

Labour Markets

Employment

Labour Force Survey (LFS) data for the UK, in the three months to January 2006, show decreases in employment and continued increases in unemployment. The seasonally adjusted working age employment rate fell by 0.2 percentage points from the previous quarter, and 0.4 percentage points from the previous year, to 74.5% (*Labour Market Statistics*, March 2006). Employment in the UK fell by a modest 7,000 people over the quarter, following an increase of 58,000 in the previous quarter, to 28.81m. The UK seasonally adjusted unemployment rate was 5.0%, up 0.1 per cent on the previous quarter. Claimant count unemployment figures of 919,700 for the UK in February 2006 were 14,600 up on the month, having been down 1,100 in the previous month. Similarly, the latest labour market indicators for Wales show some cause for concern. The seasonally adjusted employment rate during the latest quarter (November 2005 to January 2006) was 71.8%, down 0.2 percentage points on a year earlier, while the seasonally adjusted unemployment rate was 5.0%, an increase of 0.7 percentage points over the year. Meanwhile, the Welsh seasonally adjusted unemployment claimant count was 3.3% (44,100 claimants) in February 2006, up by 0.4 percentage points and an increase in unemployment of 5,500 people over the year.

There was, however, some encouraging news for Wales on labour participation levels. The LFS estimated the number of economically active people in Wales to be 1.398 million in the November 2005 to January 2006 period- a gain of 10,000 over the year, or 0.3 percentage points. Meanwhile, the UK suffered a fall of 0.1 percentage points in its economic activity rate over this time. The number of economically inactive people in Wales for the quarter was 434,000; down 3,000 on the year. This is an economic inactivity rate of 24.3%, down 0.3 percentage points from a year earlier, where the UK as a whole experienced a growth of 0.1 of a percentage point.

Table 2 provides summary data for the UK regional labour market. In this latest period Wales maintained its position above the North East, London and Northern Ireland in terms of activity rates while the South East (79.0%) and South West (77.6%) lead the employment rate rankings.

Table 3 shows unemployment claimant count rates in Wales by unitary authority area in February 2006. There was a slowdown in the UK economy during 2005 partly as a result of a fall in consumer spending in the face of higher levels of household debt and pension worries, and more importantly a slowdown in some of the UK's main trading partners, particularly in the Euro-zone. Inevitably, as this has continued it has started to impact on the

regional jobs market. Claimant counts in Wales have been rising since November 2005 reversing the trend observed over previous years. The claimant count rates in Blaenau Gwent and Merthyr Tydfil remain higher than elsewhere in Wales, increasing by 0.5 and 0.4 percentage points respectively since September (men and women combined). The unemployment rate for males in Torfaen increased by 1.1 percentage points, and the female rate in Blaenau Gwent by 0.9 percentage points over this time.

Earnings

In 2004 the *Annual Survey of Hours and Earnings* (ASHE) replaced the *New Earnings Survey*, providing data for the level and distribution of earnings for employees, by industry and occupation. Since the last edition of this review was published new ASHE results have been released for 2005.

Table 4 gives the median of gross weekly earnings of full-time employees by government office region. The highest paid full-time earners were in London and the South East, with Welsh median weekly earnings (all) 9.5% below the UK average and 29.8% below London. There was a very similar wage gap between full-time female and male earnings in Wales and their corresponding UK averages, with both genders in Wales being around 10% behind the national UK figures.

Table 2: Labour Market Summary, November 2005 to January 2006

| | Economic Activity | Change on year | Employment rate | Change on year | ILO Unemployment rate | Change on year |
|-------------------|--------------------------|-----------------------|------------------------|-----------------------|------------------------------|-----------------------|
| North East | 74.6 | -0.5 | 69.6 | -1.3 | 6.7 | 1.1 |
| North West | 76.4 | -1.0 | 72.6 | -1.2 | 4.8 | 0.3 |
| Yorks & Humber | 78.7 | 0.7 | 74.6 | 0.2 | 5.1 | 0.6 |
| East Midlands | 81.1 | 1.2 | 77.3 | 0.9 | 4.6 | 0.4 |
| West Midlands | 77.7 | -0.5 | 73.4 | -1.0 | 5.3 | 0.5 |
| East | 81.1 | -0.9 | 77.2 | -1.4 | 4.6 | 0.6 |
| London | 75.2 | 0.5 | 69.7 | 0.3 | 7.2 | 0.2 |
| South East | 82.4 | 0.1 | 79.0 | 0.0 | 4.0 | 0.2 |
| South West | 81.0 | -0.7 | 77.6 | -1.1 | 4.0 | 0.4 |
| England | 78.8 | -0.1 | 74.7 | -0.5 | 5.1 | 0.4 |
| Wales | 75.7 | 0.3 | 71.8 | -0.2 | 5.0 | 0.7 |
| Scotland | 79.4 | -0.3 | 75.3 | 0.2 | 5.1 | -0.6 |
| Northern Ireland | 72.3 | 0.5 | 69.3 | 0.9 | 4.0 | -0.6 |
| UK | 78.6 | -0.1 | 74.5 | -0.4 | 5.0 | 0.3 |

Source: Labour Force Survey (November 2005 to January 2006)

Table 3: Unemployment in Wales; Claimant Count by Unitary and Local Authority Area – 9th February 2006, % of Population (not seasonally adjusted)

| | Men | Women | All |
|-------------------|------------|--------------|------------|
| Wales | 4.0 | 1.4 | 2.7 |
| Blaenau Gwent | 6.9 | 2.1 | 4.6 |
| Bridgend | 4.3 | 1.6 | 3.0 |
| Caerphilly | 4.9 | 1.8 | 3.4 |
| Cardiff | 4.1 | 1.1 | 2.7 |
| Carmarthenshire | 3.1 | 1.1 | 2.2 |
| Ceredigion | 2.1 | 0.9 | 1.5 |
| Conwy | 3.8 | 1.3 | 2.6 |
| Denbighshire | 3.6 | 1.3 | 2.5 |
| Flintshire | 3.0 | 1.1 | 2.1 |
| Gwynedd | 4.1 | 1.4 | 2.8 |
| Isle of Anglesey | 5.1 | 1.9 | 3.6 |
| Merthyr Tydfil | 6.2 | 1.9 | 4.1 |
| Monmouthshire | 2.2 | 1.0 | 1.6 |
| Neath Port Talbot | 4.4 | 1.4 | 2.9 |
| Newport | 5.0 | 1.5 | 3.3 |
| Pembrokeshire | 3.8 | 1.6 | 2.7 |
| Powys | 2.6 | 1.1 | 1.9 |
| RCT | 4.5 | 1.5 | 3.0 |
| Swansea | 4.2 | 1.3 | 2.8 |
| Torfaen | 4.1 | 1.3 | 2.7 |
| Vale of Glamorgan | 3.8 | 1.2 | 2.5 |
| Wrexham | 3.2 | 1.1 | 2.2 |

Source: Jobcentre Plus Administrative System

Table 4 Median gross weekly earnings by government office region (full-time adult whose pay was unaffected by absence) April 2005.

| Region | All | Male | Female | All %change 04/05 |
|------------------|--------------|--------------|---------------|------------------------------|
| UK | 431.2 | 471.5 | 371.8 | +2.8 |
| North East | 385.5 | 424.2 | 330.6 | +4.1 |
| North West | 407.2 | 446.7 | 350.0 | +3.2 |
| Yorks & Humber | 399.3 | 435.2 | 339.8 | +2.5 |
| East Midlands | 406.7 | 450.0 | 334.8 | +5.9 |
| West Midlands | 402.5 | 440.8 | 345.0 | +2.6 |
| East | 428.7 | 476.8 | 356.7 | +2.3 |
| London | 555.8 | 619.9 | 491.8 | +3.4 |
| South East | 450.0 | 497.3 | 383.3 | +0.6 |
| South West | 401.0 | 443.8 | 340.2 | +2.1 |
| Wales | 389.9 | 425.7 | 334.8 | +2.1 |
| Scotland | 409.6 | 446.0 | 361.0 | +4.8 |
| Northern Ireland | 387.0 | 409.5 | 355.8 | +3.8 |

Source: 2005 Annual Survey of Hours and Earnings (ASHE)

The final column of the table calculates the percentage of changes in median earnings from April 2004 to April 2005. A new questionnaire was introduced for ASHE in 2005 (improving the data gathering on allowances and incentives), that has necessitated a reworking of the 2004 survey results to enable comparison. Such analysis shows that the median earnings for full-time workers in Wales have lagged behind most of the regions, growing by 2.1% over the year where the East Midlands achieved 5.9%. This restrained Welsh performance may be partly explained by industrial restructuring - the Welsh economy continues to move away from manufacturing on which it has been

relatively and where earnings have been close to the UK average, towards more dependence on services where there exists a greater wage disparity between Wales and the UK.

Table 5 shows differences in the median weekly pay for full-time workers in Welsh Unitary Authorities by place of work. The table is included with some concerns because data becomes statistically less reliable for small areas. This noted, the table shows that the highest earners were found to be working in Flintshire and Torfaen whereas the lowest weekly earning workers were in Pembrokeshire and Powys. It should be remembered that

when median wages by place of residence are examined a different picture would be formed. For instance, residents in the border location of Flintshire have a 5% lower median full-time level of weekly earnings (all £432.8) than people who work in the unitary authority. This suggests that a number of relatively high paid workers are commuting into this largely manufacturing dominated area, which is home to major employers such as Airbus.

Table 5 Median gross weekly pay by Unitary Authority by place of work (full-time adult whose pay was unaffected by absence) April 2005

| £ per week | All | Men | Women |
|-----------------------|--------------|--------------|--------------|
| WALES | 389.9 | 425.7 | 334.8 |
| Blaenau Gwent | 368.9 | 478.1 | 305.7 |
| Bridgend | 426.9 | 455.7 | 380.4 |
| Caerphilly | 367.6 | 431.5 | 310.0 |
| Cardiff | 396.0 | 426.3 | 357.5 |
| Carmarthenshire | 363.0 | 403.8 | 340.7 |
| Ceredigion | 339.6 | 348.5 | 306.6 |
| Conwy | 396.5 | 416.3 | 361.1 |
| Denbighshire | 354.9 | 395.7 | 305.8 |
| Flintshire | 457.1 | 482.0 | 314.9 |
| Gwynedd | 358.7 | 375.4 | 321.3 |
| Isle of Anglesey | 401.2 | 439.2 | 329.3 |
| Merthyr Tydfil | 385.5 | 406.1 | 344.9 |
| Monmouthshire | 434.4 | 478.9 | 361.4 |
| Neath & Port Talbot | 435.1 | 483.6 | 307.2 |
| Newport | 418.2 | 419.1 | 403.1 |
| Pembrokeshire | 341.6 | 349.8 | - |
| Powys | 348.0 | 400.0 | 295.3 |
| Rhondda Cynon Taff | 357.5 | 374.1 | 326.5 |
| Swansea | 362.1 | 401.9 | 330.8 |
| Torfaen | 443.4 | 458.6 | 330.3 |
| The Vale of Glamorgan | 401.6 | 441.4 | 313.3 |
| Wrexham | 381.7 | 428.3 | 308.9 |

Source: 2005 Annual Survey of Hours and Earnings (ASHE)

Note: - denotes not available as sample requirements were not met