



Learning and Labour Market Intelligence for Wales **National Report**

June 2005

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Learning and Labour Market Intelligence for Wales: The 2005 Reports

Introduction

Successful economies are adapting to the increasingly competitive international environment by shifting production towards higher value-added products and economic growth is now more dependent than ever on accumulation of knowledge and skills that can generate increasing returns. The historical advantages of low wages, low taxes, and low input costs are less important in the “knowledge economy” where competitive advantage follows from innovation, quality, and productivity-driven cost reductions. It follows that those countries that can offer an environment where firms become more productive and innovative will generally experience superior performance to those that are only able to offer low costs.

Developing the nation's stock of human capital resources has become a central platform of economic policy in the UK. In Wales, the National Assembly has assumed strategic responsibility for tackling a low skill, low wage and high dependency problem endemic to the region. Accordingly investment in people is given priority and considered to be the key to successful community development, social inclusion and wealth creation.

However, it is necessary that decisions on planning provision are based on a sound understanding of need and evidence. Those responsible for planning and delivering learning and education need to know where best to target their resources, what is being achieved in return for those resources and whether the broad policy directions are being achieved. It follows that accurate and timely intelligence on the needs of employers and learners and the supply of skills within the framework of a rapidly changing labour market are made available to policymakers.

Using the Reports

The 2005 Labour Market Intelligence reports for Wales succeed the previously published Baseline Data Reports (2004). In compiling the new reports the authors¹ have kept to the original tried and tested formula of 1 National, 4 Regional and 22 local area reports.

As with the earlier baseline documents, the purpose of the Labour Market Intelligence reports is to alert readers to the range of statistical and intelligence resources relevant to the learning agenda in Wales. Several new data sets have therefore been included and some older ones have been omitted pending revision. Where source materials can be accessed via the internet, the appropriate URLs have been referenced.

Much of the data contained in the 2005 reports are up to date and timely in the sense of embodying most recent data or revisions. Notwithstanding discontinuities this still means that in some instances information can be as much as two years old. A variety of education, training and learning market statistics beyond 2003 were not available at the time of publication. In addition release of the complete dataset for the 2002/2003 Welsh boost to the Labour Force Survey has been subjected to delay and full access was therefore not possible at the time of publication. However limited coverage and summary analyses of these data via NOMIS was unaffected.

Data sourced from the Office for National Statistics (ONS), Statistics Wales (SW) and NOMIS are Crown Copyright. Data sourced from ELWa are copyright ELWa. Other data sources are referenced in the text.

¹ The 2005 Labour Market Intelligence reports have been jointly prepared by MGS Economics and the Welsh Economy Labour Market Evaluation and Research Centre (WELMERC) at the University of Wales, Swansea.

Report Structure

The structure and format of the new reports have also been modified slightly. The main body of the national and regional reports is comprised of 3 chapters. Each of these is divided into separate text and exhibit sections with hypertext links at appropriate reference points. Many of the data exhibits have been annotated so as to emphasise the key messages.

The new format should be especially welcome news to those users whose needs are well defined and specific. Those who require access to a broader information set will also find the shorter narrative and annotated data sections more convenient. Nevertheless, to evaluate the entire document is a substantial undertaking and a freestanding introductory section therefore precedes the main report. This is not strictly an executive summary but a briefing document (presented bullet style) reporting “stylised facts” pertinent to those who are concerned with the evolving labour market and learning issues in Wales.

Wales 2005

Wales has undergone a period of huge economic and social change over the last 30 years. It is apparent that the rate and magnitude of change will be faster and greater over the next decade. The key economic drivers of this process are:

- ⇒ Technological change;
- ⇒ Productivity growth;
- ⇒ International competition;
- ⇒ Globalisation;
- ⇒ Specialisation and sub-contracting;

Learning, education and training will have a vital role to play in ensuring that the people of Wales have the skills they require so that they can fulfil their potential to themselves, their work and their communities.

The following bullets provide a quick reference guide to the demographic, social and economic condition of the Welsh nation and the extent to which it is embracing the learning paradigm.

Demographics

- ❑ The population of Wales is 2.94 million and expected to reach 3 million by 2011¹
- ❑ The population is also ageing. By 2011 there will be 37,000 fewer children - a fall of 7%. Over the same period the retirement age population will have increased by 67,000.
- ❑ The working age population will grow by 3% (55,000). However there will be some large changes within this group with an increase of 53,000 in the age group 15-29 and a fall of 60,000 in the number of 30-44 year olds.
- ❑ The natural component of population change is negative (deaths exceed births) and population increase is being driven by net in-migration²
- ❑ Between 2003 and 2011, net migration into Wales is estimated at 85,000 Of those who are leaving Wales, the majority are aged 16-24 while most in-migrants are typically aged 45 and over.³
- ❑ The largest urban areas in Wales are Cardiff (pop. 315,000), Swansea (225,000) and Newport (139,000). They are a magnet to young people and are the only areas not losing young people.
- ❑ 68.8% of Welsh residents say they are Welsh and 28.4% of Welsh residents claim to speak Welsh
- ❑ 2.6% of the working age population belong to a non-white ethnic group (44,000)

1. [Population projections](#)
2. [Components of population change](#)
3. [Migration by age group](#)

Social Conditions in Wales

- ❑ 36% of Welsh households have internet access – the lowest rate of penetration of all UK regions. ¹
- ❑ The Welsh Index of Multiple Deprivation indicates that potential deprivation problems are higher than average in Merthyr Tydfil, Blaenau Gwent, Neath Port Talbot, Caerphilly, Rhondda Cynon Taff, Bridgend and Anglesey; and lower than average in Flintshire, Conwy, the Vale of Glamorgan, Denbighshire, Powys and Monmouthshire ²
- ❑ Almost ¼ of the Welsh population have a limiting long term illness or disability. Despite this only 12.% of all residents say their health is not good
- ❑ Merthyr Tydfil, Neath Port Talbot, Blaenau Gwent, Rhondda Cynon Taf, Caerphilly and Carmarthenshire suffer from the prevalence of limiting long-term illness
- ❑ Wales has a high proportion of lone-parent households (9.9% vs 9.3% in England).
- ❑ 1 in 4 of the workforce work 45 hours a week or more Average full-time earnings in Wales are £440 a week. Although this is well below the UK average of £505, when the effects of London and the South East of England are removed, the pay gap is reduced to £20 per week. ³

1. [Households with home access to the Internet](#)
2. [Index of Multiple Deprivation](#)
3. [Annual Survey of Hours and Earnings, 2004](#)

The Economy of Wales

- ❑ *Wales is a £37 billion¹ economy, with 184,000 enterprises² and a workforce of 1.3 million people*
- ❑ *At £12,629 Wales has a lower GVA per head than other region of the UK – 79% of the UK average*
- ❑ *Hourly productivity in Wales is around 71% of the EU average and 80% of the UK average³*
- ❑ *At 4.7% Wales has virtually the same unemployment rate as the UK. But activity rates and employment rates are both 3 % points lower than the UK*
- ❑ *1 in 5 (19.6%) working age people in Wales do not want employment compared to 16% in Great Britain*
- ❑ *156,000 people are self employed – 12% of workforce jobs*
- ❑ *In 2003 - 77,400 Welsh residents were working outside Wales; this was offset by 41,400 people resident outside Wales coming into Wales to work.⁴*

1. [Regional GVA](#)

2. [Enterprises in Wales](#)

3. [“Where in the World Are We?”](#)

4. [Commuting in Wales 2003](#)

The Industrial Structure of Wales

- ❑ In 2004 Wales had 448 VAT registered enterprises per 10,000 working age population. This compares with 501 in England ¹
- ❑ 68% of new registrations are still surviving after 3 years (66% England) ².
- ❑ Since 1990 the share of manufacturing in total Welsh GVA has fallen from 30% to 21% while the service industry's contribution has increased from 57% to 69%.
- ❑ Manufacturing now accounts for 14% of employment
- ❑ Almost a million people in Wales are now employed in the service economy
- ❑ Employment growth has been especially strong in the public sector which now has 88,000 more jobs than 10 years ago
- ❑ A booming property market has helped to fuel an increase of 25,000 in the number employed in the construction sector since 1993.
- ❑ Despite increasing by 45,000 employees over the decade, the proportion in banking and finance, a high wage industry, remains low at 10%, compared to the British average of 16%.
- ❑ A notable feature of the Welsh economy has been its ability to attract investment from overseas. In 2003, there were 312 foreign owned manufacturing plants in Wales, employing 62,000 people.³
- ❑ Tourism and Hospitality are also very important to the economy of Wales; some 85,000 people are employed in tourism-related activities.
- ❑ Employment forecasts indicate growth in Wales to 2008 will be at around 0.3% a year and will be concentrated in the service economy - in particular in: wholesale and retail, other business services, health, other services (sewage and refuse disposal, leisure, domestic services).
- ❑ Occupational growth is likely to concentrate in those areas relating to health, leisure, sales and service support with particular emphasis on health professionals, caring personal service, health and social welfare associate professionals, leisure and personal service, sales, business and public service associate professionals

1. [VAT Statistics](#)
2. [Survival of Vat regd. Enterprises](#)
3. [Foreign owned manufacturing plants](#)
4. [Forecasts – Future Skills Wales](#)
5. [SSDA – “Working Futures”](#)

Skills and Qualifications

- ❑ Some 440,000 adults in Wales (25% of total aged 16-65) are at entry level or below in literacy and over one half of adults (almost 1 million people) do not have Level 1 numeracy skills. Corresponding proportions from the all-England survey are 16% and 47%¹
- ❑ Among the under 50s population poor basic skills are most prevalent among school leavers and young people (16-19)
- ❑ At key stage three, half way through secondary school, 35% of 14 year olds fail to attain the expected standard in English and 31% are below the target in maths.²
- ❑ 56% of 16-19 year olds in Wales in 2005 are in full time education compared to 58% in Great Britain
- ❑ Almost 8 out of 10 16-18 year olds in Wales are engaged in education or training. However there are still 5,900 young people (5% of total) not in education, training or employment³
- ❑ 42% of those of working age people in Wales in 2005 are qualified to NVQ level 3 or above compared to 51% in Scotland and 45% in England
- ❑ 28% of those in work in Wales in 2005 are qualified to level 4 and above compared to 30% in England and 35% in Scotland
- ❑ 11.8% of the working age population and economically active in Wales have no qualifications. The corresponding UK figure is 10.8%
- ❑ Forecasts to the end of the decade anticipate substantial growth in the number of professional and associate professional occupation, while the number employed in skilled trades and machine operatives will decline. By far the largest fall will be in the number of people employed in elementary occupations.

1. [National Survey of Adult Basic Skills](#)
2. [Assessment and Examination Performance \(2003\)](#)
3. [Participation of 16-24 year olds in education and training](#)

Learning in Wales

Formal Learning

- ❑ 88% of Welsh 16 – 18 year olds are participating in education, training or work (02/03)¹
- ❑ 74% continue in full-time education after compulsory schooling. However the proportion of 16-18 year olds in full-time education has fallen slightly since the beginning of the decade
- ❑ There are around 263,000 students enrolled at FE institutions – 43,000 full time and 220,000 part time (02/03)
- ❑ Some 53,500 students from Wales attended HE institutions in the UK in ² 2002/03. Almost 90% of these (47,998) were undergraduates and 62 % were studying at Welsh institutions
- ❑ There are around 123,000 students studying at HE level in Wales – 69,600 full time, 47,300 part time and 5,700 with The Open University (02/03)

Learning and Work

- ❑ There were 54,599 ELWa funded Work Based Learners in the financial year to March 2003.
- ❑ Almost all of these were in full-time training with many receiving that training in the work place either in full-time employment or with non-employed status.
- ❑ Employment is the most important single outcome accounting on average for 40% of all training episode leavers
- ❑ Not all learning outcomes are positive; 1 in 3 training episode leavers aged 25-49 and 40% of those aged 50-64 end up unemployed. Self employment is also surprisingly low
- ❑ Workforce development is marginally greater in Wales than in England. The Labour Force Survey shows that 16% of employees in Wales received work related training in the 4 weeks preceding the survey (15% England)
- ❑ Training opportunities are more likely to be offered to / taken up by the better skilled and already qualified employees.

Adult Participation in Learning

- ❑ In 2003 - 42% of adults in Wales were either currently engaged in learning or had undertaken some sort of learning activity during the previous 3 years.³
- ❑ Current participation promotes future participation but intentions decay rapidly over time
- ❑ 88% of 17-19-year-olds are current or recent learners. This compares with less than 60% of the rest of the working age population
- ❑ The fall in participation is particularly steep for adults aged 55 and over. Only 34% of those aged 55-64, 22% of those aged 65-74 and 9% of those aged 75 and over consider themselves as learners

Why are People Learning in Wales ?

- ❑ 61% of learners say that they started learning for personal development reasons, 51% for work-related reasons and 35% for education/ progression reasons.
- ❑ 8% of learners say that they did not choose to participate in learning, but were required to do so by their employer, for professional reasons or as a benefit requirement

Benefits of Learning

- ❑ 30% of learners report improvements in self-confidence, 26% believe they have developed as a person, 25% have gained or expect to gain a recognised qualification and 23% have met new people and made new friends.
- ❑ Benefits more likely to be reported by men are related to their work. For example, 20% of men have gained or expect to gain a job compared with 13% of women, and 15% of men have been helped/expect to be helped in their current job compared with 12% of women

Barriers to Learning

- ❑ 13% of learners say that they are not interested in learning and 16% that they do not feel that anything is preventing them from learning.
- ❑ Attitudinal reasons such as feeling too old (20%) or feeling that there is no need to learn anymore (8%) are also identified as main factors, as are work/time pressures (21%), and caring commitments

1. [Estimated participation of 16-18 year olds](#)
2. [Higher Education, Further Education and Training Statistics 2002-03](#)
3. ["Moving Forward – Adult Participation in Learning in Wales"](#)

Chapter 1

Overview of Wales – a brief economic profile

Introduction

Wales may not rank among the top performing regions of the UK, but at a time of rapid change and intense global competition, the ability of this comparatively small open economy to maintain some kind of economic status quo is itself an achievement. If nothing else, the Welsh economy has proved itself to be adaptable when confronted by shocks to its industrial base and when challenged by new economic conventions.

Public policy has been instrumental in promoting this versatility, investing in business infrastructure and in the labour force so as to encourage supply side adjustment. In order to ensure that these resource deployments are effective, decision makers must be “up to speed” in understanding economic events so as to identify spending needs and priorities.

In keeping with the format of earlier *baseline* reports, this section undertakes a brief examination of the Welsh economy and sets the context for later sections. Drawing on currently available statistical information, the aim is to consider what shape the Welsh economy is in, the direction in which it is being driven by economic forces and the factors that may influence its performance in the future. In some areas, data is not as comprehensive or up-to-date as would be desirable. However, neither is it desirable to overburden the reader with extensive statistical detail. It is our belief that a coherent analysis of the economy can be achieved by focussing on a subset of key parameters.

Population

A gradually rising population can be beneficial to economic growth as it is likely to be associated with rising demand for goods and services, as well as providing additional labour supply. Between mid 1993 and 2003, the population of Wales increased by 54,400 (1.9%). This compares to an increase of just 41,780 (1.7%) from mid 1992-mid 2002 and reported in the previous release of this report. The increase in population growth produced by this comparatively minor change in the timeframe is a consequence of a fall in the Welsh population between mid 1992 and mid 1993 of

43,443 and an increase between mid 2002 and mid 2003 of 19,177. This example also demonstrates the volatility of the population figures from one year to another.

The population is getting older as a consequence of a 3.2% increase in the number over retirement age (some 18,400) and a reduction in the number of pre-school and early school (age 5-9) children amounting to some 39,200. As a consequence the demand for school places is likely to decline substantially over the next few years. The population of working age, which grew by 3.7%, is much larger than pre-working and post-working age combined (1.805 million compared to 1.329 million), which means the effects of changes in the latter will be muted. These figures do not reveal either how many people retire early or continue to work after retirement age. The biggest increase, however, has been in the age cohort 75+, which grew by some 34,000 and few of these are likely to be in work. Further, the proportion of the population that is of working age in Wales is smaller than that in England and Scotland² ([Table 1.1](#)).

Population size is determined by a combination of birth rates, death rates and net immigration. Wales benefits from net immigration ([Table 1.2](#)). This increased from 9,000 in 2001 to 15,000 in 2003 as a result of both increasing in-migration and falling out-migration. Both forms of migration are higher in relation to regions which are adjacent to Wales such as the North-West, West Midlands, South-East and South-West.

Population projections for Wales based on 2003 revisions suggest that growth will continue to rise up to 2021 with the population reaching the three million mark by 2011 ([Table 1.3](#)). These population estimates have been revised upwards each year.

² According to the 2001 census 59.7% of the population in Wales was of working age compared to 61.5% in England and 62.2% in Scotland. In M.K.Jones, R.J.Jones and P.J. Sloane, 'An Overview of the Welsh Labour Market, WELMERC Discussion Paper No. 2003-01, University of Wales Swansea, it is also noted that cross border commuting to work also lowers the effective working population. In 2001 75,000 Welsh residents worked outside of Wales, whilst only 42,000 non-residents travelled in the opposite direction. Calculations in National Economic Development Strategy, Welsh Assembly Government, 2002 suggest that having a smaller proportion of the population of working age accounts for 2.5 out of the 20 percentage points gap between Welsh and UK GDP.

Of particular interest in the context of population dynamics is the effect on the dependency ratio, the number of working age divided by the number of pension age. This rose marginally from 3.02 in 1993 to 3.03 in 2003, but compares unfavourably to the rest of the UK and is likely to deteriorate further. Following the EU's Employment Directive on Equal Treatment, which outlaws discrimination at work on grounds of age (as well as sexual orientation disability and religion), the UK is obliged to implement legislation against age discrimination by (1st October) 2006. Furthermore, it is the intention of the Government to have legislation in place earlier, in order to allow time for adjustment to the new arrangements.

The Government has concluded that legislation should set a default retirement age of 65, but also create a right for employees to request working beyond a compulsory retirement age, which employers will have a duty to consider.³ This will complicate the definition of the working population. More critically, increased longevity will have an adverse effect on the dependency ratio and encourage delayed retirement to ensure adequate pension provision. The pace of labour force ageing in Wales as in the rest of the UK is relatively slow by OECD standards, but is likely to accelerate if increased numbers of older workers delay their retirement. Dixon (2003)⁴ points out that key issues include

- the need to maintain the employability of older workers who wish to remain in work,
- the need to avoid obsolescence in older workers' skills through lifelong learning and
- the need to ensure that mobility is sufficient to adjust to future changes in the location and composition of jobs.

³ See *Equality and Diversity Age Matters: Age Consultation 2003*. DTI, Crown Copyright, 2003, <http://www.dti.gov.uk>

⁴ S.Dixon, Implications of Population Ageing for the Labour Market, *Labour Market Trends*, February, 2003, pp. 67-76.

Gross Value Added

Gross value added⁵ is the difference between the values of inputs and outputs and therefore can be used to measure regional rates of economic growth. Measured in current basic prices and before allowing for inflation, GVA grew by 42% in Wales between 1995 and 2003 and between 2002 and 2003 the growth rate was 6% ([Table 1.4](#)), which is faster than the average elsewhere in the UK. Of particular importance are the factor shares in value added and over the whole period labour's share has grown from 60.1% to 64.5%, while the (apparent) profit share has correspondingly fallen from 39.9% to 35.5%. This is likely to inhibit investment. However, factor shares have been relatively constant since 2000.

GVA per head is a better measure when comparing economic performance and prosperity between countries ([Table 1.5](#)). On this measure, Wales performs poorly by the standards of other regions of the United Kingdom as well as the EU average (and hence qualifies for EU development assistance). GVA per head in Wales declined from 83.7% of the UK average in 1995 to 79.0% in 2003, but again the index has been relatively stable since 2000.

Structural change in the Welsh Economy will contribute to these outcomes. The share of manufacturing in total GVA has fallen from 30% in 1993 to 21% in 2002 and recorded GVA per head in manufacturing tends to be higher than in services, the share of which increased from 57% to 69% over this same period. The most marked increase in share of total GVA occurred in Real Estate, Renting and Business Activities (see [Figure 1.1](#)).

Within Wales the objective of the Welsh Assembly Government has been to narrow the disparities between East Wales and the Objective One area of West Wales and

⁵ The headline estimates that are presented are a moving average based 'trend' of the unadjusted estimates for each region. The trending removes some of the year-to-year volatility in the unadjusted series. Under the European System of Accounts 1995 (ESA 95) the term GVA is used to denote estimates that were previously known as gross domestic product (GDP) at basic prices. Under ESA 95 the term GDP denotes GVA plus taxes (less subsidies) on products i.e. at market prices. Regional Accounts are only published at basic prices.

the Valleys in terms of GDP per head, earnings and employment, especially through the use of Objective One funding. Recent benchmarking work by WELMERC using an index combining employment, income and human capital shows that over the period 2000-2003 the relative labour market improvement in the Objective One area (10.7%) was actually exceeded by that in the Objective Three area of East Wales (12.3%).⁶

Businesses Formation and Survival

Comprehensive coverage of business stocks and flows are not available in the UK and VAT registrations and de-registrations are the best official guide to business start-ups and closures. They are an indicator of entrepreneurship and used judiciously can yield insights into business formation and survival rates.

The VAT data are produced by the Small Business Service (SBS) Statistics Unit and are based on data collected from the Inter Departmental Business Register (IDBR). On a cautionary note however, the registrations and de-registrations data do not equate to 'actual' business closures or start-ups. Firms can be removed from the VAT register for a variety of reasons including; falling turnover, mergers, takeovers and relocations as well as the business actually ceasing to trade. However, VAT registrations and de-registrations are thought to be indicative of the underlying rate of business 'births' and 'deaths'.

It is common to express registrations and deregistrations either as a percentage of the stock of VAT businesses or as a proportion of the resident (or working) population. Both conventions have been adopted in this report because levels of entrepreneurship can appear high or low depending on which denominator is applied ([Table 1.6](#)).

In 2003, registrations in Wales amounted to 8.7 % of the VAT stock and lower than the registration rate in Scotland and England. However, relative to its population, the business formation rate in Wales is 24 per 10,000 residents. Although still lower than that in England, this is the same as the formation rate in Scotland.

Within Wales, the highest and lowest registration rates, measured in relation to the business stock, are in South East Wales and Mid Wales respectively (at 10.7% and 5.5%). However, on a per capita basis, business starts (at 31.7 per 10,000 residents)

⁶ See WELMERC Newsletter, Spring, 2004.

are higher in Mid Wales than in South East Wales (at just 21.9). The reason for this reversal in the ranking has to do with differences in business density. Accordingly, South East Wales has substantially fewer firms per head of population than Mid Wales. Although average firms size is much larger in South East Wales, the effect of the smaller density is to artificially inflate the ratio of registration to VAT stock.

Turning to business survival and closure,⁷ regions with high levels of registrations also tend to exhibit higher de-registration. This reflects the short lifespan of many new enterprises. Typically in Wales, the 12 month survival rate of new registrations is around 90% and this falls to below 60 % after 4 years ([Figure 1.2](#)).

The correlation between registrations and deregistrations implies that calculated closure rates are subject to the same problems of interpretation as are encountered with the business formation rate. Fortunately however, the difference between registrations and deregistrations – the net registration rate, is less prone to ambiguity. Thus in [Table 1.6](#) the net rate of business closure is unambiguously greater in Mid Wales than in South East Wales, irrespective of how it is measured.

In 2003 Wales had just over 79,000 VAT registered businesses, but these were highly concentrated in just three sectors, Agriculture and Fishing (20.4%), Wholesale and Retail (21.4%) and Real Estate, Business Services (17.9%). Compared to Great Britain as a whole, Wales is over-represented in Agriculture and Fishing, and Hotels and Restaurants and under-represented in Finance and Real Estate, Business Services ([Table 1.7](#)). Turnover in the VAT register is high particularly in Mining and Energy/Water followed by Hotels and Restaurants. Positive growth is observed in Real Estate, Business Services and Hotels and Restaurants and declines in Agriculture/Fishing and Finance ([Table 1.8](#)). Were these trends to continue for several years the structure of the Welsh Economy would look very different than today.

⁷ Closure does not necessary imply business failure. Businesses close for a variety of reasons - the owner may have retired; the business may have been taken over or (in the case of region data), the businesses may have relocated.

Size Distribution of Business

The size structure of Welsh Business matters to the extent there are potential economies and diseconomies of scale. Micro enterprises (employing less than 10 people) account for no less than 94% of the business stock, though only 31% of employment and 18% of turnover ([Table 1.9](#)). These percentages are little different than elsewhere in the UK. Just under 1% of establishments in Wales are large (employing 250+ workers), compared to only 0.2% in the rest of the UK and though they employ a lower proportion of workers than in the rest of the UK they account for 57.3% of the turnover, with the corresponding figure in the rest of the UK only 50.1%. This suggests that productivity in large establishments is higher than in the rest of the UK, though this may be due to differences in industrial distribution.

Economies or diseconomies of scale may apply to individual establishments as well as companies as a whole. In 2003 no less than 67.6% of all establishments in Wales had no employees; they were single employer businesses.⁸ Nonetheless, they accounted for nearly 16% of total employment in Wales. SMEs are normally defined as enterprises employing less than 250 workers. Though [Table 1.10](#) does not provide information on company employment, (apart from single establishment enterprises) no less than 99.8% of Welsh establishments employ less than 250 and these account for 80.2% of all employment. It is clear that SMEs are critical to the future of the Welsh Economy. Since small firms tend to employ individuals with relatively low endowments of human capital and many are too small to employ functional specialists in areas such as finance, marketing and human resource management, their training needs are likely to be substantial.

Exports

Figures are available up to quarter three 2004 ([Table 1.11](#)). In the last four quarters exports from Wales increased by 7.3% over the previous four quarters compared to only 1% for the value of exports from the total of all UK regions. The increase for

⁸ According to J. Hurstfield and B. Newton (*Small Businesses Service - Annual Survey of Small Businesses, Wales 2003*, Institute for Employment Studies Brighton, 2004), the most common rationale for starting a new business was to develop an existing attribute (an idea, hobby or skill) and 70% of owners in new businesses had previously been in full-time employment. Nearly half had not sought any advice before starting up the new business. Obstacles to business creation which were most often cited were regulations, taxation and competition.

Wales was made up of an increase in exports to non-EU countries of 14.6% and an increase in exports to EU countries of 4.0%. The Wales percentage increase was the third highest among 12 UK regions (behind Northern Ireland and the South-West).

Size of firm is important to export generation. In the Small Business Survey 2003 only one in ten employers were exporters and for most of these, their principle markets were close to home, with exports providing only a minority of their turnover. Thus, only 3% said that most of their output was exported abroad.

Research and Development Expenditure

Though slightly up on the previous year R & D expenditure in Wales at 1.1% of Gross Value Added is low (only the North-East and Northern Ireland having lower percentages in 2002). However, as important as the level, is the composition of R & D expenditure. Whereas in the UK as a whole 67% of such activity is performed within business compared to 9% within Government establishments and 23% within Higher Education Institutions (mainly universities), within Wales business R & D is only 45% of the total and matched by that taking place in universities. This means that the funding arrangements for universities will be particularly important in the context of the Welsh economy ([Table 1.12](#)).

Employment in R & D activities, which requires high levels of skills and expertise, is equally low in Wales with 3,400 full-time equivalents or 0.26% of the regional labour force, slightly up on the previous year, engaged on R & D in the Business and Government sectors in 2002. There is a high concentration of such employment in Southern England, reflecting the fact that R & D rarely takes place in peripheral plants ([Table 1.13](#)). The figures are also consistent with other evidence which shows lower levels of demand for high-level skills in Wales than in other regions. It appears also that foreign firms establishing operations in Wales are not locating R & D functions here. The relatively low incidence of R & D in Welsh businesses reflects the fact that relatively high R & D intensive companies are under-represented within Wales. This is recognised by the WDA which is attempting to promote Wales as a centre for new industries, such as telecommunications, electronics and multi-media and software design. The attainment of this objective requires the existence of sufficiently large pool of highly qualified labour.

One important development is the concept of Techniums, sponsored by the WDA. The Technium concept, initiated in Wales, aims to provide specialist incubator facilities for high-tech, creative and knowledge-based businesses, linking public and private sector innovation with leading academic expertise. So far five Techniums have been created; two in the Swansea Marina area, a Digital Technium in Swansea University, an Auto Technium at Llanelli Gate and a Sustainable Technologies Technium at Baglan Energy Park. An additional four Technium projects also under development - two in the North⁹ and one each in Mid and South East Wales.

Skills and Productivity

Although there have been some concerns that the global economic recovery may be slowing down, the medium term growth prospects for the world economy remain quite favourable. However, if Britain (and Wales) is share in the benefits of this revival in activity it must be adequately prepared for a recovery which is almost entirely based on jobless growth – where increases in economic prosperity are productivity based.

This contrasts with past experience. For the last two decades real GDP growth in the UK has exceeded the EU average. However, this was almost entirely because the UK achieved more rapid employment growth than the EU countries (SSDA,2004)¹⁰. In terms of productivity growth, the UK's performance has been considerably poorer.

The skills of the population are one of the major determinants of the output produced from one hour worked. [Table 1.14](#) shows that the UK performs below the EU average in terms of labour productivity per hour worked, with an index value of 90 relative to 100 (EU average) or a performance of 90% of the EU average. This puts the UK in 16th position on the international ranking, well below countries like Norway and Belgium. Recent work (see below) estimates that GDP per hour worked in Wales (2002) is 71% of the EU average. This is well below the figure of 89% for the UK.

The challenge confronting UK business generally and Welsh business especially is how to secure more **value added** from the same quantity (or less) of jobs. To raise productivity requires that businesses do things better. That in turn requires a skilled

⁹ The new Technium at St Asaph in North Wales has recently opened.

¹⁰ The UK Skills and Productivity Agenda: The Evidence Base for the SSDA's, Strategic Plan 2005-2008, September 2004 (see <http://www.ssda.org.uk>):

workforce that can respond quickly and effectively to rapidly changing markets and conditions.

A range of indicators are being developed by WELMERC in order to determine the relative international position of Wales in lifelong learning, and to enable ELWa to identify areas of particularly good or bad performance. Setting up a benchmark that will be updated will also allow areas of improvement or deterioration to be identified. The indicators are all supplied by international organisations, which ensure quality control and harmonisation through a standard methodology. The central production of statistics also ensures they are defined using standardised international conventions. [Table 1.15](#) gives full definitions and sources of the indicators used.

The results of the first stage of this project have recently been published. These show the UK has a relatively good performance in lifelong learning participation, with Wales being ranked 6th. The UK also performs well in workforce development, being ranked 4th when participation in CVT courses is considered. The two indicators constructed from PISA data youth literacy and numeracy also display relatively good performance when compared to the OECD average. In terms of labour market outcomes the UK has one of the highest rates of return to education illustrating the importance of education in the labour market.

However the UK/Wales performs relatively badly in several aspects of lifelong learning. The rate of participation in education and training for youths is lower in Wales than the all-country mean. Wales also does relatively poorly in terms of the proportion of adults not achieving basic literacy levels. The labour force participation rate in Wales of those without upper secondary education is considerably less than the country mean, reinforcing the importance of obtaining qualifications in the UK.

Indeed, few countries perform consistently well. This may be due to inter-relationships between indicators and conflicting policy goals. For example, adult literacy measures are likely to be highly correlated with youth literacy measures and participation rates will affect rates of attainment. The resources invested into education may also affect the capacity or quality of the education system, and thus may influence participation

and or attainment. Countries such as Sweden or Switzerland do perform better on a more consistent basis.

Employment and Skills Forecasts:

- Sectors

Forecasts for the Welsh economy (Future Skills Wales, 2003; SSDA, 2003) indicate that employment in Wales will grow at around 0.3% a year to the end of the current decade, while across the whole of the UK the corresponding estimate is nearer 0.6% per year. These increases will be concentrated in the service economy and in particular in:

- Wholesale and Retail
- Other Business Services
- Health
- Other Services (Sewage and Refuse Disposal, Leisure, Domestic Services).

It is expected that productivity gains in Wales will drive increases in output **without the need for further employment**. This trend is predicted in financial services, transport and communications, construction, agriculture and manufacturing, where job levels are likely to decline despite continued increases in sector output ([Table 1.16](#))

Predicted rates of job loss are expected to exceed the UK average in the primary sector and utilities, manufacturing and construction (IER/SSDA, 2004)¹¹. The largest decline is anticipated in manufacturing which may lose some 35,000 jobs in the 10 years to 2012. Other major losses over this period include around 8,000 in the primary sector and utilities and 11,000 in construction.

- Occupations

Occupational classifications cut across industries and each is associated with a particular set of skills. Since 1998, the occupational mix in both Wales and the UK has changed with a movement towards professional, sales, administrative and care occupations and away from skilled trades (although Wales has not always followed this trend), secretarial and agricultural occupations. The strongest employment growth in Wales since 1998 has been in:

- Textiles, Printing and Other Skilled Trades

¹¹ [Working Futures: New Projections of Employment by Sector and Region, Institute for Employment Research, University of Warwick, 2004](#)

- Caring Personal Services
- Science and Technology Associated Professionals
- Sales
- Culture, Media and Sports
- Teaching and Research Professionals
- Health and Social Welfare Associate Professionals
- Business and Public Service Associate Professionals.

Looking forward to 2008 occupational growth is likely to concentrate in those areas relating to health, leisure, sales and service support, particularly the following occupations ([Table 1.17](#))

- Health Professionals
- Secretarial and Related
- Caring Personal Service
- Health and Social Welfare Associate Professionals
- Culture, Media and Sports
- Leisure and Personal Service
- Sales
- Business and Public Service Associate Professionals.

Skills

Generic skills, which include abilities such as good oral communication, initiative and problem solving are fundamental to the process of re-skilling the Welsh labour force. These are increasingly in demand by progressive employers and are particularly valuable when combined with technical and sector specific knowledge. They have been closely identified with skills gaps in communication, team working and customer service – a shortfall that is allegedly preventing many firms from expanding into new higher quality products or services.

Increases in generic skill needs in Wales are anticipated across the board ([Figure 1.3](#)) but are likely to be especially concentrated in the following areas (ranked in order of mean score with increase in the proportion of employers demanding an advanced level of skills shown in brackets):

- Understanding customer needs: 3.1 (7 per cent)
- Communication skills: 3.0 (6 per cent)
- Adaptability and flexibility: 3.0 (6 per cent)
- Showing initiative: 2.9 (6 per cent)
- Ability to follow instructions: 2.9 (5 per cent)
- Team working: 2.9 (5 per cent).

Until recently obtaining an informed picture of the skills demanded within individual sectors in Wales have been patchy. However as a consequence of research programmes such as FSW and the establishment of the Sector Skills Development initiative, analysts and policy makers are beginning to gain a better understanding of the skills and learning issues at sector level. An important innovation has been the development of a new resource – in the form of a **Sector Skills Matrix**. While still under development this permits access to a range of comparable data for 27 industry categories and 14 more aggregate sector groupings. The matrix also attempts to integrate broader (macro) labour market data from sources such as ONS with more specific information such as hard to fill vacancies, skills shortage vacancies and skills gaps.

It is the single most comprehensive source of sector data available. Whilst covering the UK as a whole, breaks for Wales, are also permitted. For richer, deeper intelligence on specific sectors, users should consult the relevant SSC and links to them are also provided within the Matrix.

Drawing on the skills matrix [Table 1.18](#) shows that overall some 14% of Welsh establishments were reporting hard-to-fill (HTF) vacancies during 2003. Recruitment difficulties were particularly acute in manufacturing establishments (16%), the construction industry (16%) and in health and social work (18%). However only in the manufacturing and construction industry were skill shortage vacancies (SSVs) also at correspondingly high levels (11% of establishments). In contrast in health and social work only 6% of establishments reported SSVs despite 18% claiming HTF vacancies. This suggests that the recruitment difficulties in this sector may be linked to other factors (such as pay and conditions) rather than skills. Rather interestingly, and

perhaps by no coincidence, reported skills gaps were greatest in health and social work.

Conclusions

The gradual increase in the population of Wales is likely to be helpful in the context of economic growth, but the ageing of the workforce, together with the deterioration in the dependency ratio will pose an increasing challenge in the coming years. Employers will also need to be educated about the implications of the new age discrimination legislation and associated changes to retirement provisions.

Particular problems for the Welsh economy are low gross value added (GVA) per head, the relative absence of very large enterprises, an over-representation of very small enterprises and relatively low R & D expenditure. However, the economy is growing relatively rapidly as are exports. There are, nonetheless, distributional issues, since the gap in GDP and employment between the Objective One area (West Wales and the Valleys) and the rest of Wales is not narrowing, despite large scale Objective One funding for the former. As the focus of European Union redistribution activities moves in favour of the accession countries, Wales may be particularly susceptible to new competition.

There are clear implications for ELWa. Greater emphasis is required on re-skilling middle-aged and older workers and adult returners to the workforce, paying attention to the fact that the overall rate of return to education and training diminishes with age. More general research on SMEs suggests they are less likely to provide formal learning opportunities for their employees than larger firms, though they are disproportionately affected by skill shortages. Consideration needs to be given to overcoming this training deficit, particularly where there is potential for future employment growth. Further training support is required in the field of entrepreneurial and management skills in order to support new business starts and their survival. The Wales Management Council's Agenda for Action document has emphasised the importance of the evaluation of Management and Leadership Development (MLD) and has set up a Working Group to consider the matter.

Consideration of how to increase R & D expenditure in Wales is complex. Is the existing distribution of resources between business and universities appropriate? Can the number of highly qualified individuals be increased to ensure that competitiveness is maintained and enhanced? What role will the Techniums developed by the WDA play in this process? It should be noted that large numbers of well qualified Welsh Graduates either commute to work in England or migrate there, so that the creation of more highly qualified jobs in Wales may serve to keep such individuals in Wales, while at the same time encouraging businesses to move resources in this direction.

Table 1.1 Population and Migration: Population Change, 1993 to 2003, by Age

Population and Migration: Population Change, Mid 1993 to Mid 2003, by Age							
				Mid 1993	Mid 2003	Change from 1993 1993-2003	%
Total population		All ages		2,883,500	2,937,900	54,400	1.9
		Children:					
	Pre-school	0-4		188,700	160,000	-28,700	-15.2
	School age	5-9		191,100	180,600	-10,500	-5.5
		10-14		185,500	196,700	11,200	6.0
Total		Under 15		565,300	537,300	-28,000	-5.0
		Working age					
		15-29		575,700	531,800	-43,900	-7.6
		30-44		577,900	610,700	32,800	5.7
		45-59		514,500	583,400	68,900	13.4
		60-64M		72,900	79,100	6,200	8.5
Total		15-59F/64M		1,741,000	1,805,000	64,000	3.7
		Retirement age					
		60-64F		77,800	81,800	4,000	5.1
		65-74		287,900	268,100	-19,800	-6.9
		75-84		162,200	187,200	25,000	15.4
		85+		49,300	58,500	9,200	18.7
Total		60F/65M+		577,200	595,600	18,400	3.2

Source: Registrar-General's mid year estimates, ONS

Numbers are rounded to the nearest 1000 so the total of English regions is not the same as the England figure. The data are based on patients re-registering with NHS doctors in other parts of the United Kingdom

Source: [National Statistics](#).

The population of Wales reached 2.94 million in mid 2003, up by 3.7% on the 1993 figure.

The other key feature of these data is the changing age distribution. Compared to 1993 there are

- 28,000 fewer children
- 64,000 more people of working age
- 18,000 more above the statutory retirement age – while the number of people aged 75 or over has increased by 34,000

Table 1.2 Population Migration to Year Ending December 2003

Population Migration 2003				
Origin Wales		Destination Wales		
Figures in Thousands	(out-migration)	(in-migration)	Net movement	
Destination		Origin		
North East	1	North East	1	0
North West	8	North West	11	3
Yorkshire and Humber	3	Yorkshire and Humber	3	0
East Midlands	3	East Midlands	3	0
West Midlands	8	West Midlands	10	2
East	3	East	4	1
London	4	London	6	2
South East	7	South East	11	4
South West	9	South West	11	2
England	46	England	61	15
Scotland	2	Scotland	2	0
Northern Ireland	-	Northern Ireland	-	-
United Kingdom	48	United Kingdom	63	15

Numbers are rounded to the nearest 1000 so the total of English regions is not the same as the England figure. The data are based on patients re-registering with NHS doctors in other parts of the United Kingdom

Source: [National Statistics](#)

Table 1.2: At 15,000 net in-migration was positive – more people moved into Wales than left. The more important donor and destination regions were not surprisingly those adjacent to Wales, though 1 in 5 people who left Wales moved to London and the South East

Table 1.3 2003-Based Population Projections for Wales

2003-based population projections for Wales					
WALES	Population projections based				
Year	2003	2006	2011	2016	2021
<i>Thousands</i>					
0-14	537	522	500	495	501
15-29	532	563	585	574	541
30-44	611	594	551	537	564
45-59	583	596	607	630	610
60-74	429	452	511	540	561
75 & over	246	252	265	288	329
All Ages	2,938	2,980	3,020	3,064	3,106
<i>Percentages</i>					
0-14	18.3	17.5	16.6	16.1	16.1
15-29	18.1	18.9	19.4	18.7	17.4
30-44	20.8	19.9	18.3	17.5	18.2
45-59	19.9	20.0	20.1	20.6	19.6
60-74	14.6	15.2	16.9	17.6	18.0
75 & over	8.4	8.5	8.8	9.4	10.6
All Ages	100.0	100.0	100.0	100.0	100.0

Source: [Government Actuary's Department 2003-Based Principal Population Projections For Wales. Sept 2004](#)

Table 1.3:

- By 2011, the population of Wales will have exceeded (just) the 3 million mark.
- Ageing is a feature of these data, although the fall in the number of children starts to moderate from 2011.
- The population of retirement age continues to swell. While the increase in the total population between 2003-2021 is some 5%, the retirement age population will have increased by around ¼.

Table 1.4 Gross Value Added by Income Component, 1995-2003

Wales	Compensation of employees (£ million)	Percentage of total gross value added	Other income (gross operating surplus/mixed income) (£ million)	Percentage of total gross value added	Total gross value added £ million
1995	15,679	60.1%	10,408	39.9%	26,087
1996	16,300	59.9%	10,903	40.1%	27,203
1997	17,148	60.4%	11,247	39.6%	28,395
1998	18,156	61.6%	11,319	38.4%	29,475
1999	19,128	62.9%	11,290	37.1%	30,418
2000	20,358	64.4%	11,237	35.6%	31,595
2001	21,643	65.0%	11,651	35.0%	33,294
2002	22,733	65.0%	12,264	35.0%	34,997
2003	23,935	64.5%	13,168	35.5%	37,103

Note: GVA is residence based at current basic prices

Source: [STATSWALES](#)

Table 1.5 GVA per head: UK Country

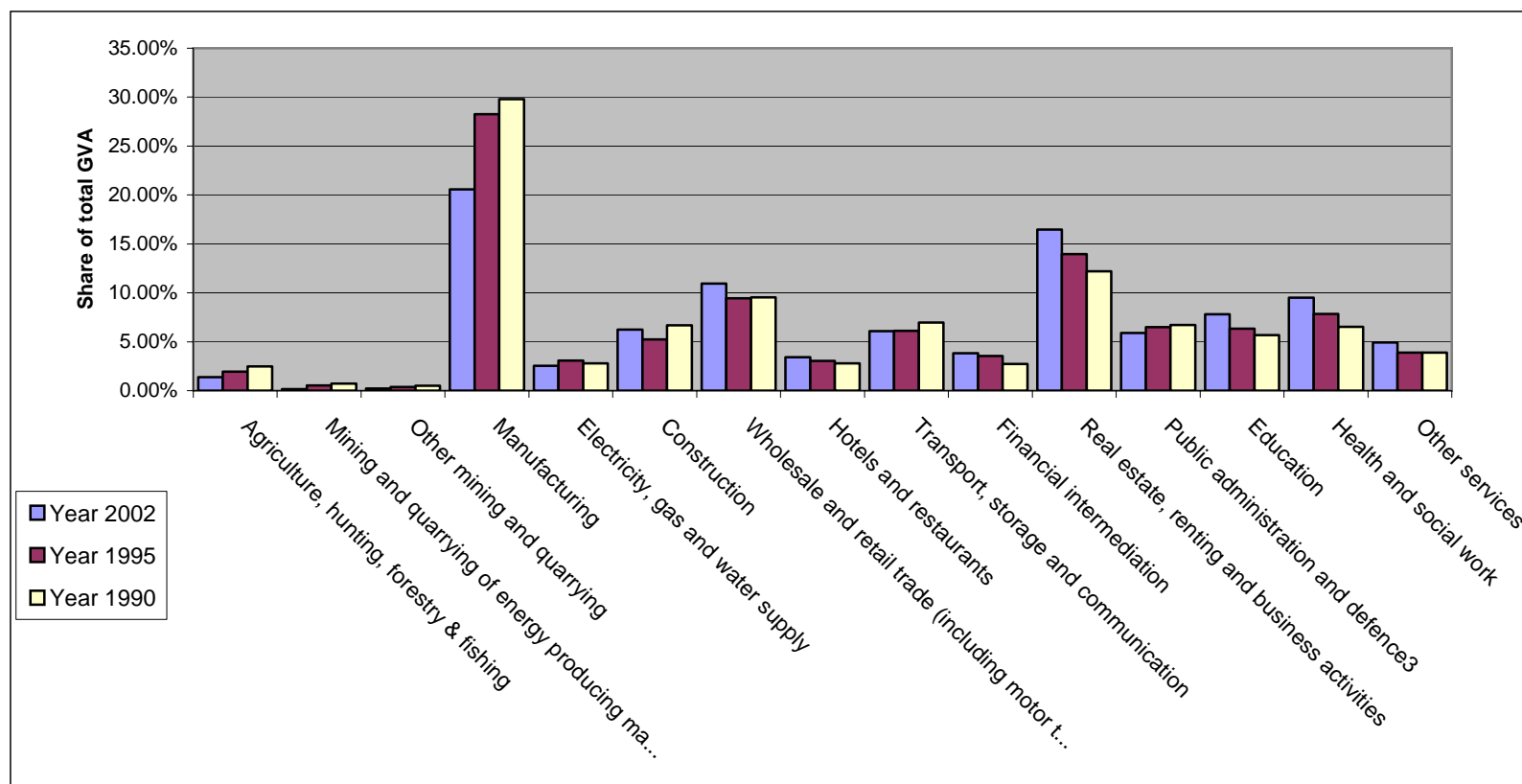
£/head	Gross Value Added per Head			
	at current basic prices			
	England	Wales	Scotland	Northern Ireland
1995	10,953	9,031	10,885	8,644
2000	14,185	10,869	13,366	11,239
2001	14,889	11,440	13,909	11,737
2002	15,633	11,971	14,651	12,282
2003	16,339	12,629	15,409	12,971
Index UK=100				
1995	101.6	83.7	100.9	80.1
2000	102.3	78.4	96.4	81.1
2001	102.4	78.7	95.6	80.7
2002	102.4	78.4	95.9	80.4
2003	102.2	79.0	96.4	81.2

Source: STATSWALES

Estimates of regional GVA in this table are on a residence basis, where the income of commuters is allocated to where they live rather than their place of work.

Table 1.5: GVA per head of population is less than 80% of the UK average and is the lowest of the 4 regions

Figure 1.1 Gross Value Added by Industry 1990-2002



Source: [National Statistics](#)

Structural change in the Welsh economy has resulted in a steady decline in the relative importance of manufacturing in the economy and corresponding increases in services. Since 1990, the share of manufacturing in total GVA has fallen from 30% to 21% while the service industry's contribution has increased from 57% to 69%.

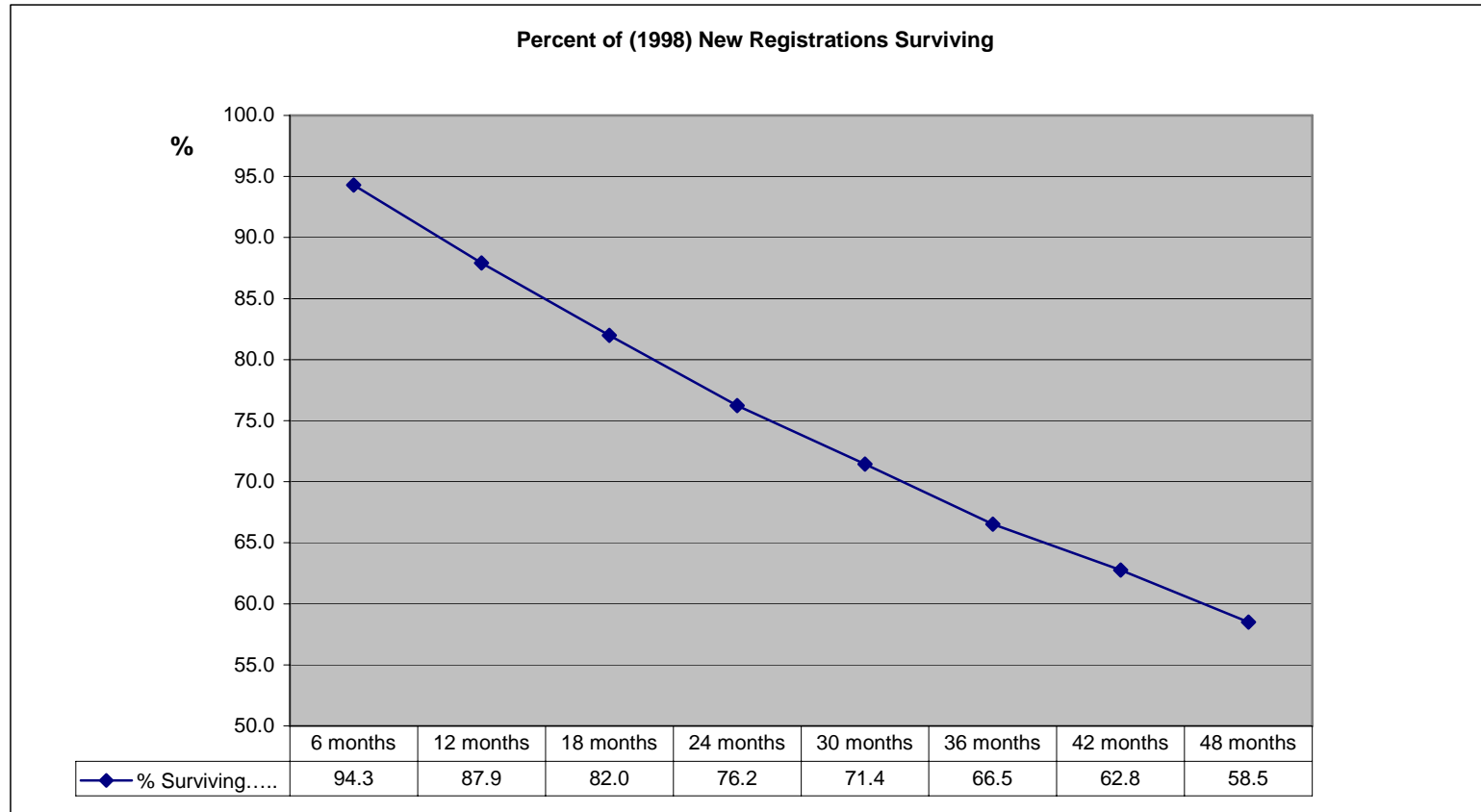
Table 1.6 Business Births, Deaths and Density

	<i>Percent of VAT Stock</i>				<i>Per 10,000 resident population</i>				<i>Firm Size Employees per ABI Workplace Unit</i>
	Registration	Deregistration	Net Registration		Registration	Deregistration	Net Registration	Business Density	
England	10.9	9.9	1.0		33.6	30.5	3.1	310	11
Scotland	9.5	9.0	0.5		23.6	22.5	1.1	250	14
Wales	8.7	8.8	(0.1)		23.5	23.6	(0.1)	269	12
North Wales	8.1	8.5	(0.4)		24.2	25.5	(1.3)	298	11
Mid Wales	5.5	6.9	(1.4)		31.7	40.2	(8.5)	570	8
South West Wales	8.5	8.6	(0.1)		23.6	24.0	(0.4)	279	12
South East Wales	10.7	9.8	0.9		21.9	20.1	1.8	206	14

Note: Regions are amalgamations of Unitary Authority areas do not conform to ELWa designations.

Source: National Statistics (NOMIS tables): vat registrations/deregistrations by industry 2003 ; midyear population estimates 2003
annual business inquiry workplace analysis 2003

Figure 1.2 **Survival of 1998 First Registrations at 6 months – 48 months: Wales**



Source: [Small Business Service](#)

Table 1.7 VAT Registered Businesses by Industrial Group, Wales and GB, 2003

VAT registered businesses by industrial group, Wales and GB, 2003				
	Wales	Wales % of total	Great Britain % of total	Location Quotient Wales/GB
Agriculture; fishing	16,085	20.4	7.1	2.9
Mining; energy/water	80	0.1	0.1	1.0
Manufacturing	5,815	7.4	8.6	0.9
Construction	8,820	11.2	10.9	1.0
Wholesale & retail	16,945	21.4	21.6	1.0
Hotels & restaurants	7,380	9.3	7.1	1.3
Transport & communications	3,490	4.4	4.5	1.0
Finance	310	0.4	0.9	0.4
Real estate, business services	14,120	17.9	29.2	0.6
Public administration; other	4,850	6.1	8.5	0.7
Education; health	1,110	1.4	1.5	0.9
Total	79,005	100.0	100.0	1.0

Source: National Statistics;
www.nomisweb.co.uk

Table 1.7: 1 in 5 VAT businesses are in Agriculture and Fishing with a similar number in Wholesale and Retail. The service economy accounts for 60% of the business stock but some services (notably Finance, Business Services) are under-represented when compared to the UK benchmark.

Table 1.8 VAT Registrations and Deregistrations by Industrial Group 2003, Wales

Business start-ups by industrial group 2003, Wales				
	Registrations as % of stock beginning 2003	Deregistrations as % of stock beginning 2003	Absolute change in VAT Stock	Year end VAT Stock
Agriculture; fishing	2	6	-665	16,085
Mining; energy/water	19	19	0	80
Manufacturing	8	8	-15	5,815
Construction	10	9	85	8,820
Wholesale & retail	8	9	-105	16,945
Hotels & restaurants	16	12	300	7,380
Transport & communications	10	10	5	3,490
Finance	8	11	-10	310
Real Estate, business services	13	10	385	14,120
Public admin; other	8	8	-5	4,850
Education; health	8	6	20	1,110
Total	9	9	-5	79,005

Source: National Statistics, VAT registrations www.nomisweb.co.uk

Table 1.9 Size Structure of Welsh Business, 2003

Employee Size band	Enterprises % of total		Employment % of total		Turnover % of total	
	Wales	UK	Wales	UK	Wales	UK
Micro (0 - 9)	93.8	94.5	31.3	28.2	18.2	19.2
Small (10 - 49)	4.2	4.5	14.8	15.1	11.4	15.4
Medium (50 – 249)	1.0	0.8	12.4	13.3	13.1	15.6
Large (250+)	0.9	0.2	41.5	43.4	57.3	50.1
All	100.0	100.0	100.0	100.0	100.0	100.0

Source: [National Statistics, Size Analysis of Welsh business, Sept 2004](#)

Table 1.9

Micro-enterprises account for the bulk of the business stock in Wales (94%) but only 31% of employees and 18% of turnover. Large businesses make up just 1% of the total but account for over 41% of employment and 57% of gross turnover.

Table 1.10

When local unit analysis is performed and size band is defined based on the number of employees in the local unit, as opposed to the whole enterprise then more than 80% of employment in Wales is located in local establishments with fewer than 250 employees.

Table 1.10 Size Band Analysis of Local Units in Wales, 2003

Employee Size Band	Local Units % of total	Employment % of total
Micro 0	67.6	15.8
Micro 1-9	25.2	20.2
All Micro 0-9	92.8	36.0
Small 10-49	5.9	23.6
Medium 50-249	1.1	20.7
Large 250+	0.2	19.8
All	100.0	100.0

Due to rounding columns may not sum to 100

Source: [STATSWALES](#)

Table 1.11 Exports Destination, Wales and UK

Exports destination, Wales and UK (£m)										
		Wales			UK			Wales as a percentage of UK		
		EU	Non-EU	Total	EU	Non-EU	Total	EU	Non-EU	Total
2001	Total	4,944	2,155	7,099	112,780	75,596	189,376	4.4%	2.9%	3.7%
2002	Total	4,870	1,749	6,619	113,325	73,744	186,978	4.3%	2.4%	3.5%
2003	Total	4,890	2,307	7,197	109,383	78,999	188,382	4.5%	2.9%	3.8%
2004	Qtr 1	1,300	611	1,911	27,038	17,917	44,955	4.8%	3.4%	4.3%
	Qtr 2	1,309	669	1,978	26,795	19,613	46,408	4.9%	3.4%	4.3%
	Qtr 3	1,250	731	1,981	25,758	20,483	46,241	4.9%	3.6%	4.3%

Source: [Statistics Wales: SB 26/2004](#)

2004 figures are provisional.

Table 1.11: Wales accounts for a steady 4% of the UK's total exports though its contribution to the non-EU market is slightly smaller at 3%. Although the data for 2004 are provisional, Welsh exports appear to have been stronger with increases in both its EU and non-EU share of UK sales abroad.

Table 1.12 Research and Development 2002

£ Million	R&D performed within business	R&D performed within Government Establishments	R&D performed within Higher Education Institutions	All R&D	Share of Gross value added
United Kingdom	13,110	1,752	4,413	19,567	2.2%
North East	128	6	159	294	1.0%
North West and Merseyside	1,661	67	354	2,082	2.2%
Yorkshire and the Humber	357	62	340	760	1.2%
East Midlands	1,063	65	234	1,362	2.3%
West Midlands	695	50	221	966	1.3%
Eastern	2,741	286	402	3,429	3.8%
London	950	235	1,059	2,244	1.5%
South East	3,268	459	608	4,336	2.9%
South West	1,274	228	191	1,694	2.4%
England	12,138	1,459	3,568	17,165	2.2%
Wales	182	41	180	402	1.1%
Scotland	640	238	581	1,459	2.0%
Northern Ireland	149	15	84	248	1.2%

Source: [STATSWALES](#)

Table 1.13 Estimated Regional Breakdown of Personnel Engaged on R&D in the Business and Government Sectors, 2002

Estimated regional breakdown of personnel engaged on R&D in the Business and Government sectors, 2002						
	R&D performed within business		R&D performed within Government establishments		Total	
	Full time equivalents 000's	% of the regional Labour Force ^{3,4}	Full time equivalents 000's	% of the regional Labour Force ^{3,4}	Full time equivalents 000's	% of the regional Labour Force ^{3,4}
United Kingdom	166.9	0.59	21.2	0.07	188.1	0.66
North East	2.6	0.24	0.1	0.01	2.7	0.25
North West and Merseyside	17.9	0.58	0.8	0.03	18.7	0.61
Yorkshire and the Humber	6.7	0.29	0.8	0.03	7.5	0.32
East Midlands	14.9	0.73	0.8	0.04	15.7	0.77
West Midlands	12.6	0.51	0.6	0.02	13.2	0.53
Eastern	32.3	1.21	3.5	0.13	35.8	1.34
London	10.1	0.28	2.9	0.08	13	0.36
South East	39.4	0.97	5.6	0.14	45	1.11
South West	14.1	0.59	2.8	0.11	16.9	0.70
England	150.5	0.64	17.7	0.07	168.2	0.71
Wales	2.9	0.22	0.5	0.04	3.4	0.26
Scotland	10.8	0.45	2.9	0.12	13.7	0.57
Northern Ireland	2.7	0.37	0.2	0.02	2.9	0.39

Source: Economic Trends Sept 2004

1 Regional breakdown is based on the GOR (Government Office Region) classification.

2 Government sector covers Central Government only. Local Authorities, NHS and those areas of Central Government not available from the Government survey are excluded

3 Labour Force figure used is a head count. An estimate of the Labour Force in full-time equivalents (FTE) is not available. Using the head count figure gives a lower percentage than a FTE would give.

Labour Force figures relate to those in employment, rather than all those economically active.

Table 1.14. GDP per hour Worked in 2002 (% EU average)

	EU (15) = 100
France	124
Germany	104
Netherlands	113
Ireland	113
UK	90
Wales	79
EU Average	100
USA	118

Source: [Eurostat, Structural Indicator](#). Data for Wales imputed – see “International Benchmarking” below.

Table 1.15: Summary of Domains and Indicators

Domain	Description	Definition	Source
Resources	Secondary Expenditure (upper and lower secondary, which includes pre and post-14 secondary school and 16-19 ed/training)	Expenditure on educational institutions per student relative to GDP per capita by level of education, based on full-time equivalents	OECD
Participation	Lifelong Learning	Percentage of the adult (25-64) population participating in education and training in the last 4 weeks by gender 2003.	ELFS, Eurostat
	Youth Learning	Percentage of the youth (18-24) population participating in education and training in the last 4 weeks	ELFS, Eurostat
	Informal Learning	No indicator at present	Potential future data source AES.
	Work-related training	Training undertaken within enterprises	CVTS
Retention	Youth Unemployment and Non-participation in Education	Percentage of unemployed non-students in the total population aged 15-19.	OECD
Attainment	Upper Secondary (post age14 secondary education)	Percentage of the population having completed upper secondary education	OECD
Knowledge and skills	Literacy	Percentage of students at or below level 1 on the PISA reading literacy scale.	PISA
	Adult Literacy	Proportion of the population at level 1 on the IALS prose, document and quantitative literacy scale.	IALS
	Numeracy	Percentage of the population scoring less than 400 on the PISA mathematical literacy scale.	PISA
	ICT Skills	Self reported competence in use of computers.	CEDEFO P
	Generic skills	No indicator at present	-
Productive skills	Participation Rates	Labour force participation rates (2001) By level of educational attainment and gender for 25 to 64 year-olds.	OECD
	Unemployment	Unemployment rates (2001) by level of educational attainment and gender for 25 to 64 year-olds	OECD
	Earnings	Rate of return to education by level	Blondal et al(2002). OECD Working Paper.

Source: [Where in the World Are We? A Snapshot View of Wales' Performance in Lifelong Learning, WELMERC/ELWa September 2004.](#)

Table 1.16 Changing Sectoral Structure of Employment in Wales, 2003 to 2008

	Employment level (000s)		Share of employment (%)		Location Quotient 2008
	2003	2008	2003	2008	
Agriculture	33.8	27.3	2.7	2.2	2.2
Mining and Quarrying	2.9	1.9	0.2	0.2	0.7
Manufacturing	188.8	179.5	15.3	14.3	1.2
Energy and Water	5.9	4.4	0.5	0.4	1.0
Construction	91.1	85.9	7.4	6.9	1.1
Wholesale and Retail	202.7	212.0	16.5	16.9	1.0
Hotels and Restaurants	79.7	77.7	6.5	6.2	0.9
Transport and Communications	54.9	53.2	4.5	4.3	0.7
Banking and Insurance	30.1	29.4	2.4	2.4	0.7
Other Business Services	117.6	131.7	9.5	10.5	0.6
Public Admin and Defence	76.8	73.7	6.2	5.9	1.3
Education	109.0	110.3	8.9	8.8	1.1
Health	167.4	184.9	13.6	14.8	1.3
Other Services	71.3	79.0	5.8	6.3	1.0
Total Employment	1,232.0	1,251.1	100.0	100.0	
Note: a location quotient greater than 1 means the sector is more important in Wales than in the UK (calculated by the sector's share of employment relative to the UK's sector share of employment)					

Note: Forecasts prepared by Experian Business Strategies Ltd

Table. Source: [Future Skills Wales Generic Skills Survey, 2003](#)

Jobless growth is predicted financial services, transport and communications, construction, agriculture and manufacturing

Table 1.17 Changing Occupational Structure of Employment in Wales, 2003 to 2008

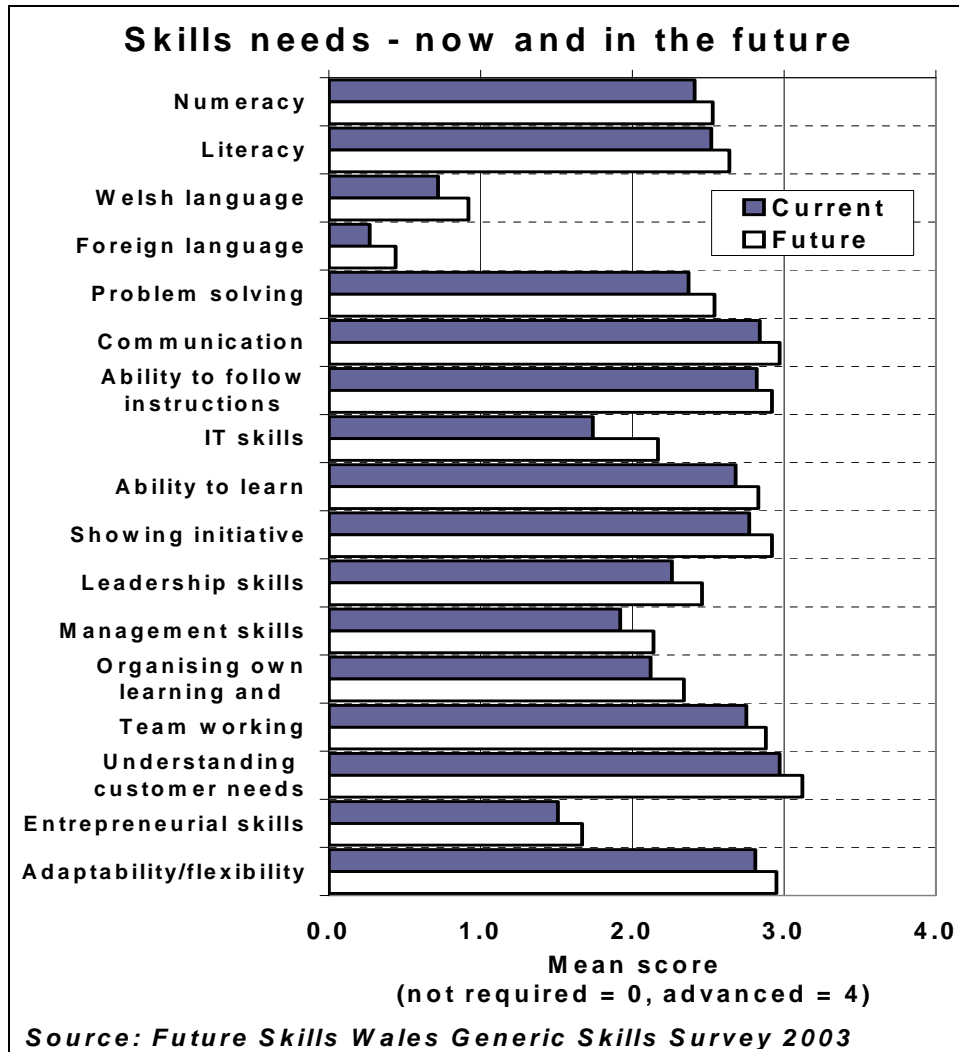
SOC 2000	Occupation level (000s)		Share of employment (%)		Location quotient
	2003	2008	2003	2008	2008
1. Managers and senior officials					
11. Corporate Managers	100.2	101.2	8.2	8.1	0.7
12. Managers and Proprietors in Agriculture and Services	34.9	33.7	2.8	2.7	0.7
2. Professional					
21. Science and Technology Professionals	26.2	26.8	2.1	2.1	0.6
22. Health Professionals	11.8	14.2	1.0	1.1	1.1
23. Teaching and Research Professionals	55.2	55.0	4.5	4.4	1.1
24. Business and Public Service Professionals	32.4	33.6	2.6	2.7	0.8
3. Associate professional and technical					
31. Science and Technology Associate Professionals	25.0	24.3	2.0	1.9	1.2
32. Health and Social Welfare Associate Professionals	45.5	50.0	3.7	4.0	1.2
33. Protective Service	9.0	8.9	0.7	0.7	0.7
34. Culture, Media and Sports	21.9	23.8	1.8	1.9	0.8
35. Business and Public Service Associate Professionals	53.1	56.7	4.3	4.5	0.8
4. Administrative and secretarial					
41. Administrative	117.4	121.5	9.6	9.7	1.0
42. Secretarial and Related	32.2	36.0	2.6	2.9	0.7
5. Skilled trades					
51. Skilled Agricultural Trades	27.7	24.0	2.3	1.9	2.2
52. Skilled Metal and Electrical Trades	65.1	63.4	5.3	5.1	1.2
53. Skilled Construction and Building Trades	44.2	40.0	3.6	3.2	1.0
54. Textiles, Printing and Other Skilled Trades	39.5	37.0	3.2	3.0	1.3
6. Personal service					
61. Caring Personal Service	86.6	95.4	7.0	7.6	1.4
62. Leisure and Other Personal Service	25.7	27.8	2.1	2.2	1.1
7. Sales and customer service					
71. Sales	91.6	98.2	7.5	7.9	1.1
72. Customer Service	5.8	5.6	0.5	0.5	0.4
8. Process, plant and machine operatives					
81. Process, Plant and Machine Operatives	78.3	73.6	6.4	5.9	1.6
82. Transport, Mobile Machine Drivers and Operatives	44.1	42.9	3.6	3.4	0.9
9. Elementary					
91. Elementary Trades, Plant and Storage Related	42.5	40.7	3.5	3.3	1.1
92. Elementary Administration and Service	112.8	114.2	9.2	9.2	1.0
Employees in Employment	1,228.6	1,248.5	100.0	100.0	

Note: Forecasts prepared by Experian Business Strategies Ltd

[Table source](#)

Occupational growth is likely to concentrate in those areas relating to health, leisure, sales and service support, particularly the following occupations

Figure 1.3 Anticipated Generic Skills Demand in Wales



Generic skill needs will increase across the board

Table 1.18 Sectoral Skills Imbalance – Wales 2003

	Proportion of Establishments reporting HTF Vacancies	Proportion of Establishments reporting Skill Shortage Vacancies	Proportion of establishment reporting internal skills gaps
Agriculture, hunting, forestry and fishing	8%	6%	14%
Mining and quarrying	*	*	*
Manufacturing	16%	11%	23%
Electricity, gas and water supply	*	*	*
Construction	16%	11%	22%
Wholesale and retail trade	12%	5%	18%
Hotels and restaurants	16%	4%	20%
Transport, storage and communication	17%	8%	15%
Financial services	5%	2%	14%
Real estate, renting and business activities	12%	7%	15%
Public admin, defence; compulsory social security	*	*	*
Education	15%	6%	18%
Health and social work	18%	6%	27%
Community, social and personal service activities	14%	6%	20%
All Sectors	14%	7%	19%

* Sample size statistically unreliable

Source: [SSDA \(Experian\), Sector Skills Matrix](#)

On average skills shortages account for one half of establishments reporting HTF vacancies. Skills shortages may be a particular problem in manufacturing and construction industries.

Chapter 2

Participation in Learning

Introduction

Human capital is the stock of skills and knowledge embodied in the workforce. Like other forms of capital, human capital can be accumulated. However, to function effectively, it requires regular maintenance. It deteriorates if left idle for long periods and it has a tendency to obsolescence. Most advances in technology are only as effective as the ability to incorporate that knowledge into the workforce. A nation's human capital must therefore also be regularly refreshed if prosperity and other economic rewards are to be secured. Exactly how human capital is best acquired is a controversial matter. But the evidence that those individuals and nation states with a high regard for learning and skills development enjoy superior economic outcomes is less contentious.

According to the NIACE (2003) survey, 42% of adults in Wales (people aged 17 or over) were either currently engaged in learning or had undertaken some sort of learning activity during the previous 3 years. This was a higher proportion than for any other UK country ([Table 2.1](#)). The definition of learning adopted by the NIACE survey included any learning activity formal or otherwise - including *practicing or reading*. Their findings therefore imply that nearly 6 out of 10 people had had no exposure to any form of learning in the preceding 3 years.

These data also corroborate the view that current participation affects future intentions to learn. In the NIACE survey 62% of current learners reported that they were *very likely* to take up learning in the future. This is encouraging, but good intentions decay quickly with time. Only 30% of recent learners (in the last 3 years) and 12% of past learners (over 3 years) considered themselves to be *very likely* of learning again. Of those who have not been involved in any learning since leaving full-time education, 68% were *very unlikely* to take up learning in the future ([Fig 2.1](#)). The rate at which learning intentions decay, and the inertia exhibited by non-learners should be of concern to policymakers.

Participation Rates

Participation rates in formal learning are highest among 16-18 year olds and tail off quickly thereafter. The participation of young people in post compulsory education and training is largely governed by their destinations after completion of their GCSEs. Destinations at age 16 provide a good indication of their likelihood of participation in post-compulsory education.

Destinations data are published by Careers Wales. These indicate that participation in learning after compulsory education may have fallen slightly since the beginning of the decade. The change is slight and perhaps a reaction to an increasingly buoyant labour market. While at the same time there has been a corresponding bias towards more work based learning (WBL), curiously the proportion of young people undergoing work-based learning with employed status has remained roughly constant. Overall the participation of 16 year olds in education and training has remained relatively steady (at around 82%) since the beginning of the decade ([Table 2.2](#)).

While just 8 out of 10 of 16-18 year olds are engaged in some kind of learning, by the age of 19-24, this will have halved. By age 25-30, participation in learning will have halved again. Government supported training is taken up by 10% of 16-18 year olds, but only 6% of 19-24 year olds and just 0.5% of those over 25. Moreover, part-time study including distance learning (OU) makes up 73% of the learning activity of those aged 25-30 ([Table 2.3](#)) suggesting that many adults are combining learning with other (economic) activity.

In 2002/03 some 83,000 people aged 16-18 year were engaged in education or training. Of these 6% were unemployed. However, of those not engaged in formal learning or training (31,200 people) 23% were unemployed. A further 5,900 people were inactive and not learning. In short there is a core of over 12,000 people, equivalent to 12% of the 16-18 population who are neither working nor engaged in any form of learning ([Table 2.4](#)).

It should be noted that the number not engaged in employment, education or training in Table 2.4 are substantially higher than that implied by the destinations survey of leavers from compulsory education. This difference has been found in other studies.

One important difference is that those who are not engaged in education, training, or employment form a marginalised group who are less likely to respond to surveys. Other analyses have shown that Careers Services have considerable difficulty in even identifying those who were likely to become in this position, as many have effectively left school well before starting Year 11. An additional factor is that these estimates relate to 16-18 year olds, and a considerable proportion of this number start a learning opportunity and either do not complete, or do not progress.

Learning Pathways

Roughly $\frac{3}{4}$ of learners aged 16-18 are in full-time education – either at school, a Further Education (FE) college or in Higher Education (HE). This stage of the learning process involves further testing and filters individuals into and along particular career pathways.

In January 2002/03 there were just over 26,000 pupils over school leaving age attending maintained schools in Wales. In that same year 9,848 pupils were entered for 2 or more A/AS levels or advanced GNVQs. Of these, 68% achieved two or more grades A-C and 94% achieved two or more grades A-E.¹²

Many of these will progress onto courses at an FE or HE Institution. Higher Education in Wales is provided in 13 HE institutions, The Open University, and (to a much lesser extent) in 18 Further Education institutions in Wales. In all some 53,488 students from Wales attended HE institutions in the UK in 2002/03. Almost 90% of these (47,998) were undergraduates and 62 % were studying at Welsh institutions. This proportion has been increasing steadily since the early 1990s.

Participation in Higher Education is highest in the more rural and remote counties of Wales. The lowest rates of participation are concentrated in the valleys of South East Wales - in particular, Merthyr Tydfil, Blaenau Gwent, Torfaen and Caerphilly ([Figure 2.2](#)). Further analysis of the HE sector in Wales is beyond the scope of this report and those requiring further information should consult relevant ELWa/HEFCW documents.¹³

¹² For further details see statistical bulletin SDR 72/2003 released by NafW , 27 Nov. 2003

¹³ Higher Education, Further Education and Training Statistics for Wales, 2002/03.

Further Education

In 2002/2003 the number of students on further education programmes at Further Education (FE) and Higher Education (HE) Institutions came to 265,000 ([Table 2.5](#)). Since 1995/96, the total number of further education students in Wales has risen by 30%, a trend driven by increasing numbers of people electing to study on a part-time basis. More than 8 out of 10 FE students are enrolled on part-time courses and since 1995, their numbers have grown by 42%.

Growth of the full-time FE student population has been far more restrained. Recorded growth since 1995 comes to 1.1% but the figure is somewhat deceiving. The data shows that the full-time student population reached a peak some years back and demand has been subsequently falling ([Figure 2.3](#)). Since 1999, these numbers have fallen by almost 2%.

Most 16-18 years olds attending FE institutions are full time but adult part-time students (those aged 19 and over) make up the largest proportion of the population while more than one half of all students are women ([Table 2.6](#)). Around 1 in 5 FE students (22%) are supported by their employers though this statistic varies from 16% in South East Wales to 33% in North Wales. The North Wales figure can be explained by especially high levels of employer supported learning in two colleges, Llandrillo and Deeside ([Table 2.7](#)).

There are 25 FE providers in Wales ranging in size (in terms of student numbers) from the relatively small to very large. However, there has been a tendency to merger and amalgamation in the sector and this trend seems likely to continue. Concentration in the sector is high, the largest FE provider (Coleg Gwent) having some 35,000 students. The three largest colleges account for 29% of the FE student population in Wales and the 5 largest 41% of students. The median provider has just over 10,000 students ([Figure 2.4](#)).

[The total number of FE student](#) registrations for courses leading to qualifications (i.e. qualification aims) was over 624,000, indicating that many students were pursuing more than one qualification. GNVQs, Key Skills, GCSE's and A/AS level qualifications

were studied mainly by those aged 18 and under, whereas adults studied for Open College Network credits and 'Other' qualifications ([Table 2.8](#)).

The majority of new job opportunities in Wales are located in the service economy and in areas such as administration, health care and social services. Not surprisingly this pattern is also reflected in the subject choices of students. Just over a third of the subject qualifications aimed for by students on FE courses are in IT and Care subjects. The 5 most popular subject areas accounting for 58% of all qualification aims are IT, Care, Health, Business and Management, and Cultural studies ([Figure 2.5](#)).

In 2002/03, almost 8 out of 10 students (79%) at FE institutions completed their programme of study - an increase of 4% on the preceding year. However, in absolute terms, this still means that 6,600 students left without completing. Around one quarter of leavers do so for financial reasons, to take up employment or else transfer to other institutions. However, 3 out of 4 withdraw for "personal", "other" or "unknown" reasons. This statistic also demonstrates a significant gap in our understanding of student attrition ([Table 2.9](#)).

Most of those who remain in learning will successfully complete their programmes of study. However attainment rates do appear to vary with mode and level of study. For Mainstream A qualifications such as GCSEs and A Levels, full-time students generally outperform part-timers. This perhaps is not altogether surprising given that those engaged in part-time study differ markedly from the full-time student population and may be confronted by greater obstacles to learning. Nevertheless, for Mainstream B qualifications such as OCN units, part-time students universally exhibit higher attainment rates than full-time students ([Table 2.10](#)).

Work Based Learning (WBL)

There were 54,599 ELWa funded Work Based Learners in the financial year to March 2003. Almost all of these were regarded as being in full-time training with many receiving that training in the work place either in full-time employment or with non-employed status. Modern Apprenticeships and Foundation Modern Apprenticeships accounted for over 80% of trainees most of whom were under 25 years of age ([Table 2.11](#))

This is also reflected in a similar distribution of qualification outcomes most of which were at Level 1 or 2. Just 10% of qualification outcomes were at Level 3. Overall, 56,498 qualifications were achieved by trainees in 2002-03. The most frequently achieved qualifications were key skills at Levels 1 and 2 (54%) followed by NVQs or GNVQs at Levels 1 and 2 (23%) - [Table 2.12](#).

Destinations of leavers from WBL show that many of those leaving the youth programme will go on to further training and education. However, employment is the most important single outcome accounting on average for 40% of all leavers and 60% of those aged 19-25. Not all outcomes are positive and post training transition to unemployment is a particular problem for adults, especially the over 50s ([Table 2.13](#)).

Adult and Continuing Education

According to the OECD (2003) adult learning promotes greater versatility and mobility of workers and should figure more prominently in the development of lifelong learning strategies.¹⁴ The likelihood that more people will in future work beyond any notional retirement age also adds further weight to this view.

It is worth noting that the objectives for adult education are not wholly economic. Aside from these broad economic objectives, adult learning also enables community objectives such as social inclusion and regeneration to be promoted.

Adult education provision in Wales is currently either provided or facilitated by local education authorities (LEAs). In December 2002 there were 55,710 adult enrolments. Local Authority maintained provision accounted for 27% of learners but more than (26,000) were enrolled on contracted in provision¹⁵ ([Table 2.14](#)).

Welsh Language Provision

The last decade has marked a substantial change in the way Welsh speakers have addressed their Welsh language skills. This ranges from experiencing and using

¹⁴ In the European context see "Defining Common Issues across Europe for Adult Education", NFER report to ELWa, Sept 2003.

¹⁵ *Contracted In Provision* – this where the learner is enrolled at a further education institution but is taught at a local authority site under a third party arrangement.

Welsh mainly in a social context to using Welsh in a professional context. At the same time, more employers and non-Welsh speakers have come to regard bilingual competences as advantageous.

Research by the Future Skills Wales partnership (FSW, 2003) shows that just over 44% of employers anticipate a future need for Welsh language skills and ¼ of these required a high or advanced standard of competence. Occupations most likely to require personnel with Welsh language skills were those which provided a personal service. This was followed by professional, associate professional and technical personnel, along with sales and customer service occupations. Comparing the Welsh language skills required by employers with those of the current workforce, *Cwmni Iaith*¹⁶ maintain there is a significant Welsh language skills gap in the Principality. After entrepreneurial skills, IT skills, and management skills, the shortfall in Welsh language abilities is the 4th largest skills gap.

The Welsh language is taught within the curriculum of maintained schools and in 2004, 14.6% of pupils were taught Welsh as a first language and 84.2% as a second language. In addition, courses providing “Welsh for Adults” (funded through ELWa) are also offered by seven Higher Education (HE) institutions, 21 Further Education (FE) colleges, the WEA in conjunction with Coleg Harlech, the YMCA and the National Language Centre in Nant Gwrtheyrn. A small number of these providers have franchise arrangements to sub-contract the actual teaching to LEAs or private companies. During the academic year 2002/03 there were 24,981 Welsh for Adults enrolments at these institutions¹⁷. Two thirds of these enrollments (65%) were at FE colleges ([Figure 2.6](#)).

¹⁶ *Research into Welsh Language Skills Needs of Employers Operating Statutory and Voluntary Welsh Language Schemes*, Cwmni Iaith, ELWa 2004.

¹⁷ For further details and analysis see *Evaluation of the national Welsh for Adults programme*, NFER, ELWa, 2003

Workforce Development

Workforce development is a broader concept than education or training alone and encompasses those interventions (including education and training) that equip individuals with the knowledge and skills to participate more effectively in the workplace and in society.

Much of the workforce development activity that occurs takes place within the work environment and does not lend itself to observation. The most robust aggregate information relates to training received by those in employment and is provided by the Local Area Labour Force Survey. This shows the numbers of people who received training (other than Government-supported work-based learning) in the preceding four weeks before the survey.

Results from the 2002/2003 LFS show that female employees received more training than men and full-time workers marginally more than part-time ones. However the allocation of that training appeared to give preferential treatment to those already well qualified. Of those who were already qualified to Level 4 and above (categorised by NVQ equivalence – though most of the qualifications were degrees), 25% had received job-related training in the previous four weeks. For those qualified to Level 3 and below, the equivalent figure was 18%. These differentials are remarkably persistent over time and suggest that pre-existing inequities in the distribution of learning opportunities and skills will tend to be perpetuated.

The likelihood of receiving training also differs markedly by sector, and this seems to underlie many of the other differences noted. In the public sector, 25% of staff had received training in the last four weeks, compared to 13% in the private sector. As the public sector employs a high proportion of women, and a high proportion of highly qualified workers, this sectoral difference could account for much of the observed difference in workforce development ([Table 2.15](#)).

By UK standards, the incidence of job related training in Wales is high ([Table 2.16](#)) but in order to assess what progress is being made to achieve a better equipped workforce, it is necessary to consider other attributes. Qualifications act as a proxy for skill levels by signaling achievement and motivation as well as indicating specific

knowledge. On this measure Wales comes out less well with relatively more low achievers and fewer high achievers. Although Wales has made real progress in upskilling its workforce, it also continues to have a large base of people lacking in any qualifications ([Table 2.17](#)).

Basic Skills

Individuals without adequate literacy and numeracy skills are less able to participate in learning or training and as a consequence they will have lower levels and a reduced range of skills. Their potential contribution to economic product of the nation will be correspondingly reduced. Quite aside from the economic case there are strong social and community arguments for improved basic skills. Research¹⁸ suggests that individuals with poor basic skills are less able to participate in other domains and are:

- ❑ less likely to be in good health, and more likely to be depressed.
- ❑ less likely to be married or cohabiting.
- ❑ less likely to vote, less interested in politics, and less likely to be involved in their local community.
- ❑ more likely to have a higher frequency of being stopped and questioned or arrested by the police (used as an indicator of involvement in crime).
- ❑ less likely to have a bank account, or a range of other financial products such as insurance policies, pension arrangements or a mortgage.

Poor literacy and numeracy skills have been identified as being among the most serious barriers to social and economic regeneration in Wales. Latest survey evidence from the Basic Skills Agency¹⁹ indicates that some 440,000 adults (25% of total aged 16-65) in Wales are at entry level²⁰ or below in literacy and almost 1 million people (53%) do not have Level 1 numeracy skills ([Table 2.18](#)). Corresponding proportions from the all-England survey are 16% and 47%. The survey results give a fairly bleak

¹⁸ [Basic Skills and Social Exclusion, Findings from a study of adults born in 1970, Basic Skills Agency 2002](#)

¹⁹ [The National Survey of Adult Basic Skills in Wales, Basic Skills Agency, 2005](#)

<http://www.basic-skills-wales.org/bsastrategy/resources/Survey%20of%20Adult%20Basic%20Skills%20in%20Wales.pdf>

²⁰ Entry Level 1 basic skills are considered to be those that a 7 year old should achieve

assessment of the position in Wales, but particularly alarming are the indications that adult illiteracy is higher among those who have just left school, than among any other group under 50 ([Figure 2.7](#)).

Not unexpectedly literacy levels vary by occupation and poor literacy and numeracy are more common among less skilled jobs. Fewer than 1 in 10 of those working in managerial, professional or intermediate occupations are at Entry level or below in literacy, but more than 4 out of 10 people in routine occupations come into this category. In the numeracy assessment around 1 in 5 senior managers and professional occupations are at or below entry level and this increases to 3 out of 4 in routine occupations ([Table 2.19](#)).

An especially important group from the Welsh perspective are small businesses and own account workers. Barely one half of these have numeracy skills above entry level though $\frac{3}{4}$ exceed this threshold in the literacy test.

It is important to point out that the samples above were drawn from a population of adults aged 16-64 normally resident in Wales. This means that temporary residents such as seasonal foreign workers may be excluded. Many people are known to enter the UK to take up low wage, low skill jobs and it is therefore possible that in some industries / sectors the basic skills gap may be far more extensive than indicated by the residents based evidence.

When considering basic skills, it has to be borne in mind that Wales has two languages. Taking account of this the results of the first ever survey on Welsh language literacy levels amongst Welsh speaking adults has just been published.²¹ The vast majority of fluent Welsh speakers are at level 1 or above – 79% This compares favourably with the English literacy surveys (76% at Level 1 or above). Only 5% are at Entry Level 1 or lower. Literacy levels are highest amongst younger (16-24) Welsh speaking adults with almost three-quarters of this age group being at Level 1 or higher. However, literacy levels are lower amongst the 35-44 and 60-64 year olds with half of these two age groups being at Entry Level 3 or lower.

²¹ *Assessing Proficiency In Reading And Writing Welsh*, Written Report On Findings, Basic Skills Agency March - September 2004

Although the results of the Welsh language basic skills research are encouraging (inasmuch as deficits are no more acute among Welsh speakers) a report published by ELWa (NFER, 2003)²² has highlighted the lack of Welsh language support for the development of key skills, particularly in the workplace. National written key skills tests in Communication, Application of Number and IT are available in English and Welsh and pupils in Welsh-medium schools invariably attempt the papers through Welsh. However in colleges and the workplace, many Welsh-speaking students take the key skills examinations through the medium of English.

Learner Satisfaction

The National Learner Satisfaction Survey 2003²³ was commissioned by ELWa to obtain measures of learner satisfaction in ELWa-funded provision across Wales, and to establish benchmarks that could be tracked over time. It found that 7 out of 10 FE and WBL learners and almost 8 out of 10 ACE learners were extremely or very satisfied with their learning experience. Reported dissatisfaction rates were very low at 5% or less ([Table 2.20](#)).

Satisfaction is inevitably a somewhat subjective measure, influenced by the disposition of the learners and by their expectations. In order to investigate the match with expectations, learners were asked what they had hoped to achieve by undertaking a course of learning and how much the experience had helped them in achieving their objectives.

These responses suggest very different motives for learning ([Table 2.21](#)) and stress the importance of product differentiation in meeting the needs of different groups ([Table 2.22](#)). While WBL respondents were clearly focussed on securing economic objectives linked to improved career and job prospects, FE respondents and ACE learners especially, were far more circumspect. This re-enforces a view that the demand for learning is complex and not entirely driven by economic objectives.

²² NFER, *Basic and Key Skills: A Review of International Literature*, ELWA, 2003

²³ Results from the 2003 Survey have been reported in a previous edition of this report. The 2004 survey results are not yet available.

Conclusion

Learning is a necessary undertaking for securing a range of economic, social and personal rewards. How much learning is actually being undertaken within society is difficult to gauge precisely. Notwithstanding conceptual disputes about what constitutes learning activity, measurement difficulties are compounded by the considerable diversity observed in the range, intensity and duration of those activities thought to be valid.

According to the NIACE 2003 survey in Wales, 42% of the adult population were either currently learning or had recently been engaged in some learning activity. This is an increase of 3 percentage points since 2002 though whether it is indicative of a trend towards greater participation in learning in Wales is hard to infer. However set in the context of a contrary set of figures drawn from the same survey, for England, Scotland and Northern Ireland and showing a reverse in participation, the data provide an optimistic account of progress in Wales towards a *Learning Country*.

There has also been a significant reduction in the number of people who had undertaken no learning whatsoever since leaving school. The challenge is to maintain this progress. In this respect there is a clear divide between those who participate in education and training and those who do not. Younger people, those with high levels of initial education, those in work (especially in higher level occupations and in larger firms) are far more likely to be engaged in learning than older people, those who leave school early, and people in lower-skilled manual occupations. There are also significant regional differences in the extent of adult participation in formal learning.

The experience of learning can be a powerful stimulus for future learning. Among those who have recent learning experience, future learning intentions are high. But good intentions are one thing; the enthusiasm for learning diminishes quickly with time. This is not helped by the fact that many learning outcomes are not necessarily positive ones. Even in the currently favourable labour market conditions 4 out of 10 training episode leavers over 50 end up unemployed. Among Further Education students, on average 1 in 5 do not complete their intended programme of study. In some institutions attrition rates are high as 40% and few of these premature leavers do so in order to take up employment.

Evidently there is a need to find ways of sustaining the demand for learning among those who need it most, but are interested in it least. One quarter of the adult

population of Wales are at or below entry level in literacy. The numbers of young people who are not in any form of training, education or employment are of particular concern. Little is known about this group and their future prospects, in terms of education, training and future employment are likely to remain poor without significant intervention.

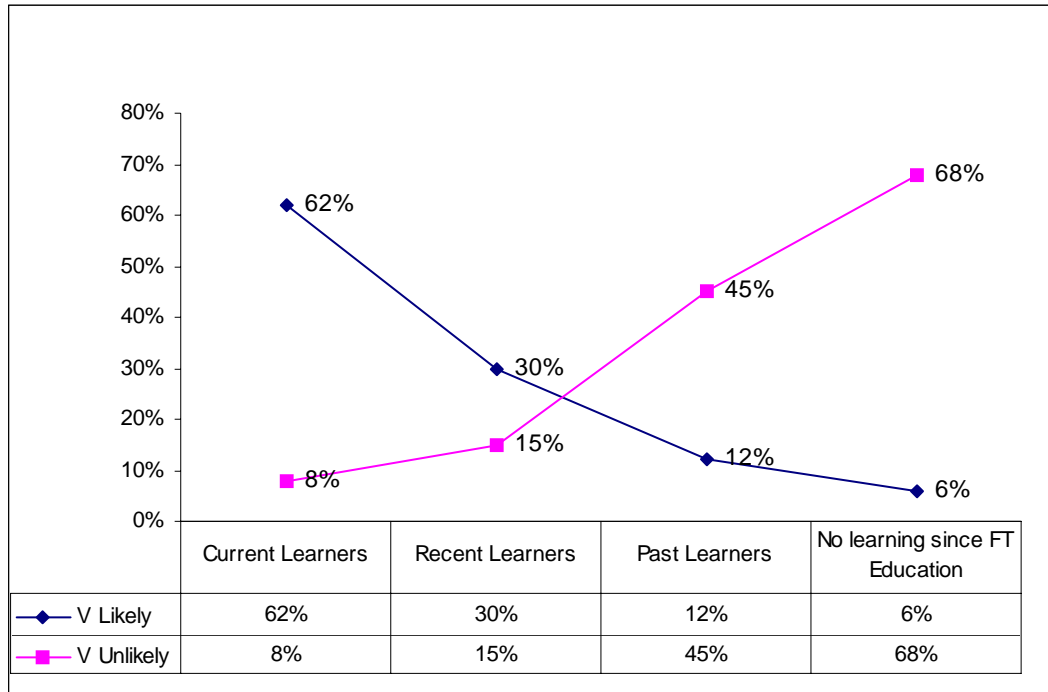
Participation in learning is notably low among older people, though the need for learning among this group is likely to increase in the future, especially if as seems likely, more will remain economically active. ELWa's user satisfaction survey suggests that reaching different parts of the population requires identifying with different needs and differentiating the learning product accordingly. In Wales (and some parts of the country more so than others), this raises issues about the role of the Welsh language in learning provision and assessment.

Table 2.1: Participation in Learning – UK Countries 1996-2003

Percentage of Current and Recent Learners							
	1996	1999	2000	2001	2002	2003	Future Intentions
England	42%	41%	42%	50%	42%	39%	41%
Wales	38%	43%	33%	39%	39%	42%	43%
Scotland	39%	33%	34%	36%	44%	38%	36%
Northern Ireland	30%	32%	n/a	n/a	40%	30%	33%

Source: [Moving Forward, Survey on Adult Participation in Learning in Wales 2003, Fiona Aldridge & Nigel Horrocks, published by ELWa, 2003.](#)

At 42% participation in learning in Wales is the highest in all the nations of the UK



Source: Moving Forward, Survey on Adult Participation in Learning in Wales, ELWa 2003; Table 11.

Current learning promotes future learning intentions – but the process has very short memory.

Table 2.2: Destinations of Pupils at the End of Compulsory Education - Wales 2002

All	1997	1998	1999	2000	2001	2002	2003
Continuing in full-time education	70.2%	71.4%	73.5%	74.5%	74.3%	73.3%	73.8%
Work-based training - non-employed status	6.7%	5.2%	5.6%	5.1%	5.6%	6.4%	8.4%
Work-based training -employed status	2.5%	3.2%	2.4%	2.2%	2.1%	2.3%	
Employed – other	7.7%	7.1%	6.9%	6.4%	6.5%	6.2%	6.8%
Known not to be in education, training or employment	7.5%	7.3%	6.9%	6.2%	5.7%	6.5%	6.3%
No response to survey	5.4%	5.8%	4.7%	5.6%	5.8%	3.6%	4.9%
Left the area						1.6%	
Education or training	79.4%	79.8%	81.5%	81.8%	82.0%	82.0%	82.2%
Total number in cohort	36,290	35,651	35,365	35,446	36,924	36,445	38,075

Source: Careers Wales

Participation of 16-18 year olds in education and training has remained relatively steady (at around 82%) since the beginning of the decade

Table 2.3 Participation of 16-18, 19-24 and 25-30 year olds in Education and Training in Wales, 2002/2003

	Persons			Percent		
	16-18	19-24	25-30	16-18	19-24	25-30
Full-time:						
Schools	27,590	60	-	24.1%	0.0%	-
Further Education	28,010	4,730	1,620	24.5%	2.2%	0.8%
Higher Education	10,390	46,180	5,990	9.1%	21.8%	3.0%
Total	66,000	50,970	7,610	57.7%	24.0%	3.9%
Part-time						
Further Education	8,720	14,960	14,680	7.6%	7.0%	7.5%
Higher Education	1,900	6,810	7,410	1.7%	3.2%	3.8%
Open University	30	610	1,050	0.0%	0.3%	0.5%
Total	10,640	22,380	23,140	9.3%	10.5%	11.8%
Government supported training for young people (includes college based)	11,350	12,530	960	9.9%	5.9%	0.5%
Total learning	87,990	85,880	31,710	77.0%	40.5%	16.1%
Total Population	114,300	212,300	196,700	100%	100%	100%

Source: STATSWALES

See also Statistical Bulletin SB 90/2004 "Participation of young people in the Education and the Labour Market " National Statistics, November 2004. The GST figures include those trainees who were also attending college.

Table 2.4 Estimated Participation of 16-18 year olds in Education and Training in Wales, by Economic Activity 2002/03

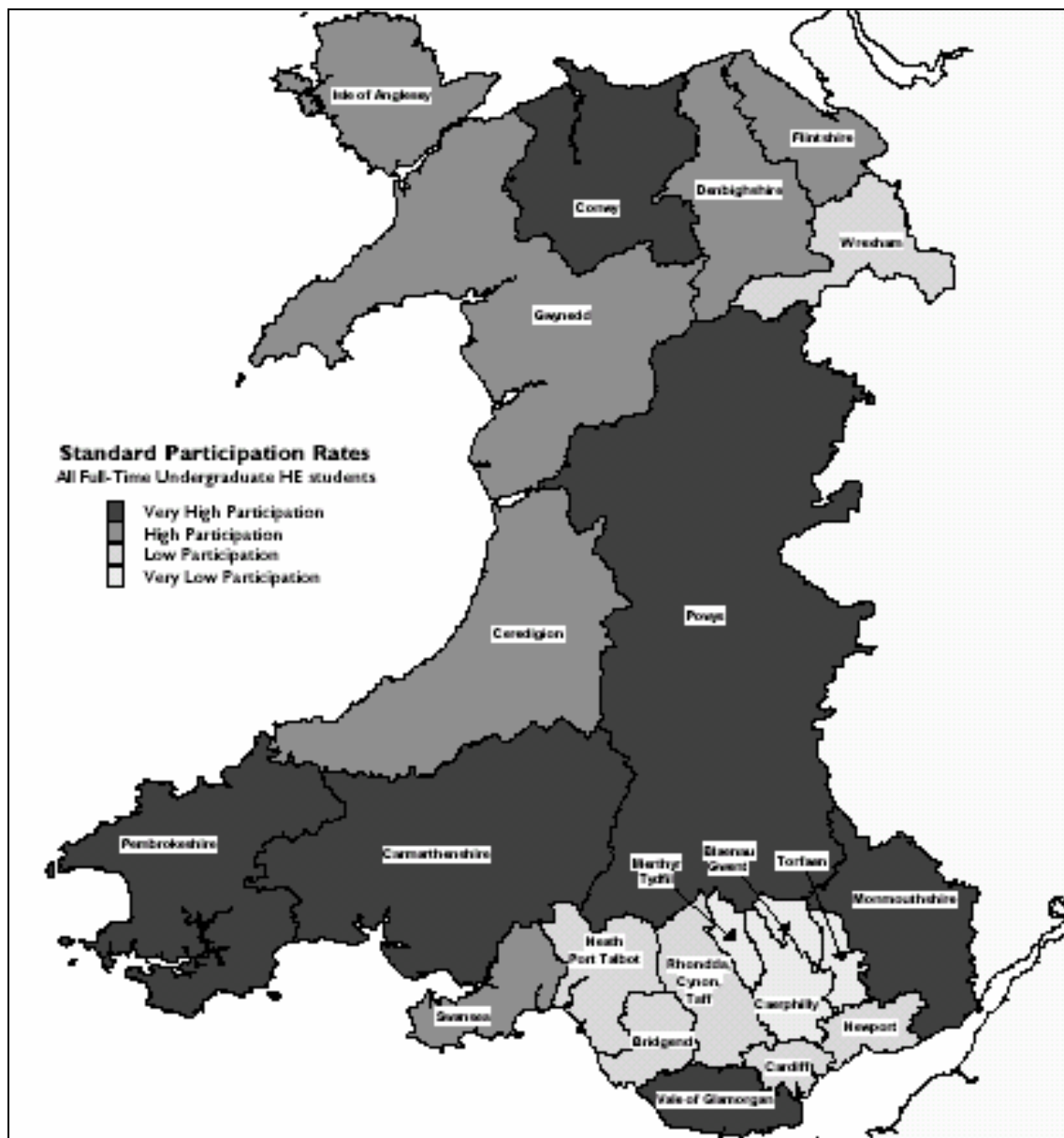
	Full-time employed	Part-time employed	ILO Unemployed	Inactive	Total
Number					
Full time education	1,100	23,300	4,600	37,100	66,000
Part time education	6,900	1,600	400	1,700	10,600
Training	4,200	2,300	.	.	6,500
Not in education or training	14,700	3,300	7,300	5,900	31,200
Total	26,900	30,500	12,300	44,700	114,300
%					
Full time education	1.0	20.3	4.0	32.4	57.7
Part time education	6.1	1.4	0.3	1.5	9.3
Training	3.6	2.0	.	.	5.6
Not in education or training	12.8	2.9	6.4	5.2	27.3
Total	23.5	26.7	10.7	39.1	100.0

Source: ELWa / National Assembly for Wales – STATSWALES. See also notes to Table 2.3. Training figures are adjusted to omit trainees who were also in education. The Labour Force Survey (LFS) is used to estimate the

proportion of trainees who are work based and college based to identify people recorded in more than one source and eliminate double counting.

Just 6% of learners are unemployed while among the 31,200 not involved in learning/training 23% are unemployed. A further 5,900 people are inactive and not learning. This indicates a hard core of almost 12% of all 16-18 year olds who are neither working nor engaged in any form of learning

Figure 2.2 Standardised Participation Rates for Welsh domiciled Full-Time Undergraduate Students, studying in the UK: 2002/2003



Source: [Higher Education, Further Education and Training Statistics, ELWa, 2002/03](#)

Table 2.5 Students enrolled at FE and HE Institutions 2002/2003

Students	Full-time	Part-time	All modes
FE students at FE institutions	42,442	216,158	258,600
HE students at FE institutions	829	3,718	4,547
Total students at FE institutions	43,271	219,876	263,147
Total FE students at FE & HE institutions (a)	42,829	222,191	265,020

Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003")

Notes: 1) All students enrolled in 2002/03 are counted

2) Includes all FE and HE institutions excluding some Welsh for Adults provision in HE institutions.

3) Extract from tables F1.1 and F1.2

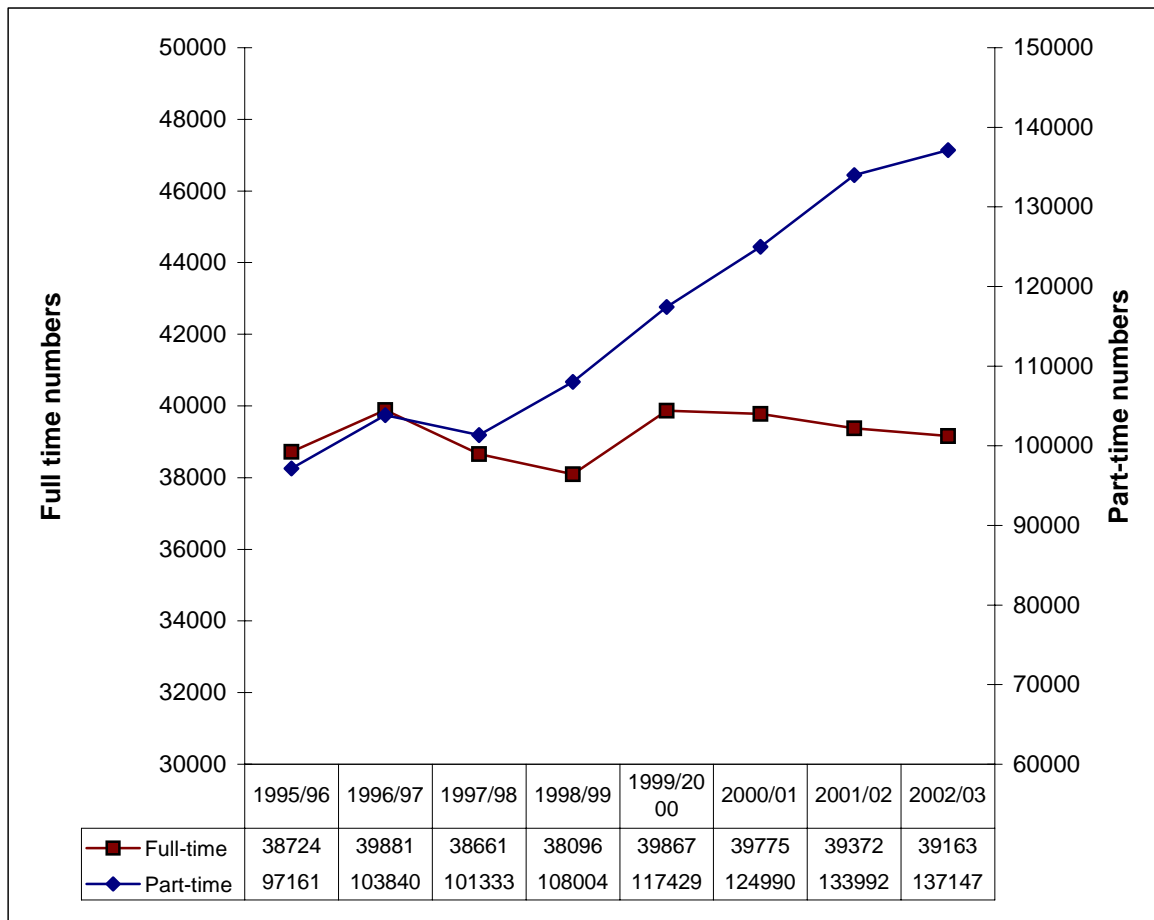
Table 2.6 Students enrolled by Gender, Age Group and Mode of Attendance 2002/03

Full Time: Age Group	Male		Female		Total	
	No	%	No	%	No	%
Under 16	547	3	315	1	862	2
16-18	15,033	72	14,672	68	29,705	70
19-20	1,711	8	1,442	7	3,153	7
21-24	1,029	5	1,241	6	2,270	5
25-39	1,593	8	2,823	13	4,416	10
40-59	765	4	1,057	5	1,822	4
60+	75	0	77	0	152	0
Total	20,792	100	21650	100	42442	100

Part-Time: Age Group	Male		Female		Total	
	No	%	No	%	No	%
Under 16	3,230	4	2,438	2	5,668	3
16-18	7,476	9	6,067	5	13,543	6
19-20	4,668	5	4,212	3	8,880	4
21-24	7,311	9	9,504	7	16,815	8
25-39	26,082	30	42,722	34	68,804	32
40-59	27,185	32	46,780	37	73,965	35
60+	9,948	12	15,012	12	24,960	12
Total	87,312	100	128,846	100	216,158	100

Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003" Table F3.1)

Figure 2.3 Further Education Institutions: Trends in Full and Part-time Enrolments.



Source: ELWa (extract from HE, FE and Training Statistics in Wales 2002/2003 Table 2.1).

Note. Data are based on the number enrolled in early December of academic year and the totals are smaller than counts based on enrolments over the academic year.

Since 1995/96, the total number of further education students in Wales has risen by 30%, a trend driven by increasing numbers of people electing to study on a part-time basis.

Table 2.7: FE Students enrolled at FE Institutions who were supported by Employers 2002/2003

Region	Number of students	Supported by employers	Percent
North Wales	70,293	23,779	33.8%
Mid Wales	21,620	4,035	18.7%
South West Wales	59,360	13,154	22.2%
South East Wales	107,327	16,731	15.6%
Total	258,600	57,699	22.3%

Source: ELWa (extract from "FE Performance Indicators 2002/2003")
Extract from Target 7

On average just over 1 in 5 students were supported by employers. The North Wales figure can be explained by especially high levels of employer supported learning in two colleges, Llandrillo and Deeside

Table 2.8: Qualification Aims of FE Students enrolled at FE Institutions by Qualification Type, Level and Age 2002/2003

Level of qualification	Number		Percent	
	18 years and under	19 and over	18 years and under	19 and over
GNVQ Foundation	919	63	0	0
NVQ Level 1	3,400	3,474	1	1
GCSE	8,059	5,449	3	1
GNVQ Intermediate / First	4,146	833	2	0
NVQ Level 2	9,447	19,218	4	5
GCE A/AS Level	26,990	5,034	11	1
GNVQ Advanced / National / AVCE	13,541	4,304	5	1
NVQ Level 3 and above	1,684	10,323	1	3
Key Skills	86,426	27,281	35	7
OCN Units	39,699	97,790	16	26
SLDD Course	3,568	12,024	1	3
Other	49,394	191,180	20	51
Total	247,273	376,973	100	100

Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003")

Notes: 1) All qualification aims being taken by FE students, however they are funded, in 2002/2003

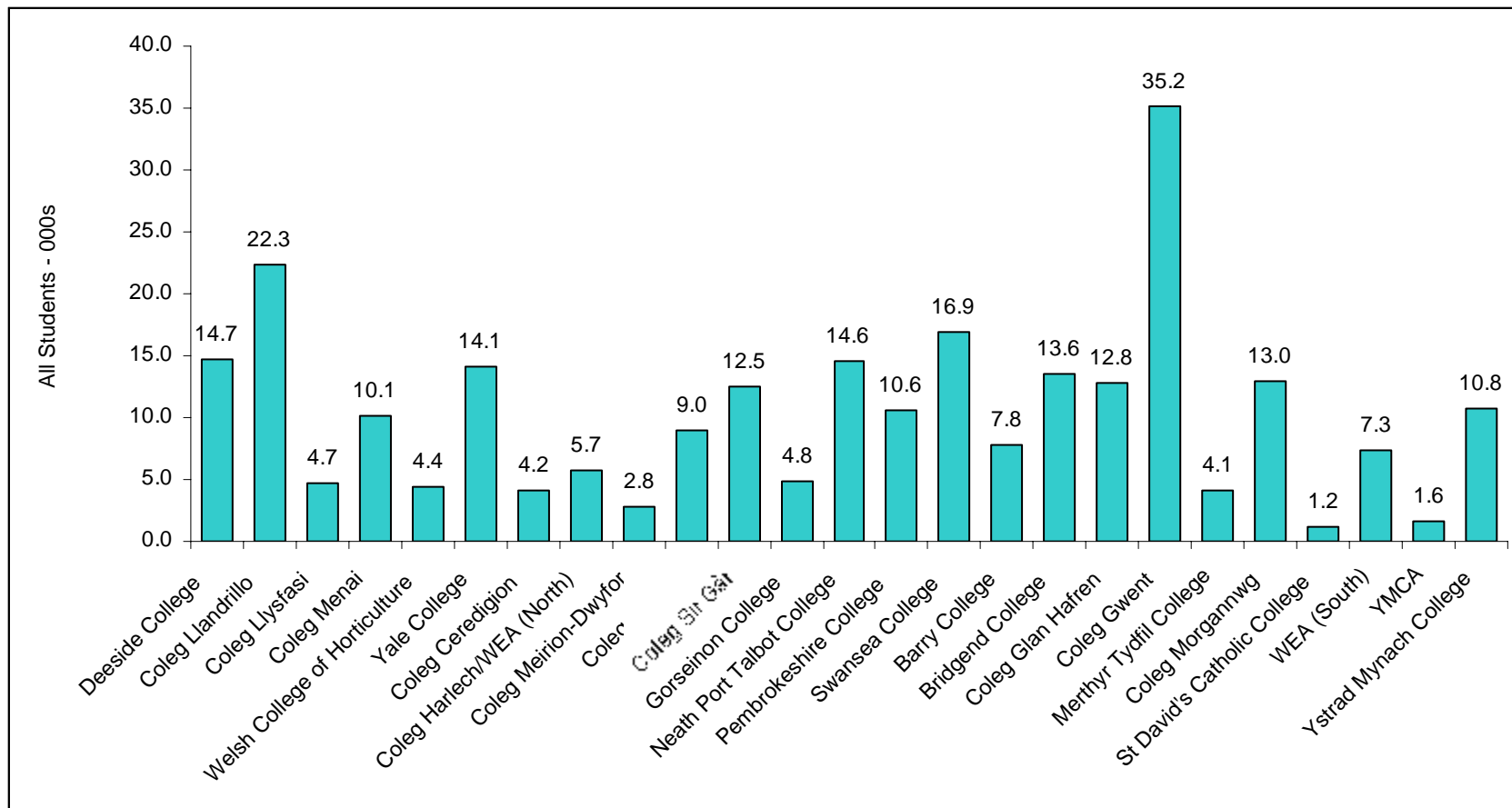
2) Includes all FE institutions

3) Age as at 31st August 2000 with instances of unknown age included in totals but not individual columns

4) Extract from table F4.4

GNVQs, Key Skills, GCSE's and A/AS level qualifications were studied mainly by those aged 18 and under, whereas adults studied for Open College Network credits and 'Other' qualifications

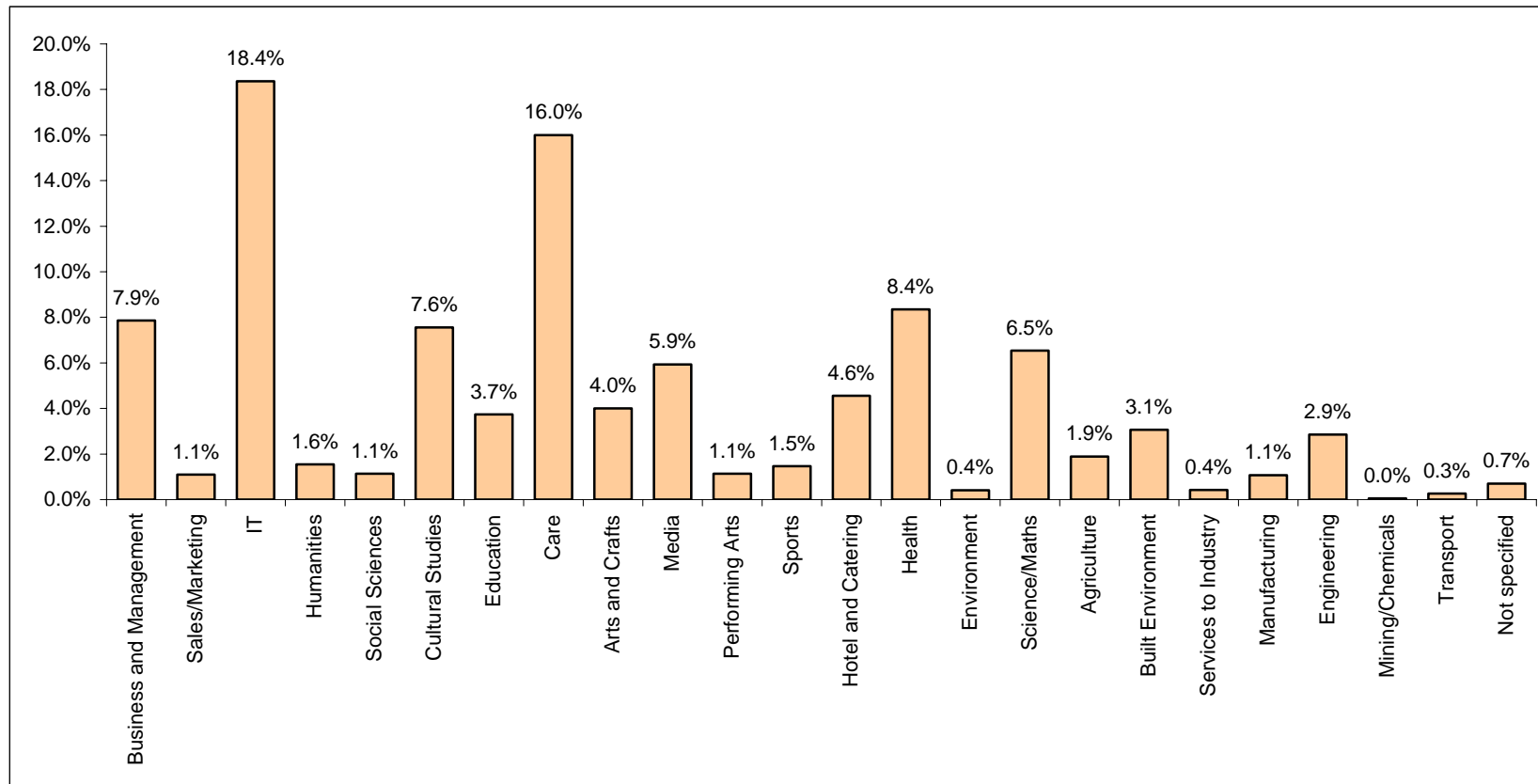
Figure 2.4 FE Institutions by Student Numbers, 2002/2003



Source: ELWa FE Performance Indicators PI 1, 2002/2003

Coleg Gwent is the largest provider with over 30,000 students and Harlech the smallest with just 555. Wales' 3 biggest FE providers account for 29% of the student population and the 5 largest 41% of students. The median size provider has 8,500 students.

Figure 2.5 Qualification Aims of FE Students enrolled at FE Institutions by Subject, 2002/2003



Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003, Table F4.2

Just over a third of qualification aims are in IT and Care subjects. The 5 most popular subjects accounting for 58% of all qualification aims are IT, Care, Health, Business and Management, and Cultural studies.

Table 2.9: Student Completion Rates for all FE students at FE Institutions who Completed or Terminated their Programme of Study, 2002/03

	All students who complete or terminate their programmes in the year	Completed programme of study	Left without completing programme of study					
			Transferred to another Institution	Entered Employment	Financial Reasons	Personal Reasons (incl. dropped out)	Other incl not known	Total leavers
North Wales	6,468	75	1%	6%	1%	7%	11%	25%
Mid Wales	1,874	78	1%	3%	0%	5%	12%	22%
South West Wales	6,987	84	0%	2%	0%	5%	9%	16%
South East Wales	15,432	78	1%	4%	0%	6%	12%	22%
All Wales	30,761	79%	1%	4%	0%	6%	11%	21%

Source: FE Performance Indicators (PI3), ELWA 2003

Table 2.10: Attainment Rates for all Full-Time and Part-Time FE students at FE Institutions who Completed their Qualification Aims in 2002/2003

	Mainstream A Qualifications			Mainstream B Qualifications			All Other Qualifications		
	Number of individual qualification s fully achieved (Q)	Number of qualification-based learning progs. completed whether successfully or not (P)	Q/P (%)	Number of individual qualifications fully achieved (Q)	Number of qualification-based learning progs. completed whether successfully or not (P)	Q/P(%)	Number of individual qualifications fully achieved (Q)	Number of qualification-based learning progs. completed whether successfully or not (P)	Q/P(%)
Full Time: All Wales	31,460	40,325	78%	24,849	64,284	39%	9,178	15,149	61%
North Wales	6,756	7,888	86%	11,431	20,485	56%	3,718	4,644	80%
Mid Wales	2,194	2,771	79%	3,540	7,602	47%	1,707	2,480	69%
South West Wales	10,411	12,963	80%	13,708	27,269	50%	5,252	6,517	81%
South East Wales	12,099	16,703	72%	24,849	64,284	39%	9,178	15,149	61%
Part Time: All Wales	15,841	23,935	66%	67,926	110,306	62%	56,350	86,307	65%
North Wales	4,513	5,996	75%	24,306	32,037	76%	15,139	18,011	84%
Mid Wales	621	947	66%	4,416	7,277	61%	3,406	7,798	44%
South West Wales	4,241	5,931	72%	17,864	29,824	60%	11,765	17,054	69%
South East Wales	6,466	11,061	58%	21,340	41,168	52%	26,040	43,444	60%

Source: FE Performance Indicators (PI4), ELWa 2003

Mainstream A = GNVQ, Advanced VCE, NVQ, GCSE, First, National, A/AS Level and Access to HE

Mainstream B = All other qualifications formerly categorised as Schedule 2a, b and c.

Table 2.11: Trainees by Programme and Age Group 2002-03

Programme	Age Group						Total
	Under 16	16-18	19-24	25-49	50-64	65+	
Skillbuild	123	8,267	296	-	-	-	8,686
Foundation Modern Apprenticeship	48	10,524	9,697	10	1	-	20,280
Modern Apprenticeship	16	6,681	8,791	528	42	-	16,058
Other Youth Programmes	3	156	75	-	-	-	234
Employability Training	-	6	77	1,437	316	1	1,837
Skills Training	-	10	151	2,701	730	2	3,594
Recruit and Train	-	7	151	1,679	319	2	2,158
Modern Skills Diploma	-	0	-	1,564	186	2	1,752
Total	190	25,651	19,238	7,919	1,594	7	54,599
Males	117	15,773	9,585	4,506	1,041	3	31,025
Female	73	9,878	9,653	3,413	553	4	23,574

Source: (National Trainee Database): ELWa, FE Performance Indicators, Table T2.1, T2.8

Modern Apprenticeships and Foundation Modern Apprenticeships accounted for over 80% of trainees most of whom were under 25 years of age. Most qualifications were at Level 1 or 2. Just 10% of qualification outcomes were at Level 3.

Table 2.12: Qualification Outcomes by Type and Age Group 2002-03

Outcome Type	Leaving Age Group						Continuing Training Episode	Total
	Under 16	16-18	19-24	25-49	50-64	65+		
(G)NVQ Level 1	2	3,194	929	1,228	448	1	279	6,081
(G)NVQ Level 2	-	1,584	3,926	570	150	-	457	6,687
(G)NVQ Level 3	-	210	2,037	377	49	-	109	2,782
(G)NVQ Level 4	-	2	120	49	4	-	5	180
(G)NVQ Level 5	-	-	-	7	1	-	-	8
Key Skill Level 1	6	8,137	3,015	2,050	571	3	255	14,037
Key Skill Level 2	-	3,344	9,501	1,303	189	-	1,896	16,233
Key Skill Level 3	-	172	1,651	296	13	-	173	2,305
Key Skill Level 4	-	-	9	3	-	-	-	12
C&G Profile of Achievement	2	257	1	-	-	-	-	260
OCR Skills Profile	-	18	2	-	-	-	1	21
Pacific Institute Award	8	2,685	85	768	233	-	47	3,826
ASDAN	-	760	36	-	-	-	1	797
Vocational Access Certificate	-	7	7	-	-	-	1	15
Wordpower	1	994	35	97	15	-	11	1,153
Numberpower	-	1,009	43	95	11	-	6	1,164
Language Units	-	102	-	4	8	-	4	118
Management Units	-	8	24	16	4	-	8	60
Other Qualification	-	236	88	318	78	-	39	759
Total	19	22,719	21,509	7,181	1,774	4	3,292	56,498

Source: (National Trainee Database): ELWa, FE Performance Indicators, Table T3.3

Table 2.13 Training Episode Leavers by Destination and Age Group 2002-03

Leaver Destination	Leaving Age Group						Total
	Under 16	16-18	19-24	25-49	50-64	65+	
Education	5	913	308	122	26	-	1,374
Training	1	2,985	695	479	147	1	4,308
Employed	2	3,383	7,543	2,304	389	2	13,623
Self-employed	-	9	33	55	23	-	120
Unemployed	2	2,509	1,150	1,850	503	2	6,016
Other	7	4,239	2,923	897	170	2	8,238
Total	17	14038	12,652	5,707	1,258	7	33,679
%							
Education	29%	7%	2%	2%	2%	-	4%
Training	6%	21%	5%	8%	12%	14%	13%
Employed	12%	24%	60%	40%	31%	29%	40%
Self-employed	-	-	-	1%	2%	-	
Unemployed	12%	18%	9%	32%	40%	29%	18%
Other	41%	30%	23%	16%	14%	29%	24%

Source: (National Trainee Database): ELWa, FE Performance Indicators, Table T3.5

Table 2.13. Not all learning outcomes are positive; 1 in 3 training episode leavers aged 25-49 and 40% of those aged 50-64 end up unemployed. Given this, self employment is also surprisingly low.

Table 2.14: Adult and Continuing Education Learners in 2002 by Type of Provision

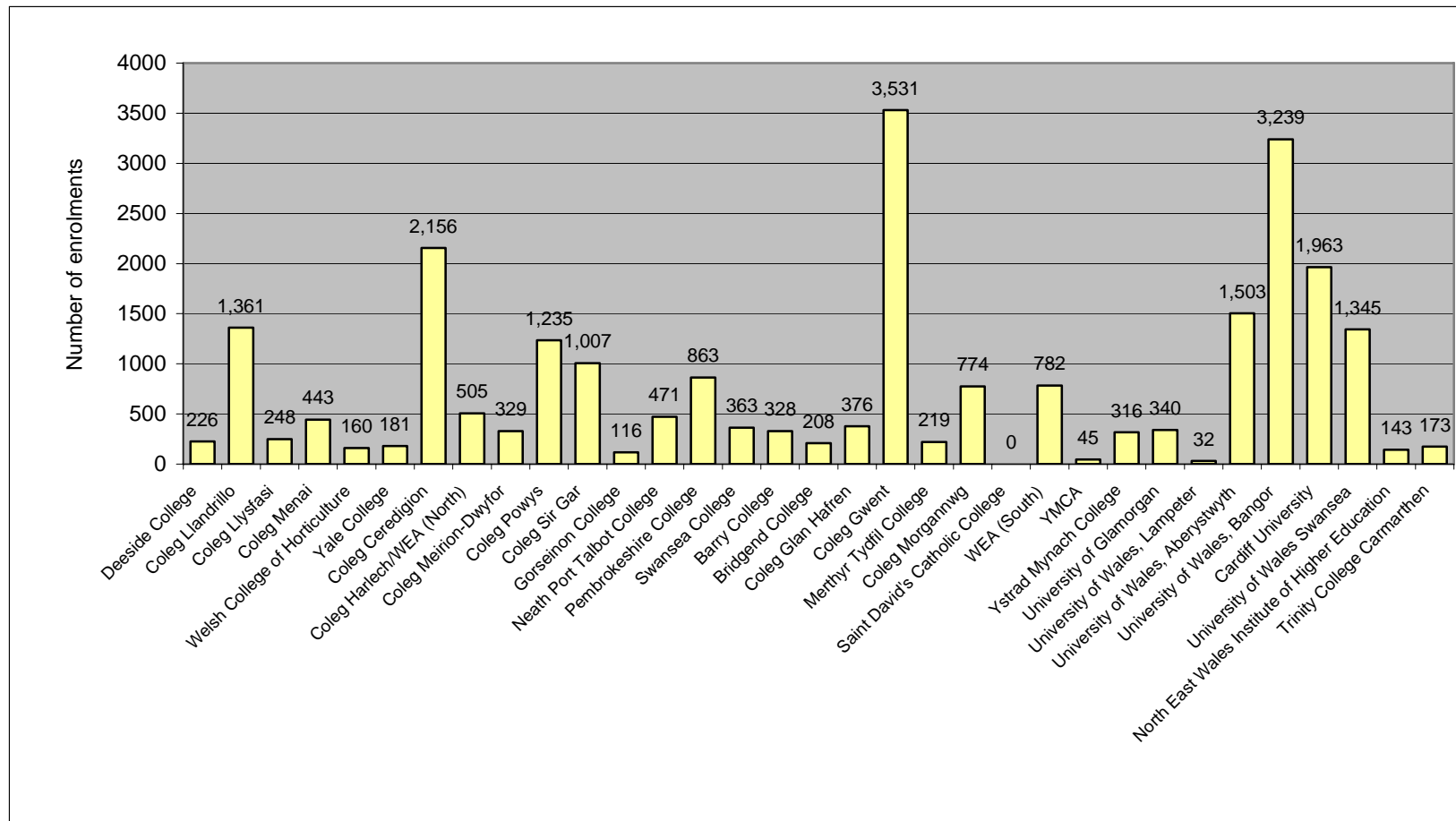
Type of provision	Count
Maintained provision	15,115
Contracted out	3,457
Assisted	5,120
Contracted in (included under FE above)	26,136
Total Adult Continuing Education	49,828
ACE individual enrolments	55,710

Source: ELWa (ACE Return - December 2002)

Notes: 1) All learners in training on the week of 1 December 2002 are counted

Readers are advised that the census return on which the ACE data are based has since been discontinued and at this point in time it is not possible to provide more recent data.

Figure 2.6 Welsh for Adults enrolments at FE and HE Institutions 2002/03



Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003, Table F1.4

Table 2.15: Workforce Development in Wales 2003

Workforce Development				
Existing level of qualification	Population (working age)	In employment	Training in last 4 weeks (in work)	Training as % of in employment
Base	1,742,000	1,218,000	197,000	16%
NVQ Level 4 and above	393,000	339,000	85,000	25%
NVQ Level 3 and below	1,349,000	185,000	33,000	18%
Private services		510,000	68,000	13%
Production industries		213,000	27,000	13%
Public sector		379,000	93,000	24%
Full-time		924,000	154,000	17%
Part-time		303,000	46,000	15%
Male	894,000	656,000	93,000	14%
Female	848,000	562,000	103,000	18%

Source: Local Area LFS 2003, National Statistics

Table 2.16: Workforce Development UK, Wales and ELWa Regions, 2003

	Population (working age)	In employment	Training in last 4 weeks (employed + self empl)	Training as % of employment
England	30,295,000	22,470,000	3,423,000	15.2%
Scotland	3,126,000	2,279,000	377,000	16.5%
Northern Ireland	1,038,000	689,000	80,000	11.6%
Wales	1,742,000	1,218,000	197,000	16.2%
North Wales	380,000	282,000	46,000	16.3%
Mid Wales	139,000	101,000	15,000	14.9%
South West Wales	381,000	255,000	42,000	16.5%
South East Wales	842,000	581,000	94,000	16.2%

Source: Local Area LFS 2003, National Statistics

Table 2.17: Percentage Qualified to NVQ equivalent levels, UK Regions, 2003

Percentage qualified to NVQ equivalent levels								
	Of whom							
	NVQ 4+	NVQ 3	NVQ 2	Below NVQ 2	Other qualifications	NVQ 1	Trade apprenticeship	No qualifications
England	25.0	14.7	15.3	45.0	9.0	14.9	6.2	14.8
Wales	22.5	14.3	16.7	46.5	8.0	13.9	6.7	17.8
Scotland	28.4	14.6	12.5	44.5	7.3	11.5	9.1	16.6
Northern Ireland	21.6	12.4	16.9	49.1	2.2	10.9	11.0	23.9
United Kingdom	25.1	14.6	15.2	45.1	8.6	14.5	6.6	15.4

Source: Local Area Labour Force Survey, 2003, National Statistics

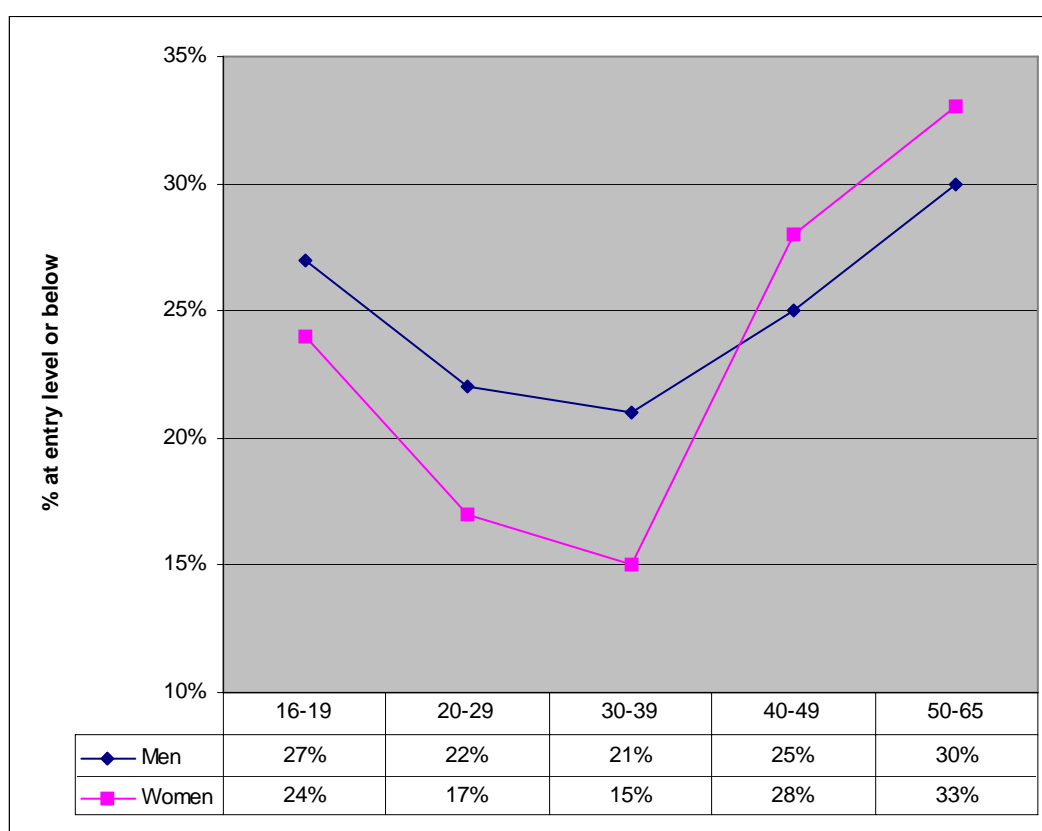
Qualifications act as a proxy for skill levels by signaling achievement and motivation as well as indicating specific knowledge. On this measure Wales has relatively more low achievers and fewer high achievers. Although real progress has been made in upskilling its workforce, there continues to be a large base of people lacking in any qualifications

Table 2.18. Adult Literacy and Numeracy in Wales: Headline Results

	Literacy	Numeracy
Entry Level 1	4%	7%
Entry Level 2	3%	20%
Entry Level 3	18%	26%
Level 1	37%	25%
Level 2 and above	38%	22%

Source: [The National Survey of Adult Basic Skills in Wales, Basic Skills Agency, 2005 \(Reproduced in The National Basic Skills Strategy for Wales, Welsh Assembly 2005\)](#)

Figure 2.7 Adult Literacy Assessment by Age: Wales 2004



Source: [The National Survey of Adult Basic Skills in Wales \(Table 2.3\), Basic Skills Agency, 2005](#)

Adult illiteracy is higher among those who have just left school, than it is among any other group under 50.

Table 2.19 Adult Literacy and Numeracy by Occupation

	<i>Percent within occupation group at or below Entry Level in</i>	
	Literacy	Numeracy
Higher Managerial/Professional	8	17
Lower Managerial/Professional	10	32
Intermediate Occupations	6	46
Small Employers/Own Account Workers	24	49
Lower Supervisory and Technical Occ	23	51
Semi Routine Occupations	30	66
Routine Occupations	42	74
All Occupations	19	47

Source: [The National Survey of Adult Basic Skills in Wales, Basic Skills Agency, 2005](#)

Fewer than 1 in 10 of those working in managerial, professional or intermediate occupations are at Entry level or below in literacy, but more than 4 out of 10 people in routine occupations come into this category. In the numeracy assessment around 1 in 5 senior managers and professional occupations are at or below entry level and this increases to 3 out of 10 in routine occupations. Barely one half of small employers and own account workers have numeracy skills above entry level though ¾ exceed this threshold in the literacy test.

Table 2.20: Overall Satisfaction with Learning Experience

Base all learners	Percent			
	All learners	FE	WBL	ACE
Extremely satisfied	27	27	23	37
Very satisfied	43	43	46	41
Fairly satisfied	22	22	24	16
Total extremely/ very satisfied	70	70	69	78
Total satisfied	92	92	93	94
Total dissatisfied	5	5	4	4

Source: [National Learner Satisfaction Survey for Wales, ELWa, 2003](#)
Some figures may not sum to 100% due to rounding

Table 2.21: Learners' Objectives in undertaking their course

Base all learners	All learners	Percent		
		FE	WBL	ACE
Improve knowledge of subject	95	95	94	94
Gain new skills	93	94	94	91
Further your personal development	92	92	93	91
Meet new people	83	83	84	87
Do something useful with spare time	76	75	81	86
Get onto other courses/further your education	74	76	82	57
Get more satisfaction from work	74	75	90	51
The ability to progress through career generally	73	75	93	41
Get a different job/better job	63	65	84	28
Learn skills for a job you were doing at time	53	53	79	31

Source: National Learner Satisfaction Survey for Wales, ELWa 2003

Table 2.22: Extent to which course has helped achieve objectives by Type of Provision

Helped a lot towards the following objectives:	All learners	%		
		FE	WBL	ACE
Improve knowledge of subject	82	81	81	86
Gain new skills	76	73	83	79
Further your personal development	66	63	75	75
Meet new people	69	68	78	67
Get onto other courses/further your education	54	55	59	N/A
The ability to progress through career generally	60	58	68	N/A
Get more satisfaction from work	65	63	71	N/A
Do something useful with spare time	69	69	64	81
Get a different job/better job	51	49	63	N/A
Learn skills for a job you were doing at time	61	59	74	N/A

Source: National Learner Satisfaction Survey for Wales, ELWa 2003

Base: all those stating each objective.

Gaps in the ACE figures (marked by N/A), this is due to low base sizes

Note: Don't know and 'other' responses are not included. Multiple responses allowed.

Chapter 3

Patterns of Employment, Unemployment and Inactivity

Introduction

The evaluation of labour market performance is essentially comparative, involving different regions or countries, or the same region or country over time. It is also multi-dimensional involving employment, unemployment, inactivity and levels of remuneration, so that reliance on a single indicator is likely to be inadequate. On the other hand, using multiple indicators is also problematic, as it is not clear how one should weight different indicators.²⁴ There is also the question of differential labour performance across sub-regions as in the Objective One and Three areas within Wales. Should one only be concerned with labour market improvement over the whole of Wales or focus also on relative performance within Wales? Studies of the labour market have tended to focus on either the rate of employment or unemployment, but particularly in Wales there is a need to consider three labour market states – employment, unemployment and inactivity.²⁵ Reduced levels of unemployment may have been achieved at the cost of rising levels of inactivity, which in part may simply represent hidden unemployment. Therefore, in this chapter an attempt has been made to adopt a more unified approach.

Patterns of Employment

Over the period March-May 1998 to March-May 2004 the number of individuals who were economically active in Wales grew by 77,000 and those in employment by 103,000, while the number ILO unemployed fell by 27,000 and the number economically inactive by 41,000 representing an overall strengthening of the labour market ([Table 3.1](#)). For Wales this represented an improvement from 73.4 per cent

²⁴ For an attempt to overcome these problems see Melanie K. Jones, *Dynamic Benchmarking of the Welsh Labour Market*, WELMERC Discussion Paper No. 2003-02, University of Wales Swansea, 2003.

²⁵ See O'Leary et al., *Accounting for Differences in Labour Market Outcomes in Great Britain: A Regional Analysis using the Labour Force Survey*, WELMERC Discussion Paper, No. 2005-01, University of Wales Swansea, 2005.

The employment rate is the number of people with jobs. It includes people aged 16 and over who did paid work (as an employee or self employed) and those temporarily away from work. It also covers unpaid family workers or those participating in government training schemes. ILO unemployment consists of unemployed people aged 16 and over who are without a job, but have actively sought work in the last four weeks and are available to start work in the next two weeks, or who are out of work, have found a job and are waiting to start it in the next two weeks. The economically inactive consist of those who are neither in employment nor unemployed. Included are those who want a job and are seeking work, but are not available to start work, as well as those who do not want a job.

to 76.2 per cent in the economic activity rate, from 68.0 per cent to 72.5 per cent in the employment rate, from 7.3 per cent to 4.8 per cent in the ILO unemployment rate and from 26.6 per cent to 23.8 per cent in the economic inactivity rate. While each of these rates was inferior to that in the UK as a whole there was a relative closing of the gap in all of them over this period. Yet, there has been some short-term deterioration in the labour market when comparing March-May 2004 with March-May 2003 in terms of the absolute numbers and a mixed position in the rates with economic activity and inactivity improving in both Wales and the UK as a whole, while employment and ILO unemployment deteriorated slightly. However, too much attention should not be paid to short-run trends. For example, the ILO unemployment rate has subsequently fallen to 4.4% (September-November, 2004).

The long-run growth in employment has traditionally favoured women and over the period between the summer 2001 and summer 2003 this remained the case. However, since then while the male employment rate has continued to increase, the employment rate for women has begun to decrease. It remains to be determined whether this represents a fundamental change in the gender distribution of new jobs. A further change has occurred in the relationship between employment in the LFS and measures of jobs in workplaces as captured by the Annual Business Inquiry (ABI) and the Short Term Employer Surveys. Until the middle of 2002 the two types of survey showed similar employment trends, but thereafter the two series have diverged with the LFS measure of employment continuing to increase and remaining at a higher level and the business survey measure falling back before beginning to rise early in 2003. Whether this divergence is a consequence of differences in coverage, definitions of employment or the design of the surveys remains open, but the LFS remains the ONS's preferred source for the level of employment at the whole economy level.²⁶

The gender distribution is better considered by age group ([Table 3.2](#)). Comparing first men with women in Wales the employment rate for men is higher than that of women in every age group, in both cases being highest in the 35-40 age group (84.1 per cent for men and 75.9 per cent for women). It should also be noted that since hours of work are longer for men than for women, Table 3.2 understates differences in the gender contribution to total hours worked. Turning to the comparisons between Wales and the UK as a whole, employment rates are generally lower in

²⁶ See James McNair, The Increase in Employment in Wales during 2002 and 2003, *Labour Market Trends*, September 2004, pp 347-362.

Wales than the UK as a whole. Exceptions are the rate for men in the 16 to 17 age groups which is 9.7 percentage points higher in Wales and the rate for women in the 35-49 age group which is marginally higher in Wales.

As outlined in Chapter 1 the employment rate of older workers is becoming increasingly important as the population ages. A recent study by Hotopp²⁷ finds that after a long period of decline the employment rate of people aged 50 and over has been increasing since 1993. She concludes that the growth in the employment rate of older workers is the result of an autoregressive process, positive average earnings growth and the changing ethnic composition of this age group as a result of a cohort effect increasing the number of non-whites in this age group. It should be noted that there are no regional controls included in the estimating equation, so that it is not known if the same effects hold in Wales.

The Geographical Distribution of Employment

It is possible to consider patterns of employment and economic activity by the 40 parliamentary constituencies in Wales based on Local Area Labour Force Survey data ([Table 3.3](#)). For Wales as a whole the employment rate increased slightly and the non-employment rate correspondingly decreased slightly between 2001 and 2003. At the latter date Aberavon recorded the lowest employment rate (61.1 per cent) and Alyn and Deeside the highest (79.2 per cent). The highest rate of inactivity was recorded in Merthyr Tydfil and Rhymney (34.8 per cent) and the lowest jointly in Alyn and Deeside and in Montgomeryshire (18 per cent). These differences correspond closely with the Objective One area and the rest of Wales, with the Valleys having the lowest employment and highest inactivity of any of the parliamentary constituencies.

Figures are also available for economic activity by local authority for 2003 ([Table 3.4](#)). These reveal that working age employment varied from 62 per cent in Neath Port Talbot to 78 per cent in Flintshire. Unemployment rates for economically active people aged 16 or more varied from 3 per cent in Flintshire, Powys and Wrexham to 7 per cent in Blaenau Gwent, Neath Port Talbot and Rhondda, Cynon Taff. Excluding students, around 23 per cent of the working age population of Wales were

²⁷ Ulrike Hotopp, The Employment Rate of Older Workers: An Econometric Analysis of the Main Influences on Growth since 1993, *Labour Market Trends*, Vol. 113, No. 02, 2005, pp 73-88.

economically inactive. The highest rate was 32 per cent in Merthyr Tydfil and the lowest rate of 17 per cent was in Flintshire.

Recent work by WELMERC²⁸ for the Welsh Assembly Government based on a survey of 1,300 working age inactive adults in three areas of contrasting interest (the Valleys, urban hotspots and areas closer to the Welsh average in terms of inactivity) found in general that there was severe disengagement from the labour market with around half of the men and nearly half of the women not having worked for ten years or more. In the case of men the vast majority suffered from long-term sickness, while in the case of women the majority looked after the family home. No less than three quarters of the inactive respondents lived in workless households, and over two-thirds had no formal qualifications. Of particular concern were young men aged 18-24 who reported spending on average one quarter of the time between 8.00 am and 4.00 pm watching television, sleeping for over an hour, but no time studying.

Employment by Industry

The industrial composition of the Welsh labour market differs in certain respects from that in the UK as a whole. While in both countries according to LFS data the Public Administration, Education and Health sector is the largest it is more significant in Wales (32 per cent of all employee jobs as opposed to 28 per cent in the UK). Second in Wales is Distribution, Hotels and Restaurants (23 per cent) and third Manufacturing (17 per cent). In the UK, Banking, Finance and Insurance is ranked third, but this only accounts for 11 per cent of employment in Wales. The service sector now accounts for 72.4 per cent of employment in Wales ([Table 3.5](#)). While in Wales there are some pronounced differences in the industrial distribution of employment within the four regions, with Mid Wales standing out as having a bigger Agriculture and Fishing Sector and smaller Manufacturing and Services sectors than the other three regions; the Annual Business Inquiry data ([Table 3.6](#)) are broadly consistent with those from the Local Area LFS, but have an even higher concentration in services (79 per cent for Wales as a whole and no less than 84 per cent in Mid Wales). It should be noted that differences in the two sources of data may arise from the fact that multiple job holding will result in separate classifications in the Business Inquiry but be recorded as a single event in the LFS. It is also believed that respondents to the LFS are less likely than their employers to identify

²⁸ See D. Blackaby et al., *Identifying Barriers to Economic Inactivity in Wales*, May 2003 and Part II, *A Survey of the Economically Inactive in Three Areas of Special Interest*, September 2004, Reports for the Economic Research Unit, Welsh Assembly Government.

correctly the sector of industry in which they work. For example, McNair (2004) suggests that contract cleaners in hospitals should classify themselves as service sector workers, but may erroneously describe themselves as working in the health sector when responding to the LFS.

There have been some substantial changes in the industrial distribution between the Spring quarters of 2003 and 2004 ([Table 3.7](#)). Manufacturing employment declined by a further 10 per cent much in line with Britain as a whole, but there was substantial growth in Wales in Transport and Communications, up 21 per cent compared to a 3 per cent decline in Britain as a whole. Banking, Finance and Services employment also grew by 8 per cent in Wales, compared to a 1 per cent decline in Britain. In contrast, employment in Public Administration, Education and Health declined by 5 per cent in Wales, whereas there was a 4 per cent growth in Britain as a whole.

There are considerable differences in the distribution of educational qualifications across industries ([Table 3.8](#)). No less than 50 per cent of employees in Public Administration, Education and Health in 2003-04 were educated to NVQ Level 4 and above, with the corresponding figure for Banking and Finance, 35 per cent. In contrast, the corresponding figure in Agriculture and Fishing was 13 per cent, in Construction 12 per cent and in Distribution, Hotels and Restaurants, 9 per cent. At the lower end of educational qualifications 73 per cent of employees in Agriculture and Fishing were educated only to NVQ 2 or below, compared to 36 per cent in Public Administration etc.

Employment by Occupation

Overall, the occupational distribution of employment shows that Wales has lower levels of employment in those occupational groups requiring higher level skills and higher proportions in those requiring lower skill levels relative to the UK as a whole ([Table 3.9](#)).

Thus, Wales has in Winter 2003/4 (UK figures in parentheses)

- 11.8 per cent of employment as Managers and Senior Official (14.6)
- 10.8 per cent of employment in Professional Occupations (12.5)
- 12.7 per cent of employment in Associate Professional and

- Technical Occupations (13.7)
 - 11.7 per cent of employment in Administrative and Secretarial Occupations (12.8)
 - 12.8 per cent of employment in Skilled Trades Occupations (11.5)
 - 8.0 per cent of employment in Personal Service Occupations (7.6)
 - 9.1 per cent of employment in Sales and Customer Service Occupations (8.1)
 - 9.7 per cent of employment as Process, Plant and Machine Operatives (7.5)
 - 12.4 per cent of employment in Elementary Occupations (11.6)

In part this reflects the higher incidence of manufacturing employment in Wales. The growth of employment is, however, concentrated in the higher level occupations, whilst employment in less skilled occupations is in decline. While there is an association between occupational level and education, there is a wide spread of educational qualifications in each occupational group. Thus 7 per cent of managers and senior officials have no qualifications and 1 per cent of those in elementary occupations have a degree or equivalent. There may, however, be jobs of different levels in each occupational group. Thus a manager in a very small establishment may require fewer qualifications than a Manager in a very large one.

These broad trends are confirmed by changes in occupational employment 2003-4 ([Table 3.10](#)) which show declines in employment in the three lowest socio-economic groups and the most rapid increase in employment for Managers and Senior Officials. An exception is Professional Occupations which also saw a decline.

A recent study for the SSDA (Green, Homenidou and Wilson, 2004)²⁹ has projected changes in SOC occupational groups up to 2012. The largest growth will occur in personal service occupations, followed by professional occupations, associated professional and technical occupations, sales and customer services occupations and managers and senior officials in that order. The greatest decline will be in

²⁹ A. Green, K. Homenidou and R. Wilson, *Working Futures: Regional Report 2003-04*, Institute for Employment Research, University of Warwick, January, 2004.

elementary occupations, followed by skilled trades, machine and transport operatives and administration, and clerical services. Thus, growth is largely in non-manual occupations and decline in manual occupations. Skill and educational requirements are likely to increase.

Self Employment

There were 146,000 self employed people in Wales in 2003 representing 11.9 per cent of the total in employment. This compares with 12.5 per cent in the UK as a whole ([Table 3.11](#)). Self employment is, however, much higher in Mid Wales where over one quarter of those in employment are self employed, indicating that self employment is more common in rural areas.

Lindsay and Macauley (2004)³⁰ report that there has been a gradual increase in self employment since 2001. This increase was general, affecting men and women, full-time and part-time workers; it was also spread across all regions. Its growth has been concentrated in two sectors – Banking, Finance and Insurance, reflecting redundancies and a consequent move from employment into self employment and in construction, reflecting a longer term trend. The rise seems to reflect economic factors rather than taxation influences or survey effects.

Levels of Earnings

The New Earnings Survey (NES) was published for the last time in 2003 and has been replaced by the Annual Survey of Hours and Earnings (ASHE), the results of which have just become available. This gives rise to a discontinuity in earnings data as estimates of average weekly pay are higher in ASHE than in the NES. Further, the increase is higher for men than for women, thereby widening the estimated gender earnings differential. There are also regional effects with the level of earnings for people working in London rising more than in other regions. This in part is a consequence of the wider coverage of ASHE.³¹

Between 2003 and 2004, earnings in Wales rose by 5.4 per cent compared to a 4.1 per cent rise for the UK as a whole, so that average earnings in Wales in April 2004

³⁰ C. Lindsay and C. Macaulay, Growth in Self Employment in the UK, *Labour Market Trends*, October, 2004, pp 399-404.

³¹ See C. Daffin, An Analysis of Historical ASHE Data 1998 to 2003, *Labour Market Trends*, December, 2004, pp 493-

were £441.7, a figure 12.5 per cent below the UK average and 4.4 per cent below the UK average excluding London and the South-East ([Table 3.12](#)). The earnings gap between Wales and the UK excluding London and the South-East is generally smaller for individual occupational groupings due to differences in the occupational mix. Within Wales there are substantial differences in earnings between the Objective One area and the rest of Wales (Objective Three). In 2004 the gross weekly wage was £467.6 in the Objective Three area and £419.6 in the Objective One area. Further the gap has been widening in recent years. Between 1999 and 2004 the average increase in gross weekly wages was 27.1 per cent in the Objective Three area as opposed to 20.8 per cent in the Objective One area.

It should, however, be noted that these figures take no account of different price levels between and within regions and, therefore, do not necessarily point to differences in the standard of living. Nor do they take into account differences in the occupation mix, so that they do not necessarily point to differences in pay for like work. Earnings are lower in Wales partly because it possesses a lower proportion of high paid jobs and a higher proportion of low paid jobs. It should also be noted that Wales has one of the smaller gender pay gaps in Britain. In April 2004 Wales had the third lowest gender pay gap in the UK (85.9 per cent), after the North East (87.8 per cent) and Northern Ireland (90.6 per cent).³²

Of considerable concern is the economic rate of return to education and particularly to graduates in light of proposals to change funding arrangements for students, though the Welsh Assembly Government has yet to determine the precise arrangements for Wales. Returns to graduates continue to be relatively high in the UK and in Wales and there is no evidence so far that the large expansion in student numbers has resulted in a large drop in returns, though there is some sign of a modest downturn for the most recent graduates. A recent WELMERC report³³ finds that while there are some differences in the graduate wage premium, in broad terms the premia to degrees for those working in Wales are similar to those for the UK as a whole. Levels of earnings are, however, lower in Wales, reflecting the lower level of earnings in Wales and an adverse occupational mix in terms of graduate jobs. It

³² For a fuller discussion of some of these issues see Joanna Bulman, *Patterns of Pay: Results of the 2003 New Earnings Survey*, *Labour Market Trends*, December 2003, pp 601-612.

³³ Sloane P., O'Leary N., Murphy P and Blackaby D., *Returns to Education: A Survey of Findings*, A Report for the Economic Research Unit, Welsh Assembly Government, University of Wales Swansea, Department of Economics and WELMERC, May, 2003.

should also be born in mind that there are substantial differences in the returns to particular types of degree with business related degrees having much higher rates of return than other degrees, such as some of the humanities. Rates of return to 'academic' qualifications are higher than those to vocational qualifications, even where they are rated as equivalent under the NVQ framework. Rates of return are also higher for women than for men, given the type of degree, and whereas men in Wales fare somewhat worse than their equivalents elsewhere in Britain, women in Wales fare rather better.

Unemployment and Inactivity

Non-employment has already been discussed in section 2 on Patterns of Employment. Here the analysis is extended by considering particular examples such as individuals with low qualifications or disabilities, lone parents, older workers and members of ethnic minorities. This is then followed by considering local and regional patterns of non-employment, and the performance of Job Centre Plus.

The main distinguishing feature between the Welsh Labour market and that of the UK as a whole is that unemployment is lower in Wales but economic inactivity higher ([Table 3.13](#)). Between March-May 1998 and March-May 2004 Wales improved its relative position with regard to both cases of non-employment, but especially so in the case of inactivity.

(a) Qualifications and Non-Employment

Lack of qualifications is a barrier to employment. Thus if the qualifications of the non-employed in the Winter of 2003/4 ([Table 3.14](#)) are considered it is possible to observe that those with higher qualifications are under-represented and those with lower qualifications are over-represented among both the ILO unemployed and the inactive. Thus, those at NVQ level 4 and above who constitute 23 per cent of all people aged 16 and over make up only 12 per cent of the non-employed. However, a higher proportion of this group retire early, so these figures over-estimate the propensity of this group to be involuntarily non-employed. Conversely those without any qualifications make up 17 per cent of all persons aged 16 and over, but 31 per cent of the non-employed. Their propensity to be inactive (33 per cent) is much higher than their propensity to be ILO unemployed, suggesting a high propensity to become discouraged in seeking work. Grouping together those with qualifications below NVQ Level 2, who comprise 37 per cent of all persons aged 16 and over, it

can be observed that 51 per cent are non-employed. It should also be noted that these figures relate to a period when the demand for labour was relatively high. As the labour market tightens employers become more prepared to hire labour lacking in employment skills, so that these figures may present a more favourable picture than would be the case in the long run.

(b) Disability and Non-employment

Wales has a higher proportion of its population suffering from disability than any other region in Britain apart from the North and disability has a larger impact on labour market inactivity in Wales than in any other region. Under the 1995 Disability Discrimination (DDA) Act people are defined as disabled if they have or have had a disability which makes it difficult for them to carry out normal day-to-day activities whether for physical, sensory or mental reasons. It must also be substantial and have a long-term effect (i.e. 12 months or more). People who meet these requirements are referred to as DDA disabled. The Labour Force Survey also distinguishes those disabled who are work-limited in the sense that their disability affects the type and/or the amount of work that they can do. This group is referred to as the work-limiting disabled. As shown in [Table 3.15](#) the disabled of any type made up 23 per cent of the working age population of Wales in 2003, and the percentage work-limited was 19.5 per cent. There is some regional variation in the incidence of work-limiting disability which ranges from 15.9 per cent in North Wales to 20.7 per cent in South-East Wales.

The disabled are much less likely to participate in the labour market than the non-disabled and once there may earn less than the non-disabled. Thus while 80 per cent of the non-disabled were in employment in Wales in 2003, only 25 per cent of the disabled were so, with the disabled employment rate ranging from 21 per cent in South-West Wales to 31 per cent in Mid Wales ([Table 3.16](#)). As a consequence no less than 54 per cent of the economically inactive in Wales and 26 per cent of the unemployed have a disability ([Table 3.17](#)).

A recent WELMERC study of the disabled³⁴ found that the most striking difference in labour market outcomes between the disabled and non-disabled was in labour force

³⁴ See Jones M.K., Latreille P.L. and Sloane P.J., The Role of Disability in Labour Market Outcomes in Wales, *Welsh Economic Review*, Vol. 16.2, Winter 2004, pp 39-45 and the same authors, Disability, Gender and the Labour Market in Wales, WELMERC Discussion Paper No. 2004-04, University of Wales Swansea, 2004.

participation rather than earnings. Wales suffers relatively to the rest of Britain in having the highest proportion of the disabled with mental health and multiple health problems, both of which have the greatest impact on the probability of being non-employed. There are striking differences in the participation rates of disabled women across unitary authorities (rates being significantly lower, for example, in the Valleys), which if they could be eliminated would substantially improve the relative position of disabled women. In general, the labour market disadvantage of disabled women is greater than that of disabled men in Wales. Both disabled men and disabled women have on average fewer qualifications than the non-disabled and the impact of qualifications on employment is higher for the disabled. Accordingly raising the qualifications of this group could substantially improve their employability.

(c) Older Workers

In 2003 over 60 per cent of those between 50 and retirement age were working in Wales, nearly 8 per cent less than the UK rate. The lower employment rate of the over 50s reflects a low level of qualifications, a propensity to acquire health problems as a part of the ageing process and possibly age discrimination, declining productivity, or obsolescence of human capital. As shown in [Table 3.18](#) in 2003 a higher proportion of the over 50s have no qualifications than is the case for Britain as a whole and this group contains 40 per cent of the total without qualifications. For Wales as a whole this figure ranges from 38 per cent in South-East Wales to 45 per cent in Mid Wales. This group is more likely to remain in employment in industries where employment is declining and less likely to relocate to growth sectors, though it has been argued that structural change away from manufacturing and towards services may have contributed to an increase in the employment of older workers, since many service sector jobs are less demanding in physical terms, offer more flexible hours and have more contact with customers, where older workers may have a comparative advantage.³⁵

(d) Ethnic Minorities

According to the Labour Force Survey there were 44,000 members of black and ethnic minority groups of working age in Wales in 2003 (up from 36,000 in 2001). Of these 26,000 were in employment. While the employment for black and ethnic

³⁵ See Disney R. and Hawkes D., Why Has Employment Risen Among Older Workers in Britain, in Dickens R., Gregg P. and Wadsworth J., editors, *The Labour Market Under New Labour*, Palgrave MacMillan, 2003, pp 53-69.

minority groups was lower than for whites (58.8 per cent compared to 70.8 per cent) this had improved from 56.3 per cent two years earlier and the employment gap in Wales is narrower than in England ([Table 3.19](#)).

The non-white population is much smaller in Wales than in the UK as a whole. According to the 2001 Census 2.1 per cent of the population was non-white compared to 7.9 per cent in the UK as a whole and according to the 2002/03 Annual LFS these figures had risen to 2.4 per cent and 8.0 per cent respectively. Further, whilst in Wales only 18 per cent of the 22 Unitary Authorities had non-white populations of 2 per cent or greater, in Britain as a whole the equivalent figure for the 407 local authorities was 48 per cent. Thus not only are there proportionately fewer non-whites in Wales but they are more highly concentrated geographically (notably in Cardiff).

(e) The Geographical Distribution of Non-Employment

Patterns of non-employment varied markedly across the Welsh Unitary Authorities in 2003 with the economic inactivity rate being highest in the Welsh Valleys (Merthyr Tydfil (33.2 per cent), Neath Port Talbot (33.1 per cent), Blaenau Gwent (31.4 per cent), and Rhondda, Cynon, Taff (29.5 per cent) and) lowest in East Wales with Flintshire (19.3 per cent) lowest of all. The inclusion of the unemployed only serves to widen these differences ([Table 3.20](#)) However, since 2001 there has been some improvement in these figures, however, both in inactivity and unemployment rates, which has been shared across the whole of Wales.

Corresponding to these figures are those for benefit claims – including JSA, Incapacity Benefit, Disability Allowances and Income Support. Total benefits claims in August 2004 as a percentage of the population of working age varied from 28 per cent in Blaenau Gwent and Neath Port Talbot to only 10 per cent in Monmouthshire ([Table 3.21](#)). For sickness and disability benefits alone the range was 21 per cent in the two Valleys above, together with Merthyr Tydfil, down to 8 per cent in Monmouthshire. It is noticeable that the percentage of lone parent claimants in several cases exceeds the percentage claiming unemployment benefits (e.g. in Newport the former is 4 per cent and the latter 3 per cent of the relevant population),

and the total number of lone parent claimants in Wales as a whole (41,700 now exceeds the number of unemployed claimants – 38,900).³⁶

An important phenomenon is workless households. In Spring 2004 an estimated 3 million working age households had no members in work in the UK, representing 16 per cent of all working age households. The highest rate of worklessness occurred among lone parent households with children aged under five years old (64 per cent). In Wales 19 per cent of all household types were workless and the incidence of worklessness in households with dependant children was also higher than the UK average.³⁷

In March-May 2004 ILO unemployment (the preferred measure of unemployment) in Wales was 64,000 or 4.8 per cent of the economically active population, compared to 5.0 per cent in the UK as a whole, reversing the position in 1998 when the rate in Wales was 7.3 per cent, compared to 6.6 per cent in the UK as a whole ([Table 3.22](#)). There is considerable variation in the unemployment rate across Wales. In [Table 3.23](#) data are provided for the claimant count of Job Seekers' Allowance, June, 2004 in the 22 Unitary Authorities. The rate varies between 1.3 per cent in Ceredigion to 3.8 per cent in Blaenau Gwent. It should, however, be pointed out that some of these absolute figures are below the minimum publishable due to small sample size (1,000 or 2,000 being the minimum depending on area). The claimant count for the whole of Wales fell from 45,000 in June 2003 to 38,220 in June, 2004 (i.e. from 2.6 to 2.2. per cent).

New Deal statistics for March 2003 show that Wales was the second most successful region in securing sustained jobs for both 18-24 year olds unemployed for six months or more and for longer term unemployed adults. For the younger group 39.6 per cent had left for a job that lasted for more than three months, compared to 35.2 per cent for Britain as a whole. For the older age group the figures were 26.6 per cent and 22.6 per cent respectively. There have been recent improvements to the methods for compiling New Deal statistics and a summary of people obtaining jobs through the New Deal in the Wales Job Centre Plus region is contained in [Table 3.24](#). As of September 2004 81.25 per cent of those entering the New Deal for Young People

³⁶ It should be noted that benefit claims figures exclude partners claimed for – who are benefit recipients rather than claimants. In 2003 the number of partners claimed for in GB was 13 per cent of the number of claimants or 2 per cent of the working age population.

³⁷ See A. Walling, Workless Households: Results from the Spring 2004 LFS, *Labour Market Trends*, November, 2004, pp 435-445.

obtained sustained employment, while the corresponding figure for New Deal 25 plus was 80.5 per cent.

A new data source that became available in 2003 is Job Centre Plus's district level statistics of performance relative to the Performance and Resources agreement. Whereas in 2002-3 the target overall was exceeded by 8.1 per cent in 2003-4 the target was missed by 2.9 per cent, though with considerable variance across districts ([Table 3.25](#)). For lone parents job entries as a proportion of the client base rose to 13.9 per cent compared to the GB average of 10.1 per cent ([Table 3.26](#)). In the case of people with disabilities, job centres as a proportion of the client base in Wales were only 2.1 per cent, but this was nearly double the GB average of 1.2 per cent ([Table 3.27](#)). Wales' performance comfortably exceeds that of GB in relation to job entries for customers unemployed for six months or more and for other disadvantaged clients – 48.7 per cent as opposed to 36.8 per cent ([Table 3.28](#)). For customers unemployed for less than six months the difference is more marginal – 10.91 per cent as opposed to 9.1 per cent ([Table 3.29](#)).

This chapter has already referred to the WELMERC study of inactivity in Wales already. This research not only points out that economic inactivity is very substantial in Wales relative to other regions in Britain, but also that it varies significantly across Wales and so has a geographical dimension. In particular some of the key findings of the general report were

- there are substantial economic differences within Wales between the Objective One area and the rest of Wales that are reflected in substantial differences in economic inactivity rates.
- the economically inactive consist of a diverse group – early retired, students and sick or disabled – that vary in their closeness to the labour market.
- there have been important changes in the composition of inactivity with a decline in male activity and an increase in female activity, which has resulted in increasing similarity of participation over the life cycle for men and women. The growth in inactivity has increasingly been concentrated on the low skilled and those classified as long-term sick or disabled.
- once economic factors that are likely to influence the incidence of long-term sickness are accounted for, the incidence of sickness claimants in Wales

remains significantly high, suggesting cultural factors or easy access to benefits may be operating.

- differences in economic inactivity rates between Wales and other regions are due in part to differences in the composition of populations (a characteristics effect) and in part due to differences in propensities towards economic inactivity for individuals with similar characteristics (a coefficient effect). In most of the regional comparisons made around half of the observed difference in regional economic inactivity rates cannot be accounted for by characteristics effects. Different propensities towards economic inactivity are, therefore, important in Wales and such differences may be attributed to several causes including cultural differences, tastes and local demand conditions.
- if the incidence of self-reported health problems for men in Wales were the same as in Great Britain as a whole the percentage point difference in male economic inactivity rates between the two regions would fall from 6 per cent to 4 per cent and in the case of women from 5 per cent to 3 per cent.
- LFS data suggest that roughly three-quarters of the inactive are neither seeking work nor want it, which is higher than the comparable figure for Great Britain as a whole.

(f) Qualifications of the non-employed

Low qualifications are a significant indicator in determining the likelihood of an individual being unemployed or economically inactive. [Table 3.30](#) shows that the greater proportion of the non-employed have qualifications at NVQ level 2 or below and just under one-third have no qualifications in the Winter of 2003/4. However, there has been some improvement in the percentage holding particular qualifications over the previous year from 20 to 23 per cent at NVQ level 4 and above and a decline from 19 to 17 per cent in those without any qualifications. Within the non-employed the ILO unemployed are more highly qualified than the inactive population.

Correspondingly the employment rates are higher, the higher the qualification ([Table 3.31](#)).

The Demand for Skills

Most of what has been discussed above focuses on the supply of labour. But it is also necessary to consider the employers' demand for labour as expressed in the current number employed, hours of work, vacancies and labour cost. Labour demand is closely linked to the business cycle. Thus during periods of growth firms may initially respond by increasing the input of labour from their existing workforce, by increasing paid and unpaid overtime, and only when the additional demand seems longer term recruit extra workers to produce the higher output required. In the recession the initial response may be to cut hours and then lay-off workers. Some workers, who have particular skills which are in short supply may, however, be hoarded, so that they are readily available when product demand recovers. For these reasons it may be expected that hours of work fluctuate much more than numbers employed over the cycle and for employment only to react after a time lag. Williams (2004)³⁸ suggests that labour demand is likely to become even more important over the coming years as the UK population ages. As the population of working age shrinks this is likely to lead to shortages of labour and influence the location decisions of firms.

Unmet labour demand can be measured in a number of ways.³⁹ The ONS vacancy surveys ask employers how many vacancies they have for which they are actively seeking recruitments from outside their organisation. The current series, available monthly beginning in April 2001 shows clear evidence of seasonality in the number of vacancies.⁴⁰ As currently designed it cannot provide estimates below national level, which limits its usefulness in assessing what is happening in Wales. Job Centre (Plus) vacancy statistics are also available, which record the stock of vacancies notified to Job Centres by Employers seeking recruits. They account for approximately 40 per cent of all vacancies. As a measure of unmet demand a series of unfilled vacancies at Job Centres are available in Labour Market Trends seasonally adjusted. Thus in Wales these increased from 16,200 in April 1999 to 20,600 in April 2001, suggesting that the labour market was tightening. A second

³⁸ R.D.Williams, The Demand for Labour in the UK, *Labour Market Trends*, Vol. 112, No. 8, August, 2004, pp 321-380.

³⁹ See R.D. Williams, Sources of Data for Measuring Labour Demand, *Labour Market Trends*, Vol. 112, No. 9, September, 2004, pp 375-383.

⁴⁰ See Helen Treasure Seasonal Adjustment of the Vacancy Survey Data, *Labour Market Trends*, December 2004, pp 505-508.

measure of demand for labour is job density.⁴¹ This is defined as the number of filled jobs in an area (including self employed, government supported trainees and HM forces) divided by the number of working-age residents in that area. An estimate greater than one indicates the presence of inward commuting (ignoring multiple-job holding) and an estimate less than one outward commuting. A third measure is job separation statistics, which can be divided into voluntary and involuntary separations. Twice as many people leave a job voluntarily than do so involuntarily (through redundancy or dismissal). Women are more likely than men to leave a job voluntarily and less likely to leave one involuntarily. The highest job separation rates are found in Hotels and Restaurants and the lowest in Education.

In the absence of National Statistics vacancy data for Wales it is necessary to rely on Job Centre vacancies. These tend to be biased to the less skilled end of the labour market and so should be interpreted cautiously in relation to occupations and industries. Therefore, job starts in Wales are examined using data from the Labour Force Survey 2003-04. Examining first employment starts by occupation ([Table 3.32](#)) it appears that the greatest demand for labour in Wales is at the lower end of the occupational distribution, but this may reflect greater job turnover here. The largest number of starts occurred in Elementary Occupations (21.8 per cent of the total). If an adjustment is made for the size of the stock in these occupational groups then it is possible to see whether employment is expanding or contracting relative to other occupational groups. This is, indeed, the case with Elementary Occupations (with a figure of +8.6 percentage points), but is also true for Administrative and Secretarial Occupations (+1.2 percentage points). This picture is generally supported by the data for starts by qualification ([Table 3.33](#)) Over half the starts are by individuals with qualifications at NVQ Level 2 or below. There is a lower than expected number of starts at NVQ Level 4 and above and an above expected number of starts at NVQ Level 2 in terms of replacement demand, but this may reflect again differences in turnover rates.

Finally, there are data for employment starts by industry ([Table 3.34](#)). Over a quarter of new starts occurred in Distribution, Hotels and Restaurants and nearly a quarter in Public Administration, Education and Health. But, whereas in the former there was a positive difference between actual and expected starts (of 6.0 percentage points) in

⁴¹ See D. Hastings, Job Densities for Local Areas: A New Indicator, *Labour Market Trends*, August, 2003, pp 407-413 and the same author, Local Area Jobs Densities; 2002, *Labour Market Trends*, August, 2004, pp 331-338

the latter case the corresponding figure was negative (-8.4 percentage points). There were also gains in Banking, Finance and Insurance and in Construction, but a decline in Manufacturing.

Job Density figures are available for 2000, 2001 and 2002 and show little change for the constituent countries of the UK apart from Scotland. Wales has the lowest density of any region 0.73, compared to 0.75 in Northern Ireland, 0.82 in Scotland, 0.84 in England and 0.83 for the UK as a whole. This means that Wales has fewer conurbations which draw in commuters, than other regions. Within Wales Cardiff has the highest job density (1.01) and Caerphilly the lowest 0.51 ([Table 3.35](#)). Within Wales job density is much higher in the Objective Three area than in the Objective One area.

Total workforce hours worked per week, for employees and self employed, not seasonally adjusted, are reported by region and industry group in Labour Market Trends. Changes in these will reflect both changes in the number of workers and the hours worked as an indicator of pressure of demand. Thus in Wales these were 39.1 million in September 2003, 40.1 million in December 2003, 37.1 million in March 2004 and 39.1 million in June 2004. Thus, there is considerable seasonal volatility.⁴²

Another means of meeting greater product demand is increasing labour productivity.⁴³ This may be measured in a number of ways including productivity per worker and productivity per hour. Long-term UK productivity growth is around 2 per cent per annum. In comparison of productivity across counties allowance should be made for differences in the vintage of the capital stock, in the capital/labour ratio and in the skill distribution of the workforce.

In [Table 3.36](#) productivity is measured in terms of gross value added per person employed and in 2002 was only 83 per cent of the UK average. However, within Wales there are substantial differences in productivity across the NUTS areas with productivity being much lower in the Objective One area (e.g. Isle of Anglesey – 61 per cent of the UK average) than in the Rest of Wales (e.g. Cardiff and the Vale of Glamorgan - 116 per cent of the UK average). A study undertaken for the Welsh

⁴² See R.D. Williams, Recent Changes in Hours Worked, Summer, 2003, *Labour Market Trends*, January 2004, pp 19-24 and Vivienne Avery, Measuring Working Time Arrangements, *Labour Market Trends*, January 2004, pp 15-17.

⁴³ A useful discussion is contained in C. Lindsay, Labour Productivity, *Labour Market Trends*, November 2004, pp 447-454.

Assembly Government on productivity in Wales, using plant level data obtained from the ONS, concluded that there was no specific 'Welsh effect' on manufacturing productivity and the positive and negative effects of other more general factors (such as plant size and location) broadly cancelled each other out, so that overall productivity performance was in fact close to the UK average. However, a related study limited to services found a less favourable position in Wales, particularly in Construction, Wholesale, Retail and Other Business Services where there was a preponderance of smaller plants. It was not possible to determine the extent to which measured productivity differences were a consequence of regional price effects.

Another mechanism for meeting increasing demands, for quality in particular, is to offer more training and upgrade skills. A WDA/CBI Regional Economic Trends Survey for Wales found that marketing, management and customer care were the key skills in meeting business needs in Wales. Surprisingly numeracy and literacy were ranked lowest of all ([Table 3.37](#)). A smaller proportion of Welsh firms had offered training over the previous 12 months than was the case in England (60 per cent as opposed to 64 per cent). Over half of the companies not providing training said there was no need for it. ([Table 3.38](#)).

The Future Skills Wales 2003 Survey⁴⁴ provides much information on employers' requirements for generic skills. Understanding customer needs, communication, ability to follow instructions, showing initiative and team working were ranked highly, as were adaptability and flexibility. While literacy and numeracy were not ranked so highly, they were regarded as important by a large majority of employers. Those with higher level skills were more likely to be offered training, with the probability that there might be a low skills trap for many of the unskilled. Only 7 per cent of employers reported that they had skill shortage related vacancies and though this compared to 4 per cent in England and Scotland, these vacancies only represented 0.5 per cent of employment reported in the survey. Nineteen per cent of employers in Wales reported skills gaps (the difference between the skills currently possessed by employers and what employers require them to have to perform their jobs satisfactorily). This figure is higher than in Scotland (16 per cent) and in Northern Ireland (13 per cent), but lower than that in England (23 per cent).

⁴⁴ Future Skills Wales 2003, Generic Skills Survey Summary Report. The full survey report and other reports, tables and briefings are available from the Future Skills website www.Futureskillswales.com.

Conclusions

According to the three main indicators the employment rate, ILO unemployment and inactivity the Welsh labour market has shown signs of improvement, and this improvement was shared by both the Objective One area and the rest of Wales, though the gap between the two shows no sign of narrowing. While Wales performance in each of these three rates is inferior to that in Britain as a whole there has been a relative improvement in Wales. ILO unemployment is now lower in Wales than in Britain as a whole, but inactivity rates are substantially higher.

The service sector continues to expand in Wales, while manufacturing continues to decline in terms of employment. Wales has fewer of its workforce in occupations requiring higher level skills and higher proportions in those requiring lower level skills relative to Britain as a whole. As elsewhere in Britain self employment continues its gradual increase. Earnings levels remain substantially lower than in the rest of Britain, though recently they have had a faster rate of increase.

Areas of particular concern in Wales are the relative lack of qualifications, the high rates of disability, the lower employment rate of the over 50s and differential patterns of non-employment across Unitary Authorities (notably between the Valleys and the rest of Wales).

Table 3.1 - Labour Market Statistics, 1998-2004

Labour market statistics									
	March-May 2004		March-May 1998		Change since 1998		Difference between Wales and UK		Change in difference
	Wales	UK	Wales	UK	Wales	UK	2004	1998	
Economically active	1,329,000	27,711,000	1,252,000	26,846,000	77,000	865,000			
In employment	1,264,000	26,332,000	1,161,000	25,065,000	103,000	1,267,000			
ILO unemployed	64,000	1,379,000	91,000	1,781,000	-27,000	-402,000			
Economically inactive	414,000	7,471,000	455,000	7,372,000	-41,000	99,000			
Economic activity rate	76.2	78.8	73.4	78.5	2.8	0.3	-2.6	-5.1	2.5
Employment rate	72.5	74.8	68	73.2	4.5	1.6	-2.3	-5.2	2.9
ILO unemployment rate	4.8	5	7.3	6.6	-2.5	-1.6	-0.2	0.7	-0.9
Economic inactivity rate	23.8	21.2	26.6	21.5	-2.8	-0.3	2.6	5.1	-2.5

These figures are based on the new reweighed Labour Force Survey estimates for 1992-2003

All are working age

N.B. Wales 1998 is not seasonally adjusted

Source: [ONS, July 2004](#)

Wales has a lower economic activity rate than the UK, but the gap has narrowed since 1998. The ILO unemployment rate gap has narrowed also and the rate in Wales was actually below that of the UK in 2004.

Table 3.2 Employment Rate by Age and Gender, Wales, 2003

Employment rate by age and gender, Wales, 2003			
	Wales	UK	Difference
Men			
16-17	51.4	41.7	9.7
18-24	64.5	71.2	-6.7
25-34	83.2	88.1	-4.9
35-49	84.1	88.2	-4.1
50-retirement	62.6	69.9	-7.3
Women			
16-17	30.5	44.8	-14.3
18-24	47.8	64.8	-17.0
25-34	67.0	71.6	-4.6
35-49	75.9	75.6	0.3
50-retirement	54.6	65.1	-10.5

For both men and women the employment rate in Wales disaggregated by age group is generally lower than in the UK. A striking exception is the case of young men aged 16-17.

Source: [Labour market statistics releases July 2003, UK and Wales, ONS](#)

Table 3.3 Patterns of Employment and Economic Inactivity by Parliamentary Constituency, 2003

Patterns of employment and economic inactivity by parliamentary constituency			
	Employed	Non-employed	Inactive
Cynon Valley	62.9	37.1	32.5
Rhondda	61.9	38.1	32.7
Merthyr Tydfil & Rhymney	62.0	38.0	34.8
Llanelli	64.5	35.5	32.1
Aberavon	61.1	38.9	34.1
Cardiff South & Penarth	64.1	35.9	30.4
Blaenau Gwent	63.5	36.5	31.4
Neath	63.1	36.9	32.2
Ceredigion	67.9	32.1	27.2
Caerphilly	67.2	32.8	29.4
Islwyn	69.3	30.7	26.2
Carmarthen East & Dinefwr	63.0	37.0	32.9
Swansea East	67.7	32.3	28.5
Swansea West	68.5	31.5	24.5
Carmarthen West & South Pembrokeshire	71.2	28.8	25.2
Cardiff Central	62.6	37.4	31.6
Caernarfon	75.1	24.9	22.7
Preseli Pembrokeshire	71.6	28.4	24.0
Ynys-Mon	70.8	29.2	25.7
Pontypridd	72.4	27.6	23.1
Ogmore	68.8	31.2	28.0
Torfaen	69.5	30.5	26.3
Conwy	70.7	29.3	26.5
Delyn	77.1	22.9	20.9
Cardiff West	77.2	22.8	18.4
Bridgend	73.8	26.2	23.0
Clwyd West <*	74.5	25.5	22.3
Vale of Clwyd	73.0	27.0	24.2
Meirionnydd Nant Conwy	72.0	28.0	24.1
Wrexham	76.8	23.2	22.0
Clwyd South *>	73.9	26.1	23.6
Newport East	70.1	29.9	26.1
Newport West	73.6	26.4	22.7
Gower	76.1	23.9	21.0
Monmouth	76.0	24.0	21.4
Alyn & Deeside	79.2	20.8	18.0
Brecon & Radnorshire	74.1	25.9	23.1
Vale of Glamorgan	73.2	26.8	22.4
Cardiff North	78.4	21.6	18.8
Montgomeryshire	79.0	21.0	18.0
Wales	70.5	29.5	25.8

<* and *> The boundary matching in these constituencies is not exact.

These statistics incorporate the Wales boost to the Labour Force Survey

These figures are suppressed as statistically unreliable

Source: [Local Area Labour Force Survey, Mar 2002-Feb 2003, National Statistics](#)

Patterns of employment and inactivity are linked to Objective One status with the Valleys in particular having lower employment and higher inactivity than elsewhere.

Table 3.4 Economic Activity by Unitary Authority, 2003

	Employment rate (a)	ILO unemployment rate (b)	Economic inactivity rate (a)	Economic inactivity rate, excluding Students (a)
Anglesey, Isle of	70.8	4.5	25.7	22.6
Gwynedd	73.2	3.7	23.9	20.0
Conwy	72.0	3.9	25.1	23.2
Denbighshire	75.2	3.6	21.9	18.4
Flintshire	78.3	3.1	19.3	16.5
Wrexham	75.0	2.5	23.3	20.5
Powys	76.5	3.4	20.7	18.4
Ceredigion	68.0	6.4	27.1	19.1
Pembrokeshire	70.3	5.3	25.6	23.4
Cardiganshire	65.7	5.1	30.6	26.9
Swansea	71.0	5.7	24.6	22.1
Neath Port Talbot	62.2	6.9	33.1	31.4
Bridgend	72.0	3.9	25.1	23.3
Vale of Glamorgan	73.3	5.5	22.3	20.0
Rhondda, Cynon, Taff	66.5	7.0	29.5	27.6
Merthyr Tydfil	63.3	5.4	33.2	31.5
Caerphilly	67.1	5.2	29.2	28.0
Blaenau Gwent	63.5	7.4	31.4	30.2
Torfaen	69.5	5.5	26.4	24.5
Monmouthshire	76.4	3.7	20.6	19.0
Newport	71.4	4.9	24.9	23.2
Cardiff	70.7	5.9	24.7	18.3
	70.5	5.0	25.8	22.9

(a) Rate calculated as a percentage of people of working age.

(b) Rate calculated as a percentage of economically active people aged 16 or over.

Source: [Welsh Local Labour Force Survey, National Statistics](#)

These figures correspond to those for parliamentary constituencies, with the Valleys standing out as having particularly low employment and high rates of unemployment and economic inactivity compared to East Wales.

Table 3.5 Wales: Employment by Industry 2003

	South East Wales		South West Wales		Mid Wales		North Wales		Wales	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture & fishing	3,000	0.5	7,000	2.6	9,000	9.1	5,000	1.7	24,000	1.9
Energy & water	6,000	1.1	3,000	1.3	1,000	1.3	4,000	1.3	15,000	1.2
Manufacturing	101,000	17.2	36,000	14.1	12,000	11.9	49,000	17.2	198,000	16.1
Construction	45,000	7.6	21,000	8.2	10,000	9.5	25,000	8.9	101,000	8.2
Distribution, hotels & restaurants	109,000	18.7	54,000	21.1	21,000	20.9	58,000	20.6	243,000	19.8
Transport & communication	34,000	5.7	14,000	5.5	4,000	4.0	17,000	5.9	69,000	5.6
Banking, finance & insurance etc	70,000	11.9	22,000	8.6	8,000	8.0	26,000	9.0	125,000	10.2
Public admin, education & health	181,000	31.0	85,000	33.2	29,000	28.8	82,000	29.1	379,000	30.8
Other services	35,000	6.0	13,000	5.2	7,000	6.5	17,000	6.1	72,000	5.9
Total services	429,000	73.3	189,000	73.6	70,000	68.3	200,000	70.7	888,000	72.4
Total in industries	584,000	100	255,000	100	101,000	100	283,000	100	1,226,000	100

These figures relate to percentage of working age in employment

Source: Local Area Labour Force Survey. National Statistics <http://www.nomisweb.co.uk/>

Mid Wales stands out as having a different industrial structure from the rest of Wales. For the whole of Wales services now account for 72.4 per cent of all employment

Table 3.6 Wales: Employment by Industry – Annual Business Inquiry data, 2003

Wales: employment by industry – Annual Business Inquiry data										
	South East Wales		South West Wales		Mid Wales		North Wales		Wales	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and fishing	580	0	459	0	278	0	407	0	1,723	0
Energy and water	3,702	1	1,079	0	515	1	2,702	1	7,997	1
Manufacturing	92,978	17	31,241	14	7,377	11	47,513	20	179,108	16
Construction	22,487	4	11,023	5	2,725	4	10,875	4	47,110	4
Distribution, hotels and restaurants	122,906	22	57,545	25	18,532	27	63,501	26	262,483	24
Transport and communications	28,618	5	10,058	4	2,657	4	9,725	4	51,060	5
Banking, finance and insurance, etc	78,055	14	27,153	12	7,466	11	20,472	8	133,146	12
Public administration, education & health	185,386	33	81,287	35	24,524	36	75,065	31	366,261	33
Other services	28,326	5	10,771	5	4,078	6	12,412	5	55,587	5
Total	563,038	100	230,616	100	68,152	100	242,672	100	1,104,475	100
Total services	443,291	79	186,814	81	57,257	84	181,175	75	868,537	79

These figures are aggregates from which agriculture class 0100(1992 SIC) have been excluded by the ONS.

Source: [National Statistics](#)

This survey suggests an even higher concentration of employment in services than the LFS – 79 per cent for Wales as a whole and 84 per cent in Mid Wales.

Table 3.7 Annual Change in Employment by Industry, Spring 2003-2004

Annual change in employment by industry, Spring 2003-2004				
	Wales	% change	GB	% change
Manufacturing	-13,000	-10%	-315,000	-9%
Construction	8,000	5%	116,000	6%
Services total	43,000	2%	440,000	1%
Distribution etc.	19,000	5%	104,000	1%
Transport & communications	16,000	21%	-24,000	-3%
Banking, finance & business services	14,000	8%	-22,000	-1%
Public administration, education & health	-10,000	-5%	327,000	4%
Other services	4,000	2%	55,000	2%

Source: Quarterly Labour Force Survey, Spring quarters.

[National Statistics](#)

Wales diverged in employment trends relative to Great Britain in respect to Transport and Communications, Banking, Finance and Business Services and Public Administration, Education and Health.

Table 3.8 Employment in Industries by Qualification Level 2003-04

Employment in industries by qualification level										
	NVQ Level 4 and above	NVQ Level 3	Trade Apprentice ships	NVQ Level 2	Below NVQ Level 2	Other qualificatio ns	No qualificatio ns	Total below NVQ2	Total NVQ2 and below	Total NVQ 3 and above
Agriculture & fishing	13%	9%	5%	14%	7%	23%	28%	59%	73%	22%
Energy & water	29%	14%	15%	21%	8%	13%	0	21%	42%	43%
Manufacturing	20%	19%	11%	17%	12%	8%	12%	32%	49%	39%
Construction	12%	20%	22%	13%	8%	12%	12%	32%	45%	32%
Distribution, hotels & restaurants	9%	19%	6%	23%	19%	9%	15%	44%	66%	28%
Transport & communication	15%	20%	8%	20%	8%	17%	12%	37%	57%	35%
Banking, finance & insurance etc	35%	17%	3%	21%	11%	4%	8%	24%	45%	52%
Public admin, education & health	50%	12%	2%	15%	10%	5%	7%	21%	36%	62%
Other services	28%	16%	14%	15%	12%	7%	8%	28%	42%	43%
Total services	28%	17%	7%	18%	12%	8%	11%	31%	48%	44%

Industry classification is Standard Industrial Classification (1992)

Source: [National Statistics, Labour Force Survey analysis](#)

There are wide differences in the requirement for educational qualifications across industries.

Table 3.9 Occupations in Wales by Qualification Level (academic-based classification), Winter 2003-4

Occupations in Wales by qualification level (academic-based classification)							
	Base	Degree or equivalent	Higher education	GCE A Level or GCSE grades A-equiv	GCSE grades A-C or equiv	Other qualifications	No qualification
All	1,245,952	225,118	117,921	323,734	282,334	150,376	132,307
Managers and Senior Officials	147,457	39,943	19,252	41,762	26,168	7,993	9,350
Professional occupations	144,511	105,792	12,995	16,559	6,694	2,471	0
Associate Professional and Technical	158,651	43,552	42,130	36,158	23,851	7,850	2,962
Administrative and Secretarial	146,164	21,304	13,627	33,327	57,664	10,791	7,301
Skilled Trades Occupations	160,054	3,530	10,504	80,640	25,319	14,208	22,306
Personal Service Occupations	99,401	4,119	10,932	27,117	31,603	13,676	11,954
Sales and Customer Service Occupations	113,903	4,436	4,330	28,579	41,047	19,489	15,086
Process, Plant and Machine Operatives	121,043	883	2,253	28,639	28,002	37,892	21,972
Elementary Occupations	154,768	2,549	1,898	30,953	41,986	36,006	41,376
Managers and Senior Officials	100%	18	16	13	9	5	7
Professional occupations	100%	47	11	5	2	2	0
Associate Professional and Technical	100%	19	36	11	8	5	2
Administrative and Secretarial	100%	9	12	10	20	7	6
Skilled Trades Occupations	100%	2	9	25	9	9	17
Personal Service Occupations	100%	2	9	8	11	9	9
Sales and Customer Service Occupations	100%	2	4	9	15	13	11
Process, Plant and Machine Operatives	100%	0	2	9	10	25	17
Elementary Occupations	100%	1	2	10	15	24	31

Source: [Labour Force Survey analysis](#)

Whilst there is a relationship between occupational status and qualifications, there is a wide spread of qualifications in each occupation.

Table 3.10 Occupational Numbers: Changes in Employment 2003-4

Occupational numbers: Changes in employment 2003-4			
	Number	% of employment	Annual change
Managers and Senior Officials	153,000	12.1	7.0
Professional occupations	138,000	10.9	-1.4
Associate Professional and Technical	166,000	13.1	3.1
Administrative and Secretarial	155,000	12.2	2.0
Skilled Trades Occupations	166,000	13.1	3.8
Personal Service Occupations	100,000	7.9	4.2
Sales and Customer Service Occupations	106,000	8.4	-1.9
Process, Plant and Machine Operatives	123,000	9.7	-1.6
Elementary Occupations	160,000	12.6	-1.8
Total	1,267,000		1.5

Source: [National Statistics](#)

Growth of employment occurs in more skilled occupations and declines in the least skilled. An exception is in Professional Occupations, which also showed a decline in employment.

Table 3.11 Self-Employment 2003 in Wales

Self-employment 2003 in Wales					
	South East Wales	South West Wales	Mid Wales	North Wales	Wales
Self-employed	52,000	32,000	26,000	37,000	146,000
Total in employment	585,000	257,000	102,000	283,000	1,227,000
% self-employed	8.9%	12.3%	25.4%	12.9%	11.9%
Working age population	842,000	381,000	139,000	380,000	1,742,000
% self-employed	6.2%	8.4%	18.7%	9.7%	8.4%

Source: [National Statistics, Welsh Local Area Labour Force Survey, 2003](#)

There are differences in the percentage of working age population who are self-employed across the 4 regions of Wales, with Mid Wales standing out as having a high rate of self employment

Learning and Labour Market Intelligence for Wales: National Report 2005

Table 3.12: Full-time Average Gross Weekly Earnings (£), UK regions, 1999 to 2004¹

Region	Excluding supplementary information ² :						2004 (inc. supplementary information) ²	Percentage change 2004 on:	
	1999	2000	2001	2002	2003	2004		2003	1999
United Kingdom	407.8	425.1	449.7	472.1	487.1	506.9	504.9	4.1	24.3
<i>excl. London and South East</i>	<i>375.5</i>	<i>389.1</i>	<i>410.3</i>	<i>428.8</i>	<i>444.5</i>	<i>464.1</i>	<i>462.2</i>	<i>4.4</i>	<i>23.6</i>
Great Britain	409.2	426.7	451.7	474.3	489.2	509.0	507.0	4.0	24.4
England	414.9	433.3	459.2	482.0	497.2	517.6	515.5	4.1	24.7
North East	355.7	372.5	384.0	400.7	409.2	436.4	436.2	6.6	22.7
North West	379.9	394.6	414.3	434.4	447.7	470.3	469.5	5.1	23.8
Yorkshire and the Humber	366.6	380.4	396.5	416.8	436.5	456.7	455.3	4.6	24.6
East Midlands	368.0	379.2	398.2	420.1	436.3	451.1	448.4	3.4	22.6
West Midlands	382.6	392.8	424.0	433.9	442.3	464.6	461.7	5.0	21.4
East	403.5	421.7	444.1	464.0	488.3	510.0	506.1	4.5	26.4
London	536.5	571.6	606.6	641.3	659.0	682.9	680.1	3.6	27.3
South East	430.0	448.3	477.2	507.5	522.2	537.3	535.5	2.9	25.0
South West	371.6	385.0	413.4	429.2	449.3	464.5	462.7	3.4	25.0
Wales	358.7	372.8	385.8	405.2	421.8	444.7	441.7	5.4	24.0
Scotland	377.0	388.6	411.1	434.6	447.0	460.0	459.6	2.9	22.0
Northern Ireland	352.4	367.6	381.5	396.8	411.5	433.1	431.4	5.2	22.9

1. The data in this table are based on the average gross weekly earnings (including overtime) of full-time adults whose pay was unaffected by absence.

2. For the first time in 2004, some supplementary information about lower paid jobs was collected, so two estimates (one including this information and one excluding this information) have been produced for 2004. The estimate including the supplementary survey information is used when providing data for 2004, but comparisons made between 2004 and previous years are based on the estimates excluding the supplementary survey information.

Source: [Annual Survey of Hours and Earnings, Office for National Statistics](#)

Table 3.13 Unemployment and Inactivity, Wales and UK 1998-2004

Unemployment and inactivity									
	March-May 2004		March-May 1998		Change since 1998		Difference between		Change in
	Wales	UK	Wales	UK	Wales	UK	2003	1998	difference
ILO unemployed	64,000	1,379,000	91,000	1,781,000	-27,000	-402,000			
Economically inactive	414,000	7,471,000	455,000	7,372,000	-41,000	99,000			
ILO unemployment rate	4.8	5	7.3	6.6	-2.5	-1.6	-0.2	0.7	-0.9
Economic inactivity rate	23.8	21.2	26.6	21.5	-2.8	-0.3	2.6	5.1	-2.5

These figures are based on the new reweighed Labour Force Survey estimates for 1992 to 2003

Source: [National Statistics](#)

ILO unemployment is now lower in Wales than in the UK as a whole, but the inactivity rate remains higher, despite some recent improvements.

Table 3.14 Qualifications of the Unemployed, Economically Inactive and of the Non-Employed, Winter 2003/04

Qualifications of the Inactive and non-employed									
		All persons aged 16+	ILO unemployed	Inactive	Non- employed	All persons aged 16+	ILO unemployed	Inactive	Non- employed
	Base	1,791,806	61,488	431,997	493,485	100%	100%	100%	100%
1	NVQ Level 4 and above	414,981	8,453	49,716	58,169	23%	14%	12%	12%
2	NVQ Level 3	272,758	10,462	53,060	63,522	15%	17%	12%	13%
3	Trade Apprenticeships	127,436	3,145	28,237	31,382	7%	5%	7%	6%
4	NVQ Level 2	313,458	12,957	73,212	86,169	17%	21%	17%	17%
5	Below NVQ Level 2	216,895	8,382	55,616	63,998	12%	14%	13%	13%
6	Other qualifications	140,141	4,272	28,775	33,047	8%	7%	7%	7%
7	No qualifications	303,959	13,817	141,203	155,020	17%	22%	33%	31%
8	Did not answer	2,178	-	2,178	-	-	-	1%	-
(5+6+7)	Total Below NVQ Level 2	660,995	26,471	225,594	252,065	37%	43%	52%	51%

Source: [National Statistics, Labour Force Survey analysis](#)

Those with higher qualifications are under-represented and those with lower qualifications over-represented among both the ILO unemployed and the inactive.

Table 3.15 Disability in Wales, 2003

Disability in Wales										
	South East Wales		South West Wales		Mid Wales		North Wales		Wales	
	2003	Percentage of working age population	2003	Percentage of working age population	2003	Percentage of working age population	2003	Percentage of working age population	2003	Percentage of working age population
Disability	No.	%	No.	%	No.	%	No.	%	No.	%
DDA disabled and work-limiting disabled	143,000	17%	61,000	16.1%	17,000	12.3%	50,000	13.2%	271,000	15.6%
DDA disabled	34,000	4%	15,000	4%	5,000	3.3%	14,000	3.7%	68,000	3.9%
Work-limiting disabled only	31,000	3.7%	14,000	3.8%	5,000	3.7%	10,000	2.7%	61,000	3.5%
Not disabled	635,000	75.3%	290,000	76.1%	113,000	80.8%	305,000	80.4%	1,342,000	77%
All disabled	208,000	25%	90,000	23.9%	27,000	19.3%	74,000	19.6%	400,000	23%
Total	843,000	100%	380,000	100%	140,000	100%	379,000	100%	1,742,000	100%

Source: [National Statistics, Local Area Labour Force Survey 2003](#)

There is some regional variation in the incidence of work-limiting disability, ranging from 15.9 per cent in North Wales to 20.7 per cent in South East Wales.

Table 3.16 Disabled Employment Rates, ELWa regions, 2003

Disabled employment rates					
	South East Wales	South West Wales	Mid Wales	North Wales	Wales
All disabled	25%	21%	31%	29%	25%
Not disabled	79%	78%	80%	82%	80%
Difference	-55%	-56%	-48%	-53%	-55%

Source: [National Statistics, Local Area Labour Force Survey 2003](#)

The differences in employment rates between the disabled and the non-disabled are dramatic.

Table 3.17 Disability, Economic Inactivity and Unemployment, 2003

Disability, economic inactivity and unemployment		
	Economically inactive Wales	Unemployed Wales
Total	431,997	61,488
With a disability	232,822	15,970
Percentage with a disability	54%	26%

Unemployment is on the international definition – claimants of Incapacity Benefit and other disability benefits cannot be unemployed on the claimant count definition.

*The difference in total inactive and unemployed estimates in this table compared to earlier is due to National Statistics using four quarter averages to seasonally adjust the data. Whereas this table is taken from the quarterly labour force survey which takes a one quarter cross section.

Source: [National Statistics, Labour Force Survey analysis](#)

Over half those economically inactive in Wales and over a quarter of these unemployed have a disability.

Table 3.18 Qualifications for the Working Age Population aged 50 and over, 2003

Qualifications for the working age population aged 50 and over						
	South East Wales	South West Wales	Mid Wales	North Wales	Wales	GB
Number aged 50 plus	213,000	107,000	42,000	107,000	469,000	8,722,000
Number aged 50 plus with qualifications below NVQ 2	105,000	50,000	19,000	46,000	222,000	4,049,000
Proportion of 50 plus below NVQ2	49%	45%	43%	47%	46%	49%
Total number with qualifications below NVQ2 (working age)	53,000	148,000	53,000	140,000	692,000	13,542,000
50 plus proportion of those with low qualifications	30%	34%	36%	33%	32%	30%
Number of 50 plus with no qualifications	61,000	28,000	10,000	25,000	125,000	2,102,000
Proportion of 50 plus with no qualifications	29%	27%	23%	24%	27%	24%
Total number with no qualifications	159,000	68,000	22,000	61,000	310,000	5,324,000
50 plus proportion of those with no qualifications	38%	41%	45%	41%	40%	39%

Below NVQ2 = NVQ1 + Other Qualifications + No Qualifications

Source: [National Statistics , Welsh Local Area Labour Force Survey 2003](#)

A higher proportion of the over 50s have no qualifications in Wales than in Britain as a whole and 40 per cent of the total without qualifications are in this age category.

Table 3.19 Employment for Black and Minority Ethnic Groups in Wales, 2003

Employment for black and minority ethnic groups in Wales						
Ethnicity	Wales			GB		
	2001 Number	In employment Number	Employment rate %	2001 Number	In employment Number	Employment rate %
White	1,696,000	1,200,000	70.8%	31,996,000	24,278,000	75.9%
Black and minority ethnic groups	44,000	26,000	58.8%	3,138,000	1,823,000	58.1%

Note: Working age only

Source: [National Statistics, Welsh Local Area Labour Force Survey 2003](#)

While the employment rate for black and ethnic minority groups is substantially below that for whites, the gap is smaller in Wales than in Britain as a whole.

Table 3.20 Patterns of Non-Employment by UA area, 2003

Patterns of non-employment by UA area				
Unitary Authority	Economically inactive	Economic inactivity rate	Not employed	Non-employment rate
Anglesey	10,000	25.7%	11,680	29.2%
Blaenau Gwent	13,000	31.4%	15,330	36.5%
Bridgend	19,000	25.1%	21,560	28.0%
Caerphilly	30,000	29.2%	33,887	32.9%
Cardiff	47,000	24.7%	56,256	29.3%
Carmarthenshire	31,000	30.6%	34,986	34.3%
Ceredigion	13,000	27.1%	15,360	32.0%
Conwy	15,000	25.1%	17,080	28.0%
Denbighshire	12,000	21.9%	13,392	24.8%
Flintshire	18,000	19.3%	20,181	21.7%
Gwynedd	17,000	23.9%	18,492	26.8%
Merthyr Tydfil	11,000	33.2%	12,478	36.7%
Monmouthshire	10,000	20.6%	12,036	23.6%
Neath Port Talbot	26,000	33.1%	30,240	37.8%
Newport	20,000	24.9%	23,166	28.6%
Pembrokeshire	17,000	25.6%	19,602	29.7%
Powys	15,000	20.7%	17,390	23.5%
Rhondda, Cynon, Taff	41,000	29.5%	47,610	34.5%
Swansea	33,000	24.6%	38,570	29.0%
Torfaen	14,000	26.4%	16,470	30.5%
Vale of Glamorgan	16,000	22.3%	18,957	26.7%
Wrexham	19,000	23.3%	20,000	25.0%
Wales	449,000	25.8%	513,890	29.5%

Source: [National Statistics, Welsh Local Area Labour Force Survey 2003](#)

Non employment rates vary appreciably across Unitary Authorities, being higher in the Valleys than elsewhere.

Table 3.21 Patterns of Key Benefit Receipt by UA area, August 2004

Patterns of key benefit receipt by UA area										
August 2004	All		Unemployed		Sick & Disabled		Lone Parents		Other	
	000s	% ¹	000s	% ¹	000s	% ¹	000s	% ¹	000s	% ¹
Anglesey, Isle of	6.8	17	1.3	3	4.6	12	0.8	2	0.2	1
Blaenau Gwent	11.9	28	1.4	3	9.1	21	1.1	3	0.3	1
Bridgend	15.8	21	1.3	2	12.1	16	1.8	2	0.6	1
Caerphilly	24.4	22	3.0	3	18.0	17	2.8	3	0.6	1
Cardiff	30.9	16	4.6	2	19.6	10	5.4	3	1.3	1
Carmarthenshire	18.6	19	1.6	2	14.1	14	2.1	2	0.7	1
Ceredigion	6.7	14	1.0	2	4.7	10	0.7	1	0.3	1
Conwy	10.4	20	0.8	2	7.8	15	1.2	2	0.6	1
Denbighshire	8.9	16	1.1	2	6.4	11	1.1	2	0.3	1
Flintshire	12.0	14	1.8	2	8.0	9	1.9	2	0.3	-
Gwynedd	9.1	13	1.4	2	5.9	9	1.4	2	0.5	1
Merthyr Tydfil	9.6	27	0.9	3	7.6	21	0.9	3	0.2	1
Monmouthshire	5.2	10	0.7	1	3.8	8	0.6	1	0.2	-
Neath Port Talbot	20.6	28	2.2	3	15.5	21	2.4	3	0.5	1
Newport	16.1	20	2.4	3	10.3	13	2.8	4	0.6	1
Pembrokeshire	11.1	17	1.7	3	7.4	11	1.6	2	0.5	1
Powys	9.2	13	1.0	1	6.8	9	0.9	1	0.4	1
Rhondda, Cynon, Taff	33.7	24	3.3	2	25.8	19	4.0	3	0.7	1
Swansea	26.7	20	3.6	3	18.8	14	3.6	3	0.7	1
Torfaen	11.0	19	0.9	2	8.2	14	1.6	3	0.3	1
The Vale of Glamorgan	10.4	14	1.6	2	7.2	10	1.3	2	0.3	-
Wrexham	12.9	16	1.4	2	9.3	11	1.6	2	0.5	1
WALES	321.9	18	38.9	2	230.8	13	41.7	2	10.6	1

¹ Percentage of the population of working age

"-" nil or negligible

Key benefits are Jobseeker's Allowance (JSA), Incapacity Benefit (IB), Severe Disablement Allowance, Disability Living Allowance, Income Support and National Insurance credits only (through JSA or IB)

Source: [Client Group Analysis of DWP Information Centres, National Statistics](#)

The percentage of benefit recipients varies markedly across Unitary Authorities. The percentage of lone parent claimants now exceeds that of unemployment benefit claimants.

Table 3.22 Unemployment and Inactivity, Wales and UK 1998-2004

Unemployment and inactivity									
	March-May 2004		March-May 1998		Change since 1998		Difference between		Change in
	Wales	UK	Wales	UK	Wales	UK	2003	1998	difference
ILO unemployed	64,000	1,379,000	91,000	1,781,000	-27,000	-402,000			
Economically inactive	414,000	7,47,1000	455,000	7,372,000	-41,000	99,000			
ILO unemployment rate	4.8	5	7.3	6.6	-2.5	-1.6	-0.2	0.7	-0.9
Economic inactivity rate	23.8	21.2	26.6	21.5	-2.8	-0.3	2.6	5.1	-2.5

These figures are based on the new reweighed Labour Force Survey estimates for 1992 to 2003

Source: [National Statistics](#)

Both ILO unemployment and the Economic Activity rate have improved faster in Wales than in the UK as a whole

Table 3.23 Claimant Count of Jobseeker's Allowance claimants, June 2004

Claimant Count of Jobseeker's Allowance claimants		
June 2004	Number	Rate %
Anglesey	1,229	3.1
Blaenau Gwent	1,541	3.8
Bridgend	1,576	2.0
Caerphilly	2,781	2.7
Cardiff	4,505	2.2
Carmarthenshire	1,897	1.8
Ceredigion	622	1.3
Conwy	1,157	1.9
Denbighshire	933	1.7
Flintshire	1,431	1.6
Gwynedd	1,622	2.4
Merthyr Tydfil	1,016	3.0
Monmouthshire	723	1.4
Neath Port Talbot	1,956	2.4
Newport	2,146	2.6
Pembrokeshire	1,710	2.6
Powys	1,162	1.6
Rhondda, Cynon, Taff	3,155	2.2
Swansea	3,295	2.4
Torfaen	1,071	2.0
Vale of Glamorgan	1,494	2.1
Wrexham	1,198	1.5
Wales	38,220	2.2
Residence-based proportions express the number of claimants resident in an area as a percentage of the working age population resident in that area.		

Source: [National Statistics](#)

There are substantial differences in the rate of job seeker's allowance claimants across Unitary Authorities.

Table 3.24: Summary of People into Jobs through New Deal

Improvements to the methods for compiling New Deal statistics have led to revisions for this release.

Please refer to <http://www.dwp.gov.uk/asd/ndyp.asp> for full details

Jobcentre Plus Region: Wales						
<u>Summary</u>	New Deal for Young People		New Deal 25plus		Enhanced programme	
	Total	of which, Sustained	Total	of which, Sustained	Total	of which, Sustained
as at end Sep-04	36,000	29,250	10,760	8,660	6,490	5,080
change since Jun-04	+1,220	+1,010	-	-	+490	+400
change since Sep-03	+4,720	+3,730	-	-	+1,800	+1,410
<u>Characteristics</u>						
<i>Gender</i>						
Male	27,080	22,000	-	-	5,550	4,340
Female	8,920	7,250	-	-	940	750
<i>Disability</i>						
People with Disabilities	5,830	4,650	-	-	2,240	1,770
<i>Ethnic Group</i>						
White	34,090	27,700	-	-	6,050	4,730
Ethnic Minority Groups, of which	690	530			210	160
Black - Caribbean	70	50	-	-	20	20
Black - African	110	80	-	-	30	20
Black - Other	60	40	-	-	10	10
Indian	40	40	-	-	20	10
Pakistani	80	60	-	-	20	10
Bangladeshi	60	40	-	-	10	10
Chinese	30	30	-	-	10	0
Other	240	180	-	-	90	80
Prefer not to say	1,010	800	-	-	220	190
Not stated/Unknown	220	210	-	-	0	0
<i>Age Group</i>						
18-24	36,000	29,250				
25-29			-	-	1,380	1,050
30-34			-	-	1,310	1,030
35-39			-	-	1,130	890
40-44			-	-	950	740
45-49			-	-	780	620
50-54			-	-	560	450
55-59			-	-	350	290
60+			-	-	20	10

Notes:

(1) The table counts number of individuals into employment from NDYP and ND25plus. On this basis, a ND participant on either programme is only ever counted once as starting employment from that programme. If a participant has a sustained spell of unsubsidised employment after having had a sustained spell of subsidised employment, then the unsubsidised employment always takes priority.

(2) A job from which the participant does not return to New Deal within 13 weeks. This includes jobs in which participants have been employed for less than 13 weeks, but have not yet returned to New Deal.

Over 80 per cent of those entering the New Deal for young people and New Deal (25 plus in Wales) find sustained employment.

Source: [DWP](#)

Table 3.25 Jobcentre Plus District performance against Target Profile, 2003-4

Jobcentre Plus District Job Entry Performance		
	Performance variance against Profile April 03 to March 04	Total Points profile April 03 to March 04
National Total	-2.9%	7,681,000
District		
North West Wales & Powys	-5.1%	53,790
Bridgend & Rhondda, Cynon Taff	16.0%	93,203
Eastern Valleys	-1.2%	99,735
Swansea Bay	4.0%	72,791
West Wales	-13.6%	70,923
South East Wales	-1.2%	45,547
Wrexham & North Wales Coast	19.7%	65,246
Cardiff & Vale	11.9%	61,699
National Total	-2.9%	7,681,000

The sum of district profiles is slightly higher than the national profile due to rounding and the allocation methodology. Total Points achieved includes the additional points awarded for retention and disadvantaged UA districts.

Source: [Jobcentre Plus](#)

Job Centre Plus missed its performance targets in year April 2003 to March 2004 by nearly 3 per cent.

Table 3.26 Jobcentre Plus District Performance: Lone Parent Job Entries 2003-04

Jobcentre Plus District Job Entry Performance			
	Lone Parents		
	No. of Job Entries	Customer base	Job entries as a proportion of client base
GB Total	107,233	1,062,303	10.1%
District			
North West Wales & Powys	599	4,320	13.9%
Bridgend & Rhondda, Cynon Taff	1,203	7,988	15.1%
Eastern Valleys	1,228	7,198	17.1%
Swansea Bay	948	7,666	12.4%
West Wales	613	5,425	11.3%
South East Wales	708	6,676	10.6%
Wrexham & North Wales Coast	1,470	7,441	19.8%
Cardiff & Vale	1,037	9,065	11.4%
Wales	7,806	55,779	13.9%

Participants in New Deal for Lone Parents, and other jobless Lone parents.

Source: [Jobcentre Plus](#)

In relation to Lone Parents Job Centre Plus's performance in Wales exceeded that in Great Britain as a whole.

Table 3.27 Jobcentre Plus District Performance: Job Entries by People with Disabilities 2003-04

Jobcentre Plus District Job Entry Performance			
	People with Disabilities		
	No. of Job Entries	Customer base	Job entries as a proportion of client base
National Total	35,726	2,997,396	1.2%
District			
North West Wales & Powys	356	17,521	2.0%
Bridgend & Rhondda, Cynon Taff	1,510	38,198	4.0%
Eastern Valleys	722	34,069	2.1%
Swansea Bay	683	34,322	2.0%
West Wales	591	28,097	2.1%
South East Wales	454	21,332	2.1%
Wrexham & North Wales Coast	281	30,580	0.9%
Cardiff & Vale	448	26,516	1.7%
Wales	5,045	230,635	2.1%

People with disabilities including participants in New Deal for disabled people, disabled people in receipt of incapacity benefit, severe disability allowance income support, invalidity care allowance and bereavement benefit.

Source: [Jobcentre Plus](#)

In relation to people with disabilities Job Centre Plus's performance in Wales was better than that in Britain as a whole.

Table 3.28 Jobcentre Plus District Performance 2003-04: Job Entries by Long-Term Unemployed Customers

Jobcentre Plus District Job Entry Performance			
Customers unemployed for 6 months or more and other disadvantaged Clients			
	No. of Job Entries	Customer base	Job entries as a proportion of client base
National Total	307,775	837,272	36.8%
District			
North West Wales & Powys	2,038	4,404	46.3%
Bridgend & Rhondda, Cynon Taff	2,565	4,370	58.7%
Eastern Valleys	2,675	4,997	53.5%
Swansea Bay	2,654	5,567	47.7%
West Wales	2,283	4,703	48.5%
South East Wales	1,900	4,176	45.5%
Wrexham & North Wales Coast	2,347	4,963	47.3%
Cardiff & Vale	2,679	6,429	41.7%
Wales	19,141	39,609	48.7%

Participants in ND50 plus, ND25+, NDYP, employment zones, other people with a disability who are not participants in NDDP or claiming an inactive benefit, and people in receipt of Jobseekers Allowance for 6 months or more.

Source: [Jobcentre Plus](#)

In relation to longer-term unemployed Job Centre Plus's performance in Wales exceeded that in Britain as a whole.

Table 3.29 Jobcentre Plus District Performance 2003-04: Job Entries by Long-Term Unemployed Customers

Jobcentre Plus District Job Entry Performance			
Customers unemployed for less than 6 months and other disadvantaged Clients			
	No. of Job Entries	Customer base	Job entries as a proportion of client base
Great Britain	292,431	3,201,023	9.1%
District			
North West Wales & Powys	2099	15,534	13.5%
Bridgend & Rhondda, Cynon Taff	2757	23,149	11.9%
Eastern Valleys	2926	20,660	14.2%
Swansea Bay	2034	23,993	8.5%
West Wales	2129	20,258	10.5%
South East Wales	1966	17,871	11.0%
Wrexham & North Wales Coast	2230	23,460	9.5%
Cardiff & Vale	2198	26,608	8.3%
Wales	18,339	171,533	10.91%

Participants in ND50 plus, ND25+, NDYP, employment zones, other people with a disability who are not participants in NDDP or claiming an inactive benefit, and people in receipt of Jobseekers Allowance for 6 months or more.

Source: [Jobcentre Plus](#)

In relation to the shorter term unemployed Job Centre Plus's performance in Wales was slightly better than in Britain as a whole.

Table 3.30 Qualifications of the Unemployed, Economically Inactive and of the Non-Employed, Winter 2003/04

		All persons aged 16+	ILO unemployed	Inactive	Non- employed	All persons aged 16+	ILO unemployed	Inactive	Non- employed
	Base	1,791,806	61,488	431,997	493,485	100%	100%	100%	100%
1	NVQ Level 4 and above	414,981	8,453	49,716	58169	23%	14%	12%	12%
2	NVQ Level 3	272,758	10,462	53,060	63522	15%	17%	12%	13%
3	Trade Apprenticeships	127,436	3,145	28,237	31382	7%	5%	7%	6%
4	NVQ Level 2	313,458	12,957	73,212	86169	17%	21%	17%	17%
5	Below NVQ Level 2	216,895	8,382	55,616	63998	12%	14%	13%	13%
6	Other qualifications	140,141	4,272	28,775	33047	8%	7%	7%	7%
7	No qualifications	303,959	13,817	141,203	155020	17%	22%	33%	31%
8	Did not answer	2,178	-	2,178	-	-	-	1%	-
(5+6+7)	Total Below NVQ Level 2	660,995	26,471	225,594	252,065	37%	43%	52%	51%

Source: [Labour Force Survey analysis](#)

Low qualifications are a significant indicator of the likelihood of an individual being either unemployed or inactive.

Table 3.31 Employment and Non-Employment Rates by Skill Level 2003-04

Employment and non-employment rates by skill level		
Wales	In employment	Non-employed
NVQ Level 4 and above	86%	14%
NVQ Level 3	77%	23%
Trade Apprenticeships	75%	25%
NVQ Level 2	72%	28%
Below NVQ Level 2	70%	30%
Other qualifications	75%	25%
No qualifications	46%	54%

Source: [National Statistics, Labour Force Survey analysis](#)

The higher the level of qualifications the higher the employment rate.

Table 3.32 Employment Starts by Occupational Category, 2003-04

Employment starts by occupational category, 2003-04					
	Job starters	%	All employees (stock figure)	%	Difference
Base	237,818	100.0%	1,088,074	100.0%	0.0%
Administrative and Secretarial	33,598	14.1%	140,376	12.9%	1.2%
Skilled Trades Occupations	18,280	7.7%	106,972	9.8%	-2.1%
Sales and Customer Service Occupations	32,610	8.1%	107,014	9.8%	-1.7%
Process, Plant and Machine Operatives	22,320	9.4%	112,014	10.3%	-0.9%
Elementary Occupations	51,863	21.8%	143,478	13.2%	8.6%

New Starters are those employees who have started working for their employer since 2003.

Source: [National Statistics, Labour Force Survey analysis](#)

It appears that demand for labour is greater at the lower end of the occupational distribution, but in part this may be a consequence of higher labour turnover.

Table 3.33 People Starting Employment within the last three months: December 2003 – February 2004, by Qualification

People starting employment within the last three months: December 2003 – February 2004					
Qualifications	New employees	%	All employees (stock figure)	%	Difference
All	237,818	100.0%	1,088,074	100.0%	0.0%
NVQ Level 4 and above	52,722	22.2%	306,587	28.2%	-6.0%
NVQ Level 3	39,940	16.8%	178,384	16.4%	0.4%
Trade Apprenticeships	12,351	5.2%	72,125	6.6%	-1.4%
NVQ Level 2	57,122	24.0%	200,216	18.4%	5.6%
Below NVQ Level 2	34,538	14.5%	139,168	12.8%	1.7%
Other qualifications	18,127	7.6%	85,300	7.8%	-0.2%
No qualifications	23,018	9.7%	106,294	9.8%	-0.1%

Source: National Statistics, Labour Force Survey, 2004

Interpretation. In the Wales labour market, there are substantial numbers of jobs for people with qualifications at NVQ2 and below.

However, the difference between the stock and starters figures may also indicate higher turnover at the low qualifications end of the market.

Source: [Labour Force Survey analysis](#)

Over half the job starts are by individuals with qualifications at NVQ Level 2 and below.

Table 3.34 Employment Starts by Industry, 2003-04

Industries					
	New employees	%	All employees (stock figure)	%	Difference
Base	237,818	100.0%	1,088,074	100.0%	0.0
Agriculture & Fishing	963	0.4%	4,438	0.4%	0.0
Energy & Water	2,021	0.8%	16,701	1.5%	-0.7
Manufacturing	35,411	14.9%	179,631	16.5%	-1.6
Construction	18,974	8.0%	68,480	6.3%	1.7
Distribution, hotels & restaurants	64,678	27.2%	231,214	21.2%	6.0
Transport & Communication	14,594	6.1%	64,592	5.9%	0.2
Banking, finance & insurance etc	28,446	12.0%	106,485	9.8%	2.2
Public admin, education & health	57,900	24.3%	356,153	32.7%	-8.4
Other Services	14,831	6.2%	60,380	5.5%	0.7
Total services	180,449	75.9%	818,824	75.3%	0.6

Source: National Statistics, Labour Force Survey, 2004.

Source: [Labour Force Survey analysis](#)

Two sections – Distribution Hotels and Restaurants and Public Administration etc. dominate job starts.

Table 3.35 Job Density

Job Density 2000	Job Density 2001	Job Density 2002	Area
0.83	0.84	0.83	England
0.79	0.82	0.82	Scotland
0.72	0.73	0.72	Wales
0.64	0.65	0.66	Objective One
0.86	0.86	0.84	Objective Three

Job Density 2000	Job Density 2001	Job Density 2002	Unitary Authorities
0.54	0.60	0.57	Anglesey
0.56	0.54	0.52	Blaenau Gwent
0.71	0.66	0.69	Bridgend
0.52	0.50	0.51	Caerphilly
0.99	1.02	0.99	Cardiff
0.60	0.65	0.62	Carmarthenshire
0.70	0.75	0.70	Ceredigion
0.67	0.71	0.69	Conwy
0.79	0.75	0.78	Denbighshire
0.80	0.72	0.71	Flintshire
0.76	0.75	0.80	Gwynedd
0.50	0.61	0.65	Merthyr Tydfil
0.75	0.83	0.80	Monmouthshire
0.56	0.55	0.60	Neath Port Talbot
0.97	0.97	0.92	Newport
0.69	0.75	0.69	Pembrokeshire
0.82	0.82	0.83	Powys
0.56	0.58	0.61	Rhondda, Cynon, Taff
0.75	0.76	0.79	Swansea
0.72	0.73	0.75	Torfaen
0.70	0.73	0.61	Vale of Glamorgan
0.72	0.73	0.74	Wrexham

Job density is defined as the number of filled jobs in an area (including self-employed, government supported trainees and HM forces) divided by the number of working-age residents in that area. It is an alternative measure of the demand for labour in the local area.

Source: National Statistics

Table 3.36 Productivity in Wales 2002

Productivity in Wales				
GVA per person employed				
NUTS area	GVA 2002	In employment	GVA per person employed	Index UK=100
	£ million	2002	£	
Isle of Anglesey	553	26,000	21,269	61
Gwynedd	1,222	49,000	24,939	72
Conwy and Denbighshire	2,043	82,000	24,915	71
South West Wales	3,315	144,000	23,021	66
Central Valleys	2,848	112,000	25,429	73
Gwent Valleys	3,012	130,000	23,169	66
Bridgend and Neath Port Talbot	2,758	104,000	26,519	76
Swansea	2,824	93,000	30,366	87
Monmouthshire and Newport	3,336	97,000	34,392	99
Cardiff and Vale of Glamorgan	7,574	188,000	40,287	116
Flintshire and Wrexham	4,074	129,000	31,581	91
Powys	1,438	58,000	24,793	71
Wales	34,997	1,212,000	28,875	83
UK	906,000	25,987,000	34,864	100

Source: [National Statistics](#)

Productivity in Wales is much lower than in the UK as a whole, but varies considerably across NUTS areas.

Table 3.37 Skills that Need Improving in the next 12 months to Meet Business Needs in Wales, 2003

Skills that need improving in the next 12 months to meet business needs	
	(% companies)
Marketing	39
Management	35
Customer care	33
Selling	28
Communications	27
IT - Technical support	23
Team working	23
Technical	20
None	17
Professional	17
Manual	15
Problem solving	15
Basic ICT	15
ICT competence	12
Clerical/Secretarial	11
Other skills	6
Foreign languages	5
Numeracy	4
Literacy	3

Source: WDA/CBI Survey May 2003

Table 3.38 Reasons for Not Providing Training, 2003

Reasons for not providing training	
	(% companies)
Did not need to	52
Staff already trained	33
Funds not available	25
Lack of suitable courses	11
No time for staff training	9
Only recruit trained workers	8
No time for management training	6
Did not know training needs	3
Staff resist training	3

Source: WDA/CBI survey May 2003