

Making learning and work count

Labour market LIVE from Learning and Work Institute 17 July 2018

- **Unemployment** is 1,411,000, is down by 5,000 from last month's published figure (quarterly headline reduced by 12,000) and the **unemployment rate** is 4.2%, **no change** on last month and also **no change** on last quarter.
- The ONS figure for **claimant unemployed** is 898,700, **up** by 7,800 on last month, and the **claimant rate** is 2.5%.
- The **number of workless young people (not in employment, full-time education or training)** is 1,004,000, **down** by 1,000 on the quarter, representing 14.3% of the youth population (**up** 0.1 percentage points).
- **Youth unemployment (including students)** is 524,000, and is **down** by 1,000 on the quarter.
- There are 1.7 **unemployed people per vacancy**. Learning and Work Institute estimates this figure may rise slightly next month.
- The **employment rate** is 75.7% (**up** 0.1 percentage point on last month's published figure and **up** 0.3 percentage points in the preferred quarterly measure).

Learning and Work Institute comment

The labour market figures published on 17 July are again good news with a strong rise in employment and falling unemployment and economic inactivity in the latest quarter. However, the monthly numbers suggest that the labour market may be starting to slow.

Duncan Melville, Chief Economist at the Learning and Work Institute, commented:

' Employment increased substantially by 137, 000 between March to May 2018 and the previous three months. Unemployment and economic inactivity amongst people of working age both fell again. Vacancies also rose again and stand at a record high. This is all positive news.

However, comparing today's numbers with those released a month ago shows a much less positive picture with a rise in employment and falls in unemployment and inactivity all below 10,000. This is suggestive of a slowing in the labour market that we have been expecting for some months given the recent poor economic growth numbers. Consistent with this is the slowdown in annual wage growth for the second month running to 2.7%. With inflation also falling real wage growth remains positive so living standards are on average rising modestly. The small rise in the claimant count which, as a timelier

indicator than the data from the Labour Force Survey reflects more recent movements in the labour market, also suggests that the labour market is starting to slow.'

Paul Bivand, Learning and Work AD for Statistics and Analysis said:

'The fall in economic inactivity, flowing into growing employment rather than unemployment, is important.

Chart 18 shows how numbers on lone parent benefits compare with the wider survey group of those inactive and looking after family. The survey group fell more than 10% over two years. There was a fall in those retired and under 65 of 104,000 as well. Most other groups of economically inactive rose. The retired numbers will have been affected by the continued rise in the female state pension age, but the inactive, looking after family may also have been affected by the roll-out of Universal Credit, which mandates dependants to look for work unless they can prove caring duties for children or disabled people.'

Employment rose by 137,000 between December 2017 to February 2018 and March to May 2018. In the last 12 months employment is up by 388,000.

Unemployment reduced by 12,000 between December 2017 to February 2018 and March to May 2018. and the unemployment rate showed no change at 4.2% in the quarter the lowest level since 1975.

Economic inactivity fell by 86,000 between December 2017 to February 2018 and March to May 2018. and the inactivity rate has fallen by 0.2 percentage points to 21% in the quarter.

The national claimant count increased by 7,800. L&W's estimate shows rises of 8,900. These both take account of normal seasonal effects but adjusted figures are not published for local areas. The 'raw' number of claimants, nationally, is down by 7,300 in the month to June. Therefore, it should not be surprising that figures for local areas will show falls compared to the national picture.

The proportion of people leaving the claimant count (or the 'leavers rate') fell this month after some months of rises. At 14.7%, it is well below the level in early 2015 of 17.6%. Jobseeker's Allowance off-flow rates for JSA claimants rose.

Youth unemployment is showing a quarterly fall. There are still 524,000 unemployed young people, and 359,000 (5.1% of the youth population) who are unemployed and not in full-time education.

The proportion of unemployed young people (not counting students) who are not claiming Universal Credit or Jobseeker's Allowance and therefore are not receiving official help with job search is now 51.2%.

A total of 53,000 were counted as in employment while on 'government employment and training programmes', where the Office for National Statistics continues to count Work Programme (etc.) participants as 'in employment' by default. This number has fallen by 7,000 this quarter. Self-employment increased by 35,000 this quarter. The number of

employees has risen by 100,000 in the quarter. Involuntary part-time employment is down by 29,000 this quarter to 991,000, 11.8% of all part-time workers. The proportion remains much higher than the 7.4% in 2004.

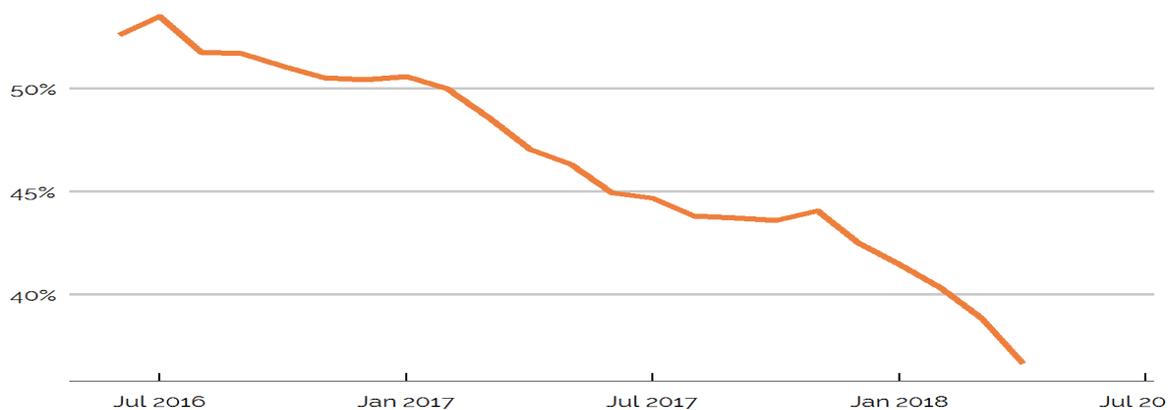
▶ **Chart 1: UK unemployment (ILO)**

The latest unemployment figure is 1,411,000. It has fallen by 5,000 from the figure published last month. On the basis of later claimant count figures, Learning and Work Institute estimates that unemployment may rise, although this remains highly uncertain. The unemployment rate remained at 4.2%.



▶ **Chart 2: Percentage unemployed not claiming Universal Credit or Jobseeker's Allowance**

The proportion of unemployed people not claiming Universal Credit or Jobseeker's Allowance has fallen to 36.6%; (517,000).

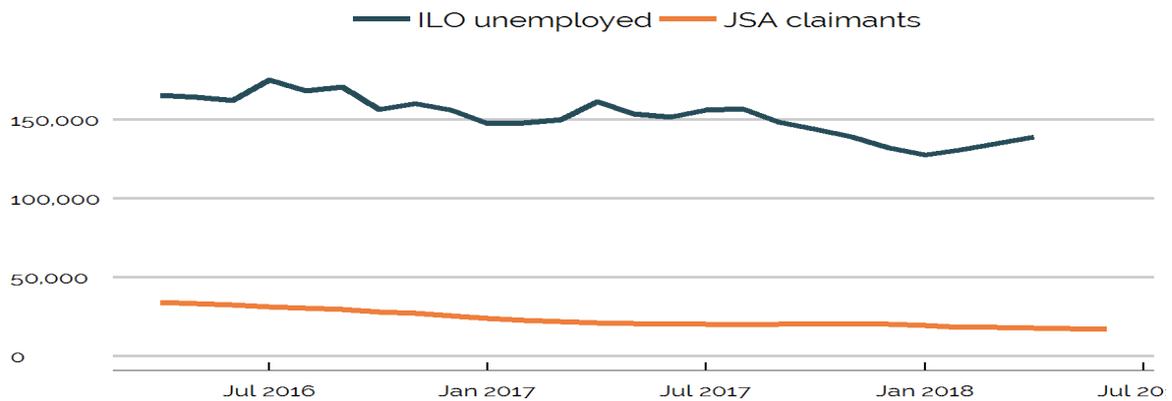


▶ **Chart 3: Youth long-term unemployment (six months and over, 18-24)**

Youth long-term unemployment (which can include students) has risen by 4,000 from last month's figure and is now 139,000.

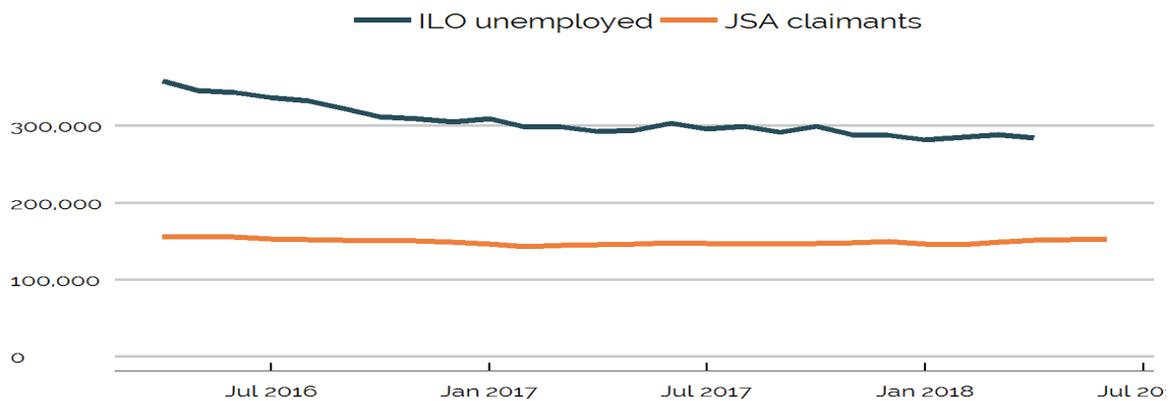
The youth long-term Jobseeker's Allowance count (but not UC) remains far behind, at

17,300. The count fell by 400 this month.



► **Chart 4: Adult long-term unemployment (12 months and over, 25+)**

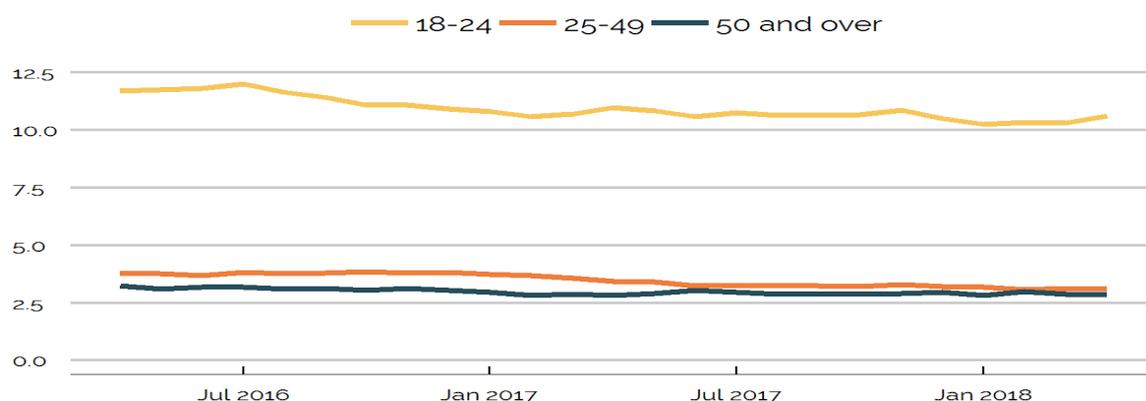
Adult long-term unemployment on the survey measure is now 284,000. The Jobseeker's Allowance measure is 152,900.



► **Chart 5: Unemployment rates by age**

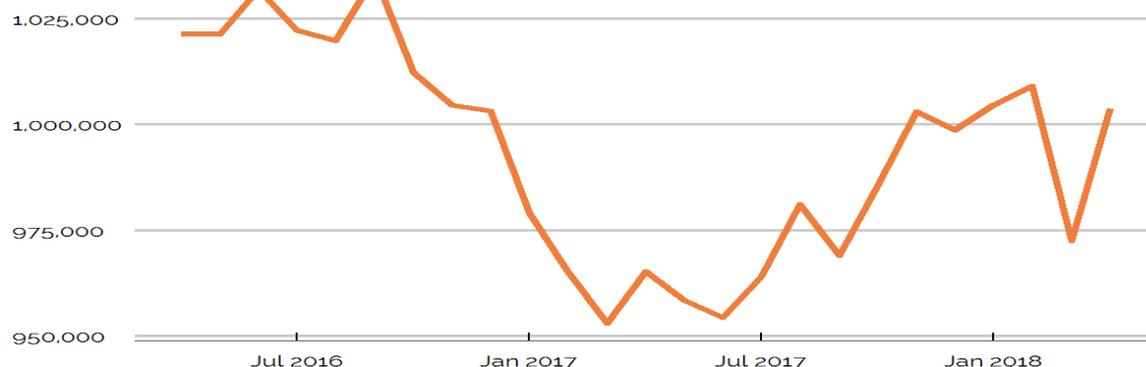
The 18 to 24 year old unemployment rate (including students) is 10.6% of the economically active – excluding one million economically inactive students from the calculation. The rate for those aged 25 to 49 is 3.1%. For those aged 50 and over it is 2.8%. The quarterly change is up 0.3 for 18 to 24 year olds, down 0.1 for 25 to 49 year

olds, and no change for the over-50s.



► **Chart 6: Young people not in employment, full-time education or training**

The number of out of work young people who are not in full-time education (1,004,000) has fallen in the past quarter by 1,000, or 0.1%. The change was almost balanced, with a 8,000 fall in inactivity countered by a rise of 7,000 in unemployment. Last month's steep fall, and the rise this month, looks as if it could be a statistical 'blip'.

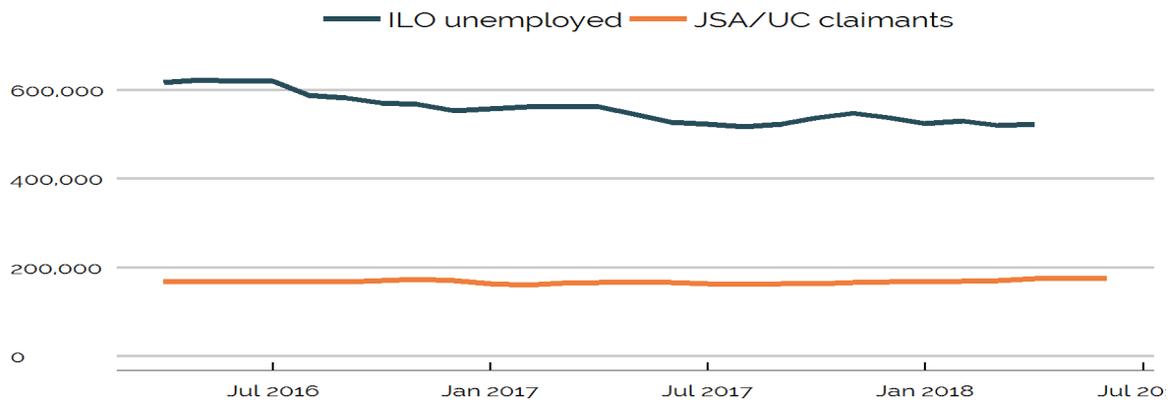


► **Chart 7: Youth unemployment**

The number of unemployed young people has risen by 3,000 since last month's figures, to 524,000, but is down by 1,000 on the quarter.

Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants rose last month by 100, to 175,800. There are 183,000 unemployed young people who are not in education, and do not claim Universal Credit or Jobseeker's Allowance, 51.2%

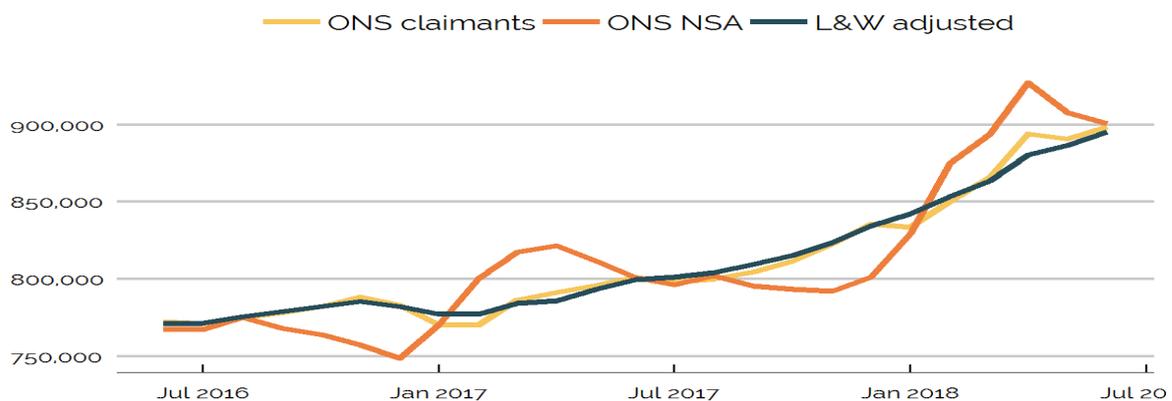
of all unemployed young people who are not students.



► **Chart 8: Jobseeker’s Allowance and Universal Credit claimant count**

The ONS headline Jobseeker’s Allowance and Universal Credit claimant count increased by 7,812 in June, taking the total to 898,743. ONS' claimant count before seasonal adjustment has fallen by 7,251 to 900,485. This change is directly comparable to the local level claimant count changes published today.

Learning & Work's seasonally adjusted estimate increased by 8,908 to 895,313.



► **Chart 9: Jobseeker’s Allowance – new claims and leavers**

The number of new Jobseeker’s Allowance claims fell by 5,200 this month, to 66,200. Meanwhile the number of leavers also fell, by 1,800, to 75,200.

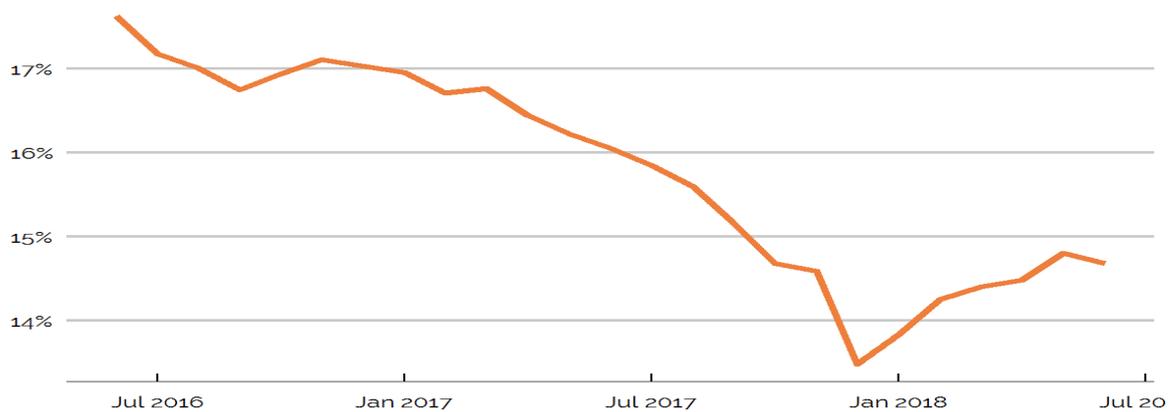
These figures are affected by the continued roll-out of Universal Credit Full Service to new Jobcentres (including in Northern Ireland), as Universal Credit claims (and any

leavers) are not counted in this chart.



► **Chart 10: Jobseeker's Allowance – claimant count leavers rate – leavers as percentage of 'could leave'**

Learning and Work Institute estimates that the 'leavers rate' – people who have left the claimant count as a proportion of those who could leave it – has fallen to 14.7% after several months of rises.



► **Chart 11: Jobseeker's Allowance – claimants staying through each three-month threshold (seasonally adjusted)**

These measures show an increase in off-flow rates for claimants at all lengths of unemployment, especially the shortest term.

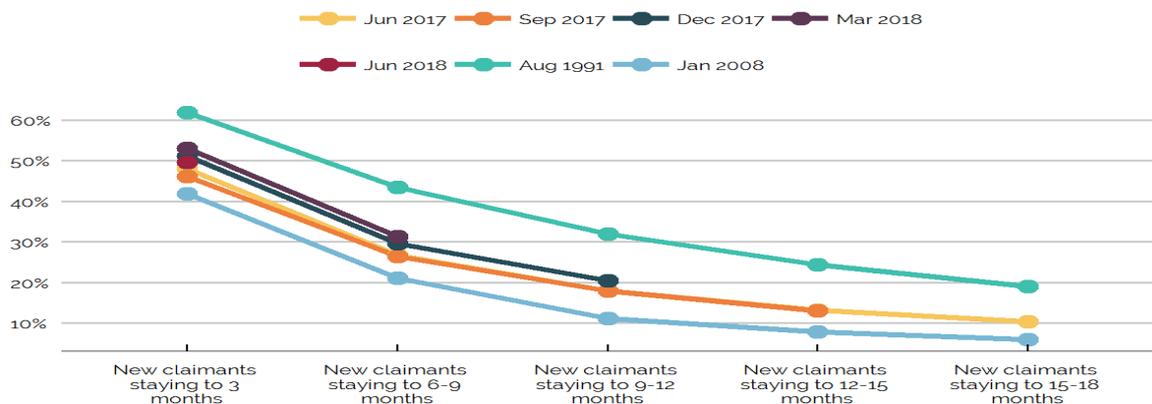
The proportion staying beyond three months has fallen to 49.6%.



► **Chart 12: Jobseeker's Allowance – proportion of starters in month becoming longer-term unemployed**

The proportion of starters becoming 12-month claimants is now 13.1%. This is likely to rise over the next few months as the proportion of starters becoming 9-month claimants has risen by 2.5 percentage points over the last three months.

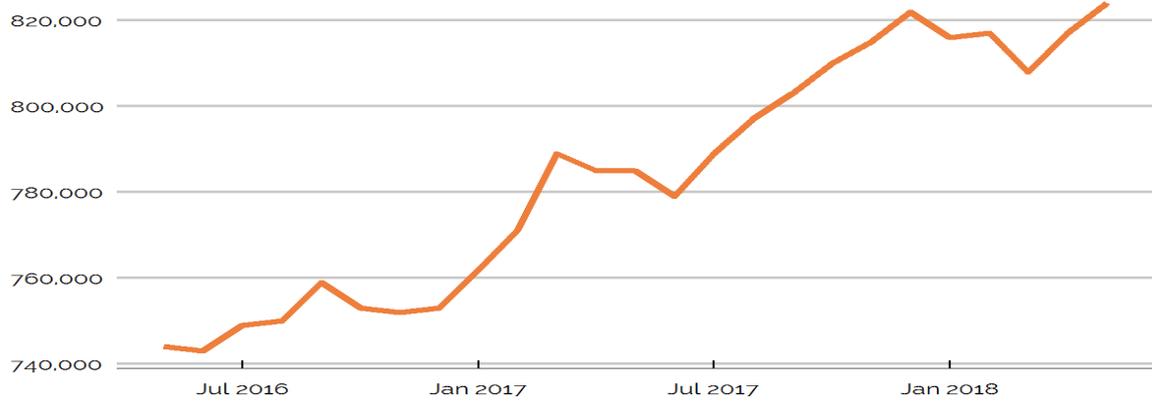
These figures are based on those in Chart 11, but show the patterns of the same people passing through successive quarterly thresholds.



► **Chart 13: Vacancies – whole economy survey**

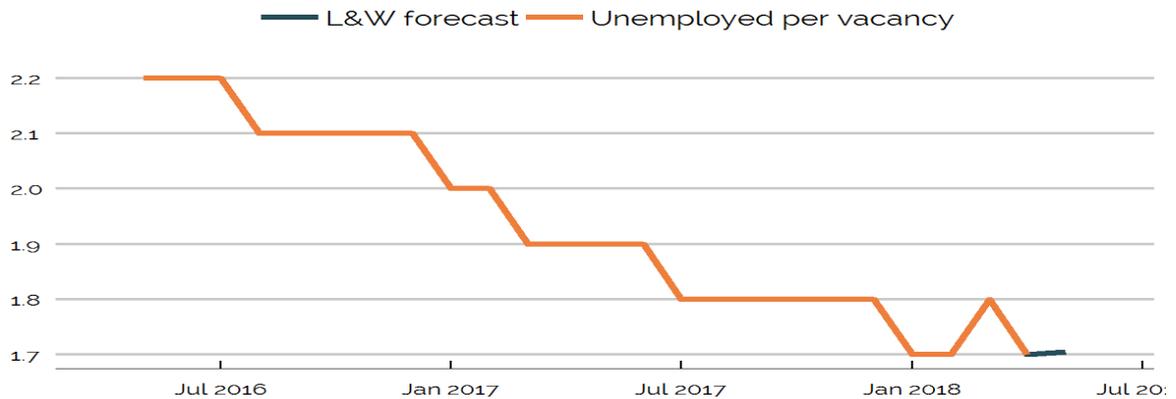
Vacancies (in the Office for National Statistics survey of the whole economy) rose this month, to 824,000. As the number of vacancies is quite volatile, and frequently revised,

the Office for National Statistics uses a three-month average.



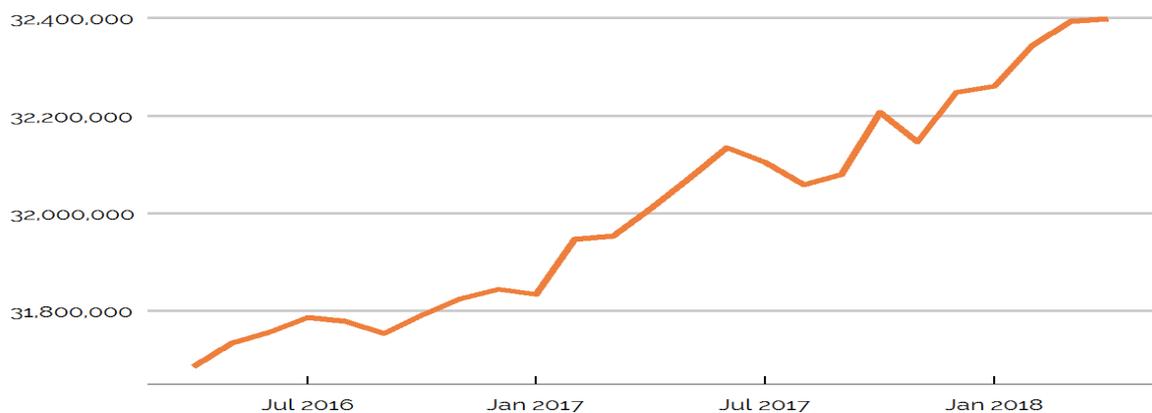
► **Chart 14: Unemployed people per vacancy**

There are 1.7 unemployed people per vacancy. Learning and Work Institute estimates this figure may rise slightly next month.



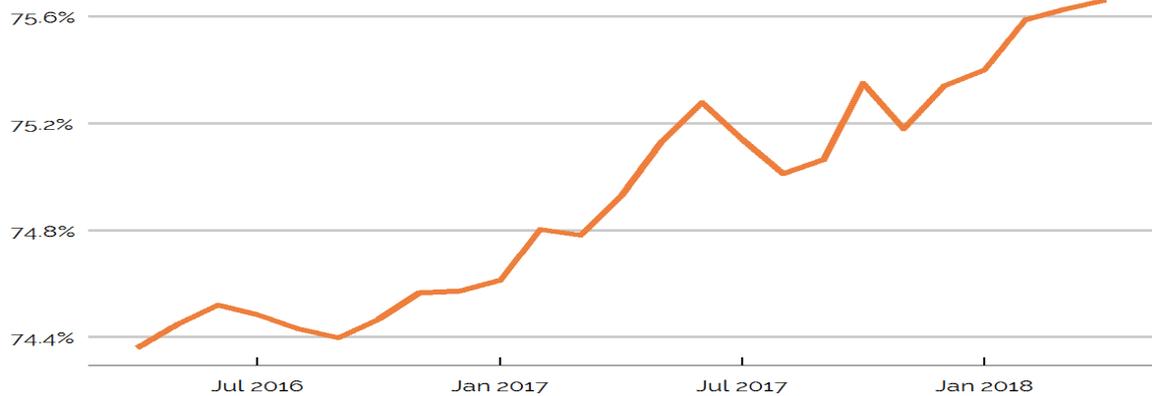
► **Chart 15: UK employment**

Employment has risen by 4,000 on the figure published last month, to 32,399,000.



► **Chart 16: Employment rate in the UK**

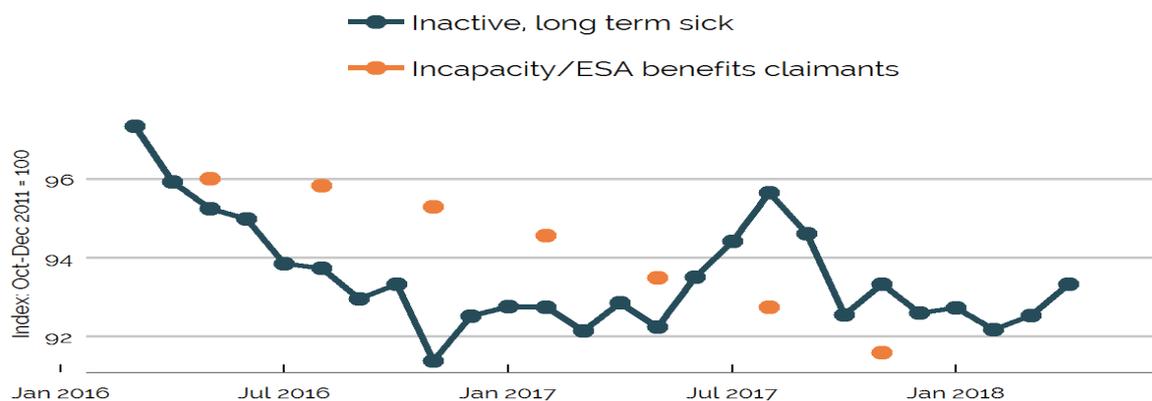
The employment rate rose by 0.3 percentage points over the quarter, to 75.7%.



► **Chart 17: Claimants for inactive benefits and the economically inactive – inactivity benefits**

The number of people inactive owing to long-term sickness rose, while the latest benefit figure (November 2017) showed a fall.

This chart shows claimants of Employment and Support Allowance, and Incapacity Benefit (the orange dots), compared with survey figures for the economically inactive owing to long-term sickness.



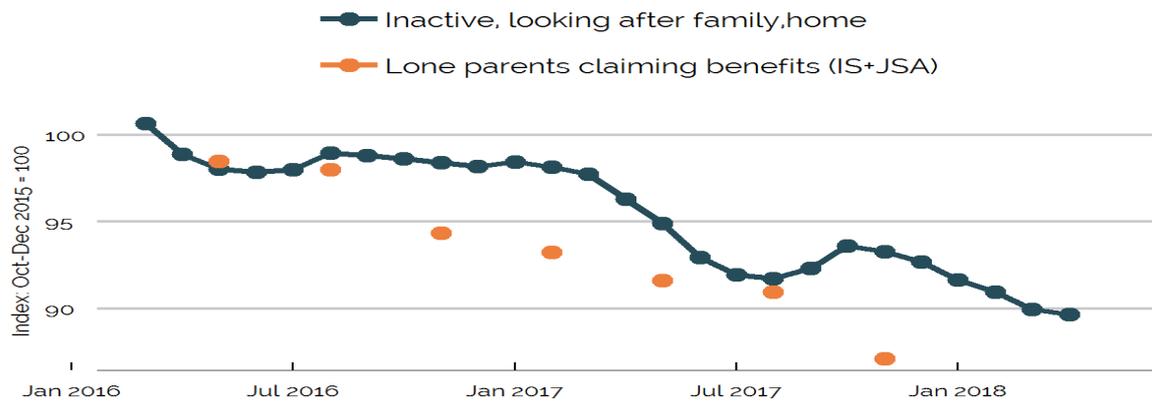
► **Chart 18: Claimants for inactive benefits and the economically inactive – lone parents**

The survey figures (showing those looking after family) rose while benefit measures fell slowly.

Income Support estimates have decreased, and those for Jobseeker's Allowance are now falling. Lone parents with a youngest child aged five or six have moved on to Universal Credit or Jobseeker's Allowance as part of welfare reform.

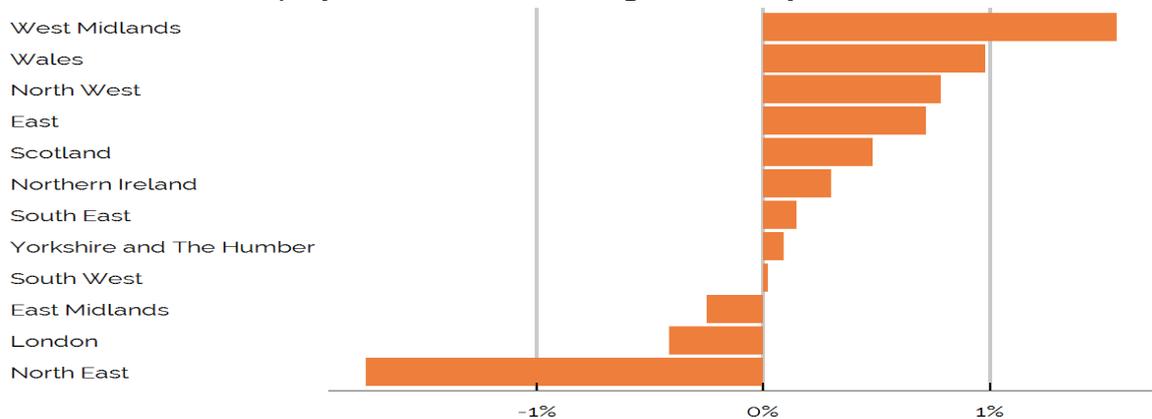
This chart shows claimants of Income Support as lone parents, plus lone parents claiming Jobseeker's Allowance (the orange dots) and survey figures for all those who

are economically inactive looking after family (including couple families).



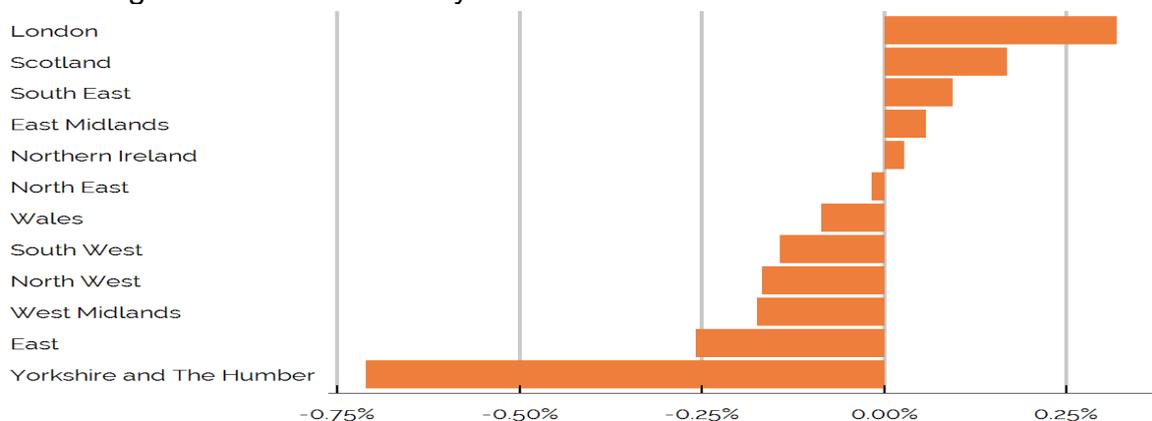
► **Chart 19: Employment rate quarterly change in regions – March to May 2018**

This quarter, 9 regions showed a rise in the employment rate, led by the West Midlands and Wales. The employment rate fell in 3 regions, led by the North East and London.



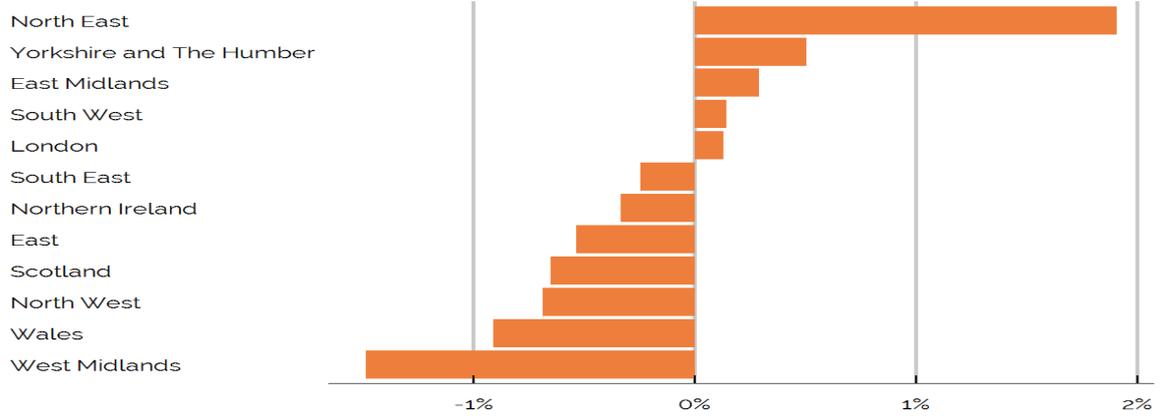
► **Chart 20: Unemployment rate quarterly change in regions – March to May 2018**

7 regions showed an improvement in the unemployment rate this quarter. 5 showed a worsening. The rises were led by London and Scotland.



► **Chart 21: Inactivity rate quarterly change in regions – March to May 2018**

Overall, there was a 0.2 percentage point fall in the inactivity rate. 5 regions showed rises in inactivity, led by the North East and Yorkshire and the Humber.



Learning and Work Institute

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