

Briefing Paper – Employment and Economic Inactivity, Rochdale Borough July 2005

This paper analyses employment rates, economic inactivity and earnings in Rochdale Borough using a variety of data sources and analyses any apparent trends in the data.

Employment

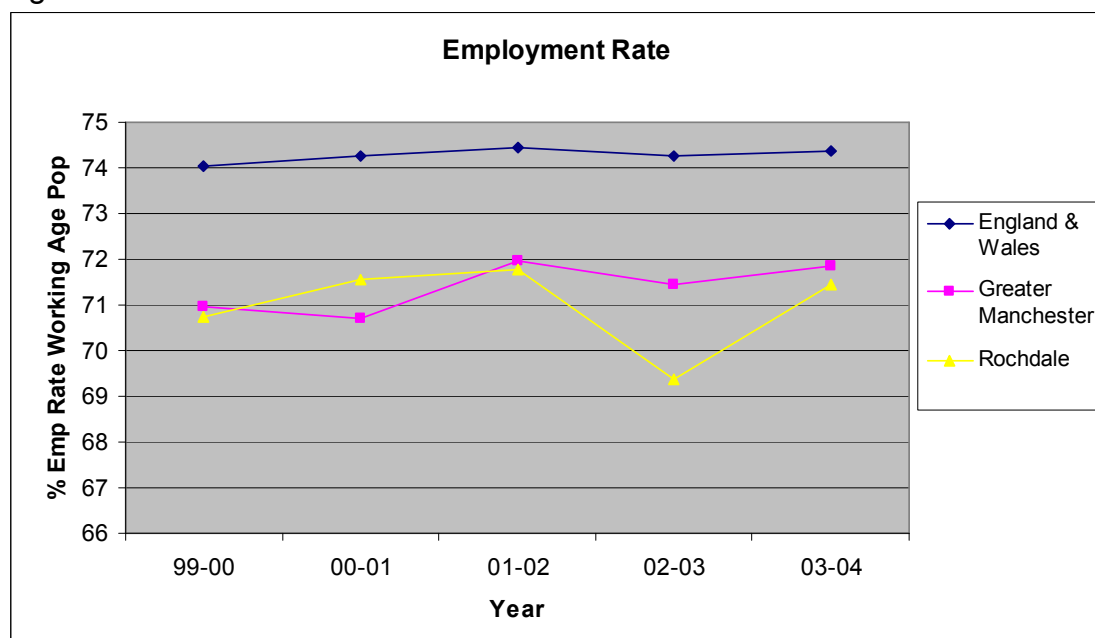
Employment rates for the borough are generally lower than the regional and national averages (see Figure 1).

Note: Problems with interpreting the Labour Force Survey

The Labour Force Survey is based on a sample of the working age population. In Rochdale borough in 2003-04 the sample size was about 1,500. We can never know for sure how closely data from a sample matches the real value in the population because of sampling variability. However, 95% confidence intervals can be calculated. These give a range around a value which shows where the value would lie in 95 out of a 100 samples. So we can be confident that the real value lies within this range.

In Figure 1 the percentage of the employment rate of the working age population in 2003-04 is 71.5%. The confidence interval is $\pm 2.6\%$, which gives a range of 68.9% to 74.1%. We can be confident that the real value lies within this range. All of the year-on-year fluctuations in Rochdale Borough are within this range, so we cannot be sure that real change has occurred.

Figure 1



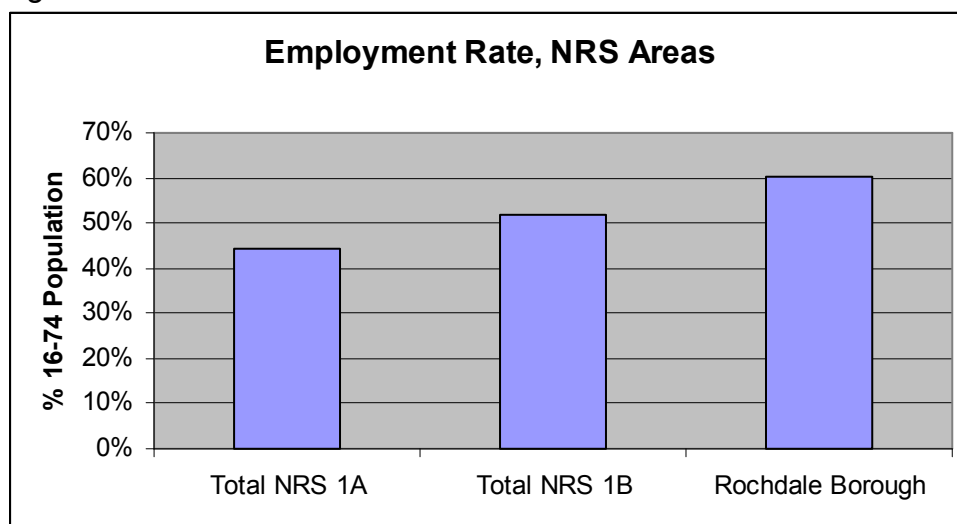
Source: Labour Force Survey

Greater Manchester and England and Wales have seen a general trend of increase in employment rates since 1999. The figures for Rochdale Borough

also suggest a trend of slight increase over this period, however due to the confidence intervals for the borough's data being wider than that of the national and regional figures it is not possible to be sure of any real increase in employment rates.

In the Neighbourhood Renewal Strategy (NRS) areas employment rates are lower than the borough average (see Figure 2). There are 22 NRS areas in Rochdale Borough, with approximately 29% of the 16-74 year old population living in these areas.

Figure 2



Source: ONS, Census 2001, Crown Copyright 2003

In both the NRS 1A and 1B areas employment rates are much lower than the borough average. Less than half of the population (44.3%) living in NRS 1A are in employment, and just over half (51.9%) in NRS 1B, compared to 60.2% in Rochdale Borough.

Note: This data is from the 2001 Census and is for adults aged 16-74, which includes some retired people. The employment rates are therefore lower than in the Labour Force Survey which is based on working age adults aged 16-64.

Full time and Part time Employment

Over recent years the employment structure has changed. Tables 1 and 2 show variations in the number of people in full time and part time employment over the last 5 years.

Table 1

% in Employment working full time					
	99-00	00-01	01-02	02-03	03-04
England & Wales	76.3	76.0	76.1	75.8	75.4
North West	77.0	77.0	76.7	76.8	76.1
Rochdale Borough	78.9	78.0	79.2	76.3	76.7

Source: Labour Force Survey

Table 2

% in Employment working part time					
	99-00	00-01	01-02	02-03	03-04
England & Wales	23.7	24.0	23.9	24.2	24.5
North West	23.0	23.0	23.2	23.1	23.8
Rochdale Borough	20.9	22.0	20.8	23.7	23.3

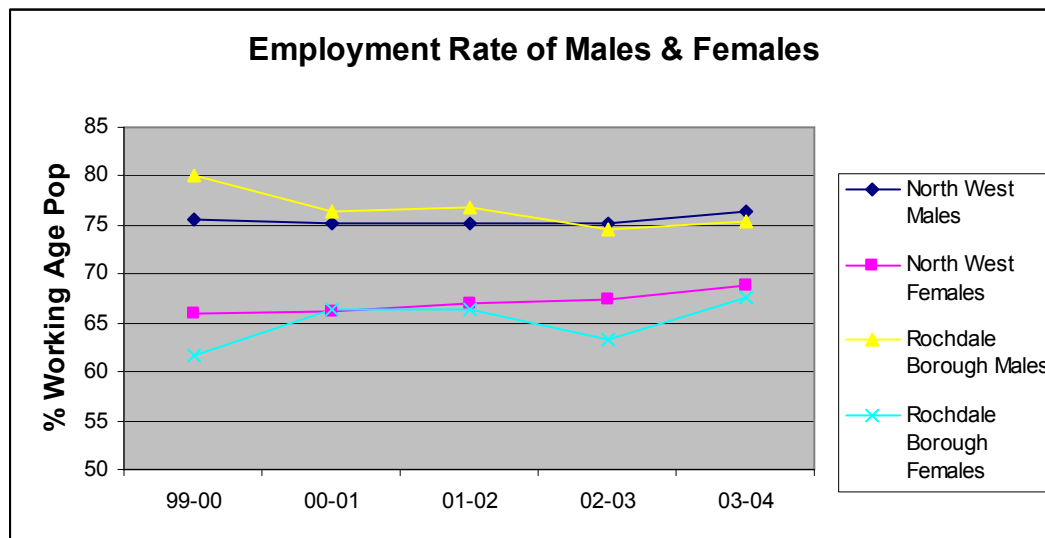
Source: Labour Force Survey

It would appear over this period Rochdale Borough has had a greater percentage of its working population employed in full time positions, compared to the national and regional figures, however this difference may be again due to sampling variability.

Rochdale Borough has seen the same trends as England and Wales and the North West of decreasing full-time employment and increasing part time employment. It is likely an increase in part time employment in the borough is due to economic changes that have taken place. It is important to consider the implications of these changes on the Borough's residents.

Figure 3 shows changes in male and female employment rates.

Figure 3



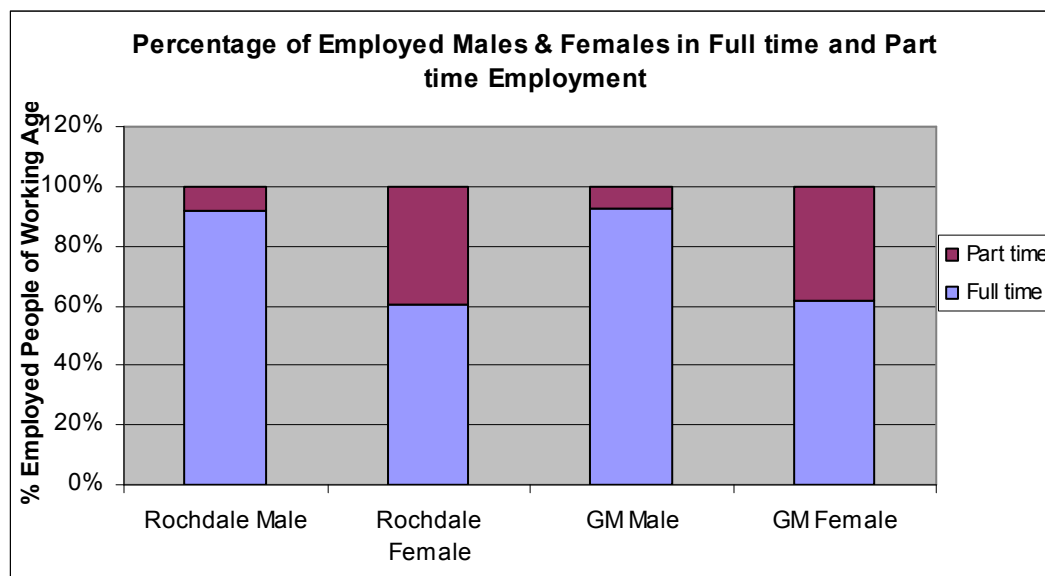
Source: Labour Force Survey

The employment rate of males in Rochdale Borough appears to have been declining since 1999, compared to a slight increase in male employment regionally. Female employment rates, both in the borough and regionally appear to have increased over this period. However, all the year on year fluctuations at borough level fall within the confidence intervals, so we cannot be sure any real change has occurred.

The following information is from the 2001 Census, which allows analysis by various sub-groups in greater detail than the information provided by the Labour Force Survey.

Figure 4 shows the percentage of males and females employed in full time and part time positions in Rochdale Borough and Greater Manchester.

Figure 4



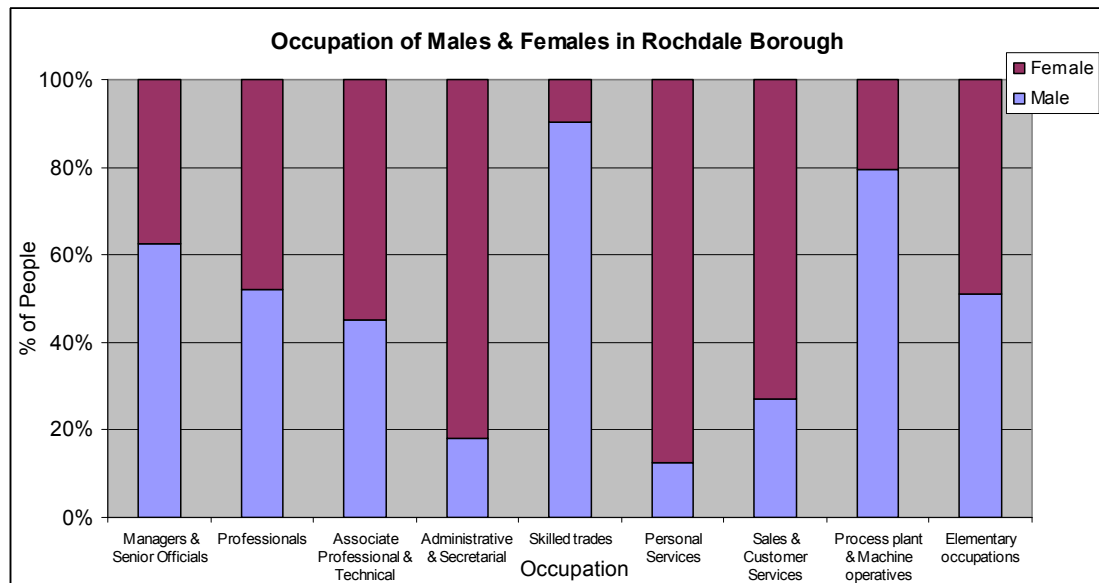
Source: ONS, Census 2001

More females in Rochdale Borough are employed in part time positions than males (39.5% and 8.1% respectively). The same can be seen regionally where 38.4% of females are employed in part time positions and 7.7% of males.

If what appears to be the trend shown in Figure 3 (increasing female and decreasing male employment) proves to be accurate, it is likely increasing part time employment opportunities may be advantageous to the female population, and to the detriment of many male workers. It should however be noted many females in the borough, due to their personal and economic circumstances may actually work more than one part time job.

Figure 5 shows the percentage of males and females employed in different occupations in Rochdale Borough.

Figure 5



Source: ONS, Census 2001, Crown Copyright 2003

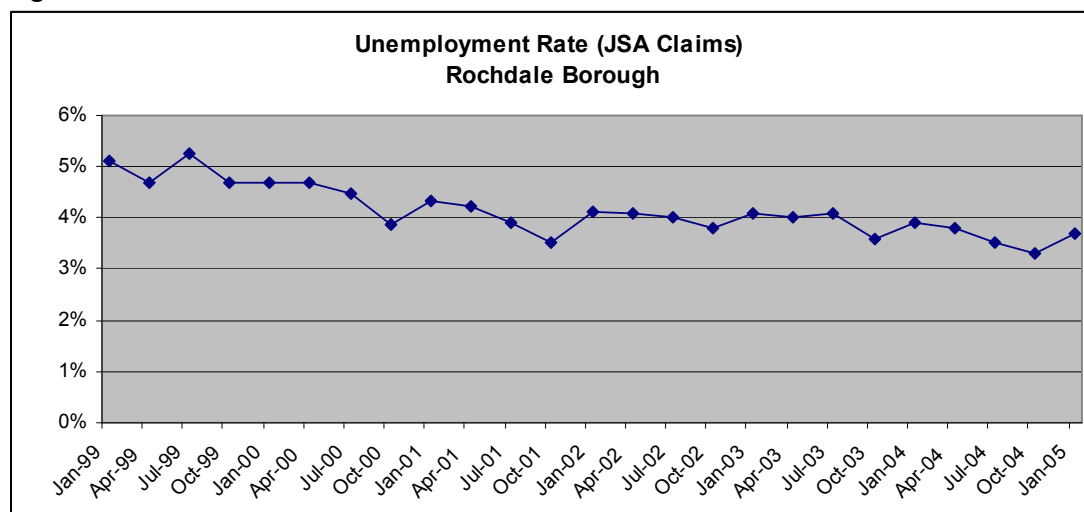
Falling levels of full time employment may be brought about through changes in business practices, increasing productivity and cost cutting exercises. Rochdale Borough's employment structure remains heavily reliant on traditional industries, such as manufacturing. In order for such firms to remain competitive they are required to increase productivity, brought about often through increased mechanisation and a reduction in personnel/man-hours.

Figure 5 shows far more men than women are employed in the more traditional occupations, such as skilled trades and process plant/machine operatives. The majority of people employed in administrative type work and personal services in the borough are female.

Many of the employers operating in the borough offer short-term contracts and seasonal work.

This is particularly true in industry sectors such as warehousing, with high demands for employment in peak seasons, such as the run up to Christmas. Figure 6 shows unemployment rates (Job Seekers Allowance claims) in the working age population of Rochdale Borough highlighting seasonal variations.

Figure 6



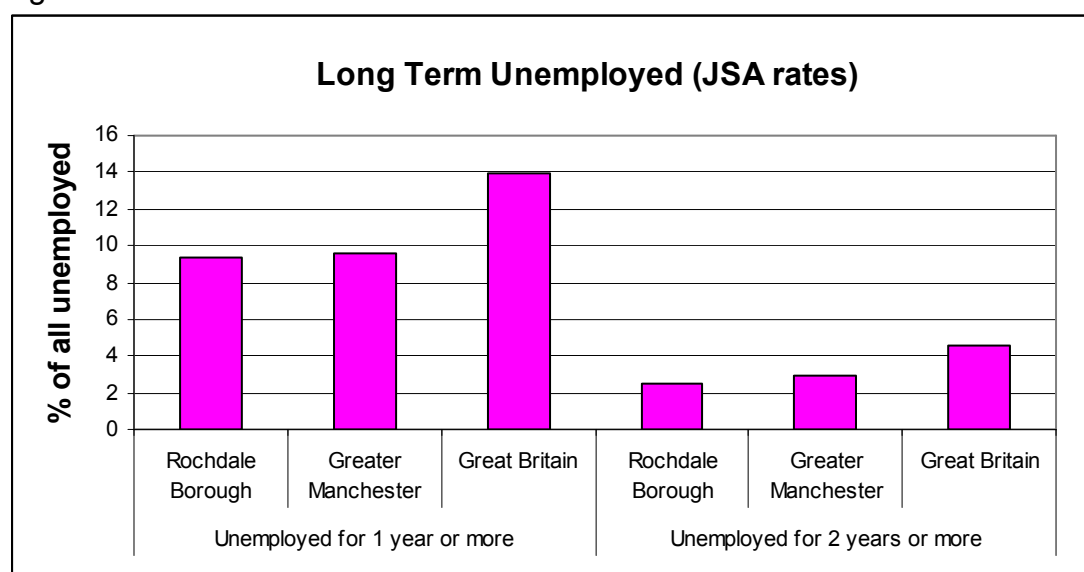
Source: Dept for Work & Pensions

The unemployment rate shows a general trend of decline in the proportion of the population claiming JSA from April to December, with the lowest unemployment rate in each year being in the last quarter (October – December). Unemployment rates rise again in January of each year when the busy Christmas period has ended and the demand for staff falls again.

Despite Rochdale Borough having a higher proportion of the population unemployed than the regional and national averages, the availability of short term and seasonal work is having an effect on the length of time people are claiming Job Seekers Allowance.

Figure 7 shows the proportions of long term unemployed in Rochdale Borough are less than that of Greater Manchester and Great Britain.

Figure 7

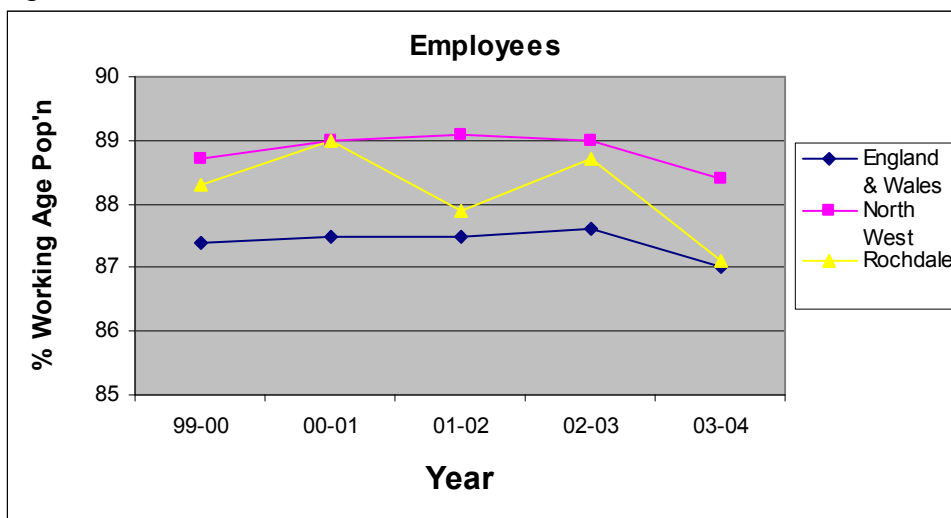


Source: Manchester Enterprises, April 2005

Employees and Self-Employed

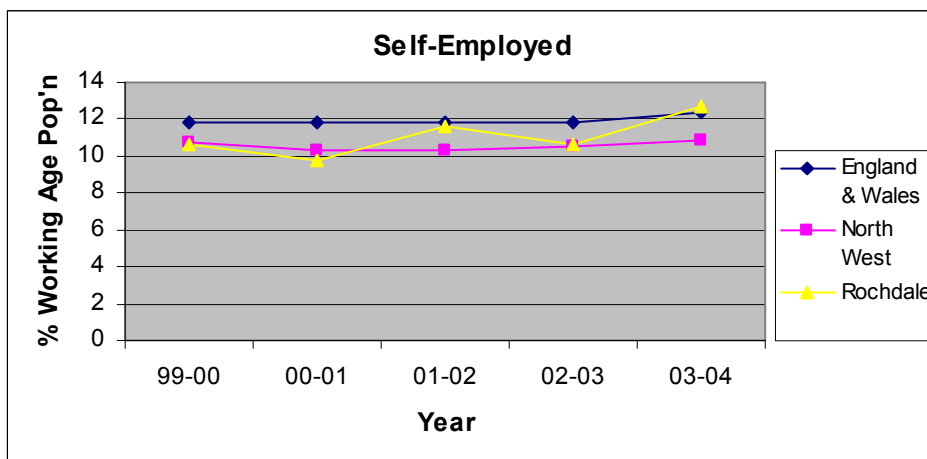
Over the last 5 years Rochdale Borough's employment structure has seen considerable variation. It has already been shown there has been a shift from full time to part time employment. Figures 8 and 9 show further variations in employment structure and differences from the averages of the North West and England and Wales. The large fluctuations seen at borough level are most likely due to sampling variability of the Labour Force Survey, however general trends can be noted.

Figure 8



Source: Labour Force Survey

Figure 9



Source: Labour Force Survey

A general trend of decrease in the number of employees in Rochdale Borough can be seen since 1999. The number of people who are employees remains throughout this period greater than that of England and Wales, but consistently lower than the North West.

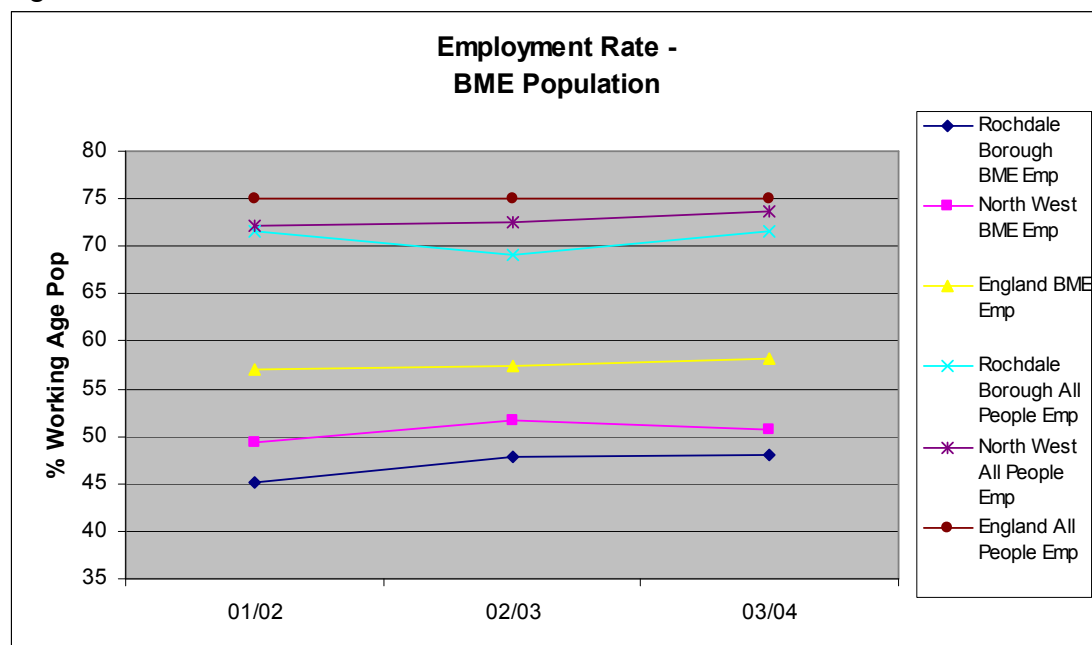
Over the same period Rochdale Borough has a smaller proportion of its working population self-employed compared to England and Wales, but

generally higher than the rest of the North West. A general trend of slight increase can be seen. High levels of self-employment in Rochdale compared to the North West average may suggest Rochdale's population has greater entrepreneurship than other North West residents. However, high levels of self-employment in Rochdale Borough may also be an indicator of a lack of viable employment opportunities in the borough.

Ethnic Group Employment Rates

The Labour Force Survey shows employment levels in Rochdale Borough's BME populations are lower than the regional and national averages (Figure 10). Although the year on year fluctuations at borough level may be due to sampling variability rather than actual change, figure 10 shows the overall employment rate is lower than the regional and national average and shows a lower BME employment rate in Rochdale Borough than the North West average and far lower BME employment rate than the England average.

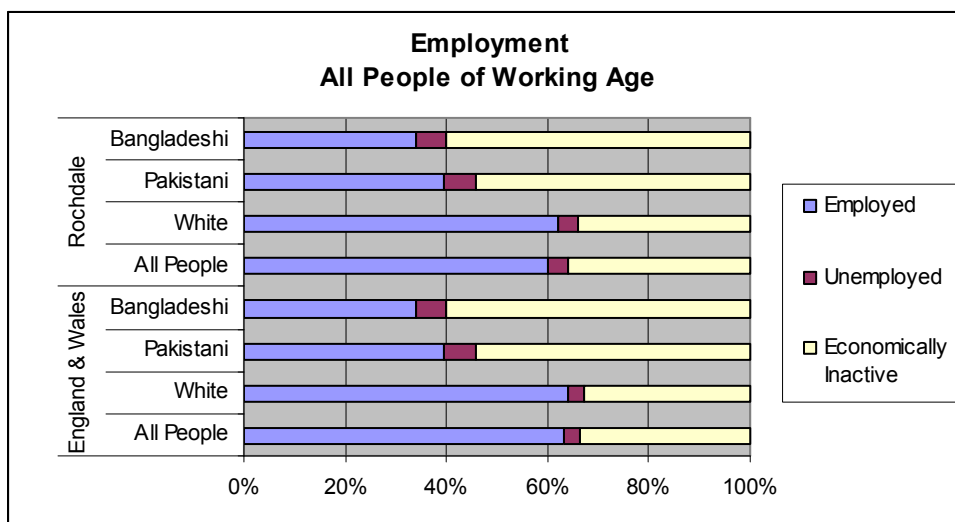
Figure 10



Source: Labour Force Survey

The Labour Force Survey data has shown the overall employment rate of the Borough's BME population is significantly lower than the whole population, the following data is taken from the 2001 Census to allow reliable analysis of the different ethnic groups resident in Rochdale Borough. Again, it should be noted no direct comparisons should be made in overall employment levels between the Labour Force Survey and Census data.

Figure 11



Source: ONS, Census 2001, Crown Copyright 2003

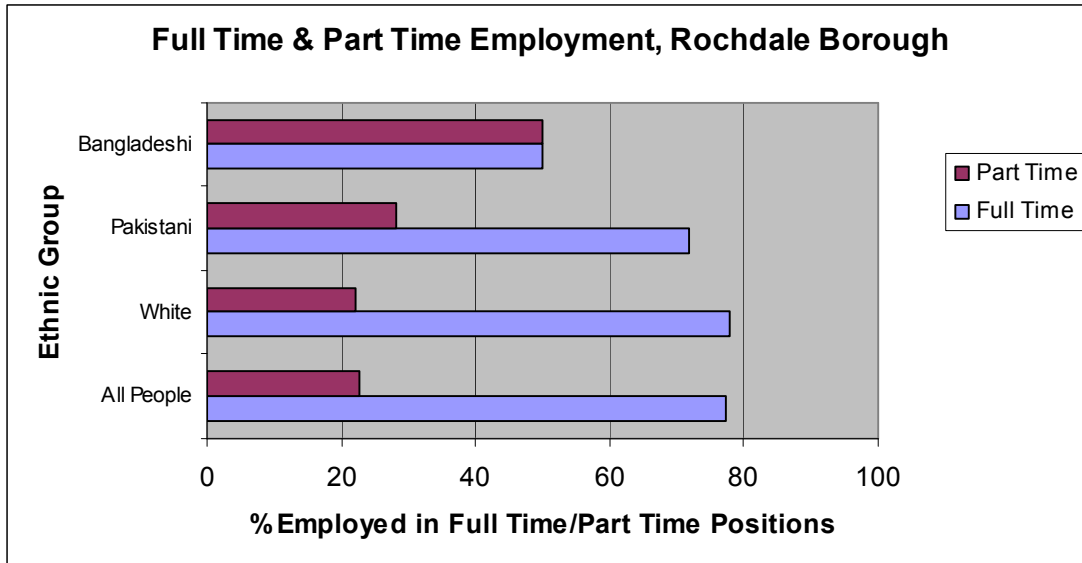
Generally the trends seen at a national level are reflected in Rochdale Borough's population, however for all the ethnic groups employment levels are lower than those seen nationally. The employment level of "all people" in Rochdale is 60.2% compared to a national average of 63.2%. The most significant variation from the national employment figure can be seen in Rochdale's Bangladeshi population who have an employment level of 33.9%, compared to 37.6% seen nationally.

The White employment rate in Rochdale Borough is 62.3%, compared to 64% in England and Wales. The national employment rate for Pakistani people is 40.8% and 39.4% in the borough.

Variations in full time and part time employment in Rochdale's working population not only exist between the genders, but also between ethnic groups (see Figure 12). Analysis has been carried out for the three ethnic groups which make up the majority of the population in the borough. Other ethnic groups have much smaller numbers of working age people, so less reliable data is available.

Again, this data is taken from the 2001 Census to allow detailed analysis of sub-groups. Any direct comparisons in employment levels should not therefore be made between this data and that from the Labour Force Survey.

Figure 12



Source: ONS, Census 2001, Crown Copyright 2003

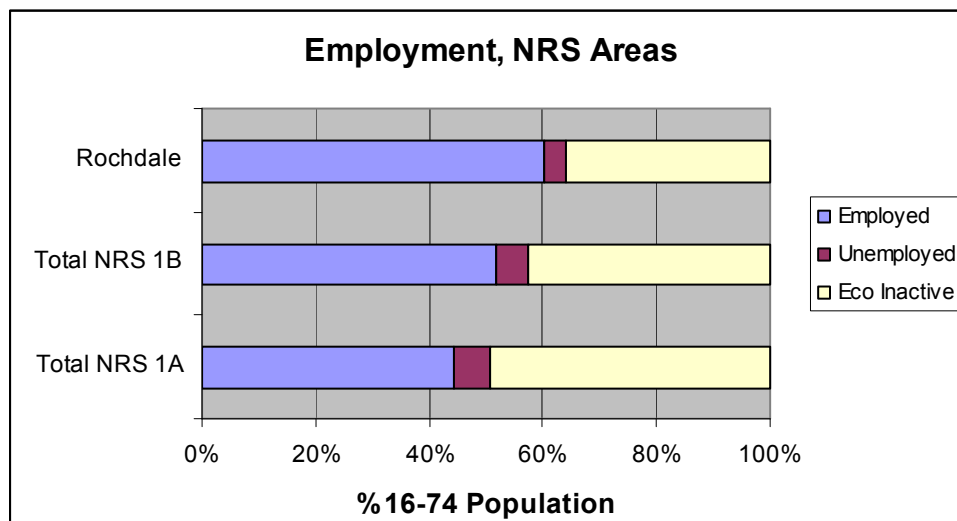
A far greater proportion of Rochdale Borough's Bangladeshi population are employed in part time positions than any of the other ethnic groups, (50.1% full time and 49.9% part time).

The White population has the greatest proportion of the population employed in full time positions (77.8%, compared to 71.9% of Pakistani people and 50.1% of Bangladeshi people).

NRS Neighbourhoods Employment Rates

Variations in employment levels also exist within Rochdale Borough's most deprived neighbourhoods. Figure 13 shows a breakdown of employment in the NRS areas, compared to the borough average.

Figure 13

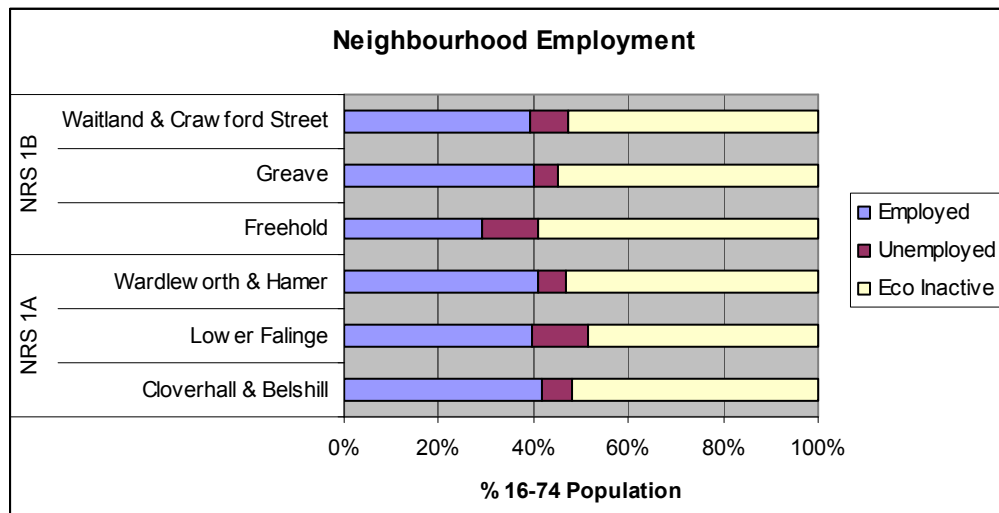


Source: ONS, Census 2001, Crown Copyright 2003

In both the NRS areas employment levels are lower than the borough as a whole, (44.3% in 1A, 51.9% in 1B and 60.2% in Rochdale Borough). The proportions of people living in the NRS areas who are unemployed are far higher than the borough average, 6.3% in 1A, 5.6% in 1B and 3.9% in Rochdale Borough. A greater proportion of the NRS populations are economically inactive than the borough average. Almost half (49.4%) of the population living in NRS 1A are economically inactive, and 42.5% in NRS 1B, compared to a borough average of 35.9%.

Clearly employment levels are much lower in the NRS areas than in the borough as a whole. It is important to remember the data shown above are averages for all of the NRS neighbourhoods in those areas, i.e. some of the neighbourhoods will be above this level and some below. Figure 14 shows the 3 neighbourhoods from 1A and 1B with the lowest employment rates to highlight how few people are actually in employment in some of the borough's most deprived neighbourhoods.

Figure 14



Source: ONS, Census 2001, Crown Copyright 2003

The lowest employment rate in all 22 of the NRS areas is 29.2% in Freehold. All of the other neighbourhoods shown on the graph have employment rates around 40% (Rochdale Borough average 60.2%).

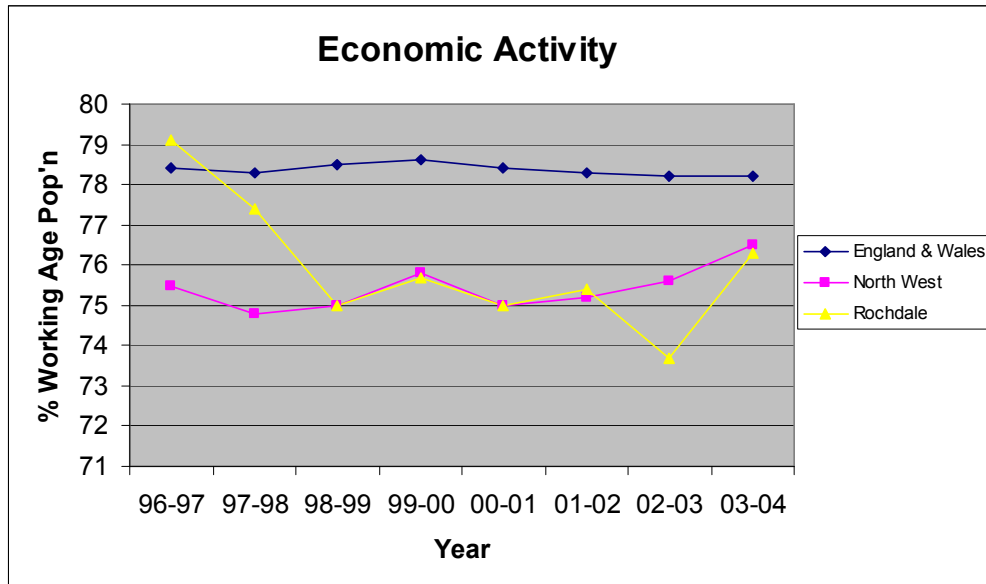
High proportions of unemployment are also evident in these 6 neighbourhoods, all above the borough average of 3.9%. The highest unemployment levels can be seen in Lower Falinge (11.7%) and Freehold (11.6%).

More than half of the 16-74 year old populations in all of the neighbourhoods are economically inactive, with the exception of Lower Falinge where 48.7% are economically inactive.

Economic Inactivity

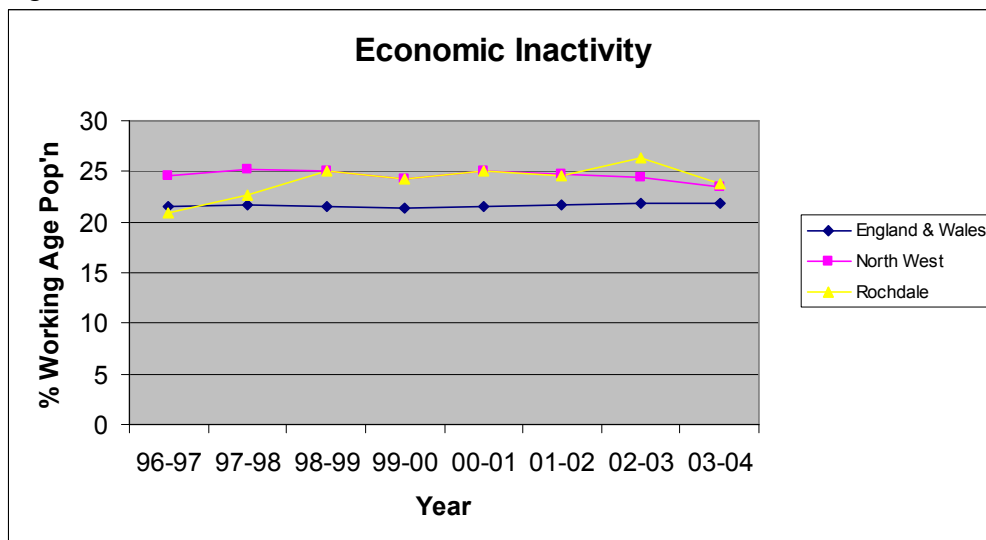
Figures 15 and 16 show changes in economic activity and inactivity rates. Again, large fluctuations at borough level are likely to be due to sampling error rather than representing a real change. However trends can be seen.

Figure 15



Source: Labour Force Survey

Figure 16



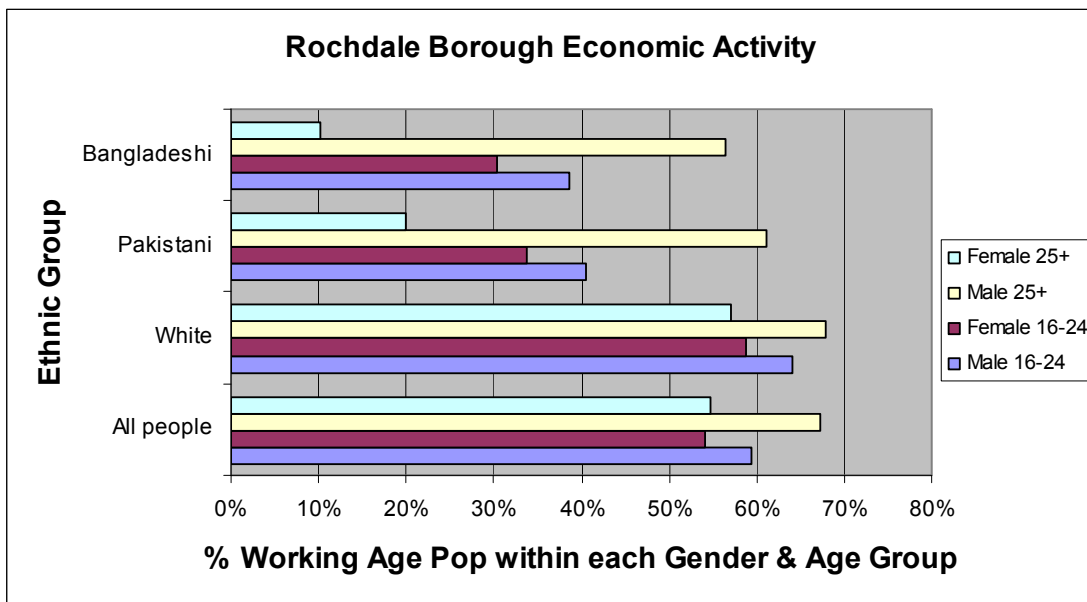
Source: Labour Force Survey

Rochdale has seen a trend of decline in the economic activity of the borough over the period 1996-2004, and over the same period seen a corresponding rise in economic inactivity. Economic activity includes those people in employment (employees and self-employed) and the unemployed. Economic inactivity includes people who are permanently sick or disabled, looking after home or family, retired people and students who do not have a job.

Over this 8 year period England and Wales has seen little variation in the economic activity/inactivity levels recorded. The North West shows more variation, but not to the same degree as those variations noted at borough level.

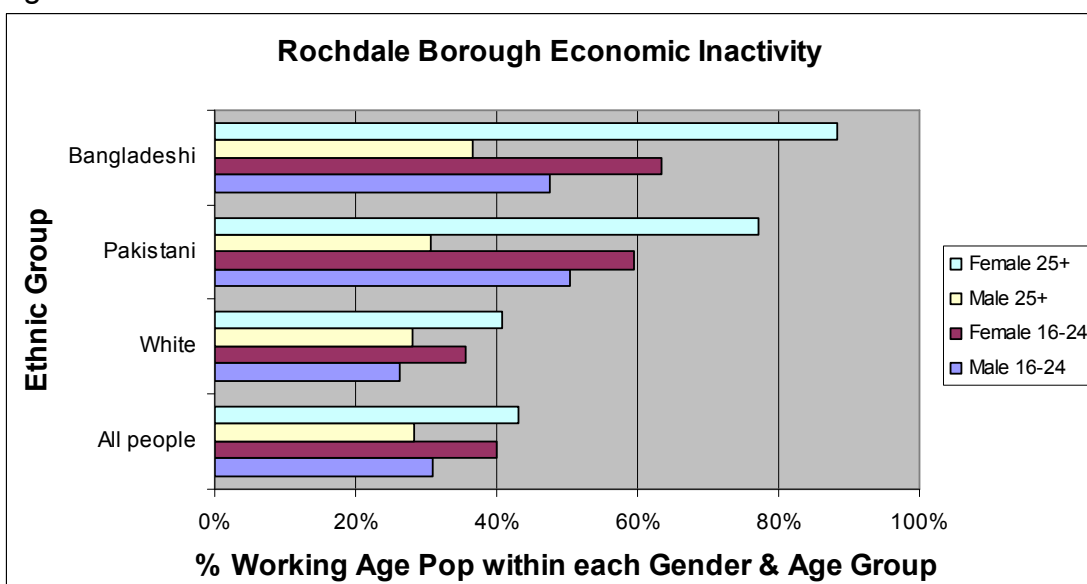
The following information is from the 2001 Census to allow analysis of economic activity/inactivity by different sub-groups. Figures 17 & 18 show economic activity and inactivity variations in Rochdale Borough's population, considering ethnicity, age and gender.

Figure 17



Source: ONS, Census 2001, Crown Copyright 2003

Figure 18



Source: ONS, Census 2001, Crown Copyright 2003

Levels of economic activity are greatest in the over 25 male populations for all ethnic groups.

Bangladeshi women aged over 25 have the lowest level of economic activity. Accordingly the highest level of economic inactivity is recorded in this group.

In both age groups economic activity is greater in the male population than the female. Economic inactivity is greatest in the female over 25 populations for all the ethnic groups.

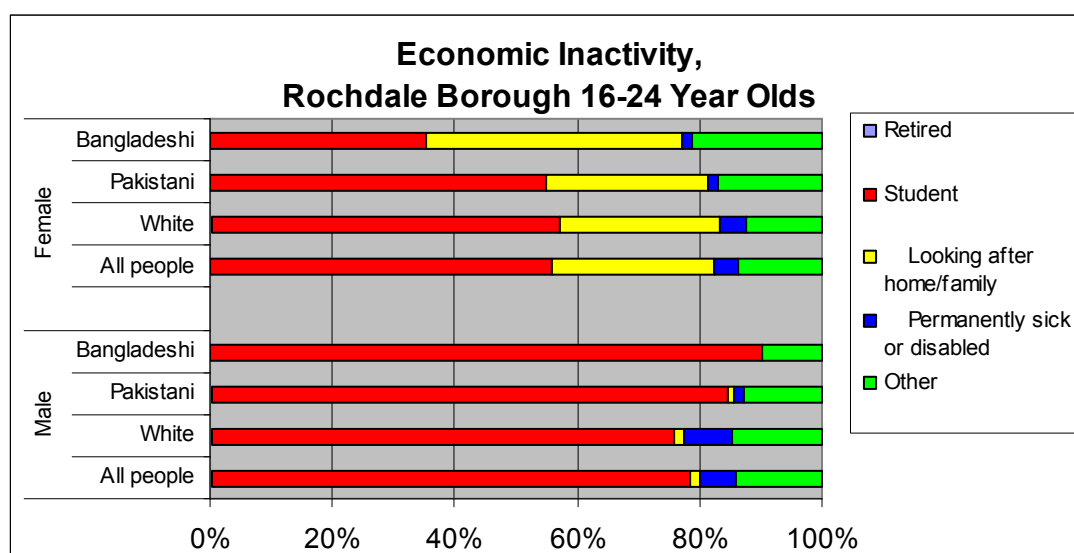
The difference between male and female economic activity is greatest in the older age group in all the ethnic groups, and is particularly noticeable in the South Asian populations. Pakistani male economic activity is 61.1%, compared to female 19.9%, and Bangladeshi males 56.5%, compared to females 10.2%.

In both age groups, and in all the ethnic groups, economic inactivity is greatest in the female populations.

Economic Inactivity 16-24 Year Olds

Differences clearly exist between the levels of economic inactivity in the various ethnic groups. Figure 19 shows the different reasons for economic inactivity, split by age, gender and ethnicity.

Figure 19



Source: ONS, Census 2001, Crown Copyright 2003

A large proportion of the 16-24 year olds are economically inactive as a result of remaining in education. For all the ethnic groups a greater proportion of the young men are studying than the young women. 75.3% of White males who are economically inactive are students, compared to 57.3% of White females. The largest difference in student numbers can be seen in the young

Bangladeshi population where 90.3% of economically inactive males are students, compared to only 35.4% of females.

There is clearly a very significant difference between the number of young males and females who are economically inactive due to looking after family/home. The highest recorded level in the male population was 1.8% of White males, compared to 26.0% of White females. The young Bangladeshi females have the greatest caring responsibilities of this age group, at 41.6%, compared to 0% of the Bangladeshi males.

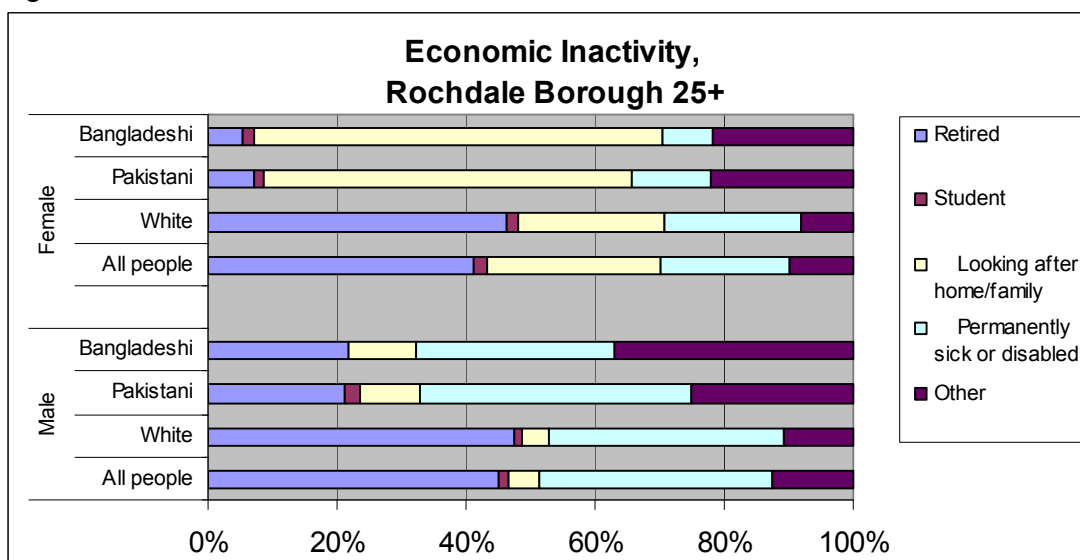
White males have the greatest proportion of the population economically inactive due to permanent sickness/disablement at 7.8% compared to 4.5% of White females. Other reasons for economic inactivity accounts for around 10-15% in all ethnic groups in both sexes.

21.3% of Bangladeshi females gave other reasons for their economic inactivity, compared to 9.7% of males. In both the Bangladeshi and Pakistani populations, a greater proportion of females are economically inactive than males for other reasons.

Economic Inactivity 25-74 Year Olds

Figure 20 shows the reasons given for economic inactivity in people over 25, split by ethnicity and gender.

Figure 20



Source: ONS, Census 2001, Crown Copyright 2003

Retirement accounts for a large proportion of economic inactivity in the 25+ age group. In all ethnic groups more males are economically inactive through retirement than females. The greatest difference between the genders is in the Bangladeshi and Pakistani populations where far fewer females are retired than males. 7.1% of Pakistani females are retired compared to 21.2%

of Pakistani males, and 5.4% Bangladeshi females compared to 21.9% of Bangladeshi males. In the White population the economic inactivity rate due to retirement is about the same for both females and males (46.1% and 47.3% respectively). The higher retirement levels amongst Whites is a reflection of the older age structure of the White population. Much fewer Bangladeshi and Pakistani people are at retirement age.

Small proportions of this older age group are economically inactive due to being students. Pakistani males have the greatest proportion of economically inactive in education at 2.3%, compared to 1.6% of Pakistani females.

A large proportion of female economic inactivity is clearly due to looking after family/home. In all the ethnic groups a greater proportion of females have such caring responsibilities than males. The greatest difference between the sexes again can be seen in the South Asian populations (56.9% Pakistani females compared to 9.4% Pakistani males and 63.1% Bangladeshi females compared to 10.4% Bangladeshi males).

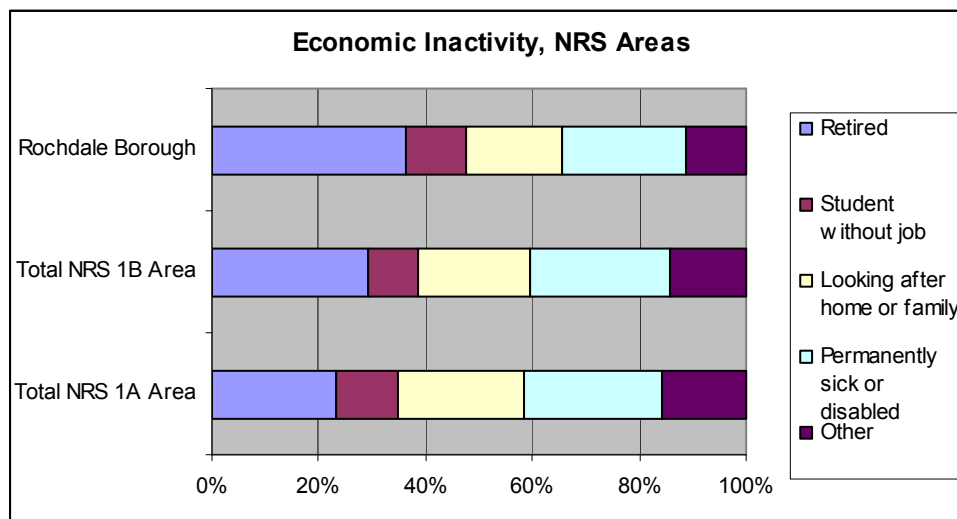
A far greater proportion of economic inactivity in the male population is due to permanent sickness or disablement than in the female populations for all the ethnic groups. 42% of economically inactive Pakistani males are sick or disabled compared to 12.4% of Pakistani females. Both the South Asian populations show more variation than the White population between males and females being economically inactive for this reason. The lowest recorded level of economic inactivity due to sickness or disablement in all the ethnic groups is 7.8% in the Bangladeshi female population.

In all the ethnic groups more males are economically inactive than females for 'other' reasons. 37.2% of Bangladeshi males compared to 21.9% of females are inactive for other reasons. The White population has the smallest proportion of economically inactive for this reason in both sexes (10.8% males and 8.1% females).

Economic Inactivity NRS Neighbourhoods

Variations from the borough averages can be seen in the reasons for economic inactivity given by those people living in the NRS neighbourhoods (see Figure 21).

Figure 21



Source: ONS, Census 2001

In both NRS areas 1A and 1B a smaller proportion of the economically inactive population are retired. Only 11.5% of 1A's population are economically inactive due to retirement, and 12.4% in 1B, compared to 13.0% in the borough.

The proportion of the economically inactive population who are studying is the same in 1B as the borough average (4.0%). A larger proportion of the population in 1A are economically inactive due to studying (5.7%).

In both the NRS areas a greater proportion of the population are economically inactive as a result of looking after home or family. 11.6% in 1A and 8.9% in 1B compared to a borough average of 6.5% are economically inactive for this reason.

A higher percentage of the economically inactive NRS populations are sick or disabled than the borough average (8.3%). In 1A sickness and disablement makes up the greatest proportion of the economically inactive (12.9%), and the second highest (11.2%), after retirement (12.4%) in 1B.

Again, a greater proportion of the economically inactive in both 1A and 1B gave 'other' reasons for their economic inactivity than the borough as a whole.

Earnings

Rochdale Borough has not only been below the average employment levels for some time, but those in employment are earning on average less than the rest of the country.

The data on earnings is taken from the Annual Survey of Hours and Earnings (ASHE). Both workplace based and residence based data are available, i.e. earnings of people working in an area and earnings of people living in an area.

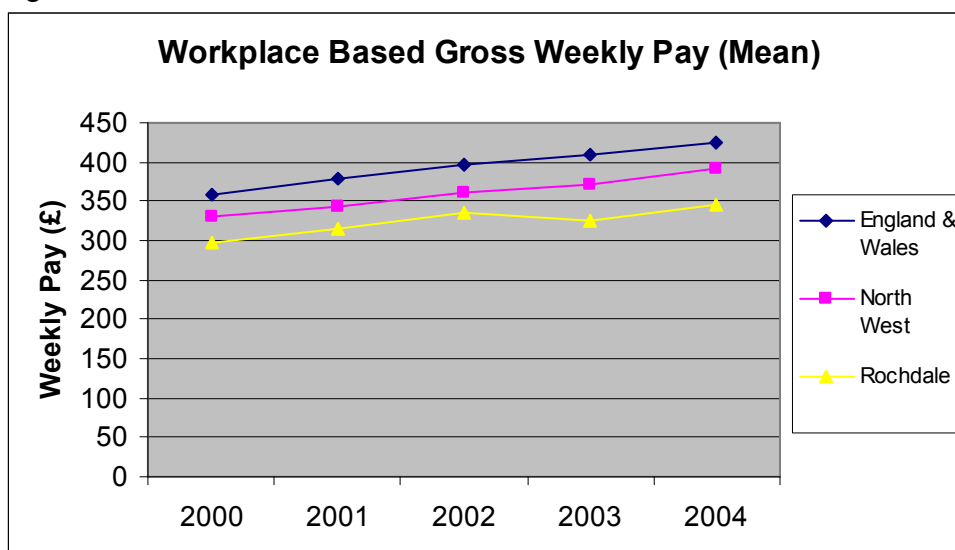
Workplace Based Earnings

Figures 22 and 23 show both the mean and median average workplace based earnings since 2000. The mean and median figures are provided as they reflect differently the average earnings. The mean figure can be influenced by a small number of people on very high earnings. The median figure is perhaps a better reflection of 'average' earnings, as this result shows the middle range of the salary scales.

Note: Annual Survey of Hours and Earnings

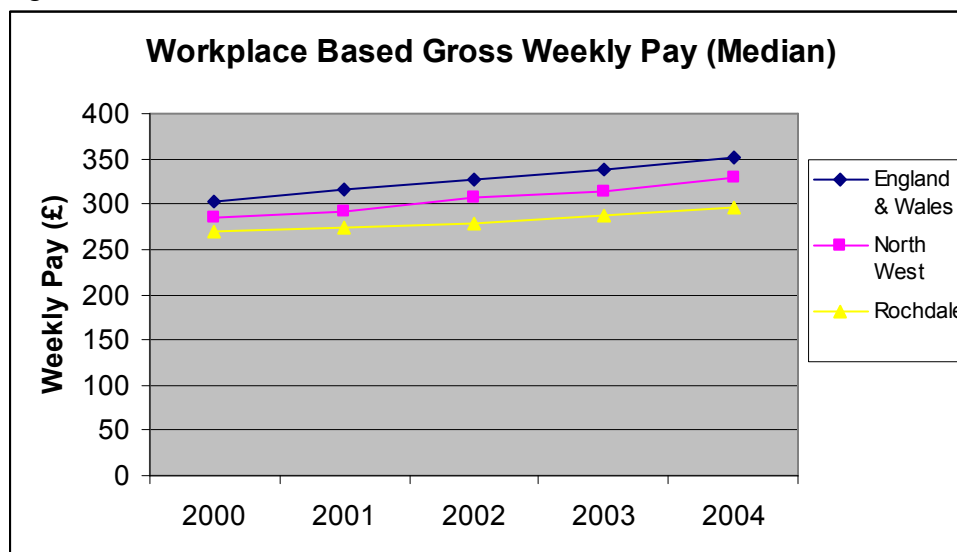
The comments regarding the Labour Force Survey on page 1 are also applicable to the Annual Survey of Hours and Earnings, which is based on a sample of earners. However the ASHE sample size is much smaller at about 450 people, so even greater caution must be used in analysing ASHE data.

Figure 22



Source: Annual Survey of Hours and Earnings

Figure 23



Source: Annual Survey of Hours and Earnings

The median average earnings are lower for all years in all areas than the mean averages. Both the graphs show a general trend of increase in workplace based weekly pay in Rochdale Borough, the North West region and England and Wales.

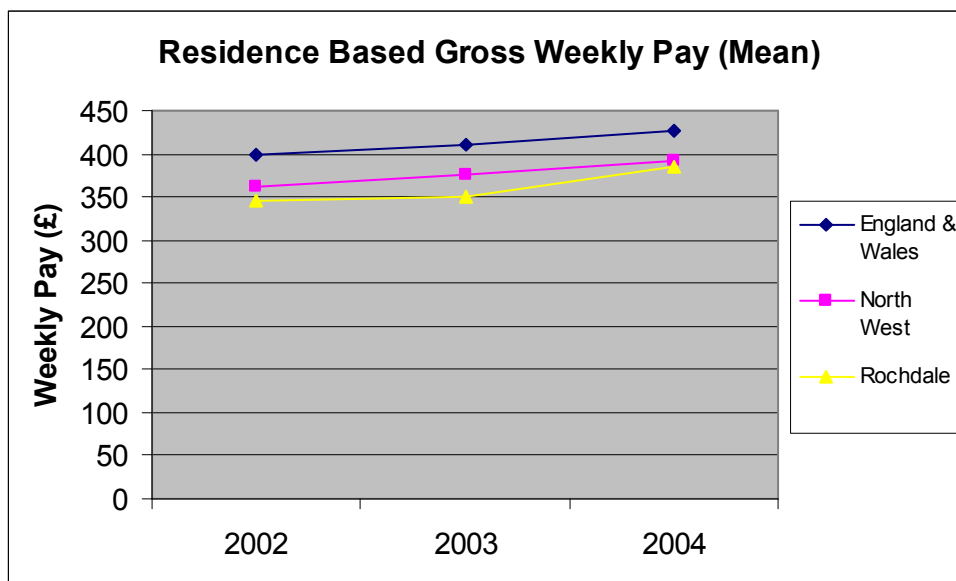
Figure 22 shows a slight decrease in mean average earnings in the borough in 2002-03, this decrease is not seen in the median average earnings for the same period. This may be due to sampling variability.

Despite a period of growth in weekly earnings, over this 5 year period the gap between the average workplace based earnings in Rochdale Borough appears to have increased from both the regional and national figures. This is evident in both the mean and median averages.

Residence Based Earnings

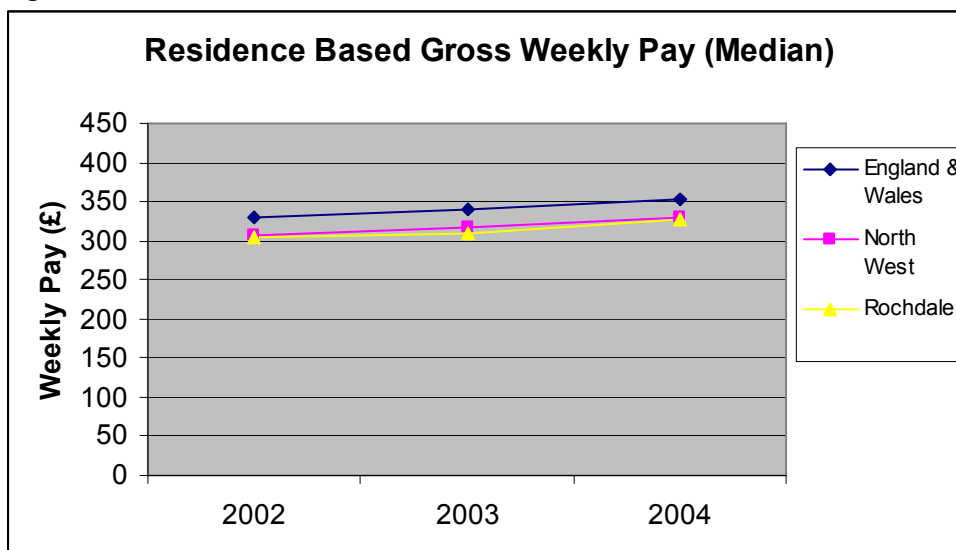
Figures 24 and 25 show the mean and median average residence based weekly pay.

Figure 24



Source: Annual Survey of Hours and Earnings

Figure 25



Source: Annual Survey of Hours and Earnings

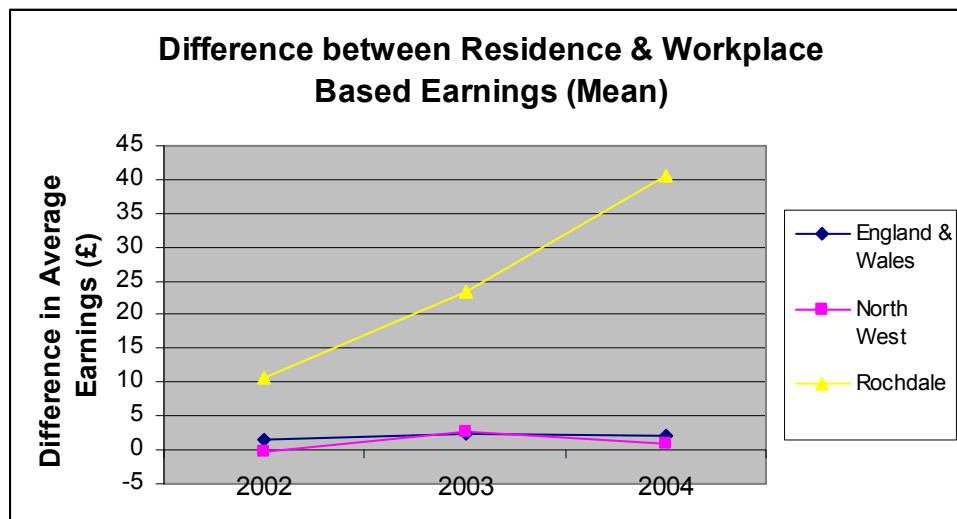
Again the median average figures are lower in all cases than the means. Over this 3 year period a trend of increase in residence based earnings is shown for Rochdale, the region and nationally. The mean average shows more variation than the median, which shows a fairly steady rate of increase.

Residence based earnings, unlike workplace based earnings have generally seen the gap between Rochdale and the North West and England and Wales narrowing over this 3 year period, to the point where the borough's average earnings almost match that of the region (mean in Rochdale is £386.1, compared to £392.4 in the North West and median in Rochdale is £327.3, compared to a North West figure of £329.4).

Difference between Residence and Workplace Based Earnings

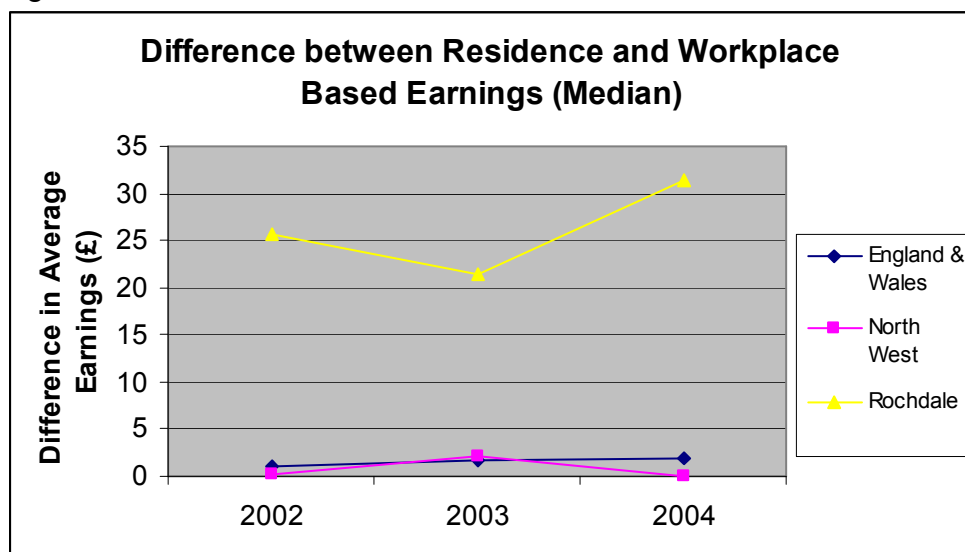
The following figures show the difference between workplace and residence based earnings.

Figure 26



Source: Annual Survey of Hours and Earnings

Figure 27



Source: Annual Survey of Hours and Earnings

Figures 26 and 27 show significant variation in the trends of the mean and median average differences between the residence and workplace based earnings in the borough. Both clearly show the difference in Rochdale Borough is far greater than that seen in either the North West or England and Wales, and that the difference in residence and workplace based earnings in the borough has increased over this period.

The national and regional figures for this 3 year period show very little variation. Both the mean and the median show a slight peak in the difference of earnings in 2003.

Average weekly wages in Rochdale Borough are evidently lagging behind both the national and regional averages. However the difference is much greater for those that work in the borough, than the resident population. Such a significant difference between resident and workplace based earnings suggests people living in Rochdale Borough with higher level qualifications are seeking employment suited to their skills and earning higher wages by travelling outside the borough to suitable employment opportunities. It would appear therefore many of the employment opportunities for people working in the borough are on average in lower skilled, less well paid occupations.

Conclusions

- Employment rates in Rochdale Borough are generally lower than those seen nationally and regionally.
- Employment rates are much lower in the NRS areas than the borough average. 29% of the borough's 16-74 year old population live in these areas.
- Over recent years Rochdale Borough has seen an increase in its workforce employed in part time positions and a decrease in the number in full time positions. These trends have also been seen regionally and nationally.
- More women work in part time positions than men in the borough. A greater proportion of the working male population in Rochdale Borough are employed in traditional industries, which given national trends may see significant decline in the coming years. It would appear therefore males working in Rochdale Borough are at greater risk from decreasing full time employment in traditional industry sectors. Females in the borough however are more likely to take advantage of increasing part time opportunities, particularly in key growth service sectors.
- Rochdale Borough has a smaller proportion of long term unemployed than regionally and nationally, due to the availability of short term contracts and seasonal employment opportunities.
- Rochdale Borough has seen a trend of decline in the proportion of people working who are employees and a slight increase in the proportion of people who are self-employed.
- Employment levels are lower in all the ethnic groups in Rochdale Borough than the national average figures. The Bangladeshi population has the lowest employment level in the borough.

- Ethnic variations also exist in the numbers of people employed in full and part time positions. The highest level of part time employment is in Rochdale's Bangladeshi population.
- Employment levels are lower in the NRS areas than in the borough as a whole, and far higher proportions of the population are unemployed and economically inactive. Freehold NRS neighbourhood has the lowest employment rate in the borough at 29.2%.
- Rochdale Borough has seen a trend of decline in economic activity from 1996-2004, and a corresponding rise in economic inactivity over the same period.
- Economic activity is greatest in the male over 25 population in all the ethnic groups.
- Economic inactivity is highest in the female over 25 populations in all the ethnic groups.
- The greatest difference between male and female economic activity is in the over 25 Bangladeshi and Pakistani populations, where far more of the males are economically active than the females.
- In the 16-24 year olds a large proportion of economic inactivity is due to being in full time education. In all ethnic groups a greater proportion of young males are economically inactive due to study than females.
- Many young women are economically inactive due to caring responsibilities, looking after home or family. The highest proportion of female inactivity due to this reason is in the Bangladeshi population.
- 1 in 12 economically inactive young White men are recorded as being permanently sick or disabled.
- A large proportion of female economic inactivity is due to looking after family or home. In all the ethnic groups, a greater proportion of the females are economically inactive for this reason than the males. Again, the greatest difference between the sexes can be seen in the South Asian populations.
- Far more males are economically inactive through long-term sickness or disablement than females in all the ethnic groups.
- Greater proportions of the NRS populations are economically inactive due to sickness or disablement than the borough as a whole.
- Workplace based average earnings in Rochdale Borough are consistently lower than regional and national figures. Residence based average

earnings in the borough are also lower, but have improved so that no significant gap existed in 2004 between Rochdale Borough and the region.

- A significant difference exists between Rochdale Borough's workplace and residence based earnings. This difference is far greater than regionally and nationally and it suggests people living in the borough seeking higher paid, skilled employment are travelling to find suitable work. Many of the employment opportunities in the borough are in lower skilled, less well paid occupations.

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