



Insights Report - Wales

LABOUR MARKET RESEARCH

July 2024



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Overview

Research Overview:

This study examines the present state of the Welsh labour market.

Various sources, including the Office for National Statistics (ONS), Welsh Government Economy Statistics, Annual Population Survey, the Bank of England, the Office for Budget Responsibility (OBR), paid external data platforms, and online survey resources were used to collect data for this report. ONS is the UK's largest independent producer of official statistics and is the recognised national statistical institute of the UK. They are responsible for collecting and publishing statistics related to the economy, population, and society at national, regional, and local levels and play a leading role in national and international good practice in producing official statistics. The ONS has recently revised how they estimate employment data in the UK and is currently publishing an alternative series of estimates of UK employment, unemployment, and economic inactivity, which are utilised in this report.

Key Findings:



- The employment rate in Wales is lower than all other UK regions.



- Economic inactivity is higher in Wales than all other UK regions.



- There are 1.32 million paid employees in Wales.



Context of the Welsh Labour Market

Welsh Labour Market Statistics for May 2024:

- To May 2024, the highest economic inactivity rate was in Wales (28.7%) compared to all other UK regions. This has increased by 3.7% on the year.
- In March to May 2024 the employment rate for those aged 16 to 64 in Wales is 68.7%. This is lower than all other UK regions. The employment rate in the UK is 74.4%. The employment rate in Wales is down 2.6% from the previous year.
- The unemployment rate in Wales was 3.5% in March to May 2024, which is lower than the UK rate of 4.4%. The unemployment rate in Wales has fallen by 1.5% on the year.

Figure 1: Economic inactivity rate, 3 months to May 2014 to the 3 months to May 2024

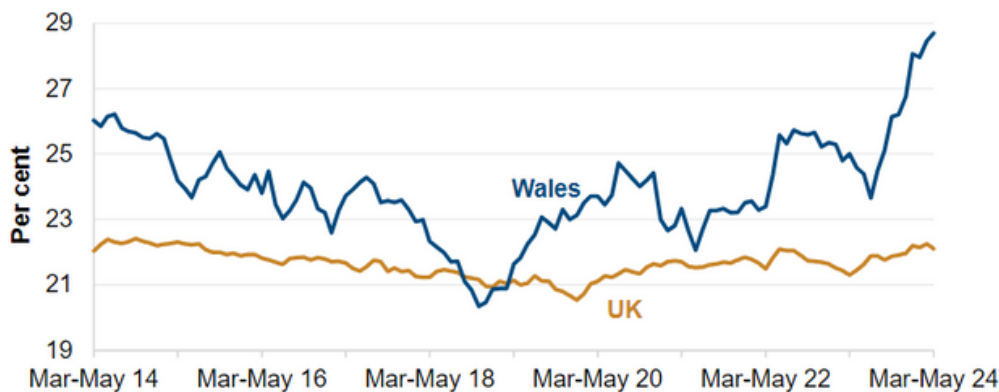


Figure 2: Employment rate, 3 months to May 2014 to the 3 months to May 2024

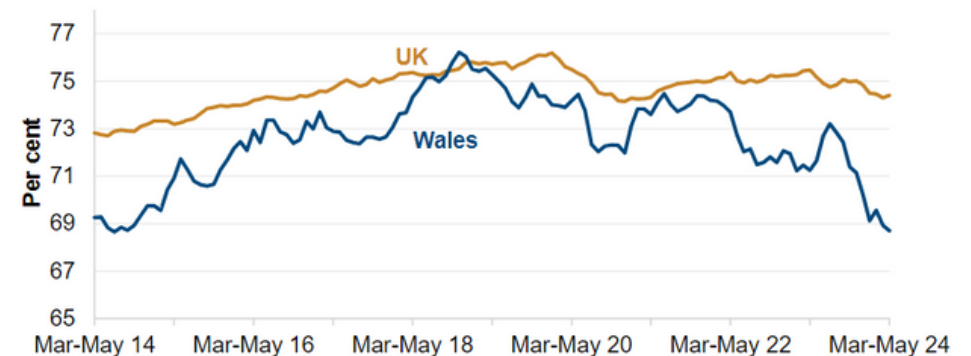
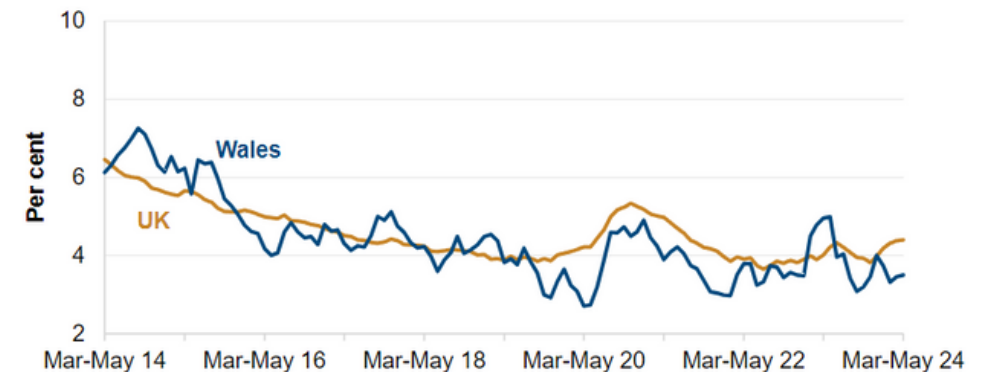


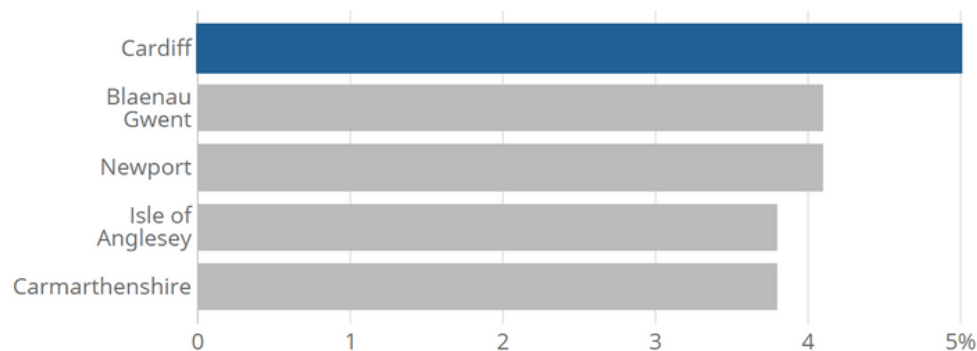
Figure 3: Unemployment rate, 3 months to May 2014 to the 3 months to May 2024



Wales Breakdown

In 2023, Cardiff had the highest unemployment rate in Wales at 5%. Around 10,200 people aged 16 and over in Cardiff were unemployed in the year ending December 2023.

Figure 4: Highest unemployment rates (%) of areas in Wales in 2023



Across Wales, from the year ending December 2022 to the year ending December 2023, there was an increase in the unemployment rate from 3.0% to 3.7%.

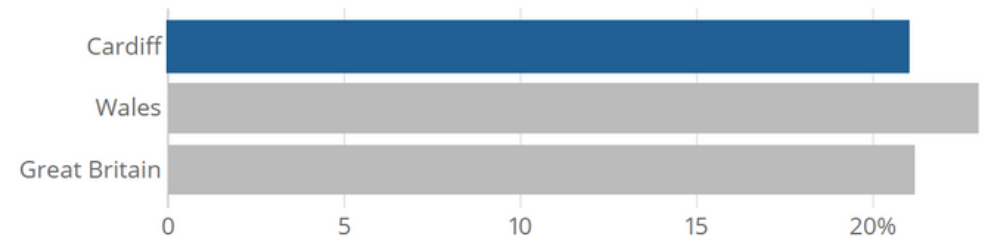
Year on year, the number of people unemployed in Wales rose from around 45,400 to around 57,300 over the same period.

The Claimant Count in Cardiff was 9725 in March 2024, up from March 2023, when there were 9320 claimants. The Claimant Count measures the number of people who are claiming unemployment-related benefits.

The proportion of people aged 16 to 64 years in Cardiff who were claiming unemployment-related benefits was 4.0% in March 2024, a slight increase compared with March 2023 when it was 3.9%.

Around 52,300 people or 21.0% of the population aged 16 to 64 years in Cardiff were "economically inactive" in the year ending December 2023. This compares with around 70,000 people (28.0%) in the year ending December 2022. Economic inactivity in Cardiff is lower than across Wales.

Figure 5: Economic inactivity in Cardiff compared with Wales (Residents aged 16 to 64 years (%), year ending December 2023)

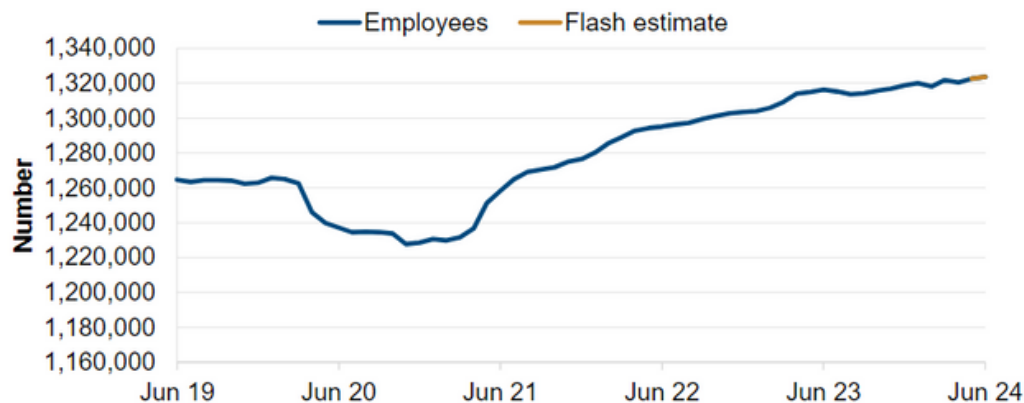


Payrolled Employees

Early estimates for June 2024 indicate that the number of paid employees in Wales has increased by 1,100 (0.1%) over the month to 1.32 million.

At a UK level, early estimates for June 2024 showed a monthly increase of 15,500 (0.1%).

Figure 6: Payrolled Employees, Wales, June 2019 to June 2024



Wage Growth

Median gross weekly earnings for full-time adults working in Wales were £633.7 in April 2023. This was 93.0% of the average for the UK (£681.7). Median gross weekly earnings in Wales were the ninth highest amongst the 12 UK countries and English regions. Median gross weekly earnings for full-time adults working in Wales increased by 5.7% between 2022 and 2023, compared to a 6.4% increase between 2021 and 2022. The UK increased by 6.2% between 2022 and 2023. Wales had the ninth-highest percentage change amongst the 12 UK countries and English regions.

Median gross annual earnings for full-time adults working in Wales were £32,371 for the tax year ending on 5 April 2023, an increase of 5.7% on the previous year.

The gender pay gap on a median hourly full-time basis (excluding overtime) in April 2023 was 5.6% in Wales and 7.7% in the UK. In Wales the gap was unchanged and in the UK, it has widened by 0.1 percentage points compared to the previous year.

Figure 7: Gender pay difference in Wales by year (median hourly earnings full-time employees excluding overtime) (£), 1997 to 2023





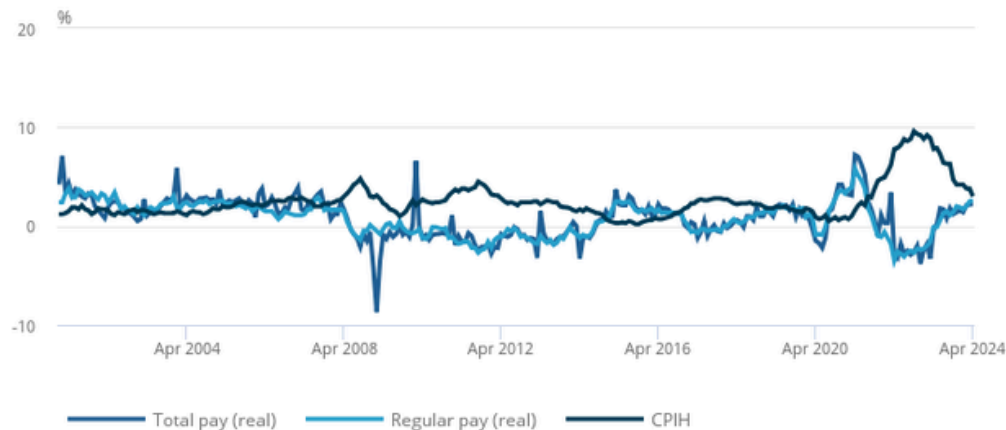
Consumer Price Index

The Consumer Prices Index (CPI) rose by 2% in the 12 months to May 2024, down from 2.3% in the 12 months to April. CPI inflation has now met the Bank of England's 2% target.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 2.8%, down from 3% in the 12 months to April.

The largest downward contribution to the monthly change in both CPIH and CPI annual rates came from food, with prices falling this year but rising a year ago; the largest upward contribution came from motor fuels, with prices rising slightly this year but falling a year ago.

Figure 8: CPIH inflation and wage growth in the UK from January 2002 to April 2024



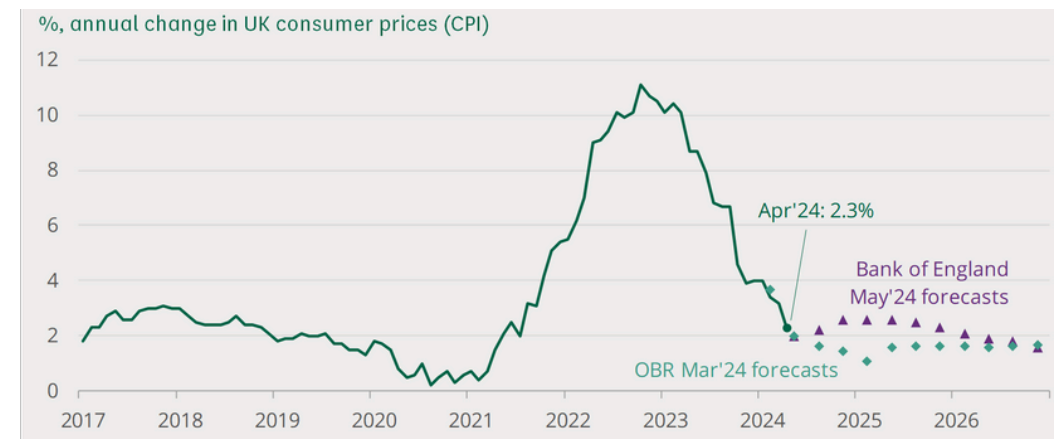
Inflation Forecasts

Inflation was over 11% in the autumn of 2022, and it is 2% now. That is its lowest level in nearly three years. The pressures that were pushing up prices have eased, and the increases in interest rates we made during 2021–2023 have also helped to slow down those price rises.

The Bank of England thinks it is likely to stay around 2% in the coming months, due to energy prices being lower than they were a year ago. We expect inflation to go back up to around 2.5% towards the end of the year, before falling again after that.

While prices overall are very likely to go up more slowly than they have done in recent years, lower inflation doesn't mean prices will fall. Most things will still cost more than they did before.

Figure 9: OBR and Bank of England Inflation Forecast



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