

Background Analysis to the Population, Economy and Labour Market of South West Wales

The purpose of this document is to provide an overview of demographic and economic indicators for South West Wales in order that these can be used to place some of the region's key skill needs into context. Each of the sections includes statistics for the four unitary authorities (UAs) in South West Wales (Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea) and these are benchmarked not only against the figures for Wales as a whole but information is also included for the other countries that make up the United Kingdom (UK). We begin by examining population structure and change in South West Wales relative to other parts of the UK. Overall economic performance in the region is then examined by comparing GVA in NUTS3 areas (which group some UAs together) within South West Wales with the UK average. The final section contains a range of labour market statistics, focusing particularly on the occupational structure and relative earnings levels in the regions, outcomes which are highly influenced by the skill distribution within an area.

Section 1: Population

Tables 1 and 2 provide details of the population structure for the four UAs in South West Wales, as well as for Wales and the other countries within the UK. An initial glance at the breakdown by age reveals Pembrokeshire has a relatively elderly population, with the largest proportion out of all the UAs between the ages of 55 and 79, an effect driven by Pembrokeshire's popularity as a retirement location. Conversely, the largest population proportions between the ages of 15 and 34 are found in Swansea (this result is most apparent for the 20-24 age group, which accounts for 8.7% of Swansea's total population). In comparison, Neath Port Talbot, has the second largest 20-24 population of our four UAs at 6.2%. Much of this may be explained by Swansea's large student population. These two factors combine to influence the working age population, which is largest for Swansea (61.1% of the total population) and smallest for Pembrokeshire (56.6%).

Looking at total population reveals Swansea to be the most highly populated UA (229,100 in 2008) and also the most densely populated (608 persons per km²). Pembrokeshire has the smallest population (118,800) and is also the most sparsely populated (73 persons per km², although Carmarthenshire has only 76 persons per km²).

Table 2 compares the population structure in Wales to the other countries within the UK. Focusing on Wales, we observe a relatively elderly population, with Wales possessing the largest proportions in all age categories over 55 years. This observation also implies that Wales has the smallest working age population proportion (only 60.2% of the total population are aged between 16 and 59/64).

In terms of the other countries within the UK, Northern Ireland has a relatively youthful population, with the largest proportions in all age categories up to 34 years. England obviously has the largest population and also is the most densely populated (395 persons per km²), whilst Scotland has the lowest population density with just 66 persons per km².

Figure 1 shows the growth in the total population across the South West Wales UAs between 1981 and 2008. The figure reveals increases in the populations of Carmarthenshire and Pembrokeshire and a fall in the population of Neath Port Talbot. The population of Swansea has remained relatively stable over time, although there have been some increases in the estimated population since the time of the last Census.

Table 2 reveals that whilst the population of England is far larger than that of other UK countries, it has also experienced significant population growth between 1981 and 2008 of over 4 million. Scotland's population has remained relatively constant over the period, whilst Wales and Northern Ireland have experienced some population growth (the population of Wales has increased every year since 1984).

Table 1: Age Distribution for UAs in South West Wales, 2008

	Carmarthenshire		Neath Port Talbot		Pembrokeshire		Swansea		Wales	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Aged under 1 year	2,000	1.1	1,600	1.2	1,300	1.1	2,700	1.2	35,500	1.2
Aged 1 - 4 years	7,600	4.2	6,200	4.5	5,000	4.2	10,000	4.4	132,700	4.4
Aged 5 - 9 years	9,700	5.4	7,200	5.2	6,700	5.6	12,000	5.2	163,000	5.4
Aged 10 - 14 years	11,200	6.2	8,300	6.0	7,600	6.4	12,600	5.5	183,200	6.1
Aged 15 - 19 years	11,700	6.5	9,100	6.6	7,900	6.7	15,400	6.7	202,800	6.8
Aged 20 - 24 years	10,100	5.6	8,500	6.2	6,100	5.1	19,900	8.7	209,200	7.0
Aged 25 - 29 years	9,000	5.0	7,500	5.5	5,500	4.6	15,000	6.5	174,600	5.8
Aged 30 - 34 years	8,600	4.7	7,200	5.2	5,400	4.5	12,000	5.2	156,600	5.2
Aged 35 - 39 years	10,900	6.0	8,800	6.4	7,000	5.9	14,200	6.2	195,600	6.5
Aged 40 - 44 years	12,600	7.0	10,100	7.4	8,100	6.8	15,700	6.9	215,200	7.2
Aged 45 - 49 years	12,500	6.9	10,200	7.4	8,300	7.0	15,500	6.8	207,300	6.9
Aged 50 - 54 years	12,200	6.8	9,400	6.8	7,800	6.6	14,400	6.3	189,100	6.3
Aged 55 - 59 years	12,600	7.0	9,200	6.7	8,500	7.2	13,800	6.0	192,700	6.4
Aged 60 - 64 years	13,300	7.4	9,100	6.6	9,100	7.7	14,200	6.2	196,500	6.6
Aged 65 - 69 years	10,400	5.8	7,000	5.1	7,200	6.1	11,200	4.9	153,100	5.1
Aged 70 - 74 years	8,700	4.8	6,100	4.4	6,000	5.0	10,000	4.4	129,300	4.3
Aged 75 - 79 years	7,000	3.9	5,000	3.6	4,800	4.1	8,500	3.7	105,400	3.5
Aged 80 - 84 years	5,600	3.1	3,800	2.8	3,400	2.9	6,200	2.7	79,400	2.7
Aged 85 and over	4,700	2.6	3,500	2.5	3,100	2.6	5,800	2.5	72,300	2.4
Working Age	104,500	57.9	82,500	59.9	67,300	56.6	139,900	61.1	1,800,900	60.2
Total	180,500	-	137,600	-	118,800	-	229,100	-	2,993,400	-
Population Density (Persons per km²)	76	-	311	-	73	-	608	-	144	-

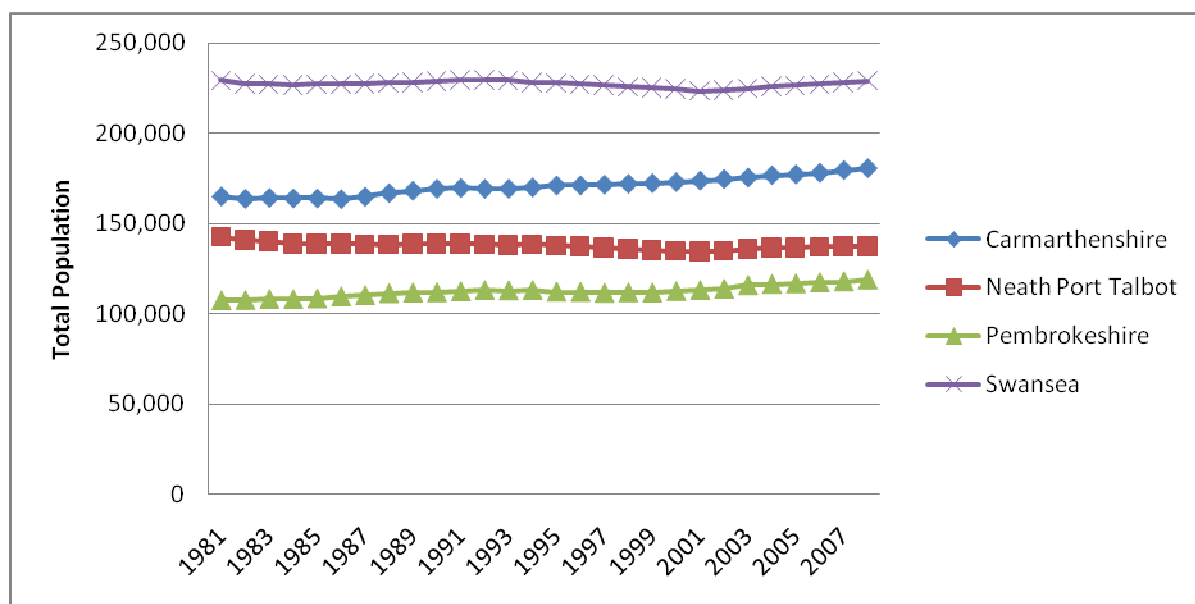
Source: Mid-year Population Estimates, Office for National Statistics (ONS).

Table 2: Age Distribution for Countries Within the UK, 2008

	Wales		England		Northern Ireland		Scotland	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Aged under 1 year	35,500	1.2	667,600	1.3	25,500	1.4	59,500	1.2
Aged 1 - 4 years	132,700	4.4	2,461,700	4.8	93,800	5.3	223,400	4.3
Aged 5 - 9 years	163,000	5.4	2,849,200	5.5	113,300	6.4	269,500	5.2
Aged 10 - 14 years	183,200	6.1	3,054,700	5.9	123,200	6.9	297,800	5.8
Aged 15 - 19 years	202,800	6.8	3,331,200	6.5	126,600	7.1	327,400	6.3
Aged 20 - 24 years	209,200	7.0	3,531,500	6.9	132,900	7.5	354,100	6.9
Aged 25 - 29 years	174,600	5.8	3,442,800	6.7	122,000	6.9	334,800	6.5
Aged 30 - 34 years	156,600	5.2	3,257,000	6.3	113,300	6.4	299,300	5.8
Aged 35 - 39 years	195,600	6.5	3,753,600	7.3	126,000	7.1	363,000	7.0
Aged 40 - 44 years	215,200	7.2	3,964,100	7.7	131,300	7.4	402,900	7.8
Aged 45 - 49 years	207,300	6.9	3,630,900	7.1	122,700	6.9	392,100	7.6
Aged 50 - 54 years	189,100	6.3	3,159,200	6.1	107,700	6.1	350,600	6.8
Aged 55 - 59 years	192,700	6.4	3,018,700	5.9	96,500	5.4	325,200	6.3
Aged 60 - 64 years	196,500	6.6	3,038,900	5.9	91,400	5.1	312,400	6.0
Aged 65 - 69 years	153,100	5.1	2,281,600	4.4	73,900	4.2	247,800	4.8
Aged 70 - 74 years	129,300	4.3	1,992,200	3.9	61,600	3.5	215,600	4.2
Aged 75 - 79 years	105,400	3.5	1,656,600	3.2	49,500	2.8	173,300	3.4
Aged 80 - 84 years	79,400	2.7	1,220,400	2.4	35,700	2.0	119,300	2.3
Aged 85 and over	72,300	2.4	1,134,500	2.2	28,000	1.6	100,500	1.9
Working Age	1,800,900	60.2	31,937,600	62.1	1,098,100	61.9	3,238,000	62.6
Total	2,993,400	-	51,446,200	-	1,775,000	-	5,168,500	-
Population Density (persons per km²)	144	-	395	-	122	-	66	-

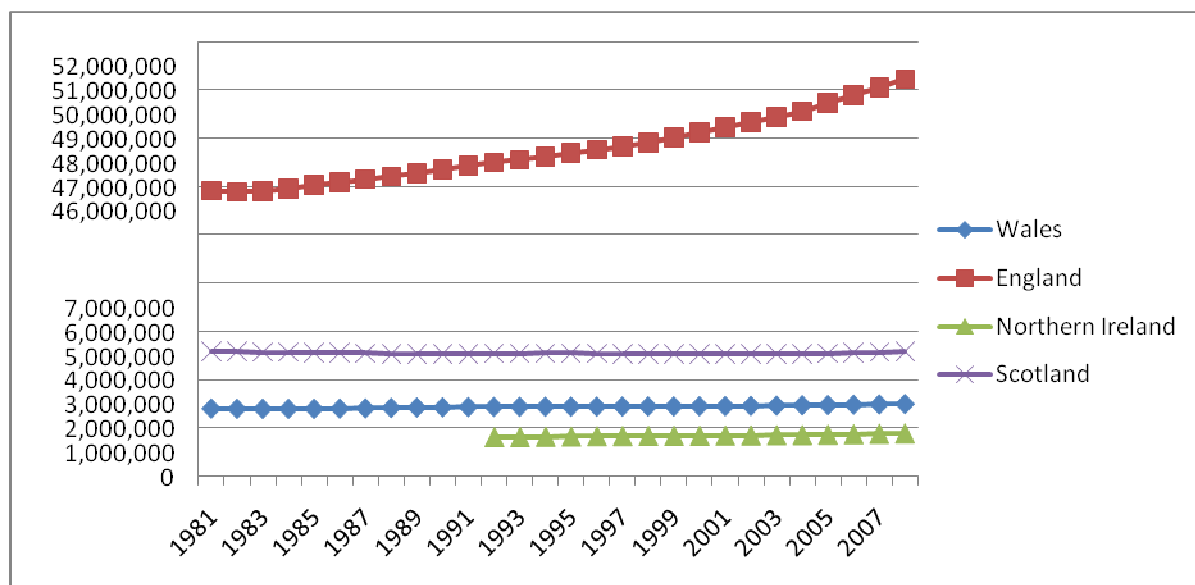
Source: Mid-year Population Estimates, ONS.

Figure 1: Population Change for UAs in South West Wales, 1981-2008



Source: Mid-year Population Estimates, ONS.

Figure 2: Population Change for Countries within the UK, 1981-2008



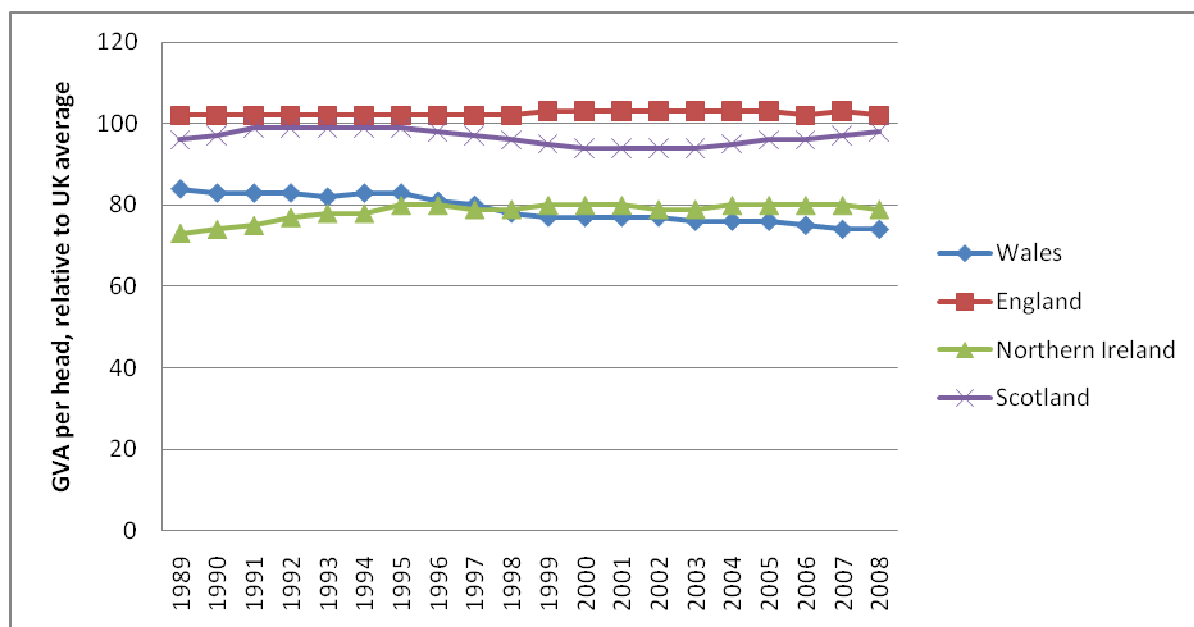
Source: Mid-year Population Estimates, ONS.

Section 2: Economy

In order to provide a background to the economy of South West Wales and to observe how it compares to other parts of the UK, Gross Value Added (GVA) figures are examined below. GVA measures economic activity and labour productivity levels can then be obtained by dividing GVA by the labour force within an area. The resulting GVA per head figures can then be reported relative to the UK average in order to compare performance across spatial areas. Productivity represents an important measure of living standards and prosperity and is often used as an indicator of international competitiveness. HM Treasury has identified 5 drivers of productivity: investment, innovation, enterprise, competition and skills. Therefore, productivity within an area is heavily influenced by its industrial structure.

There is a clear gap in labour productivity amongst the countries within the UK, as Figure 3 illustrates, with GVA per head far higher in England and Scotland than in Wales and Northern Ireland. Around 1998, Welsh GVA per head fell below that of Northern Ireland, and labour productivity in Wales has trailed the rest of the UK since, with continued decreases in GVA per head observed in recent years. As of 2008, labour productivity in Wales was around 74% of the UK average, showing a fall of around 10 percentage points since the early 1990s.

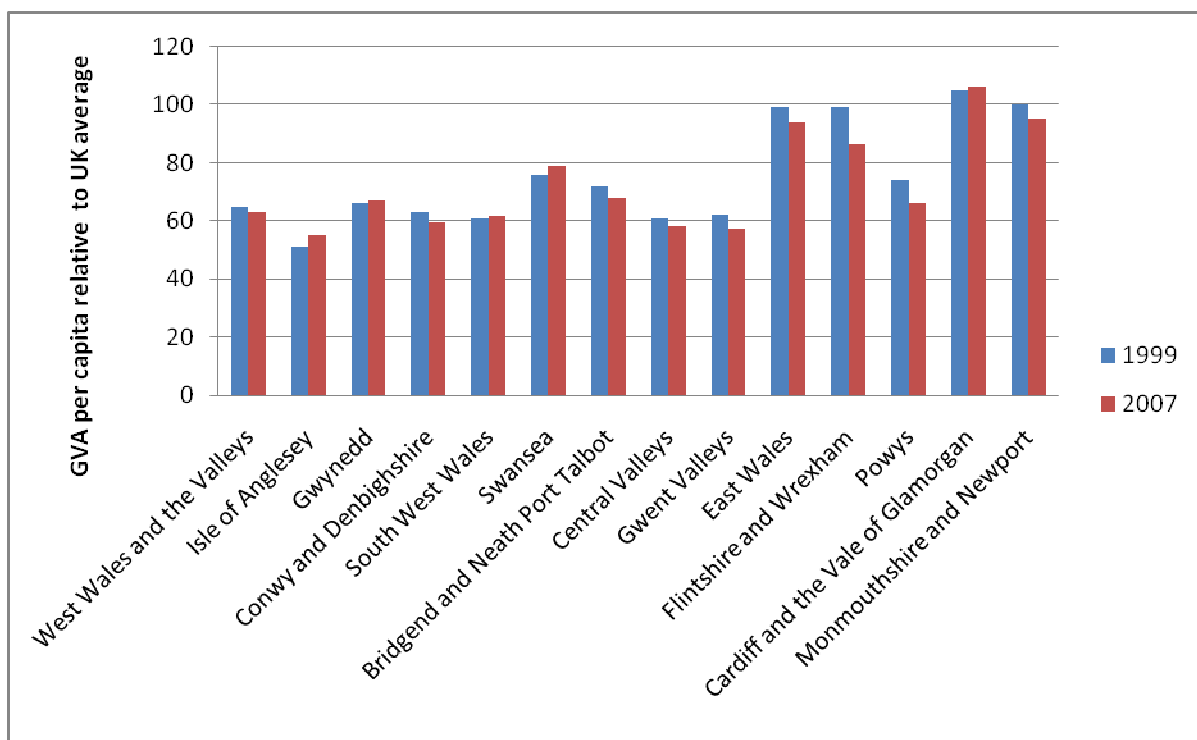
Figure 3: Labour Productivity (GVA per head) at for Countries within the UK, 1989-2008



Source: StatsWales.

Figure 4 presents labour productivity within Wales at the NUTS3 level relative to the UK average (a more disaggregated breakdown e.g. at the UA level is not available). GVA per head in the NUTS2 area of East of Wales is far greater than that in West Wales, although at the NUTS3 level only Cardiff and the Vale of Glamorgan exceed the UK average. Despite the Welsh GVA per head falling relative to the UK average, relative GVA per head has risen slightly in both the South West Wales and Swansea NUTS3 areas between 1999 and 2007. However, relative labour productivity has continued to fall in the area that combines Neath and Port Talbot with Bridgend.

Figure 4: Labour Productivity (GVA per head) within Wales (NUTS3 Level)



Source: StatsWales.

Section 3: Labour Market

This section presents a range of labour market statistics in order to examine the economy of South West Wales in more detail and in an attempt to further explain differences in economic performance compared to other areas. It begins by discussing some overall labour market indicators before going on to analyse differences in occupational and industrial structure as well as earnings levels.

Table 3 reveals the labour market of Pembrokeshire to be in a relatively healthy position compared to the Welsh average and to the other three UAs in South West Wales, with a higher employment rate and lower unemployment, inactivity and claimant count rates. In fact, Pembrokeshire's unemployment rate is lower than those of any of the UK countries, using both claimant count and International Labour Organisation (ILO) measures. In essence, the difference between the measures is that the ILO rate is based on willingness to work, whilst the claimant count only relates to those who claim unemployment benefits. The remaining South West Wales UAs are in a poor position relative to the Welsh average and in comparison to the rest of the UK. Swansea has the highest unemployment rate at 10.2%, whilst Neath Port Talbot has the lowest employment rate (64.5%), and the highest inactivity (28.9%) and claimant count rates (4.6%). At a national level, Wales lags behind England and Scotland on each of the four labour market measures. Wales has the highest unemployment rate (8.4%) of all four UK countries.

Table 3: Labour Market Statistics for UAs in South West Wales and Countries within the UK, September 2009

	Employment Rate ^[1]	Unemployment Rate ^[1]	Inactivity Rate ^[1]	Claimant Count Rate ^[2]
Carmarthenshire	67.0	8.9	26.4	3.4
Neath Port Talbot	64.5	9.3	28.9	4.6
Pembrokeshire	73.1	5.8	22.4	3.3
Swansea	65.8	10.2	26.8	4.2
Wales	69.0	8.4	24.6	4.4
England	73.0	7.6	21.0	4.2
Northern Ireland	67.2	6.5	28.1	4.9
Scotland	74.3	6.8	20.2	4.0

Sources: [1] Annual Population Survey; [2] Claimant Count, ONS.

The industrial structure of the four UK countries is, in general, quite similar, as shown in Table 4. There are however some differences, for example we observe a relatively low percentage of jobs in manufacturing in Scotland and a high percentage in construction in Northern Ireland. England, and to a lesser extent Scotland, have a high percentage of their workforce involved in the banking, finance and insurance industry. Turning to the UA figures for South West Wales, we find that a relatively large portion of the workforce in Neath Port Talbot is engaged in manufacturing. The public administration, education and health sector makes up a large proportion of the workforce in all UAs. Although the public

administration, education and health sector in Neath Port Talbot is small in comparison to the other South West Wales UAs. Swansea has relatively small construction and manufacturing sectors, particularly construction, which makes up just 5.9% of Swansea's total workforce, compared to 8.3% in Wales. In Swansea, the proportion in distribution, hotels and restaurants; transport and communication; banking, finance and insurance; and public administration, education and health sectors are above the Welsh average and above the proportions seen in other UAs. The distribution, hotels and restaurants; transport and communications; and banking finance and insurance sectors appear relatively small for Carmarthenshire, whilst the proportion of workers in the manufacturing sector in Pembrokeshire is small compared to the Welsh average.

Table 4: Industrial Structure for UAs in South West Wales and Countries within the UK, September 2009

	Carm.	Neath Port Talbot	Pembs	Swansea	Wales	England	Northern Ireland	Scotland
Manufacturing	10.4	13.6	9.0	8.6	11.4	11.0	11.0	9.5
Construction	10.0	10.8	10.3	5.9	8.3	7.7	9.3	8.1
Distribution, Hotels & Restaurants	17.3	20.7	19.1	21.4	19.1	18.7	19.6	19
Transport & Communications	3.9	4.6	5.5	6.3	5.1	6.5	4.8	5.7
Banking, Finance & Insurance	8.8	9.8	9.6	12.6	11.6	17.6	11.7	14.4
Public Admin, Education & Health	35.2	31.1	31.5	37.1	33.5	29.1	34.2	31.7
Other Services	5.5	6.7	6.0	5.7	6.3	6.4	4.1	6.0

% of total employees. Source: Annual Population Survey, ONS.

As with the industrial structure, the occupational distribution appears fairly similar across the four UK countries. Table 5 does indicate some fairly large differences in the proportion of managers and senior officials, which is high in England (16.1%) and far smaller in Northern Ireland (10.6%). Northern Ireland also has a relatively large proportion of workers in skilled trade occupations. At the UA level, Carmarthenshire has the largest proportion of workers in associate professional and technical occupations, but the smallest proportion in the administrative and secretarial; and personal service occupations. Conversely, Neath Port Talbot has the largest proportion of workers in personal service and administrative; and secretarial occupations, along with process, plant and machine; and managerial and senior

official occupations, but the smallest proportion of workers in professional occupations. Pembrokeshire has the largest proportion of skilled trade workers and the smallest proportion of employees in sales and customer service occupations. Lastly, Swansea has a relatively low proportion of employees in managerial; skilled trade; and process, plant and machine occupations and a relatively high percentage in professional; sales and customer service; and elementary occupations.

Table 5: Occupational Structure for UAs in South West Wales and Countries within the UK, September 2009

	Carm.	Neath Port Talbot	Pembs	Swansea	Wales	England	Northern Ireland	Scotland
Managers & Senior Officials	9.6	12.3	11.4	8.6	12.7	16.1	10.6	13.3
Professional Occupations	11.7	7.8	10.3	14.1	11.9	13.5	12.1	13.3
Associate Prof & Technical	15.5	12.6	14.2	14.6	13.9	14.8	12.7	14.7
Administrative & Secretarial	9.4	13.4	12.1	12.2	11.1	11.3	13.1	11.2
Skilled Trades Occupations	16.2	11.6	16.6	11	12.4	10.3	15.4	11.0
Personal Service Occupations	7.9	10.1	8.8	8.3	9.3	8.4	8.5	9.1
Sales & Customer Service	7.8	9.8	7.7	9.9	7.9	7.3	7.7	8.3
Process, Plant & Machine Elementary Occupations	8.4	9.9	7.0	6.1	7.7	6.7	8.7	7.2
	13	11.5	11.5	14.8	12.6	11.2	10.4	11.6

% of total employees. Source: Annual Population Survey, ONS.

Table 6 presents gross hourly earnings according to the respondent's place of residence. Column 1 reveals that earnings in Neath Port Talbot (£12.21 per hour) are comfortably the highest out of the four UAs in South West Wales and exceed the Welsh national average. Earnings in Swansea also exceed the Welsh average but they are lower in Carmarthenshire and Pembrokeshire. As was seen with other labour market indicators, Wales also lags behind England and Scotland in terms of earnings, but average Welsh earnings exceed those in Northern Ireland.

Table 6: Gross Average Hourly Earnings for UAs in South West Wales and Countries within the UK by Place of Residence, April 2009

	Full Time Workers	Male Full Time Workers	Female Full Time Workers
Carmarthenshire	10.83	11.22	9.99
Neath Port Talbot	12.21	12.77	10.92
Pembrokeshire	10.76	11.41	9.76
Swansea	11.51	12.26	11.03
Wales	11.29	12.02	10.36
England	12.58	13.29	11.52
Northern Ireland	11.05	11.37	10.69
Scotland	12.04	12.56	11.31

Median earnings in £s per hour (gross). Source: Annual Survey of Hours & Earnings, ONS.

Disaggregating further by gender, male earnings follow the basic pattern exhibited by all workers, with those living in Neath Port Talbot earning more on average than the other residents of South West Wales. When we look at the earnings of female residents, the relative positions of the UAs differ. It is women who live in Swansea that earn the most (£11.03 per hour), followed by those residing in Neath Port Talbot. At a national level, Welsh women earn less than women residing in any other UK country (£10.36 per hour), whilst average earnings were less than £10 an hour in both Carmarthenshire and Pembrokeshire in April 2009.

Table 7: Gross Average Hourly Earnings for UAs in South West Wales and Countries within the UK by Place of Work, April 2009

	Full Time Workers	Male Full Time Workers	Female Full Time Workers
Carmarthenshire	10.50	11.25	9.76
Neath Port Talbot	13.27	13.82	10.51
Pembrokeshire	10.92	11.76	9.76
Swansea	10.82	10.59	10.90
Wales	11.13	11.86	10.29
England	12.56	13.28	11.50
Northern Ireland	10.98	11.29	10.63
Scotland	12.06	12.55	11.37

Median earnings in £s per hour (gross). Source: Annual Survey of Hours & Earnings, ONS.

Making a distinction between earnings by place of residence and place of work can affect results, especially in terms of the relative positions of the UAs in South West Wales. Focusing on the workplace level sees average earnings in Neath Port Talbot rise significantly for males to £13.82 per hour (up from £12.77 for residents). Conversely, the earnings of males working in Swansea (£10.59 per hour) are far lower than those living in Swansea (£12.26 per hour). This implies that a relatively large number of employees who live in Swansea travel to Neath Port Talbot, and possibly to other areas, for work. As expected, there is far less of a difference between residence and workplace based earnings at the

country level, however, those who live in Wales do earn slightly more on average than those working in Wales. Again this suggests some employees from South Wales cross to the South West of England for work and others living in Eastern Wales work across the border in other parts of England, such as the North West and the West Midlands. Differences between earnings in place of residence and place of work are far less pronounced for female workers (for example, the high relative earnings of women in Swansea persists, which is likely to be explained by the City's large public administration, education and health sector).

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