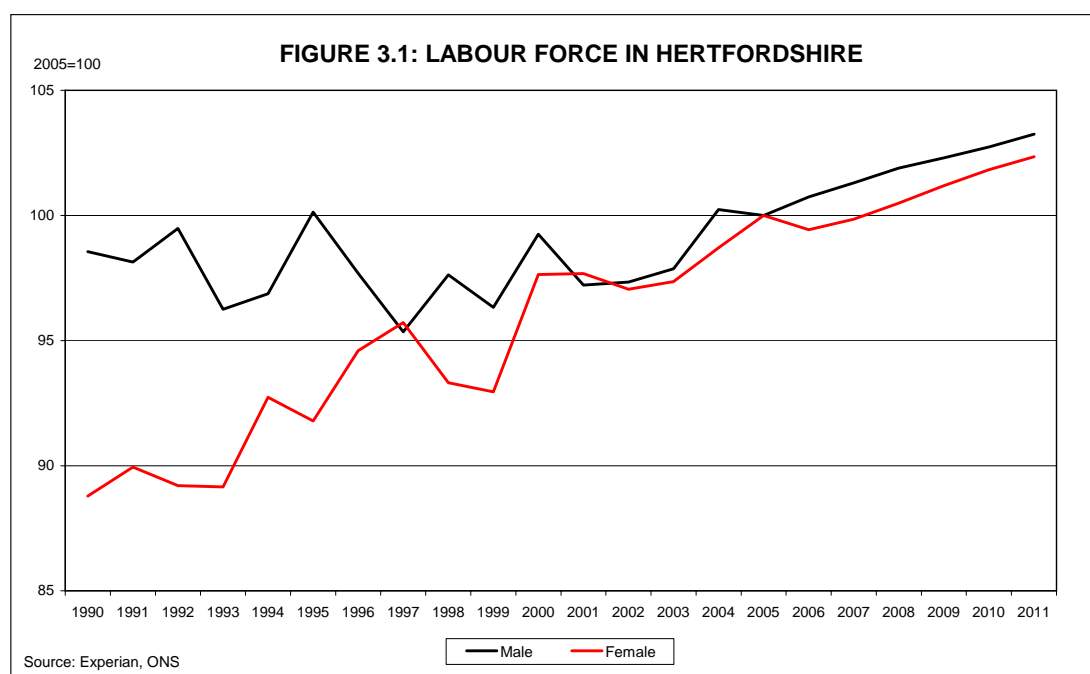


3 The labour market

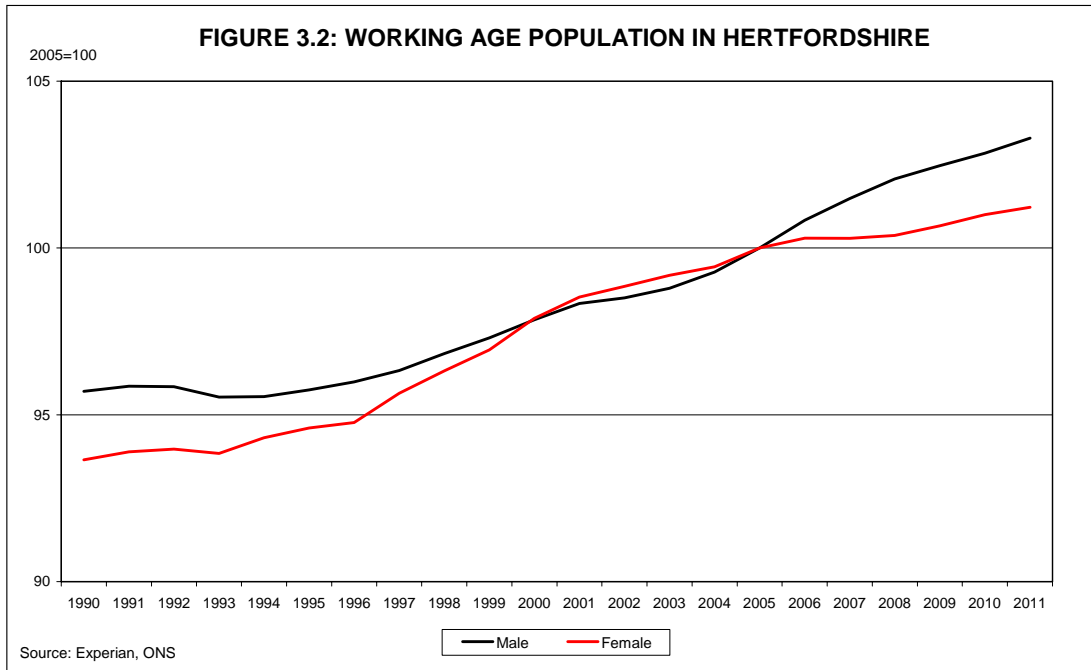
3.2 Economic activity

3.2.1 The labour force

The labour force comprises those employed, the self-employed and people actively seeking work, regardless of whether they are registered unemployed or not, who are resident in the area. The labour force in Hertfordshire was estimated at 561,700 in 2005, up 5.3% since 1990. This increase was almost entirely due to an increase in the number of females joining the labour force. The number of women in the labour force increased by 12.6% over the period, while males increased by just 1.5%. In 2005, women accounted for 46% of the labour force in the county, compared with 40% in 1981.



The increase in the female labour force reflects a number of factors. Firstly, the number of persons of working age has increased more rapidly for females than males. Female working age population increased by 6.8% between 1990 and 2005, compared with a 4.5% increase in males.



This was allied to changes in social trends. The average age at which women marry has steadily risen, as had the average age at which they have children. In addition, the number of women returning to work after having a family increased significantly, both out of choice and as a consequence of financial necessity. Furthermore, there has been an increase in the number of opportunities available in the service sector, including part-time work, which tends to be taken by women. Each of these changes in social trends has had the effect of reducing levels of economic inactivity and increasing participation in the labour force.

In the period 2005 to 2011, the labour force in Hertfordshire is projected to increase by 2.8%. But the expansion in females at 2.4% is expected to trail the growth in males (3.2%), largely as a result of faster growth in the number of males of working age.

FIGURE 3.3: PARTICIPATION RATES IN HERTFORDSHIRE

	Male		Female		Total	
	Labour Force (000s)	Participation Rate (%)	Labour Force (000s)	Participation Rate (%)	Labour Force (000s)	Participation Rate (%)
1990	297.9	92.6	230.3	78.2	528.2	85.7
1991	296.7	92.0	233.3	79.0	530.0	85.8
1992	300.7	93.3	231.4	78.3	532.1	86.1
1993	291.0	90.6	231.3	78.3	522.2	84.7
1994	292.8	91.1	240.6	81.1	533.4	86.3
1995	302.7	94.0	238.1	80.0	540.8	87.3
1996	295.3	91.5	245.4	82.3	540.7	87.1
1997	288.2	89.0	248.3	82.5	536.5	85.9
1998	295.1	90.6	242.1	79.9	537.2	85.4
1999	291.2	89.0	241.1	79.1	532.3	84.2
2000	300.0	91.2	253.3	82.3	553.3	86.9
2001	293.9	88.9	253.4	81.7	547.3	85.4
2002	294.2	88.8	251.8	81.0	546.0	85.0
2003	295.9	89.0	252.5	80.9	548.4	85.1
2004	303.0	90.8	256.0	81.9	559.1	86.4
2005	302.3	89.9	259.4	82.5	561.7	86.3
2006	304.5	89.8	257.9	81.8	562.5	85.9
2007	306.2	89.7	259.0	82.1	565.3	86.1
2008	308.0	89.7	260.7	82.6	568.7	86.3
2009	309.3	89.7	262.5	82.9	571.8	86.5
2010	310.6	89.8	264.2	83.1	574.7	86.6
2011	312.1	89.8	265.5	83.4	577.6	86.8

Note: Participation rate is the labour force expressed as a proportion of the working population.
Source: ONS, Experian

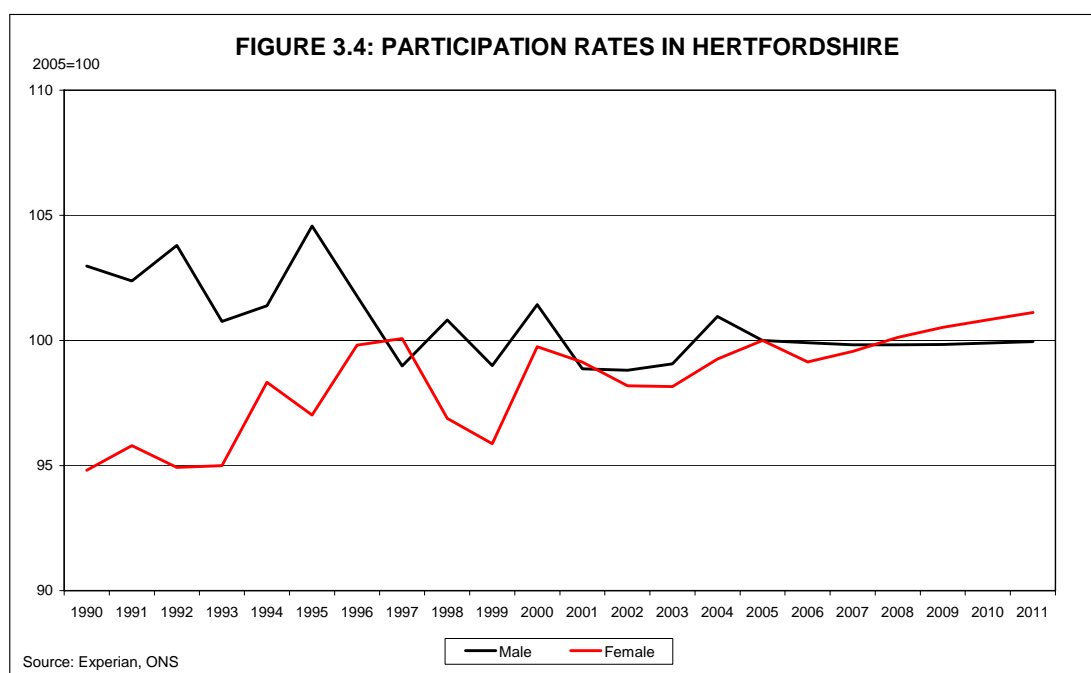
3.2.2 Participation rates

The participation rate is labour force (those who are either employed, self-employed, registered unemployed or actively seeking work) expressed as a proportion of the working population². The participation rate in Hertfordshire was estimated at 86.3% in 2005, which represents a modest increase on the 1990 rate of 85.7%. Male participation has fallen slightly, but this has been more than offset by an increase in female participation.

The participation rate in the county has been relatively volatile from year-to-year and, therefore, comparisons over time are particularly sensitive to the choice of years. Similar volatility is reflected in the male and female rates though, taking the fifteen year period as a whole, there appears to be a trend of increasing female participation (see figure 3.3). Labour force growth has increased significantly – for the reasons outlined in section 3.2.1 – outpacing growth in working age population. Male participation appears to have edged downwards, probably because of an increase in workers from the Financial & Business Services sector who take early retirement (and at a younger age).

The participation rate is expected to edge up over the period to 2011. This is largely due to continuing increases in female participation, with the labour force increasing further but working age population growth more subdued than in recent years. Male participation is expected to remain broadly stable. The combined rate, averaging 86.4% for the county over the period 2005-11, is rather higher than in the East of England (84.7%) and the South East (85.2%) and well above the UK average (82.1%). The unemployment rate in the county is not vastly different to those of the South East or the East of England, but the employment rate is higher.

² For the purposes of this calculation, the retirement age for women is maintained at 60 throughout, so working age for males is 16-64 and for females is 16-59



3.3 Commuting

According to official data, commuting out of Hertfordshire totalled 157,600 in 2001. Commuting into the county amounted to 121,400 in that year, leaving a net out-commuting flow of 36,200. The proximity of London dominates the commuting pattern. The vast majority of out-commuters (around three quarters) work there, and around one third of in-commuting originates from the capital. A similar proportion commutes from Bedfordshire and around 10% from Essex. Continued out-commuting and a decline in in-commuting – reflecting declining employment in Hertfordshire – resulted in the net balance rising sharply between 2001 and 2005.

Commuting from Hertfordshire is expected to increase by 3.6% between 2005 and 2011 as further expansion in London's economy, notably Financial & Business Services, continues to attract labour. In-commuting is projected to increase at a faster pace, 5.6%, and by more in absolute terms (6,600, against 5,900) driven by strong output and employment growth in the county. Net out-commuting therefore, while higher than in 2001 is expected to fall between 2005 and 2011.

FIGURE 3.5: COMMUTING IN HERTFORDSHIRE (000s)							
	2001	2004	2005	2006	2007	2008	2011
Out-commuting	157.6	159.9	161.7	163.3	164.1	164.8	167.6
In-commuting	121.4	119.0	117.7	119.1	120.5	121.3	124.3
Net out-commuting	36.2	40.9	44.0	44.2	43.6	43.5	43.3

Source: Experian, ONS

3.4 Employment

3.4.1 Employment by sector

The decline in employment seen in Hertfordshire between 2002 and 2005 has been reversed in 2006. By contrast, in the UK as a whole and in the East of England and the South East, employment trended up in the period 2002-05. This is continuing in 2006.

The decline in recent years in Hertfordshire's employment is due to workforce contraction in manufacturing (as in other parts of the UK) and to a lesser degree Transport & Communications. But it also reflects contraction in Construction, a phenomenon not seen in the South East, the East of England or in the UK as whole; and in Financial & Business Services, which saw an increase in the East of England and at the national level, though not in the South East, where employment fell, nor in Hertfordshire.

Strong employment gains in the county in Distribution, Hotels & Catering and Other (mainly public) Services were insufficient to outweigh the job losses in other sectors.

In 2006, the county is experiencing an upturn in employment in Construction, Transport & Communications and Financial & Business Services. While manufacturing continues to see severe falls, the non-manufacturing gains underpin an estimated 0.6% increase in overall employment. However growth remains below the UK rate (0.8%) and both the East of England (0.9%) and the South East (0.7%).

In the short term, the strongest employment gains in Hertfordshire are expected to be in telecommunications, as the industry regains momentum as further technological developments boost demand; in real estate activities in line with the buoyant property market; and in industries associated with the current steady upswing in the UK economy and the associated demand for support services - computer & related activities, research & development and other business activities (see section 1.7.1 for a broader definition). Other community, social and personal service activities are also expected to do well in terms of employment creation. In non-market services, further growth in education and health & social work is expected. In manufacturing, a very few industries such as basic metals escape further job losses, but generally, employment contraction continues unabated.

In the longer term, 2005-11, employment growth in Hertfordshire is expected to average 0.7% a year, faster than the UK, in line with the South East, but slightly slower than the East of England. The strongest gains in absolute terms are projected to be in the large support services industry - computer & related activities, research & development and other business activities, which will account for almost half of the expected 17,500 net new jobs. Hotels & catering, communications and other community, social and personal service activities will also be significant job creators over the period. Job expansion in the public sector will continue, but at a much slower pace than in the past decade.

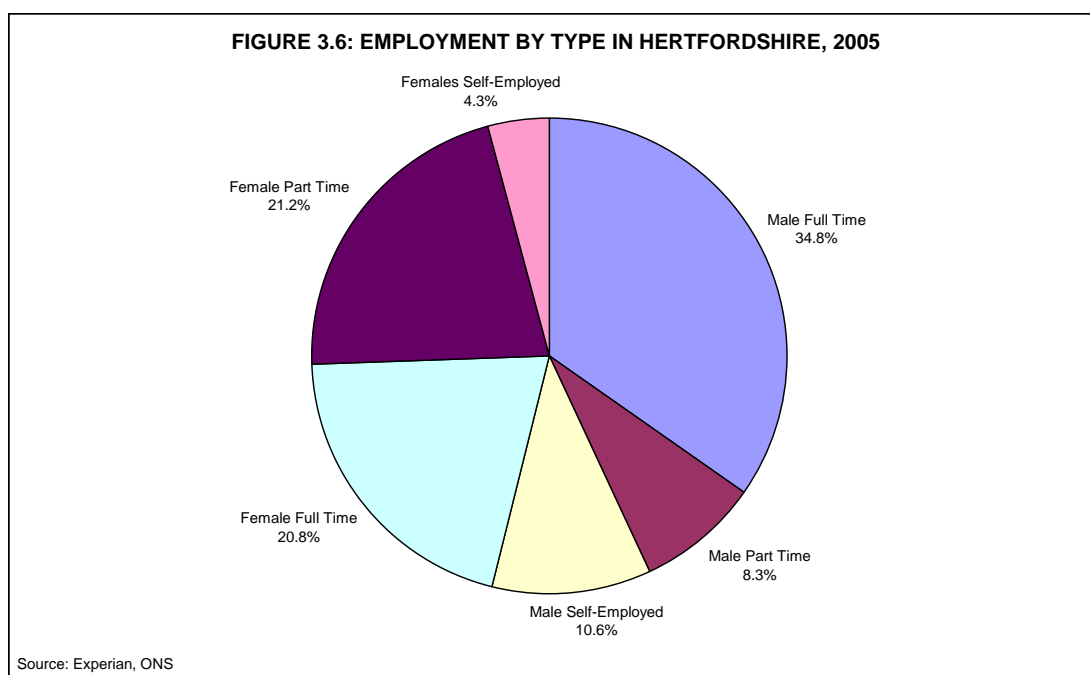
3.4.2 Share of non-manufacturing employment

As in Hertfordshire, the service sector – notably the large business support services industry as defined above – will be the main source of employment growth to 2011 in the East of England, the South East and nationally. Transport & Communications and Distribution, Hotels & Catering will also be major creators of new jobs. Employment growth in public services will be much slower than in recent years. By 2011, non-manufacturing will employ some 516,000 workers and account for 92% of total employment in Hertfordshire, up from 88% in 2007. The 2011 share will be slightly higher than the share in the East of England and the South East, and well above the 89.5% forecast for the UK as a whole.

3.5 Characteristics of employment

Employment can be split into three main types – full-time, part-time and self-employment. The proportion of total employment in Hertfordshire accounted for by each of these employment types is similar to that in the East of England and the UK as a whole.

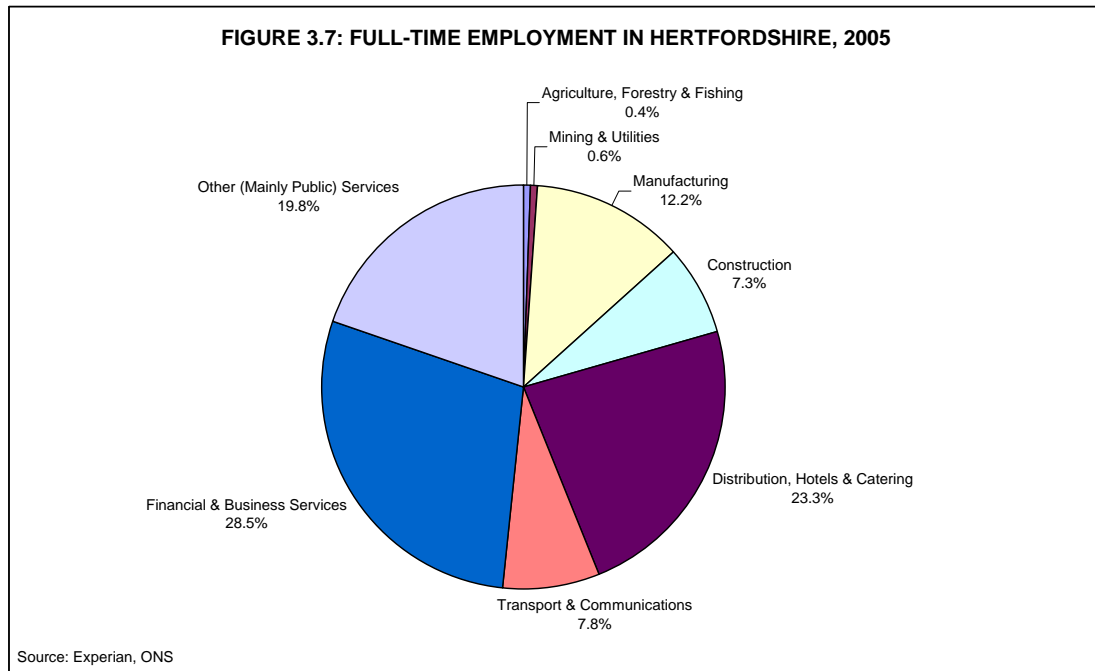
- Full-time employment accounts for 56% of total employment in Hertfordshire, part-time for 29% and self-employment for 15%.
- The proportion of employment accounted for by male and female employees (i.e excluding self-employment) is now virtually identical, with males accounting for 43% and females 42%. However, while female employees are split equally between full- and part-time employment, males are predominantly employed on a full-time basis.
- Since the turn of the century, and particularly since 2002, full-time employment has contracted reflecting developments discussed in section 3.4.1. Part-time employment and self-employment have seen strong growth, but these forms of employment are not large enough to offset the impact of declining full-time employment, and overall employment has declined. This is in contrast to developments in the East of England, the South East and the UK, where employment increased between 2002 and 2005.
- In the five years to 2011, the overall employment trend in Hertfordshire is forecast to see a reversal of the downturn of recent years. The strongest growth is expected to be in part-time employment (+5.4%), followed by self-employment (+3.9%). But the main factor behind the upturn is the resumption of the growth in full-time employment, projected at 3.1%. Female full-time employment growth is expected to be especially vigorous, growing at 4.7%, against 2.2% for males.



3.5.1 Full-time, part-time and self-employment

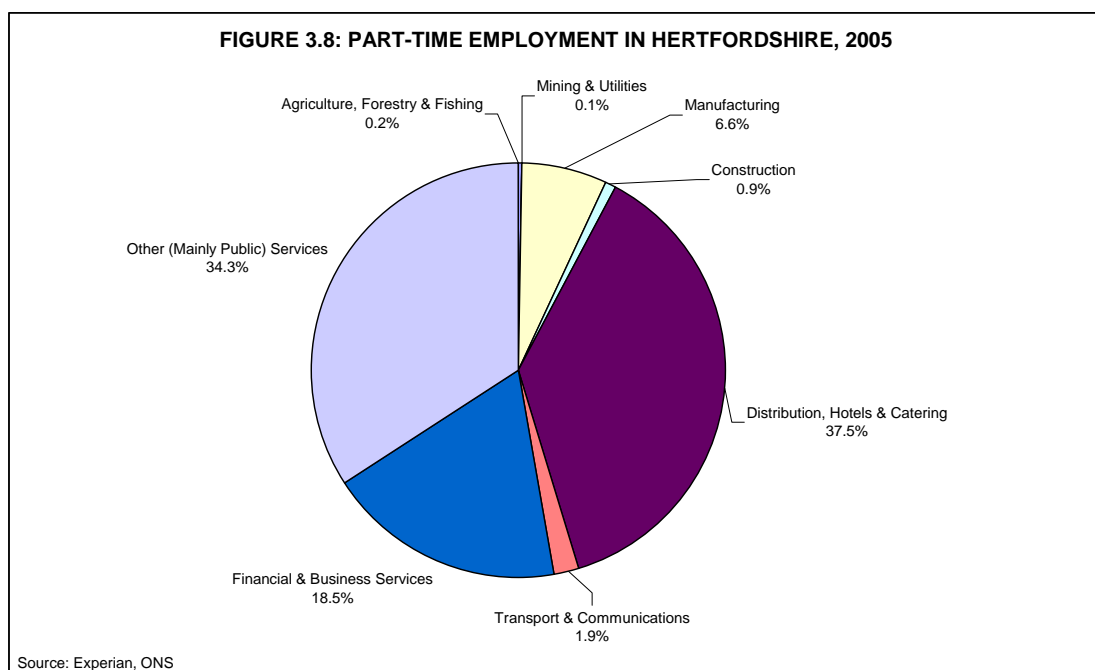
Full-time employment

The largest share of full-time employment in Hertfordshire is accounted for by Financial & Business Services (28%), reflecting the importance of this sector in the economy. This proportion is higher than that seen in the South East, the East of England, and the UK as a whole. In the period 2005-11, the sector is expected to post strong growth in full-time employment, averaging 1.8% per annum, faster than in the South East and the UK as a whole, but slightly slower than in the East of England.



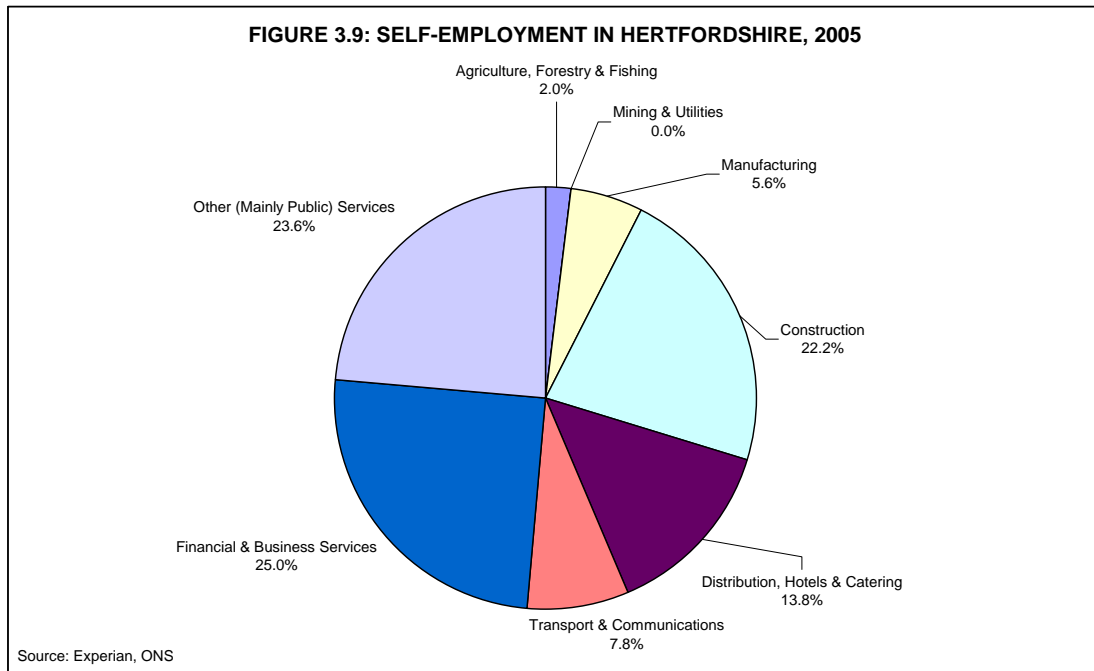
Part-time employment

The distribution of part-time employment among the sectors in Hertfordshire is broadly similar to that in the East of England, the South East and the UK as a whole, except for Other (mainly public) Services, where it is appreciably lower in the county than elsewhere.



Self-employment

The largest shares of self-employment in Hertfordshire are in Financial & Business Services and Other (mainly public) Services, although self-employment accounts for only a small part of total employment in the sector. But in Construction, self-employment accounts for 43% of total employment in the sector, and in 2005, over one-fifth (22%) of the 80,000 self-employed people in Hertfordshire were in the Construction sector. However, this is a slightly lower proportion than in the East of England, the South East, or the UK as a whole. The proportion of self-employed accounted for by the Construction sector in Hertfordshire is expected to rise to 23% by 2011, though both Financial & Business Services and Other (mainly public) Services will still account for larger shares.



3.6 Employment by occupation

3.6.1 Key occupational trends

The six biggest occupational groups in Hertfordshire, accounting for 50% of total employment in 2005, were:

- Corporate managers
- Administrative occupations
- Elementary occupations: administrative and service
- Sales and customer service occupations
- Business, public services and associated professions
- Secretarial and related occupations

The projection to 2011 envisages that the combined share of these six occupations in total employment in Hertfordshire will remain at 50%. Growth at around 5% between 2005 and 2011, in line with total employment expansion, is expected in each of the six employment

groups, except sales and customer service occupations (where growth is forecast at 0.6%) and secretarial and related occupations (+6.9%).

Outside these six large occupations, two significant developments for the medium term stand out:

- caring personal service occupations see a continuation of the marked increase evident in the past two decades reflecting steadily increasing personal disposable income available for such services and greater public resources devoted to this area.
- further growth in science & technology professionals and science associate professionals in line with the strong expansion expected in research & development and associated business services.

FIGURE 3.10: EMPLOYMENT LEVELS BY OCCUPATION IN HERTFORDSHIRE (000S)						
	1991	2004	2005	2006	2007	2011
Corporate Managers	50	68	67	67	68	70
Managers and Proprietors	16	20	20	20	20	21
Science & Technology Professionals	18	24	24	24	24	25
Health Professionals	3	4	4	4	4	4
Teaching & Research Professionals	21	23	23	24	24	24
Business & Public Service Professionals	11	14	14	14	14	15
Science Associate Professionals	9	10	10	10	10	11
Health Associate Professionals	12	14	14	14	14	15
Protective Service Occupations	4	5	5	5	5	5
Culture, Media & Sports Occupations	7	10	10	10	10	11
Bus. & Pub. Serv. Ass. Prof	26	30	30	30	30	31
Administrative Occupations	57	59	59	60	61	63
Secretarial & Related Occupations	28	28	28	29	29	30
Skilled Agricultural Trades	3	3	3	3	3	3
Skilled Metal & Electrical Trades	28	28	27	27	27	27
Skilled Construction & Building Trades	16	15	15	15	15	15
Textiles, Printing & Other Skilled Trades	14	17	17	16	16	17
Caring Personal Service Occupations	12	18	18	18	18	19
Leisure & Other Pers. Serv. Occupations	8	11	10	10	11	11
Sales & Customer Service Occupations	34	39	39	38	38	39
Customer Service Occupations	2	3	3	3	3	3
Process, Plant and Machine Operatives	24	23	22	22	22	23
Transport Drivers & Operatives	16	16	16	16	16	17
Elementary Trades, Plant & Storage	17	17	16	16	16	17
Elementary Admin & Service	45	43	43	43	43	45
Total	480	541	535	539	542	560

Note: Employment levels include employees and self employed, but not government trainees as these cannot be assigned to an occupational classification

Source: Experian, ONS

The key features of the following table (figure 3.11) comparing the occupational structure in Hertfordshire, the East of England and the UK are:

- the county has a significantly greater concentration of employment in administrative and secretarial jobs
- the proportion of science and technology professionals and science associate professionals in the county's employment structure is markedly higher than in the East of England and the UK, and the gap against the East of England is expected to widen slightly by 2011.
- the proportions of health associate professionals and of caring personal service occupations in Hertfordshire are well below the national and the East of England averages.
- outside of the service sector, the proportions of agricultural trades, skilled construction & building trades, and transport drivers and operatives are relatively low, but those of skilled printing and metal & electrical trades relatively high.

FIGURE 3.11: SHARE OF OCCUPATIONAL GROUPS IN EMPLOYMENT IN HERTFORDSHIRE, THE EAST OF ENGLAND AND THE UK (%)

	1991	2004	2005	2006	2007	2011
Corporate Managers						
Hertfordshire	12.5	12.5	12.5	12.5	12.5	12.5
East of England	13.1	12.4	12.4	12.3	12.3	12.2
UK	12.1	11.7	11.7	11.6	11.6	11.6
Managers and Proprietors						
Hertfordshire	3.3	3.6	3.7	3.7	3.6	3.7
East of England	3.2	3.5	3.5	3.4	3.4	3.4
UK	3.6	3.9	3.9	3.9	3.9	4.0
Science & Technology Professionals						
Hertfordshire	4.3	4.4	4.5	4.5	4.5	4.6
East of England	3.2	3.5	3.5	3.5	3.5	3.6
UK	3.0	3.1	3.1	3.1	3.1	3.1
Health Professionals						
Hertfordshire	0.7	0.7	0.7	0.7	0.7	0.7
East of England	0.6	0.6	0.6	0.6	0.6	0.6
UK	0.8	0.9	0.9	0.9	0.9	0.9
Teaching & Research Professionals						
Hertfordshire	4.3	4.3	4.2	4.4	4.4	4.3
East of England	4.1	4.6	4.6	4.8	4.8	4.8
UK	3.9	4.4	4.4	4.4	4.4	4.2
Business & Public Service Professionals						
Hertfordshire	2.4	2.5	2.6	2.6	2.6	2.6
East of England	2.3	2.7	2.8	2.8	2.9	2.9
UK	3.0	3.6	3.6	3.6	3.7	3.8
Science Associate Professionals						
Hertfordshire	1.9	1.9	1.9	1.9	1.9	1.9
East of England	1.8	1.7	1.7	1.7	1.7	1.7
UK	1.8	1.7	1.7	1.7	1.7	1.7
Health Associate Professionals						
Hertfordshire	2.5	2.6	2.6	2.7	2.7	2.7
East of England	2.9	3.0	3.1	3.2	3.2	3.2
UK	3.2	3.6	3.6	3.7	3.7	3.8
Protective Service Occupations						
Hertfordshire	0.9	0.9	0.9	0.9	0.9	0.9
East of England	1.1	0.9	1.0	1.0	0.9	0.9
UK	0.9	0.9	0.9	0.9	0.9	0.9
Culture, Media & Sports Occupations						
Hertfordshire	1.7	1.9	1.8	1.9	1.9	1.9
East of England	1.9	2.2	2.2	2.2	2.2	2.2
UK	1.9	2.2	2.2	2.2	2.2	2.3
Bus. & Pub. Serv. Ass. Prof						
Hertfordshire	5.4	5.5	5.6	5.6	5.6	5.6
East of England	5.0	5.1	5.2	5.2	5.2	5.2
UK	5.3	5.5	5.5	5.5	5.5	5.5
Administrative Occupations						
Hertfordshire	10.8	11.0	11.1	11.1	11.2	11.2
East of England	8.8	8.5	8.5	8.5	8.5	8.5
UK	9.2	9.4	9.4	9.4	9.4	9.4
Secretarial & Related Occupations						
Hertfordshire	5.0	5.2	5.3	5.3	5.4	5.4
East of England	3.8	4.0	4.0	4.1	4.1	4.1
UK	3.3	3.7	3.7	3.7	3.8	3.8

FIGURE 3.11: SHARE OF OCCUPATIONAL GROUPS IN EMPLOYMENT IN HERTFORDSHIRE, THE EAST OF ENGLAND AND THE UK (%)						
Skilled Agricultural Trades						
Hertfordshire	0.6	0.6	0.5	0.5	0.5	0.5
East of England	1.7	1.2	1.3	1.3	1.3	1.2
UK	1.6	1.1	1.2	1.2	1.2	1.1
Skilled Metal & Electrical Trades						
Hertfordshire	5.9	5.2	5.1	5.0	5.0	4.9
East of England	5.5	4.7	4.6	4.6	4.6	4.5
UK	5.2	4.2	4.1	4.1	4.0	4.0
Skilled Construction & Building Trades						
Hertfordshire	3.2	2.8	2.8	2.8	2.8	2.7
East of England	4.2	4.2	4.2	4.1	4.2	4.2
UK	4.1	3.6	3.6	3.6	3.6	3.7
Textiles, Printing & Other Skilled Trades						
Hertfordshire	3.0	3.1	3.1	3.0	3.0	3.0
East of England	2.2	2.1	2.1	2.1	2.0	2.0
UK	2.6	2.4	2.3	2.3	2.3	2.3
Caring Personal Service Occupations						
Hertfordshire	3.3	3.3	3.3	3.4	3.4	3.4
East of England	5.1	5.4	5.5	5.6	5.7	5.6
UK	4.8	5.3	5.4	5.5	5.6	5.5
Leisure & Other Pers. Serv. Occupations						
Hertfordshire	1.7	1.9	1.9	1.9	1.9	2.0
East of England	1.9	2.2	2.2	2.2	2.2	2.2
UK	1.9	2.2	2.2	2.2	2.2	2.3
Sales & Customer Service Occupations						
Hertfordshire	7.0	7.2	7.2	7.1	7.0	6.9
East of England	6.7	7.3	7.2	7.0	6.9	6.9
UK	6.2	6.5	6.5	6.4	6.3	6.4
Customer Service Occupations						
Hertfordshire	0.5	0.5	0.5	0.5	0.5	0.5
East of England	1.3	1.2	1.2	1.2	1.2	1.2
UK	1.1	1.1	1.1	1.1	1.1	1.1
Process, Plant and Machine Operatives						
Hertfordshire	4.9	4.3	4.2	4.1	4.1	4.0
East of England	4.4	3.3	3.2	3.1	3.1	3.0
UK	5.5	3.8	3.7	3.6	3.5	3.3
Transport Drivers & Operatives						
Hertfordshire	3.2	3.0	3.0	3.0	3.0	3.0
East of England	3.7	3.6	3.7	3.7	3.7	3.7
UK	4.2	4.1	4.1	4.1	4.0	4.0
Elementary Trades, Plant & Storage						
Hertfordshire	3.5	3.1	3.0	3.0	3.0	3.0
East of England	4.2	3.7	3.7	3.6	3.6	3.5
UK	3.4	2.9	2.9	2.9	2.9	2.8
Elementary Admin & Service						
Hertfordshire	7.2	8.0	8.0	8.0	8.0	8.1
East of England	7.1	8.3	8.3	8.3	8.3	8.5
UK	7.6	8.4	8.4	8.4	8.4	8.6
Source: Experian, ONS						