

# Labour Markets

The latest summary Labour Market Statistics covering the quarter from May 2006 to July 2006 are given in Table 2 below. These *Labour Force Survey* (LFS) data for the UK, in the three months to July 2006, show slight decreases in the employment rate but increases in the employment level. The seasonally adjusted working age employment rate fell by 0.1 of a percentage point from the previous quarter, and 0.2 percentage points from the previous year, to 74.6% (Labour Market Statistics, September 2006). Employment in the UK increased by 38,000 people over the quarter, and by 220,000 over the year, to 28.98m.

Unemployment continued to increase with the UK seasonally adjusted rate up 0.3 per cent on the previous quarter at 5.5%. The claimant count unemployment level was 950,100 in August 2006, down 3,900 on the month but up 80,800 on the previous year.

For Wales the seasonally adjusted employment figure was 71.7%, remaining the same as a year earlier, whilst the economic activity rate continued to rise, up 0.9 percentage points in the twelve months to July 2006 at 76.1%. Of more concern was the seasonally adjusted unemployment rate, increasing by 0.8 percentage points in the Principality in the last quarter to 5.7%. This was the largest increase in any region of the UK. The

Welsh seasonally adjusted unemployment claimant count was 3.2% (44,350 claimants) in August 2006, up by 0.2 percentage points over the previous year.

To illustrate the adjustments taking place in the sectoral structure of Wales Table 3 reports employee jobs by selected industry over a three year period. Over this time total numbers of employee jobs have increased, but fewer are in manufacturing which experienced a 4.7% drop between June 2005 and June 2006 with the loss of 8,000 jobs. Service sector jobs have continued to grow, albeit at a modest 0.9% in the year to June 2006, and accounted for 476,000 jobs at this time. Meanwhile, the construction sector saw

a 32.5% increase in jobs in the year to June 2006, with a gain of 14,000 posts.

Table 4 shows unemployment claimant count rates in Wales by unitary authority area in August 2006. This shows that the trend since November 2005 of increasing claimant counts in the region continued. Only Bridgend, Merthyr Tydfil and Pembrokeshire experienced decreases in unemployment claimant counts in August (men and women combined).

## Earnings

This edition of the *Review* reports on graduate earnings from the comprehensive study "*Welsh Graduates and their Jobs: Employment and*

**Table 2: Labour Market Summary, May 2006 to July 2006**

	<b>Economic Activity</b>	<b>Change on year (%)</b>	<b>Employment rate</b>	<b>Change on year (%)</b>	<b>ILO Unemployment rate</b>	<b>Change on year (%)</b>
<b>North East</b>	76.3	1.3	71.1	1.3	6.6	-0.3
North West	77.4	0.5	73.3	-0.3	5.3	0.9
Yorks & Humber	78.9	1.0	74.0	-0.3	6.0	1.5
East Midlands	80.8	1.0	76.4	0.1	5.4	0.9
West Midlands	78.6	0.4	73.8	-0.6	5.9	1.2
East	81.4	-0.3	77.3	-1.1	4.9	1.0
London	75.9	1.0	69.7	0.0	7.9	1.3
South East	83.1	1.0	79.1	0.0	4.8	1.1
South West	81.5	-0.1	78.6	-0.1	3.5	0.1
England	79.4	0.6	74.9	-0.2	5.6	1.0
<b>Wales</b>	<b>76.1</b>	<b>0.9</b>	<b>71.7</b>	<b>0.0</b>	<b>5.7</b>	<b>1.2</b>
Scotland	79.2	-0.3	75.0	-0.1	5.3	-0.2
Northern Ireland	73.3	0.2	70.0	0.7	4.4	-0.7
UK	79.1	0.5	74.6	-0.2	5.5	0.8

Source: Labour Force Survey (May 2006 to July 2006)

**Table 3: Employee Jobs by Selected Industry in Wales (thousands) not seasonally adjusted.**

	<b>June 2004</b>	<b>June 2005</b>	<b>June 2006</b>	<b>% change 05/06</b>
Total	1,140	1,168	1,189	1.8
Manufacturing	180	179	171	-4.7
Construction	41	43	57	32.4
Services	457	472	476	0.9

Source: Employers Surveys; reported in Labour Market Statistics, Wales, October 2006.

Note: If one person holds two jobs each job is counted in the table.

*Employability in Wales*”, Tyers C, Connor H, Pollard E, Bates P, Hunt W (2006). This research was prepared for HEFCW by the Institute for Employment Studies, and can be downloaded from: [www.hefcw.ac.uk](http://www.hefcw.ac.uk). The aim of the report was to examine trends and developments in the graduate labour market, an area of significant importance with the growth in numbers of students in the developing Welsh economy.

Table 5 shows a comparison from the study of the periods 1993/1995 and 2002/2005 using *Labour Force Survey* data grossed up to 2005 prices to adjust for inflation. Between these periods the average gross annual wage for a graduate in Wales increased 8.6% to £27,900. Despite graduates in Wales earning considerably more than non-

graduates, they earned less on-average than graduates working elsewhere in the UK. In the period 2002/5 the average UK gross annual earnings for graduates employed elsewhere in the UK was £32,069. But the report observed that “...this largely reflects the lower relative wages generally in Wales rather than anything specific to the financial returns to education in the region...”

According to the research, there is little evidence to prove that the increased graduate labour supply in recent years has resulted in a decrease in graduate wage premiums. During the study periods the labour market for graduates in the UK had “...become more differentiated, including more variation by sector, type of job and starting salary...”

Amongst its other findings the report noted that in Wales, where graduates accounted for around 15 per cent of the working population (about the UK average), employment rates were relatively very high. Only the East Midlands and Northern Ireland had higher employment rates. A higher proportion of graduates in Wales were employed in the public sector than elsewhere in the UK.

*N.B. The latest Annual Survey of Hours and Earnings for 2006 had not been released at the time of writing. This survey will be commented on in the next edition of the Review.*

**Table 4: Unemployment in Wales; Claimant Count by Unitary and Local Authority Area – 10<sup>th</sup> August 2006, % of Population (not seasonally adjusted)**

	<b>Men</b>	% change on year	<b>Women</b>	% change on year	<b>People</b>	% change on year
<b>Wales</b>	<b>3.5</b>	<b>0.1</b>	<b>1.4</b>	<b>0.2</b>	<b>2.5</b>	<b>0.1</b>
Blaenau Gwent	6.4	0.1	2.2	0.0	4.4	0.1
Bridgend	3.3	-0.3	1.5	-0.1	2.5	-0.1
Caerphilly	4.3	0.0	1.7	0.2	3.0	0.1
Cardiff	3.9	0.2	1.2	0.0	2.6	0.2
Carmarthenshire	3.0	0.1	1.3	0.2	2.2	0.2
Ceredigion	1.8	0.0	0.9	0.1	1.4	0.1
Conwy	3.3	0.3	1.2	0.2	2.3	0.2
Denbighshire	3.3	0.5	1.2	0.2	2.3	0.3
Flintshire	2.7	0.1	1.2	0.1	2.0	0.1
Gwynedd	3.4	0.2	1.3	0.1	2.4	0.1
Isle of Anglesey	5.0	0.5	2.0	0.7	3.6	0.6
Merthyr Tydfil	5.1	-0.4	2.0	0.2	3.6	-0.1
Monmouthshire	2.2	0.1	1.1	0.1	1.7	0.1
Neath Port Talbot	3.7	-0.1	1.7	0.3	2.7	0.0
Newport	4.6	0.6	1.6	0.2	3.1	0.4
Pembrokeshire	2.5	-0.7	1.0	-0.1	1.8	-0.4
Powys	2.5	0.4	1.3	0.3	1.9	0.3
RCT	3.8	0.0	1.7	0.3	2.8	0.2
Swansea	3.9	0.3	1.4	0.1	2.7	0.2
Torfaen	3.5	0.4	1.5	0.4	2.5	0.4
Vale of Glamorgan	3.3	0.1	1.2	0.0	2.3	0.1
Wrexham	2.8	0.4	1.1	0.1	2.0	0.3

Source: Jobcentre Plus Administrative System

**Table 5: Gross Annual Earning in Wales and the rest of the UK by educational attainment and gender 1993/1995 and 2002/2005 (earnings reported in £ at 2005 prices)**

	Wales		Rest of UK	
	2002/2005	% Change 1993/1995 to 2002/2005	2002/2005	% Change 1993/1995 to 2002/2005
<b>Degree</b>				
Male	32,171	10.8	37,195	11.4
Female	23,370	11.7	26,004	14.4
Total	27,912	8.6	32,069	9.1
<b>Other HE or A-level</b>				
Male	22,430	9.3	24,787	9.6
Female	14,853	13.1	15,893	11.2
Total	19,154	7.6	21,119	8.3
<b>Below A-level</b>				
Male	17,343	5.3	19,828	8.0
Female	9,938	19.6	11,640	18.9
Total	13,383	13.3	15,423	14.4
<b>All</b>				
Male	22,165	11.6	25,492	12.5
Female	13,972	29.1	15,755	26.3
Total	18,150	17.2	20,835	16.9

Source: Labour Force Survey; reported in "Welsh Graduates and their Jobs: Employment and Employability in Wales", Institute for Employment Studies/ HEFCW.  
[http://www.hefcw.ac.uk/BusinessCommunity\\_Docs/IES\\_-\\_Full\\_report.pdf](http://www.hefcw.ac.uk/BusinessCommunity_Docs/IES_-_Full_report.pdf)