

Making learning and work count

Labour market LIVE from Learning and Work Institute 24 January 2018

- **Unemployment** is 1,439,000, up by 10,000 from last month's published figure (quarterly headline is down by 3,000) and the **unemployment rate** is 4.3%, **no change** on last month and **no change** on last quarter.
- The number of **claimant unemployed** is 832,500, **up** 8,600 on last month, and the **claimant rate** is 2.4%.
- The **number of workless young people (not in employment, full-time education or training)** is 986,000, **up** 22,000 on the quarter, representing 13.9% of the youth population (**up** 0.4 percentage points).
- **Youth unemployment (including students)** is 538,000, **up** 14,000 on the quarter.
- There are 1.8 **unemployed people per vacancy**. Learning and Work Institute estimates this figure may rise slightly next month.
- The **employment rate** is 75.3% (**up** 0.3 percentage points on last month's published figure and **up** 0.2 percentage points in the preferred quarterly measure).

Learning and Work Institute comment

The labour market figures published on 24 January are more positive than was anticipated with a return to significant employment growth, working age inactivity falling, and vacancy levels rising but there were also some worrying signs on youth and claimant unemployment and on temporary working. .

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

“In recent months I have been notably downbeat pointing to sets of numbers suggesting that the labour market was slowing or even turning downwards. Against that backdrop today's numbers offer some New Year cheer. Substantial employment growth has returned after two months of declines, and economic inactivity amongst people of working age has fallen noticeably again after two months of substantial rises, so people appear to be returning to the labour market which is to be welcomed. Unemployment has fallen very slightly but remains at a low level.

So far so good but there are also some less welcome numbers with youth unemployment and worklessness rising. Claimant unemployment up again. It has been on a rising trend now for almost two years. And, there has been another rise in the

proportion who are working on a temporary contract because they cannot find a permanent job.

Vacancy levels have increased which overall is to be welcomed. However, taking a longer term view it is noticeable that vacancy levels in health and social work have doubled in the last five years whilst those in the rest of the economy have only increased by one and a half times. Hence, part of the rise in vacancy numbers has more to do with the ability of NHS and care sector employers to recruit, retain and motivate staff than it has with the state of the UK labour market.

Wage growth has increased this month to 2.4% and has been gradually drifting up over the last seven months. Wage growth remains below inflation so we have now seen nine months of declining real pay and so falling living standards. However, if inflation falls back as expected over 2018 and wage growth continues to drift up then we should see a return to positive real wage growth later in the year. ”

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

“This month's figures are the last before we expect to see an increase in Jobseeker's Allowance claims. The closure of Universal Credit Live Service to new claims from January 2018 will mean that new claimants in all areas except Universal Credit Full Service areas have to claim 'legacy benefits' such as Jobseeker's Allowance. The Jobcentres concerned have been delivering JSA for more complex claims over the whole period. This does mean that we will have better information on these new claimants. ”

Employment rose by 102,000 between June to August 2017 and September to November 2017. In the last 12 months employment has grown by 415,000.

Unemployment fell by 3,000 between June to August 2017 and September to November 2017. and the unemployment rate remained at 4.3% in the quarter the joint lowest level since 1975.

Economic inactivity fell by 79,000 between June to August 2017 and September to November 2017. and the inactivity rate fell 0.2 percentage points to 21.2% in the quarter, a joint record low.

The rise in the claimant count takes account of normal seasonal effects but adjusted figures are not published for local areas. The actual number of claimants, nationally, rose by 6,300 in the month to December, compared to the adjusted rise of 8,600. Therefore, it should not be surprising that figures for local areas will not rise as fast as the national picture.

The proportion of people leaving the claimant count (or the 'leavers rate') has fallen. At 13.5%, it is now well below the level in early 2015 of 18.7%. The number of new claims has fallen. Jobseeker's Allowance off-flow rates for JSA claimants of short durations increased.

Youth unemployment is showing a quarterly rise. There are 538,000 unemployed young people, and 355,000 (5.0% of the youth population) who are unemployed and not in full-

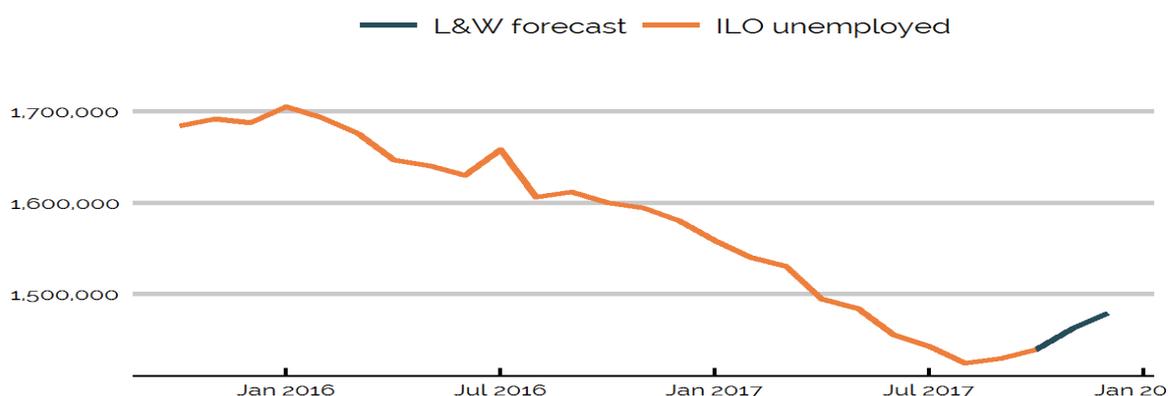
time education.

The proportion of unemployed young people (not counting students) who are not claiming Jobseeker's Allowance or Universal Credit and therefore are not receiving official help with job search is now 54.2%.

A total of 78,000 were counted as in employment while on 'government employment and training programmes', where the Office for National Statistics continues to count Work and Health Programme (etc.) participants as 'in employment' by default. This number rose 7,000 this quarter. Self-employment fell 82,000 this quarter. Employee numbers rose 166,000 in the quarter. Involuntary part-time employment fell this quarter by 27,000 to 1 million, 12.0% of all part-time workers. The proportion remains nearly double that in 2004.

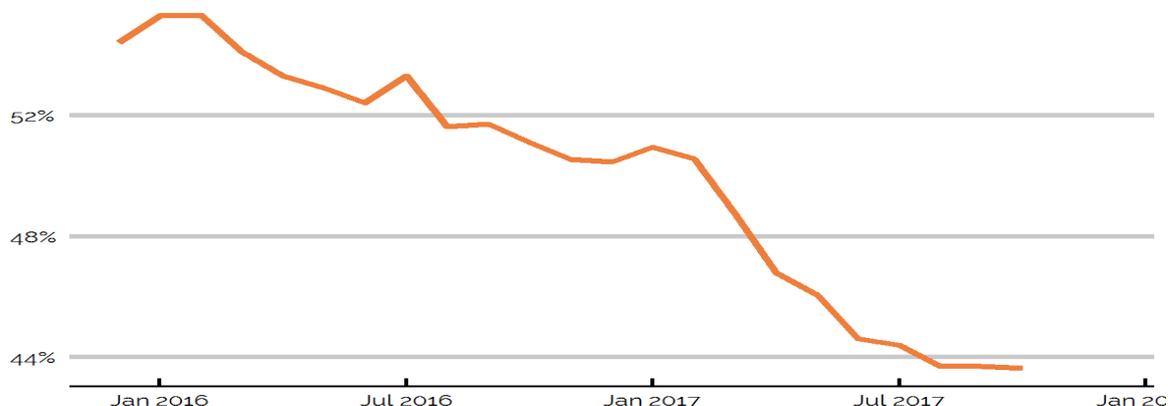
▶ Chart 1: UK unemployment (ILO)

The latest unemployment figure is 1,439,000. It has risen by 10,000 from the figure published last month. On the basis of later claimant count figures, Learning and Work Institute estimates that unemployment may continue to rise, although this remains highly uncertain. The unemployment rate showed no change at 4.3%.



▶ Chart 2: Percentage unemployed not claiming Jobseeker's Allowance

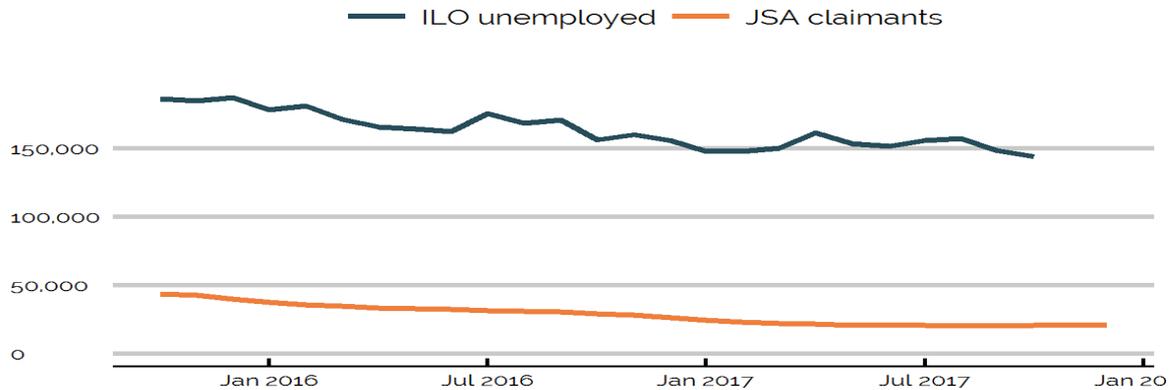
The proportion of unemployed people not claiming Jobseeker's Allowance has fallen to 43.6%; (628,000).



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

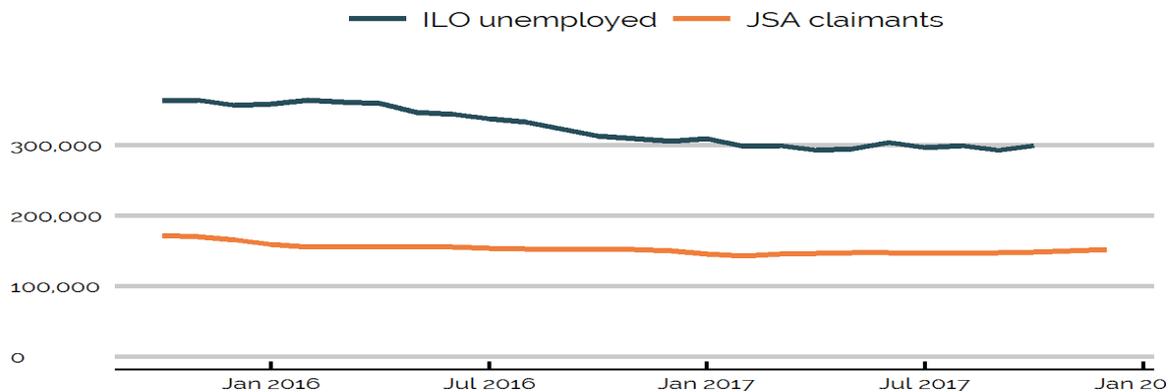
Youth long-term unemployment (which can include students) has fallen by 4,000 from last month's figure and is now 144,000.

The youth long-term Jobseeker's Allowance count (but not UC) remains far behind, at 20,600. The count fell by 100 this month.



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

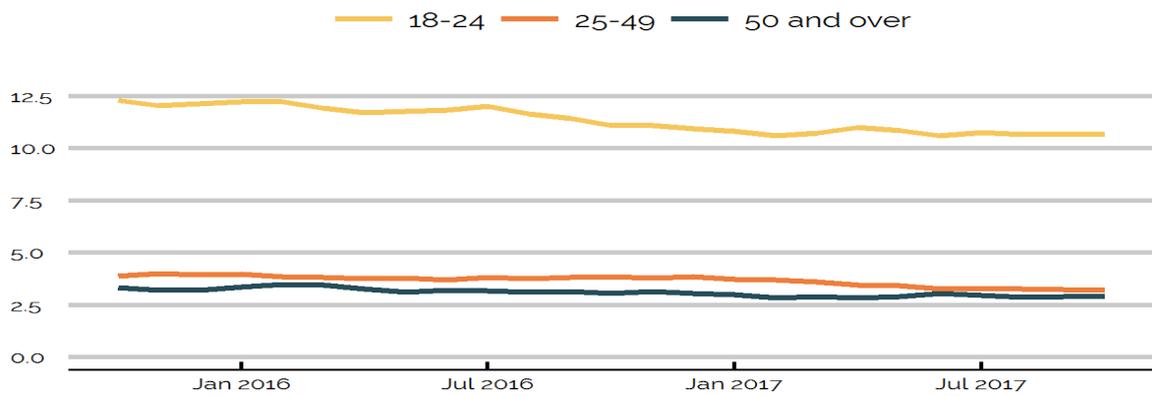
Adult long-term unemployment on the survey measure is now 299,000. The Jobseeker's Allowance measure is 151,200.



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

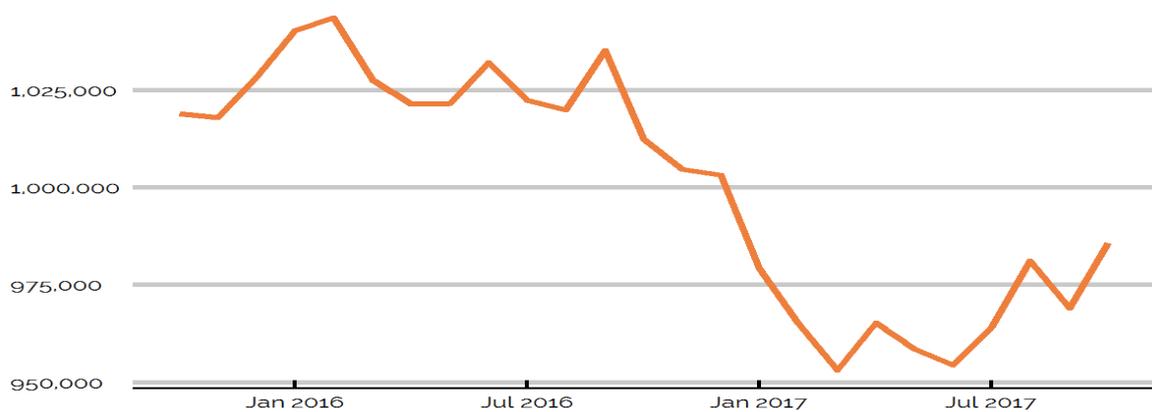
The 18 to 24 year old unemployment rate (including students) is 10.7% of the economically active – excluding one million economically inactive students from the calculation. The rate for those aged 25 to 49 is 3.2%. For those aged 50 and over it is 2.9%. The quarterly change is down 0.1 for 18 to 24 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 (986,000) has risen in the past quarter by 22,000, or 2.3%. The rise was both among the inactive and the unemployed.

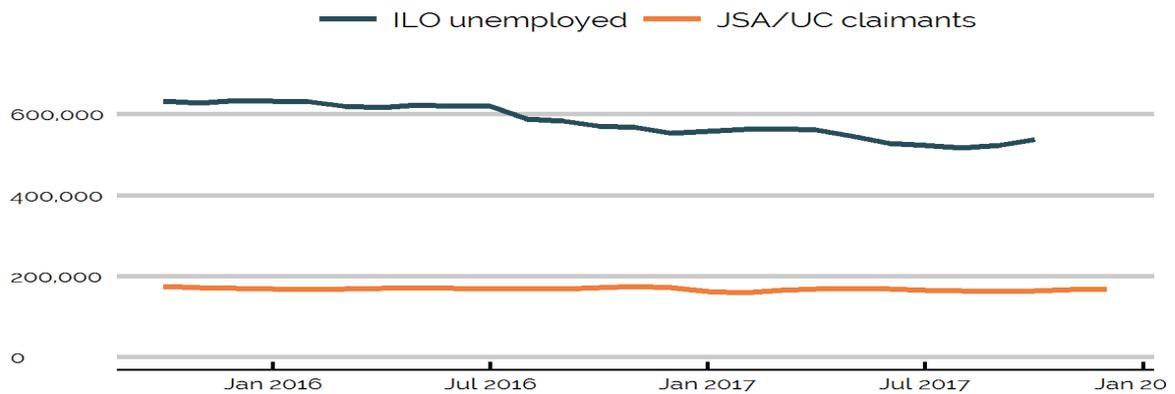


► **Chart 7: Youth unemployment**

The number of unemployed young people has risen by 15,000 since last month's figures, to 538,000.

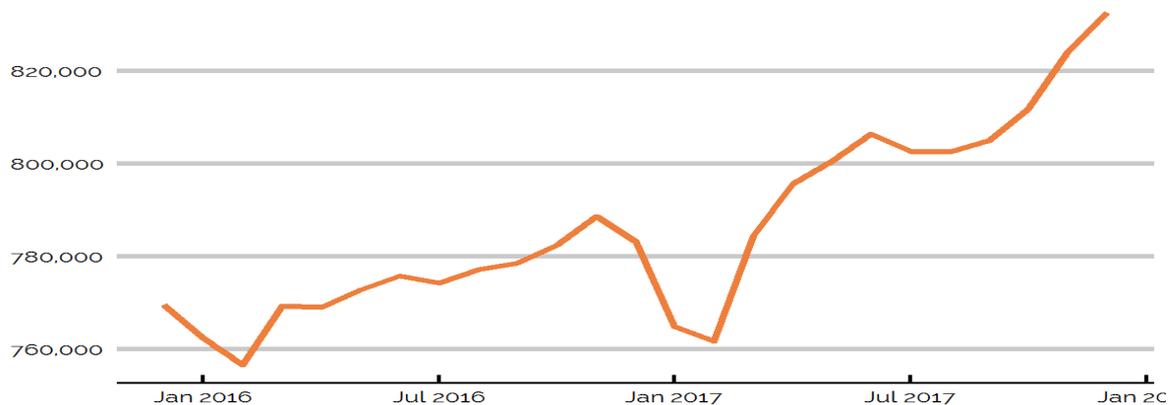
Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants rose last month by 400, to 166,500. There are 193,000 unemployed young people who are not in education, and do not claim Jobseeker's Allowance or Universal Credit, 54.2%

of all unemployed young people who are not students.



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

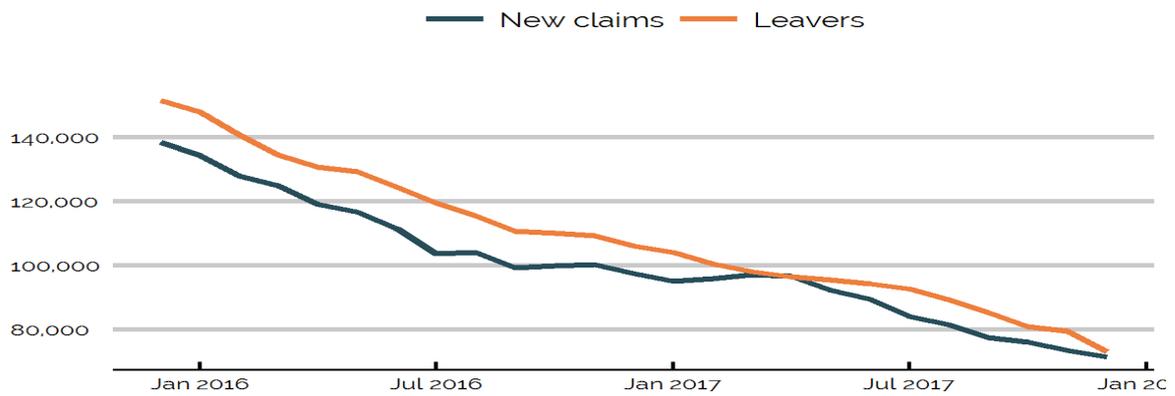
The Jobseeker’s Allowance and Universal Credit claimant count rose by 8,600 in December, taking the total to 832,500. In September, the number of lone parents claiming Jobseeker’s Allowance was 63,090. 14.7% of JSA claimants and 7.6% of the JSA/UC claimant count. Lone parents with a youngest child aged five or over can only claim Jobseeker’s Allowance or Universal Credit Full Service, unless they have other reasons for claiming benefit.



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

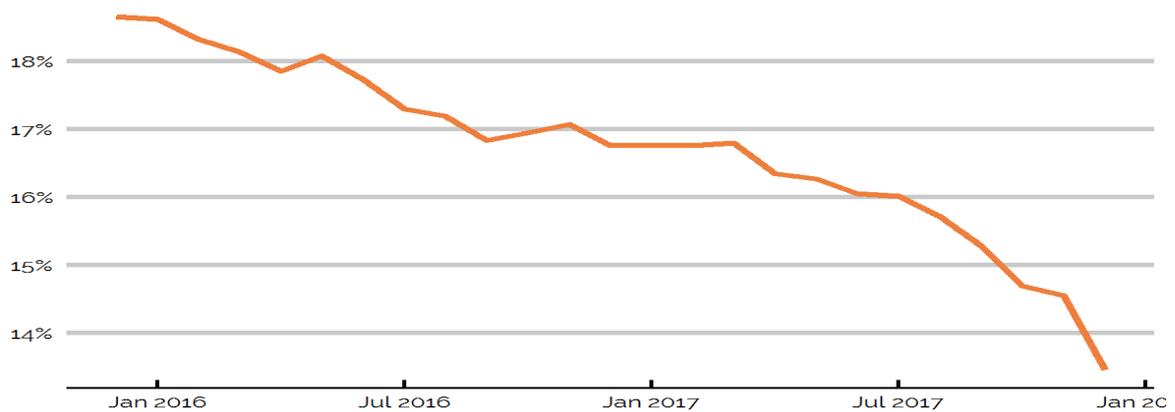
The number of new Jobseeker’s Allowance claims fell by 2,000 this month, to 71,300. Meanwhile the number of leavers also fell, by 6,600, to 72,800. These figures are affected by the continuing roll-out of Universal Credit, but are likely to rise next month

with the closure of new claims to Universal Credit Live Service.



▶ **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 13.5% after several months of falls.

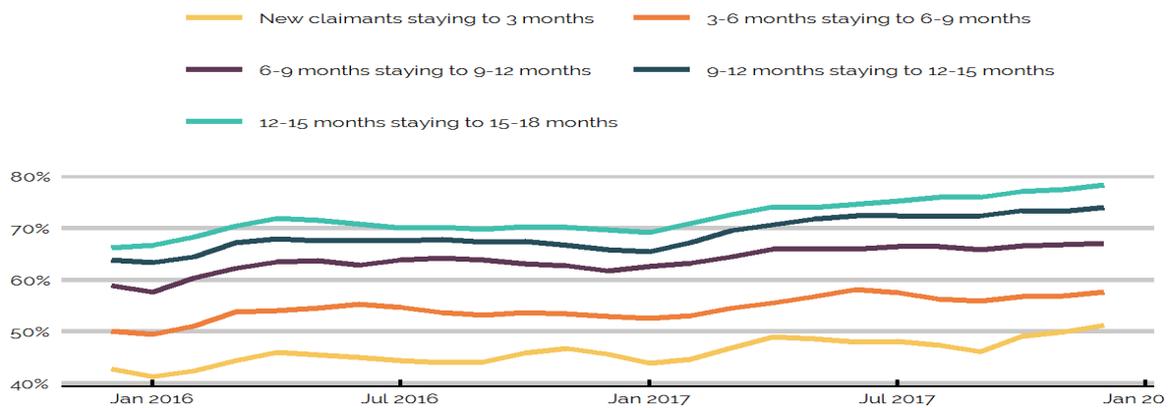


▶ **Chart 11: Jobseeker's Allowance – claimants staying through each three-month threshold (seasonally adjusted)**

These measures show a deterioration for claimants at all lengths of unemployment, except the shortest term.

The proportion staying beyond three months has risen to 51.1%. This is the highest

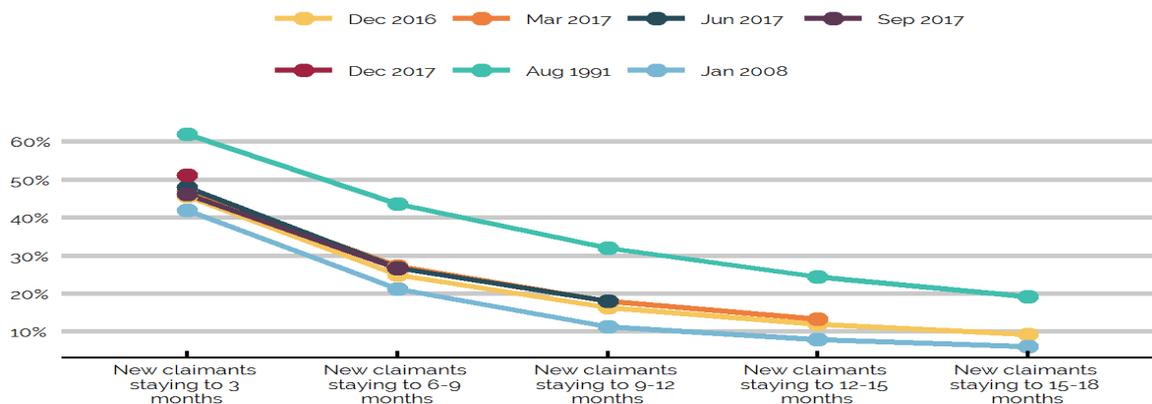
figure since April 2012. The April 2009 recession peak in this indicator was 57.9%.



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

The proportion of starters becoming 12-month claimants is now 13.2%. This has been rising fast and is now higher than the proportion of starters reaching nine months as recently as March 2016.

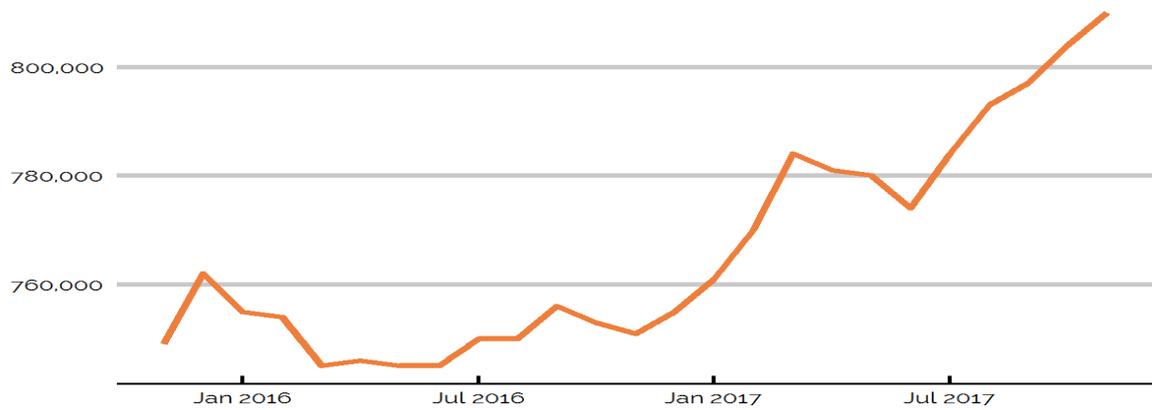
These figures are based on those in Chart 11, but show the patterns of the same people passing through successive quarterly thresholds.



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

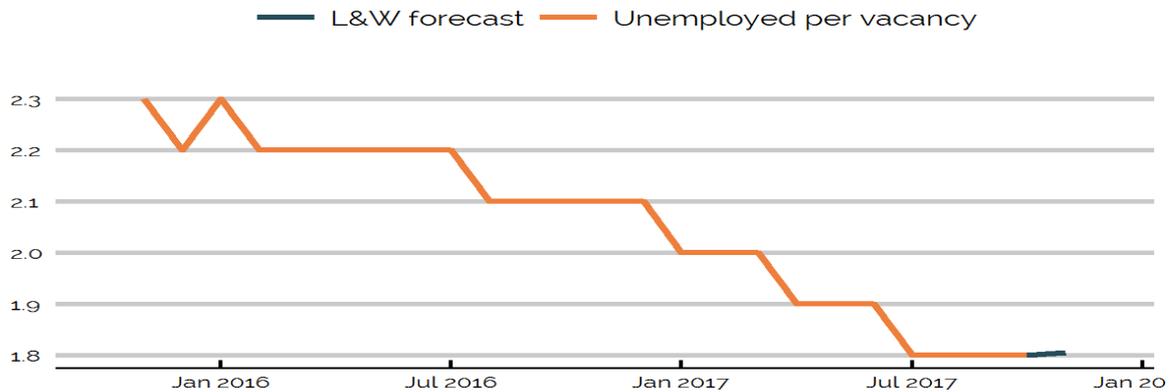
Vacancies (in the Office for National Statistics survey of the whole economy) rose this month, to 810,000. As the number of vacancies is quite volatile, and frequently revised,

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



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

There are 1.8 unemployed people per vacancy. Learning and Work Institute estimates this figure may rise slightly next month.



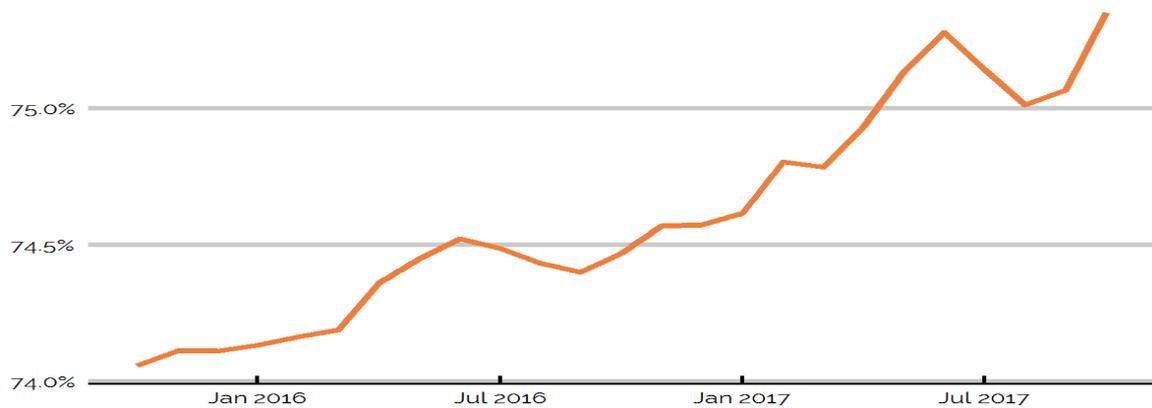
► **Chart 15: UK employment**

Employment rose by 127,000 on the figure published last month, to 32,207,000.



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

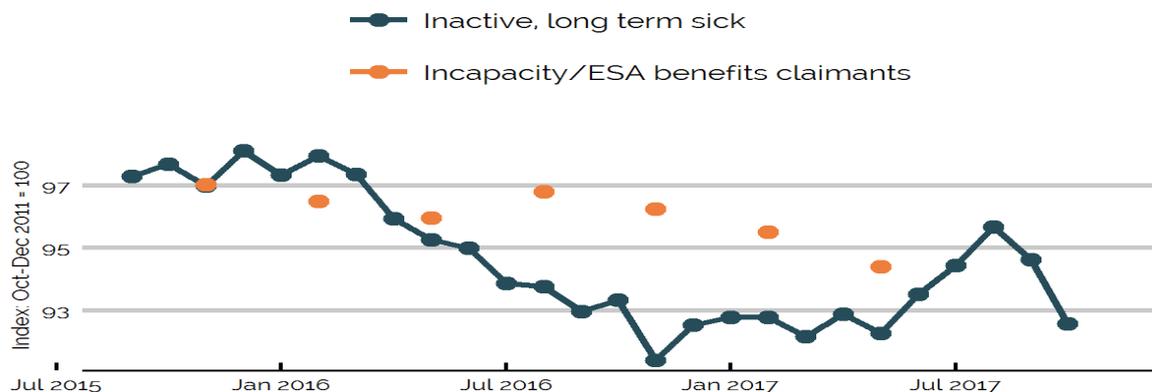
The employment rate rose by 0.2 percentage points over the quarter, to 75.3%.



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

The number of people inactive owing to long-term sickness fell sharply, as did the benefit figure. The benefit figures are (following DWP changes) delayed relative to survey figures.

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.



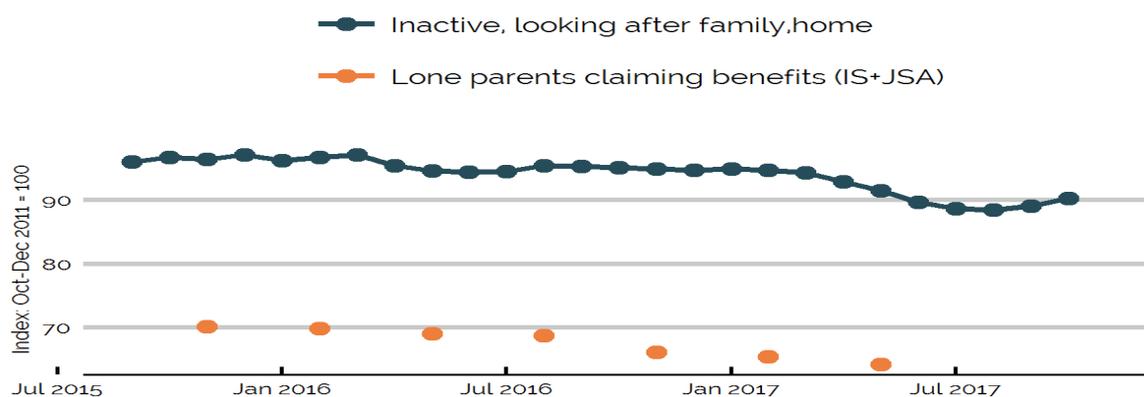
► **Chart 18: Claimants for inactive benefits and the economically inactive – lone parents**

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 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 – September to November 2017**

This quarter, 7 regions showed a rise in the employment rate, led by the East Midlands and the East of England. The employment rate fell in 5 regions, led by the West Midlands and London.



► **Chart 20: Unemployment rate quarterly change in regions – September to November 2017**

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



► **Chart 21: Inactivity rate quarterly change in regions – September to November 2017**

Overall, there was a 0.2 percentage point fall in the inactivity rate. 7 regions showed rises in inactivity, led by the West Midlands and the North East.



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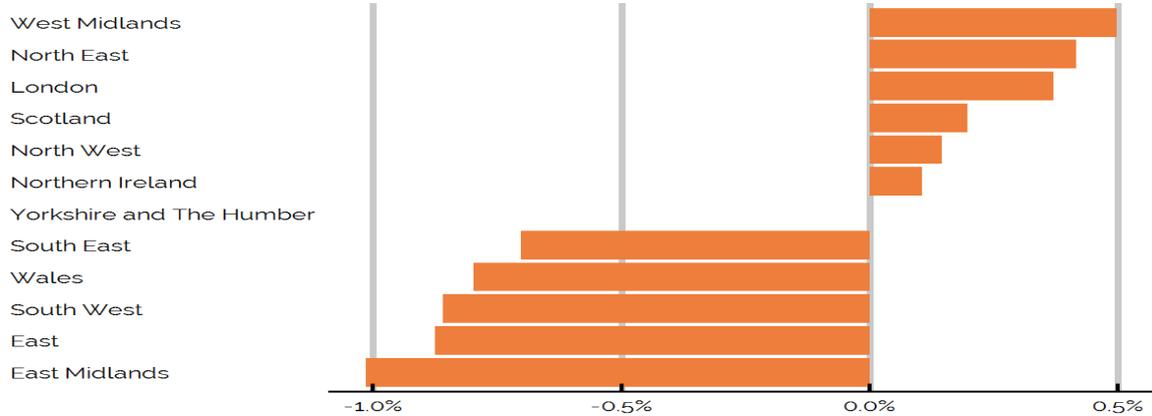
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