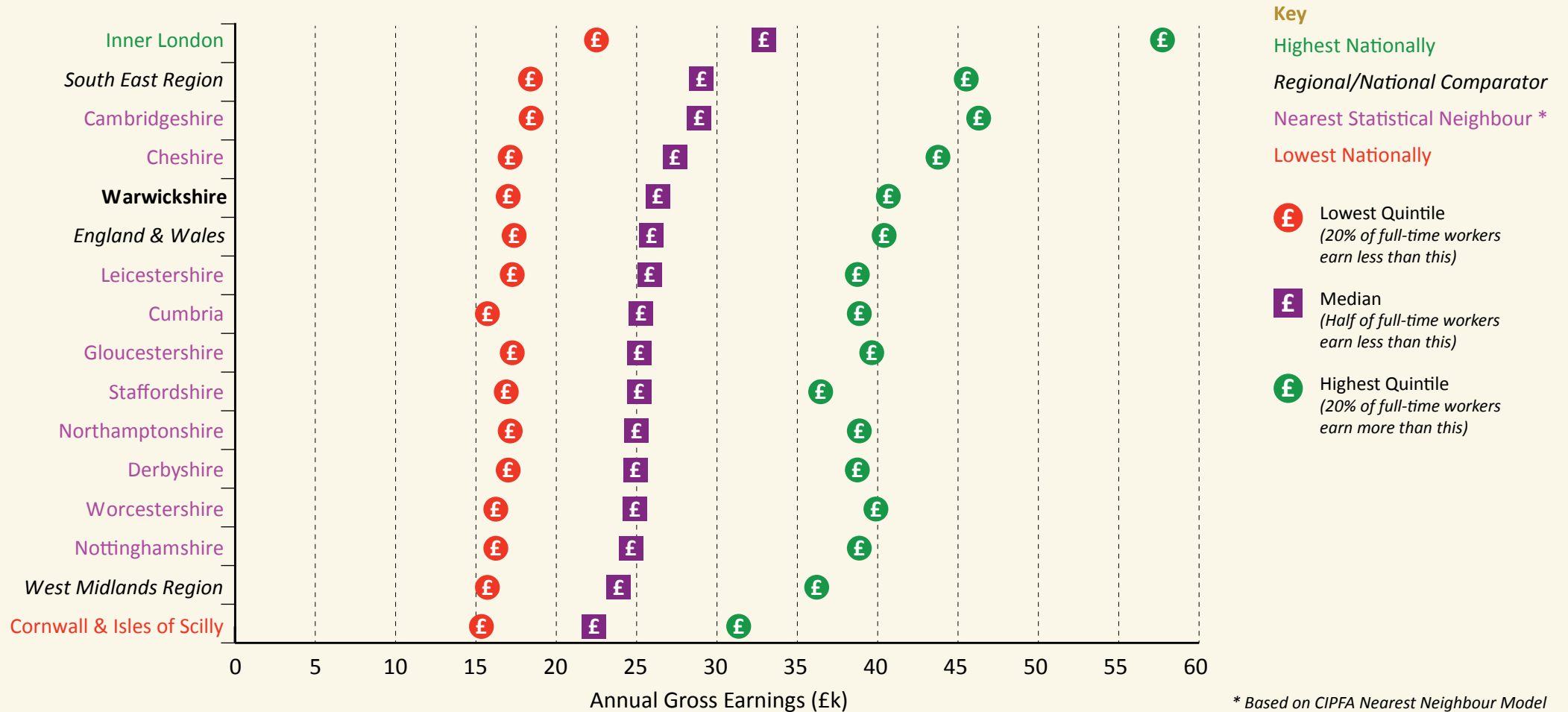


Income & Earnings

The real value of earnings has diminished during the past three years, as the cost of living has risen at a greater rate than income. This section brings together measures of both individual earnings and household incomes. The graphic below presents the annual gross earnings of full-time workers in Warwickshire in a national context.

AVERAGE ANNUAL EARNINGS, WARWICKSHIRE COMPARED WITH ELSEWHERE, 2010

Source: Annual Survey of Hours & Earnings



Earnings

Description

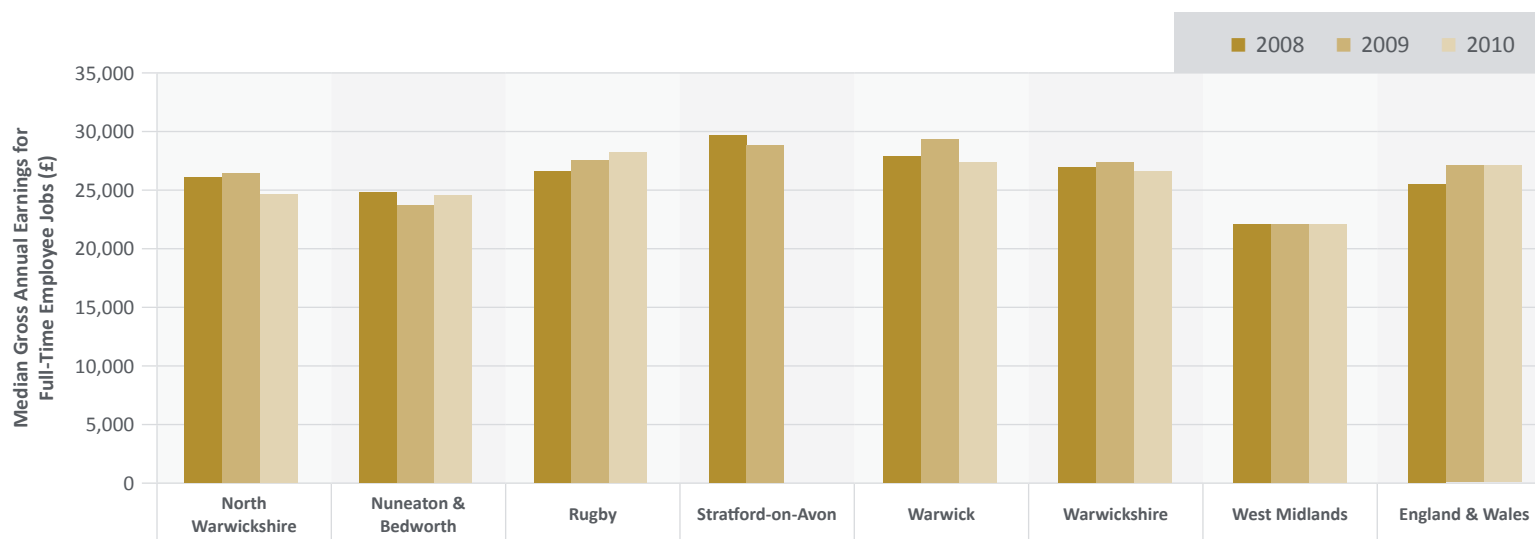
The Annual Survey of Hours and Earnings (ASHE) provides information about the earnings of employees living in an area, excluding the self-employed. The statistics presented here use the median (the value below which 50% of employees fall) rather than the mean. The median is less influenced by extreme values, particularly relevant here due to the skewed distribution of earnings data. The median indicates the amount earned by a 'typical' worker.

The ASHE collects data on earnings by both residence and workplace. Residence-based earnings figures for Warwickshire include the earnings of all Warwickshire residents irrespective of whether they work outside the county. Workplace-based earnings data represent the wages of those working in the county, whether they live in the county or outside, and reflect the profile of the types of jobs in the area rather than the jobs held by its residents.

Performance

The median gross annual earnings (before tax, national insurance or other deductions) for a full-time worker living in Warwickshire were £26,277 in 2010, which is a small decrease from £26,693 in 2009. However, in England & Wales, median earnings have increased by £94 since 2009 to £26,094. This means that earnings in Warwickshire are now just £183 above the national median; narrowing the gap by £510, compared to 2009. Median earnings have also decreased regionally since 2009, but by a smaller amount (£40), meaning that Warwickshire now has earnings £2,375 above the regional median, compared to £2,751 in 2009. Earnings in the most affluent area of the country, the South East, have continued to increase, to £28,792, suggesting that the gap between the West Midlands and the South East continues to widen.

Figure 4.1: Average earnings (by borough/district of residence), 2008-2010



Source: Annual Survey of Hours and Earnings 2010 (ASHE), National Statistics (www.statistics.gov.uk) © Crown Copyright 2010

Notes: Smaller sample sizes mean estimates of earnings at local authority district level need to be treated with caution. The estimate of earnings for Stratford-on-Avon in 2010 was suppressed, due to being statistically unreliable

Earnings

Within Warwickshire, earnings estimates for 2010 were available for all boroughs and districts except Stratford-on-Avon, due to the data being statistically unreliable. Bearing this in mind, the residents of Rugby Borough have the highest earnings levels in 2010 at £27,695. This is £810 more than in 2009, which also means that Rugby is the most improved of the boroughs and districts over this 12 month period. The residents of Nuneaton & Bedworth Borough have the lowest earning levels at £24,833, although this does represent an increase of £610 since 2009. In the previous year, Warwick District had the highest earning levels, but in 2010 the district saw a £2,117 decrease in median earnings, reducing earning levels to £26,536, which is the principal cause of the reduction in the county earnings levels.

The differences between workplace-based and residence-based wages reflect the mobility of better-qualified people. People living in Warwickshire tend to earn more than people who only work in the county, but this inequality has reduced since 2009 (£650 more in 2010, compared to £1,272 more in 2009). People who live in Coventry and Solihull tend to earn less than people who work there (by an average of £1,928 and £100 respectively). This difference has continued to decrease since 2009, when those living in Coventry and Solihull earned an average of £1,779 and £930 less than those working there.

Figure 4.3 shows typical earnings at a borough and district level, where data was available. Nuneaton & Bedworth Borough has the lowest workplace-based earnings (£23,257) and Rugby Borough has the highest (£27,339). The relatively small sample sizes used in this survey make analysis at the local authority borough and district level difficult, as small sample sizes can lead to sizeable statistical variation in results. However, differences between the boroughs and districts in terms of workplace earnings can be partially explained by differences in the types of jobs which are found in each local authority. Areas dominated by distribution and manufacturing sectors tend to have lower workplace earnings than those with higher proportions of knowledge intensive service enterprises.

Although Warwickshire has seen a 0.8% increase over the past year in its workplace-based earnings, this masks significant variation at borough and district level. Warwick District has seen a 4.4% fall in its workplace-based earnings and a 7.4% fall in its residence-based earnings from 2009 to 2010. Warwickshire residents have seen a 1.6% fall in earnings but again this varies from a 7.4% fall in Warwick District to a 3.2% increase in earnings in Rugby Borough.

Figure 4.2: Comparison of workplace-based and residence-based earnings, 2010

	Workplace-based Earnings (£)	Residence-based Earnings (£)	Difference (£)
Warwickshire	25,627	26,277	+650
Coventry	25,253	23,325	-1,928
Solihull	28,306	28,206	-100
West Midlands	23,838	23,902	+64
South East	27,500	28,792	+1,292
England and Wales	26,052	26,094	+42

Source: Annual Survey of Hours and Earnings 2010 (ASHE), National Statistics (www.statistics.gov.uk)
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Earnings

Figure 4.3: Typical gross annual earnings, full-time workers, 2010

	Workplace-based Earnings		Residence-based Earnings	
	Earnings	% change 2009-10	Earnings	% change 2009-10
North Warwickshire	£23,893	1.3%	£24,942	-2.4%
Nuneaton & Bedworth	£23,257	-0.2%	£24,833	2.5%
Rugby	£27,339	3.3%	£27,695	3.2%
Stratford-on-Avon	£26,080	3.7%	-	-
Warwick	£26,070	-4.4%	£26,536	-7.4%
Warwickshire	£25,627	0.8%	£26,277	-1.6%
England & Wales	£26,052	0.2%	£26,094	0.4%

Source: Annual Survey of Hours and Earnings 2010 (ASHE), National Statistics (www.statistics.gov.uk) © Crown Copyright, 2010

Note: Smaller sample sizes mean estimates of earnings at local authority district level need to be treated with caution

Outlook

There is considerable variation in workplace and residence-based earnings between the boroughs and districts within Warwickshire, with Warwick District appearing to have suffered the greatest on most counts, whilst earning levels for Rugby Borough (workplace and resident) have improved.

Further Information

Details of the Annual Survey of Hours & Earnings are available from the National Statistics website: <http://bit.ly/plelrP>

Alternatively, contact the Observatory on 01926 412775 or email research@warwickshire.gov.uk

Household Income

Description

Household income levels are an important economic indicator and can help to identify areas of deprivation. In previous Quality of Life reports the Observatory have used IncomeX as an estimate of gross annual household income, however this year the Mosaic dataset has been used to model areas likely to have low levels of Household Income. For further information on the Mosaic dataset, please refer to the 'About Warwickshire' section of this report.

The Mosaic dataset tells us how many households in each Super Output Area (SOA) are of each Mosaic Type, it also tells us the propensity each Mosaic Type has of having a net annual household income of less than £10,000 per year. These two sets of data are used to create an Index value for each SOA in the county. Lower layer SOAs each cover around 1,500 residents and Warwickshire has a total of 333 across its five boroughs and districts.

The higher the Index value, the greater propensity the area is to have low levels of household income; and the lower the Index value, the greater the propensity the area is to have high levels of household income. An Index value of 100 is the national average.

This indicator has also sourced the Index of Multiple Deprivation (IMD) 2010, which looks at the level of deprivation across each lower layer SOA in the county. One of the indicators used to derive an IMD score is income deprivation, which measures families that are out-of-work and families that are in work but who have low earnings (and who satisfy the respective means tests). The indicator measures individuals and families claiming various forms of credit and asylum seekers in receipt of subsistence support and / or accommodation support.

Performance – Modelled Mosaic Data

The highest Index value across the county was witnessed in the 'Bar Pool North and Crescents' SOA in Nuneaton & Bedworth Borough. An index value of 269 indicates that the SOA is more than two-and-a-half times more likely to contain households that have a net household income of less than £10,000, compared to the national average. Fifteen other SOAs in the county have an Index value greater than 200, nine of which are in Nuneaton & Bedworth Borough and four are in Warwick District. Figure 4.4 shows the 16 SOAs with the highest Index values in the county.

The two lowest Index values are, perhaps surprisingly, both found to be in Rugby Borough. The SOAs of Cawston and Brownsover North Campion have Index values of 45. Four of the lowest SOAs are also in Nuneaton & Bedworth Borough, demonstrating the contrast between different parts of the Borough. Many of the SOAs with low Index values are found to be on relatively new, but established, housing estates, such as Warwick Gates, Horeston Grange and Cawston.

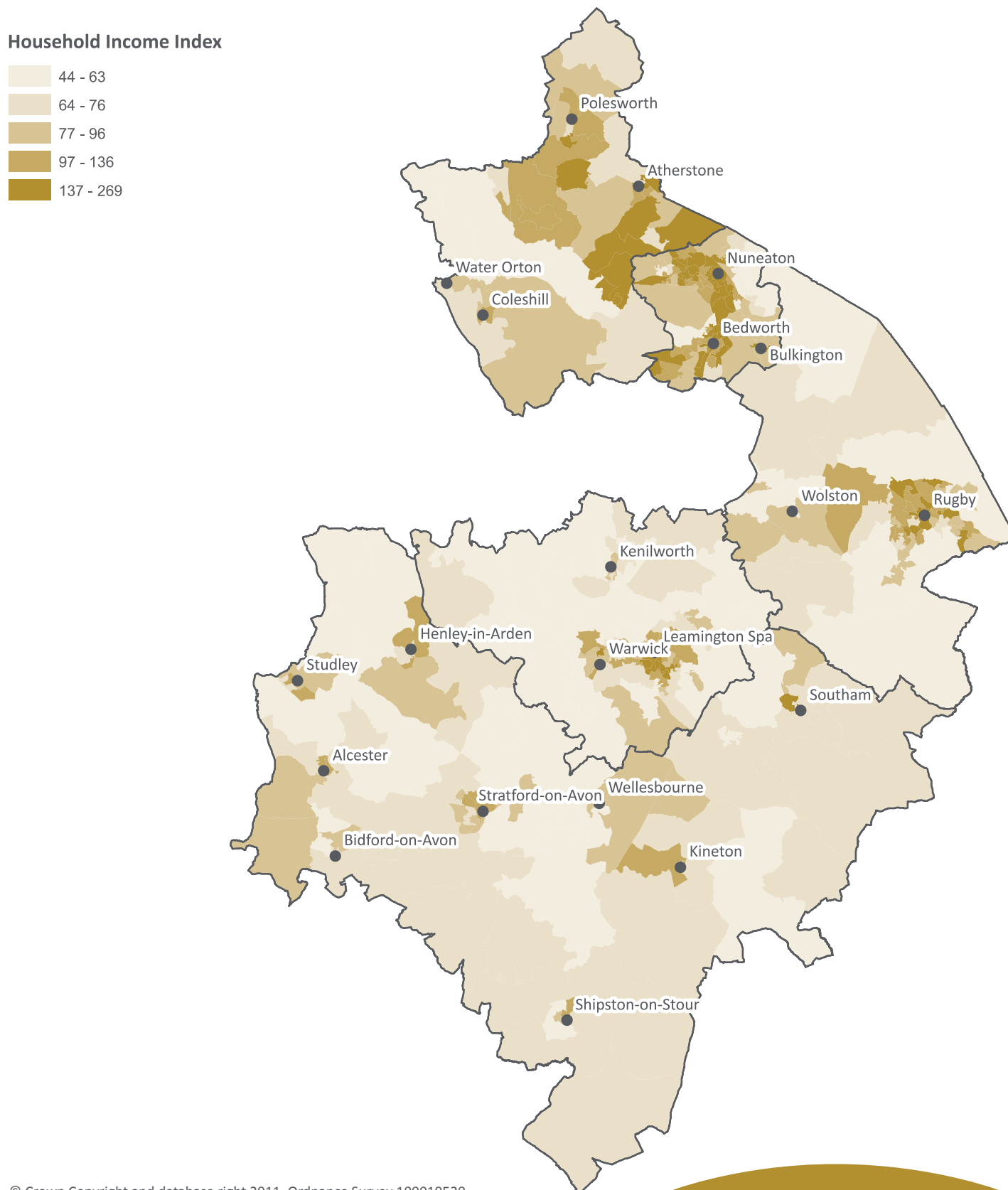
Figure 4.4: Super Output Areas most likely to contain households earning less than £10,000 per year

SOA Name	District/Borough	Index
Bar Pool North & Crescents	Nuneaton & Bedworth	269
Camp Hill Village Centre	Nuneaton & Bedworth	254
Middlemarch & Swimming Pool	Nuneaton & Bedworth	243
Town Central	Rugby	238
Riversley	Nuneaton & Bedworth	233
Abbey Town Centre	Nuneaton & Bedworth	228
Camp Hill South West & Brook	Nuneaton & Bedworth	224
Brunswick North East	Warwick	222
Bede East	Nuneaton & Bedworth	222
Old Town North West	Warwick	221
Kingswood Grove Farm & Rural	Nuneaton & Bedworth	219
Old Town West & Railway Bridge	Warwick	218
Abbey Priory	Nuneaton & Bedworth	213
Atherstone Central - Centre	North Warwickshire	212
Camp Hill West & Quarry	Nuneaton & Bedworth	210
Lillington East	Warwick	206

Source: Modelled Mosaic Data 2010

Household Income

Figure 4.5: Modelled Household Income Levels, at Super Output Area



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Household Income

Performance – Index of Multiple Deprivation

The results from the Index of Multiple Deprivation (IMD) highlight similar areas to those identified in the Mosaic analysis. However, it is beneficial to analyse income deprivation from the IMD 2010, because it enables a thorough comparison of income in Warwickshire, against a national level using Super Output Areas (SOA). Lower layer SOAs each cover around 1,500 residents and Warwickshire has a total of 333 across its five boroughs and districts. Within the 333 SOAs in Warwickshire, 43 occupied the top 30% of income deprived areas in the Country in 2010, including six SOAs in the top 10% of income deprived areas in the country. All six SOAs are in Nuneaton & Bedworth Borough, although each within a different ward in the borough.

Figure 4.6 shows the five areas most at risk, based on each SOAs income deprivation score, and also the five areas least at risk in the county. The most income deprived area, Bar Pool & Crescents in Nuneaton & Bedworth Borough, is ranked 656th out of over 32,400 SOAs in the country. The three highest ranked SOAs in the county are identical to those highlighted using the modelled Mosaic data. The majority of the least income deprived areas in the county belong to Warwick District, where the lowest ranked SOA is Glass House & Windy Arbour, which is amongst the top performing 300 SOAs in the country for this measure.

Outlook

In light of the current weak economy, restrained consumer demand and the need to reduce public spending, average earnings growth is expected to be weak or non-existent over the coming twelve to eighteen months. In real terms (taking into account inflation, which stood at 3.2% in June 2010), it is therefore likely that the average Warwickshire resident will see slight falls in household income. While it is hoped that the impact will be relatively short-term and have a limited overall effect, it is likely to increase financial pressures on low-income earners in the county.

Further Information

For more information please contact the Observatory on 01926 412775 or email research@warwickshire.gov.uk.

Figure 4.6: Top and Bottom Ranked SOAs for Income Deprivation, 2010

County Rank of Income Score	SOA Name	District/Borough	National Rank of Income Score (out of 32,482)
1	Bar Pool North & Crescents	Nuneaton & Bedworth	656
2	Camp Hill Village Centre	Nuneaton & Bedworth	715
3	Middlemarch & Swimming Pool	Nuneaton & Bedworth	1,193
4	Kingswood Grove Farm & Rural	Nuneaton & Bedworth	2,390
5	Bede East	Nuneaton & Bedworth	2,798
329	Abbey Fields	Warwick	31,802
330	Castle End & Windy Arbour	Warwick	31,808
331	Milverton North	Warwick	31,963
332	Weddington St Nicolas East	Nuneaton & Bedworth	32,101
333	Glass House & Windy Arbour	Warwick	32,201

Source: English Indices of Deprivation, Department of Communities & Local Government, 2010