

Income, Salaries and Wages

Northumberland 2013

Northumberland Knowledge Research Report

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1 Introduction

This report provides a summary of the latest income and earnings data available at local, regional and national level and gives an indication of salary levels by sector.

Information on household income, employer salaries, wages and earnings can be obtained from a number of different sources and can be analysed from a household, resident or employer perspective.

This report provides information from the following data sources:

Gross Disposable Household Income (GDHI) – Estimates of the amount of money that individuals in the household sector have available for spending or saving after income distribution measures such as taxes. Data is for regions, sub-regions and local areas but does not go below Northumberland County level.

CACI Paycheck – Estimates of household income at postcode level, based on government data sources, lifestyle surveys and guarantee card returns.

Annual Survey of Hours and Earnings (ASHE) – One of the largest surveys of the earnings of UK individuals, ASHE provides information about the levels, distribution and make-up of earnings and hours worked for employees in all industries and occupations. Data is supplied at former district, electoral district, county, regional and national levels and can be analysed on either a residence or workplace basis.

Sector Salary Surveys – Recruitment organisations and some membership bodies conduct annual salary surveys covering a range of sectors. The surveys tend to report at national level, but some contain regional variations.

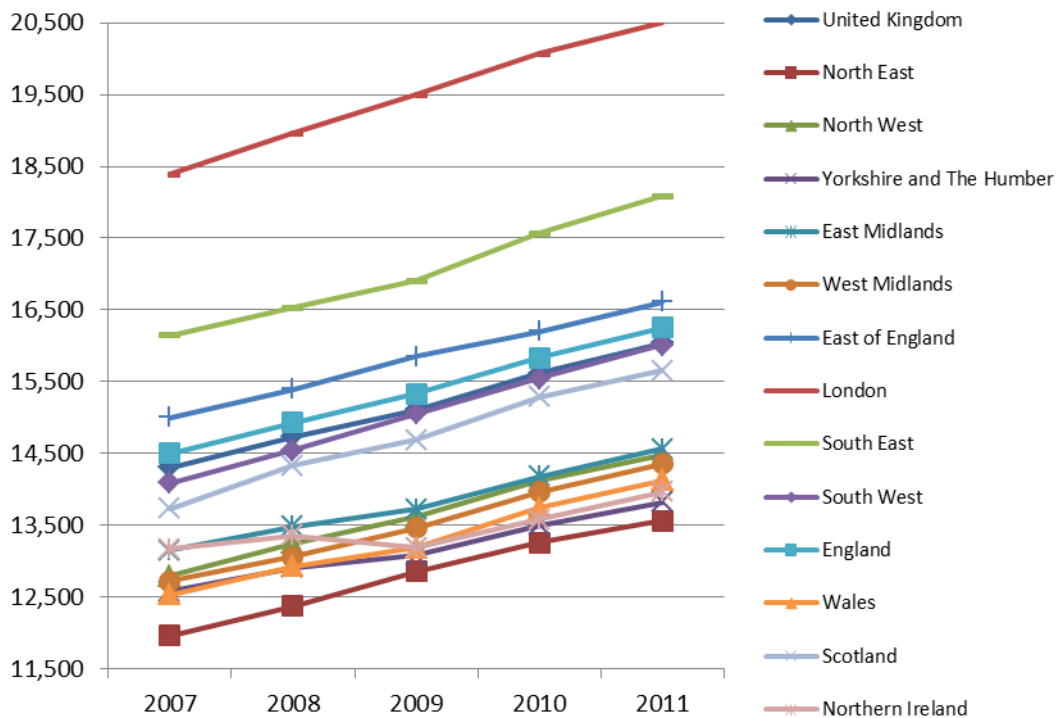
2 Household Income

Much research and policy is centred upon household income, consequently there are numerous data sources which attempt to quantify or estimate approximate levels of income for households and residents of the UK. Data at small geographical level is difficult to obtain and has large confidence intervals as the data has to be estimated from sample data.

Gross Disposable Household Income (GDHI) is the amount of money that individuals have available for spending and includes income from wages, salaries (including self-employment), pensions and property. It is a good indicator of economic well-being and is based upon where a person lives (household) as opposed to where they work. GDHI is not available below Northumberland County level. GDHI per head is influenced by productivity and labour market outcomes. Additionally, household income depends on public policy such as taxation and on sources of income apart from work including social transfers. The components of GDHI reflect these outcomes and give an insight into the differences in GDHI per head between and within regions.

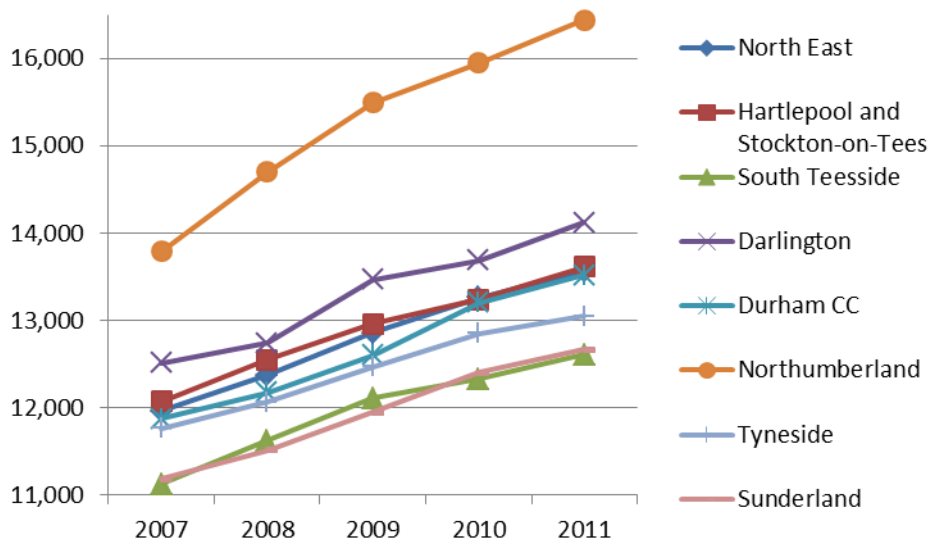
In 2011, the North East region had the lowest GDHI per head at £13,560. The UK average was £16,034 and the highest region was London at £20,509. The following chart illustrates the ranking of GDHI per head over the last 5 years; note the North East remained the lowest throughout this period.

Figure 1: Regional GDHI per Head (£) 2007-2011



Below regional level Northumberland's GDHI per head is actually the highest in the North East and above the national average at £16,443. The lowest in the North East LEP area is Sunderland at £12,667 and the lowest in the North East region as a whole is South Teesside at £12,605. The following chart illustrates changes over time in the last 5 years; Northumberland has remained significantly higher throughout this time.

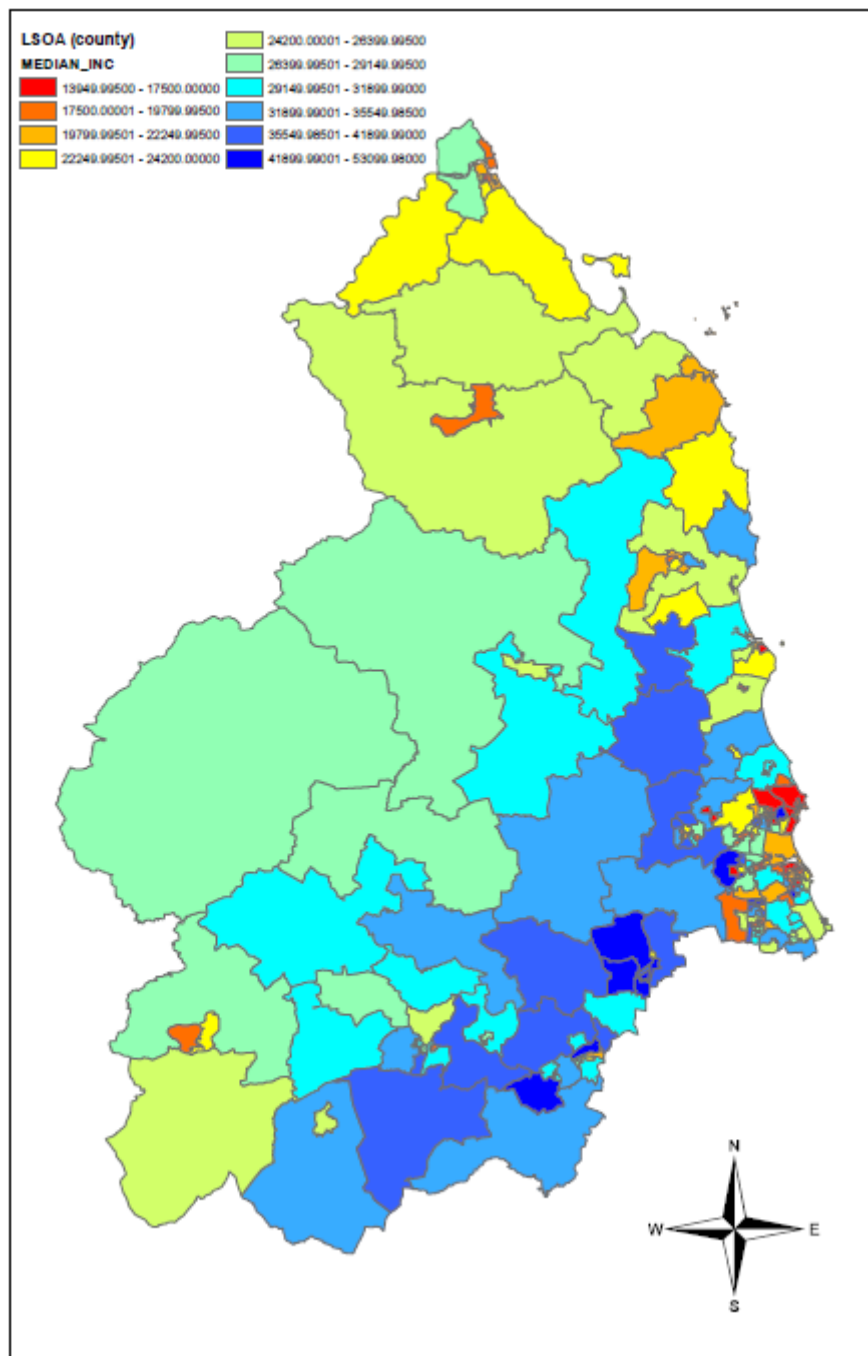
Figure 2: North East GDHI per Head (£) 2007-2011



Factors which may contribute to Northumberland's higher GDHI include commuting to work and relatively low unemployment rate when compared to other parts of the North East region. Examining incomes at County level obscures the more diverse local picture however.

CACI Paycheck provides one of the lowest geographical levels of household income estimates – at postcode level. Unfortunately the data license restricts publication of the data. For the purposes of this research report, the data has been re-worked to a higher geographical level (Wards) and grouped into income bands in order to give the best indication possible of income levels for smaller areas of Northumberland. It should be noted that, in published reports on income, median earnings, rather than the mean will generally be used. The median is the value below which 50% of employees fall. It is preferred over the mean for earnings data as it is influenced less by extreme values and the skewed distribution of earnings data. The following map illustrates the distribution of median incomes in the county.

Figure 3: Northumberland Median Income Level by Ward 2012



The pockets of red contain some of the lowest median incomes in the county, typically below £14k per household per annum. These are located in the following wards:

Amble East	Prior (Berwick)	Cowpen (Blyth)	Croft (Blyth)	Plessey (Blyth)
Chevington	Pegswood	Bedlington East	Bedlington West	College (Ashington)
Haydon (Ashington)	Hirst (Ashington)	Park (Ashington)	Newbiggin (Ashington)	

College Ward in Ashington is estimated to have the lowest median household income in the County.

The areas in dark blue contain some of the highest median incomes in the county, upwards of £41k per household per annum. These are located in the following wards:

Cramlington North	South Newsham (Blyth)	Ponteland North	Ponteland South
Ponteland East	Ponteland West	Prudhoe Castle	Stocksfield with Mickley
Bedlington West	Seaton		

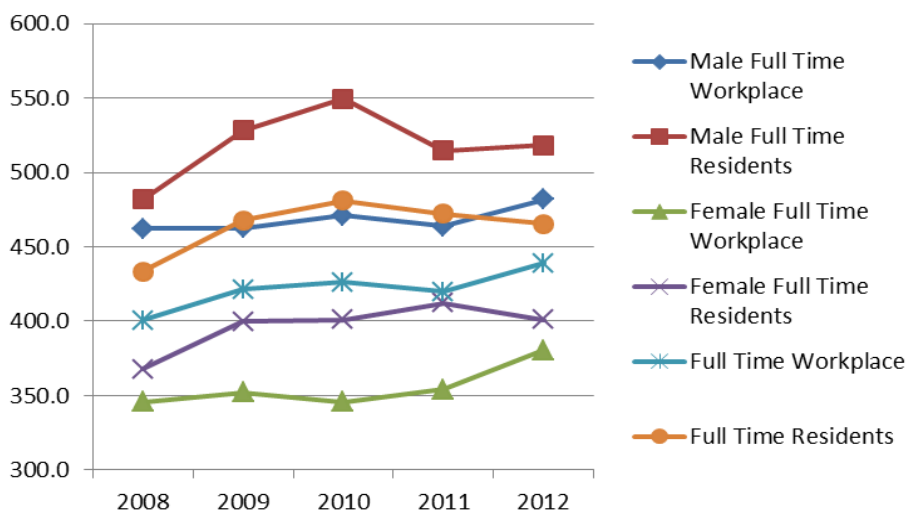
Cramlington North is estimated to have the highest median household income in the County.

3 Salaries and Wages

The Annual Survey of Hours and Earnings (ASHE) published by the Office for National Statistics (ONS) is based on analysis of 1% of employee jobs taken from HM Revenue and Customs PAYE records. Data can be analysed down to former District level. ASHE can provide an indication of how pay compares nationally, how salaries vary according to type of job, public versus private sector wages and how salaries have changed over time. Furthermore, at lower geographical level, analysis can be carried out based upon where a person lives (resident analysis) or where a person works (workplace analysis). ASHE is the ONS's most detailed and comprehensive source of earnings data.

Latest ASHE data (2012) indicates that a resident of Northumberland County will typically earn a median gross weekly salary of £465.20, irrespective of the location of their employers. An employer in Northumberland will typically pay a median gross weekly salary of £439.10. The following chart displays records from the last 5 years and shows the difference between typical male and female earnings during this time.

Figure 4: Northumberland Median Gross Weekly Salary 2008-12



Overall Northumberland’s residents’ salaries have declined most recently, from a peak of £481.10 in 2010 to £465.20 in 2012 (a fall of 3.3%). Although not as severe, this reflects the national picture of real wages declining after three decades of strong growth. According to the Office for National Statistics, earnings of UK employees are now back at roughly 2003 levels, which may be because of pay freezes for people who remain in the same job or it may reflect changes in the type of jobs people do as the economy adjusts following the economic shock of 2008-09 (Source: Regional Economic Analysis, ONS, April 2013).

Male residents in Northumberland have consistently earned the highest median gross weekly salary over the last 5 years ranging from £481.90 in 2008 to £518.30 in 2012 (an increase of just over 7.5%). Levels peaked in 2010 at £549.30.

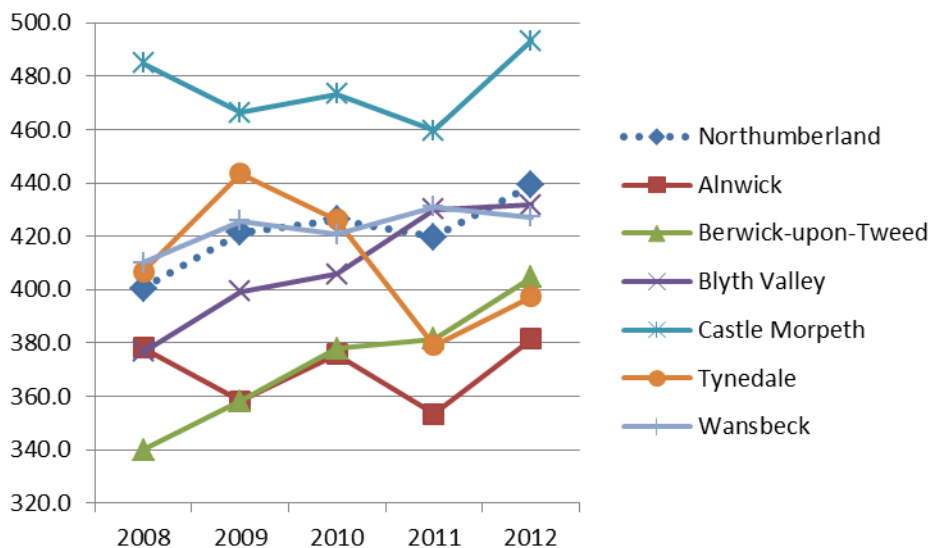
Females who work, but don’t necessarily live in Northumberland consistently earn the lowest median gross weekly salary, ranging from £345.60 in 2008 to £380.50 in 2012 (an increase of almost 10.1%).

The gender pay gap (which is the difference between men’s and women’s median hourly earnings as a percentage of men’s earnings) has reduced slightly, however it remains much higher than national averages. Nationally the pay gap for full-time workers has fallen below 10% for the first time in 15 years (ONS News Release, November 2012). Locally, the pay gap has fallen to just under 15% for those employed in Northumberland and just over 15% for those living in Northumberland. It has been said that at the current rate of change, women’s full-time pay will not equal men’s until 2040 (The Guardian, 22nd November 2012).

As already mentioned, ASHE is based on a sample dataset (1% of employee jobs taken from HM Revenue and Customs PAYE records) therefore analysis at low geographical levels becomes compromised by data quality. ONS does publish results at former district level, however these are subject to high coefficients of variation, therefore at best they can only be relied upon as indicators of the trends in these areas.

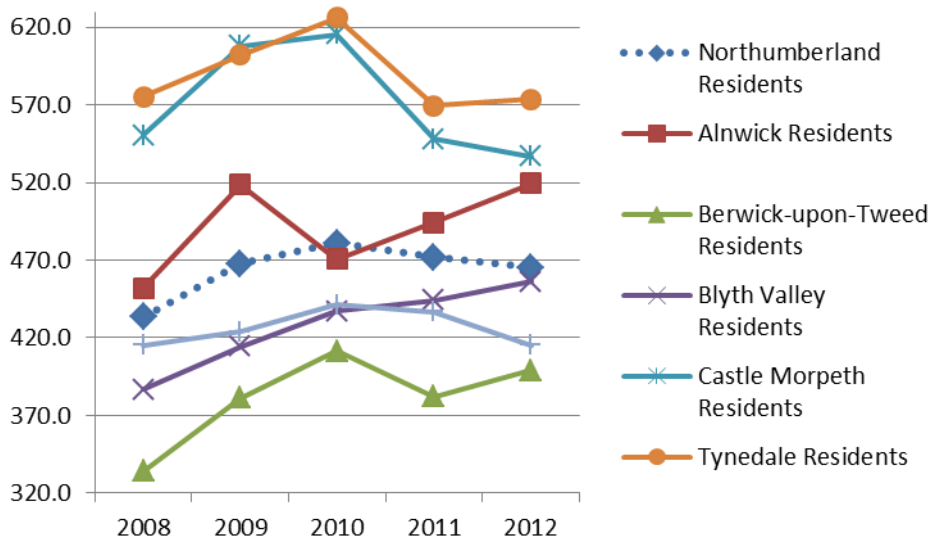
Figures 5 and 6 indicate the variation in salary levels within Northumberland.

Figure 5: Northumberland Former District Median Gross Weekly Salary (Workplace Based) 2008-12



Employers in the former district of Castle Morpeth have been estimated to award the highest median gross weekly salary levels in the County, peaking at £493 in 2012. Berwick-upon-Tweed has recently climbed from the bottom spot and has been replaced by Alnwick with the lowest median salary level of £382. Analysis on a resident basis gives a rather different overall picture however.

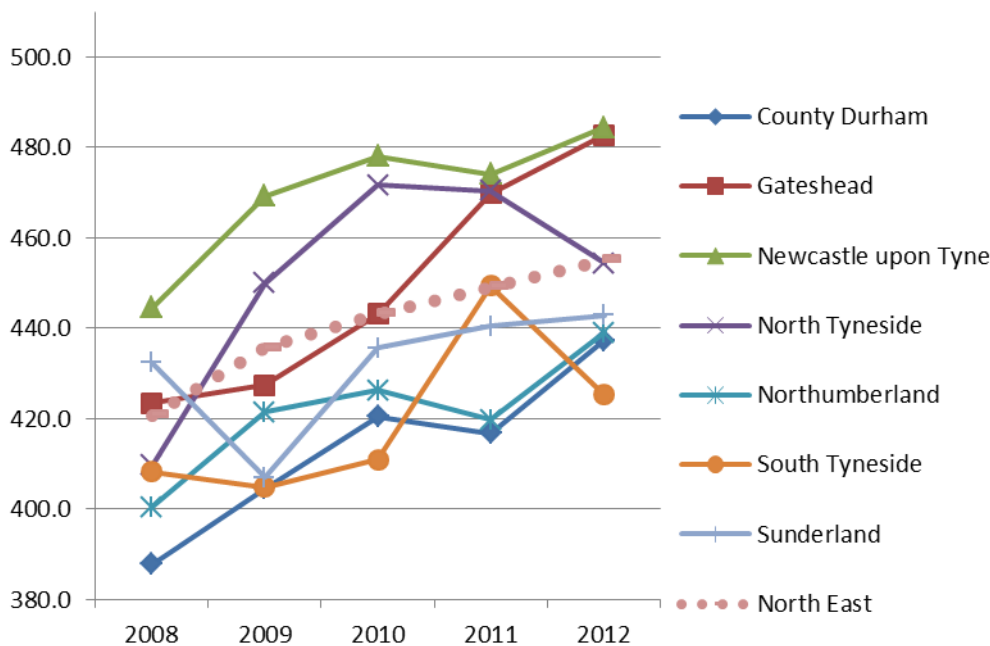
Figure 6: Northumberland Former District Median Gross Weekly Salary (Resident Based) 2008-12



It is estimated that residents of Tynedale have the highest median gross weekly salaries in the County, currently at £574. They peaked in 2010 at £626. Compare this with Tynedale’s workplaces, which are substantially lower. The residents of Berwick-upon-Tweed are estimated to have the lowest median gross weekly salaries, ranging from £334 in 2008 to £399 in 2012 (peaking at £411 in 2010).

To place Northumberland in context it is important to compare gross weekly salary levels across similar areas within the North East, hence the following two charts display the seven LEP authorities and how they compare with the regional average. As previously shown, when looking at smaller geographical areas it is useful to distinguish between the workplace and residence based analyses because people often cross administrative boundaries for employment – a fact which has significant impact particularly in more rural areas.

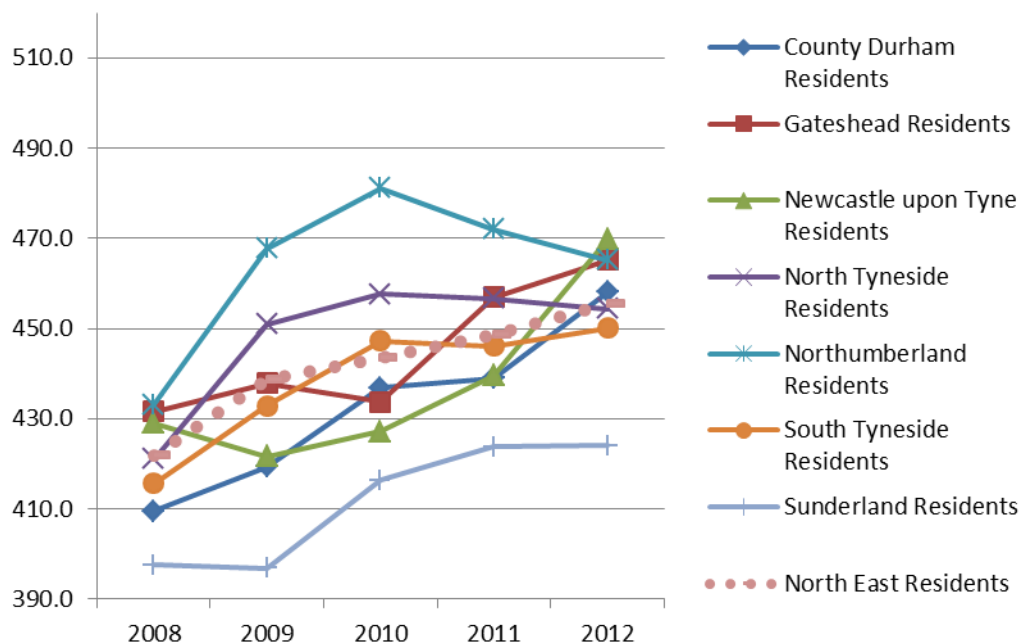
Figure 7: North East and NELEP Gross Weekly Salary (Workplace Based) 2008-12



From an employer perspective Northumberland remains substantially lower than the regional median, however County Durham and South Tyneside workplaces tend to have the lowest gross weekly salaries, most recently at £437 and £425 respectively.

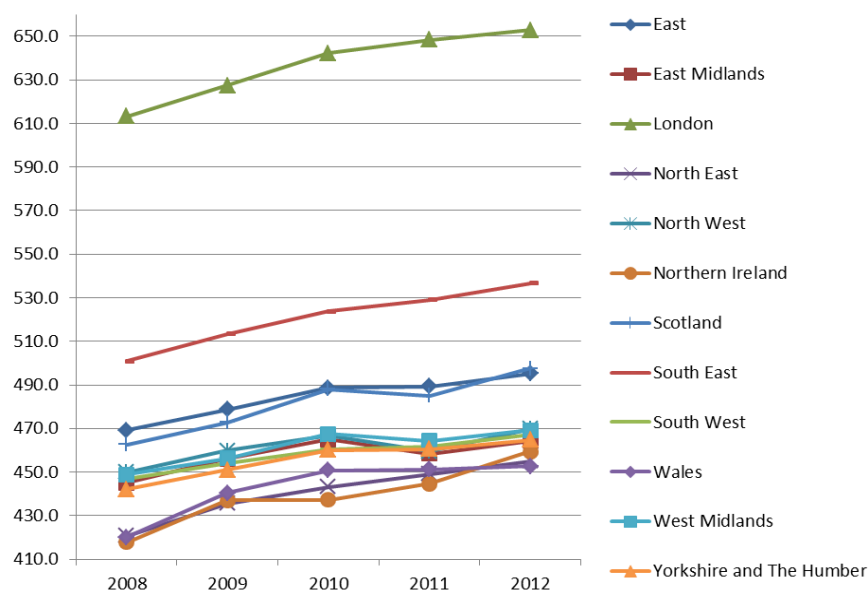
The picture is substantially different when viewed from a residents' perspective, reflecting the likelihood that Northumberland's residents travel to work in other parts of the region and possibly further afield.

Figure 8: North East and NELEP Gross Weekly Salary (Resident Based) 2008-12



The North East area of England has some of the lowest earnings in the Country, most recently at £455. Northern Ireland was consistently the lowest until 2012, when Wales fell to £453 (11% lower than the national median). The chart below illustrates the national picture on a workplace basis.

Figure 9: UK Median Gross Weekly Salary (Workplace Based) 2008-12



In addition to location, the type of job and the industry in which a person works also has significant impact on salary or wage levels. The ASHE sampling process means that occupation or industry breakdowns are only available at national levels. Although unavailable at lower geographical levels, this data can be combined with intelligence on Northumberland's employers from the Business Register and Employment Survey (BRES, ONS) to give an indication of the likely salary levels relating to those sectors present in the County or with the Annual Population Survey (APS, ONS) to give an indication of the number of residents in each occupation group in the County.

The following table, produced by combining ASHE national data and Northumberland specific BRES data from the same year, displays the earnings in major industry groups in the UK in 2012. BRES does not include agricultural labour data, which is significant to Northumberland's labour force, consequently figures have been supplemented with data from DEFRA's June Agricultural Survey (DEFRA 2012).

Figure 10: Median Full-Time Gross Weekly Earnings by Major Industry Group, UK 2012 and Northumberland Employees, BRES 2012

	£ per week UK	Employees Northumberland
All industries and services	506.0	101,500*
Agriculture, forestry and fishing	390.0	5,000*
Mining and quarrying	727.8	700
Manufacturing	515.9	11,200
Electricity, gas, steam and air conditioning supply	633.3	100
Water supply; sewerage, waste management and remediation activities	521.5	1,200
Construction	536.8	6,300
Wholesale and retail trade; repair of motor vehicles and motorcycles	397.3	14,600
Transportation and storage	515.0	3,600
Accommodation and food service activities	309.7	9,900
Information and Communication	677.4	2,100
Financial and insurance activities	639.5	1,100
Real estate activities	479.4	1,200
Professional, scientific and technical activities	616.3	5,100
Administrative and support service activities	402.5	4,100
Public administration and defence; compulsory social security	578.6	5,600
Education	560.3	8,800
Human health and social work activities	491.7	15,400
Arts, entertainment and recreation	402.5	3,600
Other service activities	440.8	1,900

*BRES 2012 and DEFRA June Agricultural Survey 2012

The mining and quarrying sector displays the highest median gross earnings at £728 per week. The lowest is the accommodation and food services sector at £310 per week. Northumberland's strongest sectors, in terms of number of employees tend to be those in the lower than average earnings bracket, i.e. Health (£491.7) which accounts for just over 15% of employees, Wholesale and Retail (£397.3) which accounts for just over 14% of employees, Accommodation (£309.7) which accounts for almost 10% of employees. Only Manufacturing (£515.9) pushes up this low earnings trend slightly for 11% of employees.

The next table, combining both ASHE national data and Northumberland APS statistics, gives an indication of the median salary levels earned in Northumberland by type of job.

Figure 11: Median Full-Time Gross Weekly Earnings by Major Occupation Group, UK 2012 and Northumberland Residents, APS 2012

	£ per week	Residents Northumberland
All employees	505.9	143,000
1 - Managers, directors and senior officials	738.4	15,700
2 - Professional occupations	694.3	23,300
3 - Associate professional and technical occupations	575.0	20,500
4 - Administrative and secretarial occupations	393.1	15,000
5 - Skilled trades occupations	465.7	14,600
6 - Caring, leisure and other service occupations	332.7	14,900
7 - Sales and customer service occupations	323.3	12,000
8 - Process, plant and machine operatives	426.4	9,000
9 - Elementary occupations	333.0	18,000

Northumberland's strongest Occupation group is Professional Occupations which has a national median full-time weekly salary level of £694.3 and accounts for just over 16% of residents' occupations. The highest earnings group was Managers, Directors and Senior Officials at £738, accounting for almost 11% of resident's occupations. Sales and Customer Service Occupations were the lowest paid major group at £323, which accounted for approximately 8% of resident's occupations.

The North East has a well-documented reliance on public sector employment and Northumberland has above average employment in the sector. The following table provides national median full-time gross weekly earnings by public and private sectors over the last 5 years from ASHE alongside figures from the APS showing number of persons employed in Northumberland's public sector and as a per-cent of all persons in employment.

Figure 12: Median Full-Time Gross Weekly Earnings by public and private sectors, UK 2008-12 and Northumberland Residents, APS 2008-12

Year	£ per week		Northumberland	
	Public sector	Private sector	Public sector	Private sector
2008	522.6	460.0	40,100 (28%)	103,300 (72%)
2009	538.4	464.0	40,100 (29%)	99,800 (71%)
2010	554.4	472.6	40,800 (30%)	95,100 (70%)
2011	555.9	476.2	42,100 (31%)	94,300 (69%)
2012	564.6	479.1	39,300 (27.5%)	103,500 (72.5%)

Median full-time gross weekly earnings in the public sector tend to be higher than those in the private sector. ONS points out that these differences in weekly earnings do not reveal differences in rates of pay for comparable jobs however because the composition of the public and private sectors is very different. ONS gives the example that "many of the lowest paid occupations, such as bar and restaurant staff, hairdressers, elementary sales occupations and cashiers, exist primarily in the private sector, while there are a large proportion of graduate-level and professional occupations in the public sector."

4 Sector Salary Surveys

In addition to the national datasets and surveys already discussed, recruitment organisations and some sectors carry out their own salary reviews which can provide a useful insight into salary levels for some of the key sectors in the County. Of particular interest and relevance to Northumberland at present would be information relating to the following areas:

- Advanced engineering
- Energy (oil, gas and renewables)
- Food and drink
- Healthcare, pharmaceuticals and life sciences
- Manufacturing.

For the purposes of this research report a small selection of recent salary surveys were chosen which best represent the aforementioned key areas within Northumberland, in addition to the wide-ranging retail sector which although dispersed, is a high volume employer in the county (see Figure 10 for an indication of employee numbers in Northumberland). Where possible, any regional variations were sought to provide a more accurate local picture.

Engineering and Manufacturing

Michael Page is a multi-sector recruitment company which conducts sector specific salary surveys. Their annual Engineering and Manufacturing salary survey provides an overview of the employment trends in the sector, market insight and salary levels. Regional trends in the sector are also highlighted; of particular note is the point that *“There are big discrepancies in salaries in the North East. Large companies remain competitive with regions but SMEs still tend to underpay compared with other local regions. There is still a strong desire to hire locally, rather than considering candidates who will relocate, maintaining lower salaries.”*

The survey highlights Technical Managers, Quality Engineers, Process Engineers and Design Engineers as being in particularly high demand. The following table summarises the key areas and salary ranges referred to in the Engineering and Manufacturing sector which cover the fields of Aeronautical, Automotive, Chemical, Energy, Food, General Manufacturing, Healthcare Devices and Pharmaceutical Bio-Tech. Obviously the ranges cover several levels, roles and responsibilities.

Figure 13: Engineering and Manufacturing Salary Ranges, Michael Page Salary Survey 2013

	SME	Large
Pre-Production	£20-80k	£20-100k
Production-Engineering	£25-70k	£35-100k
Production-Operations	£25-80k	£25-150k
Health, Safety and Environment	£25-60k	£30-65k
Executive	£70-110k	£80-180k

The survey can be found here in full: [2013 salary survey overview - Michael Page](#)

Food and Drink

The Food and Drink area can be reviewed from two different perspectives, manufacturing and hospitality. The former has already been highlighted as a component of the highly valuable manufacturing sector with roles covering salary ranges from £20k to in excess of £180k for the most senior positions of a large organisation. The latter, employs over 8 times as many people in Northumberland as the manufacturing aspect, therefore it is important to report the likely salary levels within the hospitality sector.

Recruitment agencies such as Caterer.com provide a 'salary checker' function detailing salary ranges and average salaries for various roles such as Pub Managers, Chefs, and Housekeepers etc. Berkeley Scott, which operates at the high-end hospitality market and represents boutique hotels and independent venues, published a salary survey based on operations in the first quarter of 2013 which gave some regional salary variations. The following table gives a flavour of the more prominent roles in this high turnover sector.

Figure 14: Food and Drink (Hospitality) Salary Ranges 2013

	UK-wide	North (High-end)
Hotel Manager	£25-42.5k	£24-45k
Pub Manager	£19-57.5k	£22-40k
Head Chef	£19-32.5k	£28-40k
Housekeeper	£19-25k	£15-28k
Head Waiter	£17-24.5k	£13-19k

The full Berkeley Scott survey is downloadable here: [2013 Hospitality & Leisure Salary Survey | Berkeley Scott](http://2013Hospitality&LeisureSalarySurvey|BerkeleyScott)

Pharmaceuticals

Clinical Professionals (www.clinicalprofessionals.co.uk) is a **pharmaceutical** research and development recruitment company which conducts an annual, on-line salary survey. The areas covered include clinical research, regulation, compliance, drug safety, medical information and biostatistics. Salary levels of those surveyed for the 2012/13 report ranged from £19.9k for an entry level junior clinical research associate to £80k+ for a senior biostatistics position with 10 or more years' experience. Pay satisfaction only really became dominant in respondents earning over £40k. Benefits received by respondents included annual bonus, car allowance, private medical cover and pension scheme. A helpful summary table is reproduced here:

Figure 15: Pharmaceutical Industry Salary Comparison, Clinical Professionals Salary Survey 2012/13

	1-3 Years	3-5 Years	5-10 Years	10+ Years
Clinical Research	£20-29.9k	£30-59.9k	£40-59.9k	£60-70k+
Regulatory Affairs	£20-29.9k	£30-40k	£40-59.9K	£60-70k+
Drug Safety	£20-29.9k	£30-59.9K	£40-59.9k	£60-70k+
Medical Information/Science Liaison	£40-59.9k	£40-60k	£60-70k	£60-70k
Health Economics/Market Access	£30-59.9k	£40-60k	£40-80k+	£80k+
Biostatistics	£30-39.9k	£40-60k	£60-69.9K	£70-80k+
Quality Assurance/Compliance	£20-29.9k	£20-39.9k	£39-39.9k	£40-60+

The full survey report can be found here: <http://www.clinicalprofessionals.co.uk/Pharmaceutical-Salary-Survey-2012-2013.pdf>

Executive Summary

In 2011, the North East region had the lowest GDHI per head at £13,560. The UK average was £16,034 and the highest region was London at £20,509. Northumberland's GDHI per head is actually the highest in the North East and above the national average at £16,443.

Northumberland's median income levels range from £13,950 to £53,100. College Ward in Ashington is estimated to have the lowest median household income in the County and Cramlington North is estimated to have the highest.

The Annual Survey of Hours and Earnings (ASHE) reveals that the North East area of England has some of the lowest median gross weekly earnings in the Country most recently at £455 (£24k per annum). The latest data (2012) indicates that a resident of Northumberland County will typically earn a median gross weekly salary of £465.20 (£24k pa), irrespective of the location of their employers. An employer in Northumberland will typically pay a median gross weekly salary of £439.10 (£23k pa). Overall Northumberland's residents' salaries have declined most recently, from a peak of £481.10 (£25k pa) in 2010 to £465.20 (£24k pa) in 2012 (a fall of 3.3%).

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The mining and quarrying sector displays the highest median gross earnings at £728 per week (£38k pa). The lowest is the accommodation and food services sector at £310 per week (£16k pa). Northumberland's strongest sectors, in terms of number of employees tend to be those in the lower than average earnings bracket, i.e. Health (£491.7) which accounts for just over 15% of employees, Wholesale and Retail (£397.3) which accounts for just over 14% of employees, Accommodation (£309.7) which accounts for almost 10% of employees. Only Manufacturing (£515.9) pushes up this low earnings trend slightly for 11% of employees.

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Salary Surveys show that the Engineering and Manufacturing sector awards salaries between £20k per annum and £180k per annum. The Food and Drink sector pays salaries between £15k per annum and £58k per annum (although this upper threshold falls to £45k in the North of the Country). The Pharmaceuticals sector administers salaries from around £20k per annum to over £80k per annum.