



# The Welsh Economy

A Snapshot Summer 2017



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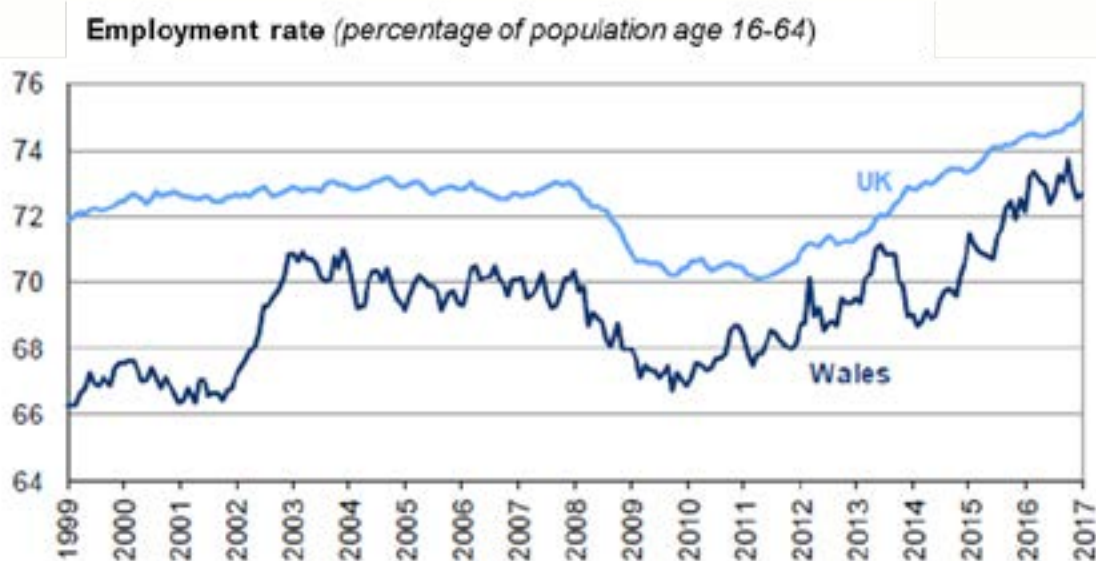
### The Welsh Economy – A Snapshot Summer 2017

Much of the information below is taken from the Welsh Government's statistical bulletin for August 2017.

<http://gov.wales/docs/statistics/2017/170818-key-economic-statistics-august-2017-en.pdf>

#### Employment and unemployment

The **employment rate** in Wales was 72.7% of those aged 16-64 during April to June 2017, which is an increase of 0.5% from a year earlier. The UK rate for the same period was 75.1%, up from 74.4% a year earlier.



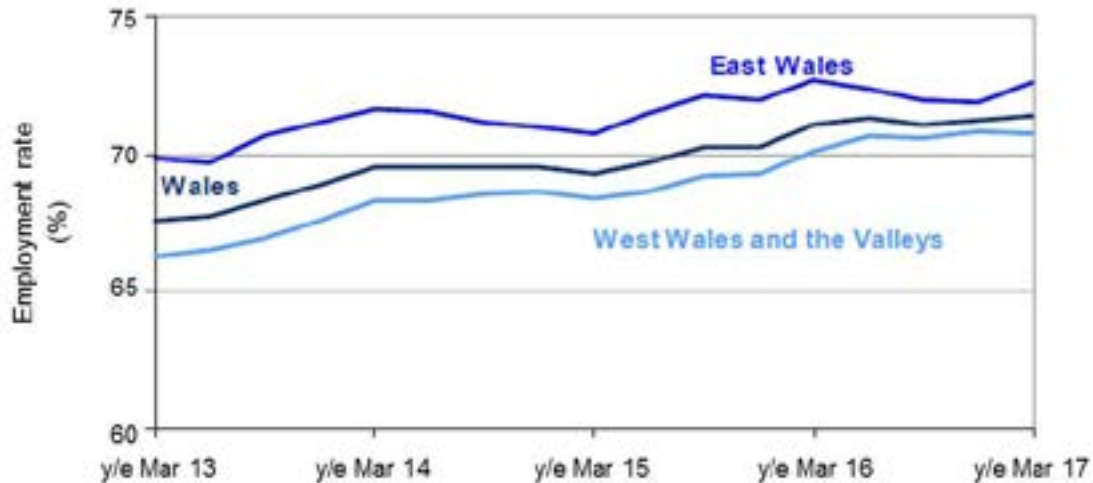
There were 757 000 men in employment in Wales from April to June 2017, down 1 000 (0.2%) from the same period a year earlier. This is a rate of 76.5% of those aged 16-64, up from 75.6% in the same period a year earlier. The number of men in employment in the UK over the same period rose by 118 000 (0.7%) to 17.0 million. This is a rate of 79.8% of those aged 16-64, up 0.5% from a year earlier.

There were 679 000 women in employment in Wales from April to June 2017, up 1 000 (0.2%) from the same period a year earlier. This is a rate of 68.9% of those aged 16-64, up from 68.7% in the same period a year earlier. The number of women in employment in the UK was 15.0 million, up 219 000 (1.5%) over the year. This is a rate of 70.5% of those aged 16-64, up from 69.6% a year earlier.

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There are quite significant differences in the employment rates for different regions of Wales. The diagram below helps to highlight some of these differences:

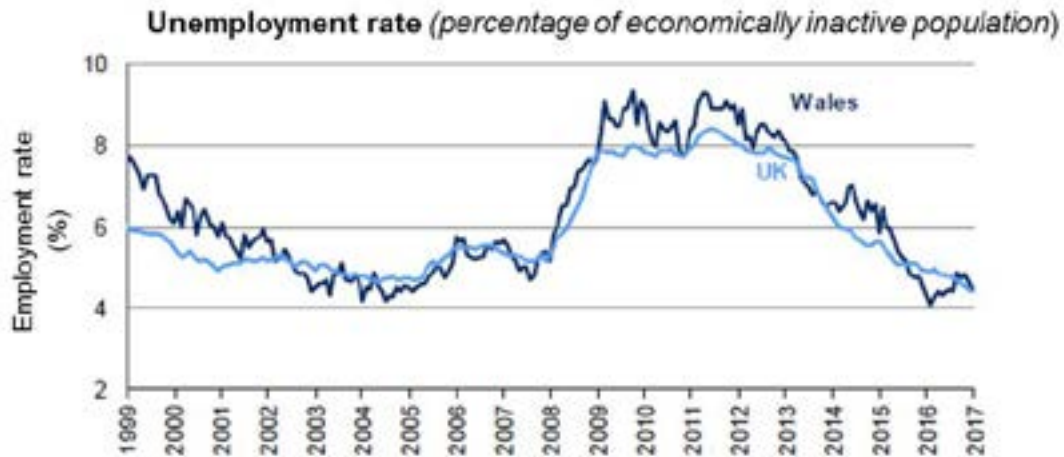


Source: Welsh Government analysis of Annual Population Survey

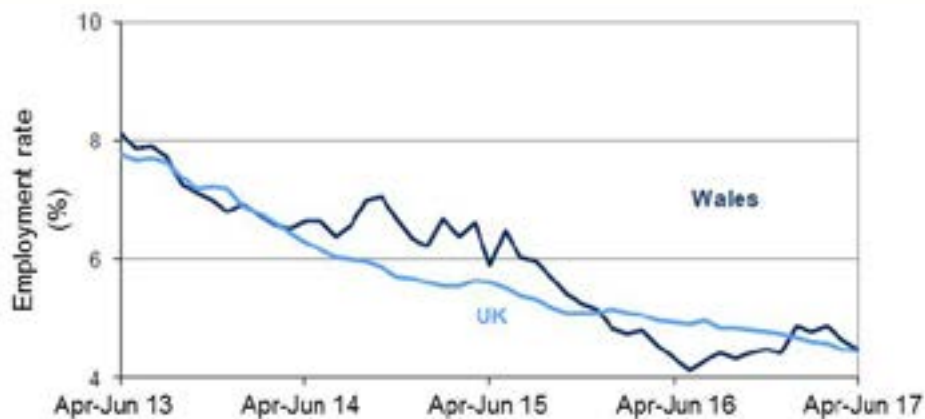
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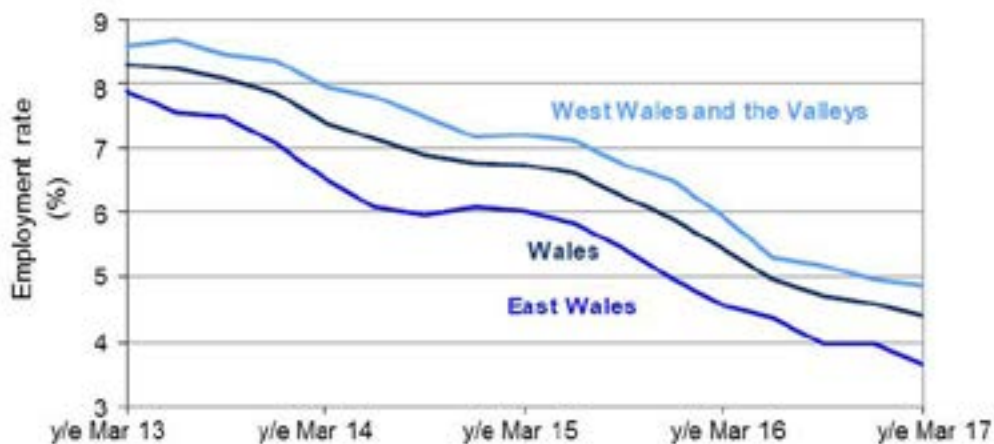
There were 67 000 people who were unemployed in Wales in April to June 2017, up 2 000 (3.6%) from the same period a year earlier. This is an **unemployment rate** of 4.5% of the economically active population during April to June 2017, up 0.1% from a year earlier. Not all people are economically active, some people may have decided that they don't want a job or don't need to work, or perhaps they cannot work because of a disability. The UK rate for the same period was 4.4%, down from 4.9% a year earlier.



Source: Welsh Government analysis of Labour Force Survey



Source: Welsh Government analysis of Labour Force Survey



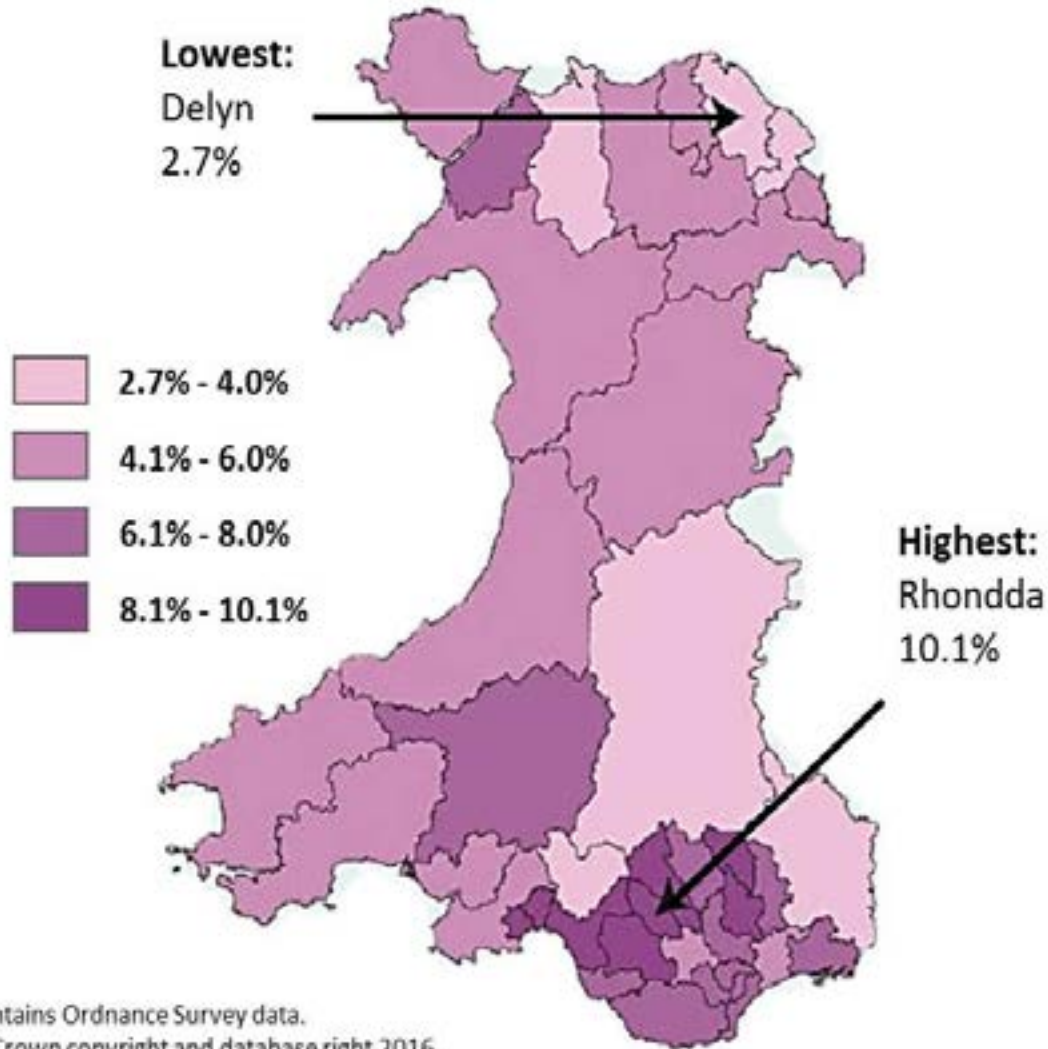
Source: Welsh Government analysis of Annual Population Survey

For the year ending 31 March 2017 the unemployment rate fell by 1.1% in West Wales and the Valleys, and fell by 0.9% in East Wales.

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### Unemployment in Wales by Constituency 2015

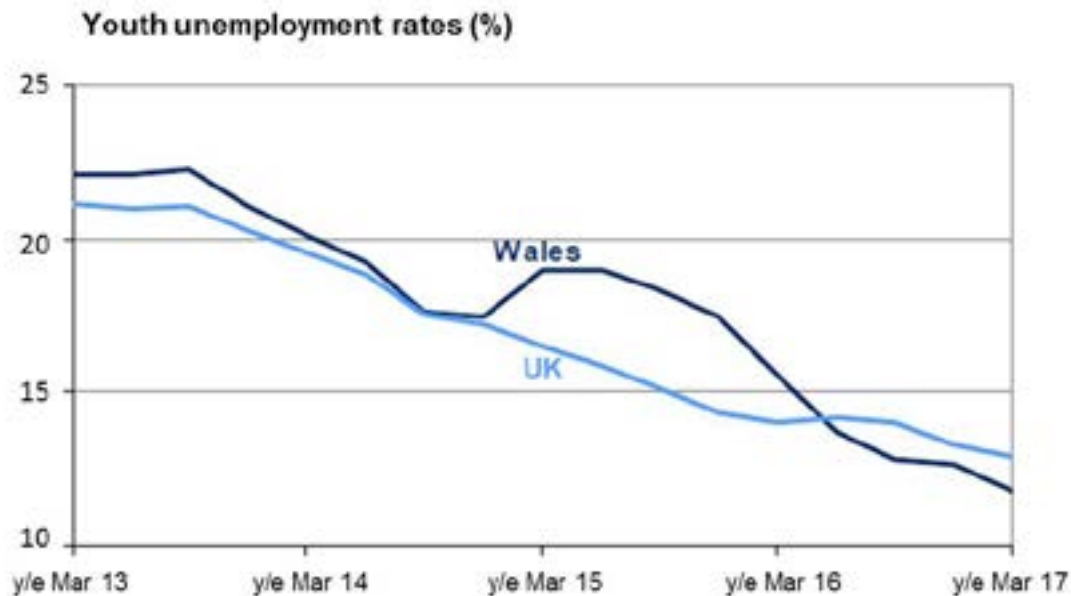


For the year ending 31 March 2017 the Annual Population Survey (APS) estimates that 18 600 people in Wales were **long-term unemployed** (12 months or more), down 28.6% over the year. This represented 28.5% of all those unemployed in the year. The equivalent UK rate was 25.2%, down 4.4% over the year.

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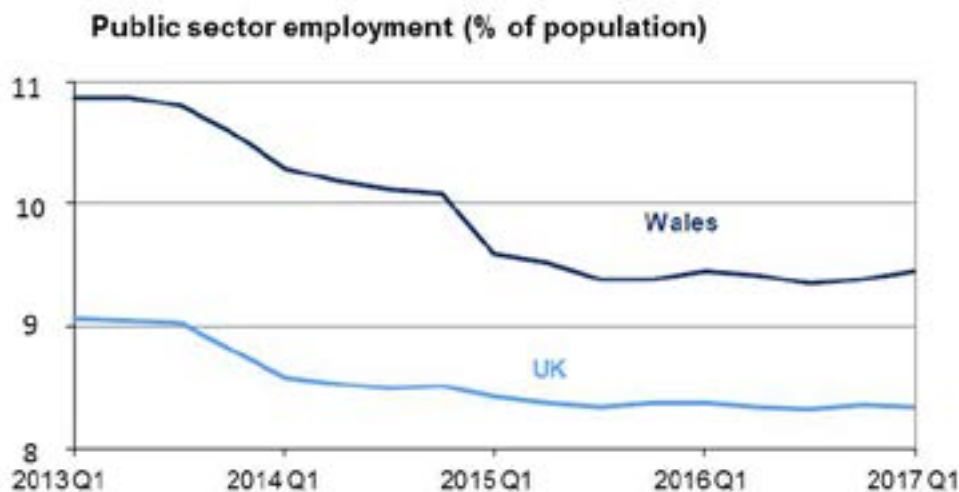
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For the year ending 31 March 2017 the APS estimates that 24 000 people **aged 16-24 (youth)** in Wales were unemployed, down 31.0% over the year. This represented 11.8% of the economically active in this age group, down 3.8% over the year. The equivalent UK rate was 12.9%, down 1.1% over the year.



Source: Welsh Government analysis of Annual Population Survey

There were 293 000 people employed in the public sector in Wales in 2017 Q1, down 0.1% from a year earlier. This is 9.5% of the population, unchanged from a year earlier. Public sector employment in the UK over the same period fell by 22 000 (0.4%) to 5.4 million over the year. This is 8.3% of the population, unchanged from a year earlier.



Source: Welsh Government analysis of Regional Public Sector Employment, ONS

### Interesting features of the 'labour market' in Wales:

- Youth unemployment (the proportion of people aged between 16 and 24 without a job and who would like to work) is very high compared to the rest of the UK, especially in cities such as Swansea and Newport.
- Since 1999, the number of jobs in the manufacturing sector in Wales has fallen by 30% overall (compared with nearly 40% in the UK as a whole), although more manufacturing jobs have been created since 2011.
- Since 1999, the number of self-employed people in Wales has increased by 40% overall.
- Between 2015 and 2016, average (median) weekly earnings in Wales rose from £478.60 to £492.40, compared with an increase in the UK as a whole from £527.10 to £538.70.
- The proportion of workers in Wales on permanent contracts (rather than temporary contracts) is about 63%; this is significantly lower than the 71% of workers in the UK as a whole.
- The only local authority in Wales in which employment fell between 2000 and 2015 was Blaenau Gwent (down 8%). Cardiff saw the largest increase in employment in the same time period (up 23%, or 42 000), followed by Carmarthenshire (up 23%, or 15 000) and then Swansea (up 11%, or 12 000).

To help reduce unemployment in Wales even further, a number of schemes have been introduced:

#### UK Start-Up Loans Company (SULCO)

- Scheme established in 2013
- It has provided an average of £8 000 to 1 943 new companies
- This is equal to helping 2 new companies each day
- Examples of companies that have benefitted include Goji Hair in Cardiff, Waterfall Ways in Glynneath and The Little Cheese Shop in Denbighshire

#### Childcare Support

- In August 2017, the Welsh Government announced an extra £100 000 to subsidise childcare for working parents
- Working parents will be entitled to 30 hours of free childcare for their 3 and 4 year olds
- This should help to increase the employment rate in areas where money has been targeted e.g. Caerphilly, Gwynedd, Swansea and Blaenau Gwent

#### Jobs Growth Wales

- At the end of 2016, the Welsh Government announced £25m funding from the EU to support Jobs Growth Wales
- This is a scheme to support nearly 9 000 minimum wage jobs for 16-24 year olds in Wales who have previously been unemployed
- The jobs last for 6 months and the wages are paid from the Jobs Growth Wales fund
- At the end of the 6 months, employers should employ that young person

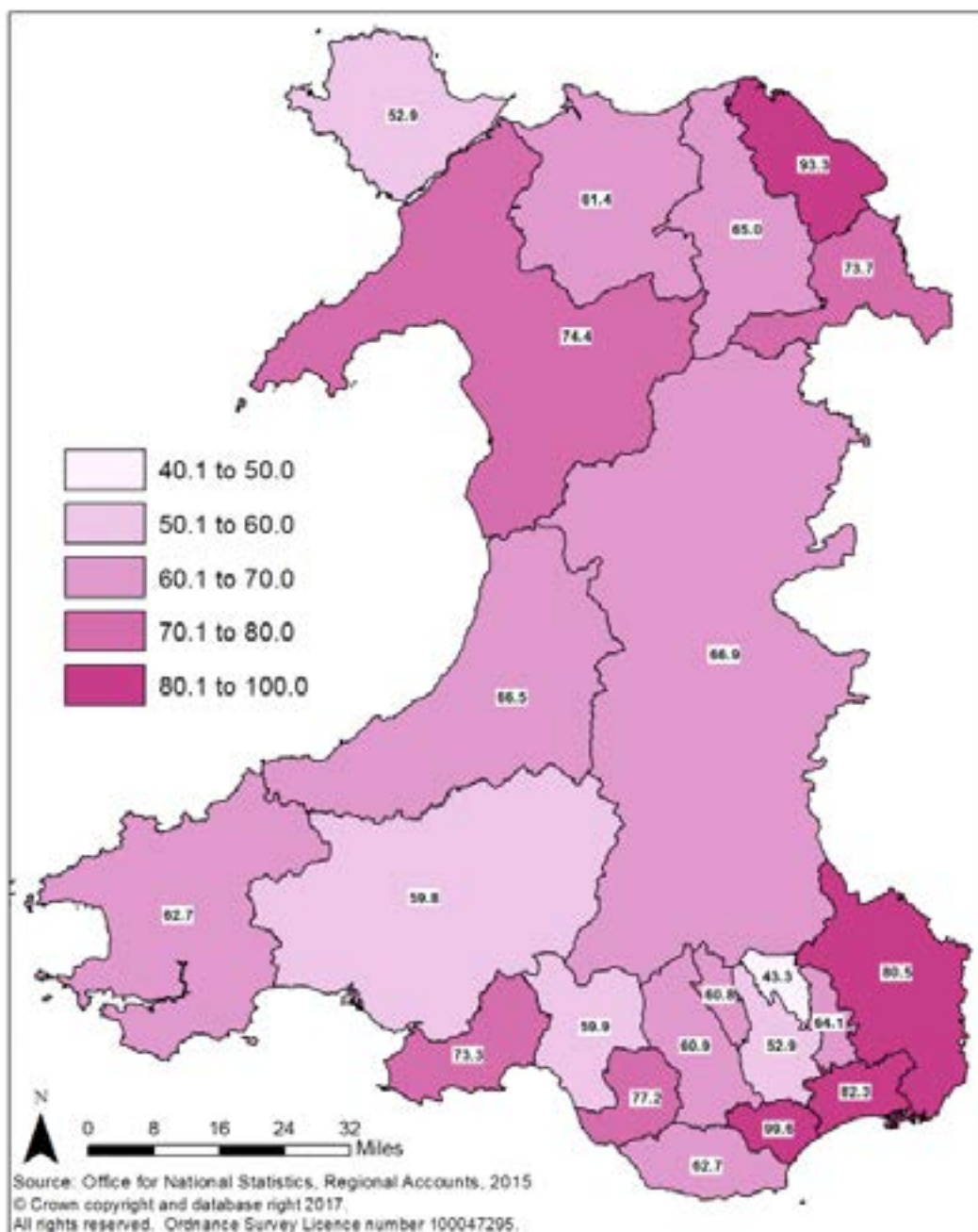
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### Production (national output)

National output is the quantity of goods or services produced in a given time period by a country. Usually, when we want to measure the value of output in an economy we use a measure called Gross Domestic Product (GDP). This is usually measured by calculating the value of the goods and services produced by all sectors of the economy; agriculture, manufacturing, energy, construction, the service sector and government.

However, we can only use this measure for an economy as a whole. If we want to measure the value of output in Wales, or regions of Wales, we have to use a measure called Gross Value Added (GVA). This statistic is slightly different but still provides a good measure of output. The map below shows the GVA of different regions of Wales; the GVA has been represented as a proportion of the UK's GVA.



The map above clearly shows that there are significant differences across Wales in terms of the level of output – the darker purple areas produce much more than the pale pink areas.



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It is important to remember, though, that many workers travel in order to go to work. So, for example, GVA in Anglesey looks quite low, but many residents of Anglesey will travel away from Anglesey for work.

How much is produced in a particular area depends on a number of factors:

- Transport links (which affect the ability of workers to travel to work and for finished products to get to shops or ports)
- Education levels of workers
- The amount of investment by businesses
- The geography of an area (for example, it can be tricky to build a large manufacturing plant in very hilly areas!)
- The quality of Information Communication Technology e.g. broadband speeds, mobile phone network coverage etc.

Take a look at the map to see if you can come up with reasons why some areas have strong economic performance and others have weak performance.

### Types of work in Wales

There have been some highly significant changes in the type of work carried out in Wales between 2001 and the present.

For example, the sector with the largest increase in employment in Wales between 2001 and 2015 was 'human health and social work' with an increase of 39 000 workers (equal to a 23% increase). This is now also the second largest sector by employment with a total of 205 000 workers. The sector with the largest proportionate increase in workers was in 'scientific and technical activities', with an 82% increase in the same time period. Employment in 'administration and support services' rose by 40%, an increase of 35 000 workers.

There were significant declines in 'manufacturing', down by 46 000 workers or 24%, and in 'wholesale and retail trade with motor vehicle repairs', down by 3 000 workers or 1%.

Overall, this indicates quite a significant shift away from low and medium skilled technical jobs to highly skilled technical jobs and the service sector. However, 'wholesale and retail trade with motor vehicle repairs' remains the largest sector by employment in Wales with 207 000 workers. These changes are very similar to the changes seen in the UK as a whole, although the size of the changes is greater in Wales.

Public sector employment (e.g. defence, education, health) is more important in West Wales and the Valleys. This is often true in poorer areas of the UK, as the government tries to tackle inequality by providing more jobs in these areas. Finance and business activities are more significant in East Wales.

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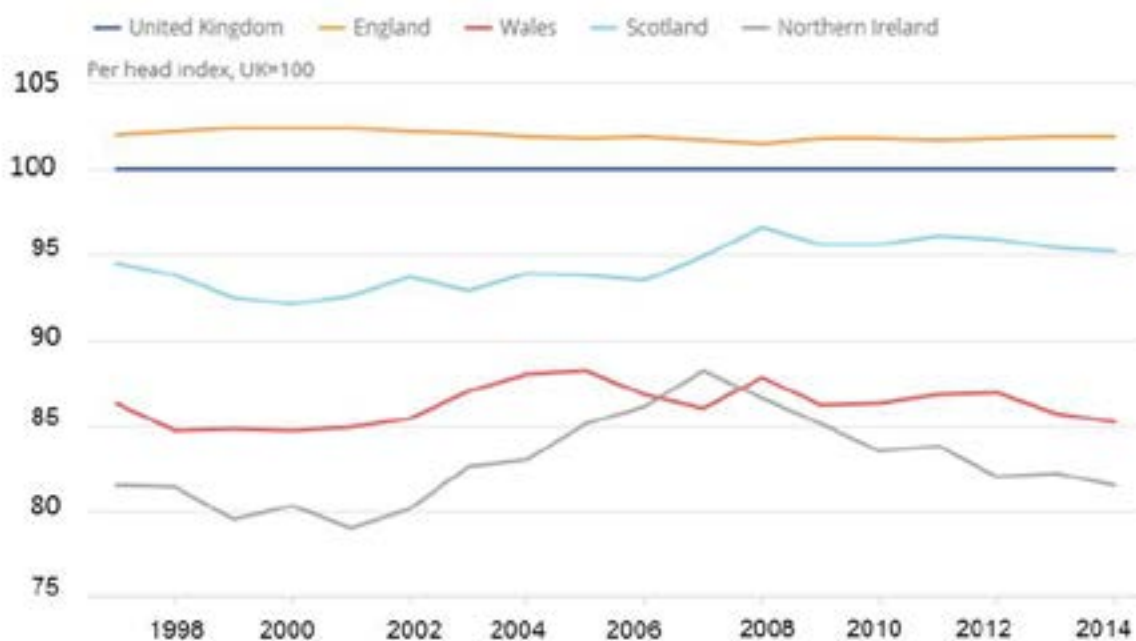
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### Disposable income

Disposable income is the amount of money households have for spending and saving after deducting taxes.

The latest figures show that London had the highest gross disposable household income per head where, on average, each person had £23 607 available to save or spend. Northern Ireland had the lowest where, on average, each person had £14 645. People in Wales had on average £15 302. This compares with a UK average of £17 965.

**Countries of the UK disposable household income per head index comparison 1997 to 2014**



Source: Office for National Statistics

### Population

#### Population growth for UK countries

	Population 2016	Share of UK population	Change from 2015
England	55 268 100	84.2%	+481 000
Scotland	5 404 700	8.2%	+31 700
Wales	3 113 200	4.7%	+14 100
Northern Ireland	1 862 100	2.8%	+10 500
UK	65 648 100	100.0%	+ 538 100

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### Population pyramid comparison 2001 and 2016



Use the link below to use the interactive tool on the pyramids:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/latest>

### Population of Wales by local authority

	1991	2001	2011	2016
Wales	2 872 998	2 910 232	3 074 067	3 113 150
Isle of Anglesey	69 123	67 806	69 913	69 723
Gwynedd	115 007	116 844	121 523	123 627
Conwy	107 951	109 674	115 326	116 538
Denbighshire	89 395	93 070	93 919	94 805
Flintshire	142 036	148 629	152 666	154 419
Wrexham	124 180	128 540	135 070	136 710
Powys	119 703	126 398	133 071	132 160
Ceredigion	65 933	75 417	75 293	74 146
Pembrokeshire	112 446	113 058	122 613	123 954
Carmarthenshire	169 725	173 652	183 961	185 610
Swansea	229 743	223 463	238 691	244 513

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	1991	2001	2011	2016
Neath Port Talbot	138 844	134 380	139 880	141 588
Vale of Glamorgan	118 053	119 277	126 679	128 463
Cardiff	296 941	310 088	345 442	361 468
Rhondda Cynon Taf	234 917	231 910	234 373	238 306
Merthyr Tydfil	59 594	56 207	58 851	59 810
Caerphilly	170 615	169 546	178 782	180 462
Blaenau Gwent	72 666	70 000	69 812	69 628
Torfaen	90 961	90 912	91 190	92 052
Monmouthshire	80 209	84 984	91 508	92 843
Newport	135 479	137 642	145 785	149 148

**Source:**

<https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority/populationestimates-by-localauthority-year>

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### The likely impact of Brexit on the economy of Wales

In June 2016, a referendum was held in the UK in which a majority of voters voted in favour of the UK leaving the EU. Some of the possible opportunities and threats for the Welsh economy are outlined below:

- The Demos “think tank” has said that Wales, out of all the UK regions, will be hit hardest by the UK government’s focus on a hard Brexit i.e. leaving the free trade area.
- 60% of exports from Wales currently go to the EU i.e. the EU is Wales’ biggest and most valuable trading partner, and is responsible for 200 000 jobs in Wales.
- One third of Welsh businesses expect their exports to fall after Brexit.
- One third of Welsh businesses expect to import less from the EU after Brexit.
- Businesses that trade outside of the EU have done well as a result of the weak pound making their exports cheaper.
- Between 2014 and 2020, Wales is due to receive £1.8bn from the EU Structural Funds programme, which helps poorer regions of the EU to grow. After Brexit, this money will not be available.
- On average, people in Wales have been receiving an average of £628 per year in aid from the EU (compared with £224 in N Ireland, £134 in Scotland and £102 in England).
- Only 4% of workers in Wales are from the EU, so the government does not expect there to be any shortages of workers.
- Under the EU’s Common Agricultural Policy (CAP), Welsh farmers receive £250m a year in direct payments and an additional £665 over 6 years to support rural development.
- The average Welsh farmer earns just £13 000 a year, of which 80% comes from the EU.

Source: <http://ppi.w.org.uk/what-will-brexit-mean-for-wales/>

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### Acknowledgements

Page	Image Description	Acknowledgements
Cover Page	Cardiff, Wales, UK - People walking in the pedestrian precinct of Queen Street in the city centre	Tony baggett / Alamy Stock Photo
Cover Page	3D rendered Credit Card covered with Wales flag	Aydin Buyuktas / Alamy Stock Photo
Header	New designs of british money, the new shape of the pound coin to be introduced in 2017	Jeanette Teare / Alamy Stock Photo