

STATE OF WALES BRIEFING

June 2019

Employment:

Access to employment

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State of Wales Briefing: Access to employment

Key messages

- Employment rates continue to increase and the gap between UK and Welsh employment rates has narrowed.
- Some people, including disabled people, ethnic minority females and people living in Swansea and Ceredigion have lower rates of employment than others.
- In the past 12 months, unemployment has increased slightly. Economic inactivity rates have continued to decrease over the past five years.
- In 2018, 5.7 per cent of employed people were on temporary contracts and 2.8 per cent were estimated to be on zero hours contracts.

Why it matters

Access to paid, secure work is a key determinant of someone's well-being and life chances, as well as having an impact on wider society.

For people who are in work, the security of their work is also a large determinant of well-being. Casual and insecure work often means that people cannot rely on a regular source of income, putting them at greater risk of poverty and less able to plan their long-term future.

How it is measured

This briefing looks at access to work against the indicators of:

- Employment, economic inactivity, and unemployment rates – do people have access to employment and are they able to work?
- Protected characteristic and location – which people are most likely and least likely to be in employment depending on protected characteristic and where they live?
- Job security – How much employment is temporary, a zero hours contract or a second job and what are the reasons for temporary employment?

Overview

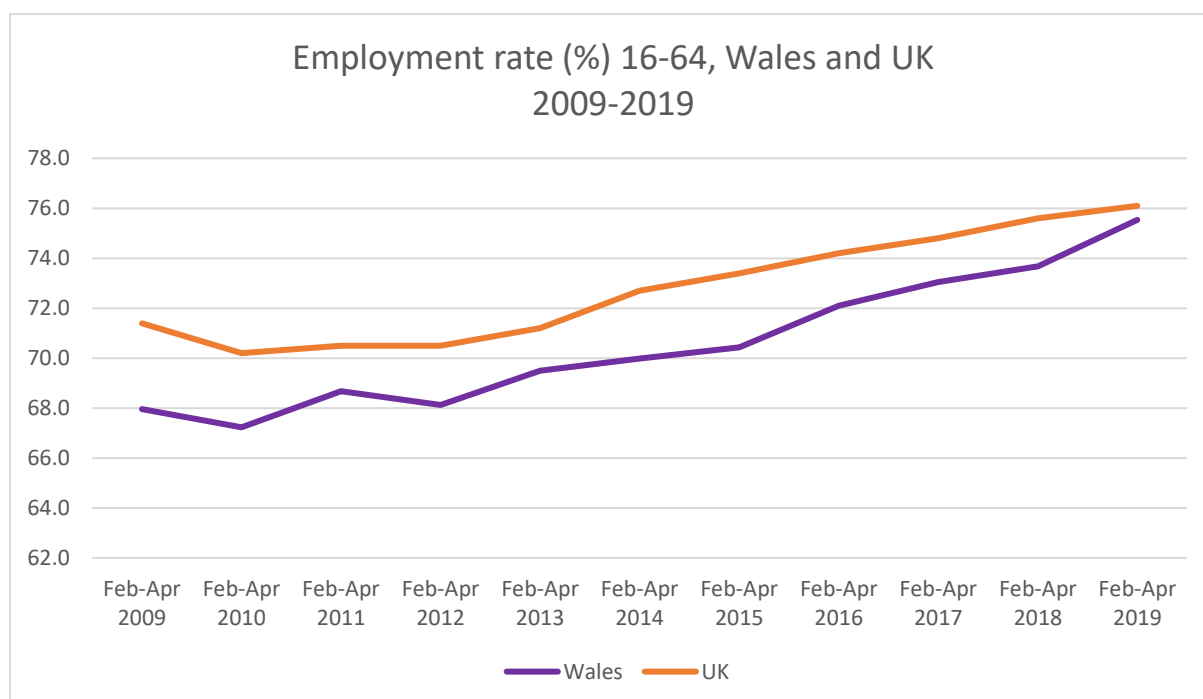
Employment rates have continued to increase over the past ten years. The economic inactivity rate continues to fall and stood at 20.9 per cent in the quarter February-April 2019. Of those people who are economically inactive, most do not work for reasons such as studies, illness or caring responsibilities. Despite this, there are 56,000 economically inactive people who would like to work, suggesting that for some, access to work remains an issue.

The proportion of temporary workers fell by 1.4 per cent in 2018 compared to the previous year. The proportion of female temporary workers has increased and the number of male temporary workers decreased.

Employment and Economic Activity

In recent years, the Welsh employment rate has continued to grow steadily and stood at 75.5 per cent in the period February to April 2019.

The UK employment rate is historically higher than the Wales rate and is currently at 76.1 per cent but the gap between them is narrowing. The UK has also experienced a smaller employment rate increase of 0.5 per cent on the same period as last year compared to Wales' increase of 1.8 per cent, equating to 34,000 more people in employment in Wales than the same time last year.



Source: Labour Force Survey, accessed via ONS 18.06.19

- The number of people employed in Wales is growing and the gap between Welsh and UK employment levels has narrowed.
- Of employed people, the vast majority (84.8 per cent) classed themselves as employees. 14.1 per cent classed themselves as self-employed, 0.8 per cent as unpaid family workers and 0.3 per cent as in a government supported training or employment programme, such as an apprenticeship.
- Traditional caring and family work patterns related to sex may be experiencing a shift, particularly amongst men. Between 2018 and 2019 the percentage of female family workers fell by 5.8 per cent and increased amongst men by 13.3 per cent

Who has access to work

There are variations in employment between people and areas. In the period January to December 2018, groups of people most likely to be in employment were:

- People living in Wrexham (78.6 per cent) and Vale of Glamorgan (78.5 per cent).
- Men aged 25-49, with an employment rate 87.7 per cent.
- Non-disabled men, with an employment rate of 84.1 per cent.

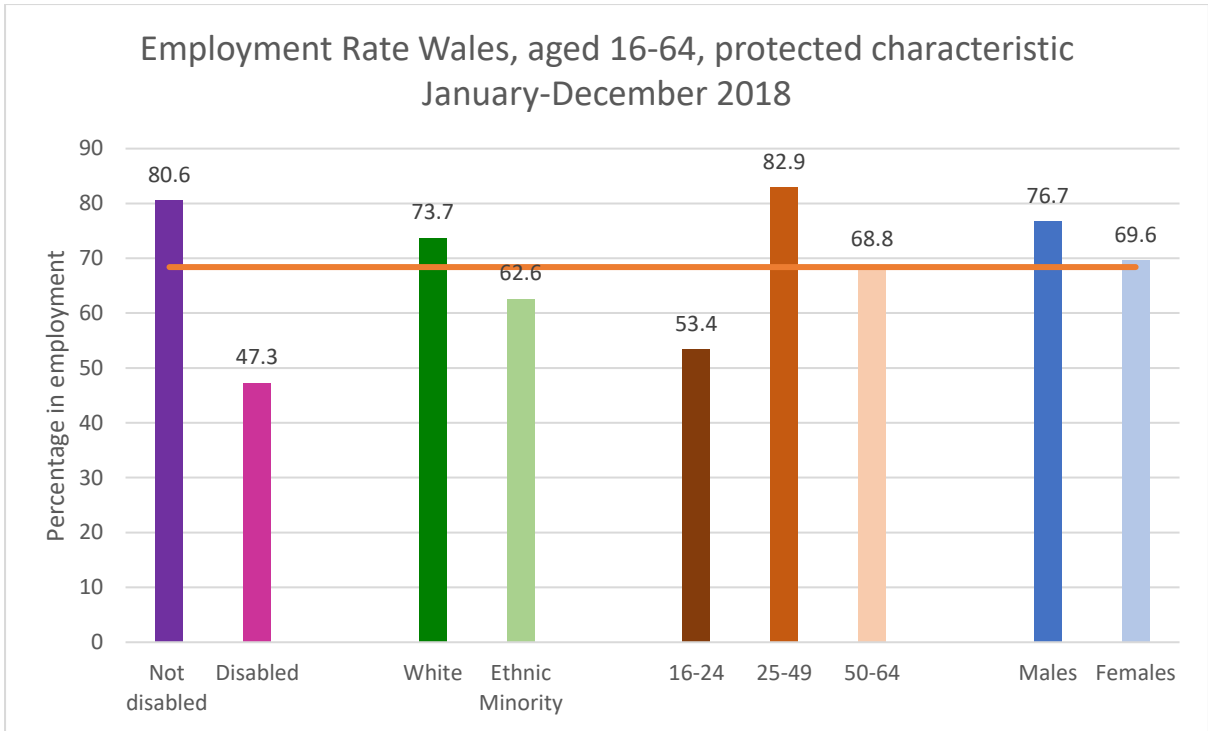
The groups of people least likely to be in employment were:

- People living in Swansea (66.5 per cent) and Ceredigion (69.6 per cent).
- Ethnic minority females, with an employment rate of 53.9 per cent.
- Disabled people, with an employment rate of 49.2 per cent overall and with a female employment rate of 48.7 per cent and a male employment rate of 49.9 per cent.
- People aged 16-24, with an employment rate for both men and women of 53.4 per cent.

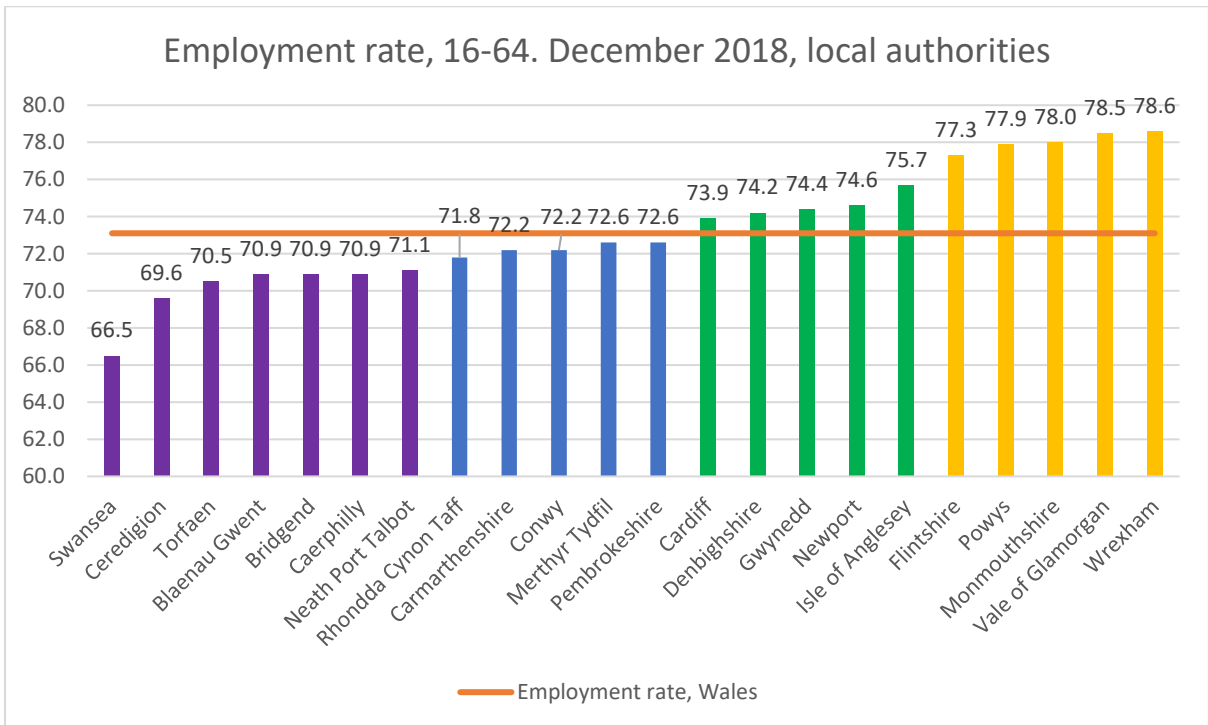
Protected characteristics

Of people with protected characteristics:

- Disability has the biggest impact on employment rates and there is a gap of 33.3 percentage points between disabled and non-disabled people. The gap is even more pronounced amongst men, with a gap of 34.2 percentage points between disabled and non-disabled men.
- Ethnicity has a smaller but still significant effect on access to work, with a gap of 11.1 percentage points. The gap is smaller between white and ethnic minority men (4.8 percentage points) but larger between white and ethnic minority women, where the gap is 16.5 percentage points.
- Sex has less of an effect on employment rates amongst younger people. For men and women aged 16-24 the employment rate is identical. For women aged 24-49 there is more of an impact, with a gap of 9.5 percentage points.
- Age has limited effect. Employment rates are highest amongst people aged 25-49. It is lower amongst 16-24 year olds due to participation in education.



Source: Annual Population Survey via NOMIS. Accessed 18.06.19



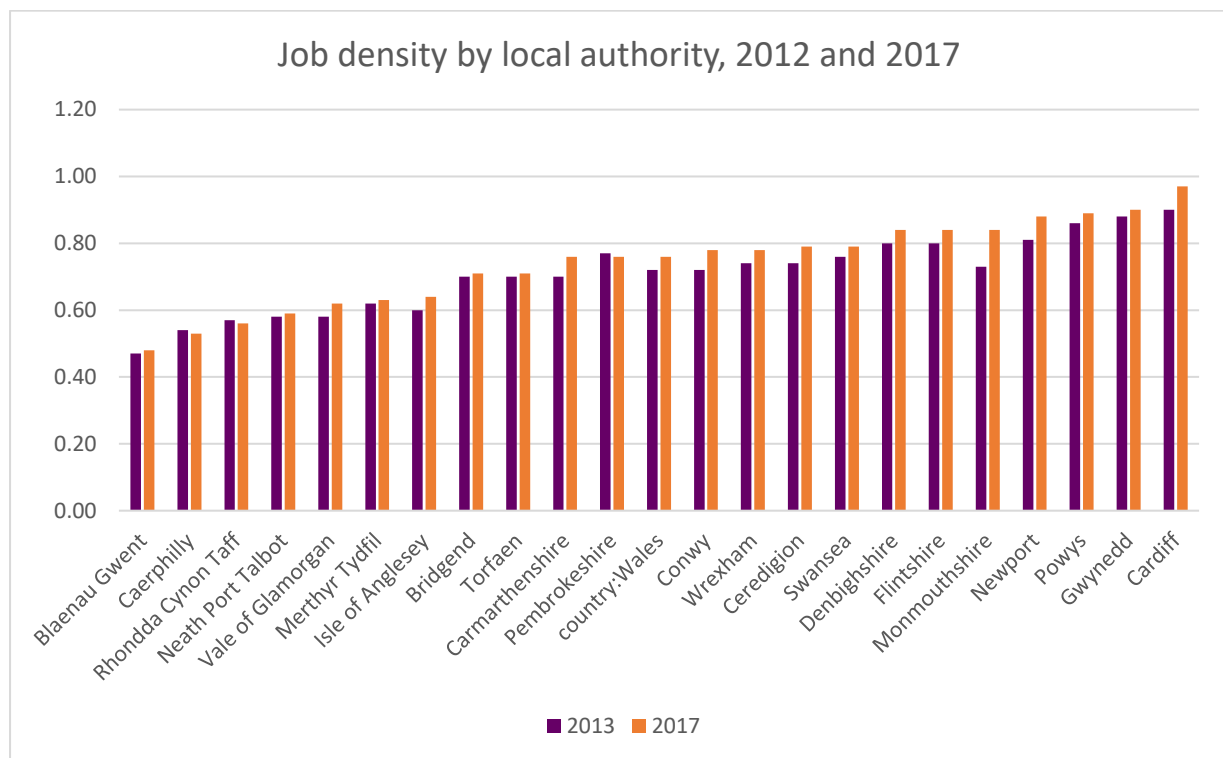
Source: Annual Population Survey, via NOMIS. Accessed 18.06.19

Local authority employment rates

- Employment rates tend to be higher in East Wales, with Wrexham, Powys, Flintshire and Monmouthshire having employment rates above 77 per cent.
- Industrial and former industrial areas all have employment rates below the Welsh average.
- Employment rates are lowest in Swansea and Ceredigion. This may partly be explained by a high student population as both areas have universities, and for Ceredigion, a higher proportion of retirees.

Job density

Job density is the number of jobs in an area, per resident aged 16-64. The most recent data available for job density in Wales is from 2017.



Source: Jobs density, via NOMIS. Accessed 18.06.18

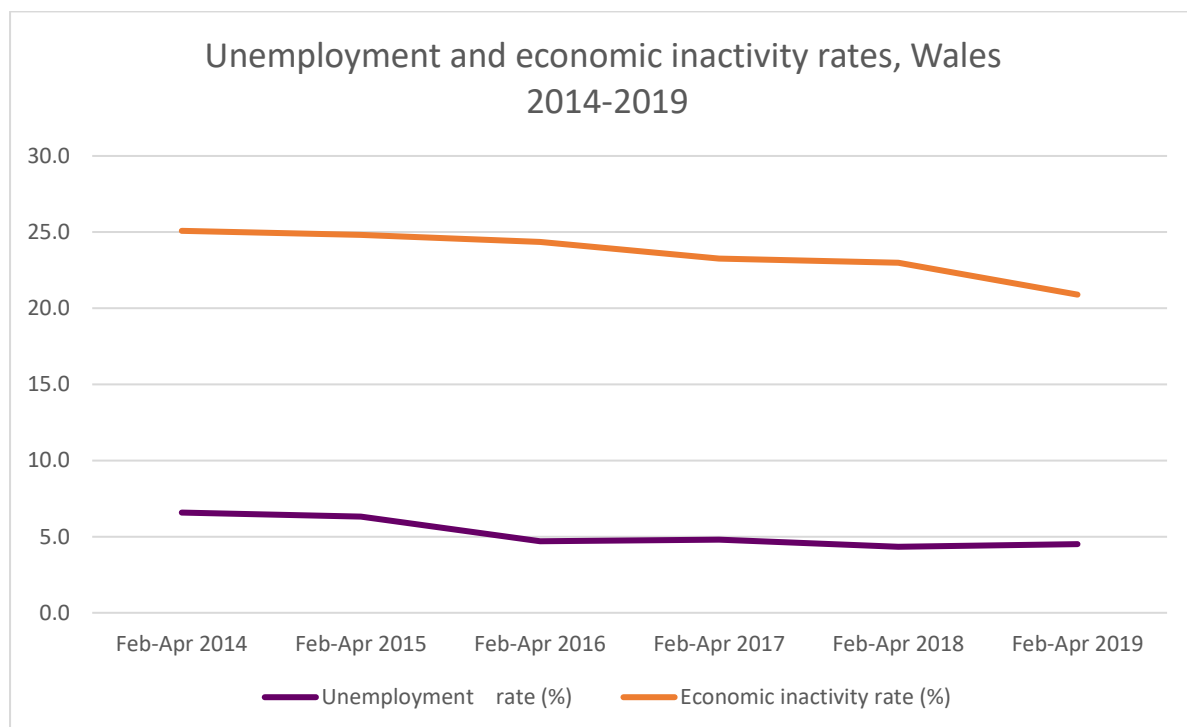
- Between 2012 and 2017, job density increased in all local authorities except for three: Caerphilly, Pembrokeshire and Rhondda Cynon Taff which saw small decreases.
- The local authority that saw the biggest increase in job density was Monmouthshire (+0.11) followed by Cardiff and Newport (0.07).

Unemployment and Economic Inactivity

Unemployment

The unemployment rate has increased marginally (0.2 per cent) in the past 12 months. In the same period, the UK unemployment rate fell by 4.2 per cent on the previous year, illustrating a divergence in unemployment rates between the UK and Wales, compared to a convergence that took place the previous year.

- The claimant count (claimants of Jobseekers Allowance and some Universal Credit Claimants) stood at 524,000 at April 2019, an increase of 26.6 per cent on the previous year. A large reason for the increase in claimants is welfare reform. Under Universal Credit, more people are required to look for work.
- Unemployment is significantly higher amongst men. Of claimants 60.3 per cent were men and 39.7 per cent were women.
- People aged 16-24 are far more likely to be unemployed than any other age group, with an unemployment rate of 14 per cent compared to people aged 25-49 (3.4 per cent) and 50-64 (2.6 per cent).

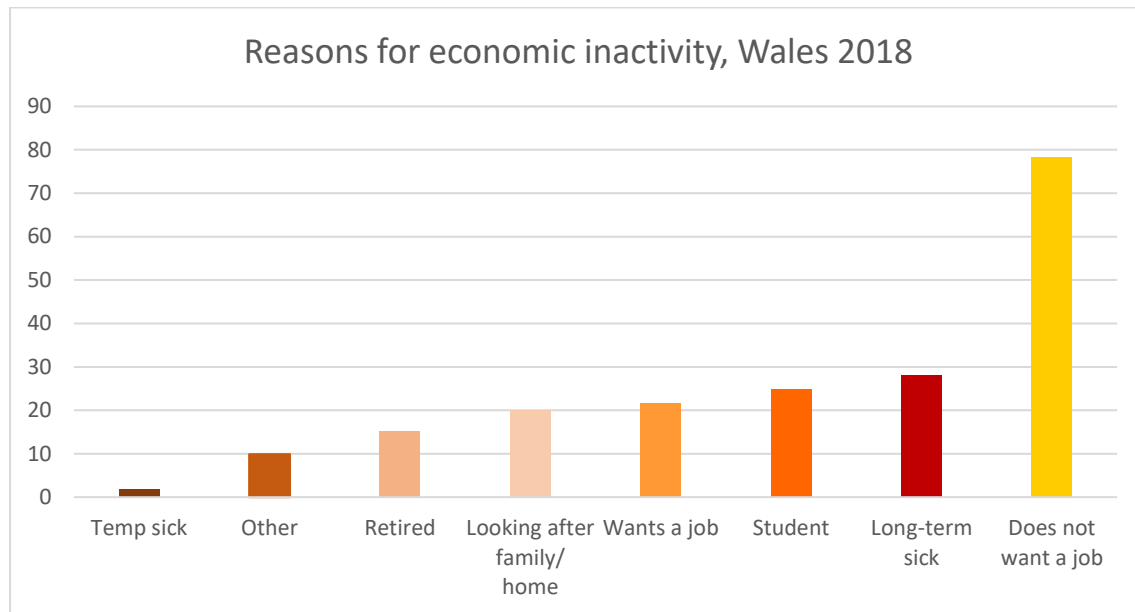


Source: Labour Force Survey, ONS analysis. Accessed 18.06.19

Economic Inactivity

Economically inactive people are not in employment but are not considered unemployed because they have not been actively seeking work within the last four weeks and/or they are unable to start work within the next two weeks.

Economic inactivity rates have decreased over the past five years and shrank by 2.1 per cent between February and April 2019 compared to the same period the previous year.



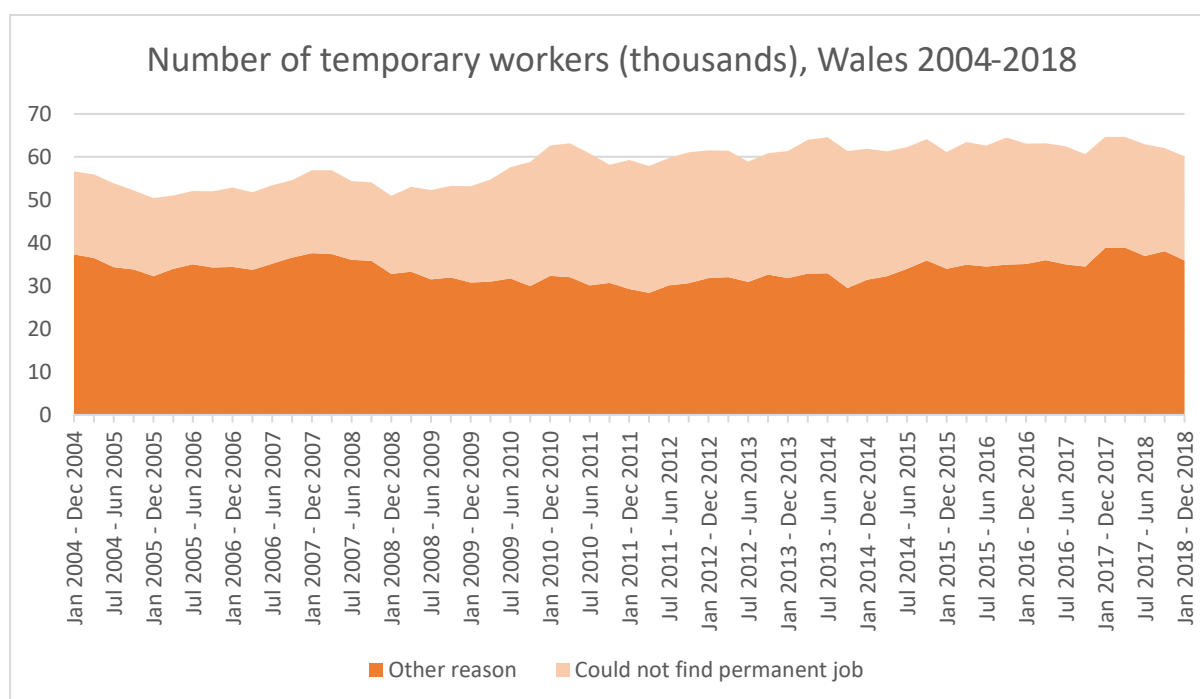
Source: Annual Population Survey via ONS. Accessed 18.06.19

- Over 78 per cent of economically inactive people said they did not want a job, indicating that for the vast majority, economic inactivity is not attributable to not being able to gain employment. Rather, it is related to factors such as retirement, studies, sickness and caring responsibilities. However, 21.7 per cent or 56,000 of economically inactive people aged 16 to 64 indicated that they did want a job.
- Over 20 per cent of economically inactive people were looking after family or the home. Of these, 14,000 were men and 76,000 were women.
- Compared to the previous year, long term sickness amongst economically inactive people fell by 2 per cent but temporary sickness increased by 9 per cent.

Work Security

Temporary work and second jobs

- In 2018, 5.7 per cent of people in employment were temporary employees. There was a 3 per centage point increase in female temporary workers and a 6.3 per centage point reduction in male temporary workers on the previous year.
- Reasons for temporary work were mixed. 28.9 per cent could not find a permanent job, while 26.5 per cent did not want a permanent job. The majority (43.4 per cent) gave other, unspecified reasons for temporary employment.
- In 2018 there was an 8.6 per cent increase in workers with second jobs on the previous year. Amongst women, second job uptake increased by 13 per cent and amongst men it increased by 2.6 per cent.



Source: Annual Population Survey via ONS

Zero hours contracts

- In the period October to December 2018, there was estimated to be 43,000 people on zero hours contracts.
- The proportion of employed people on zero-hour contracts in Wales is 2.8 per cent, which exceeds the UK rate of 2.6 per cent.
- At a UK level, the industries with the highest use of zero hours contracts were accommodation and food and health and social care. These are amongst the sectors likely to be developed under the Welsh Government's approach to the developing the foundational economy.

End Notes

Data on employment rates are from the Annual Population Survey, accessed via NOMIS

ONS (2019) HI10 Regional Labour Market: Headline Indicators for Wales June 2019. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforwaleshi10>

NOMIS (2019) Jobs density. Available at: <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=57>

ONS (2019) People in employment on zero-hours contracts. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>

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