



EARNINGS IN TYNE & WEAR 2010

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

KEY POINTS

Earnings (from ASHE) are a high-quality ONS local economic indicator. This is because they are timely (from April this year) and from a decent sample size and consistent method. All the estimates presented in this note are for full-time employees who worked at workplaces in the geographical areas named¹.

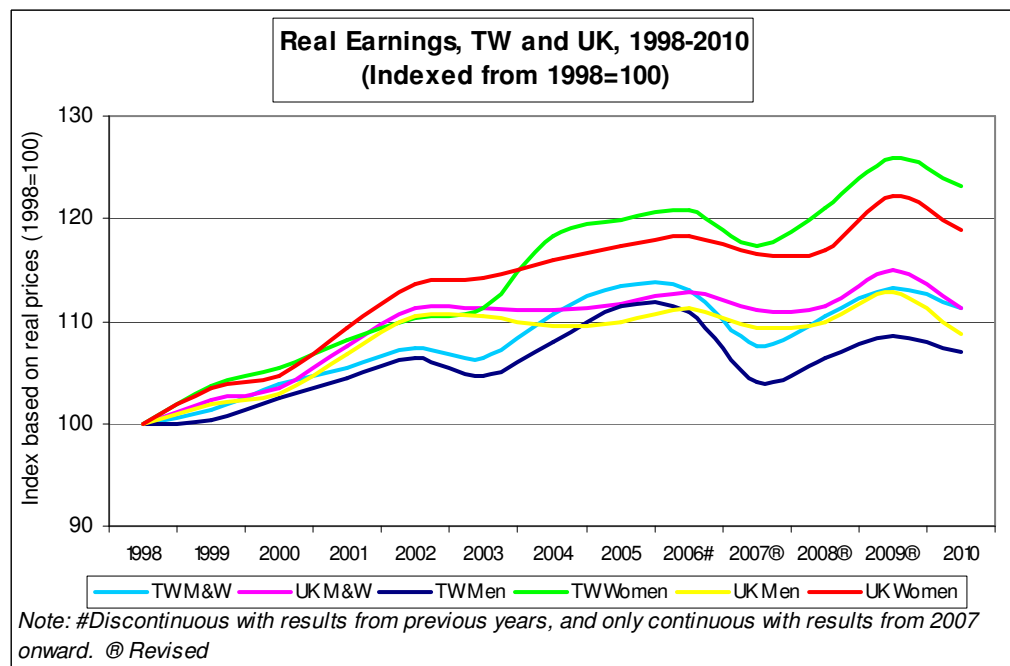
Earnings estimates have been released by ONS down to District-level. Due to the low statistical confidence of these estimates for Districts these will be reported in part of a forthcoming² TWRI knowledge Report called 'Earnings in Tyne & Wear 2010'.

The new ASHE (2010) data were issued on 8th December.

Real³ Earnings ...

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

- Real earnings growth over the dozen years to 2010 in Tyne & Wear was very similar to growth in the UK, at around 11% [compared to UK real GDP⁴ growth, of the order of 25%].
- For Tyne & Wear men, the estimate of overall average real earnings grew by only 7.0%, 1.8pp less than the 8.8% growth in the UK.
- Tyne & Wear women's real earnings have, in contrast to TW men, grown somewhat faster than in the UK; Tyne & Wear women's real earnings grew (23%) by about 4.3pp faster than in the UK.



¹ Estimates are also available from ONS for earnings of *residents*.

² Due in February 2011.

³ Earnings in real terms makes adjustments for price inflation, here as measured by the Retail Price Index (RPI). Real earnings have been calculated using the RPI (Retail Price Index) as the measure of inflation in the UK. Effectively they estimate the rise in average living standards for the vast majority of the people in work (employees full-time).

⁴ GDP is Gross Domestic Product; essentially the output of the whole economy.

Fluctuations in Real Earnings...

- Average Real earnings in Tyne & Wear have fluctuated over the 12-year period (e.g., dented by inflation at 4.5% in 2007)
- Tyne & Wear men's real earnings dipped in 2003 and fell about 5%⁵, over the 2 years 2006 and 2007. These falls in Tyne & Wear men's real earnings were followed by (smaller) growth in 2008 and 2009 before a small dip in 2010.
- Tyne & Wear women's average real earnings grew steadily to 2006, before dipping in 2007. Similar to men's real earnings, this was followed by growth in both 2008 and 2009 and a dip in 2010.
- In the latest year, 2009-10, nominal earnings rose by 1.9% in the UK, and 3.6% in Tyne & Wear. Thus, using the RPI for inflation⁶, real earnings fell by 3.3% in the UK and by 1.7% in Tyne & Wear.

Full-Time Earnings...

- **Average (mean) full-time earnings in Tyne & Wear now exceed £500 per week.** Full-time workers in Tyne & Wear on average earn around 11% less than workers in the UK. This level compares less favourably to West Yorkshire where earnings are only 9% below the UK. These percentage gaps have been broadly stable for a number of years.

Full-Time Median and Average (Mean) Earnings, 2010

	Median earnings	as % of UK	Average earnings	as % of UK
Tyne & Wear	452.7	90.8%	532.5	89.0%
North East	442.3	88.7%	520.2	86.9%
West Yorkshire	466.1	93.4%	546.4	91.3%
United Kingdom	498.8	100.0%	598.3	100.0%

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

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

⁶ 5.3%