Making work pay? Jobs, earnings and poverty in Greater Manchester

Drawing on a range of official statistics, the overall performance of the Greater Manchester labour market and patterns of inequality are assessed through an analysis of unemployment rates, and the level and distribution of wages. This includes how wages vary between local authority areas within Greater Manchester, between men and women and between those working full and part-time. The underlying strength of the local economy along with prospects for the future are indicated growth in specific sectors (e.g. science and technology, finance, retail and leisure) and the type/quality of jobs being created.

TACKLING ‘WORKLESSNESS’

- Unemployment remains stubbornly high in Greater Manchester, with particularly high rates in Manchester and Oldham.
- There are significant gender inequalities at local authority level; women face a far higher risk of unemployment in Manchester, Oldham, Rochdale, and Trafford, but the risk is reversed in Bury, Stockport and Wigan.

Figure 1 – Unemployment rates of working-age adults, by gender and GM local authority, 2014

Source: Nomis local authority profiles, author’s compilation

WORK AS A ROUTE OUT OF POVERTY

- At £10.80, the median hourly wage (excluding overtime) for GM is broadly in line with the North West regional average, but is markedly lower than the £11.54 median for the rest of the UK (figure 2). For a full-time worker (assuming 37 hours per week) this is a difference of nearly £1,500 over the course of a year.
Figure 2 - median hourly pay excluding overtime, 2009-2014, UK, NW, GM

- Median wages also vary significantly within Greater Manchester, from a high of £13.01 in Trafford to a low of £10.00 in Tameside (figure 3).
- Median wages are at or below the national average in the three largest local authority areas (Manchester, Stockport and Wigan).

Figure 3 - median hourly pay excluding overtime, 2014, by LA area

- In 2014 nearly one in four (23%) workers in Greater Manchester earned less than the UK living wage compared with 21% nationally. It is especially worrying that the proportion of workers paid below this level has increased since 2012 across all local authorities, especially in Rochdale and Stockport. Disaggregating the data by gender and working-time reveals that the risk of low wages is far higher among women in part-time employment than among men in full-time work (figure 4).
**Figure 4** – Estimated proportion of workers earning less than the UK living wage, by GM local authority, gender and full-time/part-time, 2014


**THE KNOWLEDGE ECONOMY**

- There are only small differences in hourly rates between earnings in Greater Manchester and the rest of the UK at the bottom of the wage distribution (10th - 30th percentiles), which is likely to be a result of the National Minimum Wage being misused as ‘the going rate’ for low skilled jobs across the economy. However, the wage penalty for Greater Manchester widens towards the upper end, with a gap of -11% (or nearly £5,000 per year) for the top ten percent of earners (figure 5).

**Figure 5 - hourly pay deciles, 2014, UK, GM**

Source: Annual Survey of Hours and Earnings, 2013-14 author’s calculations
UPGRADING AND UP-SKILLING

- In common with many post-industrial areas of the UK, jobs in manufacturing and heavy industry have largely been replaced by retail, services and lower level office work. The strongest areas of job growth since the financial crash of 2007-08 have been among middle and lower skill sector such as ‘caring and leisure’ and ‘sales and customer services’.
- Employers often cite the lack of skills of workers as a key concern when hiring (particularly among young people), resulting in low productivity and earnings. Although the proportion of residents who are degree-educated (NVQ4+) is slightly lower than the UK average and the proportion with no qualifications is slightly higher, the rest of the skills profile is remarkably similar to that of both the North West region and the UK (figure 6).

Figure 6 – resident qualifications, 2014, UK, NW, GM

![Bar chart showing resident qualifications in Great Britain, North West, and Greater Manchester (Met County)](image)

Source: Nomis local authority profiles, author’s composition.

- Nearly one in ten (9%) workers aged 16-64 in Greater Manchester reported having received job-related training in the last four weeks in 2014, which is in-line with figures for the North West (9%) and the UK (10%). Yet while training rates are above average in Stockport (12%) and Trafford (13%), figures are lower in Manchester (8%), Oldham (7%) and Rochdale (6%). This suggests that the willingness of employers to invest in upskilling workers is low, with particularly poor training opportunities within some authorities (Source: NOMIS).

MORE ON WORK AND EARNINGS:

Joseph Rowntree Foundation “The Future of the UK Labour Market”
http://www.jrf.org.uk/publications/future-uk-labour-market

Annual Survey of Hours and Earnings

ONS labour market statistics
https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx