

UNEMPLOYMENT

This article shows levels and trends of unemployment in Herefordshire. The Office for National Statistics (ONS) supplies data on numbers and rates¹ of unemployment, the age of those who are unemployed and duration of their unemployment. The following is a summary of the key information as of **January 2010**. All figures are unadjusted for seasonal variation unless otherwise stated.

Key findings

- The claimant count (Jobseekers Allowance) for Herefordshire saw a considerable increase between December and January 2010. In January 2010 the count was 3,028, an 11% increase on December and 19% higher than in January 2009 (2,550). Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 101%.
 - The seasonally adjusted claimant count also saw an increase in January 2010, increasing to 2,791 from 2,764 in December.
 - In January the on-flow (new claimants) increased, whilst the off-flow (claimants leaving benefit) decreased, resulting in an increase in stock (claimant count).
 - The unemployment rate in January 2010 was 2.9%, an increase from 2.5% in January 2009 and from 2.6% in December 2009. This rate remains low compared to the West Midlands region (5.6%) and England as a whole (4.3%).
 - The unemployment rate for the 18-24s² saw a considerable increase in January 2010, increasing to 6.8% from 5.8% in December. It also remained high compared to 3.0% for the 25-49s and 1.7% for the over 50s.
 - Below county level the wards with a consistently high unemployment rate are mostly in Hereford City (Belmont, Central, St. Martins and Hinton and St. Nicholas) but also all wards in Leominster and Ross-on-Wye (two wards in each).
 - The greatest proportion of claimants by usual occupation are those in the 'elementary trades, plant and storage related occupations'³ and the 'sales occupations' accounting for 18% and 16% of all claimants respectively.
 - In January the ratio of claimants to vacancies was 7.7, low compared to January 2009 (9.3), but similar to that for the West Midlands (7.9) and England as a whole (7.1).
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¹ Unemployment as measured by Claimant Count i.e. those claiming Jobseekers Allowance at Employment Service local offices. Rates are the number of claimants as a % of the working age population resident in that area (16-64 yr M/16-59 yr F).

² When calculating the unemployment rate for the younger age group, claimants of 16-17 are excluded as many aren't eligible to claim and so the resulting low numbers of claimants skews the unemployment rate. 16-17 year olds only accounted for around 1% of claimants under 25.

³ 'Elementary trades, plant and storage related occupations' include; elementary trades within agriculture and construction e.g. woodworking and building labourers; elementary process plant occupations e.g. foundry workers and packers; and elementary goods storage occupations.

Measuring unemployment: claimant counts and International Labour Organisation (ILO) methodology

As noted previously the data presented here is the claimant count produced by the Office for National Statistics (ONS), which measures the number of people claiming Jobseekers Allowance (JSA). Nationally there has been some controversy over the use of this measure as opposed to the International Labour Organisation (ILO) measure of unemployment, which is based on data from the Labour Force Survey/Annual Population Survey. The ILO methodology measures unemployment as anyone of working age who is economically active (i.e. available for work) who reports themselves as being unemployed. This measure typically captures more unemployed people than the claimant count because there are some who aren't eligible to claim JSA and others who may simply choose not to register for JSA, for a number of reasons. There is concern that during the current recession, this gap has widened as proportionally more people are choosing not to claim and that therefore the claimant count is not accurately indicating what is happening in the labour market.

One example of groups who are not captured effectively by the claimant count are 16-17 year olds who have a low level of eligibility for JSA, but are counted in the ILO definition. Higher skilled professionals have been suggested as another group who may be unlikely to register for JSA, as this group is more likely to have a secondary income e.g. from financial investments. In addition there may be a perception amongst this group that the service will not meet their needs in terms of seeking further employment. This group is likely to be experiencing greater unemployment than in previous recessions. The article (link) below discusses these issues in relation to past recessions. The Department for Work and Pensions is also carrying out research to look into this issue during the current recession.

http://www.statistics.gov.uk/articles/labour_market_trends/Rev_unemployment_CC_comparisons.pdf

Unfortunately the data available at local authority level based on the ILO definition (available through the Annual Population Survey) is less timely than data from the claimant count. In addition the ILO methodology uses survey data which is modelled at local authority level and so is less accurate and provides no breakdown below local authority level either by area or for age/duration etc. For these reasons the claimant count is used for Herefordshire.

Claimant numbers and rates

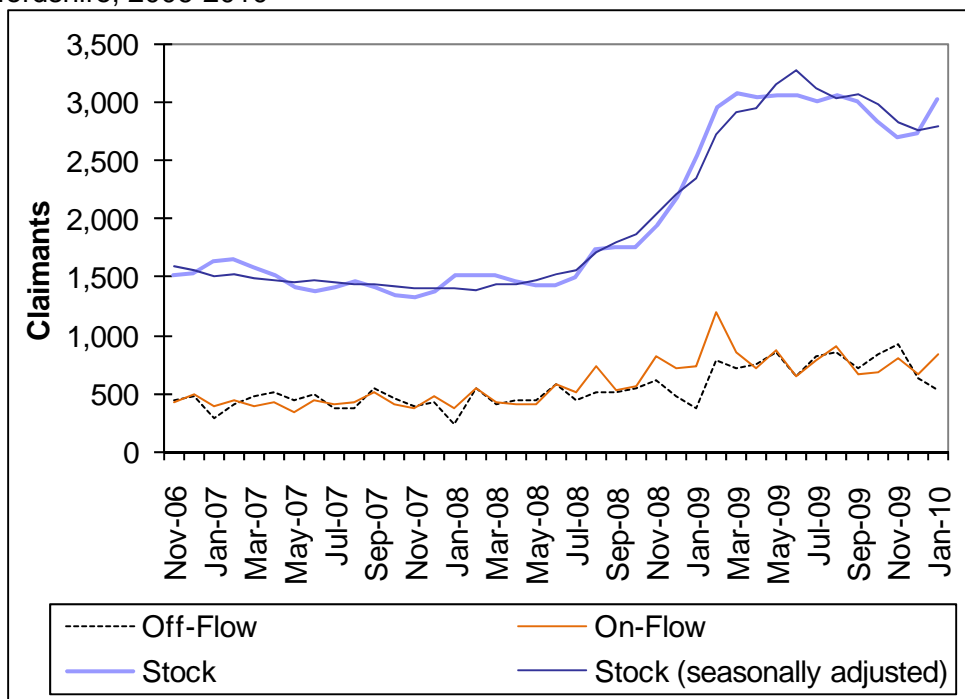
The claimant count (Jobseekers Allowance) for Herefordshire saw an increase between December 2009 and January 2010. In January 2010 the count was 3,028, an 11% increase on December and 19% higher than in January 2009 (2,550). By comparison the West Midlands increased by 4% and England as a whole increased by 5% between December and January. Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 101%.

The claimant count (stock) can also be adjusted to remove any effect of seasonal variation in unemployment (chart 1). For example in January we would normally expect unemployment levels to be on average above that for the rest of the year. The seasonally adjusted figure takes this into account by adjusting the count for January downwards. Since July 2009 the seasonally adjusted claimant count has shown a

continual decrease. However, January 2010 showed a small increase reversing this trend.

The on-flow (new claimants) in January was 831, an increase from 658 in December and greater than that seen in January 2009 (733). The off-flow (claimants leaving benefit) decreased in January to 527 from 624 in December, but was higher than January 2009 (375). This divergence of the on-flow and off-flow resulted in a net increase in claimant stock (+304) in January.

Chart 1. Claimant on-flow, off-flow and stock (count) seasonally adjusted for Herefordshire, 2006-2010



Source – ONS crown copyright

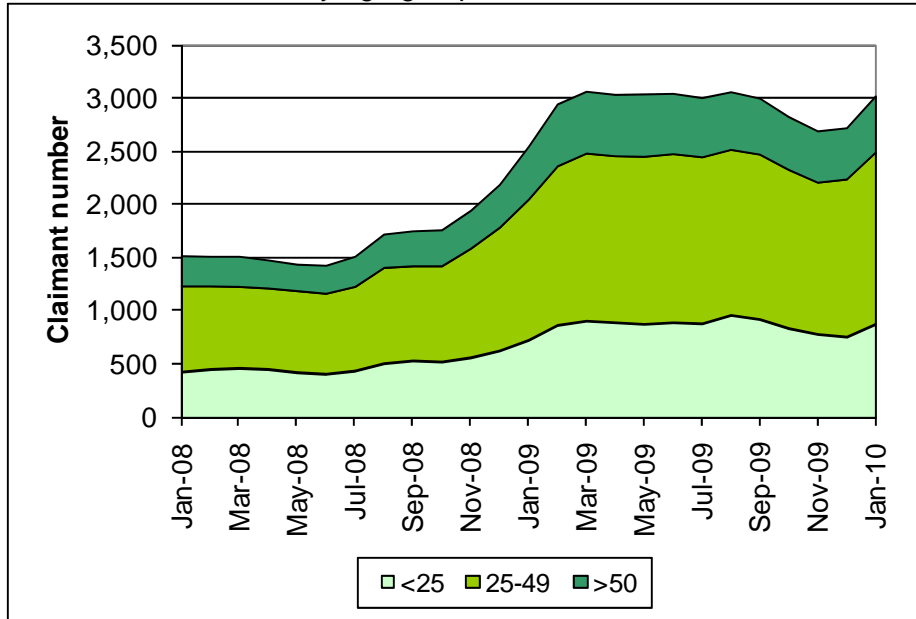
The number of claimants in Herefordshire has been high since July 2008. This is evident when comparing figures year-on-year. In January 2010 the claimant count was up 19% on January 2009, lower than that for the West Midlands (25%) and England as a whole (29%). This increase was also lower than for any other West Midlands authority.

The unemployment rate in January 2010 was 2.9%, an increase from 2.5% in January 2009 and from 2.6% in December 2009. This rate remains low compared to the West Midlands region (5.6%) and England as a whole (4.3%).

Age and duration

Claimants between 25 and 49 years of age accounted for the greatest proportion of claimants, 53% (1,620 claimants). Those under 25 accounted for 29% and the over 50s 18%. All three age groups increased in January 2010 the under 25s by the greatest proportion; over 50s (+9%); the 25-49s (+9%); and the under 25s (+16%) (chart 2 next page).

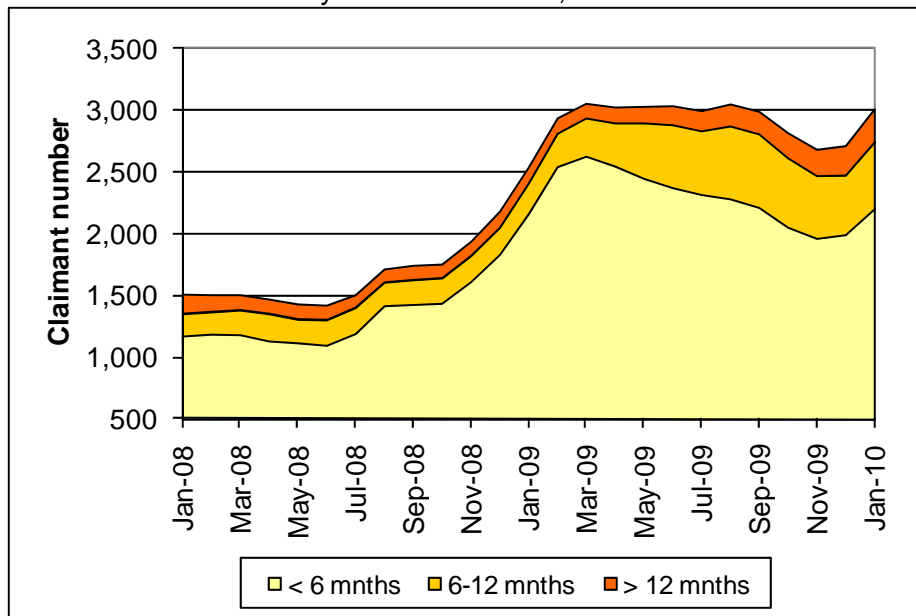
Chart 2. Number of claimants by age group of claimant, 2008-2010



Source – ONS crown copyright

Looking at the age specific unemployment rates, the 18-24s⁴ had the highest rate in January 2010 (6.8%) (up from 5.8% in December), compared to 3.0% for the 25-49s and 1.7% for the over 50s.

Chart 3. Number of claimants by duration of claim, 2008-2010



Source – ONS crown copyright

Looking at the duration of claimants, the initial increase in the proportion of short term claimants (less than 6 months) between July 2008 and March 2009 has now reversed as some of those claimants become medium and long term claimants (6-12 months and over 12 months) (chart 3). Since September 2009 the number claiming

⁴ When calculating the unemployment rate for the younger age group claimants of 16-17 are excluded as many aren't eligible to claim and so the resulting low numbers of claimants skews the unemployment rate. 16-17 year olds only accounted for around 1% of claimants under 25.

between 6 and 12 months had been decreasing. Longer term claimants (over 12 months) have seen continual increases since March 2009. All three groups increased by around 12% between December and January 2010.

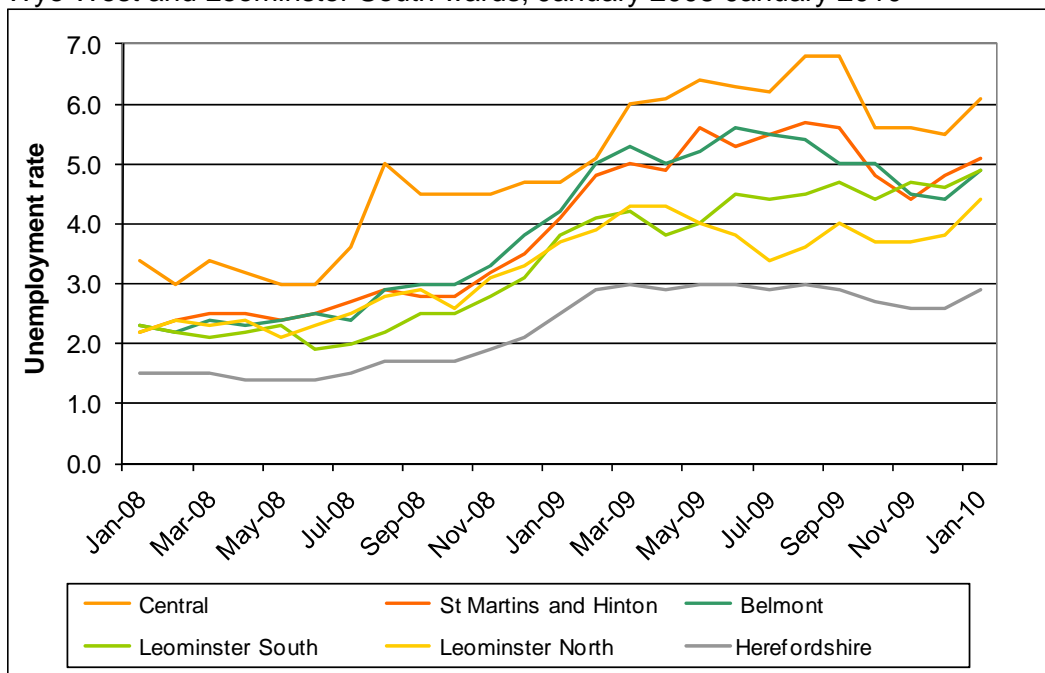
Below county level

Below county level the wards with a consistently high unemployment rate are mostly in Hereford City (Belmont, Central, St. Martins and Hinton and St. Nicholas) but also all wards in Leominster and Ross-on-Wye (two wards in each).

The wards with the highest unemployment rate in January 2010 were Central (6.1%), St Martins and Hinton (5.1%), Belmont (4.9%) and Leominster South (4.9%). As is the case for Herefordshire as a whole, the claimant rate for these five wards has in general stabilised since March, but seen a considerable increase between December and January (chart 4). Whilst in the past Ross-on-Wye East has experienced high unemployment, since the start of the downturn it has been similar to the county as a whole.

The greatest increases in the number of claimants since July 2008 were in St Martins and Hinton (178), Belmont (149) and Three Elms (104). Between December and January all three increased. Overall between December and January, 34 wards saw an increase, 1 saw no change and 5 decreased.

Chart 4. Unemployment rate for Central, Belmont, St. Martins and Hinton, Ross-on-Wye West and Leominster South wards, January 2008-January 2010



Source – ONS crown copyright

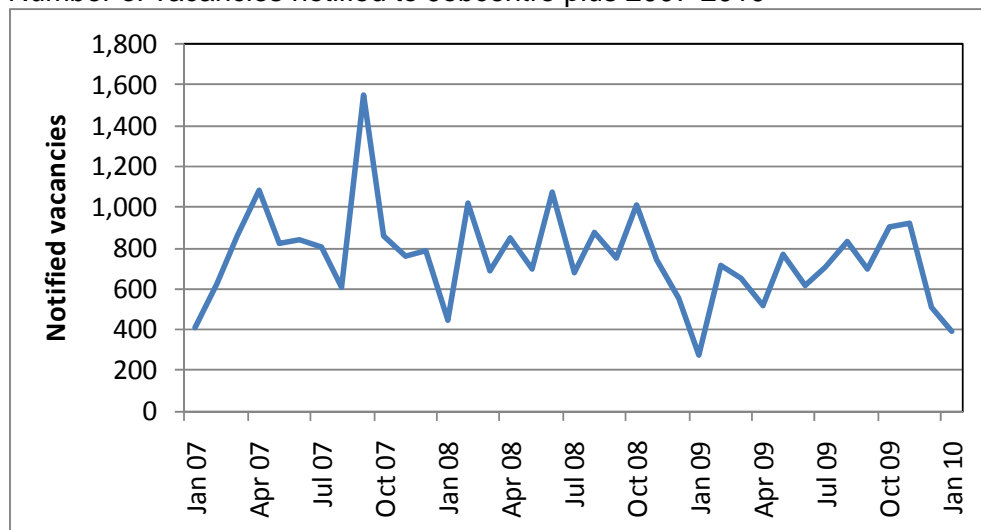
Occupation

When looking at the usual occupation of claimants, the greatest proportion are in the 'elementary trades, plant and storage related occupations'⁵ and the 'sales occupations' accounting for 18% and 16% of all claimants respectively. The 'sales occupations' saw an increase of 265 claimants since July 2008, whilst the 'elementary trades, plant and storage related occupations' increased by 235 claimants. Other groups that saw large increases in the number of claimants were 'elementary administration and service occupations' (170), 'transport and mobile machine drivers and operatives' (140), 'skilled construction and building trades' (120) and 'process, plant and machine operatives' (90).

Vacancies

The number of vacancies notified to Jobcentre Plus in January 2010 (394) was less than for December 2009 (513), but greater than January 2009 (275).

Number of vacancies notified to Jobcentre plus 2007-2010

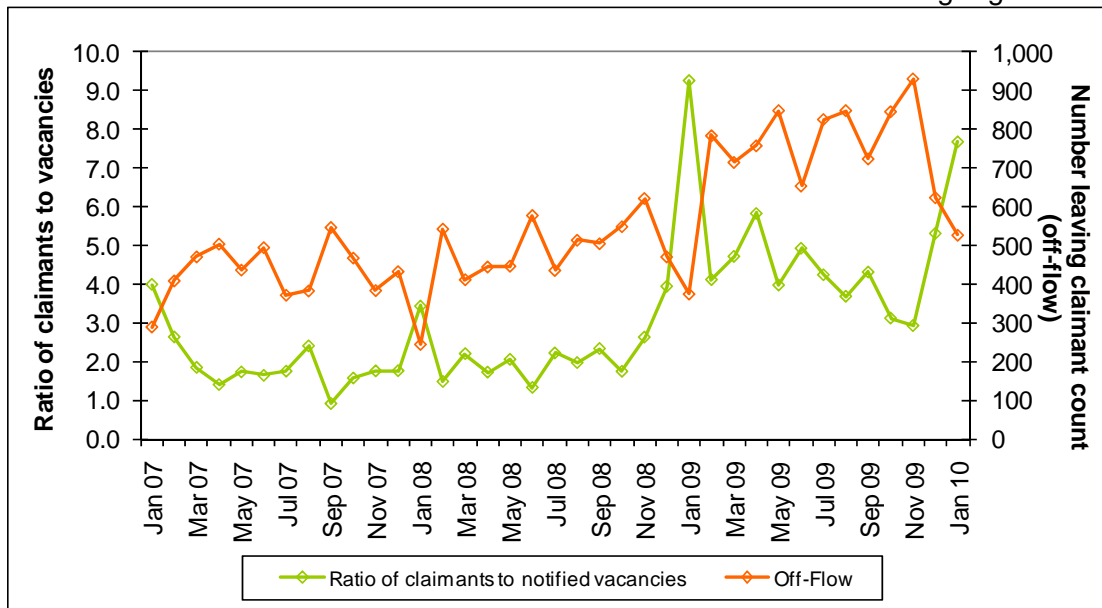


Source – ONS crown copyright

By looking at the ratio of claimants to vacancies we can see how likely claimants are to have found work in a given month. Chart 5 shows the ratio of claimants to vacancies alongside the off-flow of claimants. This clearly demonstrates that an increase in this ratio is closely mirrored by a decrease in the off-flow. In January the ratio of claimants to vacancies was 7.7 i.e. there were on average 7.7 claimants to every vacancy. This was lower than for January 2009 (9.3) and similar to that for the West Midlands (7.9) and England as a whole (7.1).

⁵ 'Elementary trades, plant and storage related occupations' include; elementary trades within agriculture and construction e.g. woodworking and building labourers; elementary process plant occupations e.g. foundry workers and packers; and elementary goods storage occupations.

Chart 5. Ratio of claimants to vacancies and number of claimants leaving register



Source – ONS crown copyright

When looking at occupation, the greatest proportion of notified vacancies in January 2010 were in the ‘caring personal service occupations’ (12%), ‘elementary administration and service occupations’ (11%), ‘sales occupations’ (11%) and ‘health and social welfare associate professionals’ (10%). It is worth noting that although Jobcentre is a service which can be used by any employer wishing to advertise, certain sectors and occupations for example higher end professional jobs, tend not to be advertised here.

The number of unfilled vacancies in January 2010 (289)⁶ was less than in January 2009 (331), with the greatest proportion being in the ‘caring and personal service occupations’ (21%), ‘elementary administration and service occupations’ (11%) ‘health and social welfare associate professionals’ (10%).

For further information on the data in this article, please contact the Research Team on 01432 260 893, or e-mail researchteam@herefordshire.gov.uk

⁶ Any differences between the total number of vacancies and those that are unfilled are due to the way in which they are counted. Total vacancies are taken to be the total number of vacancies notified to Jobcentre Plus between count dates, whereas unfilled vacancies are just a count of any live unfilled vacancy on the count date. Unfilled vacancies can be for any duration.