

Learning and Labour Market Intelligence for Wales: South East Wales

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Learning and Labour Market Intelligence for Wales: The 2005 Regional Reports

Introduction

Successful economies are adapting to the increasingly competitive international environment by shifting production towards higher value-added products. As a result, economic growth is now more dependent than ever on the 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 new “knowledge economy” where competitive advantage follows from innovation, quality, and productivity-driven cost reductions. It follows that those countries able to offer an environment where firms become more productive and innovative will generally experience superior economic performance to those that are only able to compete on price.

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 the low skill, low wage and high dependency issues in 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 learning provision are based on a sound understanding and evidence of need. 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 (2003). The formula of 1 National, 4 Regional and 22

local area reports has been retained and as with the 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 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.

The structure and format of the new reports have 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 will be especially welcome news to those users whose needs are well defined and specific. Those who require access to a broader information set may also find the shorter narrative and annotated data sections more convenient. While the regional reports are suitable for use as free-standing documents, it is recommended that the reports are considered in comparison to the national and the other regional reports, and so a common format has been developed to allow for easier cross-referencing.

The data reported in the 2005 reports are up to date and timely in the sense that they all come from most recent revisions. Notwithstanding discontinuities and some gaps this still means that in some instances data can be as much as two years old. A variety of education, training and learning market data 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.

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Chapter 1

South East Wales - a brief economic profile

Introduction

The National Report has given a picture of the pattern of change in Welsh employment, unemployment and inactivity. It also provides a comparison of Wales with the rest of Great Britain. The regional reports will also show how various indicators have been changing over time, but comparisons of labour market developments will be restricted to within Wales.

Population

With a population in 2003 of just over 1.4 million people South East Wales is the largest and most densely populated of the Welsh regions. Overall population growth in the period 1993-2003 just exceeds 1%, though this aggregate figure disguises a 6% fall in the number of children and a 2% rise in the retirement age population. Evidently, as in the rest of Wales, the population of the region is ageing ([Table 1.1](#)). However with growth of 3.5% in the working age population (an increase of 30,000), the dependency ratio¹ increased slightly from 3.30 to 3.35.

Given the low propensity of older people to participate in learning, a predicted decline in the aggregate rate of participation in learning could be anticipated as the population ages. At the lower end of the age distribution an 18% fall in the number of children of pre-school age and a 7% fall in the number aged from 5-9, suggests that the demand for school places is likely to decline over the coming years. The working age population also reveals a fall of 18,000 (6% decline) in the number aged between 15 and 29 and a gain of almost 30,000 in those aged 45 and above. These changes in the composition of the working age population is likely to be reflected in different learning needs and preferences and may further promote the demand for more flexible learning provision.

¹ The ratio of working age to retirement age population.

Population size is determined by a combination of birth rates, death rates and net migration. In more densely populated areas (Cardiff, Newport, Caerphilly) the natural component of population change in South East Wales is positive² (births exceed deaths) and with the exception of Cardiff their populations are being further boosted by in-migration. In the case of Cardiff there is significant net out-migration of most age groups except for young adults (16-24), who are being attracted into the city area in large numbers. Being the most mobile age group, other areas of South East Wales are experiencing significant losses of young adults - notably Bridgend, Caerphilly, Merthyr Tydfil, Monmouthshire, Torfaen, Vale of Glamorgan [Table 1.2](#) .

Gross Value Added

Gross value added³ (GVA) is the difference between the values of inputs and outputs and can therefore be used to measure rates of economic growth. Local GVA data providing the closest match to the ELWa South East Wales region are based on NUTS 3 areas and these are shown in [Table 1.3](#).

These show that in 2002, the GVA of South East Wales came to £16.8 billion or 48% of the all-Wales total ([Table 1.3a](#)).. Measured in current basic prices (and therefore before taking account of inflation), the region's growth rate averaged over 6% p.a. between 1995 and 2002, almost 1½ percentage points above the Welsh average. By far the highest rates of growth are recorded in Cardiff and the Vale of Glamorgan (8.5%) and in Monmouthshire and Newport (7.7%). These areas have been growing twice as rapidly as the remainder of the region and seemingly it is economic expansion in these two locations that is driving the economy of the region.

A better measure of comparative economic performance is provided by GVA per capita although controlling for population differences has little affect on conclusions already arrived at. However [Table 1.3b](#) shows that in 2002, the highest GVA per head was recorded in Cardiff and the Vale of Glamorgan. At £17,484 this was almost twice

² Digest of Welsh Local Area Statistics, 2004

³ 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.

as high as that in the Gwent Valleys. In both the Central and Gwent Valleys GVA per capita is well below 70% of the UK average and both areas qualify for assistance under the 'Objective One' programme for West Wales and the Valleys. Indexing per capita GVA against the UK benchmark reveals significant differences in the growth trajectories of the Objective One areas and the remainder of the South East. In the former areas prosperity per head continues to deteriorate relative to the UK, while in the more dynamic core areas, GVA per head exceeds the UK average. Year on year Cardiff and the Vale of Glamorgan makes progressive gains over and above the UK average, resulting in an ever increasing prosperity gap with the remainder of the South East Wales region ([Table 1.3c](#)).

Structural change in South East Wales has resulted in a reduced emphasis on manufacturing activity and greater productivity in the service economy. Since 1995, the share of manufacturing and “other industrial output” in the total GVA of the region has fallen by 7.5 percentage points, with the service industries claiming an equivalent increase ([Figure 1.1](#)).

The implications of these structural changes for the region’s long-term growth prospects are uncertain. For instance, much of the activity in the service economy is directed inwardly in the sense of being dependent on local consumption demand and hence on income within the region. The absence of export markets (i.e. outside South East Wales), limits the capacity these businesses to create (net) wealth and contribute to economic growth in the local area. At the same time, local pockets of deteriorating prosperity levels may act as a brake on expansion of the service sector generally.

Business Formation and Survival

VAT registrations and de-registrations are the best official guide to business start-ups and closures. They are crude indicators of entrepreneurship and used judiciously can yield insights about business formation and survival rates. It is common to express registrations and deregistrations either as a percentage of the stock of VAT businesses or as proportion of the resident population. Both conventions have been adopted in this report because levels of entrepreneurship can sometimes appear high or low depending on which denominator is applied ([Table 1.4](#)).

In 2003, registrations in South East Wales amounted to 10.7% of the VAT stock, which was slightly higher than in Wales generally. Within the region there are large variations in business formation rates. Relative to the business stock, business formation rates are highest in Caerphilly, Blaenau Gwent and Bridgend and least in Rhondda, Cynon, Taff and in Monmouthshire. However, when considered in relation to the population, the highest formation rates are to be found in Monmouthshire, Cardiff and the Vale of Glamorgan. The difference between the two sets of results is partly accounted for by variations in business density.

Regions with high levels of registrations also tend to exhibit higher de-registration. This reflects the short lifespan of many new enterprises. Typically the survival rate of new registrations in South East Wales is around 87% at 12 months falling to 56% at 48 months. These rates are lower than in any other region of Wales ([Figure 1.2](#)).

Because of correlation between the volume of VAT registrations and deregistrations estimated closure rates are subject to the same problems of interpretation as are encountered with the business formation rate. Fortunately, the difference between registrations and deregistrations is less ambiguous. Irrespective of how it is measured, two Unitary Authority areas - the Vale of Glamorgan and Newport, exhibit the highest rate of deregistrations while Caerphilly has the highest net formation (VAT registration) rate.

The industrial make-up of South East Wales differs from that of the Principality in a number of respects. With just 1 in 20 businesses in agricultural and fishing and a location quotient⁴ of 0.3, South East Wales cannot be classed as an agricultural region. Location quotients also indicate an above average share of manufacturing and construction businesses in the regional economy. However, service industries account for the bulk of the VAT stock in the region (70% compared to an all-Wales average of 60%) which exhibits a high concentration in financial services, real estate and other businesses services. High rates of VAT registration and deregistrations are a characteristic of the latter sector and are associated with strong growth in the number of businesses ([Table 1.5](#)).

⁴ This is a measure of relative specialisation and is calculated as the industry's share of the total in the region divided by its share of the total in a benchmark area (e.g. Wales or the UK).

Firm Size Distribution

There are around 22,000 business units in the South East Wales region. Small firms or micro-enterprises make up almost 95% of these and they account for nearly 2 out of 5 jobs. However, it is the higher concentration of units with 250+ employees that differentiates South East Wales from other Welsh regions. Almost 4% of the business stock falls into this category and it accounts for just under one half of all employment in the region ([Table 1.6](#))

At Unitary Authority level there are a small number of very large plants in Newport and Cardiff. However there are especially high concentrations of large employment units in Methyr, Torfaen and Bridgend indicating a strong manufacturing presence or other heavy industries in these locations. Elsewhere in the region, the size distribution of the business stock has the hallmarks of a less traditional industrial mix characterised by SMEs and micro-enterprises. Thus in locations such as Cardiff, Caerphilly and the Vale of Glamorgan the size structure of the business population is more consistent with orientation of these local economies towards service industry activities or small scale high value added manufacturing operations ([Table 1.7](#); [Table 1.8](#)).

Synthesis and Themes

The combination of natural demographic changes and migration is ageing the population of Wales and like Wales, the population of the South East region is also ageing. Notwithstanding local hotspots the age profile of the population of the region is older. The advancing age profile of the population need not restrict labour supplies but meeting the skill needs of employers could present some challenges should the propensity to learn or willingness to train decline as the average age of the workforce rises. Consequently strategies may be needed to overcome the natural reluctance of middle-aged and older people to re-skill, which recognise the more varied family and caring circumstances which older people are likely to find themselves in.

A brief review of economic performance in the region suggests considerable diversity with GVA per head sufficiently low enough in some districts to qualify them for Objective One status. Meanwhile in other districts GVA per head is commensurate with the UK average and the economy of Cardiff and the Vale of Glamorgan is expanding at rates over and above that of the UK. The effect of these differentials is

to create a deepening prosperity gap between the Objective One districts and the remainder of the region.

Economic conditions in South East Wales are also the product of structural changes that have also been taking place in other economies and which have entailed de-industrialisation alongside expansion of service economy. But whether an increasing reliance on the service economy will provide a robust basis for future advances in prosperity remains to be seen. While there are exceptions (e.g. tourism and hospitality) many business enterprises in the service sector rely on demand that is generated within the home region and are unable to supply markets elsewhere. This lack of “export orientation” means that there are limits to the capacity of some industries to contribute to wealth creation in the home region. Furthermore, existence of pockets of relative decline located within the home region may act as a brake on expansion of the service sector generally.

Arguably the survival of firms can be just as important as their ability to grow, and in deprived communities even those businesses with no plans to expand often perform an essential social cohesion role. A learning environment that promotes business retention and survival may therefore be just as vital as that which seeks to stimulate economic growth and expansion.

The structure of the business base has implications, both for the nature of the skills that are likely to be demanded by those employers and for the nature of the education and learning provision that will be needed to meet those needs. In South East Wales 25% of the employed workforce are located in enterprises employing fewer than 10 people. Research on the behaviour of such firms indicates that they are less likely to provide formal learning opportunities for employees, yet at the same time will feel the impact of skills shortages disproportionately. The same comments apply to the self-employed, who are found in greater numbers (as are smaller businesses) in the more rural parts of the region.

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

Population and Migration: Population Change, 1993 to 2003, by Age						
			Mid 1993	Mid 2003	Change from 1993 1993-2003	%
Total population		All ages	1,391,800	1,408,400	16,600	1.2%
		Children:				
	Pre-school	0-4	97,100	79,600	-17,500	-18.0%
	School age	5-9	97,000	90,000	-7,000	-7.2%
		10-14	90,900	97,500	6,600	7.3%
Total		Under 15	285,000	267,100	-17,900	-6.3%
		Working age				
		15-29	288,700	270,600	-18,100	-6.3%
		30-44	285,000	303,900	18,900	6.6%
		45-59	242,300	269,700	27,400	11.3%
		60-64M	33,400	35,000	1,600	4.8%
Total		15-59F/64M	849,400	879,200	29,800	3.5%
		Retirement age				
		60-64F	35,700	36,400	700	2.0%
		65-74	131,200	118,600	-12,600	-9.6%
		75-84	69,900	82,900	13,000	18.6%
		85+	20,600	24,200	3,600	17.5%
Total		60F/65M+	257,400	262,100	4,700	1.8%

Source: Mid Year Population Estimates (NOMIS)

The key feature of these data is the changing age distribution – by 2003:

- 18,000 fewer children
- 30,000 more people of working age
- 5,000 more people of retirement age and 17,000 aged 75 and over

Table 1.2 Population Migration across UA boundaries: 2002- 2003

Internal migration within the United Kingdom: Welsh Unitary Authorities 2002-2003				
Thousands		Persons		
AREA	Age	Inflow	Outflow	Balance
	0-15	0.3	0.3	0.0
	16-24	0.3	0.3	0.0
	25-44	0.5	0.6	-0.1
	45-64	0.2	0.2	0.1
	65+	0.1	0.1	0.0
	Blaenau Gwent	All Ages	1.5	1.5
	0-15	0.8	0.5	0.2
	16-24	0.7	0.8	-0.1
	25-44	1.5	1.1	0.4
	45-64	0.6	0.4	0.2
	65+	0.3	0.2	0.1
	Bridgend	All Ages	3.9	3.0
	0-15	0.9	0.8	0.0
	16-24	0.8	1.0	-0.2
	25-44	1.8	1.5	0.2
	45-64	0.6	0.5	0.1
	65+	0.2	0.2	0.1
	Caerphilly	All Ages	4.3	4.0
	0-15	1.3	2.1	-0.8
	16-24	7.8	5.5	2.3
	25-44	4.9	6.3	-1.4
	45-64	0.9	1.4	-0.5
	65+	0.3	0.6	-0.3
	Cardiff	All Ages	15.2	15.9
	0-15	0.3	0.3	0.0
	16-24	0.3	0.3	-0.1
	25-44	0.4	0.5	0.0
	45-64	0.2	0.1	0.0
	65+	0.1	0.1	0.0
	Merthyr Tydfil	All Ages	1.2	1.3
	0-15	0.9	0.6	0.3
	16-24	0.7	0.9	-0.2
	25-44	1.8	1.3	0.5
	45-64	0.8	0.6	0.2
	65+	0.4	0.3	0.1
	Monmouthshire	All Ages	4.7	3.7

Table 1.2 continued.....

Internal migration within the United Kingdom: Unitary Authorities 2002-2003				
Thousands		Persons		
	Age	Inflow	Outflow	Balance
AREA				
	0-15	1.0	0.9	0.1
	16-24	1.1	1.1	0.0
	25-44	2.0	1.7	0.3
	45-64	0.6	0.5	0.1
	65+	0.2	0.2	0.0
	Newport	All Ages	4.9	4.5
	0-15	1.0	0.8	0.2
	16-24	1.5	1.6	0.0
	25-44	2.2	1.8	0.4
	45-64	0.7	0.6	0.2
	65+	0.3	0.2	0.0
	Rhondda, Cynon, Taff	All Ages	5.8	5.0
	0-15	0.5	0.4	0.1
	16-24	0.5	0.5	-0.1
	25-44	0.9	0.7	0.1
	45-64	0.3	0.3	0.0
	65+	0.1	0.1	0.0
	Torfaen	All Ages	2.3	2.1
	0-15	1.1	0.8	0.3
	16-24	1.0	1.1	-0.1
	25-44	2.1	1.6	0.5
	45-64	0.8	0.6	0.2
	65+	0.4	0.3	0.1
	Vale of Glamorgan	All Ages	5.4	4.3

Source: National Statistics, Internal Migration 2002-2003 Local Authority Flows by Broad Age Group and Gender
<http://www.statistics.gov.uk/StatBase/ssdataset.asp?vlnk=8488&Pos=1&ColRank=1&Rank=272>
<http://www.statistics.gov.uk/StatBase/Expodata/Spreadsheets/D8488.xls>

With the exception of Cardiff, there is positive net in-migration in every Unitary Authority area.

These flows have a distinctive age profile:

- Cardiff has a significant net out-migration of most age groups except for young adults (16-24) who are being attracted into the city area in large numbers.
- Other areas of South East Wales are experiencing significant losses of young adults.

Table 1.3 Gross Value Added at NUTS 3 Level

Table 1.3a				
Gross Value Added at current basic prices				
£ million	Central Valleys	Gwent Valleys	Monmouthshire and Newport	Cardiff and Vale of Glamorgan
1995	2,234	2,474	2,165	4,757
1996	2,337	2,560	2,287	5,012
1997	2,408	2,630	2,434	5,362
1998	2,497	2,741	2,691	5,665
1999	2,488	2,842	2,912	6,086
2000	2,577	2,873	3,090	6,530
2001	2,676	2,926	3,195	7,096
2002	2,848	3,012	3,336	7,574
Annual % change	3.9%	3.1%	7.7%	8.5%
Table 1.3b				
Gross Value Added per head at current basic prices				
£ per year	Central Valleys	Gwent Valleys	Monmouthshire and Newport	Cardiff and Vale of Glamorgan
1995	7,594	7,458	9,864	11,405
1996	7,963	7,737	10,400	11,887
1997	8,207	7,946	11,040	12,638
1998	8,563	8,291	12,164	13,270
1999	8,566	8,593	13,202	14,210
2000	8,931	8,685	13,956	15,161
2001	9,287	8,854	14,352	16,527
2002	9,911	9,122	14,890	17,484
Annual % change	4.4%	3.2%	7.3%	7.6%
Table 1.3c				
GVA per head Index (UK=100)				
	Central Valleys	Gwent Valleys	Monmouthshire and Newport	Cardiff and Vale of Glamorgan
1995	70	69	91	106
1996	70	68	91	104
1997	68	66	91	105
1998	67	65	95	104
1999	64	64	99	107
2000	64	63	101	109
2001	64	61	99	114
2002	65	60	97	114
Percent Point Change since 1995	-5	-9	+6	+8

Source

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=7359>

http://www.statistics.gov.uk/downloads/theme_economy/Nuts3_Tables_1-12.xls

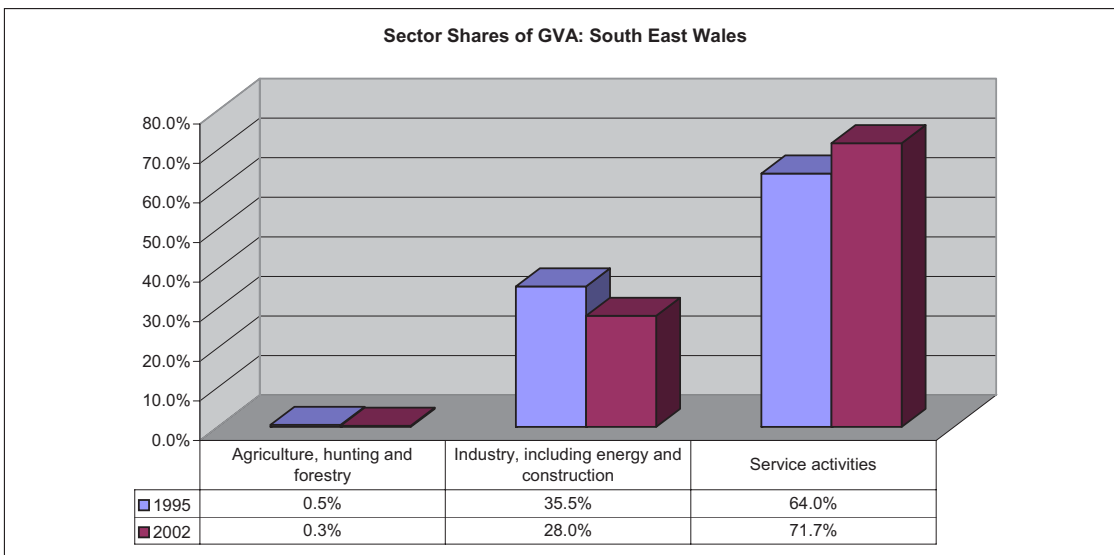
Notes to Table 1.3

South East Wales' GVA grew on average by around 6% per annum between 1995 and 2002, almost 1½ percentage points above the Welsh average.

At the NUTS 3 level there are significant inter-area disparities in growth rates:

- By far the highest rates of growth are recorded in Cardiff and the Vale of Glamorgan (8.5%) and in Monmouthshire and Newport (7.7%).
- The highest GVA per head is recorded in Cardiff and the Vale of Glamorgan.
- In both the Central and Gwent Valleys GVA per capita is well below 70% of the UK average and both areas qualify for assistance under the 'Objective One' programme for West Wales and the Valleys.

Figure 1.1 Structural Change in GVA 1995-2002



Source: National Statistics: http://www.statistics.gov.uk/downloads/theme_economy/Nuts3_Tables_1-12.xls (Location N39)

Since 1995, the overall industry share of GVA in South East Wales has fallen from 36% to 28% while the service industry's share has increased from 64% to 72%.

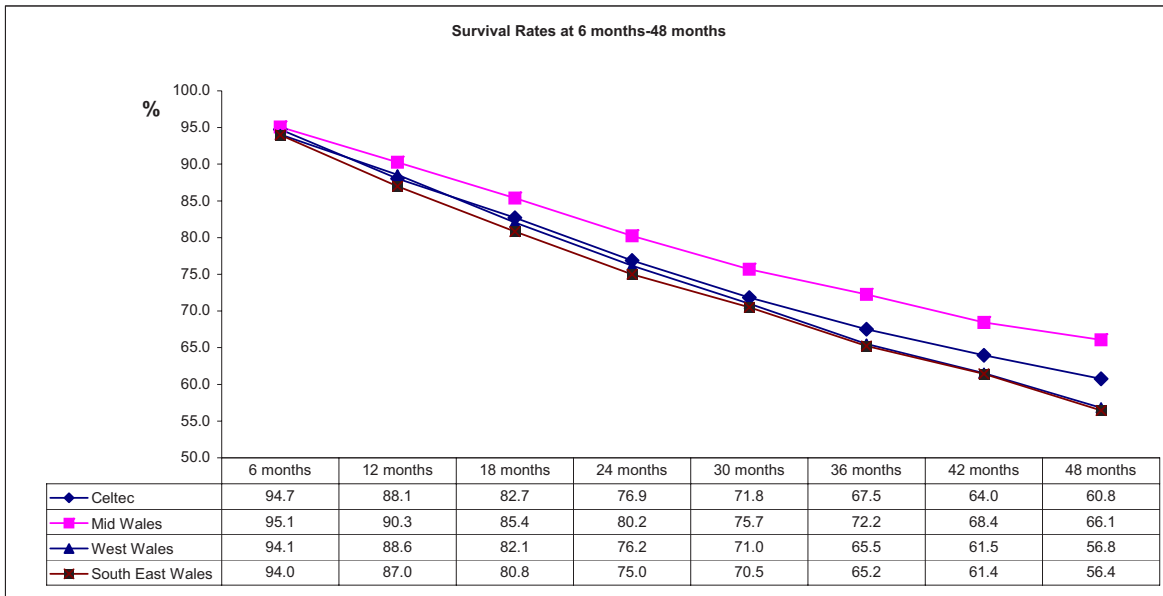
Table 1.4 Business Density, formation and survival, 2003.

	Percent of VAT Stock			Per 10,000 resident population				Business Density	Firm Size Employees per ABI Workplace Unit
	Registration	Deregistration	Net Registration	Registration	Deregistration	Net Registration			
Bridgend	11.7	9.5	2.1	23.1	18.9	4.2	202	13	
Vale of Glamorgan	10.2	10.6	(0.3)	24.3	25.2	(0.8)	238	10	
Rhondda, Cynon, Taff	9.8	9.6	0.3	15.8	15.3	0.4	161	14	
Merthyr Tydfil	10.5	10.5	0.0	14.4	14.4	0.0	138	16	
Caerphilly	12.0	8.9	3.1	19.4	14.4	5.0	167	11	
Blaenau Gwent	11.9	9.7	2.3	15.2	12.3	2.9	131	14	
Torfaen	10.1	7.5	2.6	17.1	12.7	4.4	173	16	
Monmouthshire	9.4	9.0	0.4	37.7	36.0	1.7	403	11	
Newport	10.7	11.0	(0.3)	21.9	22.6	(0.7)	205	17	
Cardiff	11.2	10.5	0.7	26.2	24.4	1.7	235	16	
South East Wales	10.7	9.8	0.9	21.9	20.1	1.8	206	14	
Wales	8.7	8.8	(0.1)	23.5	23.6	(0.1)	269	12	

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

Registrations in South East Wales amounted to 10.7% of the VAT stock, slightly more than in Wales generally. Relative to the business stock, business formation rates are highest in Caerphilly, Blaenau Gwent and Bridgend and least in Rhondda, Cynon, Taff and in Monmouthshire. However, relative to the population, the highest formation rates are to be found in Monmouthshire, Cardiff and the Vale of Glamorgan.

Figure 1.2 Business Survival Rates by Training and Enterprise Areas^(a)



Source: DTI Small Business Service, *VAT Survival Statistics*, 2004 (Businesses registered in 1998)

(a) Geographies are as defined in the DTI database

Typically in South East Wales, the 12 month survival rate of new registrations is around 87% falling to 56% by 48 months after registration.

Table 1.5 VAT registered businesses by industrial group, 2003

	Number of VAT businesses	%	LQ (Benchmark =Wales)	Registrations as % of stock beginning 2003	Deregistrations as % of stock beginning 2003	Absolute change in VAT Stock
Agriculture; fishing	1,690	5.8	0.3	0.2	0.5	-100
Mining; energy/water	25	0.1	1.0	0.0	0.0	-5
Manufacturing	2,630	9.1	1.2	0.7	0.7	-5
Construction	3,585	12.3	1.1	1.5	1.3	40
Wholesale & retail	7,070	24.3	1.1	2.3	2.3	0
Hotels & restaurants	2,745	9.5	1.0	1.6	1.2	95
Transport & communications	1,450	5.0	1.1	0.6	0.5	15
Finance	175	0.6	1.5	0.1	0.0	5
Real estate, business services	7,015	24.2	1.4	3.2	2.4	220
Public administration; other	2,165	7.5	1.2	0.6	0.6	-20
Education; health	485	1.7	1.2	0.1	0.1	5
Total	29,035	100.0	1.0	10.7	9.8	250

Source: National Statistics

The service economy accounts for over 70% of businesses in South East Wales and relative to Wales generally there are significant clusters in Finance and in Real Estate and other business services.

Table 1.6 Size Structure of Welsh Business, 2003

Employee Size band	Enterprises			Employment		
	South East Wales	Wales	UK	South East Wales	Wales	UK
Micro (0 - 9)	89.4	93.8	94.5	25.6	31.3	28.2
Small (10 - 49)	5.0	4.2	4.5	13.5	14.8	15.1
Medium (50 – 249)	1.7	1.0	0.8	13.1	12.4	13.3
Large (250+)	3.9	0.9	0.2	47.8	41.5	43.4
All	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Statistics, Size analysis of Welsh business, Sept 2004

<http://www.wales.gov.uk/keypubstatisticsforwales/content/publication/economy/2004/sdr69-2004/sdr69-2004.pdf>

A high concentration of units with 250+ employees differentiates South East Wales from other Welsh regions. Large enterprises account for just under one half of all employments in South East Wales

Table 1.7 Enterprises by Unitary Authority Area, 2003

Local Authority	Percent				Total %	Number
	Micro 0-9	Small 10-49	Med 50-249	Large 250+		
Bridgend	85.8	6.7	2	5.4	100	5,320
Vale of Glamorgan	91.3	4.6	1.3	2.8	100	6,320
Rhondda, Cynon, Taff	90.1	5.2	1.8	2.9	100	8,800
Merthyr Tydfil	86.0	5.3	1.4	7.3	100	1,990
Caerphilly	90.7	4.8	1.5	2.9	100	6,805
Blaenau Gwent	87.7	5.6	2.4	4.3	100	2,595
Torfaen	84.4	7.2	2.1	6.3	100	3,255
Monmouthshire	92.6	3.8	1.1	2.5	100	6,985
Newport	86.1	6.2	2.1	5.6	100	6,645
Cardiff	90.2	4.3	1.8	3.7	100	21,945

Table 1.8 Employment by Unitary Authority Area, 2003

Local Authority	Percent				Total %	Number
	Micro 0-9	Small 10-49	Med 50-249	Large 250+		
Bridgend	24.1	16.8	13.1	46.0	100	37,395
Vale of Glamorgan	34.5	16.0	11.2	38.2	100	31,180
Rhondda, Cynon, Taff	25.3	14.0	16.3	44.5	100	58,460
Merthyr Tydfil	24.4	14.7	13.0	48.0	100	12,775
Caerphilly	30.0	15.5	19.2	35.3	100	38,140
Blaenau Gwent	28.3	15.3	19.6	36.8	100	15,025
Torfaen	23.0	16.5	13.4	47.1	100	24,350
Monmouthshire	36.7	14.1	11.4	37.7	100	31,195
Newport	19.4	12.6	11.0	57.0	100	55,865
Cardiff	23.3	10.9	11.0	54.9	100	145,790

Source: National Statistics, Size analysis of Welsh business, Sept 2004

<http://www.wales.gov.uk/keypubstatisticsforwales/content/publication/economy/2004/sdr69-2004/sdr69-2004.pdf>

There are a small number of very large plants in Newport and Cardiff.
 However there are especially high concentrations of large employment units in Methyr,
 Torfaen and Bridgend, indicating a strong manufacturing presence.

Chapter 2

Participation in Learning

Introduction

Learning is a necessary undertaking for securing a range of economic, social and personal rewards. The amount of learning undertaken within society is difficult to gauge precisely. Using a broad definition of learning (to encompass reading and practicing) NIACE (2003) have estimated that 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 years⁵. This was a higher proportion than for any other UK country. Yet it still means that nearly 6 out of 10 adults had had no exposure to any form of learning in the preceding 3 years. In fact almost one third of the NIACE sample (32%) had not undertaken any learning since leaving full-time education. At the regional level, the NIACE survey shows that learning participation in South East Wales is almost identical to that in Wales in total ([Table 2.1](#)).

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 and at the all-Wales level these indicate that the participation of 16 year olds in full-time education may have fallen since the beginning of the decade. However, the change is slight and perhaps a reaction to an increasingly buoyant labour market. Overall the participation of 16 year olds in education and training has remained relatively steady (at around 82%) since the beginning of the decade.

⁵ This is a small sample survey (approximately 1,000 individuals) with especially small samples outside of South East Wales. Standard deviations are not reported and the robustness of the estimated proportions cannot be ascertained.

Destinations data for the South East Wales region are available up to 2003 and show that just over 20,000 16 year-olds completed statutory education. Of these 4 out of 5 (16,845) went into some form of continued learning in education or work-based training. Almost three quarters (73%) continued in full time education at a school or a college.

Within the region, there are slight differences in outcomes, notably between full-time education and work based learning. In the Central and Gwent Valleys, entries into work based programmes are running at almost twice the rate observed in the remainder of the region. The proportions remaining in full-time education are correspondingly low ([Table 2.2](#)).

At 5.7%, the proportion not engaged in any learning or employment in South East Wales is of a similar order to that exhibited by the all-Wales data. However, as previously indicated in the National Baseline report, these “first destinations” data may considerably understate the true quantum of inactivity among 16 year olds. A considerable proportion of people start a learning opportunity but then fail to complete, or progress.

Learning Pathways

Approximately $\frac{3}{4}$ of 16 year olds in South East Wales remain in full time education either at school or a Further Education Institution. This stage of the learning process involves further testing and filters individuals into particular careers and labour market pathways.

Almost 14,000 pupils above school leaving age attended maintained schools in South East Wales in 2002/03 of which 5,000 were entered for 2 or more A/AS levels or advanced GNVQs Their performance in these assessments was slightly below the all-Wales average with 64% achieving two or more grades A-C and 93% gaining two or more grades A-E.⁶ The 2003/04 cohort shows a marginal improvement of +1% in the

⁶ For further details see statistical bulletin SDR 72/2003 released by NAW , 27 Nov. 2003

grade attainments and a slight narrowing of the performance gap with the all-Wales average ([Table 2.3](#)).

Opportunities to progress onto formal or vocational learning are available at Further and Higher Education institutions. 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 of home students has been increasing steadily since the early 1990s.

South East Wales has a number of HE Institutions including the University of Glamorgan, Cardiff and several other colleges and institutes affiliated to the University of Wales. These account for roughly 51% of student enrolments in the Welsh HE sector (62,000 students). In line with the Welsh average, student numbers in the HE sector in South East Wales have increased by around 4½ % per annum since 1998.

Further Education

By far the largest increase in the learning population has occurred in the Further Education sector. 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 in Wales are enrolled on part-time courses and since 1995, their numbers have grown by 42%.

There are 10 colleges of Further Education in South East Wales that during the academic year 2002/03 had a combined population of over 107,000 students ([Table 2.4](#)). Coleg Gwent is by far the largest FE provider in the region with 35,000 students and around one third of the FE student population in the region. The 4 largest colleges are Gwent, Bridgend, Glan Hafren and Morgannwg and have a combined market share of 70% ([Table 2.5](#)).

Part time students outnumber the full time population by 5:1 although this varies by institution with some of the smaller institutions having no full-time students ([Figure 2.1](#)). Adult learners (i.e. those aged 19 or over) make up the bulk of the part-time population while more than two thirds (69%) of the full-time student population are aged 18 or under ([Table 2.6](#)).

In most institutions in South East Wales the proportion of the student population supported by employers is generally low, with the highest rates of support recorded in Bridgend, Gwent, Pontypridd and Ystrad Mynach colleges. The regional average of just 16% is well below the 22% average for FE sector in Wales generally ([Table 2.7](#)). Without detailed knowledge of what learning is being supported and for what purpose, such data should be interpreted cautiously. But they give an indication of how far learning providers are able to match their provision with the requirements of the business sector.

In 2002/03, the total number of FE student registrations for courses leading to qualifications (i.e. qualification aims) in South East Wales came to just over 272,000 with many students pursuing more than one qualification. GNVQs, Key Skills, GCSE's and A/AS level qualifications figured strongly among the qualification aims of the full-time (and generally younger) student body. Among the population registered for part-time and other modes of study, Open College Network credits and 'Other' qualifications accounted for 80% of qualification aims ([Table 2.8](#)).

Many, if not most new employment opportunities in Wales are located in the service economy and in activities 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 over one half (55%) of all qualification aims are IT, Care, Health, Business and Management, and Cultural studies ([Figure 2.2](#)).

Across Wales almost 8 out of 10 students (79%) at FE institutions completed their programme of study in 2002/03. South East Wales exhibits a similar overall completion rate indicating that on average 1 in 4 FE students are not achieving their

learning objectives. In some institutions however, rates of student attrition/non completion are considerably higher and range from 31% and 30% at Bridgend and Ystrad Mynach down to 16% and 17% in St David's and Gwent colleges. The causes of student turnover are likely to be complex and are certainly not well understood. While just over one quarter of leavers in the region as a whole left for financial reasons, to take up employment or else transfer to other institutions, almost 3 out of 4 were due to "personal", "other" or "unknown" reasons ([Table 2.9](#)).

Of those who remain in learning, most 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. However, 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 over 27,000 ELWa funded Work Based Learners in South East Wales in the financial year to March 2003⁷. 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 62% of trainees most of whom were under 25 years of age ([Table 2.11](#); [Figure 2.3](#))

This is also reflected in a similar distribution of qualification outcomes most of which were at Level 1 or 2. Just 8% of qualification outcomes were at Level 3. Over 32,000 qualifications were awarded (including 1,700 training episodes still in progress) to trainees in 2002-03. The most common qualification outcomes were Key Skills at Levels 1 and 2 (56%) followed by NVQs or GNVQs at Levels 1 and 2 (21%) - [Table 2.12](#).

⁷ Financial year totals for 2003/04 are not currently available.

Destinations of leavers from WBL show that employment is the most common outcome, with 41% of all leavers and 65% of those aged 19-24 going on to work. Also, many of those leaving the youth programme will go on to further training and education. However, not all outcomes are positive and post training transition to unemployment is a particular problem for adults, especially the over 50s. On average 16% of training episodes end in unemployment, but for those aged over 25 the incidence doubles with 32% unemployed. Given the relatively high incidence of unemployment among trainees generally it is interesting that there are virtually no flows into self-employment ([Table 2.13](#)).

Adult and Continuing Education

Adult education provision in Wales is currently either provided or facilitated by local education authorities (LEAs). Objectives for adult education are not wholly economic and enable community objectives such as social inclusion and regeneration to be promoted.

Maintained provision has traditionally been “General” in nature - comprising, for example, Foreign (“holiday”) Languages, Physical Education/Sport/Fitness and Practical Crafts/Skills. “General” courses accounted for over 14,300 enrolments (88 per cent of the total) in Wales in 2002/03 and almost four fifths of students enrolling on “General” courses were female. In 2002/03 two fifths of all enrolments in Wales were in Practical Crafts/Skills, with around a half of enrolments part-time day and half evening only.

There has been a sustained fall in the number of venues for maintained provision in Wales and in South East Wales the bulk of provision (55% of enrolments) is on a contracted in basis ([Table 2.14](#)). The total number of enrolments for sessions in 2002/03 came to 37,000 of which just 27% was at LEA maintained centres ([Table 2.15](#)).

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

The demographics of the Welsh language vary considerably across Wales. Few schools in South East Wales provide Welsh as a first language ([Table 2.16](#)) and in some local authorities (Newport, Monmouthshire) it is available as a second language only.

However courses providing “Welsh for Adults” (funded through ELWa) are offered by most Higher and Further Education institutions in the region. During the academic year 2002/03 there were 8,882 Welsh for Adults enrolments in South East Wales⁸. The bulk of these enrolments were at Coleg Gwent (39%) and Cardiff University (22%) ([Table 2.17](#)).

Workforce Development

Workforce development is 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. 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 had received training (other than Government-supported work-based learning) in the preceding four weeks before the survey.

⁸ For further details and analysis see *Evaluation of the national Welsh for Adults programme*, NFER, ELWa, 2003

Results from the 2002/2003 LFS for the South East Wales region are consistent with the all-Wales pattern of training ([Table 2.18](#)) and indicate that,

- 16% of the South East Wales workforce had received some form of training in the 4 weeks preceding the survey;
- Women were more likely to receive training than men;
- Part-time workers received marginally less training than full time ones.

The distribution of training also favours those already well qualified. Of those who were already qualified to Level 4 and above (mostly graduates), 24% had received job-related training in the previous four weeks. For those qualified to Level 3 or lower, the equivalent figure was just 13% ([Table 2.19](#)). These differences may exist because employers anticipate a higher return from investment in those workers who are already highly qualified and thus perceived as more productive. Alternatively, those who are more qualified may be more amenable / inclined to take up further training opportunities. In this respect, some of the higher level of training for those at already high levels of qualification may be due to requirements of various professions to be able to demonstrate continuing professional development to retain qualified status. The same will apply to a number of craft trades, such as electricians, who require to up-date themselves to a competence in the latest electrical regulations. This factor would be most apparent at NVQ level 3 and above.

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, 24% of staff had received training in the last four weeks, compared to 14% in private services and 12% in production industries. As the public sector employs a high proportion of women, and a high proportion of highly qualified workers, this sectoral difference could account for some of the observed difference in workforce development. Structural explanations, such as the relative size of the public sector within different areas may also account for some of the variations in the incidence of workforce training by Unitary Authority area ([Table 2.20](#)).

Qualifications act as a proxy for skill levels and provide an objective basis for assessing what progress is being made in up-skilling the workforce. On this measure

the proportion of the working age population with qualifications at level 4 or above is close to the Welsh average. However, the region has relatively fewer qualified to NVQ levels 2 and 3 while the proportions at level 1 or with no qualifications exceed the Welsh (and GB) average ([Table 2.21](#)).

Conclusions

A positive learning experience can be a powerful stimulus helping to create a virtuous cycle of learning. But not all learning outcomes are necessarily positive ones. Even in the currently favourable labour market conditions 1 in 3 training episode leavers over 25 end up unemployed. While first destinations immediately following compulsory education suggest high participation in learning, subsequent drop out may significantly reduce the cohort. Among Further Education students, on average 1 in 5 do not complete their intended programme of study and in some institutions attrition rates are high as 40%. Few of these premature leavers do so in order to take up employment.

Given the importance of South East Wales to the Welsh economy (it accounts for almost one half of Welsh GVA) the low skill levels of the region's workforce are a concern. Evidently there is a need to find ways of stimulating and sustaining more learning activity, especially among those who need it most and are inclined to participate least. This is not just a matter of encouraging individual participation but equally of convincing employers of the benefits of training. The relatively low incidence of employer support in the FE sector generally suggests a narrow view of the benefits from learning. This is reinforced by inequalities in the distribution of workplace training which tends to favour those who are perceived to have most to offer – these are often already well qualified.

Arguably inequalities in the distribution of learning opportunities and learning outcomes reflect a privately efficient mechanism that matches individual abilities with jobs. But such inequalities are self-perpetuating and socially undesirable. They are obstacles to economic progress and to the transformation of Wales into a learning society.

Table 2.1 Participation in Learning, 2003

Current, Recent and Past Learning		
	South East Wales %	Wales %
Current Learning	23	22
Recent learning (within the last 3 years)	20	20
Past learning (over 3 years ago)	26	26
Not since full-time education	31	32

Source: Moving Forward, Survey on Adult Participation in Learning in Wales, NIACE, 2004; Table 11.

42% of adults in Wales are current or recent learners. This is a similar proportion than South East Wales (43%)

32% in Wales and 31% in South East Wales had not undertaken any learning since leaving full-time education.

Table 2.2: Destinations of pupils at the end of compulsory education in South East Wales, 2003

	Central Valleys	Gwent Valleys	Cardiff and Vale Glam	Newport Monmouth	South East Wales
Continuing in full-time education	2,956	4,421	5,527	2,103	15,007
Work-based training (employed and non-employed status)	421	723	501	193	1,838
Employed-Other	323	482	496	139	1,440
Known not to be in education, training or employment	177	336	517	141	1,171
No response to survey/left the area	266	369	454	143	1,232
In learning	3,377	5,144	6,028	2,296	16,845
Total	4,143	6,331	7,495	2,719	20,688

	Central Valleys	Gwent Valleys	Cardiff and Vale Glam	Newport Monmouth	South East Wales
Continuing in full-time education	71.3%	69.8%	73.7%	77.3%	72.5%
Work-based training (employed and non-employed status)	10.2%	11.4%	6.7%	7.1%	8.9%
Employed-Other	7.8%	7.6%	6.6%	5.1%	7.0%
Known not to be in education, training or employment	4.3%	5.3%	6.9%	5.2%	5.7%
No response to survey/left the area	6.4%	5.8%	6.1%	5.3%	6.0%
In learning	81.5%	81.3%	80.4%	84.4%	81.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Careers Wales

Areas based on amalgamations of UADs. Cardiff and Vale of Glamorgan figures include Bridgend.

Rates of work based learning are highest in the Ventral and Gwent valleys where the proportion staying on in full time education are correspondingly lower.

Table 2.3: Pupils aged 17 at the start of the academic year, 2002/03 and 2003/04, by Local Education Authority

maintained schools in.....	percentage of pupils entering two or more A/AS levels or achieved vocational equivalent who...					
	number of pupils entering two or more A/AS levels or achieved vocational equivalent		achieved two or more A/AS levels grade A-C or vocational equivalent		achieved two or more A/AS levels grade A-E or vocational equivalent	
	2002/03	2003/04	2002/03	2003/04	2002/03	2003/04
Bridgend	515	524	68	71	94	95
Vale of Glamorgan	558	558	75	70	96	96
Rhondda, Cynon, Taff	965	903	61	61	93	93
Merthyr Tydfil	222	202	61	65	95	96
Caerphilly	413	401	65	63	91	94
Blaenau Gwent	183	123	50	46	89	93
Torfaen	269	308	63	69	94	96
Monmouthshire	363	380	60	69	91	96
Newport	496	546	64	62	94	92
Cardiff	968	1034	65	67	90	92
South East Wales	4,942	4,979	64	65	93	94
Wales	9,848	10,041	68	68	94	95

Includes independent schools, but excludes further education institutions.

Source: Statistical Directorate, NAFW, November 2003

Performance at A level or equivalent is just under the all-Wales average.

Table 2.4 Students enrolled at FE Institutions in South East Wales 2002/2003

Students	Full-time	Part-time	All modes
FE students at FE institutions	19,424	87,903	107,327
HE students at FE institutions	190	1,071	1,261
Total students at FE institutions	19,614	88,974	108,588

Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003"). Extract from tables F1.1 and F1.2

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.

Part-time students outnumber the full time population by 5:1

Table 2.5 Further Education Students in South East Wales by Institution

Further Education Institutions		
Institution	Student Numbers	Market Share %
Barry College	7,791	7%
Bridgend College	13,598	13%
Coleg Glan Hafren	12,750	12%
Coleg Gwent	35,189	33%
Merthyr Tydfil College	4,103	4%
Coleg Morgannwg	12,968	12%
St David's Catholic College	1,153	1%
WEA (South)	7,342	7%
YMCA	1,637	2%
Ystrad Mynach College	10,796	10%
South East Wales	107,327	100.0%

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

Coleg Gwent account for one third of FE students in South East Wales.

Table 2.6 Students enrolled by age group and mode of attendance, South East Wales 2002/03

Age Group	Full Time		Part Time		Total	
	No	%	No	%	No	%
Under 16	464	2	2,252	3	2,716	3
16-18	12,959	67	5,587	6	18,546	18
19-20	1,540	8	3,537	4	5,077	5
21-24	1,102	6	6,982	8	8,084	8
25-39	2,368	12	28,749	33	31,117	29
40-59	887	5	28,904	33	29,791	28
60+	79	0	10,338	12	10,417	10
Total	19,424	100	87,903	100	107,327	100

Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003" Table F3.4)

Instances of unknown age are excluded from individual age rows but included in the total. Percentages are based on totals excluding age not known

Adult learners (i.e. those aged 19 or over) make up the bulk of the part-time population while more than two thirds (67%) of the full-time student population are 16-18 years olds

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

College	Number of students	Supported by employers	Percent
Barry College	7,791	789	10%
Bridgend College	13,598	3,453	25%
Coleg Glan Hafren	12,750	1,403	11%
Coleg Gwent	35,189	6,844	19%
Merthyr Tydfil College	4,103	275	7%
Pontypridd College	12,968	2,179	17%
St David's Sixth Form College	1,153	0	0%
WEA (South)	7,342	0	0%
YMCA	1,637	0	0%
Ystrad Mynach College	10,796	1,788	17%
South East Wales	107,327	16,731	16%
Wales	258,600	57,699	22%

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

Rates of employer support are below average in South East Wales

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

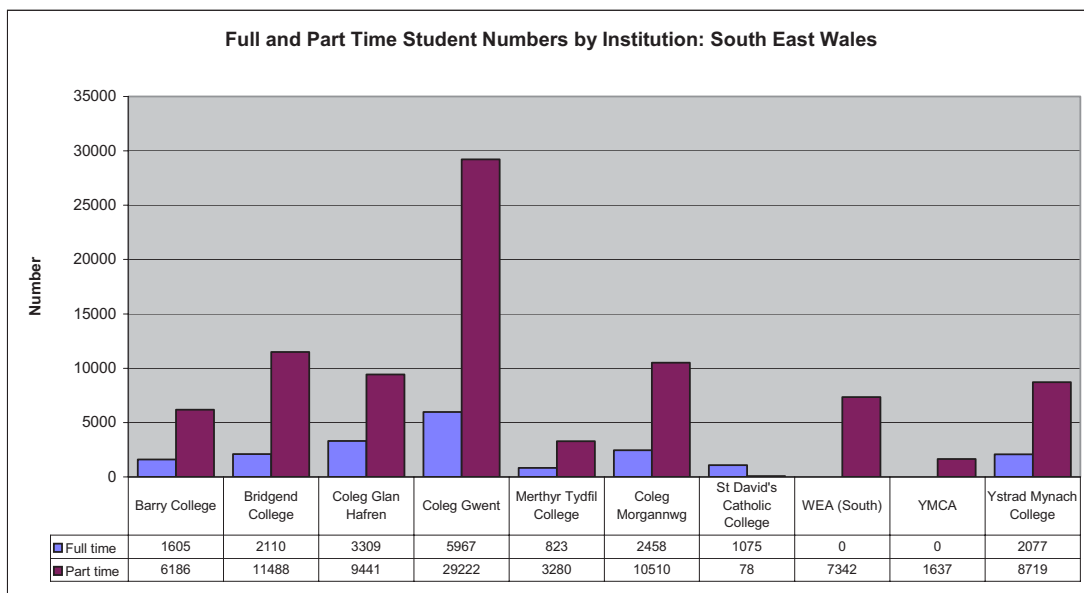
Level of qualification	Full Time		Part Time	
	Number	Percent	Number	Percent
GNVQ Foundation	360	0	0	0
NVQ Level 1	1,730	1	1,303	1
GCSE	3,780	3	3,180	2
GNVQ Intermediate / First	2,378	2	121	0
NVQ Level 2	4,010	3	5,231	4
GCE A/AS Level	8,974	7	3,528	2
GNVQ Advanced / National / AVCE	6,327	5	1,191	1
NVQ Level 3 and above	720	1	2,707	2
Key Skills	52,111	40	5,295	4
OCN Units	23,253	18	39,409	28
SLDD Course	2,113	2	5,956	4
Other	25,178	19	74,575	52
Total	130,934		142,496	

Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003" table F4.3

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

[FE student](#) registrations for courses leading to qualifications indicate that many students are pursuing more than one qualification. GNVQs, Key Skills, GCSE's and A/AS level qualifications figure more strongly among the qualification aims of the full-time student body. Among the population registered for part-time and other modes of study, Open College Network credits and 'Other' qualifications accounted for 80% of qualification aims

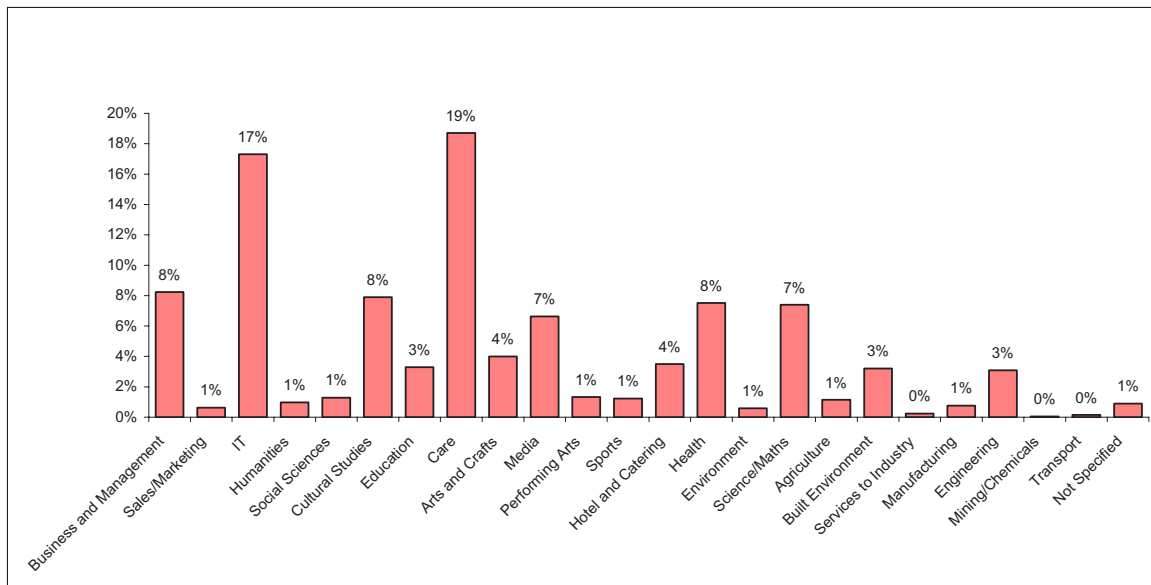
Figure 2.1 FE Student numbers by Institution in 2002/2003



Source: ELWa FE Performance Indicators, 2002/03 (Table PI 1)

Part time students outnumber the full time population by more than 5:1 but this varies considerably by institution with some of the smaller institutions having no full-time students

Figure 2.2 Qualification Aims of FE Students by Subject, South East Wales 2002/2003



Source: ELWa (extract from "HE, FE and Training Statistics in Wales 2002/2003, Table F4.1

Just over a third of qualification aims are in IT and Care subjects. The 3 most popular subjects accounting for 44% of all qualification aims are Care, IT and Business and Management.

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	Percent completed programme of study	Transferred to another Institution	Left without completing programme of study				Total leavers
				Entered Employment	Financial Reasons	Personal Reasons (incl. dropped out)	Other incl not known	
Barry College	1,239	75%	1%	5%	0%	5%	14%	25%
Bridgend College	1,565	69%	1%	8%	1%	6%	15%	31%
Coleg Glan Hafren	2,545	75%	1%	4%	0%	2%	17%	25%
Coleg Gwent	4,867	83%	0%	3%	1%	4%	9%	17%
Merthyr Tydfil College	707	74%	1%	5%	0%	4%	16%	26%
Coleg Morgannwg	2,101	83%	0%	0%	0%	15%	1%	17%
St David's Catholic College	549	84%	0%	2%	0%	6%	7%	16%
WEA (South)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
YMCA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ystrad Mynach College	1859	70%	1%	3%	0%	7%	18%	30%
South East Wales	15,432	78%	1%	4%	0%	6%	12%	22%
Wales	30,761	79%	1%	4%	0%	6%	11%	21%

Source: ELWa, FE Performance Indicators 2002/03 (Table PI3)

Student attrition range from 16% to 30% with a regional average of 22%. Less than ¼ of leavers left for “known” reasons (i.e. transfers, employment or financial reasons).

Learning and Labour Market Intelligence – South East Wales

Table 2.10: Attainment rates for all 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 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 (%)	Number of individual qualifications fully achieved (Q)	Number of qualification-based learning progs. completed whether successfully or not (P)	Q/P (%)
Full Time									
Barry College	611	835	73%	1,946	4,160	47%	674	735	92%
Bridgend College	988	1,388	71%	4,017	7,792	52%	427	506	84%
Coleg Glan Hafren	2,057	2,851	72%	3,312	9,936	33%	433	2,521	17%
Coleg Gwent	4,265	6,067	70%	7,619	20,400	37%	5,050	7,583	67%
Merthyr Tydfil College	307	459	67%	762	2,264	34%	142	183	78%
Coleg Morgannwg	1,195	1,599	75%	2,757	7,275	38%	1,310	2,130	62%
St David's Catholic College	1,905	2,234	85%	1,511	5,586	27%	55	58	95%
WEA (South)	0	0	n/a	0	0	n/a	0	0	n/a
YMCA	0	0	n/a	0	0	n/a	0	0	n/a
Ystrad Mynach College	771	1,270	61%	2925	6,871	43%	1,087	1,433	76%
South East Wales	12,099	16,703	72%	24849	64,284	39%	9,178	15,149	61%
Part Time									
Barry College	242	469	52%	1,368	2,996	46%	1,074	1,204	89%
Bridgend College	1,384	2,208	63%	2,164	3,417	63%	3,245	3,384	96%
Coleg Glan Hafren	1,359	1,974	69%	2,282	5,823	39%	1,151	3,350	34%
Coleg Gwent	1,349	2,770	49%	9,054	17,539	52%	9,270	18,101	51%
Merthyr Tydfil College	201	301	67%	1,186	2,202	54%	515	596	86%
Coleg Morgannwg	1,250	1,739	72%	2,728	4,250	64%	5,920	6,963	85%
St David's Catholic College	3	3	100%	5	63	8%	0	0	n/a
WEA (South)	0	5	0%	688	1,140	60%	1,243	3,824	33%
YMCA	0	0	n/a	81	118	69%	940	1,199	78%
Ystrad Mynach College	678	1592	43%	1,784	3,620	49%	2,682	4,823	56%
South East Wales	6,466	11,061	58%	21,340	41,168	52%	26,040	43,444	60%

Source: ELWa Further Education Performance Indicators, 2002/03 (Table PI4)
 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.

Attainment rates vary with mode and level of study. For Mainstream A qualifications full-time students generally outperform part-timers but the opposite is true for Mainstream B qualifications.

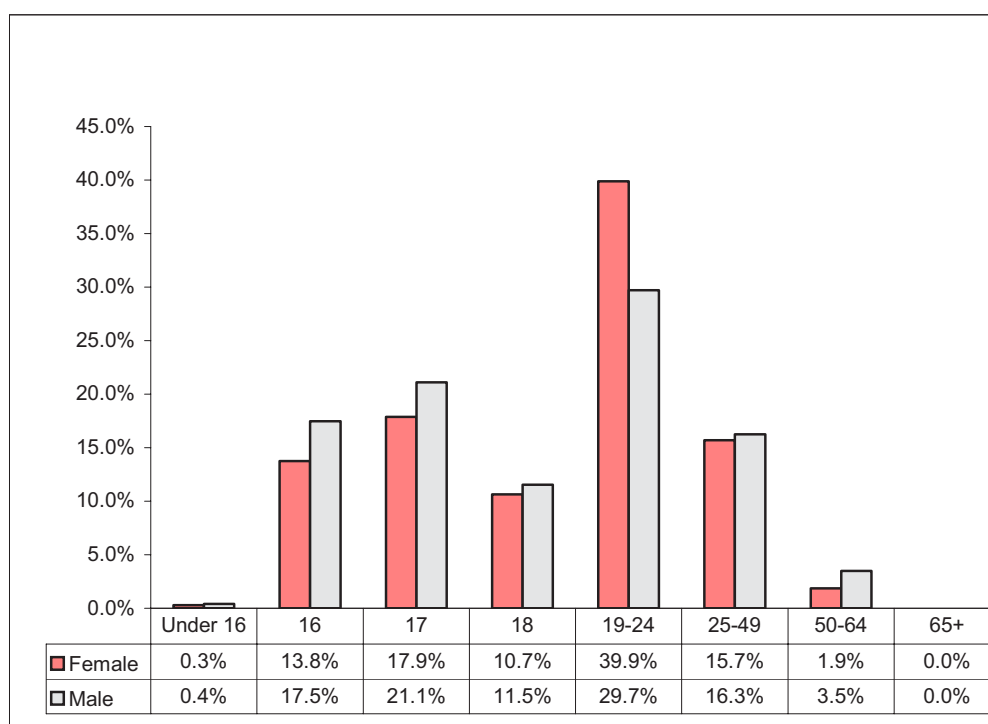
Table 2.11 Trainees by programme and region 2002-03

	No	South East Wales %	Wales %
Skillbuild	5,165	19%	16
Foundation Modern Apprenticeship	9,224	33%	37
Modern Apprenticeship	7,934	29%	29
Other Youth Programmes	113	0%	0
Employability Training	1,199	4%	3
Skills Training	1,460	5%	7
Recruit and Train	1,755	6%	4
Modern Skills Diploma	812	3%	3
Total	27,662	100	100

Source: ELWa, Higher Education, Further Education and Training Statistics, 2002/03; Table T2.6

Modern Apprenticeships and Foundation Modern Apprenticeships accounted for over 60% of trainees most of whom were under 25 years of age.

Fig. 2.3 Trainees by age and gender: South East Wales



Source: National Trainee Database; ELWa, Higher Education, Further Education and Training Statistics, 2002/03- Table T2.1

Table 2.12: Qualification Outcomes by type and age group: South East Wales 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	1	2,112	464	580	211	0	150	3,518
(G)NVQ Level 2	0	811	2,060	200	43	0	131	3,245
(G)NVQ Level 3	0	74	1,058	213	30	0	37	1,412
(G)NVQ Level 4	0	1	65	29	3	0	3	101
(G)NVQ Level 5	0	0	0	6	1	0	0	7
Key Skill Level 1	3	5,238	1,568	1,306	331	1	107	8,554
Key Skill Level 2	0	1,993	5,661	759	106	0	1,205	9,724
Key Skill Level 3	0	45	923	160	0	0	73	1,201
Key Skill Level 4	0	0	9	3	0	0	0	12
C&G Profile of Achievement	2	257	1	0	0	0	0	260
OCR Skills Profile	0	17	0	0	0	0	0	17
Pacific Institute Award	7	1,537	40	405	107	0	13	2,109
ASDAN	0	230	6	0	0	0	0	236
Vocational Access Certificate	0	0	0	0	0	0	0	0
Wordpower	1	831	24	78	12	0	3	949
Numberpower	0	836	32	68	7	0	1	944
Language Units	0	0	0	0	0	0	0	0
Management Units	0	0	0	0	0	0	0	0
Other Qualification	0	0	0	173	30	0	0	203
Total	14	13,982	11,911	3,980	881	1	1,723	32,492

Source: (National Trainee Database): ELWa, Higher Education, Further Education and Training Statistics, 2002/03- Table T3.3

Just 8% of qualification outcomes are Level 3 or higher.

Table 2.13 Training episode leavers by destination and age group: South East Wales 2002-03

Leaver Destination	Leaving Age Group						Total
	Under 16	16-18	19-24	25-49	50-64	65+	
Education	4	468	116	27	0	0	615
Training	1	1,754	317	152	50	0	2,274
Employed	0	1,945	3,803	1,485	211	1	7,445
Self-employed	0	3	8	18	7	0	36
Unemployed	1	1,046	524	1,052	238	1	2,862
Other	4	2,642	1,469	574	108	1	4,798
Total	10	7,858	6,237	3,308	614	3	18,030
%							
Education	40%	6%	2%	1%	0%	0%	3%
Training	10%	22%	5%	5%	8%	0%	13%
Employed	0%	25%	61%	45%	34%	33%	41%
Self-employed	0%	0%	0%	1%	1%	0%	0%
Unemployed	10%	13%	8%	32%	39%	33%	16%
Other	40%	34%	24%	17%	18%	33%	27%

Source: (National Trainee Database) ELWa, Higher Education, Further Education and Training Statistics, 2002/03 (Table T3.5)

Not all training outcomes are positive. The risk of unemployment increases with age of trainee.

Table 2.14: Adult and Continuing Education Learners in 2002/2003 by Type of Provision

Type of provision	South East Wales		Wales	
	N	%	N	%
Maintained provision	10,118	27	16,231	29
Contracted out	2,403	6	3,457	6
Contracted in	22,535	61	30,812	55
Assisted	2,037	5	5,120	9
All	37,093	100	55,710	100

Source: ELWa ; NafW Statistical Bulletin SB52, 2003

Learners enrolled in the week of 1st December

The bulk of provision in South East Wales is LEA “facilitated” (contracted in, contracted out, assisted) and accounting for 72% of all venues and 73% of enrolments.

Table 2.15: Adult and Continuing Education Learners in 2002/2003 by Type of Provision and LEA.

	Maintained		Facilitated		All	
	Venues	Enrolments	Venues	Enrolments	Venues	Enrolments
Bridgend	18	680	42	2,820	60	3,500
Vale of Glamorgan	23	2,127	30	1,007	53	3,134
Rhondda, Cynon, Taff	13	225	42	2,732	55	2,957
Merthyr Tydfil	2	23	25	339	27	362
Caerphilly	7	792	20	2,624	27	3,416
Blaenau Gwent	0	0	10	1,791	10	1,791
Torfaen	4	79	13	2,779	17	2,858
Monmouthshire	0	0	11	2,472	11	2,472
Newport	0	0	9	4,678	9	4,678
Cardiff	36	6,192	67	5,733	103	11,925
South East Wales	103	10,118	269	26,975	372	37,093

Source: ELWa ; NafW Statistical Bulletin SB52, 2003

<http://www.wales.gov.uk/keypubstatisticsforwalesheadline/content/post16education/2003/hdw200305292-e.htm>

Note: "Facilitated" = contracted in, contracted out and assisted

Notes: There are 4 categories of provision:

Maintained: Courses controlled and managed by the local authority, or by a local authority maintained institution of Further Education for adults.

Assisted: Courses controlled and managed by another organisation, but which the local authority supports either financially, or by providing premises or other facilities free of charge or at subsidised rates.

Contracted out: Provision that the local authority purchases under a formal contractual arrangement from another Further Education provider (e.g. a college).

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

The total number of enrolments for sessions in 2002/03 came to 37,000 of which just 27% was at LEA maintained centres

Table 2.16 Maintained secondary schools teaching Welsh, 2002/03 (Percentage)

	Welsh as a first and second language	Welsh as a first language only	Welsh as a second language only	All schools
Bridgend	-	0.0	100.0	100.0
Vale of Glamorgan	-	12.5	87.5	100.0
Rhondda, Cynon, Taff	-	21.1	78.9	100.0
Merthyr Tydfil	-	0.0	100.0	100.0
Caerphilly	-	6.3	93.8	100.0
Blaenau Gwent	-	-	100.0	100.0
Torfaen	-	12.5	87.5	100.0
Monmouthshire	-	-	100.0	100.0
Newport	-	-	100.0	100.0
Cardiff	-	10.0	90.0	100.0

Source: Digest of Welsh Local Area Statistics, 2004

The demographics of the Welsh language vary considerably across Wales and this is reflected in the demand for Welsh language provision in schools.

Table 2.17: Welsh for Adults Enrolments at FE and HE Institutions in South East Wales - 2002/2003

Welsh for Adult Enrolments at FE and HE Institutions 2002/2003	
Institution	Total
Barry College	328
Bridgend College	208
Coleg Glan Hafren	376
Coleg Gwent	3,531
Merthyr Tydfil College	219
Coleg Morgannwg	774
Saint David's Catholic College	0
WEA (South)	782
YMCA	45
Ystrad Mynach College	316
University of Glamorgan	340
Cardiff University	1,963
Total	8,882

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

The bulk of adult enrolments were at Coleg Gwent (39%) and Cardiff University (22%)

Table 2.18: Workforce Development in South East Wales – ELWa region March 2003 – Feb 2004

Workforce development training		
	South East Wales	Wales
Working age population	842,000	1,742,000
In employment	581,000	1,218,000
Training in last 4 weeks (in work)	94,000	197,000
Training as % of in employment (employees + self employed)	16%	16%
Males: Training as % of in employment (employees + self employed)	15%	14%
Females: Training as % of in employment (employees + self employed)	17%	18%
Full-time workers: Training as % of in employment	17%	17%
Part-time workers: Training as % of in employment	14%	15%

Source: National Statistics, Local Area Labour Force Survey, 2003-04

- 16% of the South East Wales workforce had received some form of training in the 4 weeks preceding the survey;
- Women were more likely to receive training than men;
- Part-time workers received marginally less training than full time ones.

Table 2.19: Workforce Development by Sector and Qualification Level in South East Wales – ELWa region March 2003 – Feb 2004

Workforce development training:			
	South East Wales		Wales
Training in last 4 weeks	Number	%	%
Production Industries	13,000	12%	13%
Private services	34,000	14%	13%
Public Sector	43,000	24%	24%
NVQ 4 +	42,000	25%	25%
NVQ 3 and below	53,000	13%	18%

Source: National Statistics, Local Area Labour Force Survey, 2003-04

The distribution of training favours those already well qualified.
The likelihood of receiving training also differs markedly by sector.

Table 2.20: Workforce development: Unitary Authorities March 2003 – Feb 2004

	Population (working age)	In employment	Training in last 4 weeks (employed + self empl)	Training as % of employment
Bridgend	77,000	55,000	8,000	14
Vale of Glamorgan	71,000	52,000	8,000	16
Rhondda, Cynon, Taff	138,000	90,000	15,000	17
Merthyr Tydfil	34,000	21,000	3,000	14
Caerphilly	103,000	68,000	10,000	15
Blaenau Gwent	42,000	26,000	4,000	14
Torfaen	54,000	37,000	5,000	15
Monmouthshire	51,000	38,000	5,000	13
Newport	81,000	58,000	9,000	16
Cardiff	192,000	134,000	26,000	20
South East Wales	842,000	581,000	94,000	16

Source: National Statistics, Local Area Labour Force Survey 2003-04

There are variations in the incidence of workforce training by Unitary Authority area

Table 2.21: Skills and qualifications –Mar 2003-Feb 2004

Working age population	Skills and qualifications –			
	ELWa - South East Wales	ELWa- South East Wales	Wales	GB
	No.	%	%	%
with NVQ4+	193,000	22.9	22.5	25.2
with NVQ3	115,000	13.6	14.3	14.7
with trade apprenticeships	53,000	6.4	6.7	6.5
with NVQ2	129,000	15.3	16.7	15.2
with NVQ1	123,000	14.6	13.9	14.6
with other qualifications	71,000	8.4	8.0	8.8
with no qualifications	159,000	18.8	17.8	15.1

Source: National Statistics, Local Area labour Force Survey 2003

The proportion of the working age population with qualifications at level 4 or above is close to the Welsh average.

However, the region has relatively fewer qualified to NVQ levels 3 and 2 while the proportions at level 1 or with no qualifications exceed the Welsh (and GB) average

Chapter 3

Patterns of Employment, Unemployment and Inactivity

Patterns of employment

Overall, South East Wales has maintained a reasonably healthy labour market although the population of working age has declined from 872,000 to 843,000 since 2001. Working against this change in the population has been an increase in the activity rate in the region from 73.0% to 78.6%. Together these two changes resulted in about 16,000 more people being employed or seeking work in 2003 than there were in 2001 ([Table 3.1](#)). Changes in the activity rate are made up of changes in both the employment and the unemployment rates. Over this same two year period, employment in South East Wales rose to 69.4% and unemployment fell to 5.6%. This unemployment rate is slightly more than the rate for Wales as a whole, which was 5.1% in 2003.

These changes in the pattern of activity and employment are offset by the decline in the population of working age. This may imply that the South East region has not contributed a great deal to the overall improvement in the Welsh labour market that has been manifest in the rest of the country.

The current figures for employment by age are given in [Table 3.2](#), where the rates are also compared with the rest of Wales and with the UK as a whole. Employment rates are lower in South East Wales than in Wales as a whole by substantial margins in every age group, except 16-19 year olds, and they are also lower than in the UK. However, it is also worthwhile pointing out that the employment rates recorded in [Table 3.2](#) are substantially higher than the rates recorded for 2001 in the last set of baseline data reports published, particularly in the 20-24 age band where the employment rate rose from 42.1% to 66.6%. Also, in the 35-49 age band the employment rate rose from 76.8% to 78.6%. In the intervening 25-34 year old age band, employment rates have fallen from 77.1% to 75.8%.

[Tables 3.3](#) and [3.4](#) show employment rates for men and women respectively. Employment rates are slightly lower in South East Wales when compared with the rest of Wales. Compared to the UK, employment rates among women are about 4 percentage

points lower, and men's employment rates are over 5 percentage points lower. Note, though, that this last effect is concentrated among older men, and particularly, in the over-50 age group. In 2001, this report showed men's employment rates 6 percentage points and women's 5.5 percentage points lower than the UK, so that employment rates in South East Wales have improved relatively, although the absolute increase has not been great.

Geographical Distribution

Although employment and non-employment patterns in South East Wales have generally been quite stable, changes in employment rates are not evenly distributed throughout the region. [Table 3.5](#) presents a breakdown of the data by parliamentary constituency, showing employment and inactivity rates for 2003, and the change in the employment rate since 2001. The table also shows the rank order of the constituencies according to employment rate in both years. There is little obvious pattern to any of these figures at this level of disaggregation. There have been seven clear gainers in employment rates: Bridgend, Caerphilly, Cardiff North, Cardiff West, Cynon Valley, Islwyn, and Pontypridd; and three clear losers: Cardiff Central, Newport East, and the Vale of Glamorgan.

Industrial sectors of employment

There are two sources of information about employment that enable a breakdown by industrial sector: the Labour Force Survey (LFS), which has been the source of most of the information in this report so far; and the Annual Business Inquiry (ABI). These two sources differ in that the LFS is a survey of households, while the ABI is a survey of businesses. The LFS is probably a more reliable source for many issues to do with employment, because the ABI includes only businesses that are VAT or PAYE registered. Small enterprises (such as self-employed building workers) are therefore excluded. Despite this, we report figures from both surveys in [Tables 3.6](#) and [3.7](#).

In common with Wales as a whole, the single largest sector providing employment in South East Wales is the public sector: Public administration, Education and Health. The LFS gives the share of this sector in total employment as 31.0% which is much the same as in Wales as a whole (30.8%). ABI gives similar, if slightly larger, figures. Both sources

indicate an increase in the share of this sector in total employment. For comparison, the 2001 LFS figure was 27.7%.

The second largest employment sector is Distribution, Hotels and Restaurants, which accounts for a little under 1/5 of employment within South East Wales which is a little smaller than within Wales as a whole. Only slightly smaller is the Manufacturing sector, which has decreased in relative size over the last two years, from 19.8% to 17.2%.

Banking, Finance and Insurance each account for about 12% of South East Wales' employment. The Banking sector is a little larger than in Wales as a whole. Construction in South East Wales has retained a constant share of employment at 7.6%.

Total services have increased slightly in importance, remaining a slightly larger proportion of total South East Wales employment than in Wales as a whole. They accounted for 73.3% of employment in 2003, up from 70.7% in 2001.

Occupational patterns of employment

[Table 3.8](#) shows the occupational distribution of employment in Wales and in South East Wales. The two distributions are not substantially different from each other. Skilled Trades are slightly (1.7 percentage points) less frequent in South East Wales than in the country as a whole. However, there have been some changes since 2001, with the proportion of Associate Professional and Technical Occupations having increased by one percentage point, and Process, Plant and Machine Operatives decreased by about the same.

Self-employment

There has been a fall of about 12% in the self-employed in South East Wales, from 59,000 to 52,000, accounting for more than 3/5 of the fall in employment. In this respect the South East region is unusual, since self-employment rose by 3,000 in Wales as a whole. The difference is largely attributable to the fact the population of working age fell in the South East. As [Table 3.9](#) indicates, while the working age population fell by 30,000, the total number employed fell by 14,000, of whom half were self-employed.

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. Furthermore, 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.⁹ The statistics in [Table 3.10](#) refer to the Unitary Authorities that make up the South East Wales region. Some of these are based on sample sizes that are too small to produce reliable results. These are indicated by (!), or (!!), and should be treated with some circumspection.

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 were £441.70. This figure was 12.5 per cent below the UK average and 4.4 per cent below the UK average excluding London and the South-East ([Table 3.10](#)). As noted in the national report, 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. However, this impression is not so clear when the South East of the country is considered. Cardiff is the standout UA, with mean income about the same as the UK average. The Vale of Glamorgan also has wages that are high by Welsh standards. Caerphilly and Torfaen have wages around the average for the Objective 1 area, while Blaenau Gwent has the lowest average wage in Wales at just under £400.

It should 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.

⁹ See C. Daffin, An Analysis of Historical ASHE Data 1998 to 2003, *Labour Market Trends*, December, 2004, pp 493-

The national report observed that the gender pay gap in Wales is smaller than in the UK generally. [Table 3.11](#) indicates that it has also declined in Wales as a whole over the last 5 years. This decline does not appear to have occurred uniformly across the South East Wales region. Five UA's show a reduction in the pay gap. Although these figures may be subject to large sampling errors, if we take them at face value, it is quite striking that areas in which the gender pay gap appears to have increased are, with the exception of the Vale of Glamorgan, those with the lowest wage rates.

Skills of the Employed

With the decline in the number employed, the skills of the employed workforce in South East Wales have worsened since 2001, with 22.9% now being qualified to NVQ Level 4 or above ([Table 3.12](#)), and 63.5% having qualifications below NVQ Level 3, or none at all. This represents a decrease of 2.7 percentage points in the high-skill proportion and a 2.4 percentage point increase in the low-skill proportion over the last two years. This is against a background of generally rising skills in Great Britain and Wales. The gap between South East Wales and Wales in the high skills ratio has in fact changed from being one percentage point in South East Wales' favour, to about 4 percentage points against.

Non-employment – who is not working?

Non-employment in this report includes both those who are economically inactive and those who are classed as unemployed under the ILO definition¹⁰. We have already seen in [Table 3.1](#), that economic inactivity in 2003 in South East Wales was 26.4% compared with 25.8% for Wales as a whole. Against the background of a decline in population numbers, the stability of both activity and unemployment is perhaps a little surprising

Low qualifications

The recent work by WELMERC¹¹ on patterns of inactivity in Britain has been summarised at some length in the National report. One of the main findings of that study

¹⁰ The ILO definition is self-reported in work or actively seeking work. It is now generally regarded as preferable to the claimant count measure that is still published in Britain – not least because it is not directly affected by changes in the rules for claiming benefits.

¹¹ WELMERC: "Identifying barriers to economic activity in Wales" <http://www.wales.gov.uk/subiresearch/content/eru/rpt03-04-e.htm>.

is that: "Differences in economic activity rates between Wales and other regions are due in part to differences in the composition of populations and in part due to differences in propensities towards economic activity for individuals with similar characteristics. In most of the regional comparisons made, around half of the observed difference in regional economic activity rates cannot be accounted for by characteristic effects." It is also true that one of the characteristics driving differences in inactivity rates is educational achievement: "Economic inactivity rates are lower the higher is an individual's educational achievement. ... In 2001 economic inactivity rates were lowest among those with a degree and highest for those with no qualifications. For example, the economic inactivity rate in Wales (GB) in 2001 for individuals with no qualifications was 47 (42) per cent, while for individuals whose highest qualification was a degree the inactivity rate was only 12 (10) per cent."

Disabilities

For the analysis of the employment situation of people with disabilities, we use a wide definition of disability. Firstly, there are people who are defined as disabled within the meaning of the Disability Discrimination Act. This covers people who have "a physical or mental impairment which has a substantial and long-term adverse effect on his ability to carry out normal day-to-day activities". An additional category is those who have a work-limiting disability. This has been identified in surveys as being a health problem which limits the type or amount of work which a person can undertake. In this analysis, we include people who are either DDA disabled or work-limited disabled, or both (the largest category). Therefore we include a wide range of people with health limitations to possible employment as well as people with more immediately recognisable forms of disability.

[Table 3.13](#) shows the breakdown of the working age populations of South East Wales and Wales as a whole. These show a small rise in the disabled figures reported in the last of these reports for 2001. 25% of the working age population of South East Wales had at least one of the types of disability described above. This compares with 20% in 2001, and 23% in Wales as a whole. The employment rate for people with disabilities in South East Wales (as recorded in the Welsh boost to the Local Area Labour Force Survey) is 39.9%. This is the same as the Wales rate, but still only just under half the employment rate for those without disabilities. The disabled in South East Wales have shared in the general rise in employment rates among the disabled in Wales. The

increase in their employment rate of 2.5 percentage points since 2001 has been identical to that in Wales as a whole. ([Table 3.14](#))

Finally, [Table 3.15](#) breaks down the economically inactive and unemployed by disability status. While the economically inactive have decreased in number, the proportion with a disability has increased from 50.8% to 53.4%. For the unemployed the proportion disabled has increased from 18.9% to 20%. This is against a background of stable proportions for Wales as a whole.

People aged over 50

In 2003, 69.4% of people aged over 50, but under retirement age were working, which is 5 percentage points below the rate for Great Britain, and 1 percentage point lower than for Wales as a whole ([Table 3.16](#)). The issue of low qualifications among the older age groups appears to have ameliorated somewhat in South East Wales, with 49% of those of working age but over 50 now having qualifications below NVQ2, compared with 52.4% 2 years ago.

Unemployment

Unemployment on the ILO international standard measure was 35,000 in South East Wales in 2003 ([Table 3.1](#)), which is 5.6% of the economically active. There is considerable variation in the unemployment rate across Wales. In [Table 3.17](#) economic inactivity and non-employment rates are shown for the 10 UA's making up South East Wales. The divide between the Valleys and the rest of South East Wales is very clear here. Blaenau Gwent, Caerphilly, Merthyr Tydfil, Rhondda Cynon Taff, and Torfaen all have inactivity rates above the Welsh average

A similar pattern is apparent in the benefit claims, which are higher than the Welsh average in all the five UA's listed above plus Newport and Bridgend. ([Table 3.18](#)). In [Table 3.19](#) data are provided for claimant count of Job Seekers' Allowance in June 2004 in the 10 Unitary Authorities making up the South East Wales area. The rate varies between 1.4 per cent in Monmouthshire to 3.8 per cent in Blaenau Gwent, with the Valleys once again showing the highest claimant counts. It should, however, be pointed out that some of these absolute figures are below the minimum publishable due to small

sample size. 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).

As shown in the National Report, 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. There is some difficulty in extracting regional information from the New Deal statistics, since the Jobcentre Plus districts are not conformable with the Assembly regions. In [Tables 3.20](#), [3.21](#), [3.22](#), and [3.23](#) we give the summary statistics for New Deal performance in the four districts that include the South East Wales area: Bridgend & Rhondda Cynon Taff (BRCT), Eastern Valleys (EV), South East Wales (SEW) and Cardiff & Vale of Glamorgan (CVG), respectively. The Tables show that, as of December 2004, in the four districts in order, 80.8%, 81.0%, 79.7% and 79.3% of those entering the New Deal for Young People obtained sustained employment. The New Deal 25 Plus delivered 82.1%, 85.1%, 78.6% and 78.9% entrants (respectively) to sustained employment. These figures are generally worse than the figures for Wales as a whole given in the National Report, except for the New Deal 25+ figures for SEW and CVG.

A new data source that became available in 2003 is Jobcentre Plus's district level statistics of performance relative to the Performance and Resources agreement. In 2003-4 the target for Wales as a whole was missed by 2.9 per cent, but the four South East Wales districts performed very differently, with SEW and EV missing their target profile by a little over 1%, and the other two offices exceeding it by 12% (CVG) and over 16% (BRCT) ([Table 3.24](#)). For lone parents, job entries for Wales as a proportion of the client base rose to 13.9 per cent compared to the GB average of 10.1 per cent ([Table 3.25](#)). In the South East Wales districts, job entries for lone parents were higher than in Wales generally in BRCT and EV, but lower in the other two districts. In the case of people with disabilities, job entries as a proportion of the client base in Wales were only 2.1 per cent. This rate was matched in EV and SEW, exceeded in BRCT (4%) ([Table 3.26](#)) but was even lower in CVG, where the rate was 1.7%. 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. South East Wales is slightly below the Welsh average, but still comfortably above GB ([Table 3.27](#)). A lot of this is due to the performance of the Jobcentre Plus

offices in BRCT and EV who posted rates of job entries of 58.7% and 53.5% respectively. The other two offices performed under the average at 45.5% for SEW and 41.7% for CVG. For customers unemployed for less than six months the difference is more marginal – 10.9 per cent as opposed to 9.1 per cent ([Table 3.28](#)). Of the South East Wales districts, only CVG performed below the (Welsh) national average – 8.3%. EV scored a creditable 14.2%.

We have referred to the WELMERC study of inactivity in Wales already in this chapter. This not only points to the fact that economic inactivity is substantial in Wales relative to other regions in Britain, but also that it varies significantly across Wales and so has a geographical dimension. The WELMERC study was not, however, structured in such a way as to be able to extract from it statistics that are reliable on a regional basis, some basic facts can, however, be extracted from the Labour Force Survey. In 2003, the inactivity rate in South East Wales was 26.4%. This is higher than the rate for Wales as a whole ([Table 3.1](#)). Of the economically inactive, 27.4% wanted a job, in comparison to 23.8% for Wales ([Table 3.29](#)).

The Demand for Skills

Most of what we have discussed above focuses on the supply of labour. As in the National Report, we also 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. During recession, the initial response may be to cut hours and then lay-off workers. Some workers with particular skills which are in short supply may, however, be hoarded, so that they are readily available when product demand recovers. For these reasons we expect hours of work to fluctuate much more than numbers employed over the cycle, and employment only to react after a time lag.

In the National Report, we examine job starts in Wales using the Labour Force Survey 2003-04. However, the relevant figures are not readily available at a more disaggregated level, so we are unable to carry out a parallel regional analysis.

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. Job Density figures are available for 2000, 2001 and 2002 and show little change for the constituent countries of the UK apart from Scotland. ([Table 3.30](#)) Within Wales job density is much higher in the Objective Three area than in the Objective One area. South East Wales is partly in the O1 area and partly in the O3 area¹², it is no surprise to find a spread of job density values within the region, with particularly high job densities in the coastal cities of Cardiff and Newport. Job densities appear to have increased recently in Merthyr and Rhondda Cynon Taff.

Another means of meeting greater product demand is increasing labour productivity.¹³ 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 or regions 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 3.31](#) productivity is measured in terms of gross value added per person employed and in 2002 Wales' productivity was only 83 per cent of the UK average. However, within Wales there are substantial differences in productivity. While the NUTS areas that make up the coastal areas of Cardiff, Newport and Monmouthshire have productivity levels close to or exceeding the UK average, there is a clear divide between the Objective 1 area and the rest. Productivity in the Central Valleys, Bridgend and Neath Port Talbot is about three quarters the UK average, and in the Gwent Valleys it is barely two thirds the UK average.

¹² This is true of all the Assembly regions, except for SW Wales.

¹³ A useful discussion is contained in C. Lindsay, Labour Productivity, *Labour Market Trends*, November 2004, pp 447-454.

Conclusions

South East Wales accounts for about half the population of Wales, so its economic health is important to the economic health of the nation as a whole. Recently, a decline in the size of the working population has been offset by increased participation and employment rates, but nonetheless has left employment in the region lower.

A second key characteristic of this region (apart from its size) is that the coastal areas have a more vigorous economy than the Valleys do. Averaging across these two parts of the region is therefore likely to be misleading.

It is thus the Valleys, rather the South East region as a whole that might be seen to give rise to concern. Here, inactivity and unemployment rates are high, and productivity rates low, and these are long-standing issues that deserve continued attention.

Table 3.1: Labour market statistics, South East Wales and Wales, 2003

Labour market statistics 2003			
	South East Wales	Wales	Difference from Wales
Economically active	620,000	1,293,000	
In employment	585,000	1,227,000	
ILO unemployed	35,000	66,000	
Economically inactive	223,000	449,000	
Economic activity rate	73.6	74.2	-0.6
Employment rate	69.4	70.5	-1.1
ILO unemployment rate	5.6	5.1	0.5
Economic inactivity rate	26.4	25.8	0.6

Base: working age population

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

The Population of working age in South East Wales has declined by 14% since 2001.
 The activity rate in South East Wales has increased from 73% to 78.6% since 2001.
 Roughly 16,000 more people are being employed or seeking work in 2003 than there were in 2001.
 Since 2001, South East Wales employment has risen to 69.4%
 Since 2001, South East Wales unemployment has fallen to 5.6%
 The unemployment rate in South East Wales is slightly higher than it is for Wales

Table 3.2: Employment rates by age (%), South East Wales, Wales and UK, 2003

Employment rates by age %					
	South East Wales	Wales	UK	Difference from Wales	Difference from UK
16-19	47.9	47.1	49.9	0.8	-2
20-24	66.6	68.1	69.1	-1.5	-2.5
25-34	75.8	77.2	79.2	-1.4	-3.4
35-49	78.6	80.1	81.7	-1.5	-3.1
50-retirement age	60.6	61.9	69	-1.3	-8.4

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

Employment rates are lower in South East Wales than in Wales as a whole by substantial margins in every age group, except 16-19 year olds, and they are also lower than in the UK. Employment rates are substantially higher than the rates recorded for 2001.

Table 3.3: Male employment rates by age 2003

Employment rates by age %					
	South East Wales	Wales	UK	Difference from Wales	Difference from UK
All men	73.4	74.0	78.7	-0.6	-5.3
16-19	48.7	46.5	48.9	2.2	-0.2
20-24	73.9	73.8	73.5	0.1	0.4
25-34	84.5	85.5	87.5	-1	-3
35-49	84.5	85.6	88.4	-1.1	-3.9
50-retirement age	60.8	62.6	71.0	-1.8	-10.2

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

For males, employment rates are slightly lower in South East Wales than in Wales. Male employment rates in South East Wales are lower than in the UK; particularly in older age groups.

Table 3.4: Female employment rates by age 2003

Employment rates by age %					
	South East Wales	Wales	UK	Difference from Wales	Difference from UK
All women	65.3	66.7	69.2	-1.4	-3.9
16-19	47.1	47.8	50.9	-0.7	-3.8
20-24	60.0	62.6	64.8	-2.6	-4.8
25-34	67.9	69.4	71.2	-1.5	-3.3
35-49	73.1	74.9	75.1	-1.8	-2
50-retirement age	60.2	60.8	66.3	-0.6	-6.1

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

For females, employment rates are slightly lower in South East Wales than the rates in Wales.
Female employment rates in South East Wales are lower than the rates in the UK.

Table 3.5: Patterns of employment and economic inactivity by parliamentary constituency, South East Wales, 2003

	Employed	Rank in Wales	Change since 2001	Rank in Wales 2001	Inactive
Blaenau Gwent	63.5	14	0.4	14	31.4
Bridgend	73.8	4	2.0	6	23.0
Caerphilly	67.2	12	2.0	13	29.4
Cardiff Central	62.6	16	-5.6	11	31.6
Cardiff North	78.4	1	2.2	1	18.8
Cardiff South & Penarth	64.1	13	1.1	15	30.4
Cardiff West	77.2	2	5.5	7	18.4
Cynon Valley	62.9	15	2.9	18=	32.5
Islwyn	69.3	10	3.1	12	26.2
Merthyr Tydfil & Rhymney	62.0	17	1.5	16	34.8
Monmouth	76.0	3	1.6	3	21.4
Newport East	70.1	8	-2.9	5	26.1
Newport West	73.6	5	0	4	22.7
Ogmore	68.8	11	-0.9	9	28.0
Pontypridd	72.4	7	2.9	10	23.1
Rhondda	61.9	18	1.9	18=	32.7
Torfaen	69.5	9	-0.5	8	26.3
Vale of Glamorgan	73.2	6	-2.7	2	22.4

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

Employment rates are not evenly distributed throughout the South East Wales region. There have been seven clear gainers in employment rates: Bridgend, Caerphilly, Cardiff North, Cardiff West, Cynon Valley, Islwyn, and Pontypridd; There have been three clear losers: Cardiff Central, Newport East, and the Vale of Glamorgan.

Table 3.6: South East Wales and Wales: employment by industry 2003

Wales: employment by industry 2003					
	SE Wales		Wales		Difference from Wales
	No.	%	No.	%	%
Agriculture & fishing	3,000	0.5	24,000	1.9	-1.4
Energy & water	6,000	1.1	15,000	1.2	-0.1
Manufacturing	101,000	17.2	198,000	16.1	1.1
Construction	45,000	7.6	101,000	8.2	-0.6
Distribution, hotels & restaurants	109,000	18.7	243,000	19.8	1.1
Transport & communication	34,000	5.7	69,000	5.6	0.1
Banking, finance & insurance etc	70,000	11.9	125,000	10.2	1.7
Public admin, education & health	181,000	31.0	379,000	30.8	0.2
Other services	35,000	6.0	72,000	5.9	0.1
Total services	429,000	73.3	888,000	72.4	-0.9
Total in industries	584,000		1,226,000		

Base: Working Age population

Information relates to the main business of survey respondents living in South East Wales.

Employment includes self-employment.

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

The public sector is the largest sector providing employment in South East Wales.

The second largest employment sector is Distribution, Hotels and Restaurants, which accounts for a little under 1/5 of employment within South East Wales which is a little smaller than within Wales as a whole.

Total services has increased slightly in importance, remaining a slightly larger proportion of total employment than in Wales as a whole.

Table 3.7: South East Wales and Wales: employment by industry – Annual Business Inquiry data, 2003

Wales: employment by industry – Annual Business Inquiry data					
Thousands	SE Wales		Wales		Difference from Wales
	No.	%	No.	%	%
Agriculture and fishing	580	0	1,723	0	0
Energy and water	3,702	1	7,997	1	0
Manufacturing	92,987	17	179,108	16	1
Construction	22,487	4	47,110	4	0
Distribution, hotels and restaurants	122,906	22	262,483	24	-2
Transport and communications	28,618	5	51,060	5	0
Banking, finance and insurance, etc	78,055	14	133,146	12	2
Public administration, education & health	185,386	33	366,261	33	0
Other services	28,326	5	55,587	5	0
Total	563,038	100	1,104,475	100	
Total Services	443,291	79	868,537	79	0

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

Source: Annual Business Inquiry 2003, National Statistics <http://www.nomisweb.co.uk>

The public sector is the largest sector providing employment in South East Wales.

The second largest employment sector is Distribution, Hotels and Restaurants, which accounts for a little under 1/5 of employment within South East Wales which is a little smaller than within Wales as a whole.

Table 3.8: Employment by occupation, South East Wales and Wales 2003

In employment by occupation, Wales 2003					
	South East Wales		Wales		Difference from Wales
	No.	%	No.	%	
Managers and Senior Officials	71,000	11.9	153,000	12.1	-0.2
Professional occupations	68,000	11.4	138,000	10.9	0.5
Associate Professional and Technical	82,000	13.7	166,000	13.1	0.6
Administrative and Secretarial	78,000	13	155,000	12.2	0.8
Skilled Trades Occupations	68,000	11.3	166,000	13	-1.7
Personal Service Occupations	44,000	7.3	100,000	7.9	-0.6
Sales and Customer Service Occupations	53,000	8.8	106,000	8.3	0.5
Process, Plant and Machine Operatives	59,000	9.7	123,000	9.7	0
Elementary Occupations	75,000	12.5	160,000	12.6	-0.1
Total	598,000	100	1,267,000	100	0

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

The occupational distributions in Wales and in South East Wales are not substantially different from each other.

Table 3.9: Self-employment in South East Wales and Wales, 2003

	South East Wales 2001	South East Wales 2003	Wales 2001	Wales 2003
Self-employed	59,000	52,000	143,000	146,000
Total in employment	599,000	585,000	1,223,000	1,227,000
% self-employed	9.8%	8.9%	11.7%	11.9%
Working age population	872,000	842,000	1,765,000	1,742,000
% self-employed	6.8%	6.2%	8.1%	8.4%

Source: Welsh Local Area Labour Force Survey 2003 National Statistics <http://www.nomisweb.co.uk>

There has been a fall of about 12% in the self-employed in South East Wales, from 59,000 to 52,000, accounting for more than 3/5 of the fall in employment.

Table 3.10: Average gross weekly earnings, full-time employees on adult rates, by local authority and gender

Year	1999			2004 (including supplementary survey information)		
	Persons	Males	Females	Persons	Males	Females
Wales	358.7	391.9	300.5	441.7	480.4	377.4
Bridgend	359.6	(!) 430.5	(!) 267.0	(!) 454.9	(!) 499.7	(!) 390.0
Rhondda Cynon Taff	350.9	375.5	305.2	433.8	(!) 476.3	377.0
Merthyr Tydfil	(!) 380.8	(!!) 413.6	(!!) 328.6	(!) 443.9	(!) 478.1	(!!) 397.7
Caerphilly	353.0	368.6	(!) 325.6	425.3	(!) 452.8	(!) 383.0
Blaenau Gwent	311.2	(!) 319.2	(!) 292.5	(!) 398.6	(!) 426.9	(!) 367.8
Torfaen	355.2	(!) 380.8	(!) 292.0	426.8	(!) 464.4	(!) 344.8
The Vale of Glamorgan	(!) 392.8	(!) 420.4	(!!) 355.6	(!) 474.2	(!) 507.5	(!) 414.7
Cardiff	372.0	407.2	311.9	497.6	541.8	421.9
Monmouthshire	(!) 355.0	(!) 397.4	(!) 273.4	445.8	(!) 487.3	(!) 364.8
Newport	382.1	418.5	307.4	449.8	(!) 489.6	386.2

(!!) The data item has a coefficient of variation (CV) of between 10% and 20% and is therefore categorised as only 'acceptable' by the Office for National Statistics. Only estimates with a CV of less than 5% are considered 'precise', whilst estimates with a CV of between 5% and 10% are considered 'reasonably precise.' Estimates with a CV of above 20% are considered unacceptable and suppressed.

(!) The data item has a coefficient of variation (CV) of between 5% and 10% and is therefore categorised as only 'reasonably precise' by the Office for National Statistics. Only estimates with a CV of less than 5% are considered 'precise', whilst estimates with a CV of between 10% and 20% are considered 'acceptable.' Estimates with a CV of above 20% are considered unacceptable and suppressed.

Source: Annual Survey of Hours and Earnings,
<http://www.statswales.wales.gov.uk/TableViewer/tableView.aspx?ReportId=113>

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 were 12.5 per cent below the UK average.

In 2004 the gross weekly wage was £467.6 in the Objective Three area and £419.6 in the Objective One area.

Table 3.11: The Gender Pay Gap in South East Wales

	Male earnings/Female earnings 1999	Male earnings/Female earnings 2004
Wales	1.30	1.27
Bridgend	1.61	1.28
Rhondda Cynon Taff	1.23	1.26
Merthyr Tydfil	1.26	1.20
Caerphilly	1.13	1.18
Blaenau Gwent	1.09	1.16
Torfaen	1.30	1.35
The Vale of Glamorgan	1.18	1.22
Cardiff	1.31	1.28
Monmouthshire	1.45	1.34
Newport	1.36	1.27

Source: Annual Survey of Hours and Earnings

The gender pay gap has declined in Wales as a whole over the last 5 years. This decline does not appear to have occurred uniformly across the South East Wales region.

Table 3.12: Qualifications held by those in employment, South East Wales and Wales, 2003

Qualifications of those in employment			
Qualification	South East Wales	Wales	GB
	%	%	%
NVQ 4+	22.9	26.8	28.6
NVQ 3	13.6	15	15.2
Under NVQ 3	63.5	58.2	56.2
Total	100	100.0	100.0

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

With the decline in the number employed, the skills of the employed workforce in South East Wales have worsened since 2001, There has been a decrease of 2.7 percentage points in the high-skill proportion and a 2.4 percentage point increase in the low-skill proportion over the last two years. This is against a background of generally rising skills in Great Britain and Wales.

Table 3.13 Disability in South East Wales and Wales, 2003

Disability in Wales, 2003					
		South East Wales		Wales	
		2003	Percentage of working age population	2003	Percentage of working age population
Disability		No.	%	No.	%
DDA disabled and work-limiting disabled		143,000	17%	271,000	15.6%
DDA disabled		34,000	4%	68,000	3.9%
Work-limiting disabled only		31,000	3.7%	61,000	3.5%
Not disabled		635,000	75.3%	1,342,000	77%
All disabled		208,000	25%	400,000	23%
Total		843,000	100%	1,742,000	100%

Source: Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

25% of the working age population of South East Wales had at least one type of disability. This compares with 20% in 2001, and 23% in Wales as a whole.

Table 3.14: Employment rates of disabled and non-disabled people, South East Wales and Wales, 2003

Disabled employment rates			
	South East Wales	Wales	Difference from Wales
All disabled	39.9	39.8	0.1
Not disabled	79.1	79.6	-0.5
Difference	-39.2	-39.8	

Base: Working Age population

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

The employment rate for people with disabilities in South East is the same as the Wales rate, but still only just under half the employment rate for those without disabilities.

The disabled in South East Wales have shared in the general rise in employment rates among the disabled in Wales. The increase in their employment rate of 2.5 percentage points since 2001 has been identical to that in Wales as a whole.

Table 3.15: Disability, economic inactivity and unemployment, South East Wales and Wales, 2003

Disability, economic inactivity and unemployment (ILO definition)				
	Economically inactive		Unemployed	
	South East Wales	Wales	South East Wales	Wales
Total	223,000	449,000	35,000	66,000
With a disability	119,000	227,000	7,000	13,000
Percentage with a disability	53.4	50.6	20.0	19.7

Base: Working Age Population

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

While the economically inactive have decreased in number, the proportion with a disability has increased from 50.8% to 53.4%.

For the unemployed the proportion disabled has increased from 18.9% to 20%. This is against a background of stable proportions for Wales as a whole.

Table 3.16: Qualifications and economic activity for the working age population aged 50 and over, South East Wales and Wales, 2003

Qualifications, economic activity for the working age population aged 50 and over			
	South East Wales	Wales	GB
Number aged 50 plus	213,000	469,000	8,722,000
Number with qualifications below NVQ 2	105,000	222,000	4,049,000
Proportion of 50 plus below NVQ level 2	49%	46%	49%
Total number with qualifications below NVQ level 2 (working age)	53,000	692,000	13,542,000
Proportion of those with low qualifications Aged 50+	30%	32%	30%
Employment rate (Working Age)	69.4	70.5	74.3

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

69.4% of people aged over 50 and under retirement age were working, which is 5 percentage points below the rate for Great Britain, and 1 percentage point lower than for Wales as a whole. The issue of low qualifications among the older age groups appears to have ameliorated somewhat in South East Wales, with 49% of those of working age over 50 now having qualifications below NVQ2, compared with 52.4% 2 years ago.

Table 3.17 Patterns of non-employment by UA area, 2003

Patterns of non-employment by UA area				
Local authority	Economically inactive	Economic inactivity rate	Not employed	Non-employment rate
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%
Merthyr Tydfil	11,000	33.2%	12,478	36.7%
Monmouthshire	10,000	20.6%	12,036	23.6%
Newport	20,000	24.9%	23,166	28.6%
Rhondda, Cynon, Taff	41,000	29.5%	47,610	34.5%
Torfaen	14,000	26.4%	16,470	30.5%
Vale of Glamorgan	16,000	22.3%	18,957	26.7%
Wales	449,000	25.8%	513,890	29.5%

Source: Welsh Local Area Labour Force Survey 2003, National Statistics <http://www.nomisweb.co.uk>

There is considerable variation in the unemployment rate across Wales.

The divide between the Valleys and the rest of South East Wales is very clear. Blaenau Gwent, Caerphilly, Merthyr Tydfil, Rhondda Cynon Taff, and Torfaen all have inactivity rates above the Welsh average. Non employment rates vary appreciably across Unitary Authorities, being higher in the Valleys than elsewhere.

Table 3.18 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
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	3	18	17	2.8	3	0.6	1
Cardiff	30.9	16	4.6	2	19.6	10	5.4	3	1.3	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	-
Newport	16.1	20	2.4	3	10.3	13	2.8	4	0.6	1
Rhondda, Cynon, Taff	33.7	24	3.3	2	25.8	19	4	3	0.7	1
Torfaen	11	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	-
WALES	321.9	18	38.9	2	230.8	13	41.7	2	10.6	1

Source: Client Group Analysis of DWP Information Centre , National Statistics

<http://www.nomisweb.co.uk>

Figures under 500 marked '*' are subject to a high degree of sampling error and should be used only as a guide to the current situation.

"-" nil or negligible

Figures are rounded to the nearest hundred

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)

¹ Percentage of the population of working age

Key benefit claims in South East Wales are higher than the Welsh average in all five UA's plus Newport and Bridgend.

Table 3.19 Jobseeker's Allowance claimants, June 2004

Jobseeker's Allowance claimants		
June 2004	Number	Rate %
Blaenau Gwent	1,541	3.8
Bridgend	1,576	2.0
Caerphilly	2,781	2.7
Cardiff	4,505	2.2
Merthyr Tydfil	1,016	3.0
Monmouthshire	723	1.4
Newport	2,146	2.6
Rhondda, Cynon, Taff	3,155	2.2
Torfaen	1,071	2.0
Vale of Glamorgan	1,494	2.1
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 <http://www.nomisweb.co.uk>

The Claimant Count rate varies between 1.4 per cent in Monmouthshire to 3.8 per cent in Blaenau Gwent, with the Valleys once again showing the highest claimant counts.

The claimant count for the whole of Wales fell from 45,000 in June 2003 to 38,220 in June, 2004

Table 3.20 Summary of people into jobs through New Deal, Jobcentre Plus District: Bridgend & Rhondda, Cynon, Taff.

Summary	New Deal for Young People		New Deal 25 Plus Enhanced programme			
	Total	of which, Sustained ¹⁴	Total	of which, Sustained	Total	of which, Sustained
as at end Dec-04	5,150	4,160	1,230	1,010	1,000	810
By Gender						
Male	3,860	3,120	-	-	850	700
Female	1,290	1,040	-	-	150	120
Disability						
People with Disabilities	710	540	-	-	350	290
Age Group						
18-24	5,150	4,160				
25-29			-	-	210	160
30-34			-	-	200	170
35-39			-	-	180	150
40-49			-	-	280	290
50+			-	-	140	50

Source: Department of Work and Pensions

http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_sept04/wales.asp

As of December 2004, 80.8% of those entering the New Deal for Young People obtained sustained employment in Bridgend & Rhondda, Cynon, Taff. The New Deal 25 Plus delivered 82.1% entrants to sustained employment in Bridgend & Rhondda, Cynon, Taff.

¹⁴ 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.

Table 3.21 Summary of people into jobs through New Deal: Jobcentre Plus District: Eastern Valleys

Summary	New Deal for Young People		New Deal 25 Plus Enhanced programme			
	Total	of which, Sustained ¹⁵	Total	of which, Sustained	Total	of which, Sustained
as at end Dec-04	5,460	4,420	940	800	190	150
By Gender						
Male	4,110	3,340	-	-	170	140
Female	1,350	1,080	-	-	20	20
Disability						
People with Disabilities	820	650	-	-	70	50
Age Group						
18-24	5,460	4,420				
25-29			-	-	40	30
30-34			-	-	40	40
35-39			-	-	30	20
40-49			-	-	40	30
50+			-	-	30	20

Source: Department of Work and Pensions

http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_sept04/wales.asp

As of December 2004, 81% of those entering the New Deal for Young People obtained sustained employment in the Eastern Valleys.

The New Deal 25 Plus delivered 85.1% entrants to sustained employment in the Eastern Valleys.

¹⁵ 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.

Table 3.22 Summary of people into jobs through New Deal: Jobcentre Plus District: South East Wales

Summary	New Deal for Young People		New Deal 25 Plus Enhanced programme			
	Total	of which, Sustained ¹⁶	Total	of which, Sustained	Total	of which, Sustained
as at end Dec-04	3,590	2,860	1,310	1,030	780	600
By Gender						
Male	2,720	2,180	-	-	650	490
Female	880	680	-	-	130	110
Disability						
People with Disabilities	580	450	-	-	240	180
Age Group						
18-24	3,590	2,860	-	-	-	-
25-29	-	-	-	-	140	100
30-34	-	-	-	-	170	130
35-39	-	-	-	-	140	110
40-49	-	-	-	-	200	140
50+	-	-	-	-	130	170
						140

Source: Department of Work and Pensions

http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_sept04/wales.asp

As of December 2004, 79.7% of those entering the New Deal for Young People obtained sustained employment in South East Wales.

The New Deal 25 Plus delivered 78.6% entrants to sustained employment in South East Wales.

¹⁶ 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.

Table 3.23 Summary of people into jobs through New Deal: Jobcentre Plus District: Cardiff & The Vale of Glamorgan

	New Deal for Young People		New Deal 25 Plus Enhanced programme			
	Total	of which, Sustained ¹⁷	Total	of which, Sustained	Total	of which, Sustained
Summary						
as at end Dec-04	4,640	3,680	2,180	1,720	1,490	1,160
By Gender						
Male	3,580	2,830	-	-	1,300	1,010
Female	1,060	850	-	-	180	150
Disability						
People with Disabilities	640	510	-	-	420	330
Age Group						
18-24	4,640	3,680				
25-29			-	-	300	230
30-34			-	-	320	240
35-39			-	-	280	220
40-49			-	-	410	320
50+			-	-	190	150

Source: Department of Work and Pensions

http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_sept04/wales.asp

As of December 2004, 79.3% of those entering the New Deal for Young People obtained sustained employment in Cardiff & the Vale of Glamorgan.

The New Deal 25 Plus delivered 78.9% entrants to sustained employment in Cardiff & the Vale of Glamorgan.

¹⁷ 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.

Table 3.24 Jobcentre Plus District performance against target profile, 2003-04

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		
Bridgend & Rhondda, Cynon Taff	16.0%	93,203
Eastern Valleys	-1.2%	99,735
South East Wales	-1.2%	45,547
Cardiff & Vale	11.9%	61,699
National Total	-2.9%	7,681,000

Source: Jobcentre Plus <http://www.jobcentreplus.gov.uk/documents/JobEntriesQ42004.xls>

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.

In 2003-4 the target for Wales as a whole was missed by 2.9 per cent, but the four South East Wales districts performed very differently, with SEW and EV missing their target profile by a little over 1% and the other two offices exceeding it by 12% (CVG) and over 16% (BRCT).

Table 3.25 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			
Bridgend & Rhondda, Cynon Taff	1,203	7,988	15.1%
Eastern Valleys	1,228	7,198	17.1%
South East Wales	708	6,676	10.6%
Cardiff & Vale	1,037	9,065	11.4%
Wales	7,806	55,779	13.9%

Source: Jobcentre Plus <http://www.jobcentreplus.gov.uk/documents/JobEntriesQ42004.xls>

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

For lone parents, job entries for Wales as a proportion of the client base rose to 13.9 per cent compared to the GB average of 10.1 per cent.

In the South East Wales districts, job entries for lone parents were higher than in Wales generally in BRCT and EV, but lower in the other two districts.

Table 3.26 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			
Bridgend & Rhondda, Cynon Taff	1,510	38,198	4.0%
Eastern Valleys	722	34,069	2.1%
South East Wales	454	21,332	2.1%
Cardiff & Vale	448	26,516	1.7%
Wales	5,045	230,635	2.1%

Source: Jobcentre Plus <http--www.jobcentreplus.gov.uk-documents-JobEntriesQ42004.xls>

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.

In the case of people with disabilities, job entries as a proportion of the client base in Wales were only 2.1 per cent. This rate was matched in EV and SEW, exceeded in BRCT (4%) but was even lower in CVG, where the rate was 1.7%.

Table 3.27 Jobcentre Plus District Performance, job entries by long-term unemployed customers, 2003 - 04

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			
Bridgend & Rhondda, Cynon Taff	2,565	4,370	58.7%
Eastern Valleys	2,675	4,997	53.5%
South East Wales	1,900	4,176	45.5%
Cardiff & Vale	2,679	6,429	41.7%
Wales	19,141	39,609	48.7%

Source: Jobcentre Plus <http--www.jobcentreplus.gov.uk-documents-JobEntriesQ42004.xls>

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.

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.

South East Wales is slightly below the Welsh average, but still comfortably above GB.

Table 3.28 Jobcentre Plus District Performance 2003-04: job entries by short-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			
Bridgend & Rhondda, Cynon Taff	2757	23,149	11.9%
Eastern Valleys	2926	20,660	14.2%
South East Wales	1966	17,871	11.0%
Cardiff & Vale	2198	26,608	8.3%
Wales	18,339	171,533	10.91%

Source: Jobcentre Plus <http://www.jobcentreplus.gov.uk/documents/JobEntriesQ42004.xls>

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.

Of the South East Wales districts, only CVG performed below the (Welsh) national average – 8.3%. EV scored a creditable 14.2%.

Table 3.29: Economic Inactivity in South East Wales and Wales, 2003

Economic Inactivity in South East Wales, Wales				
Labour market attachment 1998-2002	South East Wales	% of the inactive	Wales	% of the inactive
Want work, seeking	4,000	1.8	9,000	2.0
Want work, not seeking	57,000	25.6	98,000	21.8
Do not want work	162,000	72.6	342,000	76.2
Economically inactive	223,000	100	449,000	100

Source: Welsh Local Area Labour Force Survey, ONS 2003 <http://www.nomisweb.co.uk>

Of the economically inactive, 27.4% want a job, in comparison to 23.8% for Wales

Table 3.30 Job Density in UA and Objective 1/3 Areas¹⁸

Job Density 2000	Job Density 2001	Job Density 2002	Area
0.64	0.65	0.66	Objective One
0.86	0.86	0.84	Objective Three

Source: National Statistics

Job Density 2000	Job Density 2001	Job Density 2002	Unitary Authorities
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
0.50	0.61	0.65	Merthyr Tydfil
0.97	0.97	0.92	Newport
0.56	0.58	0.61	Rhondda, Cynon, Taff
0.72	0.73	0.75	Torfaen
0.70	0.73	0.61	Vale of Glamorgan

Source: National Statistics

Within Wales job density is much higher in the Objective Three area than in the Objective One area.

South East Wales is partly in the O1 area and partly in the O3 area,

There is a spread of job density values within the region,

¹⁸ 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.

Table 3.31 Productivity in South East Wales, Wales and UK, 2002

Productivity in South East Wales, Wales and UK				
GVA per person employed				
NUTS area	GVA 2002	In employment	GVA per person employed	Index UK=100
	£ million	2002	£	
Central Valleys	2,848	112,000	25429	73
Gwent Valleys	3,012	130,000	23169	66
Bridgend and Neath Port Talbot	2,758	104,000	26519	76
Monmouthshire and Newport	3,336	97,000	34392	99
Cardiff and Vale of Glamorgan	7,574	188,000	40287	116
Wales	34,997	1,212,000	28875	83
UK	906,000	25,987,000	34864	100

Source: www.statswales.wales.gov.uk

While the NUTS areas that make up the coastal areas of Cardiff, Newport and Monmouthshire have productivity levels close to or exceeding the UK average, there is a clear divide between the Objective 1 area and the rest. Productivity in the Central Valleys, Bridgend and Neath Port Talbot is about three quarters the UK average, and in the Gwent Valleys it is barely two thirds the UK average.