

## KEY INDICATORS : EDINBURGH

### 11 : EARNINGS, INCOME AND WEALTH

<i>sources / notes</i>	1991	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Average gross weekly earnings : <i>(*1)</i>											
all f/time adult employees working in Edin		£344.30	£362.80		£398.22	£410.44	£446.62	£479.63	£466.93		
.. as % of Scottish average		106.0%	107.7%		107.6%	107.2%	110.3%	112.3%	106.9%		
.. as % of British average		98.0%	98.7%		99.2%	97.8%	100.5%	103.2%	98.1%		
.. ranking out of 408 British local auths.					111	129	108	87			
all f/time adult employees living in Edin								£475.61	£480.76		
.. as % of Scottish average								112.3%	110.0%		
.. as % of British average								102.4%	101.0%		
Average income per capita <i>(*2)</i>				£17,378							
ranking out of 129 local statistical areas				9							
Average disposable income per capita				£11,056							
ranking out of 129 local statistical areas				10							
Mean annual net income <i>(*3)</i>			£17,500			£20,100	£21,600	£23,200	£23,500		
.. relative to Scottish average			1.15			1.12	1.19	1.19	1.21		
Median annual net income	£9,500		£13,900			£15,200	£15,300	£16,500	£16,400		
.. relative to Scottish average	1.16		1.15			1.09	1.08	1.09	1.09		
% of h'holds with net annual income: <i>(*4)</i>											
£6,000 or less						14%					
£6,001 to £10,000						20%					
£10,001 to £15,000						22%					
£15,001 to £20,000						14%					
over £20,000						30%					
Mean gross annual household income <i>(*5)</i>										£30,821	
H'holds with income >£100,000 p.a. <i>(*6)</i>								3,584			
.. as % of all households								1.6%			
% of h'holds with savings / investm'ts <i>(*7)</i>											
£10,000 or more						44%		45%			
£30,000 or more						21%		22%			
£75,000 or more						11%		11%			
Household finances : % of h'holds <i>(*8)</i>											
.. managing 'v.well' or 'quite well' financially						48%	53%	54%			
.. with savings or investments						57%	54%	57%	56%		
.. with bank or building soc. account							91%	92%	93%		

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- (\*1) Gross annual pay for full-time employees (males + females) who have been in the same job for more than a year. Mean and median figures are given for employees who live in Edinburgh and employees who work in Edinburgh. Note that these figures relate to earned income only, and exclude the self-employed. Data are from the Annual Survey of Hours and Earnings (ASHE), which replaced the New Earnings Survey in 2003, providing backdated figures to 1999. (Office for National Statistics : [www.statistics.gov.uk](http://www.statistics.gov.uk) Tables 7 and 8 : local authority data by place of work and place of residence respectively). Results are also available on the National Online Manpower Information System (NOMIS) : [www.nomisweb.co.uk](http://www.nomisweb.co.uk) As the figures are survey-based, the results are affected by sampling error.
- (\*2) Information from New Earnings Survey (NES) for data upto 2001; figures for 2002 onwards from the Annual Survey of Hours and Earnings (ASHE) which replaced NES. NES Part E : Analyses by region, county and small areas' (National Statistics). The NES covered several aspects of earnings and hours worked, e.g. by gender, earnings from overtime etc. The figures in this table are the average gross weekly earnings of all full-time employees on adult rates, whose pay for the survey period was not affected by absence. N.B. this includes full-time males *and* females. N.B. also that two parallel sets of data are provided : average earnings for employees who work in Edinburgh and average earnings for employees who live in Edinburgh. The latter is only available for 2002 onwards.

The survey is based on a 1% sample of employees who are members of pay-as-you-earn (PAYE) income tax schemes; it is designed to represent all categories of employees in businesses of all kinds and sizes. The sample each year comprises all those whose National Insurance numbers end with a specified pair of digits. Around 90% of the sample is identified from lists supplied by Inland Revenue containing the selected National Insurance numbers. This disclosure of information is authorised, for the purpose of the survey, under section 58 of the Finance Act 1969. The information is taken from PAYE records about a month before the beginning of the financial year and the survey pay-period. The identifying details of the remaining 10% of the sample are obtained directly from the large employers in both the public and private sectors. A sample drawn in this way is likely to be more up-to-date than PAYE records can provide, and will include some employees not in a PAYE scheme.

Information for those in the sample is obtained from employers and not from the employees. Questionnaires are issued for each employee in the sample, except for some large organisations who supply the information as computer listings under a special arrangement.

The coverage of full-time adult employees is virtually complete but the coverage of part-time employees is not comprehensive. Many of those with earnings below the income tax threshold are not covered, which excludes mainly women with part-time jobs and a small proportion of young people. An individual who is a member of more than one PAYE scheme may appear more than once in the sample – as both a full-time and part-time employee, or twice or more as a part-time employee. Certain categories of employees are not selected: for example the Armed Forces, those employed in Enterprise Zones, those in private domestic service, occupational pensioners, non-salaried directors, those employed outside Great Britain, persons working for their spouses and clergymen holding pastoral appointments.

Note that British average earnings are heavily skewed by high wage rates in London and the South East of England. It also has to be recognised that larger local authorities with a wide social spectrum (such as Edinburgh) are more likely to be near the national average than smaller authorities with a narrower range of social groups.

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- (\*3) National Statistics : 'Regional, sub-regional and local area household income', published March 2002 : [www.statistics.gov.uk/pfdir/reg032.pdf](http://www.statistics.gov.uk/pfdir/reg032.pdf) This is the first time that estimates have been published of household income at the local level. The data are an average for the three year period, 1997–1999. The published figures are in index form, based on the UK average, and the income values quoted here have been derived from these indices. They are subject to a margin of error, and it is advisable to round values to the nearest £100.

Although the information relates to 'household income', this merely means that it is income accruing to the household as opposed to the business sector. All the figures presented here are income per capita. The household sector, in this instance, not only includes people living in traditional households, but those living in residential institutions and sole trader enterprises. It also includes non-profit institutions serving households – for example charities and most universities.

Household income includes income derived from a diverse range of sources, including wages and salaries, investments, property, benefits and pensions. *Disposable* household income is the income remaining after taxation, social security contributions, insurance, and mortgage or housing rental payments.

In terms of gross per capita household income, Edinburgh ranks 9<sup>th</sup> out of the 129 local statistical areas covering the UK, surpassed only by parts of London, Surrey, Buckinghamshire, Hertfordshire, Berkshire and Oxfordshire (and in equal position with West Sussex). The Edinburgh figure of £17,378 is substantially higher than the UK average of £14,981 and the Scottish average of £14,082. In terms of disposable income, Edinburgh is 10<sup>th</sup> in the national rankings, behind the same areas listed previously, with the addition of West Sussex. (Note : the 129 statistical areas are the European Union's 'NUTS3' areas for the UK).

The government's statistics also give an insight into the various components which make up income in different parts of the country. In Edinburgh this is broadly similar to the national picture, both Scottish and UK, although reliance on social benefits (excluding pensions) is somewhat lower : these provide 6% of income in Edinburgh compared with 11% in Glasgow, 9% in Scotland and 8% across the UK.

Edinburgh has a slightly lower proportion of total income which is 'disposable', mainly because of higher commitments on property. The overall difference from the national average is relatively small : 64% in Edinburgh compared with 65% at UK and 66% at Scottish level. However some parts of Scotland have a higher proportion of income which is available to feed through into consumer spending – for example 69% in Glasgow.

The proportion of income devoted to mortgages and rents stands at 7% in Edinburgh, compared with 5% for both Scotland and the U.K. However when this is compounded with higher income levels, the figures reveal that housing accounts for absolute spending levels well in excess of the national average. In fact Edinburgh households spend more on property than anywhere else in the UK apart from Inner London (West), parts of Outer London, Surrey, Buckinghamshire and Berkshire. Spending in this category is 76% above the Scottish average, and more than twice the spending per head in Glasgow and Dundee.

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- (\*4) Inland Revenue figures (apart from 1991 - see below) : mean and median per capita annual personal incomes for all persons paying income tax, in tax year ending March. Derived from Inland Revenue Annual Survey of Personal Incomes which is a sample survey and will be subject to sampling error, particularly at the local authority scale. N.B. the survey excludes people whose incomes fall below the tax threshold (£4,615 in 2002/3). Includes income from wages, salaries, benefit payments, pensions etc., after deduction of income tax, national insurance & council tax. Not adjusted for inflation. <http://www.hmrc.gov.uk/stats> (follow links : >Income tax and personal incomes >Income distributions >Total income by borough and district or unitary authority (table 3.14) ; 1991 figures are the median net annual household income as revealed in the Scottish House Condition Surveys 1991 (table 4.2) and 2002 (table 2.4). (Communities Scotland : [www.communitiesscotland.gov.uk](http://www.communitiesscotland.gov.uk) )
- (\*5) Gross household disposable income (GHDl) is the income that households have available for 'consumption' purposes, after deducting outgoings on mortgages, rentals, pensions, employment costs etc. In addition to people living in traditional households, it includes those living in institutions, as well as sole trader enterprises and non-profit institutions serving households. Information is from the Office for National Statistics' publication 'Regional Household Income' (April 2005). ( [www.statistics.gov.uk/articles/nojournal/Regional\\_HH\\_%20Income\\_1995-2003.pdf](http://www.statistics.gov.uk/articles/nojournal/Regional_HH_%20Income_1995-2003.pdf) ) The figures presented here are 'headline' annual per capita GHDl. These are moving averages over a 5 year period to reduce the volatility evident in the unadjusted annual data. They are at current values of the £, i.e. unadjusted for inflation, and not adjusted for local or regional variations in purchasing power. The original data sources from which the figures are derived are the Inland Revenue's Pay As You Earn records, The IR's Survey of Personal Incomes, the IR's data on taxation, and various personal benefits data sets.
- (\*6) Scottish Household Survey (Scottish Executive) : [www.scotland.gov.uk/shs/docs/shsb.pdf](http://www.scotland.gov.uk/shs/docs/shsb.pdf) Net income refers to income from employment, benefits & other sources, brought into household by the highest income householder and his / her spouse, after tax and other deductions.
- (\*7) CACI 'Wealth of the Nation' Report, based on the proprietary 'Paycheck' model of household income. Published mid June annually. N.B. relates to households rather than individuals and includes gross annual income before tax from all sources: employment, investments, income support, welfare etc. In 2004 Edinburgh City had the 4<sup>th</sup> highest average income of all local authorities in Scotland, after East Renfrewshire, East Dunbartonshire and Aberdeenshire. (For comparison, mean household incomes were £30,821 in Edinburgh, £30,366 in Aberdeen, £22,799 in Dundee and £22,354 in Glasgow; £30,372 in West Lothian, £29,796 in East Lothian, and £28,614 in Midlothian. The UK average household income was £29,374.)

Apart from some London boroughs, Edinburgh and South Gloucestershire are the only larger unitary local authorities in the U.K. (more than 100,000 households) with an average household income of more than £30,000 per year. In terms of postcode areas, Edinburgh ranks 45<sup>th</sup> out of 121 in the UK, with most higher ranking areas being in London and South East England. (Exceptions being Aberdeen, Bristol, Cambridge, Crewe, Gloucester, Harrogate, Northampton, Oxford, Stockport, Southampton, Salisbury and Worcester).

- (\*8) NatWest Black press release, July 2002, in connection with launch of the Nat West Black / RBS credit card for the 'seriously affluent'. Based on data from CACI (see note 7 above).

Edinburgh is ranked 9<sup>th</sup> out of 459 British unitary authorities, in terms of the absolute number of high-income households. (It has a lower ranking in terms of percentage concentration). It is the only non-London authority in the top 10, and one of the few in the top 50 outside South East England (others being Birmingham 11<sup>th</sup>; Leeds 13<sup>th</sup>; Bristol 35<sup>th</sup>; Glasgow 36<sup>th</sup>, Macclesfield 37<sup>th</sup>; Sheffield 39<sup>th</sup>; Stockport 41<sup>st</sup>; and Solihull 49<sup>th</sup>).

While Edinburgh is first in Scotland with 3,584 'super-wealthy' households, Glasgow is second with 1,952, followed by Aberdeen (1,586), Renfrew (869), Gordon (773), Eastwood (701), Perth & Kinross (646), Bearsden & Milngavie (588), West Lothian (546), Stirling (545), Kincardine & Deeside (507), East Lothian (495) and Dundee (487). More than 1 in 7 (16.4%) of the wealthiest Scottish households live in Edinburgh, and more than 1 in 5 (22.3%) live in the Lothians.

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- (\*9) Scottish Executive : 'Scotland's People : Results from the Scottish Household Survey'. Savings and investments by all members of household. 2000 figures are based on returns for 1999 / 2000. 2002 figures are based on returns for 2001 / 2002. Note : this question within the Scottish Household Survey has a fairly high refusal rate, resulting in a reduced sample size. This will have an effect on the reliability of the results, and the figures should be interpreted as a broad indication of savings levels rather than a precise measurement.

According to a survey carried out in 2003, Edinburgh is home to more millionaires than anywhere else outside London, based on ownership of stocks and shares. Edinburgh contains 4 of the top 25 postcode districts in the UK in terms of 'share millionaires', including EH4 in 2nd place and EH10 in 3rd place, trailing only behind London NW3. (source : EuroDirect Database Marketing Ltd., Jan. 2003 [www.eurodirect.co.uk](http://www.eurodirect.co.uk) ) If the value of property were to be factored into the equation, it is likely that Edinburgh's standing would be enhanced still further.

- (\*10) Scottish Executive : 'Scotland's People : Results from the Scottish Household Survey'. Note that the financial data in this section relate not to the entire household but to the highest income earner and his / her spouse. 2000 figures are based on returns for 1999 / 2000. 2002 figures are based on returns for 2001 / 2002. Borrowing money on credit includes a wide range of credit facilities, e.g. bank overdraft, bank loans, loans from money lenders & credit unions etc.