

Labour Markets

Labour Force Survey (LFS) data for the UK, in the three months to January 2007, show increases in employment and relatively little change in unemployment. Table 2 provides summary data for the UK regional labour market. Employment in the UK increased by 18,000 people over the quarter, following an increase of 38,000 in the previous quarter, to 29.02m (*Labour Market Statistics*, March 2007). The seasonally adjusted working age employment rate fell by 0.1 percentage points from the previous quarter, and 0.1 percentage points from the previous year, to 74.4%. The UK seasonally adjusted unemployment rate was 5.5%, with no change on the previous quarter, but up 0.4 per cent on the previous year. Seasonally adjusted claimant count unemployment figures of 922,200 for the UK in February 2007 were down 3,800 on the month.

Table 2: Labour Market Summary, November 2006 to January 2007.

	Economic Activity	Change on year	Employment rate	Change on year	ILO Unemployment rate	Change on year
North East	76.8	2.0	72.1	2.3	6.1	-0.5
North West	76.8	0.3	72.4	-0.3	5.6	0.7
Yorks & Humber	78.5	-0.2	73.7	-0.9	6.0	0.8
East Midlands	81.2	0.0	76.5	-0.8	5.6	1.0
West Midlands	78.3	0.6	73.1	-0.3	6.5	1.2
East	80.8	-0.3	76.9	-0.3	4.6	0.0
London	75.6	0.5	69.7	0.0	7.6	0.4
South East	82.3	-0.1	78.5	-0.6	4.5	0.5
South West	81.4	0.4	78.0	0.3	4.0	0.0
England	79.1	0.2	74.5	-0.2	5.6	0.5
Wales	76.2	0.7	72.2	0.5	5.2	0.1
Scotland	80.3	0.8	76.2	0.9	5.0	-0.1
Northern Ireland	73.1	0.7	69.9	0.6	4.3	0.2
UK	78.9	0.3	74.4	-0.1	5.5	0.4

Source: Labour Force Survey (November 2006 to January 2007).

The latest labour market indicators for Wales show mixed signs. The seasonally adjusted employment rate during the latest quarter (November 2006 to January 2007) was 72.2%, up 0.5 percentage points on a year earlier, while the seasonally adjusted unemployment rate was 5.2%, an increase of 0.1 percentage points over the year. Meanwhile, the Welsh seasonally adjusted unemployment claimant count was 3.1% (42,500 claimants) in February 2007, down by 0.1 percentage points and a decrease in unemployment of 1,900 people over the year.

The LFS estimated the number of economically active people in Wales to be 1.426 million in the November 2006 to January 2007 period - a gain of 33,000 over the year, or 0.7 percentage points. Meanwhile, the UK experienced an increase of 0.3 percentage points in its economic activity rate over this time. The number of economically inactive people in Wales for the quarter was 424,000; down 10,000 on the year. This is an economic inactivity rate of 23.8%, down 0.7 percentage points from a year earlier, where the UK as a whole

experienced a growth of 0.1 percentage points.

Table 2 shows that in the November to January period Wales maintained its position above London and Northern Ireland in terms of activity rates, while the South East (82.3%) and South West (81.4%) lead the economic activity rate rankings.

Table 3 shows unemployment claimant count rates in Wales by unitary authority area in February 2007. Overall trends in employment in Wales have acted to keep unemployment levels steady. However, increased levels of competition particularly in the massive emerging economies of China and India, but also the EU Accession states, may be expected to continue to impact on regional manufacturing job prospects. The claimant count rates in Blaenau Gwent and Merthyr Tydfil remain higher than elsewhere in Wales, increasing by 0.1 percentage points in the former over the year but declining by 0.1 percentage points in the latter (men and women combined). The unemployment rate for males in Carmarthenshire increased by 0.5 percentage points, and the female

rates in Blaenau Gwent and Torfaen by 0.3 percentage points during the year.

Earnings

Since the last edition of this *Review* was published new *Annual Survey of Hours and Earnings* (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 Wales median weekly earnings (all) 10.0% below the UK average and 29.7% 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 remaining around 10% behind the average UK figures.

The final column of the table calculates the percentage change in median earnings from April 2005 to April 2006. This shows that the median earnings for full-time workers in Wales have lagged behind most of the regions, growing by 3.3% over the year where Scotland achieved 5.7%. Low employment growth and poor opportunity in higher

Table 3: Unemployment in Wales; Claimant Count by Unitary and Local Authority Area – 8th February 2007, % of Population (not seasonally adjusted).

	Men	change on year	Women	change on year	People	change on year
Wales	3.7	-0.2	1.4	0.0	2.6	-0.1
Blaenau Gwent	7.0	0.0	2.4	0.3	4.8	0.1
Bridgend	3.8	-0.6	1.4	-0.2	2.6	-0.4
Caerphilly	4.6	-0.3	1.6	-0.1	3.2	-0.2
Cardiff	3.7	-0.4	1.1	0.0	2.4	-0.2
Carmarthenshire	3.6	0.5	1.3	0.2	2.5	0.4
Ceredigion	1.9	-0.2	0.8	-0.1	1.4	-0.1
Conwy	3.9	0.1	1.3	0.0	2.7	0.0
Denbighshire	3.8	0.2	1.3	0.1	2.6	0.1
Flintshire	2.8	-0.1	1.1	0.0	2.0	-0.1
Gwynedd	3.9	-0.1	1.4	0.0	2.7	-0.1
Isle of Anglesey	4.8	-0.3	1.8	-0.1	3.4	-0.2
Merthyr Tydfil	5.9	-0.3	1.9	0.0	3.9	-0.1
Monmouthshire	2.0	-0.2	1.0	0.0	1.5	-0.1
Neath Port Talbot	4.1	-0.3	1.5	0.1	2.9	-0.1
Newport	4.9	-0.1	1.8	0.2	3.4	0.0
Pembrokeshire	2.8	-0.9	1.1	-0.5	2.0	-0.7
Powys	2.3	-0.2	1.1	0.0	1.8	-0.1
RCT	4.0	-0.5	1.6	0.1	2.8	-0.2
Swansea	3.7	-0.5	1.4	0.0	2.6	-0.2
Torfaen	4.3	0.2	1.5	0.3	2.9	0.2
Vale of Glamorgan	3.6	-0.2	1.1	-0.1	2.4	-0.1
Wrexham	3.0	-0.1	1.1	0.0	2.1	-0.1

Source: Jobcentre Plus Administrative System.

Table 4: Median gross weekly earnings by government office region (full-time adults whose pay was unaffected by absence) April 2006.

	All	Male	Female	All %change 05/06
UK	447.1	487.4	386.8	3.7
North East	399.0	444.2	341.0	4.0
North West	420.8	460.4	363.5	3.6
Yorks & Humber	412.4	451.4	352.9	3.4
East Midlands	421.6	463.9	349.8	4.0
West Midlands	415.5	454.4	358.3	3.3
East	443.9	489.4	374.0	3.8
London	572.4	631.3	511.6	3.0
South East	470.1	520.0	396.3	4.4
South West	417.0	460.0	358.3	4.3
Wales	402.5	440.8	352.0	3.3
Scotland	432.0	467.2	376.2	5.7
Northern Ireland	405.2	422.9	378.5	5.2

Source: 2006 Annual Survey of Hours and Earnings (ASHE).

paid occupations, and higher employment growth in sectors where pay differentials between Wales and the UK are greatest, are persistent determinants of poor wage performance.

Public Sector Employment (PSE)

This edition of the *Review* reports on analysis of non-market sector jobs from Bryce Millard's article '*Regional analysis of public sector employment*', published by the Office for National Statistics in the *Economic & Labour Market Review* Vol.1, No.3, March 2007.

For a number of years the employment structure in Wales has been categorised by a relatively high level of jobs in the

non-market, and relatively low productive sectors of public administration and health. The ONS article provides an updated time series estimate of PSE by region going back to 1999. Whereas public sector organisations supplied the employment figures required for Northern Ireland and Scotland, information from the Labour Force Survey was used to estimate figures for the English regions and Wales.

Table 5 shows PSE jobs by region as a percentage of all in employment. These figures are a rolling average of the four quarters to 2006Q3, and are seasonally adjusted. Only Northern Ireland (29.1%) and the North East (23.8%)

had a higher proportion of employment in the public sector than Wales (23.7%) at this time. Furthermore, as the final column of Table 5 shows, Wales had the second highest percentage point increase in PSE over the year to 2006Q3 at +0.5 points.

The analysis published by the ONS presents a time series estimate of PSE for the regions of the United Kingdom. Table 6 illustrates the steady increase in levels of PSE in Wales from 2000 to 2006, to the latest estimate of 310,000 jobs (2006Q3). The ONS aim to introduce a new series of PSE regional estimates by the end of 2007.

Table 5: Proportion of all employment in the Public sector- 2006Q3.

	Public sector employment as a percentage of all employment	Percentage point change in PSE 05/06
UK	20.2	-0.1
North East	23.8	+0.1
North West	21.1	-0.4
Yorks & Humber	20.3	-0.2
East Midlands	18.5	+0.6
West Midlands	19.8	+0.1
East	17.9	-0.7
London	19.3	+0.3
South East	17.2	-0.4
South West	20.3	-0.4
Wales	23.7	+0.5
Scotland	23.6	+0.1
Northern Ireland	29.1	-0.6

Source: Labour Force Survey, returns from public sector organisations (ONS, Scottish Executive & Department of Enterprise, Trade and Investment for Northern Ireland).

Table 6: Public sector employment levels in Wales.

Year	Employment
2000	293,000
2002	300,000
2004	304,000
2006	310,000

Source: Labour Force Survey, returns from public sector organisations (ONS).

Note: Figures are for third quarter of the year (rolling average of four quarters to Q3).