

Making learning and work count

Labour market LIVE from Learning and Work Institute 17 April 2018

- **Unemployment** is 1,423,000, reduced by 30,000 from last month's published figure (quarterly headline has fallen by 16,000) and the **unemployment rate** is 4.2%, **down** 0.1 percentage points on last month and **down** 0.1 percentage points on last quarter.
- The ONS figure for **claimant unemployed** is 855,300, **up** 11,600 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 1,005,000, **up** 19,000 on the quarter, representing 14.2% of the youth population (**up** 0.3 percentage points).
- **Youth unemployment (including students)** is 525,000, **down** 13,000 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 75.4% (**up** 0.1 percentage points on last month's published figure and **up** 0.1 percentage points in the preferred quarterly measure).

Learning and Work Institute comment

The labour market figures published on 17 April present a mildly positive view of the UK labour market with a small rise in employment, small fall in unemployment, and stable levels of economic inactivity in the latest quarter.

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

'Overall, today's numbers point to modest continued progress in the UK labour market. The increase in employment of 55,000 in the three months to December 2017 to February 2018, is a slowdown on the increase seen in last month's figures. Unemployment fell by 16,000 in the quarter and the numbers of people economically inactive remained stable. Vacancy levels remained high and stable at 815,000, and as anticipated last month real wages (after adjusting for inflation) rose for the first time after 11 months of declines. With the employment rate at a record high and the unemployment rate lower than any time since early 1975, we should not be concerned about the modest nature of the changes in employment and unemployment seen in today's figures.'

Of some concern is that, despite the tight labour market, not all can find the type of work they would like: the percentage of people in temporary jobs because they cannot find a permanent one was unchanged this month, but has been on a rising trend in recent months. At the same time, the percentage of people working part-time because they cannot find a full-time job appears to have stopped falling. Finally, claimant unemployment appears to be on an upward (and rising) trend. Movements in the claimant count have often been a leading indicator of developments in the labour market more generally, so these numbers could indicate some future softening of the labour market in the next few months.'

Paul Bivand, Learning and Work AD for Statistics and Analysis said: "In this briefing we have revised our chart on the claimant count for unemployed benefit claimants. In addition to the seasonally adjusted count published by the Office for National Statistics, we are publishing the ONS's number before seasonal adjustment and our own seasonally adjusted figure. We have added our own estimates (using the European standard SEATS method) because the roll-out of Universal Credit (where there are different seasonal patterns from Jobseeker's Allowance) means that there is a case for changing the seasonal factors each month. This means revising older figures each month, something that ONS would be unlikely to do.

We brought this change in this month because the ending of new claims to Universal Credit Live Service (which took effect in January this year) and the extremely bad weather at the end of February might introduce further turbulence in the claimant count. In the event, the poor weather has not changed our estimated trends, although it remains possible that the delay in recording starts that is part of Universal Credit Full Service may produce further rises due to this in next month's figures."

Employment rose by 55,000 between September to November 2017 and December 2017 to February 2018. In the last 12 months employment has grown by 427,000.

Unemployment fell by 16,000 between September to November 2017 and December 2017 to February 2018. and the unemployment rate dropped 0.1 percentage points to 4.2% in the quarter the lowest level since 1975.

Economic inactivity fell by 2,000 between September to November 2017 and December 2017 to February 2018. and the inactivity rate stayed at 21.2% in the quarter, a joint record low.

The rise in the national 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 16,089 in the month to March, compared to the ONS adjusted rise of 11,616. L&W's own seasonally adjusted estimate rose less, by 7,911. L&W's estimates are currently more effective at smoothing out normal seasonal changes than the ONS estimates. It should not be surprising that figures for local areas will show rises compared to the national picture.

The proportion of people leaving the claimant count (or the 'leavers rate') has risen. At 14.4%, it is now well below the level in early 2015 of 18.2%. The number of JSA new claims has fallen. Jobseeker's Allowance off-flow rates fell again.

Youth unemployment is showing a quarterly fall. There are still 525,000 unemployed young people, and 351,000 (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 and therefore are not receiving official help with job search is now 52.3%.

A total of 60,000 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 fell 18,000 this quarter. Self-employment fell 18,000 this quarter. Employee numbers rose 103,000 in the quarter. Involuntary part-time employment rose this quarter by 8,000 to 1 million, 12.0% of all part-time workers. The proportion remains much higher than the 7.4% in 2004.

► **Chart 1: UK unemployment (ILO)**

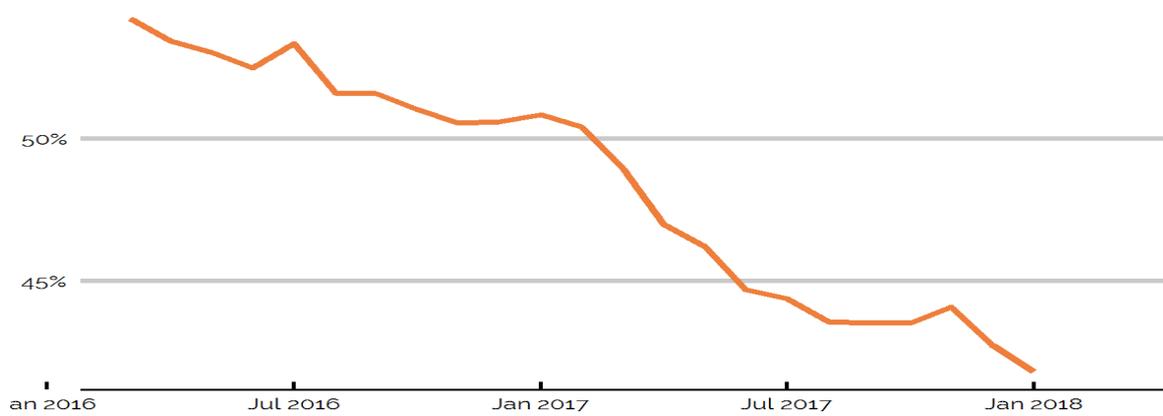
The latest unemployment figure is 1,423,000. It has fallen by 30,000 from the figure published last month. On the basis of later claimant count figures, Learning and Work Institute estimates that unemployment may rise, although this remains highly uncertain. The unemployment rate fell by 0.1 percentage points to 4.2%.



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

The proportion of unemployed people not claiming Jobseeker's Allowance has fallen to

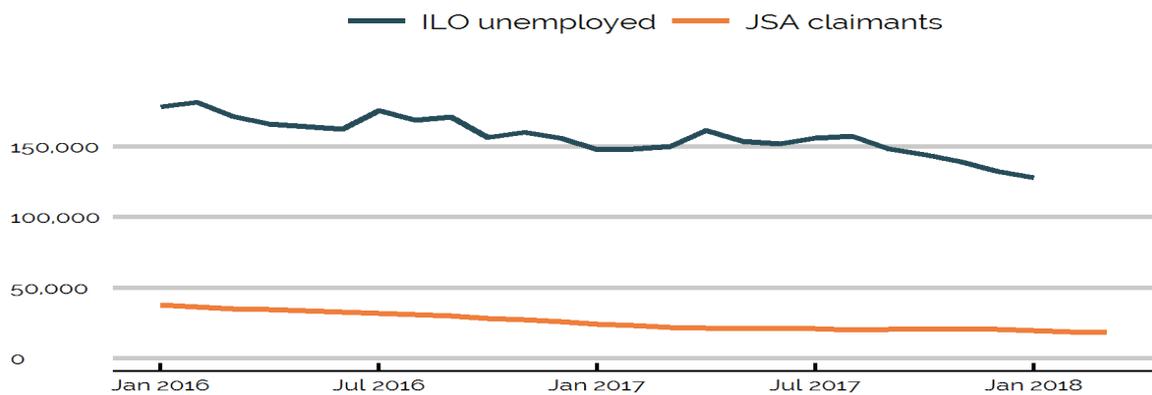
41.8%; (595,000).



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

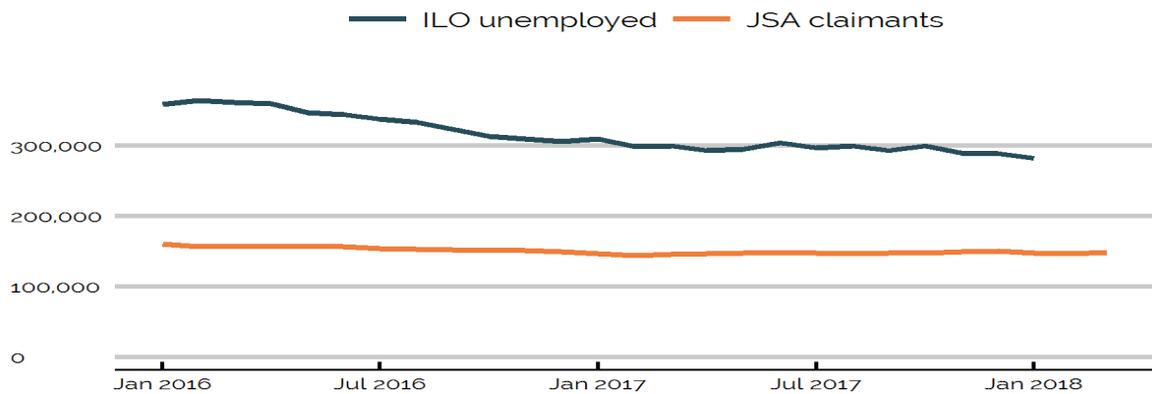
Youth long-term unemployment (which can include students) has fallen by 5,000 from last month's figure and is now 127,000.

The youth long-term Jobseeker's Allowance count (but not UC) remains far behind, at 18,100. The count fell by 500 this month.



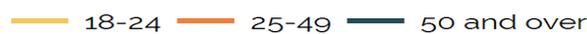
► **Chart 4: Adult long-term unemployment (12 months and over, 25+)**

Adult long-term unemployment on the survey measure is now 282,000. The Jobseeker's Allowance measure is 148,200.



► **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 3.2%. For those aged 50 and over it is 2.8%. The quarterly change is down 0.4 for 18 to 24 year olds, no change 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 (1,005,000) has risen in the past quarter by 19,000, or 1.9%. The rise was entirely among the inactive, with the number of unemployed young people not in full-time education or training falling.



► **Chart 7: Youth unemployment**

The number of unemployed young people has fallen by 13,000 since last month's figures, to 525,000.

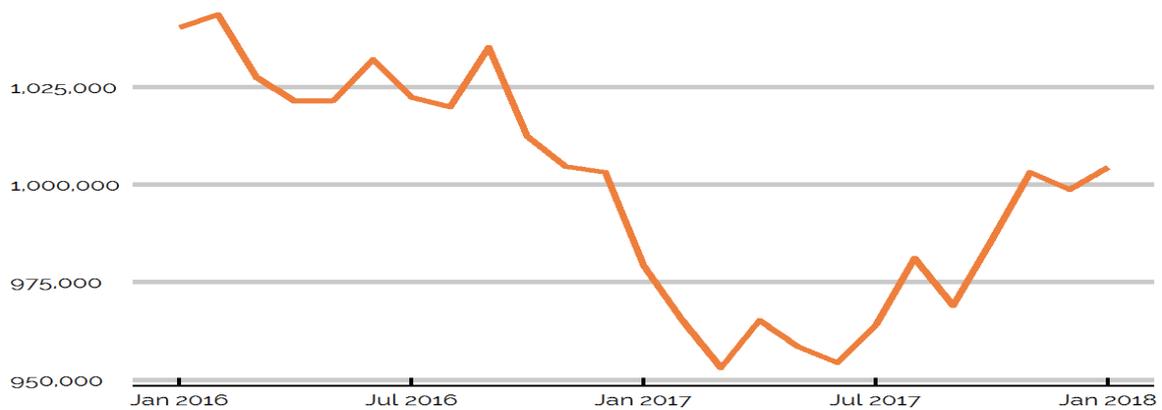
Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants rose last month by 701, to 168,491. There are 184,000 unemployed young people who are not in education, and do not claim Jobseeker's Allowance, 52.3% of all unemployed young people who are not students.



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

The ONS headline Jobseeker's Allowance and Universal Credit claimant count is up by 11,616 in March, taking the total to 855,268. ONS' claimant count before seasonal adjustment rose by 16,089 to 890,618. This change is directly comparable to the local level claimant count changes published today.

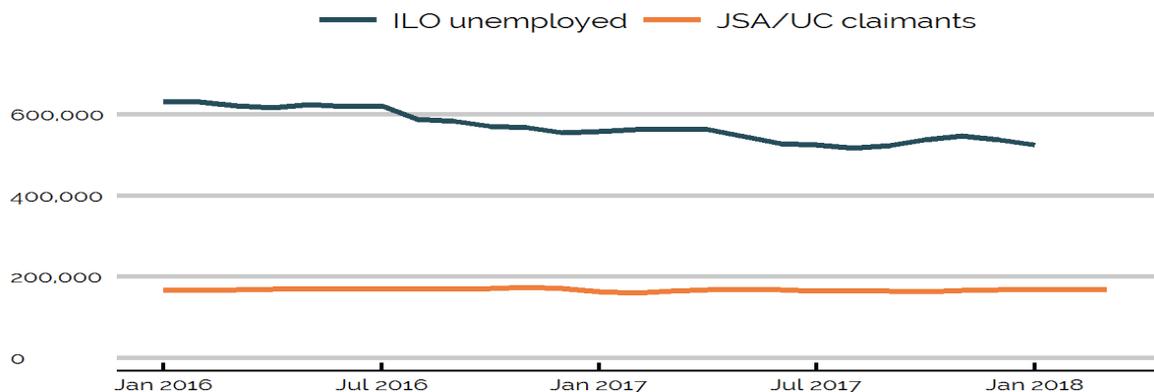
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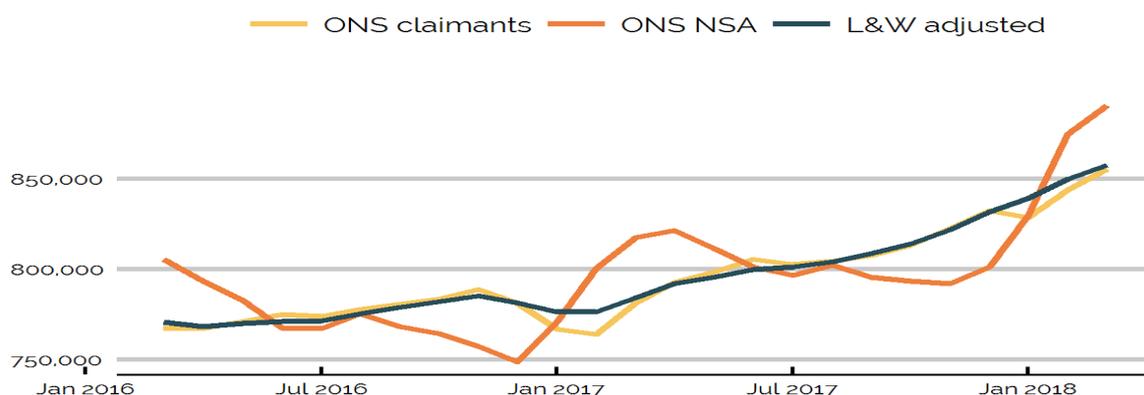
Learning & Work's seasonally adjusted estimate is up by 7,911 to 857,615.



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

The number of new Jobseeker's Allowance claims fell by 2,800 this month, to 75,800.

Learning & Work's seasonally adjusted estimate is up by 7,911 to 857,615.



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

The number of new Jobseeker's Allowance claims fell by 2,800 this month, to 75,800. Meanwhile the number of leavers also fell, by 500, to 74,700.



▶ **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 14.4% after several months of falls.



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

These measures show fall in off-flow rates for claimants at all lengths of unemployment. The proportion staying beyond three months has risen to 53.1%.



▶ **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 is likely to flatten over the next few months as the proportion of starters becoming 9-month claimants has fallen by 0.1 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) fell slightly

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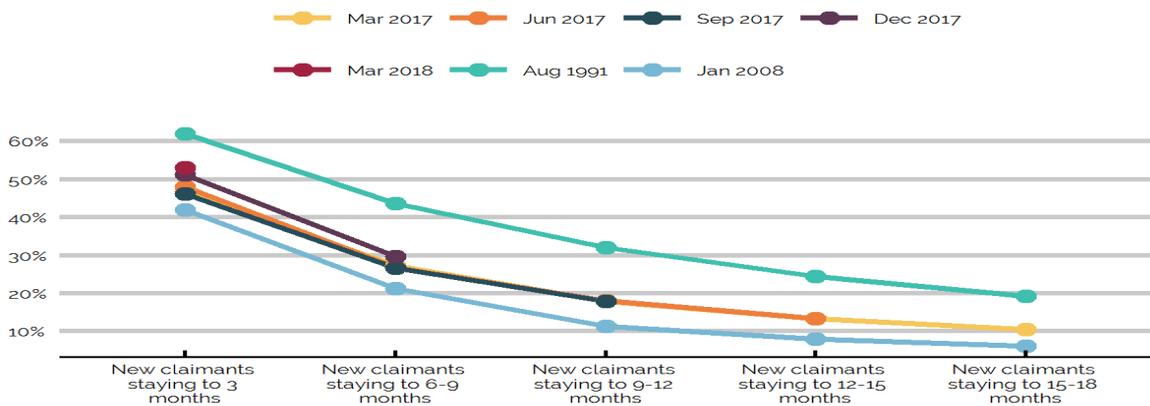
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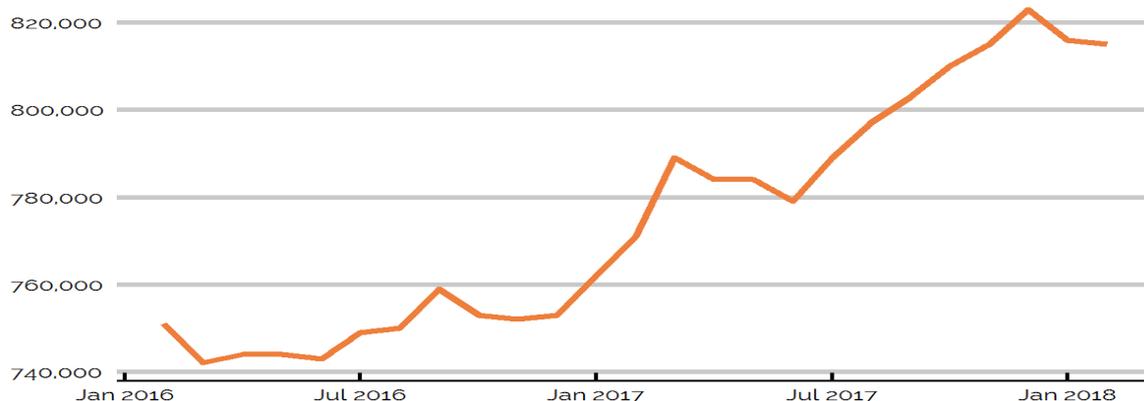
► **Chart 13: Vacancies – whole economy survey**

Vacancies (in the Office for National Statistics survey of the whole economy) fell slightly this month, to 815,000. 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**

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► **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, if unemployment rises following the claimant count.

— L&W forecast — Unemployed per vacancy

► **Chart 15: UK employment**

Employment rose by 14,000 on the figure published last month, to 32,262,000.



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

The working age employment rate rose by 0.1 percentage points over the quarter, to 75.4%, a new record high.



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

The number of people inactive owing to long-term sickness remained stable, while benefit figures are now significantly less timely.

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.

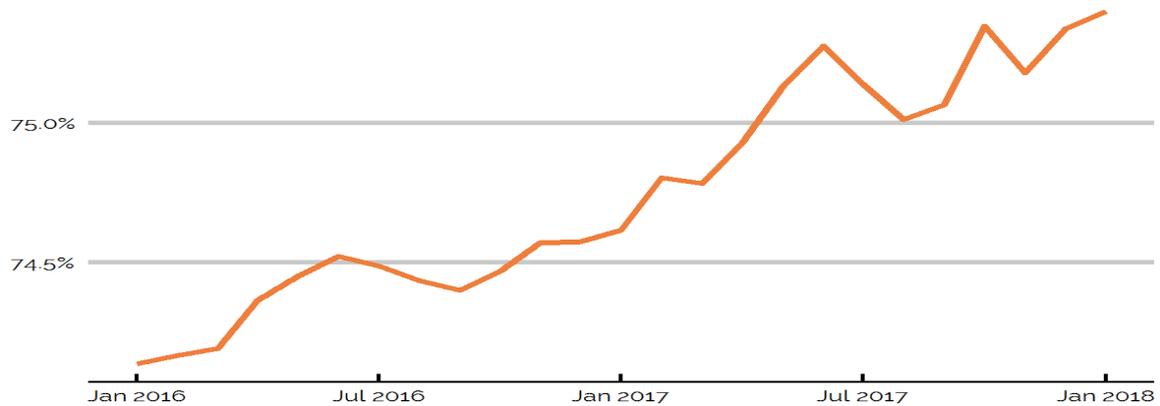
— Inactive, long term sick

► **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 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

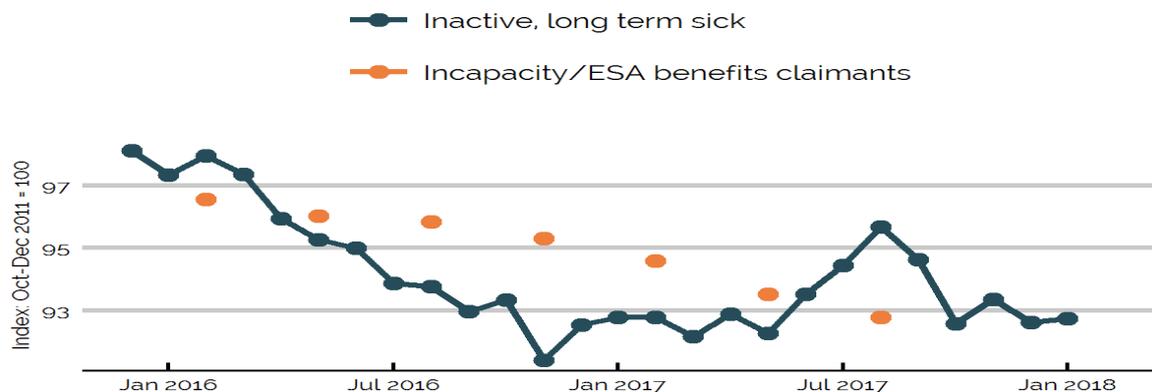
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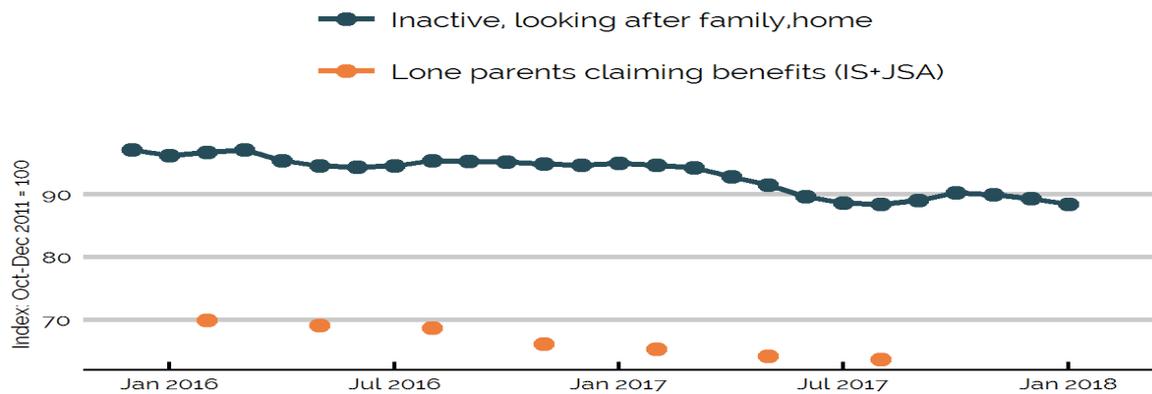
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This chart shows claimants of Income Support as lone parents, plus lone parents claiming Jobseeker's Allowance (the orange dots) and survey figures for all those who are economically inactive looking after family (including couple families).

—●— Inactive, looking after family,home

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► **Chart 19: Employment rate quarterly change in regions – December 2017 to February 2018**

This quarter, 8 regions showed a rise in the employment rate, led by the North East and London. The employment rate fell in 4 regions, led by the South East, East and North



► **Chart 20: Unemployment rate quarterly change in regions – December 2017 to February 2018**

6 regions showed an improvement in the unemployment rate this quarter. 6 showed a worsening. The rises were led by the South East and Yorkshire and the Humber.



► **Chart 21: Inactivity rate quarterly change in regions – December 2017 to February 2018**

Overall, there was no change in the inactivity rate. 4 regions showed rises in inactivity, led by the South East and the East of England.



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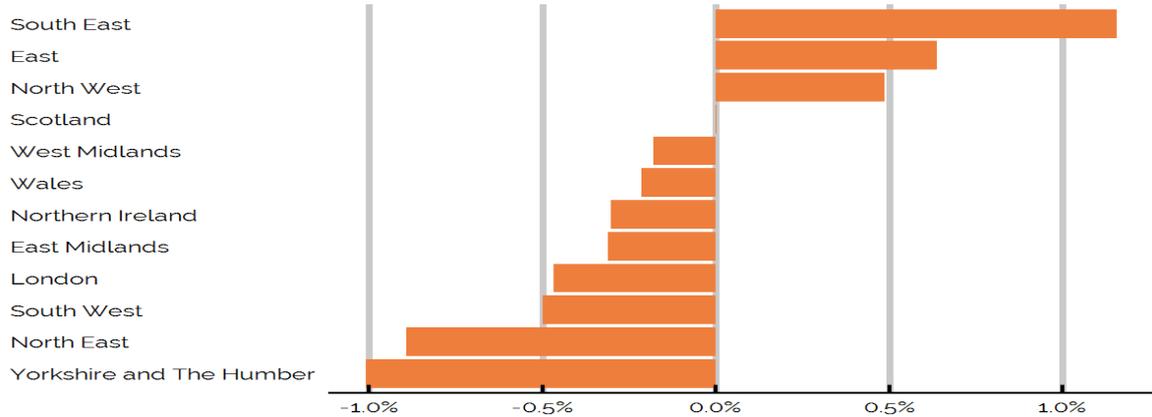


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Registration No. 2803322 Registered Charity No. 1002775
Registered office: 21 De Montfort Street, Leicester, LE1 7GE



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