

Making learning and work count

Labour market LIVE from Learning and Work Institute 12 June 2018

- **Unemployment** is 1,416,000, is down by 9,000 from last month's published figure (quarterly headline has fallen by 38,000) and the **unemployment rate 4.2%, showed no change** on last month and **fell by 0.1 percentage points** on last quarter.
- The ONS figure for **claimant unemployed** is 886,200, **down by 7,700** 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 973,000, and **fell by 26,000** on the quarter, now representing 13.8% of the youth population (**decreased by 0.3 percentage points**).
- **Youth unemployment (including students)** is 520,000, and **fell by 17,000** on the quarter.
- There are **1.8 unemployed people per vacancy**. Learning and Work Institute estimates this figure may decline slightly next month.
- The **employment rate** is 75.6% , (**the same as** on last month's published figure and **has risen by 0.3 percentage points** in the preferred quarterly measure).

Learning and Work Institute comment

The labour market figures published on 12 June are another set of positive set of numbers with a strong rise in employment and falling unemployment and economic inactivity in the latest quarter. However, weak growth raises concerns about whether such positivity will be sustained.

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

'The increase in employment between February to April 2018 on the previous three months was again strong at 146,000. New workforce jobs numbers, which are only released every three months, also showed a substantial increase of 123,000 in the quarter to March 2018, consistent with above Labour Force Survey based numbers. Unemployment and economic inactivity amongst people of working age have fallen again. The employment rate has stayed at a record high, the unemployment rate is at its lowest level since 1975 and the working age inactivity rate remains at a record low. Vacancy levels also increased after falling in last month's figures and are at historically high levels.

Wage growth has slowed very slightly in today's figures from 2.9% annual growth in last month's figures to 2.8% today. However, one should not place much significance on such a small change in wage growth. Real wage growth continues to be positive at 0.4% a year.

Today's numbers for the labour market stand in contrast with data for economic output released yesterday. The National Institute for Economic and Social Research estimates that the UK economy grew by only 0.2% in the three months to May 2018 compared to the previous three months. In April, manufacturing output fell by 1.4%, the largest monthly fall in output since October 2012, while in the first quarter of this year construction output fell by 2.7%, the largest quarterly fall since the second quarter of 2012. Economic growth has been weak for some time now. The concern must be that at some point this economic weakness leads to a fall in employment and a rise in unemployment. '

Paul Bivand, Learning and Work AD for Statistics and Analysis said: "Our chart of the claimant count is showing that, on our seasonally adjusted figures, claimant count is continuing to rise, while the ONS estimate is showing a small fall. However, in absolute numbers, our figure is the lowest of the three (counting the unadjusted figure as the third). Our estimate of the claimant count is 3,200 lower than the ONS version, but rose 4,400 this month. Last month, the ONS version rose 28,200, while the L&W estimate was up 16,300. The L&W series is thus smoother. The aim of seasonal adjustment is to identify genuine change-points as opposed to normal seasonal patterns."

Employment increased by 146,000 between November 2017 to January 2018 and February to April 2018. In the last 12 months employment is up by 440,000.

Unemployment has fallen by 38,000 between November 2017 to January 2018 and February to April 2018. and the unemployment rate reduced by 0.1 percentage points to 4.2% in the quarter the lowest level since 1975.

Economic inactivity is down by 72,000 between November 2017 to January 2018 and February to April 2018. and the inactivity rate reduced by 0.2 percentage points to 21% in the quarter.

The ONS national claimant count has fallen by 7,700, while the L&W estimate rose 4,400. These take account of normal seasonal effects but adjusted figures are not published for local areas. The actual number of claimants, nationally, has fallen by 22,300 in the month to May. 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') has risen. At 14.8%, it is still well below the level in early 2015 of 18.1%. Jobseeker's Allowance off-flow rates for JSA claimants fell, except for those with shortest durations.

Youth unemployment is showing a quarterly fall. There are still 520,000 unemployed young people, and 354,000 (5% of the youth population) who are

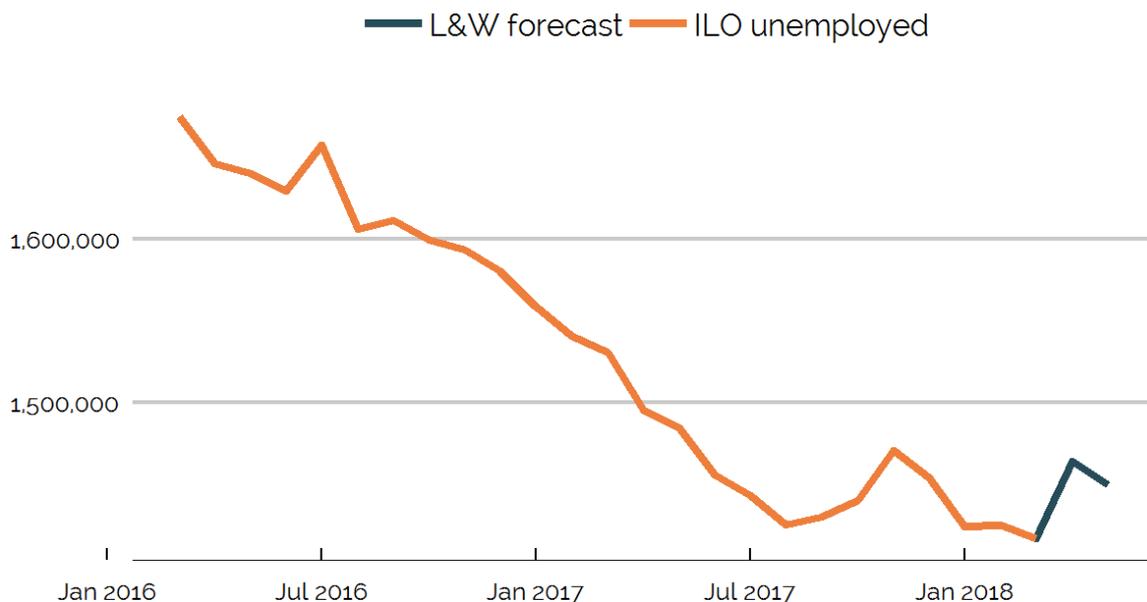
unemployed and not in full-time education.

The proportion of unemployed young people (not counting students) who are not claiming Jobseeker's Allowance and therefore are not receiving official help with job search is now 51.5%.

A total of 48,000 were counted as in employment while on 'government employment and training programmes', where the Office for National Statistics continues to count programme participants as 'in employment' by default. This number has fallen by 22,000 this quarter. Self-employment is up by 34,000 this quarter. The number of employees is up by 150,000 in the quarter. Involuntary part-time employment rose by 13,000 this quarter to 1 million, 11.9% of all part-time workers. The proportion remains much higher than the 7.4% in 2004.

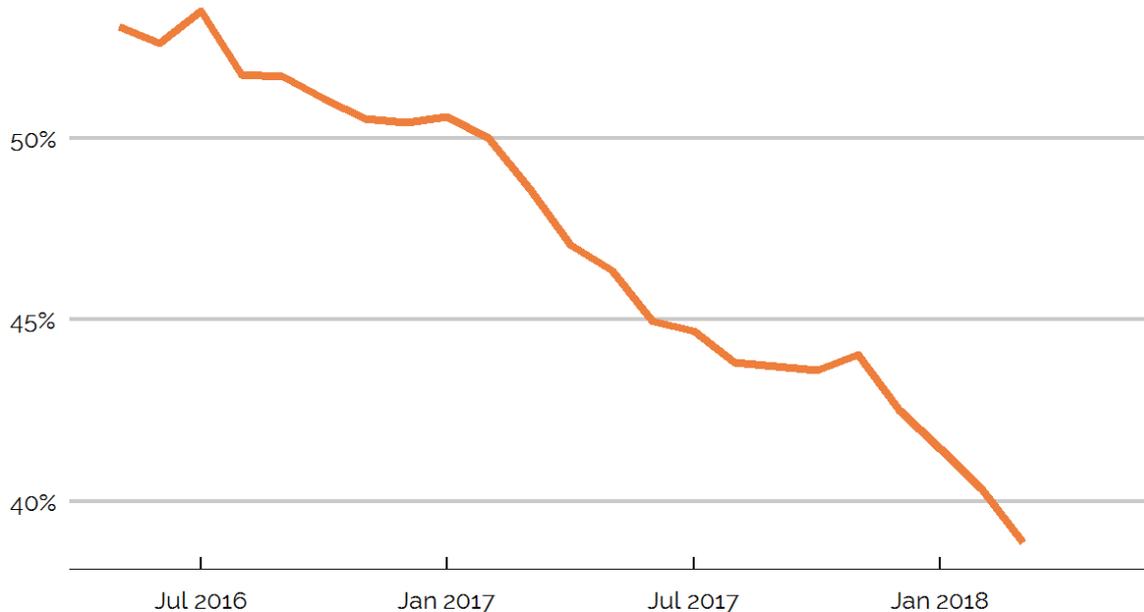
► Chart 1: UK unemployment (ILO)

The latest unemployment figure is 1,416,000. It has down by 9,000 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 was unchanged on last month at 4.2%.



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

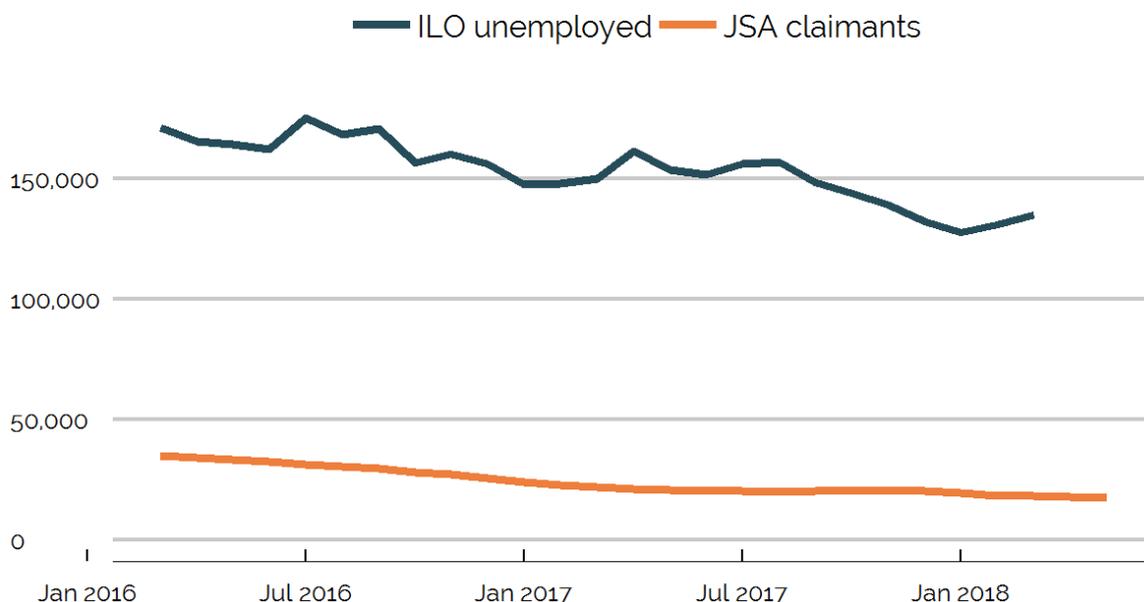
As unemployment has fallen while the claimant count has been rising, the proportion of unemployed people not claiming benefits has fallen to 38.9%; (550,000).



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

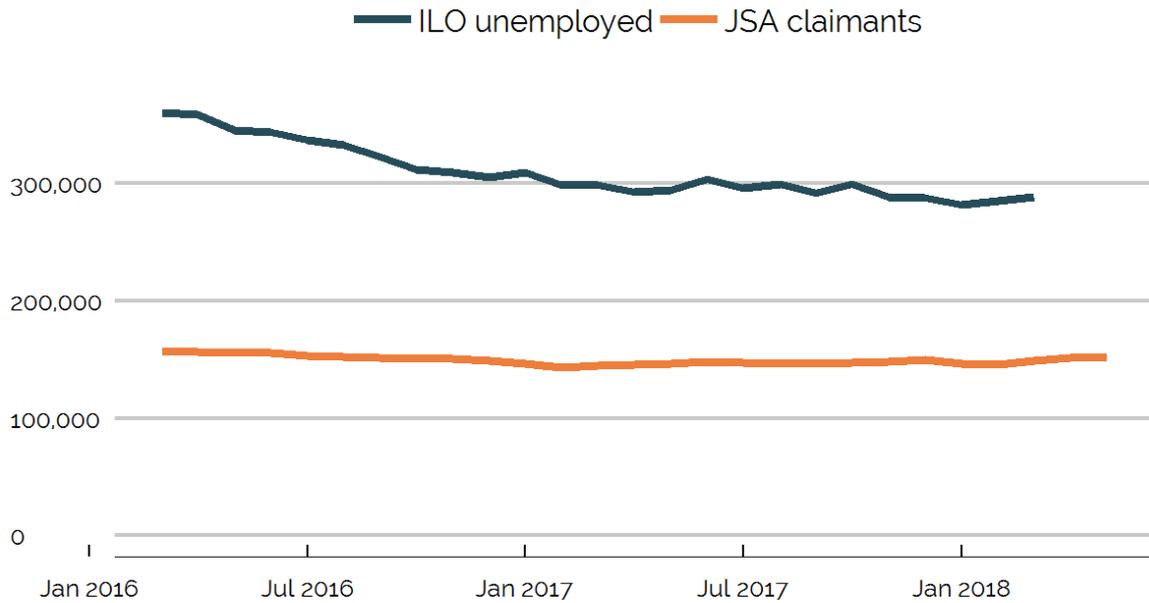
Youth long-term unemployment (which can include students) has risen by 4,000 from last month's figure and is now 135,000.

The youth long-term Jobseeker's Allowance count (but not UC) remains far behind, at 17,700. The count fell by 500 this month.



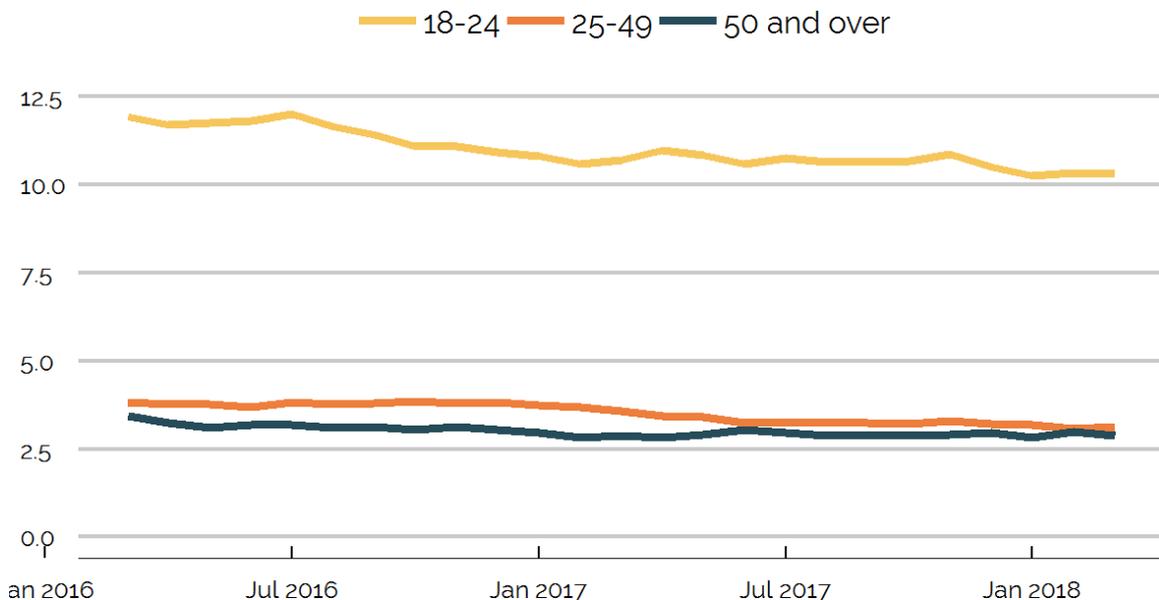
► **Chart 4: Adult long-term unemployment (12 months and over, 25+)**

Adult long-term unemployment on the survey measure is now 288,000. The Jobseeker's Allowance measure is 152,000.



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

The 18 to 24 year old unemployment rate (including students) is 10.3% 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 2.9%. The quarterly change is down 0.2 for 18 to 24 year olds, down 0.1 for 25 to 49 year olds, and down 0.1 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

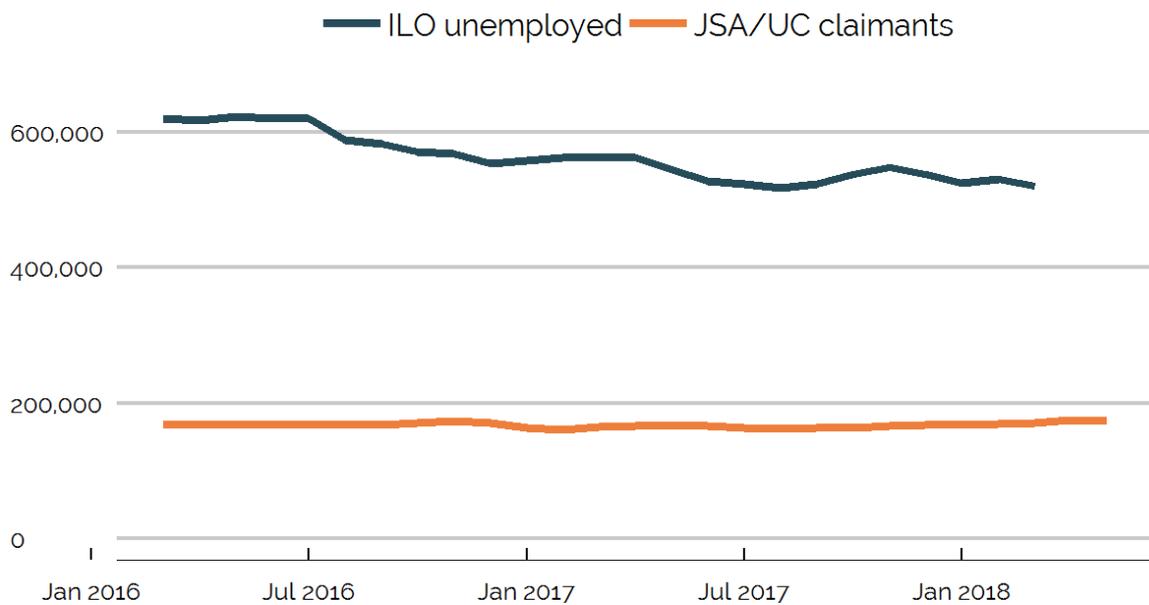
(973,000) has fallen in the past quarter by 26,000 , or 2.6%. The fall was almost all among the inactive, with the number of unemployed young people not in full-time education or training falling only slightly.



► **Chart 7: Youth unemployment**

The number of unemployed young people has fallen by 11,000 since last month's figures, to 520,000.

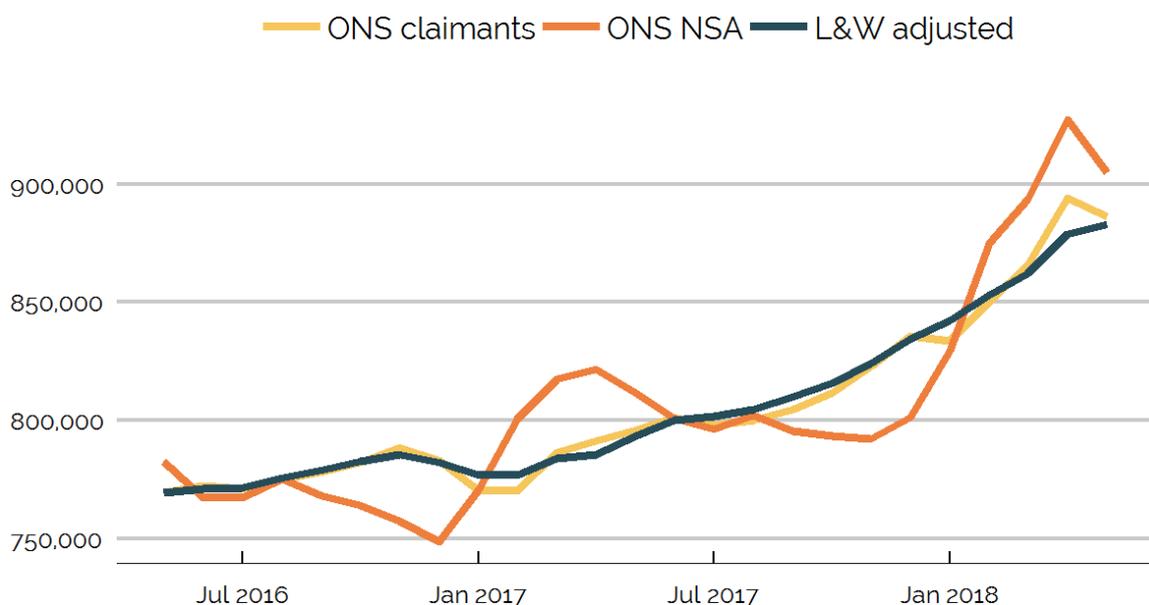
Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants fell last month by 545, to 174,543. There are 182,000 unemployed young people who are not in education, and do not claim Jobseeker's Allowance, 51.5% of all unemployed young people who are not students.



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

The ONS headline Jobseeker's Allowance and Universal Credit claimant count has fallen by 7,690 in May, taking the total to 886,216. ONS' claimant count before seasonal adjustment fell by 22,263 to 904,989. This change is directly comparable to the local level claimant count changes published today.

In contrast, Learning & Work Institute's seasonally adjusted estimate rose by 4,436 to 883,001



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

The number of new Jobseeker's Allowance claims fell by 800 this month, to 72,600. Meanwhile the number of leavers rose, by 1,200, to 77,000.



► **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 risen to 14.8%, but remains at a low level.



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

These measures show a rise in staying on JSA, or a decrease in off-flow rates, for claimants at all lengths of unemployment, except the shortest term.

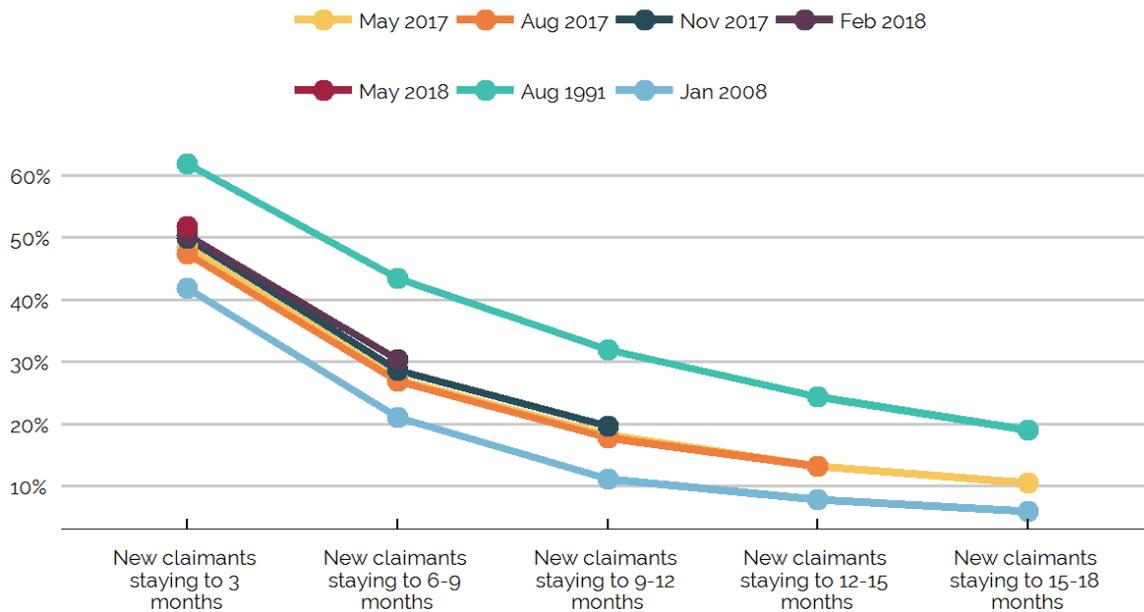
The proportion staying beyond three months is 51.7%.



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

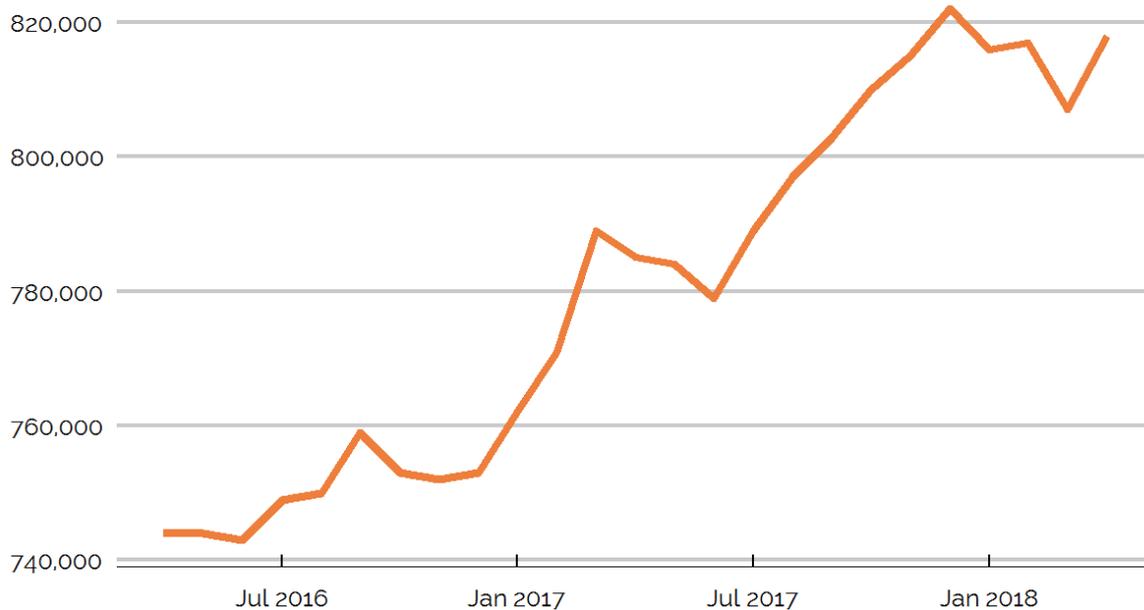
The proportion of starters becoming 12-month claimants is now 13.3%. This is likely to rise over the next few months as the proportion of starters becoming 9-month claimants has risen by 1.9 percentage points over the last three months. These figures are historically high, for JSA claimants.

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



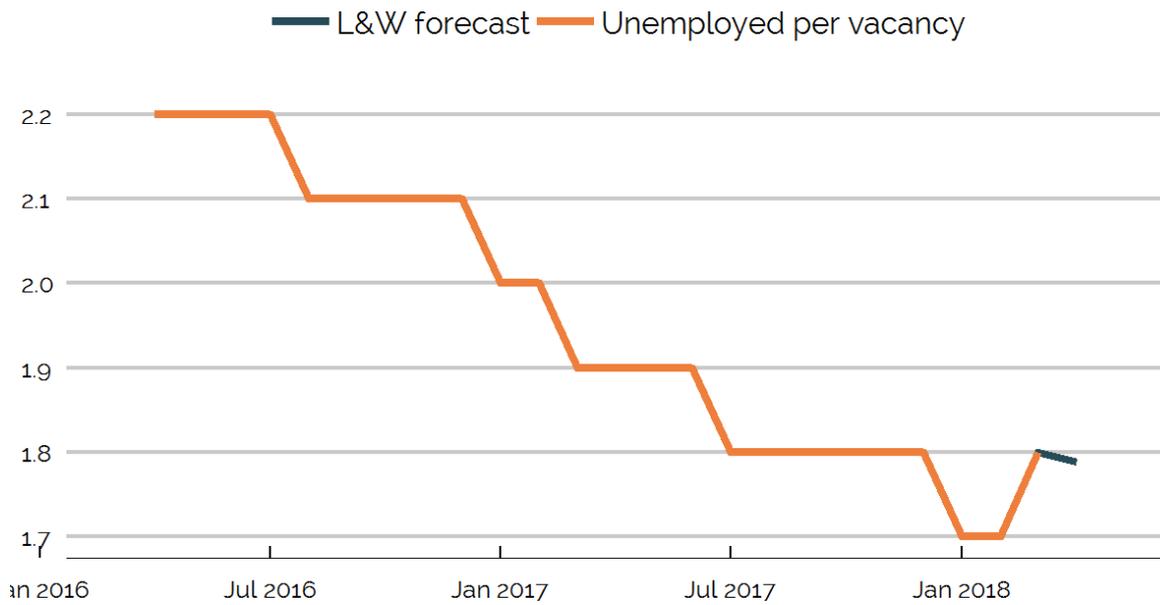
► **Chart 13: Vacancies – whole economy survey**

Vacancies (in the Office for National Statistics survey of the whole economy) rose slightly this month, to 818,000. As the number of vacancies is quite volatile, and frequently revised, the Office for National Statistics uses a three-month average.



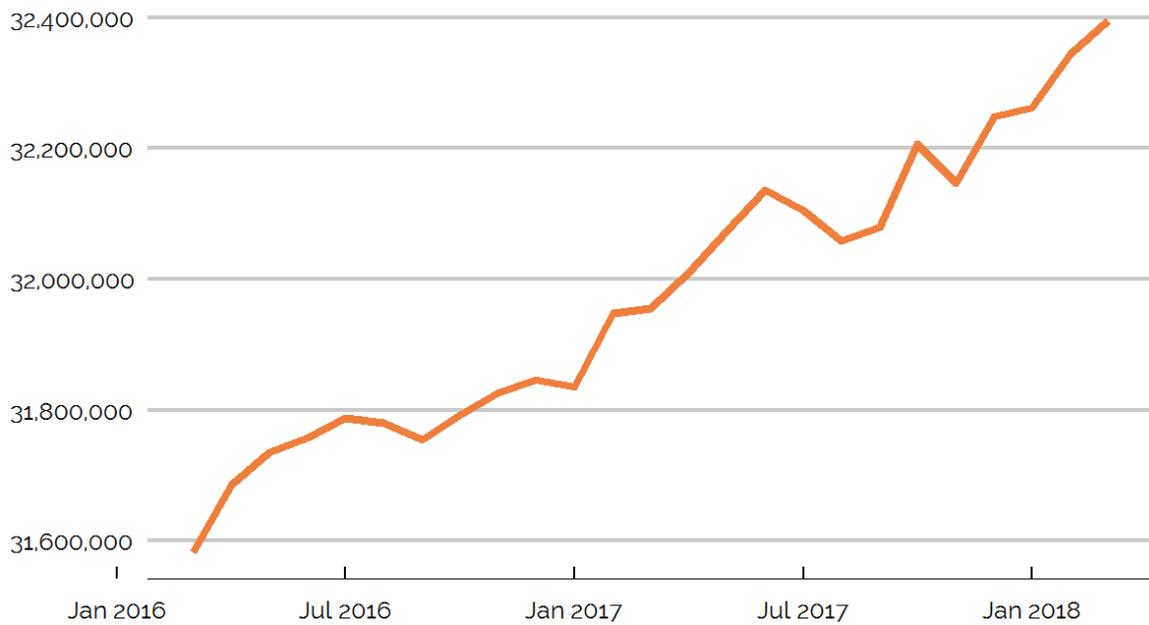
► **Chart 14: Unemployed people per vacancy**

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



► **Chart 15: UK employment**

Employment increased by 50,000 on the figure published last month, to 32,394,000.



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

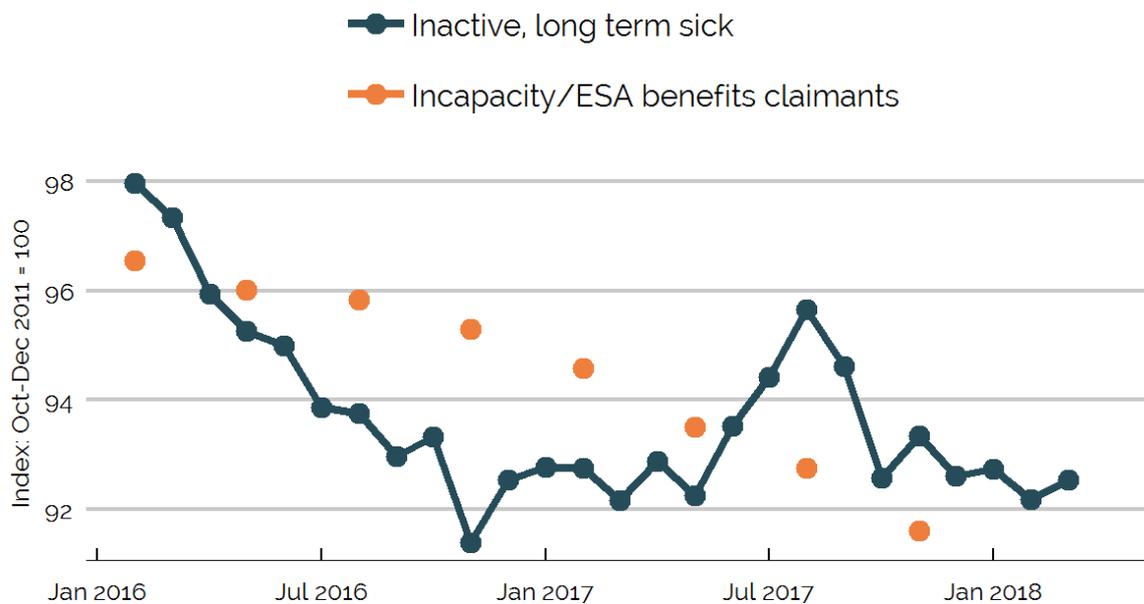
The employment rate is up by 0.3 percentage points over the quarter, to 75.6%, but the rise this month is within rounding limits, so is published at the same level as last month.



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

The number of people inactive owing to long-term sickness is broadly flat, while the latest benefit figure shows a fall.

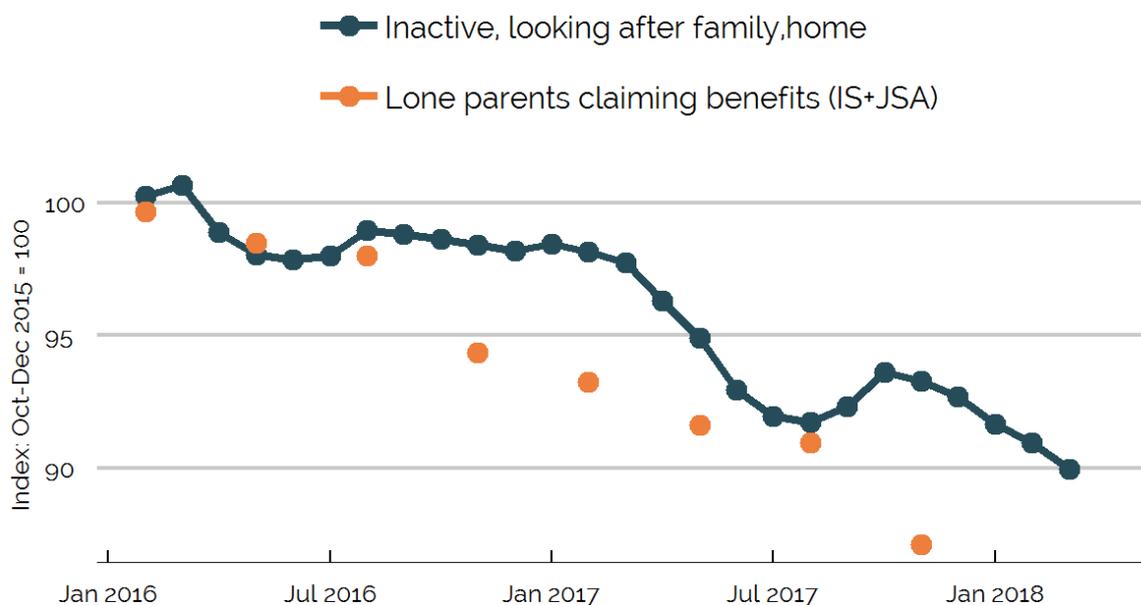
This chart shows claimants of Employment and Support Allowance, and Incapacity Benefit (the orange dots), compared with survey figures for the economically inactive owing to long-term sickness.



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

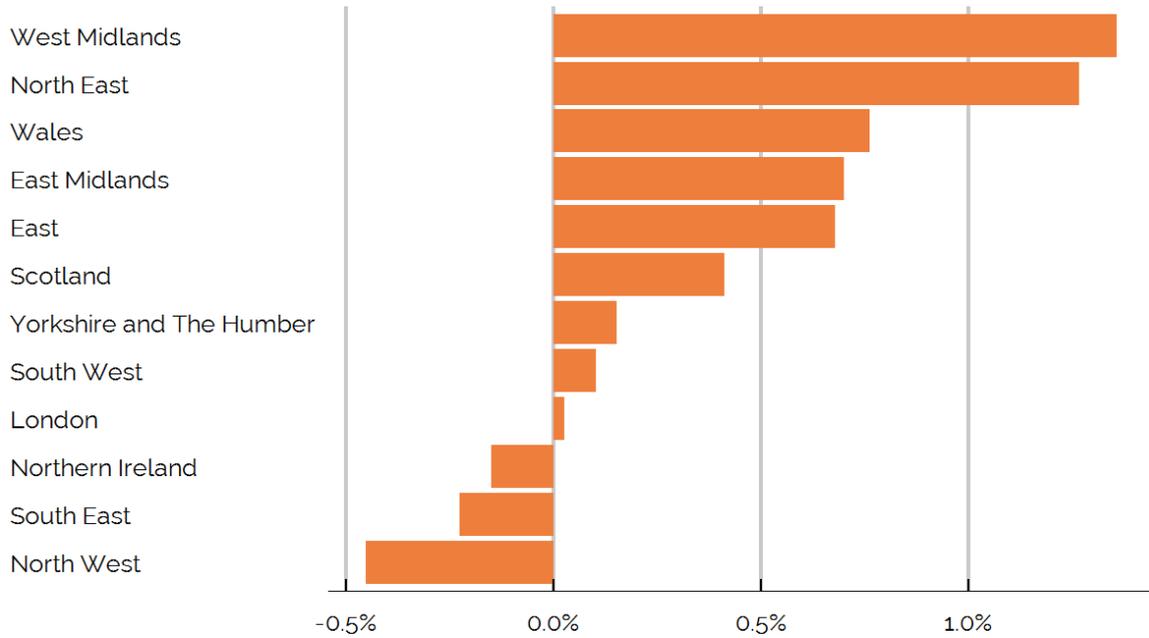
The survey figures (showing those looking after family) fell while benefit measures fell more sharply as lone parents with very young children increasingly have to claim Universal Credit, which is not in these figures.

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).



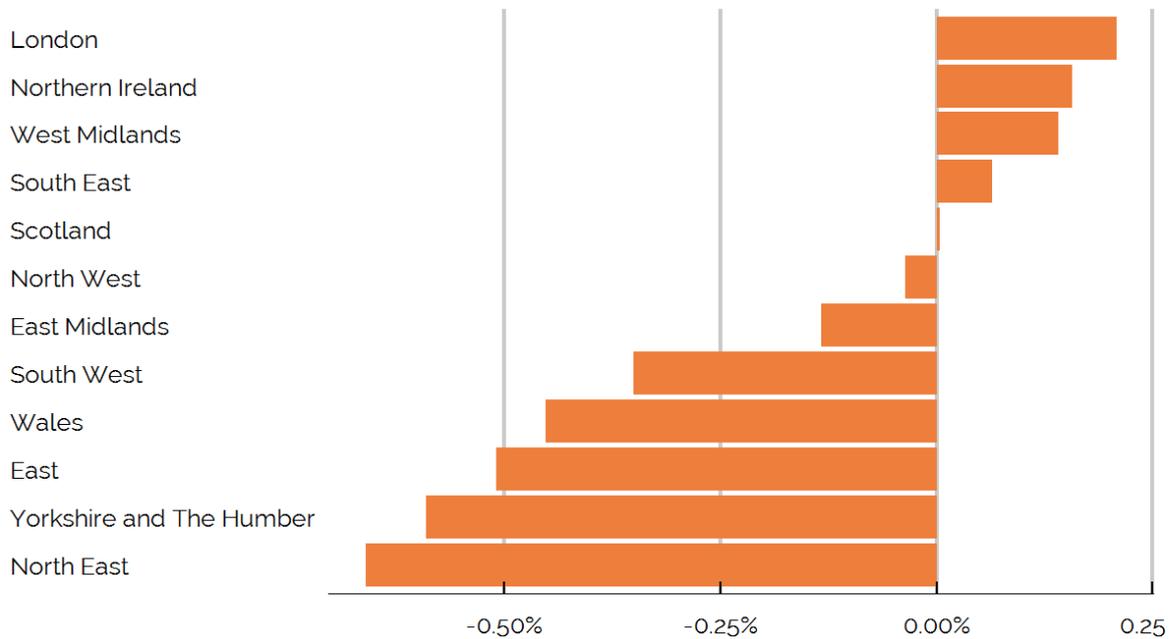
► **Chart 19: Employment rate quarterly change in regions – February to April 2018**

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



► **Chart 20: Unemployment rate quarterly change in regions – February to April 2018**

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



► **Chart 21: Inactivity rate quarterly change in regions – February to April 2018**

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

