



Monthly Labour Market Report

Welcome

The Monthly Labour Market Report from the Learning and Skills Observatory Wales (LSO) aims to provide the main headlines on the Welsh labour market and is based on the latest data available.

This month's issue focuses on unemployment amongst younger and older people.

This report was produced by the Centre for Economic and Social Inclusion (known as *Inclusion*), commissioned by Welsh Government to blend Wales's available labour market information (LMI) (from the various sources) and produce a monthly analysis. Whilst the report is owned by Welsh Government it is not validated in terms of its specific content or interpretation.

Inclusion has an unrivalled understanding of the labour market based on over 28 years of experience of working with the range of stakeholders involved in delivering employment and skills services. We collect and analyse both national and local labour market data through our well developed Local Labour Market Information System, conduct research on employment and skills issues at the local level, run events that bring together policymakers and providers in the skills and employment sector, and produce weekly e-briefings that summarise what is new in employment and skills for our subscribers.

We currently supply monthly employment and skills data to the Greater London Authority, as well as providing labour market tools and analysis for Greater Manchester.

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Latest labour market trends

Employment

Employment data from the Labour Force Survey (LFS) – estimates published by the Office for National Statistics (ONS) obtained from a large sample quarterly rolling survey of households – show that Wales performed better than some but worse than other UK nations and English regions in the rolling quarter October to December 2014.

The (seasonally adjusted) Labour Force Survey estimate of the number of people aged 16 and over in employment in Wales increased by 3,000 (+0.2%) compared to the previous quarter (July to September 2014) to a total of 1,378,000. A quarterly net increase in the number of men in employment more than offset a net fall in the number of women in employment. Male employment increased by 5,000 (+0.7%) to 728,000 while female employment fell by 2,000 (-0.3%) to 650,000.

The increase in total employment in Wales compares with a corresponding quarterly increase in total UK employment of 103,000 (+0.3%). In contrast to Wales, employment increased by 87,000 (+0.3%) in England and by 20,000 (0.8%) in Scotland but fell by 6,000 (-0.8%) in Northern Ireland. The net increase in England comprised an increase in employment in the North East (20,000, +1.7%), the North West (30,000, +0.9%), Yorkshire and Humberside (9,000, +0.4%), the East Midlands (37,000, +1.7%), and the West Midlands (39,000, +1.5%), and a decrease in, the East of England (-15,000, -0.5%), London (-20,000, -0.5%), the South East (-6,000, -0.1%) and the South West (-6,000, -0.2%).

The working age employment rate for Wales (i.e. the proportion of the population aged 16-64 in employment) increased by 0.1 percentage point in the quarter to 69.2%. This compares with an increase of 0.2 percentage points in England, an increase of 0.6 percentage points in Scotland and a decrease of 0.7 percentage points in Northern Ireland. The employment rate in Wales is 4 percentage points lower than the UK average (73.2%) and lower than the employment rate in both England (73.5%) and Scotland (74.4%) but higher than the rate in Northern Ireland (67.8%).

Unemployment and economic inactivity

The number of people in Wales who are unemployed on the International Labour Organisation (ILO) Labour Force Survey measure increased by 2,000 to 99,000 between the quarters July to September 2014 and October to December 2014. The number of unemployed men in Wales fell by 2,000 (-3.6%) to 57,000 but the number of unemployed women increased by 4,000 (+9.9%) to 42,000.

Total unemployment fell by 81,000 (-4.9%) in England, by 15,000 (-9.3%) in Scotland and by 3,000 (-5.3%) in Northern Ireland. The ILO unemployment rate in Wales increased in the quarter by 0.1 percentage points to 6.7%. The UK average rate of ILO unemployment fell by 0.3 percentage points to 5.7%. The unemployment rate in Wales was higher than in England (5.7%), Scotland (5.4%) and Northern Ireland (5.7%). Within England, only the North East (8.0%) had a higher unemployment rate than Wales. South West England (4.5%), South East England (4.6%), and the East Midlands (4.9%) had the lowest unemployment rates.

The administrative count of people unemployed and claiming Jobseeker's Allowance (JSA) is somewhat lower (46,800 in Wales in January 2015, a JSA claimant count rate of 3.3%) than ILO unemployment because non-JSA claimant jobseekers are excluded. The JSA claimant count rate in Wales is 0.8 percentage points higher than the UK average rate (2.5%). The number of JSA claimants in Wales decreased by 2,100 between December 2014 and January 2015. However care should be taken in interpreting change in the claimant

count since this can be influenced by changes to the benefit system as well as underlying change in the labour market.

The number of economically inactive people of working age in Wales fell by 2,000 to 491,000 between the quarters July to September 2014 and October to December 2014. As the LMI scorecard shows the working age rate of economic inactivity in Wales (25.7%) is 3.4 percentage points higher than the UK average (22.3%).

Within the UK nations and regions only Northern Ireland (28.0%) had a higher inactivity rate than Wales in the quarter October to December 2014. The lowest inactivity rates are in the East of England (19.5%), the South East (19.7%) and the South West (20.5%)

LMI scorecard

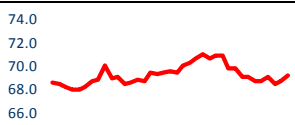
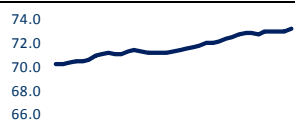
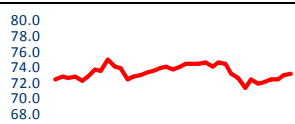
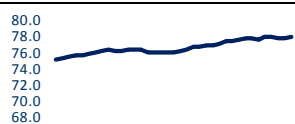
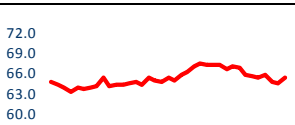
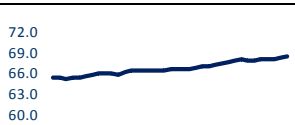
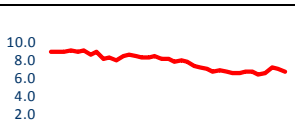

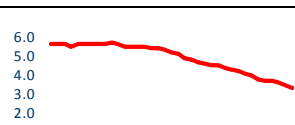
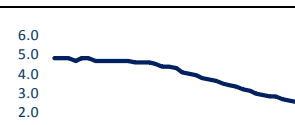
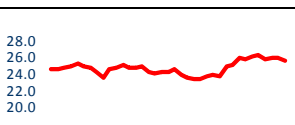

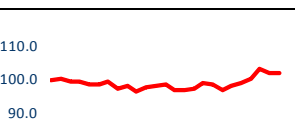
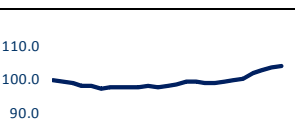
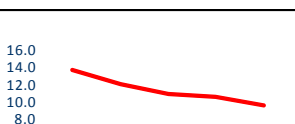
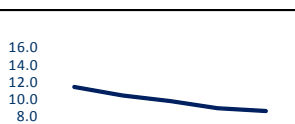
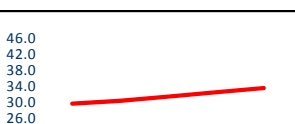
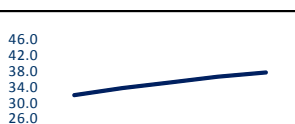
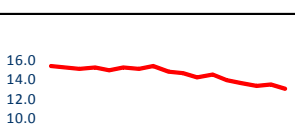
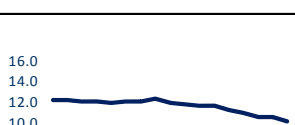
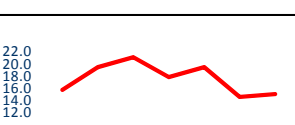
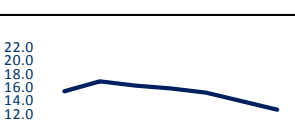
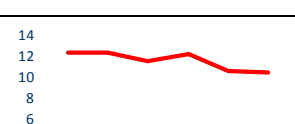
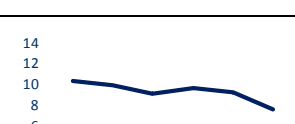
The scorecard presents recent trends and figures for a number of core labour market indicators, using a variety of different sources:

	Source
Working age employment rate	1
Working age male employment rate	1
Working age female employment rate	1
ILO unemployment rate 16+	1
Claimant count as a proportion of the working age population	2
Working age economic inactivity	1
Index of workforce jobs	3
Proportion of the working age population with no qualifications	4
Proportion of the working age population qualified to NQF4+	4
Proportion of the working age population who claim out of work benefits	5
Children living in workless households	6
Proportion of 16–18 year olds who are not in employment, education or training	7

- 1 LFS, ONS: subject to sampling variability and should be used with caution
- 2 Claimant count seasonally adjusted, NOMIS: trends can be affected by changes to benefit rules
- 3 Employer surveys, household surveys and administrative sources, ONS
- 4 Annual Population Survey/Annual Local LFS, ONS. Data is subject to sampling variability and should be used with caution.
- 5 Department for Work and Pensions, NOMIS
- 6 Household LFS, ONS: subject to sampling variability and should be used with caution
- 7 Source: ONS, Higher Education Statistics Agency, Welsh Government Lifelong Learning Wales Record, Pupil Level Annual School Census, Annual Population Survey.

LMI Scorecard

February 2015

		Wales		Difference between Wales and National (latest figures): Better Worse	NATIONAL (UK or GB depending on indicator)	
		Trend (Three to four years)	Latest result & trend		Latest result & trend	Trend (Three to four years)
Supply of Labour	Working age employment rate (%)		69.2% ➔	-4.0 Charts cover: Oct - Dec 11 to Oct - Dec 14	73.2% ➔	
	Working age male employment rate (%)		73.1% ⬆️	-4.9 Charts cover: Oct - Dec 11 to Oct - Dec 14	78.0% ➔	
	Working age female employment rate (%)		65.3% ⬇️	-3.2 Charts cover: Oct - Dec 11 to Oct - Dec 14	68.5% ➔	
	ILO Unemployment rate 16+ (%)		6.7% ➔	1.0 Charts cover: Oct - Dec 11 to Oct - Dec 14	5.7% ⬇️	
	Claimant Count as a proportion of the workforce, seasonally adjusted (%)		3.3% ⬇️	0.8 Charts cover: Oct 11 to Oct 14	2.5% ⬇️	
	Working age economic inactivity (%)		25.7% ➔	3.4 Charts cover: Oct - Dec 11 to Oct - Dec 14	22.3% ➔	
Demand	Index of workforce jobs. 2008 Q1=100		101.8% ➔	-2.4 Charts cover: 2008 Q2 to 2014 Q2	104.2% ⬆️	
Skill gaps	Proportion of the working age population with no qualifications (%)		9.7% ⬇️	1.0 Charts cover: Year to Dec 09 to year to Dec 13	8.7% ⬇️	
	Proportion of the working age population qualified to NQF4+ (%)		33.6% ⬆️	-4.0 Charts cover: Year to Dec 09 to year to Dec 13	37.6% ⬆️	
Worklessness & NEETS	Proportion of the working age population who claim out of work benefits		13.0% ⬇️	2.8 Charts cover: May 10 to May 14	10.2% ⬇️	
	Children living in workless households (%)		15.1% ⬇️	2.4 Charts cover: Apr-Jun 2008 to Apr-Jun 2014	12.7% ⬇️	
	Proportion of 16-18 year olds who are NEET (%)		10% ⬇️	2.0 Charts cover: 2008 to 2013	8% England ⬇️	

Unemployment among younger and older people

Introduction

Recent research has found that older people who are out of work face greater barriers to re-entering the labour market compared to their younger counterparts. On average, they spend longer unemployed and are more likely to claim benefits for a health condition. Age in itself can be a barrier to work, and as a result many unemployed older workers face an arduous struggle to find employment.

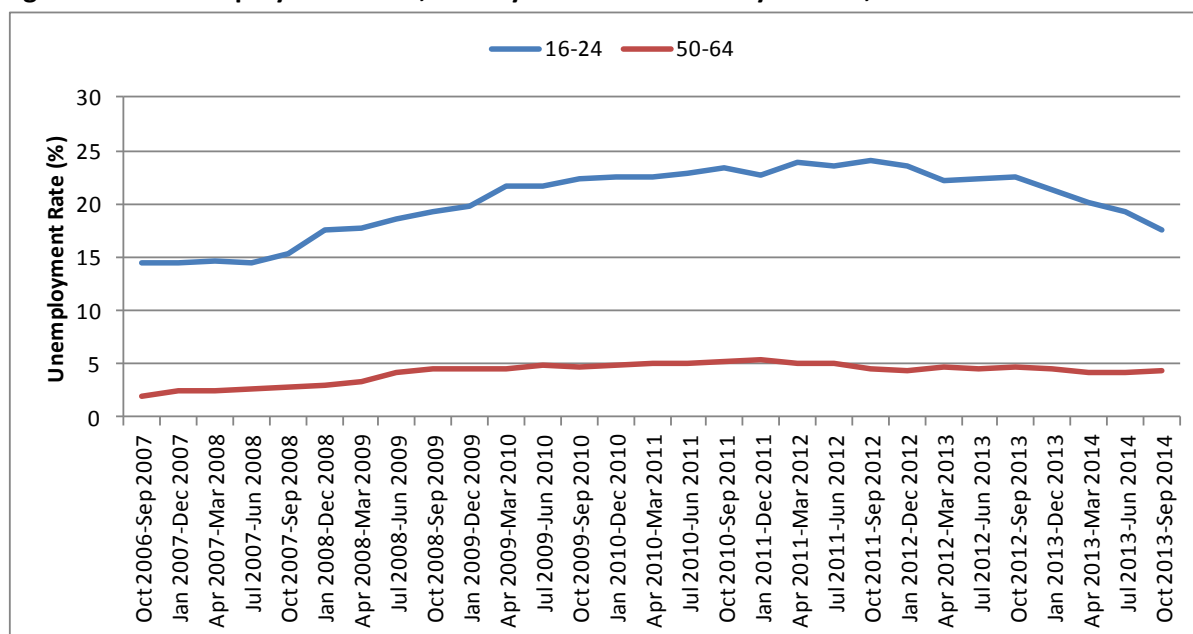
On the other hand, unemployment rates among young people are far higher than those for their older counterparts. Research has shown that many young people experience difficulties navigating the school-to-work transition. Those who do not follow an academic route can find it particularly hard to break into the labour market without the soft skills employers require. These can be very difficult to develop and demonstrate without work experience.¹

This month's spotlight begins by looking at the different impact the recession had on different age groups, and analyses research findings on the causes of employment difficulties for older workers and the effects of employment difficulties on younger people.

Impact of the Recession on Unemployment by Age

At first glance, the statistics suggest that the recession had a greater impact on young people than it did for older workers. Figure 1 shows that the ILO unemployment rate for 16-24 year olds in Wales rose from 14.5% in the year to September 2007 to a peak of 23.9% in the year to March 2012, before falling back to 17.6% in the year to September 2014 (the latest data available). By contrast, the employment rate for 50-64 year olds in Wales rose from just 2.0% in the year to September 2007 to a peak of 5.3% in the year to December 2011.

Figure 1: ILO Unemployment rates, 16-24 year olds and 50-64 year olds, Wales 2007 - 2014



Source: StatsWales, ILO unemployment rates by Welsh local areas and year series

<https://statswales.wales.gov.uk/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Unemployment/ILO-Unemployment/ILOUnemploymentRates-by-WelshLocalAreas-Year>

The unemployment rate for 50-64 year olds has not fallen significantly since the recession ended and the

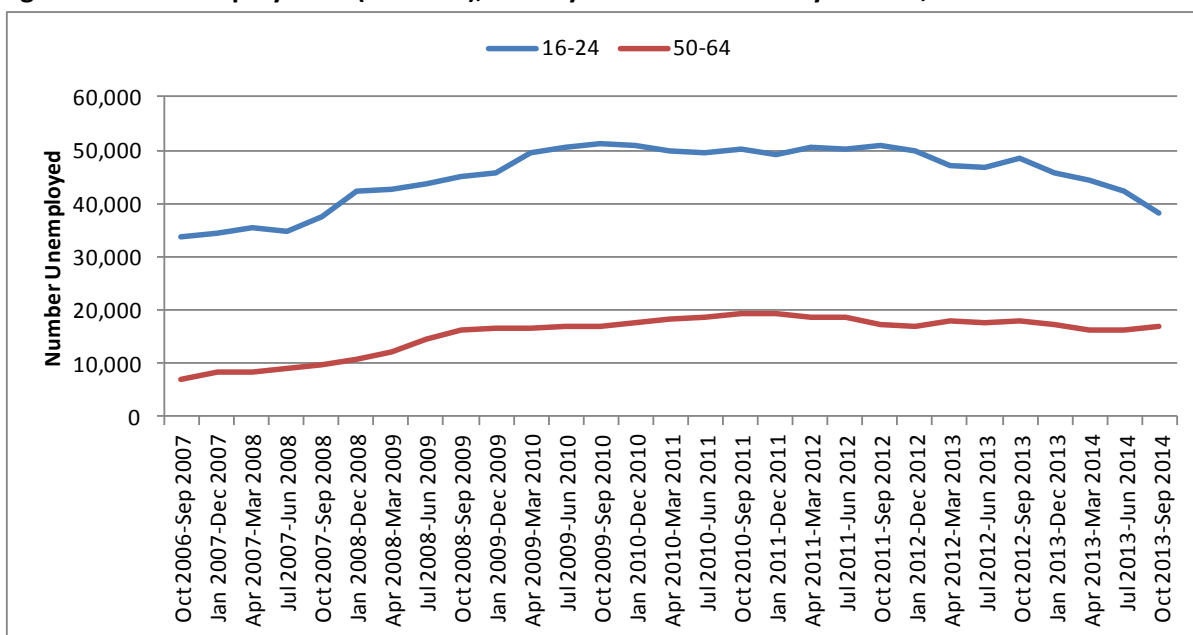
¹ http://www.theworkfoundation.com/DownloadPublication/Report/374_Written_evidence_submitted.pdf

economy has returned to growth, and the latest rate of 4.3% (in the twelve months to September 2014), is more than twice its pre-recession level. However, despite the unemployment rate for 16-24 year olds in Wales falling from its peak over recent years, it remains approximately four times as high as the unemployment rate for 50-64 year olds.

The scale of unemployment amongst older unemployed people can be better illustrated through looking at changes in absolute numbers. Figure 2 shows that during the recession, the number of unemployed people in both the 16-24 and 50-64 age group rose significantly. However, following the peaks for both age groups in 2010/11, there has been much less of a fall in unemployment among 50-64 year olds compared to 16-24 year olds as the economy has recovered.

The latest data (for the year to September 2014) shows that there were 16,800 unemployed people in Wales aged 50-64, a figure that is almost two and a half times its pre-recession level, and only 14% below its peak level of 19,500 (in the year to December 2011). By contrast, the number of unemployed 16-24 year olds has fallen sharply (particularly in the last 18 months or so), with the current level of 38,100 being around 13% higher than its pre-recession level, but around 26% lower than its peak of 51,200 in the year to September 2010. However, as with the unemployment rate, the volumes of young people classed as unemployed are far higher than those for older people – around double as of year ending September 2014.

Figure 2: ILO Unemployment (volumes), 16-24 year olds and 50-64 year olds, Wales 2007 - 2014



Source: StatsWales, ILO unemployment rates by Welsh local areas and year series

<https://statswales.wales.gov.uk/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Unemployment/ILO-Unemployment/ILOUnemploymentRates-by-WelshLocalAreas-Year>

Long-term unemployment

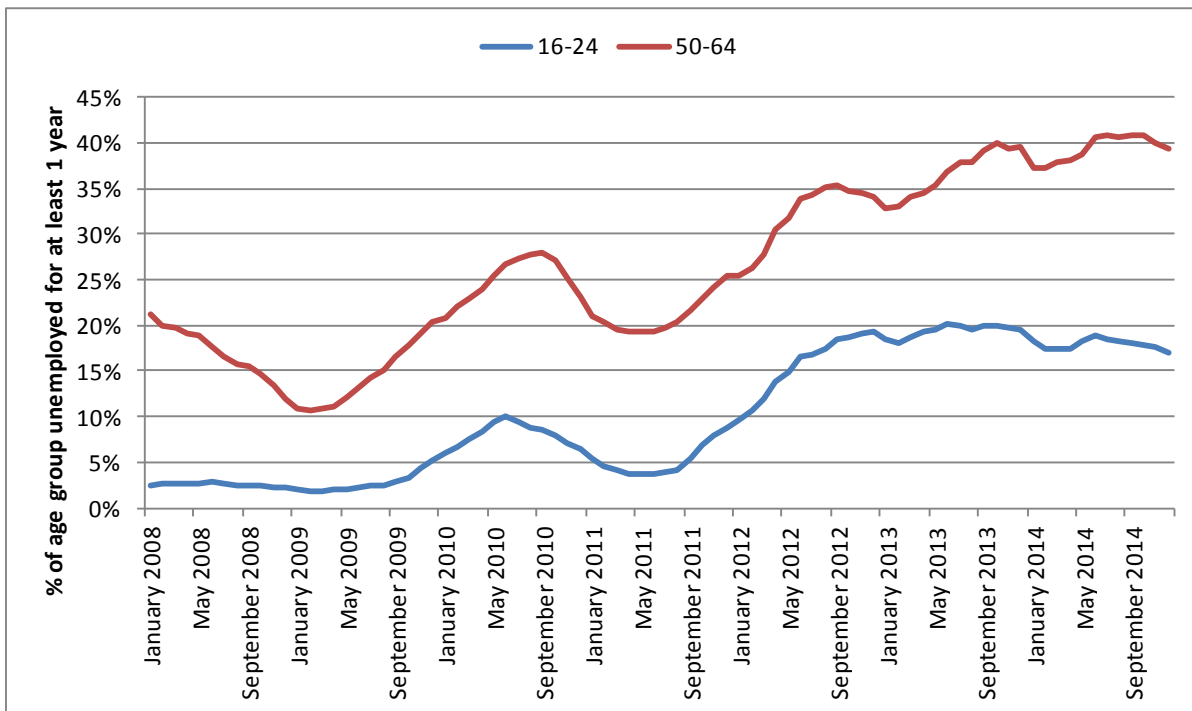
Statistics from the claimant count highlight that older people tend to be unemployed for longer than young people. Again comparing the 16-24 age group with those aged 50-64, Figure 3 shows that long-term unemployment has consistently been more of an issue for older people than for younger people. While both groups saw a similar increase during the recession, Figure 3 shows that following the return to economic growth, the proportion of 50-64 year olds being out of work for at least a year continued to rise, which was not the case for 16-24 year olds.

The claimant count for January 2015 showed that 37.5% of unemployed 50-64 year olds in Wales had been

claiming JSA continuously for at least a year (3,595 individuals), compared to just 15.8% of those aged 16-24, which is almost twice as high as in the period prior to the recession.

The difference between these two age groups is even more pronounced when considering those who have been unemployed for at least two years. In January 2015, 24.1% of unemployed 50-64 year olds in Wales had been claiming JSA continuously for at least a year, compared to just 6.5% of 16-24 year olds.

Figure 3: Percentage of JSA claimants (by age) who have been unemployed for at least a year, Wales, 2008 - 2015



Source: Claimant Count (via Nomis)

What are the main causes of employment difficulties amongst older workers?

In trying to understand the causes as to why older workers are finding it difficult to secure sustainable employment, research studies have found a variety of contributing factors. Business in the Community published research in February 2015 that found that:

'for far too many older people – the chance to enjoy meaningful employment in later life is denied. Despite an extensive body of knowledge on how to maximise the potential of the older worker and the business case for doing so, it appears that older workers are being failed at every turn.'

(source: The Missing Million: Pathways back into employment)

Their key findings included:

- Around one million people over 50 have been pushed out of work against their will and would like to be working if the appropriate opportunities were available. In addition, a greater number of older people are becoming jobless than finding work.
- Those who are able to find re-employment are more likely than younger people to end up in alternative roles to regular employment, such as self-employment and even unpaid work, but these positions may not actually fulfil their own desires or expectations.

- Older people who do succeed at finding work are doing it primarily on their own, with limited or inappropriate support from employment related services.
- Many of the barriers that stand in the way of older people returning to work relate primarily to age, for example, in terms of health and care concerns in later life or the perpetuation of age-related stereotypes, and employers can play an important role in helping to change this situation in the future.

What are the main effects of employment difficulties on younger people?

The effects of unemployment on young people have been shown to be wide ranging. This has been explored by the Prince's Trust Macquarie Youth Index, which assesses the happiness, wellbeing and hopes for the future of young people (aged 16 – 25) across the UK. It finds that young people suffer from a range on anxiety issues, and these are magnified in those who are experiencing employment issues (those who are NEET and those unemployed for six months or more). Whilst 36% of young people often feel anxious about everyday situations, this rises to 52% amongst NEETs and 53% amongst those unemployed for six months or more. The increase amongst those unemployed for six months or more compared to all young people is even more pronounced when stating they often feel too anxious to leave the house (44% compared to 13%).

Table 1: Anxieties experienced by all young people compared with those who are unemployed and the long-term unemployed

	All young people	All Neets	Unemployed for six months or more
I often feel anxious about everyday situations	36%	52%	53%
I feel inadequate on a regular basis	36%	53%	56%
I feel nervous about meeting new people	54%	62%	63%
I avoid meeting new people	28%	46%	49%
I often feel too anxious to leave the house	13%	35%	44%
I find it difficult to make eye contact with people	31%	39%	42%
I don't feel confident talking on the phone	41%	47%	50%
Things make me cry easily	27%	32%	33%
I "fall apart" emotionally on a regular basis	20%	33%	34%

Source: Princes Trust

The effects of anxiety are also more apparent amongst those who are NEET compared to all young people. This may further decrease their chances of finding work in the future as some of the anxiety effects worsened by being jobless include being able to look for or find a job (51% amongst NEETs compared to 25% amongst all young people), learning new skills (33% compared to 22%), and meeting new people (57% compared to 42%).

Table 2: The impact of anxiety on all young people compared to those who are unemployed

Anxiety has stopped me from...	All young people	All Needs
Sleeping well	49%	59%
Asking for help	45%	52%
Meeting new people	42%	57%
Having positive relationships	31%	39%
Eating properly	29%	38%
Looking after my health	26%	36%
Being able to look for or find a job	25%	51%
Learning new skills	22%	33%

Source: Princes Trust

Policy responses

Although the statistics show that age-related unemployment is not a new issue, a number of related policy responses have been fairly recent. In 2013, the Welsh Government published its Strategy for Older People², which includes the following desired outcome relating to employment:

'older people who want to work are able to do so and can access help with re-skilling and retraining.'

The UK Government has also acknowledged this issue and in June 2014 published 'Fuller Working Lives: a framework for action'³, a document explaining how working longer can benefit individuals, businesses, society and the economy and setting out a number of new actions to help people have fuller working lives.

In December 2014, the UK Government announced that from April 2015, the government will roll out an 'older workers' champion scheme across every part of the UK to 'tackle the age discrimination that can force them into the much higher levels of long-term unemployment than their younger counterparts'⁴. The scheme will trial targeted and intensive support for older jobseekers.

In September 2014, the Welsh Government published a series of Skills Performance Measures. These include a specific measure for Equality and Equity and place an emphasis on supporting those individuals with protected characteristics, and this includes older workers.

To assist young people into the labour market, the Welsh Government launched its Youth Engagement and Progression Framework in October 2013. The framework aims to reduce the number of young people not in education, employment or training (NEET) over a 2 year period. The framework is based around 6 component elements, proven to be effective at increasing youth engagement and progression. They aim to:

- identify young people most at risk of disengagement
- provide better brokerage and co-ordination of support
- provide stronger tracking and transition of young people through the system
- ensure provision meets the needs of young people
- strengthen employability skills and opportunities for employment

² <http://wales.gov.uk/topics/health/publications/socialcare/strategies/older/?lang=en>

³ <https://www.gov.uk/government/publications/fuller-working-lives-a-framework-for-action>

⁴ <https://www.gov.uk/government/news/fundamental-reform-to-fight-ageism-in-the-workplace-older-workers-scheme-to-tackle-age-discrimination>

- provide greater accountability for better outcomes for young people.

In addition, Jobs Growth Wales was launched in April 2012. The Jobs Growth Wales programme provides unemployed young people aged 16-24 with a job opportunity for a six month period, paid at or above the national minimum wage for a minimum of 25 hours per week and a maximum of 40 hours. Young people will be employed for the duration of the programme and the jobs created must be additional to, and not replace, positions that would otherwise be filled. The ambition for the programme is that the job opportunities will be sustained after the 6 months has completed. As of February 2015, Jobs Growth Wales had created and approved 17,139 job opportunities and filled 14,340 job opportunities.

Summary

This month's spotlight has been on differentials in unemployment between different age groups, and has shown that younger and older workers face different challenges in the labour market. In recent years, older workers have increasingly faced difficulties in securing new employment once becoming unemployed. Statistics show that levels of long-term unemployment among 50 - 64 year olds in Wales have doubled since the start of the recession in 2008, and that almost 40% of unemployed claimants in this age group have been out of work for at least a year. On the other hand, figures show that the unemployment rate for the 16 - 24 year age group is approximately four times as high as that for the 50 - 64 year age group. Likewise, the volume of young people classed as unemployed is around double that of the older age group.

It is a concern that the debate may drive a wedge between the recruitment of young people versus the recruitment of older workers. Clearly employers are benefiting from recruiting from a wide pool of talent. Government must work to make the linkages between programmes and maximise the benefits for both the individual and the employer.

Research has shown that older jobseekers require more intensive and personalised employment support. Mainstream support from Jobcentre Plus and the Work Programme is not always sufficient, and is not always tailored or intensive enough. With UK government policies actively extending working lives, it is clear that much more needs to be done to better meet the needs of the older age group nationally, and ensure that the economic benefits of employing older workers can be fully realised.

At the same time, governments must also ensure that young people have a route into the labour market in the first place. If denied this route, the effects of unemployment on young people can be long-term and scarring, with the research referenced in this paper showing how debilitating this can become.

There are also clear financial implications to having people dis-engage from the labour market at a young age. The Welsh Government's Youth Engagement and Progression Framework notes that a study by the University of York in 2010 estimated the additional lifetime costs associated with being NEET at over £160,000 per person in England in 2008. When applied to the cohort of 16 to 18-year-olds in Wales who are NEET⁵ this suggests the cost to Wales as a whole of failing to engage these young people is circa £2 billion. This shows there is an economic as well as a moral imperative to deliver improvements in this area.

⁵ As of the publication of the Youth Engagement and Progression Framework in 2013.

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