



Arsyllfa **Wledig** Cymru
Wales **Rural** Observatory

THE IMPACTS OF THE CURRENT RECESSION IN RURAL WALES

October 2009



Cronfa Amaethyddol Ewrop ar gyfer Datblygu
Gwledig Ewrop yn Buddsoddi
mewn Ardaloedd Gwledig
The European Agricultural Fund for
Rural Development: Europe Investing in
Rural Areas



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

EXECUTIVE SUMMARY

This Executive Summary provides an overview of a research project that examined the impacts of the current recession in rural Wales, which was undertaken by the Wales Rural Observatory between April 2009 and August 2009.

Background

The Wales Rural Observatory was commissioned by the Rural Policy Unit of the Welsh Assembly Government (WAG) in April 2009 to undertake research on the impacts of the current recession in rural Wales. The aim of the research was to examine the economic, employment, housing, welfare and social consequences of the recession in rural areas, with a view to comparing the rural situation with that in other parts of Wales. Consideration was also given to the differential sectoral, social and spatial impacts of the recession within rural Wales.

Methodology

For the purpose of the report rural Wales was defined as all local authorities in Wales with a density of fewer than 150 residents per square kilometre. The study involved two stages of enquiry. The first involved temporal and spatial analyses of relevant data. Drawing on various data sources, information was collected, analysed and presented on different aspects of the recession, including house prices, housing affordability, property completions, housing need, property repossessions, homelessness, unemployment, Job Seekers Allowance (JSA) claimants, job vacancies, debt and other welfare enquiries, and business insolvencies. Where possible, data were analysed across time and at different spatial scales to compare the rural and non-rural situations. In the case of the JSA claimants data, a detailed ward-level analysis was undertaken to explore spatial distributions within rural Wales.

Relevant data at different spatial scales were made available by organisations such as WAG, Jobcentre Plus, the Insolvency Service, Shelter Cymru and Citizens Advice Cymru.

Running in parallel with the statistical work, a series of semi-structured interviews was conducted with relevant economic, employment, housing, welfare and social / health organisations. A total of 50 organisations and agencies was initially contacted, and from this figure 37 agreed to be interviewed as part of the research. The interviews explored in greater detail the impacts of the recession on different economic sectors, social groups and places within rural Wales and, where possible, compared the rural and non-rural situations. Access to any additional statistical data held by these organisations was also sought. The following organisations and agencies provided valuable evidence and commentary, which forms the basis of this report:

- *employment organisations* - Federation of Small Businesses, National Farmers Union of Wales, Farmers' Union of Wales, Careers Wales, Jobcentre Plus, Chambers of Commerce;
- *welfare and advice organisations* - Citizens Advice Cymru, Shelter Cymru, Wales Co-operative Centre, Consumer Focus Wales;
- *housing and planning* – Home Builders Federation, The Royal Institution of Chartered Surveyors (Wales), National Federation of Builders Cymru, Council for Mortgage Lenders, Federation of Master Builders, Welsh Planning Officers Society, Chartered Institute of Housing Cymru, Country Land

and Business Association, Community Housing Cymru, The Royal Town Planning Institute (Cymru);

- *social / health organisations* – Barnardos Cymru, Save the Children Wales, Help the Aged and Age Concern in Wales, Relate Cymru, Mind Cymru, Royal Agricultural Benevolent Institution.

Research outputs

The information presented in this report expands on a briefing note on the rural impacts of the recession in Wales previously submitted to the Welsh Assembly Government in July 2009. This report brings together statistical evidence and key themes from the interviews with organisations to provide a broader overview of the economic, employment, welfare, health and social situations in rural Wales in 2009.

Findings

The data analysed for this report indicate that the recession has impacted in similar ways in rural and non-rural parts of Wales on several key indicators.

The rural labour market

Rural Wales has a relatively high economic activity rate and low level of unemployment. In 2008, the rate of economic activity was 76.8% compared with 75.7% for the rest of Wales. In relation to unemployment, in 2008 5.7% of working age people in rural Wales were unemployed, which was just below the Wales average of 6.6%.

Between July 2008 and July 2009, the proportion of out of work rural residents claiming Job Seekers Allowance (JSA), the UK's main unemployment benefit, increased from 1.9% to 3.2%. Pembrokeshire showed the highest rate of increase in the number of out of work claimants and JSA claimants, which at 1.9% was in line with the figure for

Wales, and for rest of the UK. This was closely followed by Monmouthshire (1.6%), Denbighshire (1.6%) and Conwy (1.5%). However, across the whole of Wales, rural authorities displayed the lowest rise in claimant rates; below the figure for the Valley and Urban Authorities (at 2.6% and 2.1% respectively).

Analysis of JSA claimants in rural Wales by occupation shows that workers in every sector have been hit by the downturn in the economy, but elementary occupations have been affected the most in the last two years, with a 0.36% percentage point increase in claimant unemployment count. Alongside this, the equivalent rate for workers in sales and customer services and among process, plant and machine operatives has also risen by 0.24 and 0.22 percentage points respectively, while the rate for professional occupations has risen by only 0.05 percentage points in the same period. A similar pattern of high claimant unemployment in unskilled and low paid occupations was evident across the whole of Wales and the rest of the UK.

Wales has a high proportion of employment in the public sector. Figures for 2008 show that in rural Wales levels of employment in public administration, education and health were similar to those for the rest of Wales. The public sector has, to date, been largely shielded from rising levels of unemployment. However, with public sector cuts anticipated during the next few years it is likely that this situation will change. Rural Wales had higher levels of employment in distribution, hotels and restaurants, which accounted for just over a fifth (20.5%) of all rural jobs. Figures for the construction (9.7%) and agriculture / fishing (5.5%) industries were also higher than the equivalent figures for the rest of Wales (at 9.0% and 2.3% respectively).

The ratio of vacancies to JSA claimants is fairly even across Wales, and across

the UK. However, an analysis of available data on changes in the number of vacancies per JSA claimant in Wales between May 2006 and July 2009 shows that by January 2009, rural Wales had the lowest number of vacancies per claimant. More recent figures for July 2009 showed signs of improvement, however, the ratio of vacancies to claimants in Anglesey (0.1) remained under the ratio for Wales (0.2) and similar to the ratio for valley authorities. The remaining rural authorities were equal to or above the ratio for Wales.

The interviews revealed that unemployed people in rural areas are experiencing difficulty in accessing information and advice about Jobcentre Plus. In addition, it was claimed that there was less provision of further education and training in rural areas than elsewhere in Wales.

Young people and those 'not in education, employment or training' (termed NEETs) are being particularly challenged in the current recession. As a result, advice and counselling services are now facing increased demands for their services from this age group, and it appears likely that this trend will continue for the foreseeable future.

At the other end of the age spectrum, welfare advice organisations reported that older people were at risk of being permanently disadvantaged by the current recession, with a disproportionate rise in redundancies among older workers approaching retirement.

There is a current slowdown in migrant workers entering the country, which is due to a more restricted supply of employment in Wales and the fall in the value of sterling against many currencies.

The rural housing market

Interviewees reported that the construction industry had been hard hit by the recession and was experiencing a substantial decline in activity. A variety of impacts on the building industry were reported: speculative building and construction had almost ceased; the market for development land had collapsed; and there had been reports of property companies pulling out of land deals. The construction industry is an important employer in many rural areas, with 9.7% of the rural population currently dependent on this sector for work (Nomis, 2008). The impact of current changes will therefore be widely felt.

House prices have been decreasing throughout Wales since February 2008, with the highest falls observed in the valleys and rural authorities. The latter showed a decrease of 13.1% compared to 11.4% in urban authorities. The largest fall in rural house prices (as a proportion of their 2008 average) during this period was observed in Denbighshire, where the percentage change fell by more than that for the whole of Wales.

Interviews revealed that recent changes in the rural housing market have had little impact on the affordability of housing in rural areas. Despite falling prices, houses are becoming less affordable due to the current difficulties in securing required mortgages and it is now more difficult for new entrants and those on low income to enter home ownership. Current market conditions are exacerbating the difficulties faced by young people and low income households in finding a property they can afford.

Between January 2008 and March 2009, there was an overall decrease in the number of households classified as homeless by local authorities. However, the decrease was less pronounced in rural Wales. Alongside this, Shelter Cymru reported a significant rise in

problems related to mortgage arrears, rent levels, buildings falling into disrepair, and landlord repossessions as a result of the current recession.

Welfare and advice

Welfare and advice organisations reported an increase in demand for housing services, debt advice and benefit enquiries as a result of the recession. The average number of enquiries to Citizens Advice Cymru in rural areas had almost doubled since the beginning of the recession. Overall, the average number of enquires in rural areas was higher than in urban areas, but in line with the average for Wales.

Key difficulties experienced by rural clients included problems with mortgage arrears and possession actions; rent arrears; debts associated with a large number of creditors and secured loans on properties; relationship breakdown issues; people losing their homes due other social issues; reduced hours; redundancy; and short-term or casual work coming to an end.

Age Concern reported a significant rise in enquiries about pension funds losing value; savings providing reduced levels of income; and difficulties experienced by older people in meeting above inflation rises in food and fuel costs. The impact of these changes is even more pronounced in rural areas due to the unique challenges faced by rural residents, particularly older people, on a day-to-day basis (i.e. poor accessibility to public transport, problems of isolation).

Interviewees indicated that the loss of employment and the threat of losing a home placed enormous strain on an individual's health and on family relationships, but that little robust data were currently available on these types of impact of the recession. It was also stated that there were significant barriers to help-seeking in rural areas, both within the farming community and

among the younger and older age cohorts of the rural population.

The research identified evidence of significant social, welfare and health problems among farmers and their families in rural Wales, particularly in areas such as Carmarthenshire, Powys and Gwynedd. However, despite evidence of an increase in enquiries to RABI advice and support services, there remains a general reluctance to seek help and guidance to resolve ongoing difficulties. In rural areas, many problems will therefore tend to be masked by close community networks.

The rural business environment

The rural economy has a greater dependence on small businesses than other areas. It was clear from interviews that in several key sectors, including retail, distribution and tourism, these businesses were facing significant challenges from the downturn in the economy. Cash-flow problems, indebtedness of mortgages and home repossessions were among the key challenges facing small businesses in rural Wales.

Agriculture appears to have fared better than other industries during the current recession. The farming sector has recently experienced problems caused by diseases such as BSE, Foot and Mouth, Tuberculosis and Blue Tongue. The power of the major retailers over last few years has also forced down the price of UK food and has resulted in farmers receiving reduced payments. More recently, however, Sterling has weakened significantly against the Euro, making products more competitive within the European market. This is particularly the case with beef and lamb exports.

The economic viability of the dairy sector has been particularly challenged in the current economic climate, as a result of a significant fall in world commodity prices and increases in the price of feed and fertiliser. The collapse

of the Dairy Farmers of Britain co-operative has caused further hardship to dairy farmers across Wales. However, it was emphasised that the agricultural industry was more strongly placed when seeking finance, with many banks still viewing agriculture as an area for continued activity.

Comparison of visitor figures for the first half of 2009 with previous years suggested that the tourism industry in Wales was faring well. It is not yet clear how the recession will play out in the tourism sector during the summer 2009 and beyond. Further research and information will be made available by Visit Wales in the final quarter of 2009, which should provide a more accurate picture of the situation in Wales.

The economic future of much of rural Wales is reliant on the long-term prosperity of the tourism industry and on the industry meeting and exceeding the needs of the market and ensuring that the quality of the Welsh tourism product is maintained. However, the seasonal nature of the tourism industry is a key issue for more remote areas, such as the Llŷn Peninsula and Pembrokeshire, which are too distant from urban areas to benefit from any increase in day trips. The impact of the recession on these areas is, therefore, likely to be much more pronounced.

Impact on rural communities

Access to services is already problematic in many parts of rural Wales and the situation is likely to get worse if cuts are made to public sector funding. These cuts are likely to impact hardest on those on low incomes, older residents, and families that rely most on local services. Support services provided through third-sector advice and welfare organisations, which are dependent on public funding, are also likely to be hit by any future public sector cuts.

1.1 Introduction

This section draws on various data sources on different aspects of the current recession in rural Wales, focusing specifically on housing, employment and welfare impacts.

Much of the data included in this section of the report have been drawn from publicly available sources¹. However, additional data at different spatial scales was helpfully obtained from various stakeholder organisations, including the Assembly, the Welsh Local Government Association, Jobcentre Plus, the Insolvency Service, Shelter Cymru and Citizens Advice Cymru.

In order to capture an accurate picture of the impacts of the current recession on rural areas, data were analysed based on a fixed period between the first quarter of 2007 and the first quarter of 2009. This took into account conditions prior to the start of the recession, in order to allow identification of recession-related impacts. However, data published prior to this period were also utilised to identify areas most vulnerable to the impacts of the current recession. It is important to note at this stage that caution must be used when interpreting any single year changes that emerge, particularly from survey sources. Although such an approach will provide an early indication of recent trends, we acknowledge that a more accurate picture of the impact of the current recession will become clearer over time.

Different spatial scales were examined (UK, Wales and below) to allow comparison of the rural and non-rural

situations. In the case of JSA claimant data, a detailed ward-level analysis was undertaken to explore spatial distributions within rural Wales.

The remainder of this section is organised as follows. The next section outlines the approach to rural classification adopted in this report. This is followed by a contextualisation of the current situation in rural Wales through a discussion of key headline statistics available for the UK. This data provides the context for a more detailed analysis of current indicative data sources related to rural Wales.

1.2 Classifying Rural Wales

There are a number of feasible options for classifying rural Wales. It can be argued that rurality is a multifaceted topic, encompassing land, rural people, businesses and many more elements. Classification that fits for one purpose may thus not be entirely appropriate in other contexts (WAG, 2008a). Nevertheless, as a starting point it is useful to set out a suitable general classification.

In order to analyse the data in this report, the most commonly used classification of rural Wales has been adopted. This classification is based on population density and organised around local authority boundaries.

Accordingly, for the purpose of this report, areas with a population density of fewer than 150 residents per square kilometre (a definition specified by the OECD) are classified as 'rural'. A total of nine unitary authorities in Wales fall under this category and are taken to represent 'rural' Wales. These include: the Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire, and Monmouthshire. This classification of rural Wales is currently being used by

¹ Notably the Labour Market Survey, Department of Work and Pensions benefit claimants and Job centre vacancies, Annual, Population survey, Annual Survey of Household Earnings, Annual Business Inquiry, Land Registry, and the Ministry of Justice.

the Welsh Assembly Government's Statistical Directorate².

However, one problem encountered by researchers when adopting this classification is that local authorities in Wales contain a mix of both 'urban' and 'rural' areas (under any reasonable definition of the terms). It is therefore possible to identify 'rural people' in non-Rural Authorities and 'urban people' in Rural Authorities (WAG, 2008a). However, it must be noted that the number of 'urban people' in rural authorities far outnumber the number of 'rural people' in non-rural authorities.

Recognising this difficulty, a further three authorities have been classed as 'semi-rural' (Flintshire, Wrexham, and the Vale of Glamorgan) on the basis that they contain a large number of wards with low population densities. The remaining local authorities have been classed as 'valley' (Neath Port Talbot, Bridgend, Rhondda, Cynon, Taff, Merthyr Tydfil, Caerphilly, Blaenau Gwent, and Torfaen) and 'urban' (Swansea, Newport, and Cardiff) authorities (WRO, 2004).

The use of the terms 'semi-rural', 'valley' differ slightly from the classifications used by the Welsh Assembly Government. In their case, 'Valley Authorities' are classified as the five authorities which form part of the Heads of the Valley action area, while the term 'Other Authorities' incorporates the counties of Flintshire, Wrexham, Neath Port Talbot, Bridgend, and the Vale of Glamorgan (WAG, 2008a).

To analyse data available for smaller geographies within the local authorities the ONS urban-rural classification of Wales has been utilised. The ONS classification was produced by using a

one hectare (100m x 100m) cell grid covering Wales. Using the grid Bibby and Shepherd (2004) identified three main types of settlement:

- Urban (>10k population);
- Small Town and Fringe;
- Village, Hamlet & Isolated Dwellings.

These were then given context by focusing on 30 km distances around each cell. This provides a measure of sparsity, thus enabling each settlement form to be divided into 'sparse areas' or less sparse areas'. This classification can be used to highlight predominantly rural wards by combining settlement type and sparsity:

Predominantly Rural Ward: all settlement forms in 'Sparse' areas and the 'Village Hamlet and Isolated dwellings' settlements found in the 'Less sparse' areas.

This approach has been used by the Welsh Assembly Government in its most recent edition of the 'Statistical Focus on Rural Wales (WAG, 2008a) to subdivide Wales into categories. These four categories are settlements in the 'sparsest' context and 'large town', 'small town' and 'other' in the less sparse context. On this approach, rural Wales is classed as village and smaller settlements in the less sparse context plus all settlements in the sparsest.

To conclude, for the purpose of this report rural Wales is classified at a local authority level as encompassing the Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire, and Monmouthshire.

An alternative approach can be taken by classifying rural Wales at ward level, which includes all wards in the sparsest context, as well as the wards classed as village hamlet and isolated dwelling settlements in the less sparse context.

² The Welsh Assembly Government produced a report 'Statistical Focus on Rural Wales 2008 Edition' in which they have produced guidelines for defining rural Wales. They grouped the nine authorities in Wales with population density below the Welsh average of 140 persons per square kilometre as 'Rural Authorities'.

1.3 Population change

Much of the data presented in this report rely on population estimates. This sub-section provides a brief overview of current population estimates and recent population change.

Since 2001, population growth in Wales has been greatest in Pembrokeshire (5.1 per cent) and Powys (4.9 per cent). In 2008, the total population of Wales was estimated at more than 2.9 million. This figure had increase by approximately 13,500 since the previous year (0.5 per cent increase), which was slightly lower than the annual increase between mid-2006 and mid-2007(14,100).

The most recent population estimates indicated that around 33% of the Welsh population were located in rural authorities, 14% lived in semi-rural authorities, 30% were in the valleys and 23% were concentrated in the urban authorities.

Further analysis of available data showed that rural Wales experienced a decrease in rates of natural change between 2007 and 2008, which indicated that mortality rates were higher than birth rates. However, in the same period there had been an increase in the rural population by approximately 3,700 people. This was largely due to a large net inward migration of around 4,700. Four out of five of the local authority areas with the highest rates of inward migration were rural authorities, namely Carmarthenshire, Pembrokeshire, Powys, Conwy. However, Cardiff displayed the highest rates. Gwynedd and Blaenau Gwent were the only two authorities to experience a loss in their populations, with both showing a reduction of 0.1% (WAG, 2009a).

The number of 0 to 15 year olds in rural decreased by 0.2%, which was more than the percentage decrease in valley authorities (0.1%). In urban authorities

the number of 0 to 15 year olds increased by 0.1%.

The number of working aged people living in rural Wales fell between 2007 and 2008, with the greatest decrease seen in Anglesey and Gwynedd. However, on an all-Wales level all local authority areas, with the exception of the most urban areas, had seen a decline in the percentage of working age people.

Alongside this, Wales has seen an increase in the number of older people over retirement age, with the most significant increases seen in the rural authorities of Carmarthenshire and Powys. This may suggest that people are moving away from the rural north west of Wales and choosing to move to retire in Carmarthenshire and Powys.

1.4 Worklessness

According to research undertaken by the Commission for Rural Communities in 2008 (CRC, 2008) there is typically a delay between employees losing their job, becoming eligible for benefits and being captured in the statistics. Therefore, although the data reported may be the latest available, they will only show a snapshot of conditions in previous months and not the present conditions. This delay must therefore be taken into account when making any statement about current conditions.

Figures provided by the ONS (2009a) show that the number of unemployed people (2,435,000 for April-June 2009), the unemployment rate³ (7.8% for April-June 2009) and the claimant count (1,582,700 for July 2009) have all risen in the UK since the previous periods. In the case of unemployment data this refers to the last previous three months, while for claimant counts it refers to the last month.

³ Rate is a proportion of economically active and based on those who are sixteen and above.

In the same period, the unemployment rates in England and Wales were within a few percentage points of the UK unemployment rate. England had a slightly higher rate of unemployment (7.9% of its population) compared to Wales (7.6% of its population) (ONS 2009a). The unemployment rate in Wales was up on the previous year (+2.6%) but similar to the previous quarter (-0.1%). The ONS (2009a) has observed that all age groups have seen a rise in unemployment rates during the recession, with young people experiencing the largest increase in percentage point terms.

In July 2009, the claimant rate in Wales, which stood at 5.6%, was higher than in England and the UK (both 4.8%). However, the claimant count had risen by 0.1% in all three regions in July 2009, compared to the previous month (ONS 2009a).

The Commission for Rural Communities (2008) warns that unemployment levels have always been relatively low in rural areas, and many out of work rural residents looking for work do not register, or expect to qualify as unemployed. Consequently, unemployment figures do not offer a true reflection of worklessness in rural areas. A more accurate picture can be gained by using figures for economic inactivity⁴, or by combining data sets.

Figures provided by the ONS (2009a) show that between April and June 2009 there was an increase in the number of people of working age in the UK classified as economically inactive (a figure of 7,955,000). This represented just over a fifth (21%) of the working age population in the UK, an increase of 0.3% on the previous quarter. The economic inactivity rate in England and

Wales also experienced an increase in the same period, to 20.5% and 24.4% respectively, with a slightly higher increase in Wales (+1%). The quarterly rate of increase was also greater in Wales at 0.8% (ONS 2009a).

From these figures, it appears that Wales is more poorly positioned in terms of unemployment and economic activity rates compared to England and the rest of the UK.

The latest data below regional level is available from the Annual Population Survey (APS) results, which cover the calendar year 2008. The APS combines the boosted samples of the Labour Force Survey and provides rolling four-quarter labour market data for UK countries and regions, and also for local areas. For Wales, the APS consists of a sample of about 20,000 households annually. The tables show how changes in the regional figures are likely to relate to rural Wales.

⁴ Economically Inactive are those people who are out of work but who do not satisfy all of the International Labour Organisation (ILO) criteria for unemployment because they are either not seeking work or are unavailable to start work. The main groups are students, people looking after the family and home, the long-term sick and disabled, the temporarily sick or injured, retired people, and discouraged workers.

Table 1: Annual Population Survey (APS) headline indicators 2008.

	Economic activity rate	Employment rate	Unemployment rate	Economic inactivity rate	Economic inactivity rate (excluding students)
Isle of Anglesey	74.9	69.2	7.6	25.1	22.0
Gwynedd	74.7	71.1	4.8	25.3	19.9
Conwy	77.9	73.6	5.6	22.1	19.3
Denbighshire	75.1	70.1	6.6	24.9	22.6
Powys	80.2	76.1	5.1	19.8	17.4
Ceredigion	69.4	65.6	5.4	30.6	20.4
Pembrokeshire	77.0	72.9	5.4	23.0	19.8
Carmarthenshire	77.3	72.2	6.7	22.7	20.3
Monmouthshire	80.2	77.2	3.7	19.8	16.0
Rural	76.8	72.4	5.7	23.7	19.5
Semi	80.6	76.9	5.5	19.4	15.8
Valley	72.8	67.5	7.4	27.0	24.5
Urban	75.1	69.3	7.7	24.7	19.5
Wales	75.7	70.7	6.6	24.3	20.5
United Kingdom	78.6	74.0	5.9	21.4	17.7

Table 2: Annual Population Survey headline indicators - key changes 2007-08.

	Economic activity rate	Employment rate	Unemployment rate	Economic inactivity rate	Economic inactivity rate (excluding students)
Isle of Anglesey	0.3	2.0	-2.3	-0.3	0.4
Gwynedd	2.7	1.9	0.9	-2.7	-0.8
Conwy	0.8	2.0	-1.7	-0.8	-0.7
Denbighshire	-0.1	1.6	-2.2	0.1	0.0
Powys	-1.0	-0.2	-0.9	1.0	1.1
Ceredigion	-2.2	-3.0	1.4	2.2	4.8
Pembrokeshire	0.6	1.5	-1.2	-0.6	0.4
Carmarthenshire	-2.3	-1.5	-1.0	2.3	3.1
Monmouthshire	-0.5	-0.4	-0.1	0.5	0.7
Newport	2.4	4.6	-3.1	-2.4	-2.3
Rural	-0.4	0.2	-0.9	0.2	1.1
Semi	-0.4	-1.2	-1.0	0.8	1.3
Valley	-0.3	0.2	-0.7	0.3	0.3
Urban	0.5	1.4	-1.2	0.0	0.7
Wales	-0.2	0.4	-0.8	0.2	0.8
United Kingdom	-0.2	0.3	-0.6	0.2	0.4

Benefit Recipients

In November 2008, the number of people claiming key 'out of work' benefits in the UK stood at 4.53 million, an increase of 219,500 from the previous year (ONS, 2009). The data presented below provide a breakdown of the proportions of the working age population claiming 'key out of work benefits'. The Department for Work & Pensions (DWP) define these as ONS Claimant Count, Employment & Support Allowance and incapacity

benefits, lone parents and others on income related benefit.

Figure 1 shows that between August 1999 and February 2009, the number of people claiming key 'out of work' benefits has generally been decreasing. However, during the period from February 2008 until February 2009, the amount of key 'out of work' benefit recipients has increased in all regions in Wales and Great Britain.

Figure 1: Changes in 'key out of work' recipients between August 2009 to February 2009.

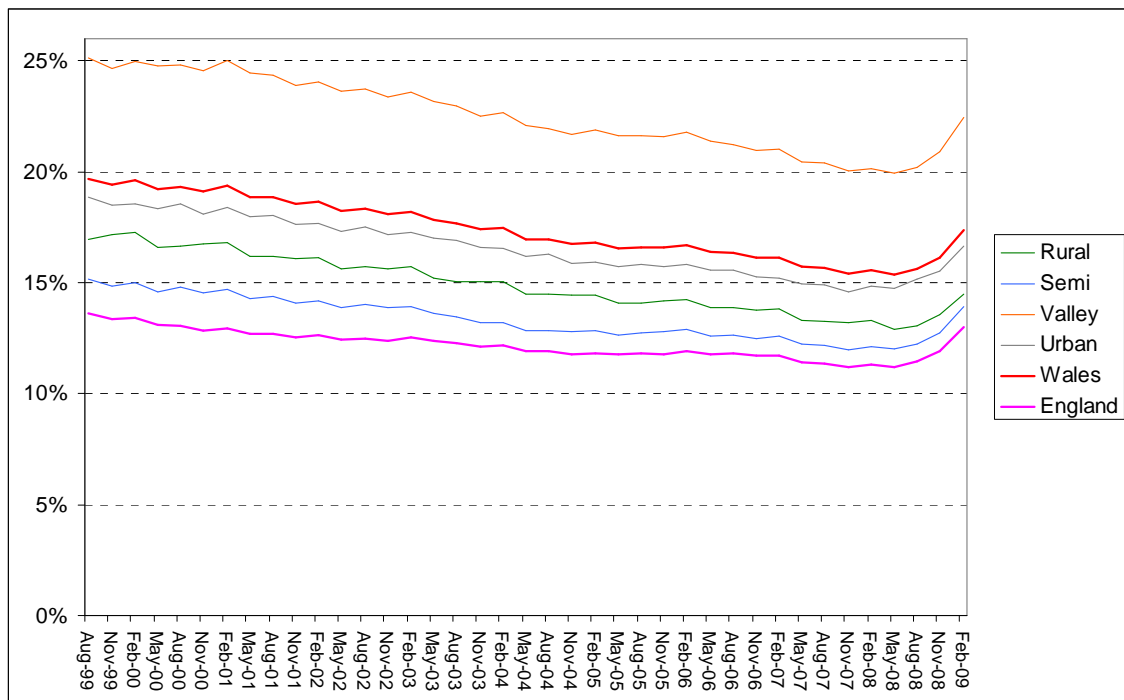


Table 3 shows the percentage point change in 'out of work' benefit recipients between February 2008 and February 2009.

Both England and Wales have experienced a similar increase in the period between February 2008 and February 2009. Within Wales, the highest increase has been in valley authorities, while in rural authorities the increases have been smaller. However, one exception to this pattern was the rural authority of Pembrokeshire, which showed a large increase in out of work benefit recipients, above the level for Wales as a whole.

Table 3: Changes in work-related benefits between February 2008 and February 2009.

	February 2008	February 2009	% Point Change
Anglesey	14.7%	15.3%	0.6%
Carmarthenshire	16.3%	17.7%	1.4%
Ceredigion	10.3%	10.9%	0.6%
Conwy	14.9%	16.0%	1.1%
Denbighshire	15.2%	16.6%	1.4%
Gwynedd	12.4%	13.5%	1.1%
Monmouthshire	9.7%	11.0%	1.3%
Pembrokeshire	13.5%	15.5%	2.0%
Powys	10.6%	11.7%	1.1%
Rural	13.3%	14.5%	1.2%
Semi	12.1%	13.9%	1.8%
Valley	20.2%	22.5%	2.3%
Urban	14.8%	16.7%	1.9%
Wales	15.6%	17.3%	1.7%
England	11.3%	13.0%	1.7%
Great Britain	11.7%	13.4%	1.7%

Figure 2: The spatial distribution of 'key out of work' benefit recipients between February 2008 and February 2009.

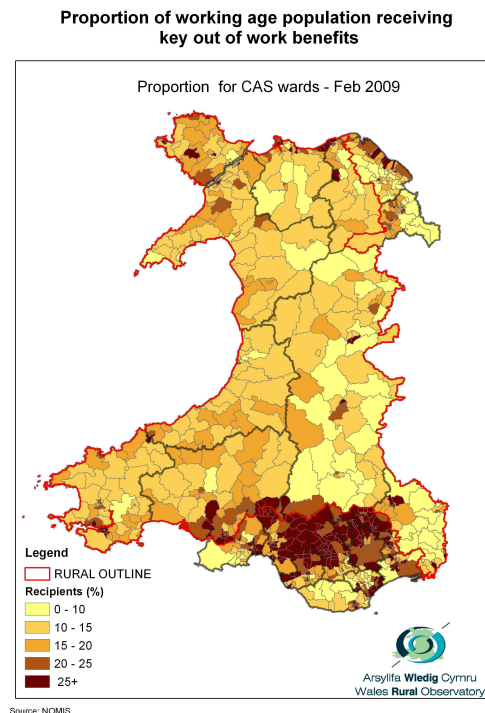
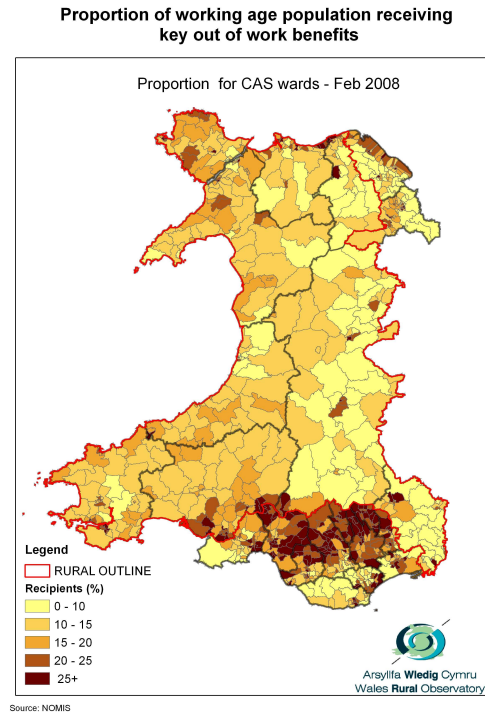


Figure 2 shows that changes in the spatial distribution of benefit recipients in Wales has been minimal, with the exception of the valley authorities. The rural authorities of Denbighshire and Pembrokeshire both show a change in the number of wards displaying the lowest numbers of benefit recipients.

Claimant Count⁵

Jobseekers Allowance represents the UK's main unemployment benefit (ONS, 2009d). According to the ONS (2009d), figures for the beginning of 2008 showed a general decrease in the number of JSA claimants in the UK. However, from March 2008, there were signs that the economic downturn was starting to affect the labour market, with a rise in the UK claimant count. Thus, from a low figure of 800,000 in early 2008, the number of recorded claimants had increased above the 1 million mark by October 2008, and had reached 1.5 million by April 2009.

In February 2008, the proportion of claimants by local authority area varied considerably, from a high of 5.4% to a low of 0.5%. By the end of 2008, the claimant count proportions had increased in almost all regions, with some more than doubling in the period since February. The highest proportion was 6.8%. By March 2009, a total of 83 local authorities in the UK had more than 1 in 20 of their working age population claiming JSA.

Table 1 presents data on claimant rates⁶ in rural Wales and shows the proportion of JSA claimants per working age population. Figures for each rural

⁵**Claimant count rate at national or regional level:** The number of claimants resident in an area as a percentage of the sum of claimants and workforce jobs in the country or region. The number of workforce jobs is mainly collected through postal employer surveys and comprises employee jobs, self-employment jobs, HM armed forces and government-supported trainees and is used to calculate rates for regions and the countries of the UK. For smaller areas, proportions are used.

⁶ Percentages use resident working age population of area. The figures may be slightly different to figures shown in the national headline indicators (ONS, 2009a).

authority in Wales in July 2009 can be compared to figures for Wales and the UK, and also to figures for the previous year.

Table 4: Changes in claimant rates between July 2008 and July 2009.

	Jul-08	Jul-09	Difference
Anglesey	2.9	4.2	1.3
Carmarthenshire	2.0	3.3	1.3
Ceredigion	1.2	1.8	0.6
Conwy	2.5	4.0	1.5
Denbighshire	2.4	4.0	1.6
Gwynedd	2.1	3.0	0.9
Monmouthshire	1.3	2.9	1.6
Pembrokeshire	1.4	3.3	1.9
Powys	1.5	2.8	1.3
Rural	1.9	3.2	1.3
Semi Rural	2.1	4.0	1.9
Valley	2.9	5.5	2.6
Urban	2.5	4.6	2.1
Wales	2.4	4.3	1.9
England	2.3	4.1	1.8
United Kingdom	2.3	4.2	1.9

In July 2009, Wales (4.3%) recorded a higher proportion of JSA claimants than in the UK and England. Taken together, rural authorities displayed the lowest claimant rates (3.2%). The rate in Anglesey was equivalent to the UK JSA claimant rate. The claimant rate increased substantially throughout Wales and the UK between July 2008 and July 2009. Pembrokeshire was the only rural authority with a rate that increased in line with the UK and Wales JSA claimant rate during this period (+1.9%).

Figure 3: Changes in JSA claimant rates between July 2007 and July 2009.

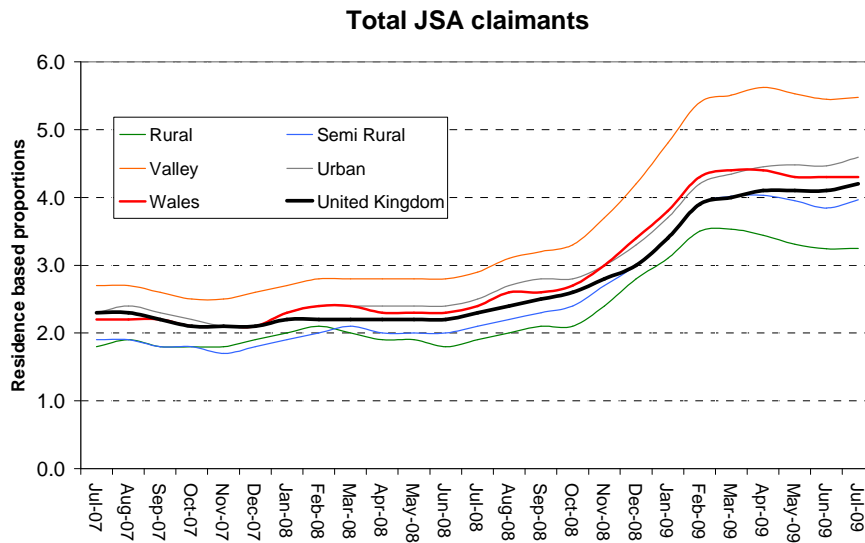


Figure 3 shows how the claimant rate increase began to slow down in February 2009, and a slight decrease can be observed in rural areas.

Looking at this issue in greater detail in Wales, there has been an overall increase in claimants (as shown by the darker shaded areas in Figure 4.) The figure shows pockets of high claimant rates around the valley authorities, the North West of Wales and along the northern coast, which are expected given the population distribution.

However, while the figure indicates the emergence of several JSA claimant 'hotspots' in rural Wales recently, it does not fully explain the situation in terms of the distribution of people claiming benefit within these areas. Indeed, while the rural areas of Wales may be characterised by smaller concentrations of JSA claimants, there may still be significant numbers of people claiming unemployment benefit dispersed throughout the rural authorities.

Figure 4: The spatial distribution of JSA claimants at ward level (July 07 - July 09).

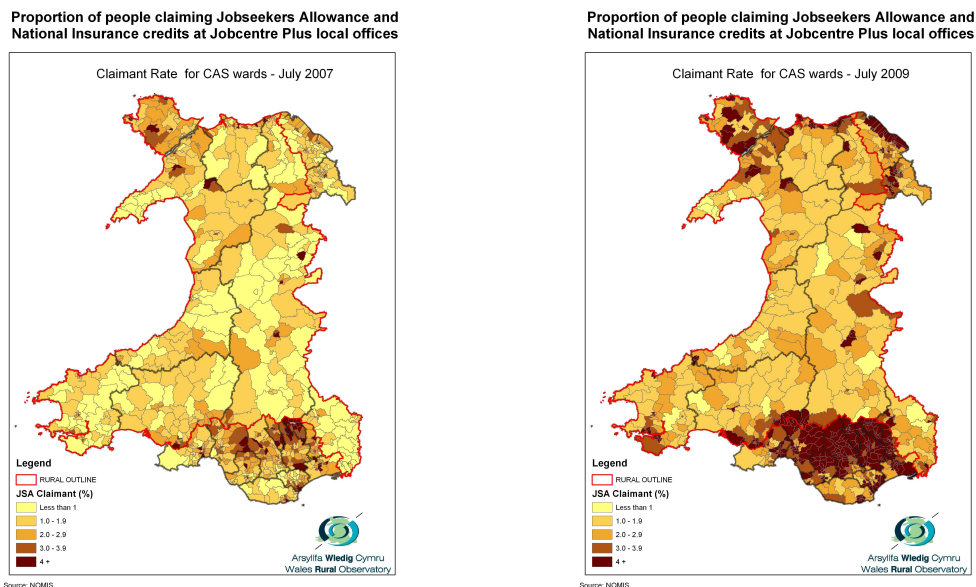


Table 5: Differences in claimant unemployment by occupation (July 2007- July 2009)

	Overall	Man & Senior Off	Prof	Assoc Prof & Tech	Admin & Sec	Skilled Trade	Personal Service	Sales & Cust Service	Process, Plant & Machine Operatives	Elementary
Anglesey	1.34%	0.11%	0.06%	0.06%	0.06%	0.31%	0.08%	0.24%	0.15%	0.28%
Carmarthenshire	1.35%	0.08%	0.05%	0.03%	0.07%	0.23%	0.06%	0.20%	0.27%	0.37%
Ceredigion	0.64%	0.04%	0.03%	0.05%	0.03%	0.07%	0.01%	0.17%	0.06%	0.16%
Conwy	1.81%	0.08%	0.07%	0.12%	0.10%	0.32%	0.09%	0.38%	0.18%	0.44%
Denbighshire	1.78%	0.09%	0.07%	0.06%	0.13%	0.33%	0.08%	0.37%	0.30%	0.33%
Gwynedd	0.89%	0.01%	0.01%	0.05%	0.04%	0.16%	0.04%	0.15%	0.15%	0.28%
Monmouthshire	1.68%	0.15%	0.08%	0.09%	0.19%	0.23%	0.08%	0.30%	0.19%	0.39%
Pembrokeshire	1.90%	0.04%	0.04%	0.09%	0.10%	0.38%	0.08%	0.24%	0.25%	0.69%
Powys	1.27%	-0.07%	0.07%	0.09%	0.14%	0.19%	0.04%	0.15%	0.30%	0.27%
Rural	1.41%	0.06%	0.05%	0.07%	0.10%	0.25%	0.06%	0.24%	0.22%	0.36%
Semi rural	2.08%	0.10%	0.09%	0.13%	0.18%	0.37%	0.10%	0.33%	0.36%	0.42%
Valley	2.82%	0.10%	0.08%	0.12%	0.25%	0.42%	0.14%	0.43%	0.64%	0.65%
Urban	2.29%	0.11%	0.08%	0.13%	0.25%	0.28%	0.09%	0.54%	0.25%	0.55%
Wales	2.14%	0.09%	0.07%	0.11%	0.19%	0.32%	0.10%	0.38%	0.37%	0.50%
UK	1.90%	0.13%	0.09%	0.15%	0.21%	0.32%	0.08%	0.25%	0.25%	0.41%

For rural authorities the overall difference in unemployment (using claimant counts) between May 2008 and May 2009 was most notable in Pembrokeshire. The difference in the proportion of working age people in manager, senior official, professional, administrative and secretarial occupations was highest in Monmouthshire. Alongside this, there was a reduction in unemployment rates amongst managerial occupations and senior officials in Powys. The highest recorded job losses in Associate Professional and Technical Occupations were seen in Conwy, while Pembrokeshire recorded the highest change in unemployment in the Skilled Trades Occupations.

Unemployment change in Personal Service Occupations and Sales and Customer Service was greatest in Conwy. Employment losses amongst Process, Plant and Machine Operatives within the rural authorities were all below the Wales average, which is most likely due to the affect of the large change in the valleys and more urban areas. However, rates of unemployment within this sector were higher than the UK average in three rural authorities (Carmarthenshire, Denbighshire, and Powys). Finally elementary occupation unemployment recorded the highest increase in Pembrokeshire.

Source: NOMIS (2009)

https://www.nomisweb.co.uk/articles/426.aspx?Session_GUID={729FA108-38DF-4AF6-9966-3C821E981440}

Job centre Vacancies

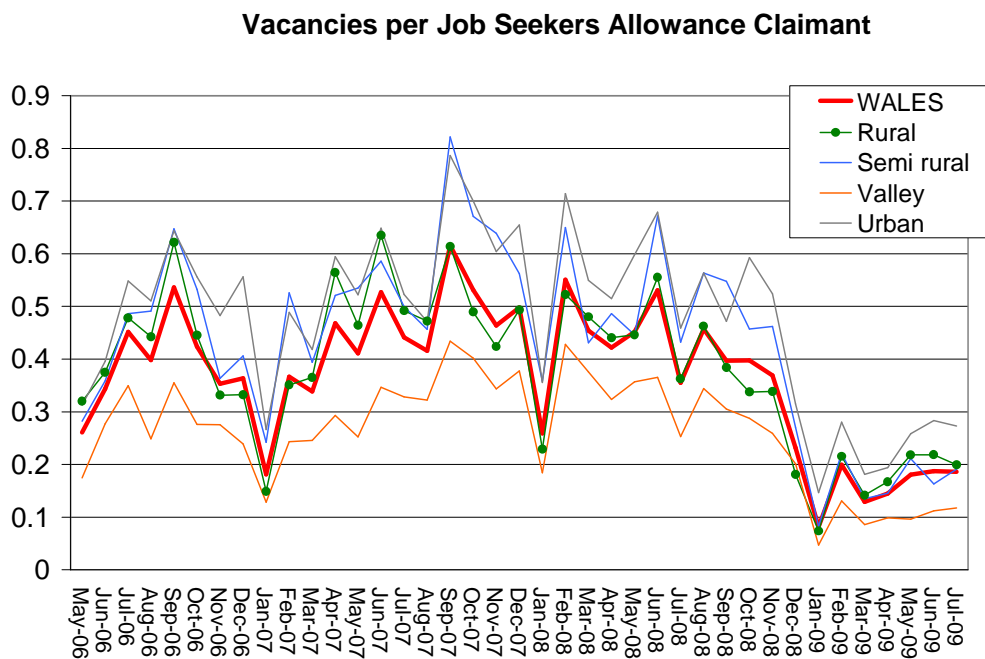
Job centre vacancies vary seasonally; generally there are fewer vacancies over the winter period, and large jumps in the data can occur when new industries and retail stores open.

According to the ONS (2009c), vacancy levels in the UK were the first indicators to turn down during the current recession, with a fall in vacancy levels in quarter two of 2008. This trend continued through to 2009. There were 427,000 job vacancies in the three months to July 2009, down 26,000 from the figure recorded in the three months to April 2009 (ONS, 2009a). This resulted in a vacancy ratio of 1.6

vacancies per 100 employees - a reduction of 0.1% on the previous quarter, and a reduction of 0.8% on the previous year.

In Wales, the ratio of vacancies to job seekers allowance claimants experienced a significant decrease in the final quarter of 2008, with the lowest ratio of vacancies per JSA claimant occurring in January 2009. Although there was a slight recovery by February 2009, throughout quarter one and two of 2009 the ratio was much lower than in previous years. This suggests that employment availability at Jobcentre Plus has generally decreased.

Figure 5: Changes in vacancies per JSA claimant between May 2006 and July 2009.



As Figure 5 shows, the ratio of JSA claimants to vacancies in rural authorities in Wales remained in line with the Wales ratio until August 2008, following which it began to decrease. By December 2008, rural authorities had the lowest number of vacancies per JSA claimant. Following the collective slump in ratios in January 2009, the

rural ratio increased above the ratio for Wales and kept its position until July 2009. In July 2009, the lowest ratio was recorded in Anglesey, below the ratio for Wales.

In the 12 month period between July 2008 and July 2009, the ratio of vacancies to claimants experienced the

greatest fall in Monmouthshire, while the figure for Pembrokeshire fell at a greater rate than in England and the

rest of Great Britain. Table 6 shows these data.

Table 6: Changes in vacancy numbers and JSA claimant rates for July 2009.

July 2009	Vacancy	JSA Claimant	Vacancy / JSA claimant	Difference in ratio from previous year
Anglesey	219	1,675	0.1	0.0
Carmarthenshire	701	3,485	0.2	-0.1
Ceredigion	266	875	0.3	-0.2
Conwy	410	2,481	0.2	-0.2
Denbighshire	352	2,260	0.2	-0.1
Gwynedd	502	2,054	0.2	-0.2
Monmouthshire	442	1,498	0.3	-0.4
Pembrokeshire	333	2,175	0.2	-0.3
Powys	489	2,094	0.2	-0.2
Rural	3,714	18,597	0.2	-0.2
Semi rural	1,877	9,815	0.2	-0.2
Valley	3,475	29,667	0.1	-0.1
Urban	5,452	19,964	0.3	-0.2
Wales	14,518	78,043	0.2	-0.4
England	229,304	1,311,098	0.2	-0.2
Great Britain	266,020	1,521,709	0.2	-0.2

Source: NOMIS (2009)

([https://www.nomisweb.co.uk/articles/426.aspx?Session_GUID=\(729FA108-38DF-4AF6-9966-3C821E981440\)](https://www.nomisweb.co.uk/articles/426.aspx?Session_GUID=(729FA108-38DF-4AF6-9966-3C821E981440)))

The ONS (2009c) have analysed worklessness in the UK in greater detail by focussing on household type. Figures for the final quarter of 2007 and those for 2008 show that there was an increase in both working and workless households during this period. This was driven by a fall in the number of mixed households. The workless household rate appears to follow a similar trend to unemployment rates when mapped over time. Out of the workless households there has been a large increase in the rate for couple households with dependent children, while there has been a fall in workless rate for lone parents with dependent children.

According to ONS (2009c) most of the increase in working household rate is driven by large increases in London. There was an increase in workless

rates in North East and Midlands. There was a fall in workless household rates in Wales between 2007 and 2008. Owner occupied households had increases in workless rate and rented and rent free households had increases in working rate (ONS, 2009c). However it must be noted that these statistics do not account for the months of 2009 where conditions may have changed.

1.5 Employment

In the three months to June 2009, the number of people in employment in the UK fell to 28.93 million, providing an employment rate of 69.7%. This represented a decrease of 271,000 on the previous three months. The employment figure was made up of 76% of all working age males in employment (a decrease of 1.2% on the previous quarter) and 69% of all

working age females (a decrease of 0.5% on the previous quarter) (ONS, 2009). This suggested that across the UK, males were falling out of employment at a more rapid rate than females.

In the three months to May 2009, the employment rate also fell in England and Wales compared to the previous three months. However, the rate of decrease was less in Wales (a decrease of 0.7%) than in England and the UK, which both decreased by 0.9%. However, for the same period Wales had the greatest annual decrease in employment rates (-2.9%) compared to England (-1.8%) and the UK (-2%).

It should also be noted that there were gender differences in employment rates in Wales. In July 2009, 71.8% of all working age males were in employment, compared to 67.3% of all working age females. In the three months to May 2009, employment rates for both males and females decreased, by 3.9% and 1.8% respectively. This indicated a continued decline on the previous three months (a decrease of 0.8% for working age males and 0.5% for working age females).

Figures released by the ONS (2009c) indicate that changes in employment rates have been larger for men than for women during the current recession. In addition, in the three months to March 2009, young people experienced the largest decreases in employment rates. Meanwhile, in the same period, employment for people over the state pensionable age also continued to rise.

The differences in the reduction in overall employment estimates for men and women can be explained, in part, by the sectors, industries and occupations in which they work (ONS 2009b). In the UK, the number of people in full time employment (21.47 million in the three months up until May 2009) had declined by 230,000, whereas the number of people in part-time employment (7.53 million for the

same period) had increased by 3,000 from the previous three months. There were almost double the amount of males in full time employment compared to female equivalents. However, in terms of part-time employment, women numbered out the men by a rate of three to one (ONS, 2009).

In Wales there appears to be a decrease in the amount of government supported trainees. Between March 2008 and March 2009, this figure decreased by 6.4%. During the same period, the number of government supported trainees in the UK increase by just over a third (34.3%) (ONS, 2009a).

Job Density

Job density is defined as the number of filled jobs in an area divided by the number of people of working age resident in that area. While areas with relatively high job densities clearly offer potential job opportunities for residents of that area, it may be the case that there is a mismatch between the type of jobs in an area and the skills of the people resident. Job densities therefore must be considered along with other labour market indicators, for example, the number of working age benefit claimants as a proportion of the working age population, in order to make an overall assessment of local area labour market conditions (ONS, 2003).

In 2006, Anglesey and Carmarthenshire were the only rural authorities with job densities below the level for Wales. In 2007, four rural authorities had job densities below the Welsh average (even though the Welsh density remained almost unchanged). In 2007, the difference in total jobs was greatest in Powys, however, the job density fell most in Ceredigion. Rural and semi-rural authorities in Wales combined lost around 12,000 jobs, whereas the number of jobs increased in valley and urban authorities. This was not

reflected in job density where rural, semi-rural and urban authorities all had a lower job density in 2007 than in 2006 (valley densities remained the same).

Table 7: Changes in job density between 2006 and 2007

Difference 2006 to 2007	Change in total jobs	Change in Jobs density
Anglesey	-4,000	-0.10
Carmarthenshire	-13,000	-0.13
Ceredigion	-13,000	-0.29
Conwy	-9,000	-0.14
Denbighshire	-4,000	-0.08
Gwynedd	-10,000	-0.15
Monmouthshire	-10,000	-0.19
Pembrokeshire	-9,000	-0.13
Powys	-14,000	-0.19
Rural	-9,000	-0.01
Semi rural	-3,000	-0.01
Valley	2,000	0.00
Urban	1,000	-0.01
Wales	-8,000	0.00
United Kingdom	327,000	0.00

Source: NOMIS (2008)
https://www.nomisweb.co.uk/articles/379.aspx?Session_GUID={729FA108-38DF-4AF6-9966-3C821E981440}

Gross Value Added (GVA)

GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. Gross value added (GVA) is a measure of economic activity at basic prices, which includes taxes (less subsidies) on production, but excludes taxes (less subsidies) on products. GVA is used in the estimation of Gross Domestic Product (GDP). GDP is a key indicator of the state of the whole economy (ONS, 2009).

In the UK, three theoretical approaches are used to estimate GDP: 'production', 'income' and 'expenditure'. When using the production or income approaches, the contribution to the economy of each

industry or sector is measured using GVA (ONS, 2009).

The link between GVA and GDP can be defined as: GVA (at current basic prices; available by industry only) plus taxes on products (available at whole economy level only) less subsidies on products (available at whole economy level only) equals GDP (at current market prices; available at whole economy level only) (ONS, 2009). In summary, GVA + taxes on products - subsidies on products = GDP.

UK & Wales⁷ GVA

According to Munday (2009) Wales has historically performed poorly in terms of the critical measure of productivity; GVA per capita. Since the end of the last recession in the early 1990s, Welsh GVA per capita fell progressively further behind that of the UK as a whole, despite the fact that the employment rate increased more rapidly than in other parts of the UK. It has been suggested (WLGA, 2009) that the new jobs created were largely associated with low productivity (as well as low wages and low skills). Jobs in manufacturing, which were often full time and relatively well paid, continued to be lost, while employment growth tended to be concentrated in sectors such as transport and communications, retail, business services and the public sector (WLGA, 2009).

Total GVA increased in all UK regions between 2006 and 2007, with most regions experiencing a growth rate similar to the UK average of 6%. Growth in Wales, however, was the lowest (5.1%) of all regions. In the early 1990s, average GVA per capita in Wales was around 16-17% below the UK average (WLGA, 2009). In 2007, Wales was 25.5% below, the average for the United Kingdom (£19,956).

⁷ Regional GVA estimates are at current basic prices; therefore they do not allow for changes in prices over time (inflation) or differences in regional price levels

GVA within Wales

Research undertaken for the WLGA in 2009 (WLGA, 2009) notes that the GVA per capita is decreasing in all areas of Wales apart from the South East coast (i.e. the Vale of Glamorgan, Cardiff, Newport and Monmouthshire) compared to the UK. Within Wales, the South East coast economy appears to be growing, while the economy in the Northern semi-rural authorities is deteriorating. It is suggested that this is linked to inward investment (WLGA, 2009). The rural North-Western local authorities have an estimated average annual growth in GVA below the Regional, and hence, UK average.

In 2006, estimates for the 133 NUTS3 areas⁸ of the UK showed that the Isle of Anglesey had the lowest GVA per head, at £10,560. In addition the eight rural authorities of Gwynedd, Conwy, Denbighshire, Carmarthenshire, Ceredigion, Pembrokeshire and Powys were below the Wales average GVA per head. The highest proportion of GVA for rural authorities came from public administration, education, and health. In addition almost a quarter (24%) of GVA in the most rural authorities was from distribution transport and communication industries. The Isle of Anglesey had a much higher proportion of GVA from production industries (26%) than the remaining rural areas.

The WLGA (2009) states that “the sectoral composition of different sub-regional economies is a critical factor in their likely exposure to the employment effects of the recession”. It is further explained that certain sectors, notably manufacturing, construction, financial and business services and retail and distribution, are already being

particularly strongly affected by the recession, whereas the public sector has largely been shielded from falling employment to date (WLGA, 2009). However, it is emphasised that “this is likely to change in a ‘second wave’ of job cuts as the effects of the slowdown of Government spending from 2011 onwards starts to bite” (WLGA, 2009).

The next section looks at how industry and employment is distributed within the UK and in Wales.

Employment Sectors

During the first quarter of 2009, public sector employment in the UK was just over 6 million - an increase of 15,000 from the previous quarter. This can be compared to private sector employment, which experienced a decrease of 286,000 to 23.08 million, during the same period (ONS, 2009). This confirms that the public sector has softened the blow of the recession; however, this may result in a worsening of economic conditions when the knock-on effects are transferred to this sector in the future.

In the three months to June 2009, there was an increase in the number of non-UK nationals in employment to 3.73 million, compared to the previous three months. Alongside this, there was an associated decrease in the number of employed residents born in the UK. By comparing employment figures for the three months up to June 2009 with those for the previous year, it becomes clear that the employment rate for people born in the UK is falling more rapidly than for people born outside the UK (ONS, 2009). This might be related to the wages of non-UK workers.

The ONS (2009a) states that the number of workforce jobs in the UK is decreasing, with a 1.4% reduction on the previous year. It appears that this is most evident in the manufacturing sector, which experienced a decrease of 6.7%. In the three months to June 2009, the labour market in Wales

⁸ The NUTS-region is based on the existing national administrative subdivisions. These twelve NUTS 3 areas are: Isle of Anglesey, Gwynedd, Conwy and Denbighshire, South West Wales, Central Valleys, Gwent Valleys, Bridgend and Neath Port Talbot, Swansea, Monmouthshire and Newport, Cardiff and Vale of Glamorgan, Flintshire and Wrexham and Powys.

experienced a greater decrease in workforce jobs (a 1.4% decrease on the previous quarter and a 3% decrease on the previous year) compared to the rest of the UK. The greatest annual decrease in workforce jobs during this period occurred in the agriculture, forestry and fishing industries, with a decline of 19.2%. The number of manufacturing industry jobs in Wales also decreased by 7.8% in the same period, which was higher than the rest of the UK (ONS 2009a).

According to figures published by the ONS (2009c), it becomes clear that job losses during the current recession have affected males more than females. This is particularly the case within those industries that showed the largest annual fall in workforce jobs between December 2007 and December 2008 in the UK (i.e. manufacturing, distribution, hotels and catering). Alongside this, there was an increase in the number of jobs occupied by females within education, health and public administration, which partly offset the reductions in other sectors. In the three month period up to May 2009, the total number of employee jobs in manufacturing industries stood at 2.68

million. However, this number was down 201,000 on the previous year (ONS, 2009).

ABI Employment

The WLGA (2009) notes that from 1992 up until the current recession, figures for employment growth in Wales displayed a 15% increase, which outperformed the rest of the UK (10% growth). This growth was most noticeable in the South West and North West of Wales. However, as was noted earlier, the GVA per capita for this period did not reflect this gain. This may be attributed to the (poor) quality of employment and the mix of full-time and part-time opportunities (WLGA, 2009).

Prior to the start of the recession in 2007, rural authorities had a higher proportion of jobs in construction, wholesale/retail trade, repair, hotels and restaurants, education, health and social work, and other social and personal services. This implies that these are the employment sectors that are most likely to be affected in rural Wales.

Table 8: Employment figures by industry type within each spatial category (ABI, 2007)

Local authority: county / unitary	Manufacturing + utilities +primary	Construction	Distribution Hotels and restaurants	Transport, storage and communication	Banking, finance and insurance	Public admin. education and health	Other community, social/ personal service
Anglesey	19.1%	5.9%	26.6%	6.6%	10.5%	26.5%	5.0%
Carmarthenshire	11.2%	7.6%	26.6%	4.6%	9.6%	35.2%	5.1%
Ceredigion	6.8%	5.1%	28.6%	3.2%	11.0%	39.0%	6.5%
Conwy	5.4%	4.9%	37.9%	3.8%	10.1%	32.4%	5.5%
Denbighshire	10.5%	5.5%	23.4%	2.8%	9.7%	43.1%	5.0%
Gwynedd	9.5%	4.5%	30.0%	3.7%	8.4%	36.6%	7.4%
Monmouthshire	11.2%	5.0%	31.5%	3.4%	13.8%	30.0%	5.0%
Pembrokeshire	9.7%	8.0%	29.9%	4.8%	8.5%	32.4%	6.7%
Powys	13.9%	4.4%	25.6%	4.8%	11.7%	32.8%	6.7%
Rural	10.6%	5.8%	28.7%	4.1%	10.2%	34.6%	5.9%
Semi Rural	25.9%	5.3%	21.3%	4.5%	12.0%	26.4%	4.7%
Valley	21.1%	4.8%	21.0%	4.0%	10.1%	34.3%	4.7%
Urban	8.1%	4.6%	21.7%	4.8%	22.3%	33.2%	5.3%
WALES	14.5%	5.1%	23.6%	4.4%	14.2%	33.0%	5.2%

Source: ABI (2007) <http://www.nomisweb.co.uk/articles/208.asp>

Annual Population Survey

Between December 2007 and December 2008, employment in industries have changed considerably. The greatest change has been in the agricultural and fishing sector, which has decreased by around 12%. Employment in manufacturing, restaurants and hotels, banking and transport also fell between 2007 and 2008, while employment in energy and public administration, education and health increased (NOMIS, 2009).

According to the Annual Population Survey, in 2008 rural authorities had a higher proportion of jobs in agriculture and fishing; construction; and in the hotels and restaurant sector than the whole of Wales. Rural authorities also had fewer jobs in manufacturing; transport and communications; and banking and finance, when compared with figures for the whole of Wales and the UK.

Table 9: Employment by industry type within each spatial category using the Annual Population Survey (Jan – Dec 2008).

	agriculture and fishing	manufacturing	construction	distribution, hotels and restaurants	transport and communications	banking, finance and insurance	public admin. education and health	other services
UK	1.5	12.1	8.2	19.0	6.8	16.4	28.7	6.2
WALES	2.3	12.8	9.0	18.9	5.6	11.0	33.4	5.8
RURAL Wales	5.5	10.2	9.7	20.5	4.9	8.9	33.1	6.1

Source: Nomis (2008) https://www.nomisweb.co.uk/query/construct/wiz_analysis.asp?menuopt=-1&subcomp=25&Session_GUID={360EDCEB-E5EE-443E-BCBE-266E3B7CA0EE}

UV34 Census of the population

Data from the 2001 Census of Population provides a useful indication of employment distribution for the whole of England and Wales, despite being nearly a decade out of date. However, caution should be taken in interpreting this data. As the 2001 Census relied on self-completion, there are concerns about the distinction between 'active' and 'inactive' residents (particularly in relation to student populations). Also, the allocation to industry and occupation groups will be less robust than any data produced from an

interview survey. In view of these difficulties, more recent data contained in the Annual Population Survey 2008, which tends to agree with the 2001 Census, can be used to provide a more accurate picture of the current situation. The only notable difference between these datasets is that in 2001 rural Wales had a higher number of people employed in public administration, education and health, compared to the rest of Wales, whereas equivalent figures for 2008 contained in the APS were lower.

Table 10: Employment by industry type within each spatial category using the Census 2001, Industry of Employment (UV34) category.

	A. Agriculture, hunting and forestry / Fishing	C. Mining and quarrying/ Electricity, gas and water supply	D. Manufacturing	F. Construction	G. Wholesale and retail trade, repairs, Hotels and restaurants	I. Transport, storage and communications	J. Financial intermediation. Real estate, renting and business activities	L. Public administration and defence, social security. Education. Health and social work	O. Other community, social and personal service activities
Isle of Anglesey	4.0%	3.2%	13.6%	8.5%	20.8%	6.3%	8.7%	30.3%	4.6%
Gwynedd	4.9%	2.1%	9.5%	8.5%	25.4%	4.9%	8.4%	29.5%	6.7%
Conwy	3.2%	1.2%	9.9%	8.0%	28.1%	4.9%	10.5%	29.3%	4.9%
Denbighshire	3.6%	1.2%	13.9%	7.8%	22.9%	4.8%	10.3%	30.1%	5.4%
Powys	10.7%	1.1%	14.4%	8.0%	21.5%	4.4%	9.7%	25.7%	4.5%
Ceredigion	8.7%	0.9%	7.9%	7.8%	24.5%	4.3%	9.7%	30.3%	5.9%
Pembrokeshire	6.8%	1.2%	10.8%	8.9%	24.8%	6.1%	8.7%	27.0%	5.7%
Carmarthenshire	5.4%	1.2%	13.6%	7.5%	22.2%	5.3%	8.8%	31.5%	4.4%
Monmouthshire	4.0%	0.7%	15.6%	6.2%	22.1%	6.4%	13.8%	26.7%	4.4%
Rural	5.9%	1.3%	12.3%	7.9%	23.6%	5.2%	9.8%	28.9%	5.1%
Semi rural	1.6%	1.5%	21.7%	6.4%	20.9%	5.6%	13.1%	24.9%	4.2%
Valley	0.6%	1.3%	24.5%	7.6%	19.5%	5.1%	10.5%	26.8%	4.2%
Urban	0.6%	1.3%	12.9%	5.7%	22.3%	6.4%	15.4%	30.0%	5.5%
WALES	2.5%	1.3%	17.3%	7.1%	21.7%	5.5%	11.8%	27.9%	4.8%

Table 10 shows how the industry is distributed within Wales, compared to the whole of the UK.

Annual Survey of Household Earnings (ASHE)

During the three month period to June 2009, average earnings in Great Britain decreased by 0.1% compared with the previous quarter, however, there has been a growth in earnings when bonuses are included - an increase of 0.2%. (ONS, 2009).

Average earnings in the UK, without bonuses, decreased in both the service and private sector during the three month period to June 2009, compared to the previous year. Conversely, earnings that included bonuses increased in the manufacturing, service, public and private sector industries for the same period (ONS, 2009).

In the UK, the total hours worked per week decreased in the three months to

June 2009, compared to the previous quarter, despite the fact that average hours worked increased (ONS, 2009). During this period, the total number of hours worked by males appeared to be decreasing, while the equivalent figure for women increased. The average hours spent by males in part-time work and second jobs decreased in the three month period to June 2009 and during the previous quarter.

Sibieta (2009) found that during previous recessions average incomes decreased and this applied mainly to those who had a higher dependence on the labour market. Interestingly, pensioners and lone parents were found to be less affected by the recession, which appears to contradict observations made by organisations representing older people in the second part of this report.

It was also identified that during the current recession, as in previous recessions, the rise in unemployment was found to be largest amongst low

skilled occupations, the less educated and young workers. Sibieta (2009) found that the out of work benefits paid to working age adults without dependent children has been relatively ungenerous during this current recession and that there was likely to be a larger impact on top incomes. Finally, Sibieta (2009) suggests there are few implications for the 2010 child poverty target, except for affordability.

Residence-based data

In 2008, the less gross weekly (median) income in Wales £41 below that of the UK (£388.40), while England had an average of £7.20 above the UK. Of the rural authorities, only Anglesey, Conwy and Monmouthshire had gross weekly (median) income levels above Wales. Gwynedd had the lowest gross weekly pay at £293.

Gross annual (median) income was also lower in Wales compared to the UK (approximately £2,300 less) and England had an income £346 above the value for the UK (£20,301). All rural authorities had annual incomes (median) below Wales apart from Monmouthshire. Powys had the lowest median annual income (£14,870), and it should also be noted that the annual income (median) in both Powys and Denbighshire were approximately £2,000 less than the Welsh average.

On average rural parts of Wales worked for fewer hours. Workers resident on Anglesey and in Conwy had the longest hours and were in line with the Welsh English and UK average.

Once again, Wales had a lower median gross hourly pay than the UK. Monmouthshire had the highest mean gross hourly pay and Denbighshire had the lowest pay at just £8.56 per hour in all Welsh authorities.

Workplace-based data

In 2008, Wales had a lower (median) gross weekly and annual income (£342.50 and £18,181), compared with England (£394.80 and £21,149) and the UK (£388.40 and £20,801).

Within Wales, Anglesey had the highest gross weekly income at £396, and was the only rural authority to record a figure higher than the Wales and UK average. The lowest workplace gross weekly pay in Wales was in Ceredigion, which was approximately £110 below the UK median. The lowest annual gross pay levels in Wales were found in Blaenau Gwent and the rural authorities of Conwy Gwynedd and Powys, which all had annual gross incomes below £16,000.

The rural authorities also tended to have lower mean gross hourly pay compared to the whole of Wales, with Anglesey and Carmarthenshire being the exceptions. The lowest gross hourly pay was in Ceredigion and Powys, at £8.30 per hour and £8.32 per hour respectively. These were the lowest of all authorities in Wales. The hourly pay (median) in Wales was £1.07 less than in the UK (£10.61). England again had a median just above the UK at £10.74.

On average the rural authorities of Wales worked for fewer hours than the rest of Wales, England and the UK. Workers in Ceredigion had the lowest hours of all the rural authorities, at around 34.5 hours per week.

1.6 Redundancy data

In the UK the total number of redundancies increased to 286,000 during quarter one of 2009. The redundancy rate⁹ increased by almost two thirds from quarter one of 2008. There were 183,000 male

⁹ Redundancy rate is the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter multiplied by 1000.

redundancies and 103,000 women made redundant. However, the female redundancy rate was increasing more rapidly than the rates for men during the last quarter.

During quarter one of 2009, the majority of redundancies in the UK occurred in the distribution, hotel and restaurant industries (23.7% of all industries). This can be compared to the situation in 2008, where the majority of redundancies were in the manufacturing sector (24.4% of all industries). The highest redundancy rates in quarter one of 2009 were in construction (32.8 redundancies per 1000 employees) and manufacturing industries (21.1 redundancies per 1000 employees). The construction industry experienced the greatest increase in redundancies compared to the previous year.

During quarter one of 2009, the highest redundancy rates in the UK were in the 16-24 age group, with 17.7 redundancies per 1000 employees. This age category also showed the greatest increase in redundancies compared to the previous year. However, the majority of redundancies occurred in the 35-49 age group, which accounted for just under a third (32.6%) of all redundancies during quarter one of 2009, followed by the 25-34 and 16-24 age groups, which accounted for 25.3% and 23.0% respectively.

In quarter four of 2008, Wales accounted for 5.5% of the UK's total redundancies¹⁰, compared with 85.1% in England. By quarter one of 2009, the figures were slightly lower, at 3.3% and 84.8% respectively. The redundancy rate in Wales during quarter four of 2008 was 12.6% (higher than the figure for England and the whole of the UK) but fell to 8.6% during quarter one of 2009, compared

to 11.9% in England and 11.8% in the UK.

In addition, increases in unemployment and redundancies have been larger for men than women (ONS, 2009b). Redundancies in the UK fell to 277,000 in the three month period to June 2009 - a decrease of approximately 3.3% on the previous quarter. However, this figure was 150,000 more than the previous year. The redundancies were up 3.6% for men but decreased by 15.5% for women for April to June compared to the previous quarter (ONS, 2009).

Jobcentre Plus

In terms of the number of notified redundancies per month, rural, semi rural, valley and urban are ranked from high to low in Table 11. It appears that redundancies in Wales peaked during the period between November and December 2008 (a total of 9,300 redundancies) and started to decline from March 2009 onwards. This could, however, be attributed to seasonality.

The situation was much the same in rural Wales, with redundancies at their greatest in November 2008 (a total of 1,500). In the more urban areas of Wales, the peak followed a month later, with a total of 2,500 redundancies. Jobcentre Plus explained that the sectors most affected by redundancies in Wales were manufacturing (47%), retail (9%), construction (7%), education (8%) and the financial sector (6%). They also explained that the recession in Wales was having a particular impact on young people, with just over a third of the unemployment register consisting of 18-24 year olds.

¹⁰ Total redundancies is different to redundancy rate as it refers to absolute numbers for the period rather than a ratio.

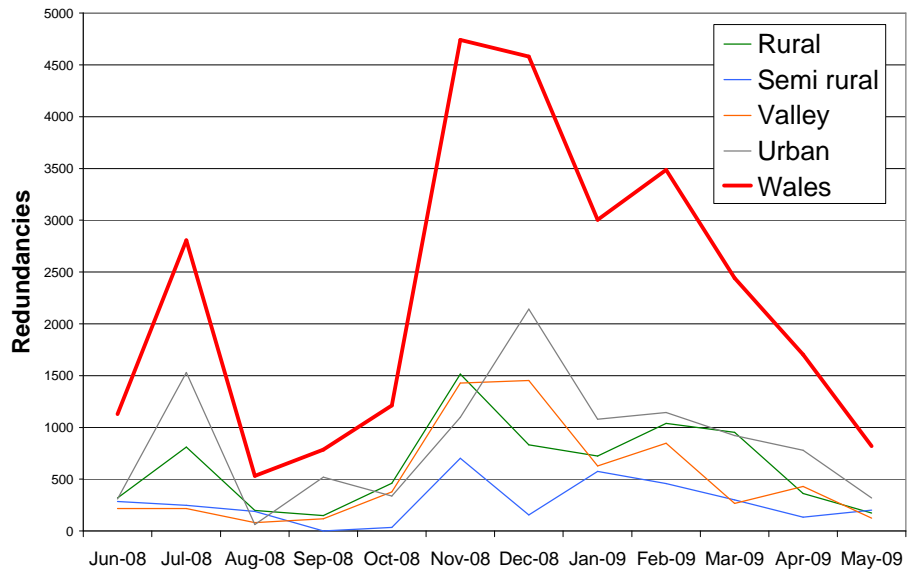
Table 11: Jobcentre Plus notified redundancies between June 2008 and May 2009.

Notified redundancies	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08 ¹¹	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09
Highest	R	U	R	U	R	R	U	U	U	R	U	U
↓	U	R	SR	R	V	V	V	R	R	U	V	SR
↓	SR	SR	V	V	U	U	R	V	V	SR	R	R
Lowest	V	V	U	SR	SR	SR	SR	SR	SR	V	SR	V

Note:

R= Rural, SR = Semi Rural, Valley= V, Urban = U

Figure 6: Jobcentre Plus notified redundancies between June 2008 and May 2009.



Source: Jobcentre Plus (2009) <http://www.jobcentreplus.gov.uk/JCP/index.html>

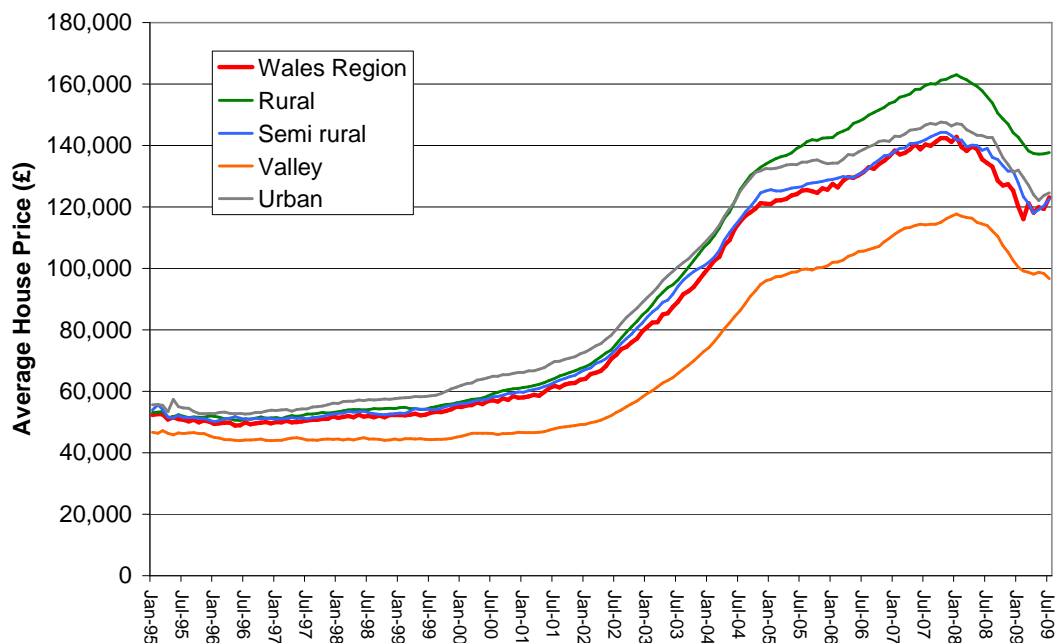
¹¹ Sub regional spatial data was generalised Nov 08 - Jan 09 (e.g. north Wales = rural).

House Prices

Since the beginning of 2005, average house prices increased with time until February 2008. House prices decreased for approximately a year, resetting to the level recorded in early 2005. There was a slight recovery in

prices during March and April 2009. The average house price peaked in Wales in January 2008, at £143,077 and fell to its lowest value during February 2009 (£116,601).

Figure 7: Average house prices between January 1995 and July 2009.



Source: Land Registry (2009)

<http://www1.landregistry.gov.uk/assets/library/documents/hpi26june2009e.pdf>

Between February 2008 and 2009, the largest decrease in average house prices was in rural Wales¹² with an average decrease of approximately £21,500. The largest falls in house prices in the rural authorities were in Monmouthshire (£30,000), Ceredigion (£27,500), Powys (£24,500) and Denbighshire (£24,000). The average house price in these authorities fell by more than the Wales average.

In July 2009, the highest average house price in Wales was in Monmouthshire at £168,000. Only two rural authorities had house prices lower than the average for Wales, namely Carmarthenshire and Denbighshire.

¹² Weighted averages (using WAG household estimates and projections) were used to obtain average house price for rural, semi rural, valley and urban. Available from: <http://wales.gov.uk/topics/statistics/theme/housing/estimate/?lang=en>

Bankruptcy orders and Individual Voluntary Arrangements (IVAs) in Wales

In 2008, there were approximately 3,300 bankruptcy orders made in Wales. The greatest proportion of these (almost a third) came from rural authorities. However, this was to be expected given the share of businesses and population in the area. The rural authority with the highest bankruptcy orders was Carmarthenshire, with a total of 221.

In 2008 there were approximately 2,200 IVAs in Wales. The valleys had the highest amount (around 800 IVAs) and rural Wales had 657 IVAs. The majority of these were again in Carmarthenshire (120 IVAs).

Source: Insolvency Service (2009)
<http://www.insolvency.gov.uk/otherinformation/statistics/insolv.htm>

Companies winding up and bankruptcy petition court statistics

This section compares figures for the number of companies winding up, and creditors and debtors bankruptcy petitions issued in the High Court and county courts in Wales between quarter one of 2008 and quarter one of 2009.

In Wales, the numbers of companies winding up and creditors bankruptcy petitions decreased until quarter three of 2008, following which they rose sharply to reach their maximum levels in quarter one of 2009. The number of debtors bankruptcy petitions steadily increased until quarter one of 2009, reaching over four times the figure recorded in the previous year.

In rural authorities, the number of companies winding up increased from 2 companies in quarter one of 2008 to 13 companies in quarter one of 2009. There were no companies winding up

in semi rural county courts in quarter one of 2008 and there were 2 winding up in quarter one of 2009. The majority of companies winding up during this time were found in the valley courts, with 46 companies winding up in quarter one of 2009.

There were 130 more creditors bankruptcy petitions in rural Wales in quarter one of 2009 compared to the previous year. Similarly there were 200 more in the valleys, 91 in urban, and 47 in semi rural courts during quarter one of 2009 compared to the previous year.

There were 740 more debtor bankruptcy petitions in rural Wales in quarter one of 2009 than there were in quarter one of 2008. Similarly there were 833 more in the valleys, 669 in urban, and 247 in semi rural courts in quarter one of 2009 compared to the previous year.

Source: Ministry of Justice (2009).
<http://www.justice.gov.uk/publications/companywindingupandbankruptcy.htm>

1.7 Statistics on mortgage and landlord possession actions in the county courts

In Wales, the number of mortgage possession claims issued decreased between quarter one of 2008 and quarter one of 2009. In rural Wales, the number of claims issued decreased during the first half of 2008, rose in quarter three of 2008 and then fell to their lowest levels in quarter one of 2009.

The number of recorded landlord possession claims in Wales decreased during the first half of 2008, increased in quarter three of 2008 then fell slightly during the final quarter of 2008. Landlord possession claims rose again in the first quarter of 2009. Rural Wales followed the same trend.

Table 12: Changes in mortgage and landlord possession claims processed between 2008 and 2009

	Mortgage Possession Claims Issued					Landlord possession claims issued				
	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Rural	654	608	642	433	410	355	350	357	299	344
Semi	206	205	189	140	103	175	141	144	129	147
Valley	905	909	842	603	488	528	444	512	580	669
Urban	937	954	908	544	535	807	603	666	593	639
WALES	2,702	2,676	2,581	1,720	1,536	1,865	1,538	1,679	1,601	1,799

Source: Ministry of Justice (2009)

<http://www.justice.gov.uk/publications/mortgatelandlordpossession.htm>

Citizens Advice Cymru (CAC) data

CAB provided data on enquiries about recession-related problems. In Wales they found the largest increase to be in redundancy related problems (an increase of 124% in 2008/09 compared to 2007/08). Similarly, there were increases in Jobseekers allowance enquiries (a 61% increase) and Mortgage/secured loan arrears problems (a 57% increase). The most recent population estimates suggest that around 33% of the population are in rural authorities, 14% are in semi rural authorities, 30% are in the valleys and 23% are in urban. Therefore it is likely that a significant majority of these enquiries would come from a rural authority.

To take account of the issue of population size, the figures were analysed in terms of the increase in the average number of recession related problems during two quarters of the recession.

From the table below it is clear that between April 2008 and March 2009, rural residents in Wales started to experience more problems relating to mortgages and loans. Rural and Urban authorities experienced similar large increase in the number of redundancy issues. Urban areas, however, experienced the greatest increase in Jobseeker allowance issues. Nevertheless rural authorities have had well over a 100% increase in these issues and are in line with the increase experienced by valley authorities.

Table 13: Rates of recession-related enquiries to Citizens Advice Cymru between April 2008 and March 2009.

	Mortgage/secured loan arrears issues)	Redundancy issues	Jobseekers Allowance issues
Rural	83%	196%	117%
Semi Rural	11%	134%	104%
Valley	37%	160%	116%
Urban	44%	197%	174%

Source: CAB (2009) <http://www.citizensadvice.org.uk>

Homelessness Statistics

In quarter one of 2009, a total of 951 households claimed to be homeless in rural Wales. Of this figure, 458 were classed as 'unintentionally homeless' and in priority need. This figure was the highest of the spatial categories (rural, semi-rural, valley, urban). The

number of households defined as unintentionally homeless and in priority need fell in Wales between quarter one of 2008 and quarter one of 2009, however, rural authorities had the lowest reduction (a fall of 14.7% compared to a decrease of 30.8% in urban areas).

Table 14: Homelessness statistics for the period between January 2008 and March 2009.

	Q1 2008 % of all cases = Unintentionally Homeless and in Priority Need	Q1 2009 % of all cases = Unintentionally Homeless and in Priority Need	Change 2008 - 2009
Isle of Anglesey	63%	46%	-18%
Gwynedd	56%	54%	-1%
Conwy	39%	47%	8%
Denbighshire	46%	45%	-1%
Powys	69%	51%	-18%
Ceredigion	41%	53%	12%
Pembrokeshire	41%	38%	-4%
Carmarthenshire	52%	50%	-2%
Monmouthshire	64%	63%	-1%
Rural	52%	48%	-4%
Semi	59%	49%	-10%
Valley	49%	44%	-5%
Urban	50%	37%	-13%
Wales	51%	43%	-8%

Source: WAG (2009b)

<http://wales.gov.uk/topics/statistics/headlines/housing2009/hdw200906241/?lang=en>

Shelter Cymru data

Making use of data provided by Shelter Cymru on the primary problems experienced by residents in rural authorities, figures for the first quarter of 2009 were compared with those for the previous year. A number of comments can be made. Firstly, the proportion of people making enquiries to Shelter Cymru in relation to homelessness problems decreased by 11% points. The largest increase in primary problems was in relation to mortgage arrears, which showed an increase of 5%. Other increases in

primary problems were in rent arrears and rent levels (a combined increase of 3%), buildings falling into disrepair and suffering from dampness (an increase of 2%), landlord possession (an increase of 2%) and other financial reasons (including council tax), which increased by 2%. There was a decrease in problems relating to neighbourhood friction, harassment and illegal eviction, violence outside the home and medical health. The issues combined have decreased by 4%.

Table 15: Changes in recession-related enquiries to Shelter Cymru¹³ between the first quarter of 2008 and the first quarter of 2009.

Comparison Q1 08 to Q1 09	RURAL	SEMI RURAL	VALLEY	URBAN
Homelessness	-11.4	-17.0	-7.8	-14.5
Seeks accommodation	1.0	1.4	-1.1	-2.2
Wants transfer	0.7	1.3	-0.6	0.9
Rent arrears	1.7	5.9	3.1	-9.4
Mortgage arrears	4.7	5.3	2.0	5.3
Mortgage arrears: poss action	-0.5	0.7	-0.6	-0.1
Housing benefit	0.0	-1.3	-5.2	-9.5
Other benefits	-0.5	0.3	-0.4	-1.3
Council tax	0.4	0.3	0.4	-0.2
Fuel costs	0.0	0.3	0.0	0.0
Service charges	0.0	0.0	0.0	0.4
Rents/rent levels	1.0	-0.2	0.4	0.8
Other financial	1.8	0.5	2.9	11.2
Relationship breakdown	0.0	0.0	-0.2	-0.3
Domestic violence	0.3	0.0	0.0	0.0
Household dispute	-0.2	0.0	0.0	0.0
Neighbour friction	-1.3	0.0	-0.2	1.1
Racial harassment	0.0	0.3	0.0	0.0
Sexual harassment	0.0	0.0	0.0	0.0
Violence outside home	-0.2	0.0	0.0	0.0
Statutorily overcrowded	0.0	0.3	0.0	0.0
Dampness/disrepair	2.0	0.2	2.7	5.1
Building regs/planning	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0
Unsuitable accommodation	-0.3	0.0	0.3	1.7
Landlord possession action	1.6	1.0	2.5	2.2
Harassment/illegal eviction	-0.6	0.0	-0.2	0.4
Landlord arrears	0.0	0.0	0.2	1.1
Tenancy ending	-0.2	0.3	0.8	1.1
Deposits	-0.3	-0.5	0.5	2.8
Landlord/tenant - other	0.2	-0.2	0.6	1.3
Children Act	0.1	0.0	0.0	0.0
Medical/health	-0.2	0.0	0.0	1.1

Red = Rural increase and Blue = Rural Decrease

Source: Shelter Cymru (2009) <http://www.sheltercymru.org.uk/shelter/policy/default.asp>

¹³ Shelter Cymru made two points. Complications in year to year figures over the last three years in the data shows a drop across the board in 2007, when the LSC contract changed to fixed fee and caseworkers stopped recording shorter cases. This has since been corrected. Secondly, there was no caseworker in Ceredigion during the last two quarters of 2007 and the beginning of 2008, which explains the lower figures; there was no caseworker in Flintshire in the latter part of 2007; and there were fluctuations in personnel in Monmouthshire. Cardiff was included in the data, but there was no contract to work there. The noted cases for these areas are picked up mainly through a housing association contract and a debt project.

2.1 Introduction

This section presents information drawn from interviews with representatives of 'knowledgeable' organisations with a specific rural remit in Wales to provide an overview of the impact of the recession on different sectors and groups. Comments from other organisations and agencies with universal coverage in Wales, or indeed across the UK are also presented. In order to reflect this, a number of more general points were discussed in the interviews, i.e. not necessarily rural issues, where these were seen to have an impact on rural areas.

Two important points set a useful context:

Firstly, as the information presented in this section will show, certain impacts are already apparent, but many commentators (particularly those in the tourism sector) conclude that it is too early to identify the full impacts of the recession in rural Wales. Also, the changes described cannot *all* be attributed to the recession. Further impacts of the downturn in the economy are therefore likely to be reported.

Secondly, many of the organisations interviewed were in agreement that the impact of the recession was fairly uniform across the whole of Wales, with no significant differences between rural and non-rural areas. However, many social, health and welfare organisations, particularly those providing independent advice, emphasised that the well-documented problems experienced by rural residents (i.e. inaccessibility; poor levels of transport provision; social isolation; lack of affordable housing; lower than average annual incomes etc.) were undoubtedly being

compounded by the effects of the recession.

In the remainder of this section, interview transcripts have been coded under five broad themes: employment, housing and planning, agriculture, welfare and advice, and rural communities. Key points are presented under each theme, and are appended with the relevant interviewee organisation(s). An organisation may appear in more than one theme, depending on the context of the coded passage.

2.2 Economic Impacts

The rural labour market

Unemployment and redundancies

The recession has brought about a sharp rise in the number of people out of work in rural areas. Jobcentre Plus, Careers Wales, Shelter Cymru and Citizens Advice Cymru all reported marked increases in unemployment among professional and higher occupations not witnessed before, which had given rise to a surge in enquiries relating to redundancy issues. An increasing number of people still in employment, but worried about redundancy were also enquiring about attending business start-up workshops and self-employment.

“Whereas a larger proportion of our benefits enquiries in the past have been from people who have been on benefits for quite some time, or enquiring about the disability range of benefits available, there’s certainly been a shift towards people who are new on JSA...people who aren’t used to the benefit system and need help with that.”

(CAC)

The traditional Jobcentre Plus customer profile has thus changed

dramatically, with a shift in demand away from unskilled vacancies to professional and executive posts. However, with an increase in the number of people seeking to re-enter the workforce, and fewer jobs available, those individuals with higher skills and qualifications and a more successful work record are better equipped to compete in the challenging job market, while the low-skilled, long-term unemployed risk becoming further alienated and detached from the labour market and local communities. Ongoing announcements of planned and confirmed redundancies and job losses suggest that unemployment will continue to rise in many market towns and rural districts.

“...the breadth of people impacted is wider than just those people who have lost their jobs.”

(CAC)

While these impacts are clearly evident across the whole of Wales, the research indicated that the situation was even more pronounced in rural areas due to the unique challenges faced by rural residents and communities on a day-to-day basis. Most notably, unemployed rural residents have fewer vacancies available to them and therefore face a harder search for re-employment than their counterparts in cities or larger towns, even though urban areas have a higher number of people out of work. Narrower employment opportunities in rural communities may thus further increase the rates of economic inactivity and unemployment in the future.

Careers Wales also emphasised that redundancies and job changes can have knock-on effect on travel and childcare arrangements and requirements, particularly as rural residents are often more dependent on private transport to travel to work or to attend job interviews and/or jobcentre appointments. Furthermore,

unemployed people in most rural areas have greater difficulty in accessing information and advice in Jobcentre Plus and there is less provision of further education and training than in urban areas.

In response to these challenges, many of the Assembly's employment and training schemes are now accessible via the network of Jobcentre Plus outlets, for example, support for those out of work, facing redundancy, seeking new jobs or new entrants to the labour market. However, the network of jobcentres across Wales (many of which are located in small rural towns and also in towns with less than 20,000 inhabitants) has reduced considerably in recent years as a result of rationalisation and closure. Jobcentre Plus were, however, keen to emphasise that due to the challenging economic environment, the original proposals to close jobcentres in Amlwch, Penarth, Porthcawl and Chepstow had been suspended, helping to maintain capacity to deliver services to those in need of help finding a job.

Youth employment / unemployment

Young people and those 'not in education, employment or training' (termed 'NEETs') are being particularly challenged in the current recession. Higher youth unemployment is bringing about an increase in social welfare problems, as well as worsening emotional and mental health problems, which have a negative impact on confidence and self esteem. As a result, advice and counselling services are now facing increased demands for their services from individuals in this age cohort, and it appears likely that this trend will continue for the foreseeable future.

The Government has recognised the increased levels of demand for advice and counselling services as a result of the recession. However, recession-related measures have mainly been

directed at adult services, which young people cannot access. Furthermore, whilst the Government is concerned about the impact of the recession on young people, youth-specific responses have been focussed almost exclusively around the work and skills agenda. Targeted investment in age-specific advice and counselling services is therefore urgently required to prevent the creation of another 'lost generation'. Careers Wales called on the Assembly to end the distinction between those under 18 and those aged 18–24, which currently prevents a coherent approach to young people and leads to more difficult transitions into work.

“We’re just creating a situation where our young people are left with no sort of career route at the ages of sixteen or seventeen and can’t claim benefit until they’re eighteen.”

(CW)

Other areas that may have to deal with increased need in the immediate future include financial capability advice services. The FSA emphasised the value of such services and argued that they improved young people’s ability to cope with the effects of the recession and helped avert similar problems in future by helping avoid unsustainable personal debt levels.

Older workers

At the other end of the age spectrum, Age Concern Cymru / Help the Aged in Wales and Consumer Focus Wales reported that older people were at risk of being permanently disadvantaged by the current recession, with a disproportionate rise in redundancies among older workers approaching retirement. Many of these individuals were now having to deal with the reality of living on reduced savings and pensions. It was also indicated that levels of debt among older people were also on the increase.

“We’re now dealing with a lot of enquiries from older workers about loss of contributions and earnings, pension funds losing value significantly, savings producing reduced levels of income, and all the difficulties that you’d associate with all these things, in terms of meeting above inflation rises in fuel and food costs.”

(ACC)

Research conducted for Help the Aged (Help the Aged, 2009a; 2009b) into financial education and older people revealed that a quarter of the older population in the UK were approaching state pension age with outstanding credit commitments. In 2005 credit users in their late 50s and early 60s owed on average four times as much as their counterparts a decade earlier. This factor is likely to have an ongoing effect on these individuals as the recession continues. Older workers may therefore have to choose between living with far less than they expected in future decades, or remaining in work for longer than planned.

However, for some, remaining in work will not be an option, with many older workers being affected by redundancies and a shrinking labour market and according to Age Concern Cymru not receiving enough support to find alternative work. While supporting the government’s strategy of prioritising employment help for young people, ACC warned that the Government must also look at tailored support for older people to prevent them from being forced into early retirement against their will. They argued that the job guarantee scheme, which is currently on offer to some young people, should be better funded and extended to benefit older people as well.

“The Financial Inclusion Strategy focuses on the younger person and upskilling young people in terms of money management and financial issues, but it doesn’t offer the same

focus on older people – there’s still a big gap there.”

(ACC)

ACC are responding to the recent increase in the number of older workers losing jobs by encouraging volunteering as one potential route back into the labour market, as well as a means of maintaining the ‘social’ aspect of older people’s lives.

Migrant workers in rural Wales

Research undertaken by the TUC (2004) reveals that more than 40% of workers from the ‘new’ European Union states have settled in rural counties of the UK. This indicates that, unlike previous waves of migration, rural areas are hosting a significant proportion of migrant workers. The high number of migrant workers in rural areas is largely attributed to the attractiveness of agricultural employment, particularly seasonal harvesting. In a report published by DEFRA in 2005 on ‘*Temporary workers in UK agriculture and horticulture*’ it was estimated that the UK food supply system uses between 450,000 and 611,000 temporary workers.

The proportion of workers from accession states working in farming in Wales is significantly lower than the UK average of 12% (LGA, 2008). Only 3.7% of all migrant workers who had registered in Wales between May 2004 and March 2006 were employed in this sector, which accounted for 270 individuals. These low levels are largely a function of the composition of Welsh farming, which does not have the same dependence on temporary or seasonal workers as other areas, particularly those involved with fruit and vegetable production. According to Stats Wales data, only 6,376 temporary and casual workers were employed in the agriculture and horticulture sectors in 2004 (Lantra, 2007; LGA, 2009).

However, research undertaken by the WRO in 2006 showed that migrant workers accounted for a greater proportion of the working population in rural areas of Wales than urban and valley regions. For example, west Wales (which incorporates the unitary authority areas of Pembrokeshire, Carmarthenshire and Ceredigion) is one of eleven Department of Work and Pensions [DWP] districts in the UK where more than 1.5% of the working age population were migrant workers. This compares with less than a quarter of one percent of the working age population in Swansea Bay, Bridgend, Rhondda Cynon Taff and the Eastern Valleys. In rural Wales, the majority of accession country migrant workers are employed in administration, business and management. This sector accounts for 44% of all those who have registered. One in five migrant workers are employed in manufacturing, 15% in hospital and catering, 4% work in agriculture and 4% are based in food processing sectors. The jobs that migrant workers are doing are predominantly low skilled manual positions (WRO, 2006).

There is a current slowdown in migrants entering the country, most likely due to both a natural reduction after an initial surge immediately post 2004, and also because of changing economic conditions prior to the economic downturn in autumn 2008; for example, the fall in the value of sterling against many currencies (LGA, 2009). Interviewees suggested that thousands of migrants are likely to return to their home countries, as a weak pound means that pay rates here are much less attractive. This is likely to have an effect on migration flows from many countries.

From the interviews conducted for this research, it has also been inferred that those who are currently unemployed and on benefits could take the low-skilled jobs left behind by migrants who leave. However, recent IPPR research (IPPR, 2008) has identified

evidence that migrants are taking jobs that 'locals' do not want. This was also the finding of a submission of evidence from the Home Office and the DWP to the House of Lords Economic Committee in 2007, which found that in the lower-skilled jobs, the issue employers faced was a shortage in the supply of labour rather than a skills shortage.

Several interviewees observed that migrants provide clear benefits for businesses and firms at the local level and played an important role in filling skills gaps at all levels of the labour market. This suggests that any significant outflow of migrant workers could leave several industries with hard-to-fill vacancies. Even during a prolonged economic downturn, rural Wales will continue to need to attract migrants to work in certain key sectors that cannot be filled by Welsh workers. For example, some forms of seasonal agricultural and tourism work may still require migrant workers. A representative from RICS observed that the agricultural sector in west Wales would not function as effectively without eastern European workers, with many farming businesses (especially in Pembrokeshire) currently dependent on Polish, Ukrainian and Slovakian labour.

Responding to the challenges of the rural labour market

Jobcentre Plus emphasised that they are currently working with a range of partners including the Assembly, Careers Wales and LAs to deliver a coordinated and cohesive package of support to both employers and employees across Wales facing redundancy situations. They have recruited additional staff and now offer longer opening hours and streamlined processes to deal with the increased volumes of customers looking for work. They estimate that 80% of customers secure an appointment with a personal advisor within three days of being made redundant for their first

discussion about help in finding work (compared to the national standard of 65%). A key consideration for jobcentres in rural areas is accessibility, thus, where appropriate, a key aim is to deliver out-reach services aimed at lone parents and others who may find travel difficult.

There was also a recognition that jobseekers in rural areas face additional barriers in accessing the job market, thus Jobcentre Plus is currently working proactively on a range of initiatives to help overcome these:

- working closely with other public service providers to deliver a holistic, joined-up service (i.e. self service on-line and telephone channels for customers);
- replacing existing job points with multi-function kiosks aimed at accessing web based services and information;
- implementing an expansion of its Rapid Response Service to strengthen their ability to act quickly to help companies and employees when redundancies announced;
- visiting employers on site to brief staff on how to look for a new job and claim benefits.

Further to this, the research identified a growing number of initiatives to support employees, businesses and communities across Wales in response to the economic downturn. Activities include: working with Careers Wales and training providers to provide additional employer-requested courses on employment and training schemes; increased provision of training workshops; and new jobs and investment schemes. It was emphasised that the Assembly should support programmes aimed at: safeguarding jobs; assisting firms under threat of closure; helping employees facing redundancies or who have lost their jobs; and boosting

business survival or start-ups. However, it was emphasised that these actions are unlikely to increase the number of jobs available to rural people – this will require further investment in public sector support programmes to strengthen or create new jobs in peripheral and sparse rural areas.

The rural businesses environment

SMEs and the current recession

Small businesses are crucial to the rural economy, but are experiencing financial difficulties as their businesses are put under increasing pressure. Several sectors, including retail, manufacturing, distribution and tourism are facing greater challenges from the downturn in finance, spending and rising costs. Rural areas are more likely to be affected by downturn in the economy due to the prevalence of micro and small rural businesses. Employers, such as those in the creamery and dairy sector, are often sole employers in a rural area and their closure hits communities hard as there are very few alternative job opportunities available. There is also the danger that small businesses rely more heavily on sources of household finance (i.e. finance secured on mortgage lending, overdrafts and credit card borrowing).

Another key challenge faced by small rural business owners includes poor access to financial support. Calls were made for improvements to banking services and credit availability in the rural areas of Wales. It was suggested that this could be achieved by increasing the services made available through the Post Office and Credit Unions, and also by the Assembly working more directly with the Co-operative Bank, the Principality Building Society and others to increase lending in rural areas. The Wales Co-operative Centre observed that the Credit Union movement in the

UK has grown rapidly over the last decade.

“There is evidence of an increase in deposits in and membership of credit unions, and indeed mutual organisations such as the Co-operative bank and the Principality Building Society, because there’s still an element of distrust out there of the mainstream banking institutions. There’s now recognition that perhaps some of these small co-operative structures, such as credit unions and mutuals are a safer bet, so we’re then presenting ourselves as an alternative model of business and we see it as an opportunity to thrive.”

(WCC)

However, it was emphasised that credit unions in rural areas face substantial challenges linked to their continuing growth and becoming financially sustainable. Those operating in a sparsely populated area find it difficult to attract sufficient members.

The impact of major retail closures (Woolworths, Roseby’s, Adam’s etc.) in market towns is also very visible, with an increase in the number of empty high-street properties. These retail chains were previously significant employers in rural areas, as well as an important anchor to the high street. The loss of such businesses from rural towns can have a significant impact on the sustainability and viability of local economies and surrounding communities.

There is help and support available to rural businesses through the Assembly’s ‘Leading the Way out of Recession’ programme and through Citizens Advice services. However, it was emphasised that more support is needed at the local level, working with the communities and businesses face-to-face. The Assembly’s ReAct and ProAct schemes will benefit individuals in the longer term, but short-term

courses are needed to enable the rural workforce to thrive and survive.

It was identified in the interviews, however, that the recession is likely to have a long-term impact and that it will be harder for rural enterprises to recover. Interviewees from the third sector believed that opportunities would be found through investment in social enterprises such as credit unions, community facilities, and through the provision of more flexible grant systems, advice services and access to loans. It was also emphasised that WAG should give consideration to the challenges facing small businesses in rural Wales and consider improvements to the business infrastructure in these areas.

Tourism in rural Wales

There were mixed views on the impact of the current recession on the tourism sector.

The Wales Tourism Alliance reported that comparison of available figures with previous years showed that the tourism industry in Wales was faring well. However, it was argued that earlier predictions of a 'boom' in UK domestic tourism in 2009 were misguided and had led to a perception that the industry did not require additional support. The Wales Tourism Alliance emphasised that figures for summer 2009 were not being made available until later in the year, and only then would it be possible to provide a more accurate picture of the situation in Wales.

"People only really value the tourism industry when tourists stop coming. If the next few months are quieter, then people in rural areas will notice it, because people in these areas are much more dependent on the tourism industry than people appreciate."

(WTA)

The Wales Tourism Alliance observed that the tourism industry is crucial in

supporting sustainable rural communities. As Chapman (2009) notes, it plays a significant role in enhancing the lives of local communities by supporting a wide range of amenities than would otherwise be viable. Many rural businesses, such as local shops, pubs, garages and accommodation providers are heavily dependent on the tourism sector. The economic future of much of rural Wales is therefore reliant on the long-term prosperity of the tourism industry.

However, rural Wales faces particular challenges related to location and accessibility. The seasonal nature of the tourism industry is a key issue for more inaccessible areas, such as the Llŷn Peninsula and Pembrokeshire. These areas are often too distant from urban areas to benefit from any increase in day trips, especially out of season. The impacts of the recession on these areas is therefore likely to be much more pronounced.

A number of actions are currently being undertaken to sustain, support and develop the tourism industry in Wales.

Firstly, tourism sector representatives emphasised the importance of maintaining the highest standard of marketing advice and funding support for tourism businesses, particularly during times of budget constraints. During the economic downturn, rural tourism businesses were required to work hard to retain and increase marketing activity to ensure the economic benefits of the sector are sustained. One representative suggested that the Assembly should direct resources towards areas that will raise the profile for tourism and encourage the levels of visits and personal spending that will produce the maximum economic return.

Secondly, in previous years the Wales Tourist Board's Section 4 grant scheme has proved highly effective

and well subscribed, the main benefits being that it was ring-fenced and stood alone from other grant schemes provided by the Assembly. This ensured that smaller businesses could benefit from its provisions. However, since the consolidation of the tourism grant scheme into the Single Investment Fund, this ring fencing has disappeared and particular concerns have been raised by smaller businesses that they will be overlooked for large projects (Chapman, 2009). In addition, the Single Investment Fund is perhaps less well understood by operators on the ground, leading to widespread confusion over application procedures

“Although the new Single Investment Fund now offers a much larger pot of money, it’s not dedicated to tourism, so tourism operators have to compete with a wider range of bids. I would say that there’s less specialist support for the sector at the moment and within the current economic climate that’s a major challenge.”

(TTFW)

It was also emphasised that in terms of training priorities, emphasis should be placed on increasing the supply of rural tourism-related jobs and offering tailored training in different areas.

The agricultural sector in rural Wales

Agriculture does not operate in isolation from the rest of the economy; however, the impacts of the current recession may be very different in the farming sector in Wales. Consumer expenditure on food is far stronger than in other sectors. The global rise in the cost of food has made it a stronger year for the agriculture sector, however, any gains will be offset to some extent by the rising costs of inputs such as fertilisers, chemicals and fuels. Thus, whilst there may be increased spending on cheaper products and brands, demand is unlikely to fall as it has in some other sectors.

“...we’ve had a very difficult dozen years, but in terms of the most recent recession I suppose that you could say that agriculture has fared better than many other industries because we produce a product that is sold globally. The fact that the pound has weakened significantly against the Euro has also made our product more competitive at a European level.”

(NFU)

However, commodity prices are not immune from the economic downturn; many of the large retailers may look to provide more value for money for consumers by reducing prices paid to producers. Elsewhere, the weakness of the British Pound, has had broader economic impacts, helping to strengthen export markets in the beef and sheep sector (especially in high value cuts of meat) and also increasing the Sterling value of Single Payments to farm businesses.

On the other hand, the dairy industry is facing serious challenges at present, having fallen back considerably from the record high prices reached in 2007, as international markets for dairy products remain extremely weak. The downturn in the economy has resulted in a reduction in demand, and this coupled with the increase in global supply has led to significantly reduced prices. As a result, farmers are facing severe difficulties and are being forced to sell milk below the cost of production.

The collapse of the Dairy Farmers of Britain co-operative has had a further devastating impact on farmers across Wales, who have been left in difficult financial positions, facing pressure from both the banks and their clients. There are concerns over the impact that this collapse will have on the future of the Welsh dairy industry, as many farmers may have lost their confidence in the future stability of this sector. Representatives from the agricultural industry criticised the lack

of support mechanisms for dairy farmers in Wales, who were continually working against the challenge of huge increases in input costs and the continuing power of the large supermarkets.

Farming businesses are heavily reliant on credit, and one of the biggest worries expressed by farming representatives was that the recession and the credit crunch could seriously reduce the amount of money available to the industry. However, despite banks raising interest rates, halting lending and cutting overdrafts, the research identified that the agricultural industry is now more strongly placed than other sectors when seeking finance, with banks and agricultural lenders viewing agriculture as an area for continued activity. It was indicated that farm businesses are finding that selling surplus buildings, such as farm cottages and outbuildings, has become much more challenging than in recent years, although the market for land is still operating at historically high levels.

2.3 Impact on Rural Communities

Loss of rural retail services

The closure of rural retail services, particularly post offices and banks, was highlighted as a key issue by several interviewees. The Wales Co-operative Centre argued that the full impact of the closure of rural services, such as post offices, and its associated impact on rural businesses, has not been adequately explored and more research is needed across Wales. The FSB supported this argument and observed that in recent years it has become increasingly difficult for smaller employers to access services such as banks and post offices, and thus keep their businesses running.

More generally, rural retailers are being affected by the tightening of household budgets, which often forces

local shopkeepers to add higher margins on their products. This has the potential to lead to consumers shopping in supermarkets because they offer cheaper products. Populations in sparsely populated areas will feel the impact of these changes as they have to travel further, predominantly by car or by public transport, to access shops, leisure, education and employment services.

“...access to services is one of the key things that will be affected, because people in rural areas are unable to have good access to services at the best of times.”

(CFW)

It was suggested that additional support, advice and training should be provided to communities in the organisation and management of community-run retail facilities. However, it was anticipated that investment into community infrastructure organisations are likely to be reduced even further in coming years due to lack of funding available through public sector spending.

Cost of fuel and heating oil

With increasing costs of living and less income-earning opportunities, fuel poverty is a major issue in rural areas. This is due to rising costs rather than the recession per se, but despite a reduction of oil prices in recent months, higher costs and lower choice for some rural firms and households are having a significant effect. The price of fuel in rural areas is often considerably higher than in more urban areas. Added to this, the higher than average length of rural journeys, coupled with the poor provision of public transport, mean that higher prices have a more significant impact on rural living, as well as on recruitment and employee retention. One positive effect of higher fuel costs, however, could be that more people shop locally.

“When we look at how people spend their money, in general, people in rural areas tend to have less disposable income due to higher travel and housing costs, lower than average household income levels, as well as poor access to affordable housing.”

(FSB)

Rural services are also more costly to deliver due to transportation costs, and as a result of the recession, the cost of service provision in rural areas is likely to rise further, impacting on public service budgets. For example, rising fuel costs would have a negative effect on the viability of running a commercially-operated rural bus service, as well as the increased levels of subsidy required for subsidised public transport and community transport. Distribution businesses are significant employers in rural areas and public transport, fishing and agricultural sectors are likely to be hit hard by the increasing fuel prices.

A significant proportion of rural homes and businesses are reliant on solid fuel or heating oil, the costs of which have more than doubled in the last 2 years. There are very few options to reduce costs because these rural homes are not on the mains gas supply network and it is rarely viable to install the infrastructure to enable mains connections to be made. For these reasons, fuel poverty is likely to increase in rural areas, and the FSB also wishes to draw attention to the fact that firms which rely on oil-fired central heating systems will face increasing difficulties.

“Fuel poverty is a big issue in many rural communities, especially if they’re off the gas supply, and so households in these areas are dependent on oil which is much more expensive. One of the things that we talk about is shopping around and switching utilities, and this isn’t quite as easy when you live in a rural area.”

(FSA)

Possible solutions to these problems include encouraging householders who heat their homes with oil to form an ‘oil club’ to enable supplies to be purchased in bulk.

2.4 Housing & Planning Impacts

Housing development and supply

Developers and Builders: The impacts of the recession on workers in the construction and building industry was highlighted as a key area of concern by housing sector representatives, with evidence of a significant contraction in development activity in rural Wales. Interviewees regularly cited developers and builders either slowing down or mothballing existing sites, failing to start new sites or halting work altogether. Several examples were also provided of speculative developers and local rural builders who had gone into administration because of cash flow difficulties arising from late payments from larger developers. In terms of the longer-term effects of these difficulties, many respondents from the housing sector were worried about the economic and social impact of these changes in rural areas.

It was also emphasised that the construction industry is an important employer in many rural areas. Housing sector representatives observed that tradesmen in the construction industry are shifting from sub-contractors to self-employment, which meant that they may be vulnerable in their new positions if the current conditions persist. The FMB also highlighted several instances of members taking early retirement and withdrawing from the workplace altogether, which was likely to have a consequential impact on skills levels within the sector.

It was observed that the increased incidence of redundancy and early retirement within the building and construction sector was giving rise to an increase in the number of unskilled

and unqualified 'jobbing' builders now entering the domestic repair and maintenance sector. There were particular concerns about the poor quality of much of the work carried out by these individuals. Alongside this, there were also fears that attempts by struggling homeowners to cut costs on building repair and maintenance work made them particularly vulnerable to exploitation by poorly-skilled 'cowboy' builders.

Faced with these difficulties, there was a belief among housing sector representatives that the Assembly and Local Authorities should step in to minimise job losses within rural communities by placing greater emphasis on repair and maintenance work. It was argued that in the current climate, refurbishment and improvement projects create many more jobs than new build schemes. These smaller scale renovations favour local building firms and allow businesses to keep themselves afloat by diversifying. Furthermore, jobs can be completed quickly, pouring urgently needed funds into struggling businesses.

“The growing market for sustainable repair and refurbishment works, which is currently worth around £6billion in the UK, offers significant opportunities to reinvigorate the economy, particularly in rural areas. It can stimulate the construction industry and encourage people to take an interest in the maintenance of their own properties by making them more sustainable.”

(FMB)

“People in rural areas are more likely to live in properties that are harder and more expensive to treat with energy efficiency measures, so that has a big impact.”

(CFW)

Making existing buildings greener via improving cavity wall insulation is currently providing additional work for

building firms within rural communities. The FMB emphasised that more incentives are needed with regards to privately owned properties. They have campaigned for a reduction in VAT on property repair work to 5 per cent. At present, those building new homes are exempt from taxation while those making improvements to existing properties are charged at 15 per cent. This proposed reduction on VAT for building repairs, backed by community support of local tradespeople, could save thousands of jobs.

Affordable housing development and supply: The slow-down in large scale development has meant that affordable housing provided through the use of section 106 agreements¹⁴ has ground to a halt. There was also evidence that developers were requesting changes to original agreements linked to the development of public services. Interviewees also commented that the residential market catering for social housing was having problems with tenants defaulting on their rents. Also, there was evidence of a lower take-up of vacant properties, which was significantly reducing the borrowing ability of housing associations, thus impacting on their budgets.

Higher interest rates and a lack of credit being made available by banks was having a significant impact on housing association budgets, which was in turn affecting the viability of many low-cost rural housing schemes, which require much higher grant rates

¹⁴ A Section 106 is a legal agreement made under the Town and Country Planning Act 1990 by the Local Planning Authority with a developer (or other interested parties in the land) in order to ensure that works which become essential as a result of the approval of planning permission are implemented. Planning obligations or section 106 agreements are private agreements negotiated usually in the context of planning applications. They are intended to make acceptable a development which would otherwise be unacceptable in planning terms.

than urban housing schemes. It was emphasised that housing associations were restricted in their ability to take-up opportunities to buy unsold properties from the private sector, as these properties are generally built to lower environmental standards and have longer-term maintenance costs than housing association-built schemes.

Evidence gathered from the interviews shows that there has been a marked increase in the number of houses being repossessed and a rise in those entering private rental agreements. The biggest issue facing residents in rural Wales was a mismatch between the supply of affordable low-cost and social rented housing and demand – this was seen as an issue before the economic downturn and it was anticipated that it could become an even bigger issue as new homes are not being built. The HBF argued that key priorities within the housing sector included an in-depth examination of the provision of affordable housing on rural exception sites and the possibility of drawing up other workable schemes to provide low cost rental.

Housing affordability

In theory, house price falls in the last year have made housing more affordable for first-time buyers in rural areas. However, in reality the lack of affordable housing coupled with the difficulties of securing the required mortgage means that only the best-funded first-time buyers will be able to take advantage of the situation. The CML noted that in the past year there has seen a significant fall in the number of mortgages lent in the UK, their total value and a substantial increase in deposit requirements.

“The recession has had a significant impact on the ability of many first-time buyers to step on to the housing ladder. Even though some areas in Gwynedd have recently seen a decrease in house prices, in general prices haven’t

come down enough for the majority of first-time buyers to afford them because of the large deposits required.”

(CTE)

Lenders were typically demanding deposits of at least 40% in order for homeowners to qualify for their best rates, with the choice of mortgages restricted for people who have less than 25% to put down. The need for such high deposits is pricing many people out of the market, and a number of interviewees from across the housing and welfare sectors called for lenders to concentrate more on assessing the affordability of a mortgage on a case-by-case basis.

2.5 Welfare & Advice Provision

Increased demand for services

Welfare and advice organisations reported continued growth in demand for advice and counselling services relating to redundancy, debt issues and re-possession across Wales.

Shelter Cymru reported that they had been forced to close local surgeries due to increased demand for advice on mortgage arrears and possession action problems, which was notably higher in 2008 and 2009 than in 2007. Debt workers also reported that appointment dates were fully booked up to two to three weeks in advance, which meant that individuals were not receiving advice when they most required it.

The Money Advice Trust and Consumer Focus Wales reported that they were now dealing with a new cohort of middle-income and ‘professional’ clients. These new clients were struggling to afford necessary financial commitments such as utilities, rent and council tax and to repay debts such as mortgage arrears or existing credit commitments. Alongside this, they observed that while many lower income clients were benefiting from the reduced the cost of

variable rate mortgage payments, many groups, particularly in the rental sector, were suffering from the effects of price inflation, particularly to fuel and food. As a result, many were now turning to the use of credit cards to cover priority debts, such as rent and bills.

“If people are experiencing problems it’s crucial that they seek help as soon as possible. So, whether they’re struggling to pay their mortgage, rent, or other household bills, we need to ensure that advice services are available for these individuals as an when they require them.”

(CFW).

Demands on counselling services provided through mental health charities such as local Mind Cymru associations were also under significant pressure. The effects of the current recession on physical and mental health were seen to be interlinked, with unemployment and increased personal debt being especially associated with mental health problems such as depression and stress. Reduced household income and loss of work was also seen to have further wide ranging effects, including poorer nutrition, less exercise, increased alcohol consumption, and the increased likelihood of entering debt, as well as placing additional strain on marital and family relationships.

“The nature of enquiries to, and the demography of people using local Mind association services is changing...people are showing signs of mental health distress as a result of debt and money concerns and those individuals who are coming to us for support, help and guidance are getting younger, which is slightly different from the normal pattern.”

(MC)

Representatives observed that individuals were now increasingly recognising the priority of mental

health, which appeared to reflect a growing acceptance of counselling. Mind Cymru also reported developing business interest in mental health first aid training and additional counselling schemes, which provided an early indication that employers were recognising the need to provide such assistance at all levels of the workforce, to make redundancy processes less painful and to reduce the long-term effects.

It was also emphasised that unemployment negatively affects mental health not only among those people who are made redundant, but also among those who have never worked and whose prospects of finding work are diminished. This gives rise to increased incidences of depression, self-harm and suicide. Furthermore, it appears that the adverse effects of unemployment may be apparent before job loss - anxiety about job insecurity increases levels of depression and anxiety. Mind Cymru also provided evidence that the recession was having an adverse affect on men's mental health, with men increasingly worried or low as a result of worries over job security, work and money. It was observed that men in particular are struggling with the emotional impact of the current recession.

“There are huge barriers to mental health help-seeking in rural communities, especially in terms of the younger generation and men, and traditionally very little attention has been given to breaking down these barriers and to support people to enable them to seek advice or assistance.”

(MC)

Older people

Rural residents already in retirement have been hit hard by the downturn in the economy during the last two years. Rising prices have put further pressures on fixed incomes, and inflation for pensioners, particularly the

oldest and poorest, remains far higher than for the rest of the population (Help the aged, 2009b). Research undertaken by Help the Aged (Help the Aged, 2009a) on a UK level found that as a result of inflation, elderly people were struggling to afford essential items, such as food, electricity and gas, and were being forced to cut back on socialising.

CFW highlighted the issue of 'pride' amongst older people, with a tendency for many older people to feel reluctant to claim the benefits they were entitled to because they did not want to be seen to be struggling. ACC argued that the Financial Inclusion Strategy focuses predominantly on the younger person and upskilling younger people in terms of money management and financial issues, to the detriment of older people. They also called for greater access to care services and more measures to tackle fuel poverty in the UK.

Further problems were also identified. Older people rely more on their local neighbourhoods than other age groups, thus the loss of local services, such as regular, affordable and accessible transport services and a fear of higher crime could have a significant impact. These impacts are occurring in the context of an increasing number of older people living on a reduced state pension, and thus living in poverty.

This issue is particularly crucial in relation to rural Wales, which according to projections for the 2011 Census (WAG, 2008b) has a higher share of its population aged over 64 compared with the rest of Wales. The number of people aged over 64 in rural authorities has risen by just under 11% in the period 1991 to 2006, compared to a Wales average of 6% (WAG, 2008a). The number of pensioners within rural Wales is projected to increase continually until mid-2031 despite increases in pensionable age for both women (from 2010) and men

(from 2024). The rate of increase will be highest between mid-2006 and mid-2011 and mid-2026 and mid-2031 (around 10 per cent). The increase in the number of pensioners is due to two factors; firstly improvements in mortality rates mean people are living longer; and secondly the ageing of larger cohorts, such as those born after the Second World War (WAG, 2008b).

Before the economic downturn, it was predicted that by 2011 the population in rural Wales would grow from a figure of 986,100 in 2006 to just over a million (1,017,500), with the greatest proportional change occurring in the pensionable age range (a forecast increase of 24,900 people). By 2021 the statistics are predicted to be even more marked, when the population of pensionable age will increase by 22% (WAG, 2008b). Whilst older people make a valued and significant contribution to society, there are and will increasingly be relatively fewer people of working age to support the local population and to contribute to the local economy. Even without the current recession, the ageing population statistics therefore show a need to consider how this might change the local rural economy, including implications for social care, medical services, housing and the provision of public services (WAG, 2008b).

In order to respond to the current changes and difficulties, the Assembly will need to develop new approaches, which will enable older people to maintain and improve their quality of life. This is crucial within the context of issues arising from the current recession.

Impact on families and children

The current recession is having a profound and damaging effect on families in rural Wales. Representatives from a range of welfare and advice organisations and

charities, such as Save the Children, identified a combination of factors that are impacting on the financial and personal wellbeing of children and families. These included unemployment and a reduction in incomes; threat of repossessions and declining housing conditions; sharp rises in the costs of basic food items; rising energy prices; increasing levels of personal debt to cover essential household items; and serious levels of emotional stress and ill-health. It was emphasised that children and families that are struggling financially are more likely to experience stress, are more likely to suffer ill-health, and have low educational attainments.

“As the recession bites further, we’re going to see a lot of families under pressure because of tightening budgets, which will have damaging effects on children and young people. The outcomes for children suffering from poverty are so much worse on so many different levels, compared to higher income families.”

(STC)

Citizens Advice Cymru supported these observations and confirmed that of those with mortgage and secured-debt arrears, a vast majority were households with dependent children, thus housing debts and risk of evictions may translate into future extra demand on childrens services, social and care services. The importance and relative costs of preventing repossessions and reducing indebtedness was therefore emphasised, rather than having to support households after they have lost homes.

Agricultural advice & support

The nature of agricultural work can itself lead to many stresses and strains within farming families. Farming can be an extremely isolating profession, involving long hours, in the outdoors and often in bad weather, thus farmers

increasingly find it difficult to escape from the mindset of daily work.

“Farming communities are very isolated communities; gone are the days when farmers worked in great gangs of labour and really it tends to be one man and a tractor for most of the day, so if something goes wrong there’s no one to talk to.”

(FCN)

RABI and FCN reported a significant increase in calls from farmers and farm workers seeking advice as a result of severe financial hardship and worries about their survival. Feelings of isolation and the additional demands associated with animal health regulations were also seen to be causing significant pressures.

“A lot of farming families have been experiencing difficulties for a number of years, and so while I’m absolutely certain that the recession is not helping we’re talking about a situation that wasn’t very good to start with in many cases.”

(FCN)

The culture of just getting on with things can mean that stress often goes ignored. In addition, the issue of ‘pride’ among farmers can give rise to a reluctance to seek advice and support from outside sources. The main concern is that it is not just the farmers themselves who feel the strain, but also families and more crucially, children. There are currently several organisations dedicated to helping farmers cope with stress and providing stress counselling, including the RABI and the Farm Crisis Network.

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Appendix 1

List of participating organisations / agencies

AC	Age Concern Cymru / Help the Aged in Wales
BC	Barnardos Cymru
CAC	Citizens Advice Cymru
CFW	Consumer Focus Wales
CLA	Country Land and Business Association
CHC	Community Housing Cymru
CIH	Chartered Institute of Housing Cymru
CML	Council for Mortgage Lenders
CTE	Cymdeithas Tai Eryri / Eryri Housing Association
CWG	Careers Wales Gwent
CWMGP	Careers Wales Mid-Glamorgan and Powys
CWNW	Careers Wales North West
CWW	Careers Wales West
FSA	Financial Services Authority (Financial Capability Division)
FCN	Farm Crisis Network
FMB	Federation of Master Builders
FSB	Federation of Small Builders
FUW	Farmers' Union of Wales
HBF	Home Builders Federation
HS	Home Start Carmarthen-Llanelli
JP	Jobcentre Plus
LA	Lantra Cymru
MAT	Money Advice Trust
MC	Mind Cymru
NFU	National Farmers Union of Wales
NFB	National Federation of Builders Cymru
NWMF	North Wales Manufacturing Forum
NWT	North Wales Tourism
POSW	Planning Officers' Society for Wales
RABI	Royal Agricultural Benevolent Institution
RC	Relate Cymru
RICS	The Royal Institution of Chartered Surveyors (Wales)
RTPI	The Royal Town Planning Institute (Cymru)
SC	Shelter Cymru
STC	Save the Children
TTFW	Tourism Training Forum for Wales
WCC	Wales Co-operative Centre
WTA	Wales Tourism Alliance