

Labour Markets

Labour Force Survey (LFS) data for the UK, in the three months to November 2010, showed a decrease in the level of employment and an increase in unemployment. Employment stood at 29.09m between September and November 2010, representing a decrease of 69,000 from the previous quarter, but up 184,000 on the same period a year earlier. The number of unemployed in the UK, seasonally adjusted, stood at 2.5m, up 38,000 on the previous year.

Table 4 provides summary data for the UK regional labour market and highlights that the seasonally adjusted working age employment rate for UK in the three months to November 2010 was 70.4%, having decreased by 0.3 of a percentage point on the previous quarter, and down 0.1 of a percentage point from a year earlier. The ILO unemployment rate was 7.9%, up 0.2 of a percentage point on the previous quarter and 0.1 of a percentage point from a year earlier.

The latest labour market indicators for Wales show a relatively improving picture overall. The seasonally adjusted employment rate during the latest quarter (September to November 2010) was 67.3%, an improvement of 0.2 of a

percentage point from the previous year, while the seasonally adjusted ILO unemployment rate was 8.4%, down 0.1 percentage points from the same period a year earlier.

The LFS estimated the number of economically active people in Wales to be 1.455 million in the September to November 2010 period – a gain of 30,000 over the year. The economic activity rate for Wales increased to 73.8%, up by 0.3 of a percentage point from a year earlier. Meanwhile, the UK experienced a decrease of 0.1 of a percentage point in its economic activity rate over the same year. Of the UK regions, only the North East and Northern Ireland had a lower economic activity rate than Wales in the three

months to November 2010.

The levels of workforce jobs in Wales, split by broad industry types over a period from June 2008 to June 2010, are shown in Table 5. These figures are taken from the latest available *Labour Market Statistics Wales* published by the Office for National Statistics (ONS). The overall number of workforce jobs in the Principality decreased by 50,000 between June 2008 and March 2009 to 1.35m, and fell by a further 9,000 to June 2010, standing at 1.341m.

Of particular concern, manufacturing in Wales experienced a 19.5% drop in workforce jobs over the whole of this time, amounting to 32,000 jobs. Workforce jobs in construction and other

Table 4: Labour Market Summary, September 2010 to November 2010.

	Economic Activity	Change on year	Employment rate	Change on year	ILO Unemployment rate	Change on year
North East	73.2	-1.3	66.1	-0.9	9.6	-0.3
North West	75.3	0.3	69.5	0.7	7.6	-0.6
Yorks & Humber	75.0	-0.9	68.0	-0.9	9.2	0.1
East Midlands	77.1	-1.0	70.7	-1.7	8.1	0.9
West Midlands	75.5	-0.7	67.9	-0.8	9.9	0.3
East	79.2	0.4	73.8	0.0	6.6	0.3
London	75.2	0.3	68.3	0.5	9.2	-0.2
South East	80.1	0.2	75.1	0.2	6.1	-0.1
South West	79.0	1.0	74.2	1.3	5.9	-0.5
England	76.9	-0.1	70.8	0.0	7.8	0.0
Wales	73.8	0.3	67.3	0.2	8.4	-0.1
Scotland	77.3	-0.7	70.7	-1.4	8.4	0.9
Northern Ireland	71.0	0.7	65.3	-0.1	7.8	1.1
UK	76.6	-0.1	70.4	-0.1	7.9	0.1

Source: Labour Force Survey (September 2010 to November 2010)

Table 5: Workforce Jobs by Industry in Wales (thousands) seasonally adjusted.

Sector (SIC 2007)	June 2008	June 2009	June 2010	% change 08/10
All	1,400	1,350	1,341	-4.2
Manufacturing (C)	164	155	132	-19.5
Construction (F)	98	98	96	-2.0
Total Services (G to S)	1,083	1,049	1,070	-1.2
Other sectors (A,B,D&E)	55	48	43	-21.8

Source: Employer Surveys, Labour Force Survey and administrative sources; reported in Labour Market Statistics, Wales, June 2010.

<http://www.statistics.gov.uk/pdfdir/lmswales1110.pdf>

Table 6: Unemployment in Wales; Claimant Count by Unitary and Local Authority Area – 9th December 2010, % of Population (not seasonally adjusted)

	Men	change on year	Women	change on year	People	change on year
Wales	5.4	-0.9	2.0	0.0	3.7	-0.4
Blaenau Gwent	9.3	-2.0	3.7	-0.1	6.4	-1.1
Bridgend	5.7	-0.9	2.3	0.2	4.0	-0.3
Caerphilly	6.8	-1.5	2.6	0.1	4.7	-0.7
Cardiff	6.0	-0.1	2.1	0.2	4.0	0.0
Carmarthenshire	4.2	-0.7	1.6	0.2	2.9	-0.3
Ceredigion	2.8	-0.3	1.1	0.0	1.9	-0.2
Conwy	5.5	-0.9	1.8	0.0	3.6	-0.5
Denbighshire	5.7	-0.8	1.9	0.0	3.8	-0.4
Flintshire	4.3	-1.0	1.8	-0.1	3.1	-0.5
Gwynedd	4.6	-0.6	1.7	0.2	3.2	-0.1
Isle of Anglesey	6.2	-0.8	2.2	0.1	4.2	-0.3
Merthyr Tydfil	8.1	-2.3	3.0	-0.1	5.5	-1.1
Monmouthshire	2.6	-1.5	1.2	-0.4	1.9	-0.9
Neath Port Talbot	4.4	-1.5	1.8	-0.2	3.1	-0.8
Newport	7.3	-0.9	2.7	0.2	5.0	-0.4
Pembrokeshire	5.1	-0.5	1.8	0.1	3.4	-0.2
Powys	3.0	-0.7	1.4	0.0	2.2	-0.4
RCT	6.3	-1.1	2.4	0.2	4.3	-0.5
Swansea	4.5	-1.0	1.7	-0.1	3.1	-0.5
Torfaen	6.3	-1.3	2.3	0.1	4.3	-0.6
Vale of Glamorgan	5.7	-0.5	1.9	0.1	3.7	-0.2
Wrexham	5.3	-0.8	1.9	-0.1	3.6	-0.4

Source: Jobcentre Plus Administrative System

services decreased by a relatively small 2.0% and 1.2% respectively between June 2008 and June 2010.

Table 6 shows unemployment claimant count rates in Wales by unitary authority area in December 2010. The all Wales claimant count unemployment rate in December 2010 (not seasonally adjusted) was 3.7% (70,181 claimants), a decrease of 0.4 of a percentage point, or 7,903 claimants over the year. In the year to December 2010 there were decreases in the unemployment rate in all the unitary authorities of Wales except Cardiff (where there was no change in the rate).

The highest claimant count rates in Wales were found in Blaenau Gwent, at 6.4%, and Merthyr Tydfil, 5.5%, although these were the two authorities with the largest reductions in their unemployment rates in the last twelve months (of 1.1 percentage points each).

Earnings

Research published in April 2010 by Deloitte, the business advisory firm, and the Western Mail newspaper, indicated that 56% of businesses in Wales were expecting to award pay increases or

bonuses in 2010. A third of the businesses planning pay increases stated that this was because of higher productivity and profits. A further third noted that their intention was due to them having not brought in a pay rise in the last year and they wanted to reward their employees. This *Wales Business Watch* survey also showed that just over half of the Welsh businesses who were planning to increase pay proposed to do so by an average of less than 2%.

Table 7 shows the *Annual Survey of Hours and Earnings* (ASHE) data for 2009 and 2010. These data are median gross weekly earnings, broken down by region and gender. In 2010 average weekly earnings in Wales (males and females combined) were £451.1, compared to £498.8 in the UK as a whole. This means that average earnings in Wales in 2010 were just 90.4% of the UK average (little change from the corresponding 2009 figure of 90.2%). The average national rate is, as always, strongly influenced by the high average earnings found in London (£642.3 per week in 2010) and the South East of England (£523.7).

Over the year from April 2009, the

percentage increase in earnings in Wales (males and females combined) of 2.4% was among the highest in the UK regions, with only the West Midlands (at 2.5%) having a larger percentage improvement.

By gender in 2010, the average weekly earnings of full time females in Wales were 91.4% of the UK female average. Wages for males in the Principality were just 89.7% of the comparative UK figure.

Public Sector Employment (PSE)

This edition of Labour Markets will conclude by taking a closer look at figures released for employment in the Public Sector. The Westminster Government's Spending Review outlined the substantial expenditure cuts required to bring down the level of the UK's Public Sector Spending deficit. With many public sector organisations now likely to face stringent pressures on their budgets, there will be many challenges to maintaining employment levels. Amongst the first Welsh local authorities to announce planned job cuts were Powys and Cardiff (see Diary section of this *Review*).

Table 7: Median Gross Weekly Earnings by Government Office Region for Full-time Adults Whose Pay was Unaffected by Absence, April 2009 and April 2010.

	2009			2010			Annual % Change, All 2009-2010
	Male	Female	All	Male	Female	All	
United Kingdom	531.0	425.8	488.5	538.2	439.0	498.8	2.1
North East	476.7	385.2	435.6	484.8	400.0	442.3	1.5
North West	497.5	406.2	459.8	500.0	417.8	467.1	1.6
Yorkshire and The Humber	488.3	395.3	451.0	496.9	404.9	460.2	2.0
East Midlands	499.5	387.4	456.1	507.7	393.5	465.2	2.0
West Midlands	492.8	393.2	456.2	502.8	400.0	467.5	2.5
East	523.8	408.6	478.6	535.0	424.4	488.7	2.1
London	689.8	565.2	627.4	698.6	582.3	642.3	2.4
South East	565.9	438.3	513.3	574.9	444.1	523.7	2.0
South West	498.6	385.9	454.0	503.4	399.7	460.0	1.3
Wales	478.8	383.3	440.4	483.0	401.3	451.1	2.4
Scotland	509.9	420.3	472.8	521.5	431.2	488.2	3.3
Northern Ireland	460.0	402.6	437.1	460.0	412.2	440.8	0.8

Source: 2009/ 2010 Annual Survey of Hours and Earnings (ASHE)

Table 8: Proportion of Workforce Employed in the Public Sector - 2010Q3 (not seasonally adjusted).

	PSE as a percentage of all employment	Percentage point change in the proportion of all employment in PSE 2009Q3 to 2010Q3
UK	20.5	-0.4
North West	21.7	-0.1
North East	24.9	-1.2
Yorks & the Humber	22.4	no change
West Midlands	20.6	-0.1
East Midlands	19.3	+0.7
East	17.4	-0.6
London	18.3	-0.2
South East	17.2	-0.3
South West	19.9	-1.1
England	19.6	-0.3
Wales	25.7	-1.2
Scotland	24.2	-0.1
Northern Ireland	29.8	-0.5

Sources:

Public Sector Employment Statistical Bulletin, ONS <http://www.statistics.gov.uk/pdfdir/pse1210.pdf>

Regional Analysis of public sector employment 2010, Business Statistics Division, ONS

<http://www.statistics.gov.uk/articles/nojournal/regional-pse-finalv6.pdf>

In 2010 the ONS published for the first time regional estimates of PSE based on returns from public sector organisations. These data supersede previous estimates from 2005 onwards (that were produced using a combination of the LFS and national PSE estimates). The ONS also now publish quarterly estimates of PSE by sector and industry classification for the UK as a whole.

Although the highest number of public sector employees are found in London (773,000 in 2010Q3), the North West (684,000), and the South East (680,000), the employment structure in Wales has, for a number of years, been characterised as having a relatively high proportion of jobs in the non-market sectors of public administration and health.

Table 8 shows PSE jobs by region as a percentage of the entire workforce in a region. Only Northern Ireland (29.8%) had a higher proportion of its workforce employed in the public sector than Wales (25.7%), in the third quarter of 2010. The South East of England was the region with the lowest proportion of its workforce in the public sector

(17.2%). As the second column of Table 8 shows, Wales had the equal highest percentage point decrease in employment in this sector over the year to 2010Q3, at -1.2 points.

The Assembly Government has noted that if PSE is expressed as a proportion of the resident population, linking

employment in the sector with the size of the population it serves, then the difference in the proportion of total employment in PSE between Wales and the UK is reduced¹.

Table 9 shows the headcount number of people in PSE in Wales (Q2 not seasonally adjusted), increased by

13,000 between 2008 and 2009, but fell by 4,000 by 2010. This latter 0.9% decrease in the headcount in PSE in Wales between 2009 and 2010 compared favourably with the larger decreases in England (1.2 per cent) and Scotland (2.1 per cent), and equalled the fall in Northern Ireland (also 0.9 per cent).

Table 9: Public sector employment levels in Wales.

Year	Employment
2008	328,000
2009	341,000
2010	337,000

Note: Annual figures relate to June quarter (Q2)
 Source: Public Sector Employment Statistical Bulletin, ONS
<http://www.statistics.gov.uk/pdudir/pse1210.pdf>

Note:

1. For 2010Q1 "...As a proportion of those in employment the public sector accounted for 27.5 per cent in Wales, more than the UK (21.2 per cent). However if public sector employment is expressed as a proportion of the resident population aged 16 and over, which illustrates the relationship between the size of the public sector and the size of the population it serves, the difference in the proportion of the public sector between Wales and the UK is reduced (14.2 per cent in Wales compared to 12.3 per cent in the UK)..."
<http://wales.gov.uk/topics/statistics/headlines/economy2010/100906/;jsessionid=1NfQMZGPXtGLyGTcPwntGHD62bxNspl7XyS0y45VG8pG2jr9Lsdpl-42672990?lang=en>