hours worked per week and overtime, by workplace and by residence	42
Table A1.1	Weekly full-time earnings from Labour Force Survey and ASHE, 2008	43
Table A2.1	Gross weekly average earnings by Occupational Group (All employees) (£)	44
Table A2.2	Gross weekly average earnings by Occupational Group (Men and Women) (£)	44
Table A2.3	Gross annual average earnings by Occupational Group (All employees) (£)	45
Table A2.4	Gross annual average earnings by Occupational Group (Men and Women) (£)	45
Table A3.1	Average earnings by District (All employees)	46
Table A3.2	Average earnings by District (Men)	47
Table A3.3	Average earnings by District (Women)	48
Table A3.4	Average earnings by Travel-to-Work Area	48
Table A3.5	Average earnings by Tyne & Wear Parliamentary Constituency (All employees)	49
Table A3.6	Average earnings by Tyne & Wear Parliamentary Constituency (Men)	49
Table A3.7	Average earnings by Tyne & Wear Parliamentary Constituency (Women)	50
Table A3.8	Average earnings by Parliamentary Constituency in rest of NE (All employees)	50
Table A3.9	Average earnings by Parliamentary Constituency in rest of NE (Men)	51
Table A3.10	Average earnings by Parliamentary Constituency in rest of NE (Women)	51

FIGURES

Figure 4.1	Tyne & Wear High & Low Earners, 1998-2008	16
Figure 5.1	Earnings Trends, 1998-2008	21
Figure 7.1	Women's hourly earnings relative to men's, 1998-2008	25
Figure 7.2	Women's weekly earnings relative to men's, 1998-2008	26
Figure 9.1	Average hours of work per week (including overtime), 1998-2008	32
Figure 10.1	Real earnings for all employees, 1998-2008	36
Figure 10.2	Real earnings for men, 1998-2008	37
Figure 10.3	Real earnings for women, 1998-2008	37

KEY MESSAGES

Earnings Gap with the UK:

In 2008, in TWCR, the earnings gap with the UK was 13% (TW 11.6%). For men the gap was larger (TWCR 14.8%, TW 13.8%) than for women (TWCR 8.6%, TW 6.2%). §2.1

Since 1998, growth in men's earnings in TWCR (41%) and TW (40%) has been noticeably (3-4pp) **slower than in the UK (44%)** (§5). In contrast, **growth in women's earnings** in both areas (TWCR 56%, TW 59%) **has been (2-5pp) faster** than the UK (54%) particularly in TW.

Substantial Pay Gap with West Yorkshire:

Overall earnings in Tyne & Wear and the City Region were low relative to West Yorkshire and its City Region. TWCR workers earn **around £1,150pa less than workers in LCR.** This is due to the mix of occupations [This can be demonstrated from the new, more detailed, occupational data in Appendix 2, Table A2.1]. Tyne & Wear workers earn **around £590 less than workers in West Yorkshire.** This is consistent with agglomeration theory in the spatial economics literature¹. For Tyne & Wear residents, **earnings are £1,750pa less than for West Yorkshire residents** (TWCR residents earn £1,360pa less than LCR residents). §6 & §11

Growth Rate of Living Standards halved from 1980s:

Real earnings growth has been weak over the 10-year period, at around 10% in Tyne & Wear and 11% in West Yorkshire compared to about 30% real growth of the UK economy in the same period (§10). The **growth rate of real earnings (the rise in living standards) has halved from around 2%pa in 1980-95 in T&W to under 1.1%pa from 1998-2008.** Employment growth, however, accelerated in both the UK and TW to over 1%pa.

[Note: Between 1980 and 1989, in Tyne & Wear men's real earnings rose about 18% and women's about 22%.]

Low Growth of Living Standards for Median Men:

Top earnings increased more rapidly than median earnings, which renders the averages somewhat misleading. In particular, **in Tyne & Wear over the 10-year period from 1998, average men's real earnings rose 6.7%** (§10) but **median men's real earnings only grew by 2.5%** (based on §5.2). As a 'rule of thumb', earnings growth for the median earner has been about 3 percentage points slower than for the mean over this period. This weakness for men may reflect a relative inability of the TW economy to create and retain higher productivity activities.

Earnings patterns in the United States – also very slow growth of median earnings

The recent pattern in the UK and Tyne & Wear can be seen in the **context of the United States** where **real median household income has fallen since 1999.** Furthermore, the earnings gap between high- and low-earners in the US has become **more polarised:**

In the **1990s, incomes of the richest 1% of US taxpayers rose by 10%pa in real terms** while those of the **other 99% grew at an average annual rate of 2.4%.**

Between 2002 and 2006, the richest 1% saw 11% annual real income growth, while the rest saw less than 1% growth (E. Saez – economist at Berkeley)².

It may be that the UK is following the US into a period of much flatter real earnings growth over time.

¹ 'Productivity and agglomeration economies in the Manchester City Region'. A working paper for the MIER, produced by IPEG. Prof. M. Artis, Dr. S Greasley and E. Miguelez (2009). This suggests a doubling of employment density is associated with an increase in productivity of about 1-10%.

² Quoted in *The Economist* July 26th, 2008.

KEY POINTS

Average earnings³ (£2):

In Tyne & Wear City Region (TWCR):

- § On average, men & women earn £499.40 per week (£26,000pa), 87.0% of UK earnings;
- § Men earn £537.40 per week (£28,000pa), 85.2% of UK earnings;
- § Women earn £443.80 per week (£23,100pa), 91.4% of UK earnings.

In Tyne & Wear average earnings are slightly higher than in TWCR:

- § On average, men & women earn £507.40 per week (£26,400pa), 88.4% of UK earnings;
- § Men earn £543.80 per week (£28,300pa), 86.2% of UK earnings;
- § Women earn £455.20 per week (£23,700pa), 93.8% of UK earnings;

Median Earnings⁴ (£2):

In Tyne & Wear City Region:

- § Median earnings are about £4,100pa lower than average earnings.
- § Median men & women earn £421.10 per week (£21,900pa), 88.0% of UK earnings;
- § Men earn £458.90 per week (£23,900pa), 88.0% of UK earnings;
- § Women earn £372.40 per week (£19,400pa), 90.4% of UK earnings.
- § Higher earners rose about five percentage points more quickly (+45% 1998-2008 for men & women) than earnings generally (median rose +40%). This explains why average earnings rose more quickly than the median. Median earnings have risen about 5.1 percentage points less quickly than the mean.

In Tyne & Wear median earnings are slightly higher than in TWCR:

- § Median earnings are about £3,850pa lower than average earnings.
- § Median men & women earn £433.30 per week (£22,500pa), 90.5% of UK earnings;
- § Men earn £466.50 per week (£24,250pa), 89.5% of UK earnings;
- § Women earn £388.80 per week (£20,200pa), 94.4% of UK earnings.
- § Higher earners rose about two percentage points more quickly (+45% 1998-2008 for men & women) than earnings generally (median rose +43%). Median earnings have risen about 2.7 percentage points less quickly than the mean.

Part-time employees (£3):

- § Hourly earnings for all part-time employees in all areas were less than their full-time counterparts (TWCR part-time employees earn *hourly* 74% of TWCR full-time employees; TW, 72%).
- § Overall, part-time employees in TWCR received 8.8% per hour less than those in the UK (TW, 9.5%).

³ These are full-time only.

⁴ The median earnings are the level at which there are equal numbers of employees, above and below for that category of earners.

Low Pay (§4):

- § In TWCR, the proportion earning under £250pw is 5.6% of full-time men (TW 6.1%; UK 5.5%) and 11.8% of full-time women (TW 10.8%; UK 12.1%).
- § In the North East, 1.2% of employees earned less than the National Minimum Wage (NMW), higher than in the UK (1.1%). Employees aged under 18 are not covered by NMW.

Increases in Earnings (§5):

- § Tyne & Wear's reported earnings growth for all employees for the ten years 1998–2008 (45.3%) was similar to the UK (46.3%). Earnings growth over the period was third-fastest among the metropolitan counties, 3pp behind London and 0.3pp behind West Yorkshire.
- § Men's growth in earnings in Tyne & Wear was around 5pp slower than in West Yorkshire (40.4%; UK 44.0%; WY 45.4%).
- § Women's earnings rose about 9.2pp *faster* than West Yorkshire; rising 58.7% between 1998–2008, *above* both the UK (54.1%) and West Yorkshire (49.5%).
- § Between 2007–2008, all employees' reported earnings (*excluding overtime* – see Table 5.1) rose in Tyne & Wear by 5.7% (TWCR 4.9%). In the UK earnings rose 4.1% (WY 4.2%). Men's earnings rose 4.9% (TWCR 4.4%), while in the UK men's earnings grew 4.2% (WY 5.1%); women's earnings growth in Tyne & Wear was 7.1% (TWCR 6.0%; UK 4.2%; WY 2.7%).
- § In Tyne & Wear, high earners' pay has been rising more quickly than the median; by around 2pp since 1998. Also, median earnings have risen about 3pp 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 8% since 1998, whereas growth of the mean is around 10%. For men on median earnings, real pay growth has been 2.5% (whereas men's *mean* earnings, in real terms, have grown about 7%).
- § In 2008, top decile men's earnings rose 4.6% in the UK, against a rise of 7.8% in Tyne & Wear.

Other Metropolitan Counties and Unitary Authorities (§6):

Overall, Tyne & Wear's 2008 average earnings rank 59th among the (87) English counties, metropolitan counties and Unitary Authorities.

- § For men, Tyne & Wear's average earnings are 63rd
- § Women's average earnings in Tyne & Wear rank 39th
- § 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 2008, women's *hourly* pay was 92% of men's, compared to 83% for the UK (TWCR 91%; LCR 85%).
- § Women's *weekly* earnings were also closer to men's earnings in Tyne & Wear (84%) than in the UK (77%) (TWCR 83%; LCR 78%).

Public and Private sectors compared (§8):

- § Public sector employees in TWCR, on average, earn 10.6% *more* per week than private sector employees (TW 9.3%; RoCR 13.8%; UK 1.4%). *Hourly* earnings of the public sector are greater than in the private sector by 16.6% (TW 15.5%; RoCR 20.5%; UK 8.3%).
- § Hours worked per week (and overtime worked), are shorter in the public sector than the private sector. Public sector men work in TWCR, on average about 2½ hours less, (39.2 hours per week) than in the private sector (41.6 hours). Women work 1½ hours less (36.8 hours) than in the private sector (38.3 hours). [Hours include overtime.]

Hourly Earnings and Hours of Work (§9):

§ Hourly earnings rose (1998-2008) faster than weekly earnings in both TWCR and TW. Average hours worked fell slightly in TWCR, by 0.6h for men and 0.1h for women (TW -0.5h for men and -0.2h for women).

Earnings in Real Terms (§10):

§ 1998-2008, men's average real earnings (i.e. after RPI inflation) rose about 7% and women's 19% in TWCR (TW 7% and 21% respectively). Average annual compound rates of earnings growth in real terms are 0.7% pa for men and 1.7% pa for women (TW 0.7% and 1.9% respectively). Median earnings rose about 2 percentage points more slowly – but Tyne & Wear men's median earnings showed only 2.5% growth in real terms over a decade.

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

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

§ Earnings of residents in Tyne & Wear are typically 4-5% lower than at workplaces (TWCR less than 1% lower) (given in §2). This difference is due to in-commuters into Tyne & Wear (on average) earning significantly more than out-commuters.

§ For Tyne & Wear residents, on average, men & women earn £34 per week less than in West Yorkshire. This is an annual earnings gap of around £1,770.

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 2008 Annual Survey of Hours and Earnings (ASHE). The report covers the Tyne & Wear City Region (TWCR), and both higher- and lower-level geographies. It also makes comparisons with Leeds City Region (LCR) and West Yorkshire.

Earnings have been 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 size⁵. However, the sample size of the 2007 ASHE was reduced by almost 20 per cent, and the results for Tyne & Wear showed extremely weak earnings in 2007.

Important note on geographies:

The **areas presented** primarily focus on **City Region-level** but **Tyne & Wear [and TW districts] the North East, UK** and other **metropolitan counties** are also presented. **Leeds City Region** and **West Yorkshire** are the major comparator areas. For this report, TWRI made a special request to ONS' ASHE team for data for non-standard geographies and also for data which is not made publicly available [i.e. at a lower geographical level]. ONS now more commonly produces data at the UK level, for consistency with other sources, and so this 2008 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 the City Region are given in Appendix 2, along with United Kingdom, North East region and Tyne & Wear-level 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 variation⁶), 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 69% (UK 67%) of gross weekly household income from all sources. Other sources of income are:

	NE	UK
Social Security Benefits	17%	13%
Pensions (+ Annuities)	5%	7%
Self Employment	7%	8%
Investment Income	2%	3%
Other Sources	1%	1%

(Source: ONS Family Spending 2007, © Crown Copyright 2008)

⁵ TWRI rated ASHE at 7/10 for quality before the 2007 results. This quality rating does NOT apply to annual changes or for areas or groups smaller than Tyne & Wear overall (as in Appendices). TWRI suspended its rating on the 2007 results pending further evidence on their reported remarkably weak earnings in Tyne & Wear. Absolute falls in earnings, as reported for men, appear unlikely to have been actual.

⁶ 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.

For further information on these non-earnings sources of income and overall household income, please refer to TWRI's report 'Household Income and Expenditure, 2006'.

This report on earnings of employees covers both full-time and part-time employees (part-time analyses in §3). Part-timers account for over 30% of all employees, about 149,100 of over 491,700 employees in Tyne & Wear⁷ (ABI 2007).

⁷ *Source: ONS Annual Business Inquiry (ABI) 2007*

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 earlier 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 Survey⁸ (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'⁹ 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.

⁸ 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.

⁹ 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 (mean) 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 [in percentage terms]. 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

ASHE data for 2007 take account of a small number of methodological changes to improve the quality of results. These include changes to the sample design itself, as well as the introduction of an automatic occupation coding tool. Therefore, results for 2007 are only comparable with the 2006 results that have

been produced using this methodology and are not comparable with results from previous years. [Note also the reduction in sample size.]

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 £12.74 in 2007, 15.6% more than the earnings of non-union employees (£11.02 per hour). In Q4 2007, the hourly earnings of union members averaged £12.74, 15.6% more than the average hourly earnings paid to non-members (£11.02). This is a slight decrease from the 16.3% union wage premium in 2006.

Trade Union Membership 2007, DTI Employment market analysis and research (July 2008)

2 AVERAGE AND MEDIAN GROSS WEEKLY EARNINGS, 2008

2.1 AVERAGE EARNINGS

The first section presents information on average weekly earnings in Tyne & Wear City Region (TWCR). The analyses cover men, women and all employees and compares TWCR to LCR, the UK and the North East¹⁰. The following section (§2.2) discusses median earnings.

In 2008, the average full-time employee in TWCR earned £499.40 per week, (£25,970 pa¹¹). This is 13.0% (£3,900) less than the UK average of £574.30 per week, (£29,860 pa) (Table 2.1). The earnings gap between TWCR and the UK is much larger for men, in percentage terms, than women. Men's average weekly earnings were £537.40 (14.8% below the UK average); whereas women's average weekly earnings were £443.80 (8.6% below the UK average).

In TWCR, earnings were lower in RoCR than in Tyne & Wear, by about £33pw (£1690pa) (for both average and median). In contrast, in LCR, earnings were higher in RoLCR than in West Yorkshire, by about £13pw (£680pa). This indicates that in TWCR, RoCR is a 'weak tail' for Tyne & Wear, whereas in LCR, RoLCR is a 'strong tail' for West Yorkshire. TWCR men earn 6.0% less than men in LCR, while in Tyne & Wear, men earn 4.5% less than men in West Yorkshire. For both men and women separately within TWCR, earnings were lowest within the Durham 4 LADs, at £494.20 for men and £393.50 for women.

Table 2.1: Average earnings of full-time employees on adult rates (2008)

	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)
Tyne & Wear City Region	£499.40	1255	£421.10	1048	£537.40	1303	£458.90	1099	£443.80	1182	£372.40	980
Tyne & Wear	£507.40	1276	£433.30	1075	£543.80	1316	£466.50	1110	£455.20	1217	£388.80	1016
Rest of City Region	£474.90	1192	£396.60	979	£518.40	1265	£439.30	1048	£407.20	1073	£354.20	908
Durham 4	£454.70	1132	£383.00	936	£494.20 ^a	1200 ^a	£413.80 ^a	976 ^a	£393.50	1021	£352.50 ^a	878
Northumberland 4	£504.80	1286	£417.40 ^a	1056 ^a	£554.30 ^a	1364 ^a	£470.80 ^a	1145 ^a	£427.80 ^a	1154 ^a	£355.10 ^a	957 ^a
North East	£494.40	1237	£420.60	1042	£535.70	1293	£464.10	1103	£431.50	1147	£364.30	967
Leeds City Region	£521.40	1321	£442.80	1100	£572.50	1402	£491.00	1171	£444.60	1191	£376.20	995
West Yorkshire	£518.70	1315	£442.30	1101	£569.70	1396	£489.20	1174	£442.10	1187	£374.70	996
Rest of Leeds City Region	£531.70	1341	£444.70	1089	£583.30	1426	£498.30	1157	£454.00	1206	£381.20	991 ^a
UK	£574.30	1453	£478.60	1187	£631.10	1554	£521.20	1250	£485.50	1288	£412.00	1091
TWCR % of UK	87.0%	86.4%	88.0%	88.3%	85.2%	83.8%	88.0%	87.9%	91.4%	91.8%	90.4%	89.8%
T&W % of UK	88.4%	87.8%	90.5%	90.6%	86.2%	84.7%	89.5%	88.8%	93.8%	94.5%	94.4%	93.1%
LCR % of UK	90.8%	90.9%	92.5%	92.7%	90.7%	90.2%	94.2%	93.7%	91.6%	92.5%	91.3%	91.2%

Source: Annual Survey of Hours and Earnings 2008 (Tables 7.1a and 7.6a) and Specially Requested from ONS

¹⁰ Note: Earnings by occupation are given in Appendix 2 for TWCR, LCR, UK, the North East Region, Tyne & Wear, West Yorkshire, plus others.

¹¹ Annual average earnings given here are calculated by multiplying weekly average earnings by 52 weeks. In some instances this can result in sizeable differences from the annual figures provided in ASHE. For the figures presented here, the ASHE annual figure for TWCR (M&W) is £240pa lower than the weekly average multiplied by 52 weeks, but for the UK, it is £1,460pa higher.

In Tyne & Wear, the earnings gap (from the UK) was very similar to TWCR's for full-time employees (11.6%) and for men (13.8%), but was much lower for women at 6.2%. In LCR, the earnings gaps were lower for all categories, but particularly men; at 9.2% for all FT employees, 9.3% for men (over 5.5pp smaller than in TWCR) and 8.4% for women. Earnings in LCR were 4.2% higher than in TWCR; for men 6.1% higher and for women 0.2% higher.

In TWCR, average annual earnings were £27,950 for men and £23,080 for women. TWCR is marginally lower than TW (£28,280 for men, £23,670 for women). TWCR men earn about £1,800 less than in LCR (£29,770 for men, £23,120 for women) and West Yorkshire (£29,620 for men, £22,990 for women).

In the North East, average weekly earnings were lower than in the UK; men's earnings were £95.40 lower, and women's earnings were £54.00 lower. Tyne & Wear women's weekly earnings were £23.70 *higher* than in the North East. Tyne & Wear men's were £8.10 higher. In the CR, men's earnings were £1.70 higher and women's were £12.30 higher than regional earnings.

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 £4,000pa lower than the average in both TWCR and Tyne & Wear.

In 2008, the median full-time employee in TWCR earned £421.10 per week (£21,900 pa) [£4,070 less than the average] (Table 2.1). Men's median earnings were £458.90 per week (£23,860 pa) [£4,080 less than the average]. Women's median earnings were £372.40 per week (£19,360 pa) [£3,710 less than the average].

In TWCR, men and women earn more in the conurbation than in the RoCR. In contrast, in LCR men's and women's earnings were higher in the RoLCR than in West Yorkshire.

TWCR has a relative lack of high earners. Compared with the UK, TWCR's median (as a % ratio of UK) for men & women is 1.0 percentage points higher (88.0%) than the ratio of averages (87.0%). This effect applies particularly to men in TWCR (median 88.0%, average 85.2%; the average has a 2.8pp lower ratio to UK). Conversely, for women in Tyne & Wear, there are [proportionately] more high-paid women than in the UK (median 90.4%, average 91.4%, average 1.0pp higher).

Compared to LCR, median earnings in TWCR were 4.9% (over £1,130) lower; 6.5% for men and 1.0% for women.

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.

In 2008, the average part-time employee in TWCR earned 928p per hour. This is 8.8% less than the UK (1017p) (Table 3.1). Part-time men employees earn 1101p per hour, which is 3.0% less than the UK (1135p). TWCR part-time women employees earn 887p per hour, which is 9.9% less than the UK (985p).

Overall, TWCR part-time earnings are slightly lower than LCR by 3.9% and for women 5.5% lower. However, for men, part-time earnings are higher by 3.6% in TWCR than LCR.

In Tyne & Wear, the average part-time employee earned 920p per hour. This is 9.5% less than the UK (1017p). Part-time men employees earn 1049p per hour, which is 7.6% less than the UK (1135p). Tyne & Wear part-time women employees earn 888p an hour, which is 9.8% less than UK (985p).

Table 3.1: Comparison of average earnings of part-time and full-time employees on adult rates* (2008)

	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
Tyne & Wear City Region	928	1101 ^a	887	715	726 ^a	705	1255	1303	1182	1048	1099	980
Tyne & Wear	920	1049 ^a	888	735	727 ^a	736	1276	1316	1217	1075	1110	1016
North East	922	1121 ^a	876	697	727 ^a	692	1237	1293	1147	1042	1103	967
Leeds City Region	966	1063 ^a	939	708	684	715	1321	1402	1191	1100	1171	995
West Yorkshire	947	953 ^a	945	706	679	716	1315	1396	1187	1101	1174	996
UK	1017	1135	985	749	726	751	1453	1554	1288	1187	1250	1091
TWCR % of UK	91.2%	97.0%	90.1%	95.5%	100.0%	93.9%	86.4%	83.8%	91.8%	88.3%	87.9%	89.8%
T&W % of UK	90.5%	92.4%	90.2%	98.1%	100.1%	98.0%	87.8%	84.7%	94.5%	90.6%	88.8%	93.1%
LCR % of UK	95.0%	93.7%	95.3%	94.5%	94.2%	95.2%	90.9%	90.2%	92.5%	92.7%	93.7%	91.2%

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

* Excluding overtime

Source: Annual Survey of Hours and Earnings 2008 (Table 7.6a) and Specially Requested from ONS, with TWRI calculations

In TWCR, average hourly earnings for part-time employees (928p) are 26% less than the equivalent for full-time employees (1255p). The vast 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 (1135p) are 15% greater than women's (985p) (Table 3.1). This is a pattern seen across all earnings included in ASHE (see §2 for full-time average weekly earnings).

A report published by the Royal Economic Society¹² states that part-time women earn 25% less than their full-time women counterparts in Great Britain. [These ASHE 2008 data in this TWRI report, also show that, in the UK, in hourly pay, women part-timers (985p) earn around 24% less than women full-timers (1288p)].

For all part-time employees, hourly earnings are lowest in Tyne & Wear at 920p. The next lowest are earnings in the North East, at 922p. Part-time earnings in Tyne & Wear are 2.9% lower than in West Yorkshire (947p).

¹² The Part-time Pay Penalty Report by Alan Manning and Barbara Petrongolo is published in *The Economic Journal* vol. 118(526), pages F28-F51, 02.

Men and women's hourly earnings are more compressed with top earners (top decile) in TWCR (1597p) compared to the UK (1862p) (Table 3.2). Bottom decile earnings are generally at NMW (552p as at October 2007 and 573p as at October 2008). In TWCR in 2008, the ratio of median hourly part-time earnings (715p) to top hourly part-time earnings (1597p) for men and women, at 44.8%, was higher than in LCR, at 39.7%.

Table 3.2: Distribution of gross hourly earnings, part-time (pence per hour) (2008)

	Tyne & Wear City Region	Tyne & Wear	North East	Leeds City Region	West Yorkshire	UK
Men & Women						
Top decile	1597 ^b	x	1585 ^b	1784 ^b	1789 ^b	1862
Bottom decile	552	552	552	552	552	552
Men						
Top decile	x	x	x	x	x	2359
Bottom decile	552	552	552	552	552	552
Women						
Top decile	1509 ^b	x	1490 ^b	1632 ^b	1730 ^b	1745
Bottom decile	552	552	552	553	552	554

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

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

Source: Annual Survey of Hours and Earnings 2008 (Table 7.6a) and Specially Requested from ONS

Table 3.3 gives hourly pay from ASHE for the UK, the North East, TWCR, Tyne & Wear plus the constituent parts of TWCR. The table shows cumulative percentages earning below each threshold. The proportions earning under £5.73/hr (NMW) are over 21.9% of part-time men (UK 21.9%) and 20.9% of part-time women (UK 15.7%). For men, the proportions in Tyne & Wear are higher at 24.3% and for women the proportions are higher in Northumberland 4, at 30.7%.

The proportions earning over £10/hr are 29.6 % of part-time men in TWCR, 30.4% in Tyne & Wear, 30.9% in the North East, and 32.3% in the UK. Women part-timers earning over £10/hr are around 22.8% in TWCR, 22.7% in Tyne & Wear, 21.7% in the North East and 28.2% in the UK.

Table 3.3: Distribution of part-time hourly earnings [% earning under:] (2008)

	£5.52	£5.73	£6.00	£6.50	£7.00	£7.50	£8.00	£10.00	£12.00	£14.00	£16.00	£18.00	£20.00
Tyne & Wear City Region													
Men	x	21.9 ^b	27.9 ^b	40.8 ^a	47.7 ^a	51.9 ^a	57.1 ^a	70.4 ^a	75.5	80.2	85.0	86.5	87.8
Women	6.6 ^b	20.9 ^a	26.1 ^a	41.3	48.8	54.8	60.4	77.2	84.9	88.5	91.5	93.9	95.8
Tyne & Wear													
Men	x	24.3 ^b	30.1 ^b	42.2 ^b	49.9 ^a	51.7 ^a	56.3 ^a	69.6 ^a	77.0 ^a	80.1	83.9	85.5	87.5
Women	x	17.8 ^b	22.9 ^a	37.2 ^a	46.1 ^a	52.6	57.5	77.3	86.3	90.0	92.7	95.0	97.0
Rest of City Region													
Men	x	x	x	42.9 ^b	47.3 ^b	52.8 ^b	57.8 ^b	73.0 ^a	75.3 ^a	82.8 ^a	87.7 ^a	87.7 ^a	87.7 ^a
Women	x	28.1 ^b	33.8 ^a	50.8 ^a	58.2 ^a	61.4 ^a	68.2	78.8	83.5	87.1	90.9	92.5	93.0
Durham 4													
Men	x	x	x	47.3 ^b	53.2 ^b	58.5 ^b	67.5 ^b	76.6 ^b	80.7 ^b	85.5 ^a	91.8 ^a	91.8 ^a	91.8 ^a
Women	x	x	31.3 ^b	47.6 ^b	53.6 ^b	58.2 ^a	64.6 ^a	75.9 ^a	84.2 ^a	88.6	94.4	97.3	97.3
Northumber- land 4													
Men	x	x	x	x	x	x	x	68.6 ^b	68.6 ^b	79.5 ^b	82.8 ^a	82.8 ^a	82.8 ^a
Women	x	30.7 ^b	35.3 ^b	52.8 ^a	60.9 ^a	63.3 ^a	70.3 ^a	80.5	83.2	86.1	88.8	89.7	90.4
North East													
Men	x	23.5 ^b	28.5 ^a	41.1 ^a	47.7 ^a	51.5 ^a	55.6 ^a	69.1	75.5	79.7	84.0	85.5	87.0
Women	6.5 ^b	22.4 ^a	28.6	43.3	51.5	57.2	62.9	78.3	85.5	88.9	91.8	94.1	96.1
UK													
Men	8.4	21.9	27.8	39.2	46.6	52.0	56.5	67.7	74.3	78.3	81.5	84.4	86.3
Women	5.2	15.7	21.5	33.8	42.7	49.4	55.8	71.8	79.6	84.4	87.7	90.8	93.1

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

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

x Unreliable

Source: Annual Survey of Hours and Earnings 2008 (Specially Requested from ONS).

Note: these data only include people on adult rates.

4 LOW PAY AND DISTRIBUTION OF EARNINGS

§ Low pay for *full-timers* (under £250pw or £13,000pa)¹³ in Tyne & Wear and TWCR [perhaps surprisingly] is the same as in the UK (8.1%) but is more prevalent in the North East (9.1%), LCR and West Yorkshire (both 9.0%) (Table 4.1):

§ In TWCR, 5.6% of men and 11.8% of women (UK 5.5% and 12.1% respectively) earn under £250pw

§ This compares to 6.0% of men and 13.6% of women in LCR

§ TW actually has slightly less prevalent low pay for women than in West Yorkshire and LCR [possibly connected to a higher public sector share of employment in Tyne & Wear].

§ In Tyne & Wear, 6.1% of men and 10.8% of women earn under £250pw

§ This compares to 5.7% of men and 13.8% of women in West Yorkshire

Table 4.1: Distribution of gross full-time weekly earnings [% earning under:] (2008)

	Tyne & Wear City Region	Tyne & Wear	North East	Leeds City Region	West Yorkshire	UK
Men & Women						
Top decile	£796.70 ^a	£809.60 ^a	£796.20	£842.90 ^a	£830.50 ^a	£946.80
Bottom decile	£258.20	£258.70	£254.10	£254.30	£254.60	£261.80
% earning under:						
£250	8.1 ^a	8.1 ^a	9.1 ^a	9.0	9.0 ^a	8.1
£350	33.9	32.5	34.6	31.5	31.6	27.4
£460	56.4	54.6	56.6	52.8	52.9	47.4
Men						
Top decile	£862.30 ^a	£870.00 ^a	£854.10 ^a	£930.70 ^a	£922.00 ^a	£1,054.10
Bottom decile	£273.10	£272.20	£270.80	£275.20	£275.20	£283.00
% earning under:						
£250	5.6 ^b	6.1 ^b	6.1 ^a	6.0 ^a	5.7 ^a	5.5
£350	28.2	26.8 ^a	28.0	23.6	23.7	21.2
£460	50.3	49.0	49.7	44.6	44.4	40.4
Women						
Top decile	£715.40 ^a	£730.60 ^a	£709.10 ^a	£713.90 ^a	£702.30 ^a	£776.20
Bottom decile	£241.40	£246.70	£236.10	£234.70	£234.50	£240.50
% earning under:						
£250	11.8 ^a	10.8 ^b	13.6 ^a	13.6 ^a	13.8 ^a	12.1
£350	42.3	40.4	44.7	43.3	43.4	37.1
£460	65.2	62.5	67.0	65.2	65.8	58.3

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

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

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

x Unreliable

Source: Annual Survey of Hours and Earnings 2008 (Tables 7.1a) and Specially Requested from ONS.

The distribution of overall earnings were least dispersed in TWCR than in any of the other areas examined and also than in the UK. Earnings were most dispersed in LCR.

§ In 2008, the top decile (10%) of men in TWCR earned 61% more than men's average earnings (TW 60%, NE 59%, LCR 63%, WY 62% and UK 67%).

¹³ The NMW equates to about £11,900pa assuming a 40 hour week.

§ In 2008, the lowest decile of men in TWCR earned 49% less than men's average earnings (TW and NE 50%, LCR and WY 52% and UK 55%).

The top 10% of men in TWCR earned £862.30pw [nearly £44,900pa] (LCR £930.70pw). The bottom 10% of men in TWCR earned £273.10pw [under £14,200pa] (LCR £275.20pw).

The top 10% of men in TW earned £870.00pw [around £45,200pa] (WY £922.00pw). The bottom 10% of men in TW earned £272.20pw [over £14,100pa] (WY £275.20pw).

Women's earnings show:

§ In 2008 the top decile of women in TWCR earned 61% more than women's average earnings (TW 61%, NE 64%, LCR 61%, WY 59% and UK 60%).

§ In 2008 the bottom decile of women in TWCR earned 46% less than women's average earnings (TW 46%, NE 45%, LCR 47%, WY 47% and UK 51%).

The top 10% of women in TWCR earned over £715.40pw [£37,200pa] (LCR £713.90pw). The bottom 10% of women earned under £241.40pw [under £12,600pa] (LCR £234.70pw).

The top 10% of women in TW earned £730.60pw [nearly £38,000pa] (WY £702.30pw). The bottom 10% of women earned under £246.70pw [under £12,800pa] (WY £234.50pw).

1.1% of men in the UK and 1.5% of women earn less than £5.52/hr. [These might be 18-21 year-olds on or around the lower NMW for this age-band.] (Table 4.2) [Data for men and women earning less than £5.52/hr have been suppressed for all areas below national-level.]

Table 4.2: Distribution of full-time earnings [% earning under:] (2008)

	Tyne & Wear City Region		Tyne & Wear		Rest of City Region		Durham 4		Northumberland 4		North East		UK	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Weekly Earnings														
£175	x	x	x	x	x	x	x	0.0	x	x	x	x	0.4 ^a	0.7 ^a
£200	x	3.0 ^b	x	x	x	x	x	x	x	x	x	3.5 ^b	0.9	2.6
£220	x	5.1 ^b	x	5.2 ^b	x	x	x	x	x	x	2.2 ^b	6.5 ^b	2.1	5.5
£250	5.6 ^b	11.8 ^a	6.1 ^b	10.8 ^b	x	15.0 ^b	x	x	x	x	6.1 ^a	13.6 ^a	5.5	12.1
£290	13.5 ^a	24.4 ^a	12.8 ^a	23.0 ^a	14.9 ^b	29.5 ^b	16.8 ^b	28.3 ^b	x	31.1 ^b	14.0 ^a	26.3	11.2	21.9
£310	17.9 ^a	32.1	17.2 ^a	31.2 ^a	19.5 ^b	36.7 ^a	22.5 ^b	38.7 ^b	x	33.8 ^b	18.3	33.7	14.5	27.0
Hourly Earnings														
£5.52	x	x	x	x	x	x	x	x	x	x	x	x	1.1	1.5
£5.73	2.6 ^b	5.1 ^b	x	5.0 ^b	x	x	x	x	x	x	2.8 ^b	5.7 ^b	2.6	4.2
£6.00	3.8 ^b	6.8 ^b	3.8 ^b	6.4 ^b	x	x	x	x	x	x	4.4 ^b	8.0 ^a	3.9	6.4
£6.50	8.0 ^a	10.4 ^a	6.9 ^b	10.3 ^b	9.3 ^b	13.3 ^b	x	x	x	x	8.6 ^a	12.0 ^a	7.1	11.3
£7.00	11.7 ^a	16.0 ^a	9.9 ^a	15.8 ^a	14.3 ^b	19.3 ^b	15.7 ^b	20.1 ^b	x	x	12.7 ^a	17.3 ^a	10.3	15.9
£7.50	15.4 ^a	20.8 ^a	13.9 ^a	20.1 ^a	17.3 ^b	26.0 ^b	18.7 ^b	26.6 ^b	x	25.1 ^b	16.4 ^a	22.9 ^a	13.7	20.5
£8.00	20.3 ^a	27.4 ^a	18.6 ^a	25.8 ^a	23.8 ^a	34.6 ^a	27.0 ^b	36.8 ^b	19.0 ^b	31.4 ^b	21.1	29.7	17.6	25.6

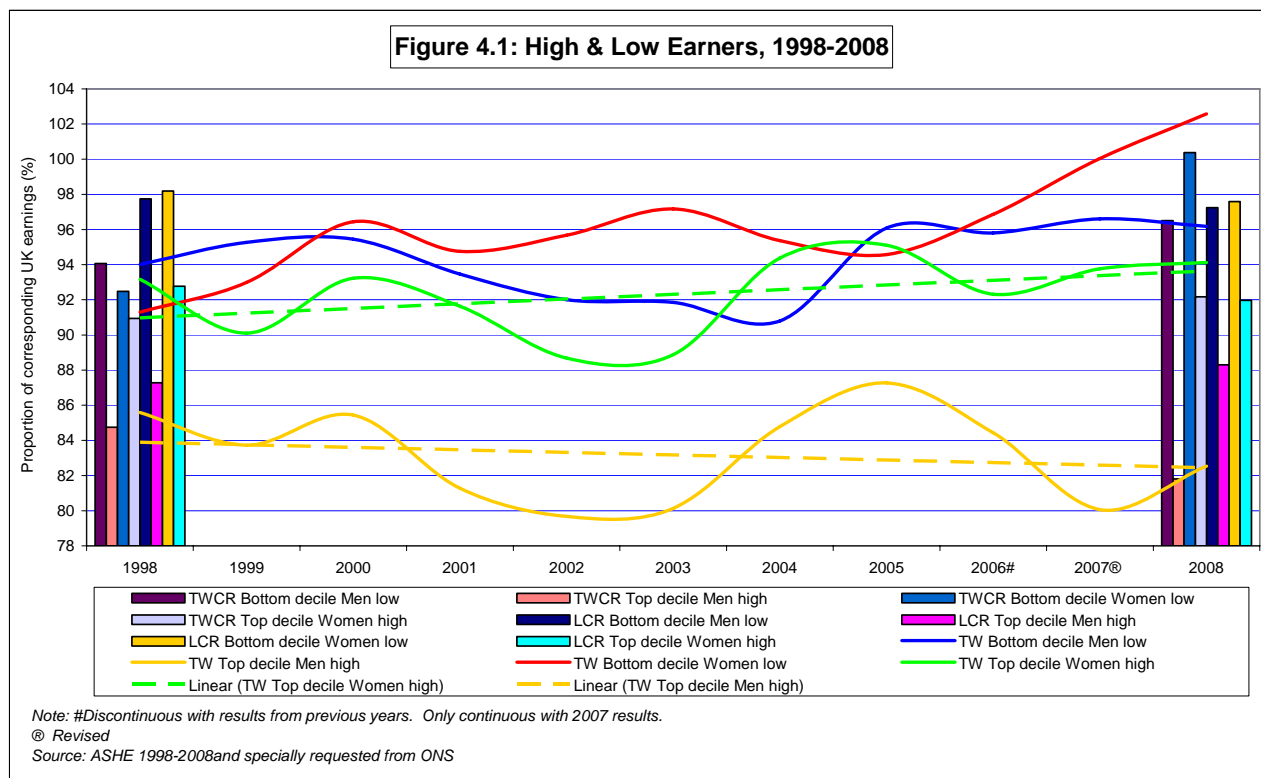
^a Reasonably precise, CV >5% and <=10%

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

x Unacceptable

Source: Annual Survey of Hours and Earnings 2008 (Specially Requested from ONS).

Over the decade to 2008, Tyne & Wear’s men’s top earnings have tended to drift down as a proportion of UK earnings, perhaps by about 1½% (Fig. 4.1, see trend marked as dashed lines)¹⁴. Top earnings for Tyne & Wear women have tended upwards as a proportion of UK earnings, by around 2½%.



4.1 The National Minimum Wage (NMW)

The proportion of employees earning below NMW in the North East *appears* to have fallen between 1998 and 2008, from 8.7% of employees [from LFS], to 1.2% [from ASHE] (Table 4.3). A firm conclusion cannot be drawn because of the change in sources.

Table 4.3: Employees earning below National Minimum Wage (NMW) 1998-2008

	1998		1999		2000		2001		2002		2003		2004		2005#		2006		2007		2008	
	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%	,000	%
North East	80	8.7%	...	...	...	...	...	...	...	...	...	...	19 ^a	1.9% ^a	16 ^b	1.6% ^b	15 ^b	1.5% ^b	16 ^b	1.5% ^b	13 ^b	1.2% ^b
UK	1,280	5.6%	490	2.1%	230	1.0%	240	1.0%	340	1.4%	250	1.0%	276	1.1%	308	1.2%	296	1.2%	296	1.1%	288	1.1%

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

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

... sample size too small for reliable estimate

The estimates for 2004 and later years are based on ASHE data only and so coefficients of variation are given for them and not for the estimates for previous years.

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

Source: ONS website - http://www.statistics.gov.uk/downloads/theme_labour/jobs_below.xls

¹⁴ TW’s men’s top earnings fell 3pp over the decade, while TW’s women’s top earnings fell 1pp (both relative to the UK).

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 statutory NMW was introduced on 1st April 1999 at £3.60/hr for people aged 22 and over. The table below shows the changes in NMW up to October 2008.

Statutory National Minimum Wage (NMW) (for 22 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
01 October 2007	£5.52/hr
01 October 2008	£5.73/hr
<i>Source: HM Revenue & Customs website</i>	

In the ten years since the introduction of the NMW, the number of jobs paid below the NMW has been monitored by ONS¹⁵. In 1998, a year before the NMW was introduced, nearly 1.3 million employee jobs in the UK (5.6%) were paid below the 1999 NMW rate, while in 2008 there were 288,000 (1.1%) paid below the NMW.

The impact of the NMW can be seen with the percentage of employees being paid below it falling from 5.6% to 2.1% in the year of its introduction. There was a further decrease in 2000, after which the percentage has remained broadly the same, at just over 1%.

¹⁵ Source: Office for National Statistics 'Ten Years of the National Minimum Wage'
http://www.statistics.gov.uk/cci/nugget_print.asp?ID=2163

