

## UNEMPLOYMENT

This article shows levels and trends of unemployment in Herefordshire. The Office for National Statistics (ONS) supplies data on numbers and rates<sup>1</sup> 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 2011**. All figures are unadjusted for seasonal variation unless otherwise stated.

### Key findings

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- The claimant count (numbers of Jobseekers Allowance claimants) for Herefordshire saw an increase between December 2010 and January 2011, not unusual at this time of year. In January 2011 the count was 2,650, a 15% increase on December 2010 (2,300), but a 12% decrease on January 2010 (3,028). Compared to January 2008 (1,517), before any increase associated with the downturn was seen, the claimant count was still up 75%.
  - An increase in unemployment is part of the normal seasonal variation seen at this time of year. However, even having seasonally adjusted the data there was still an increase in unemployment in January. The seasonally adjusted claimant count was 2,447 in January compared with 2,340 in December.
  - The unemployment rate in January was 2.4%, lower than the West Midlands region (4.7%) and England as a whole (3.6%).
  - The claimant rates for all three age groups saw an increase. The 18-24s saw the largest percentage point increase from 5.0% to 6.0%, whilst the rate for 25-49s increased from 2.3% to 2.6% and the over 50s from 1.4% to 1.6%.
  - Since July 2010 the number of short-term claimants (less than 6 months) has been increasing (+460 claimants, +28%), with most of this increase coming in the last month (+320, +18%). This has led to a reversal in the downward trend for medium (6-12 months) and long term (over 12 months) claimants.
  - Until January, the number of long-term claimants had seen considerable decreases in Herefordshire with the rate of off-flow being high between October and December 2010 and total numbers seeing a decrease since July 2010. However in January the total number of long term claimants increased and the off-flow rate decreased.
  - The wards with the highest unemployment rate in January 2011 were Ross-on-Wye West (4.6%), Belmont (4.4%), Leominster North (4.2%), Leominster South (4.2%), St Martin's and Hinton (4.2%) and Central (4.1%).
  - Overall between January 2010 and January 2011, 30 wards saw a decrease in the number unemployed, 4 saw no change and 6 increased. St Martins and Hinton and St Nicholas wards saw the biggest decreases (-45 and -49 respectively), whilst Ross-on-Wye West saw the biggest increase (+20).
  - In January 2011 the largest group of new claimants by usual occupation were 'sales assistants and retail cashiers' accounting for 18% of all new claimants.
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<sup>1</sup> 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).

## **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 discussion 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 was concern that during the 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 savings and 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](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**

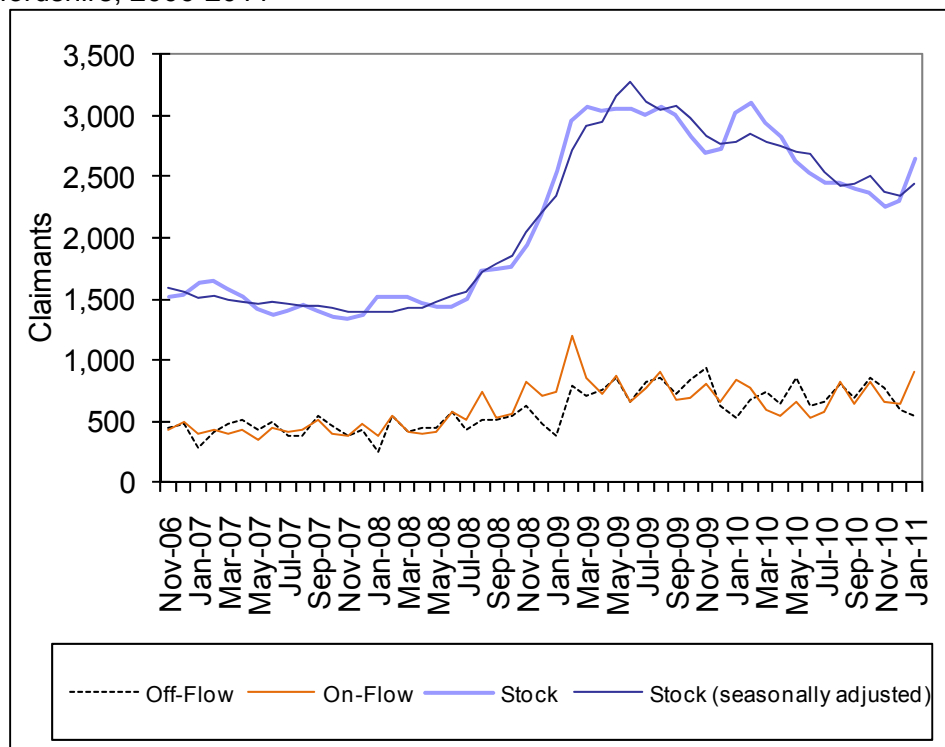
The claimant count (numbers of Jobseekers Allowance claimants) for Herefordshire saw an increase between December 2010 and January 2011, not unusual at this time of year. In January 2011 the count was 2,650, a 15% increase on December 2010 (2,300), but a 12% decrease on January 2010 (3,028). Compared to January 2008 (1,517), before any increase associated with the downturn was seen, the claimant count was still up 75%. The percentage increase in claimants seen in Herefordshire in January (+15%) was greater than in any other West Midlands authority and greater than for England as a whole (+5%).

The claimant count (stock) can also be adjusted to remove any effect of seasonal variation in unemployment (chart 1). In January we would normally expect unemployment levels to be on average above that for the rest of the year; there is

often an increase at this time of year following an increase in activity around Christmas. The seasonally adjusted figure takes this into account by adjusting the count for January downwards. Since June 2009 the seasonally adjusted claimant count has shown a general decrease with a few exceptions. Between December 2010 and January 2011 the seasonally adjusted figure saw another increase from 2,340 in December to 2,447 in January.

In January the on-flow (new claimants) saw a considerable increase (+261 claimants or +41%), whilst the off-flow (claimants leaving benefit) decreased (-42 claimants or -7%). This resulted in an increase in stock (claimant count).

Chart 1. Claimant on-flow, off-flow and stock (count) seasonally adjusted for Herefordshire, 2006-2011



Source – ONS crown copyright

The number of claimants in Herefordshire has been high since the sharp rise which started in July 2008, but is decreasing slowly. Between January 2010 and January 2011 there was a 12% reduction in the number of claimants in Herefordshire, a similar scale of reduction as in the West Midlands and across England as a whole (-12% and -11% respectively).

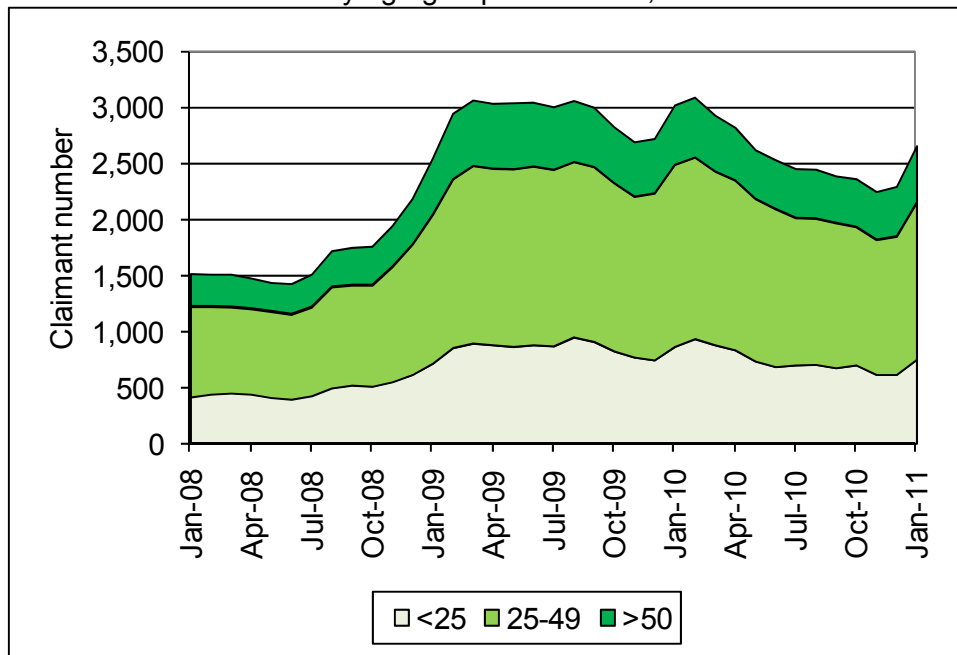
The unemployment rate in January was 2.4%, lower than the West Midlands region (4.7%) and England as a whole (3.6%). In fact over the last year Herefordshire had the lowest claimant rate in the West Midlands. The shire authorities in general in the West Midlands, had lower rates than their urban counterparts.

### Age and duration

In January 2011, claimants between 25 and 49 years of age accounted for the greatest proportion of claimants, 53% (1,400 claimants). Those under 25 accounted for 29% and the 50s and over, 19%. All three age groups increased between December 2010 and January 2011. The number of claimants under 25 saw the largest percentage increase (+22% or +135 claimants) in January, whilst the over 50s increased and 25 to 49 year old claimants both increased by 14%.

Looking at the age specific unemployment rates, the 18-24s<sup>2</sup> had the highest rate in January 2011 (6.0%) and saw the biggest percentage point increase on December (5.0%) of the three age groups. The rate for 25-49s increased from 2.3% to 2.6% and the over 50s from 1.4% to 1.6%.

Chart 2. Number of claimants by age group of claimant, 2008-2011

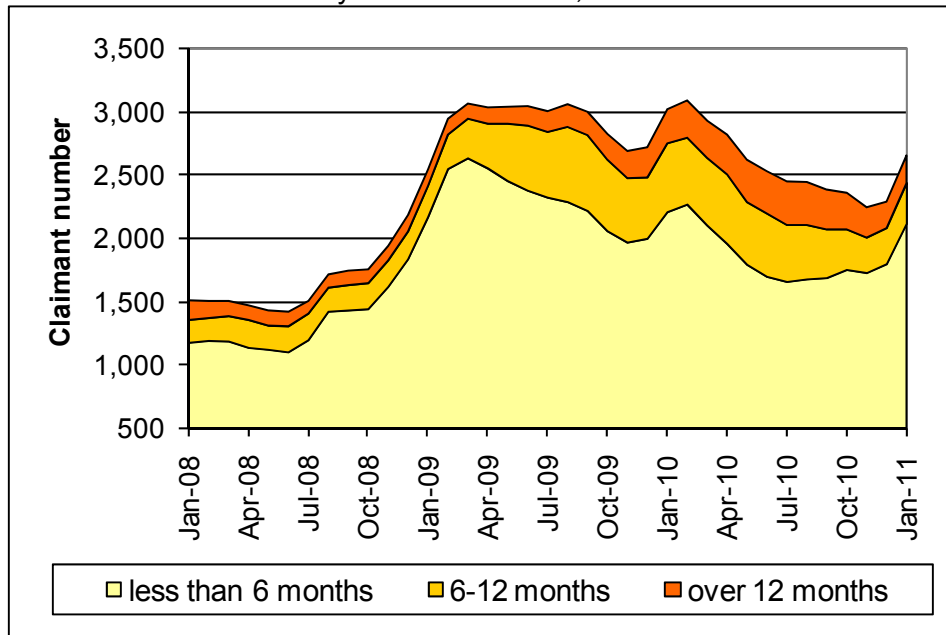


Source – ONS crown copyright

Looking at the duration of claims, between March and July 2010 there were considerable decreases in the number of short term claimants (less than 6 months). Since July the number has been gradually increasing, although medium (6-12 months) and long term (over 12 months) claimants were decreasing. Between December and January there was a particularly big increase in short term claimants (+320 claimants or +18%). Mid-term claimants also increased by 35 (+12%) and longer term claimants by 10 (+5%). The slow and now more rapid increase in short term claimants is a worrying trend particularly some now moving to become medium and longer term claimants.

<sup>2</sup> 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.

Chart 3. Number of claimants by duration of claim, 2008-2011



Source – ONS crown copyright

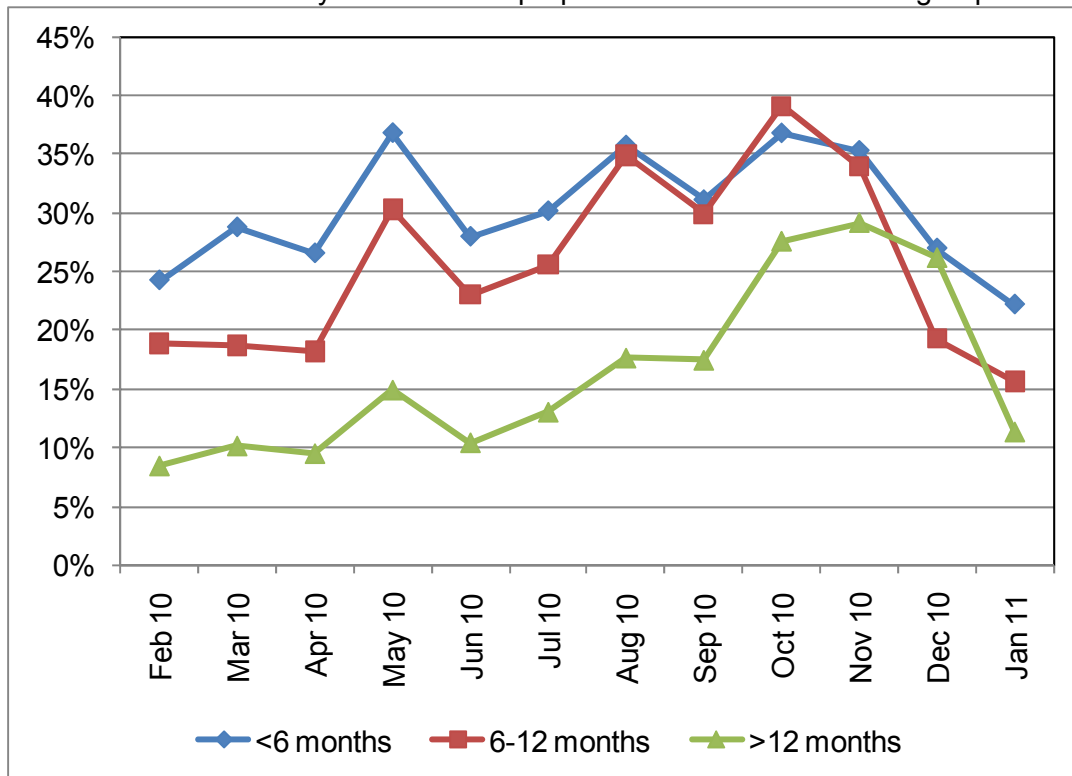
#### Age and duration of claimants leaving benefit

Looking at the number of people leaving the claimant register (off-flow) for particular age and duration groups gives us an indication of how easy or difficult particular groups are finding it to re-enter work. Looking at data for the last year shows that the rate of people leaving benefit (as a proportion of the stock) was lower the longer the duration of claiming, although there was some variation from this trend (chart 4). In January 2011 the proportion of short term claimants (less than 6 months) who left the benefit was 22% compared to 16% for medium term claimants (6-12 months) and just 11% for longer term claimants (over 12 months). These rates were lower than for much of the preceding year. Encouragingly the number of long-term claimants has seen considerable decreases in Herefordshire with the rate of off-flow being high between October and December 2010 and total numbers seeing a decrease since July 2010. This trend was reversed in January though with the total number of long term claimants increasing and the off-flow rate decreasing.

Looking at age, both the older age groups (aged 25-49 and over 50) had similar off-flow rates, whilst the rate for those aged 18-24 was generally higher. In January 2011 the off-flow rates for those aged 25-49 and over 50 were 18% and 19% respectively. This was compared to 26% for those under 25.

Looking at age and duration in combination shows that the most likely group to stop claiming over the course of the last year were young mid-term claimants (off-flow rate of 41%), followed by young short term claimants. The least likely to leave were long term claimants aged between 25-49 or over 50 having off-flow rates of 15% and 16% respectively.

Chart 4. Off-flow rates by duration as a proportion of the stock for that group



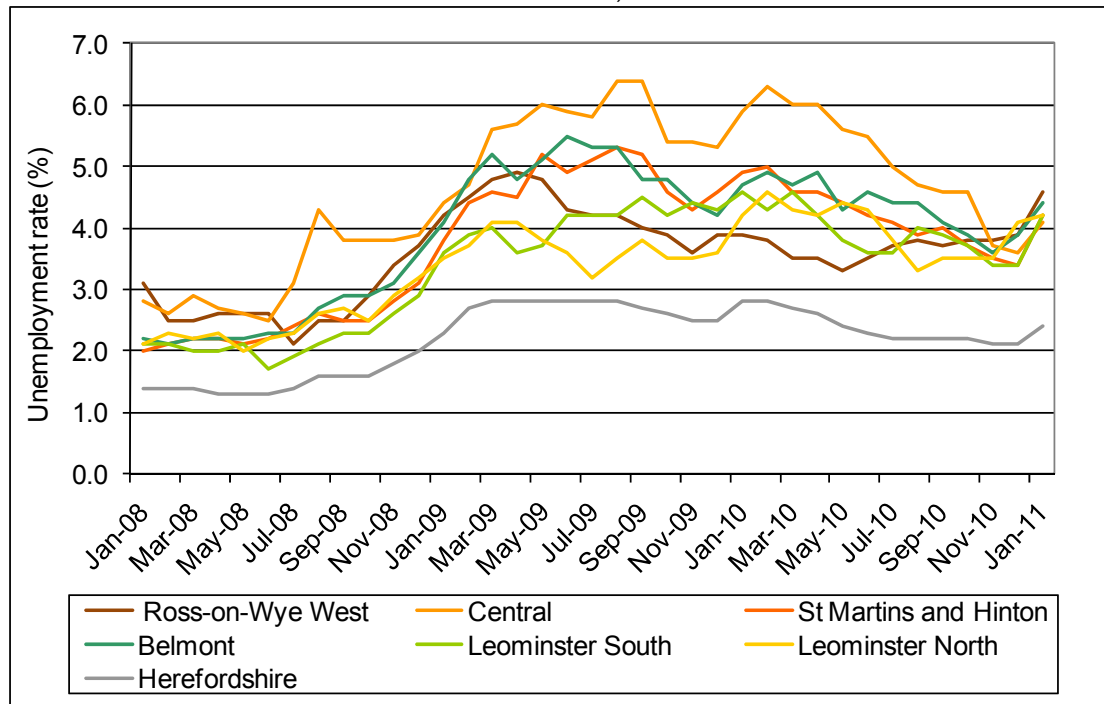
Source – ONS crown copyright

### Below county level

The wards with the highest unemployment rate in January 2011 were Ross-on-Wye West (4.6%), Belmont (4.4%), Leominster North (4.2%), Leominster South (4.2%), St Martin’s and Hinton (4.2%) and Central (4.1%). The high rate in Ross-on-Wye West is particularly notable as the area didn’t increase by as much as the other areas at the start of the recession, but saw a continual increase over the second half of 2010 when the other areas were decreasing. Since the start of the downturn, rates across these wards have been well above the county rate, but have seen some fluctuations. All of the areas saw an increase between December 2010 and January 2011.

Looking at the year on year change, January 2010 to January 2011, St Martins and Hinton and St Nicholas wards saw the biggest decreases in the number of claimants (-45 and -49 respectively) followed by Central ward (-34) and Tupsley (-30). Overall 30 wards saw a decrease in the year, 4 saw no change and 6 increased. Ross-on-Wye West saw the biggest increase (+20), followed by Bromyard (+10)

Chart 5. Unemployment rate for Central, Belmont, St. Martin's and Hinton, Leominster North and Leominster South wards, 2008-2010



Source – ONS crown copyright

### Occupation

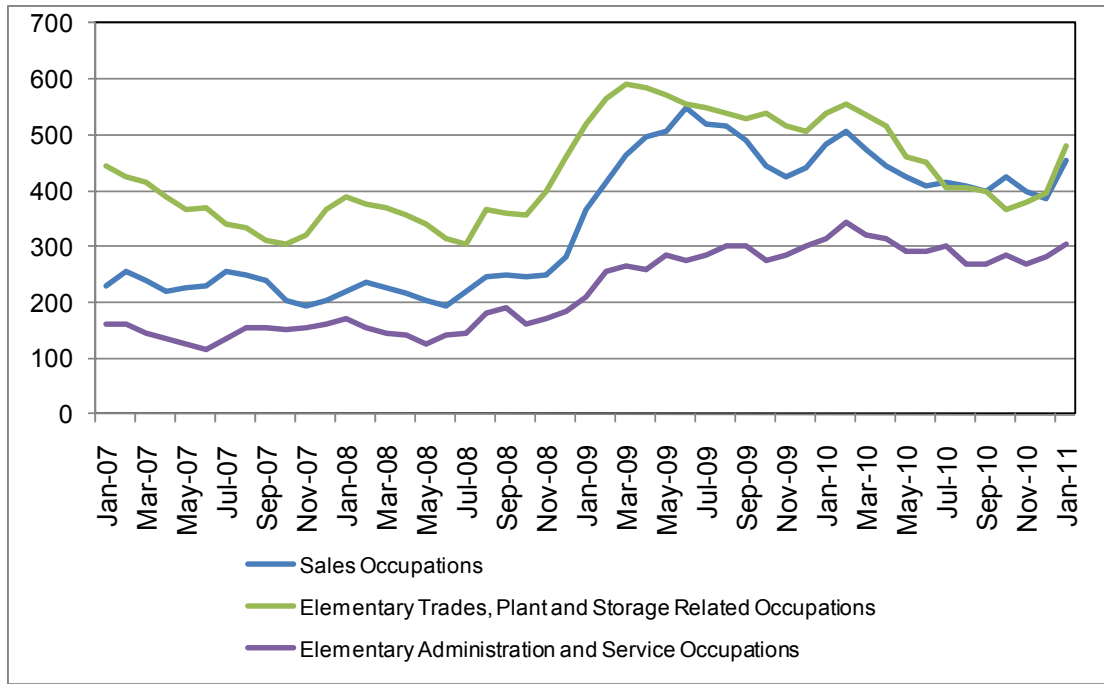
When looking at the usual occupation of claimants, the greatest proportion are in the 'elementary trades, plant and storage related occupations'<sup>3</sup> (18%), 'sales occupations' (17%) and 'elementary administration and service occupations' (12%). The data for new claimants (on-flow) reflects this with the greatest number of new claimant in January having 'sales assistants and retail cashiers' as their usual occupation (160 claimants, 18% of new claimants). These professions also accounted for the greatest proportion of claimants prior to the recession.

Between December 2010 and January 2011 the 'elementary trades, plant and storage related occupations' increased by the most (85 claimants) followed by 'sales occupations' (70 claimants). 'Transport and mobile machine drivers and operatives', 'elementary administration and service occupations' and 'administrative occupations' also saw considerable increases of 40, 25 and 20 claimants respectively.

Chart 6. Number of claimants for the three predominant occupations of claimants

<sup>3</sup> '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.

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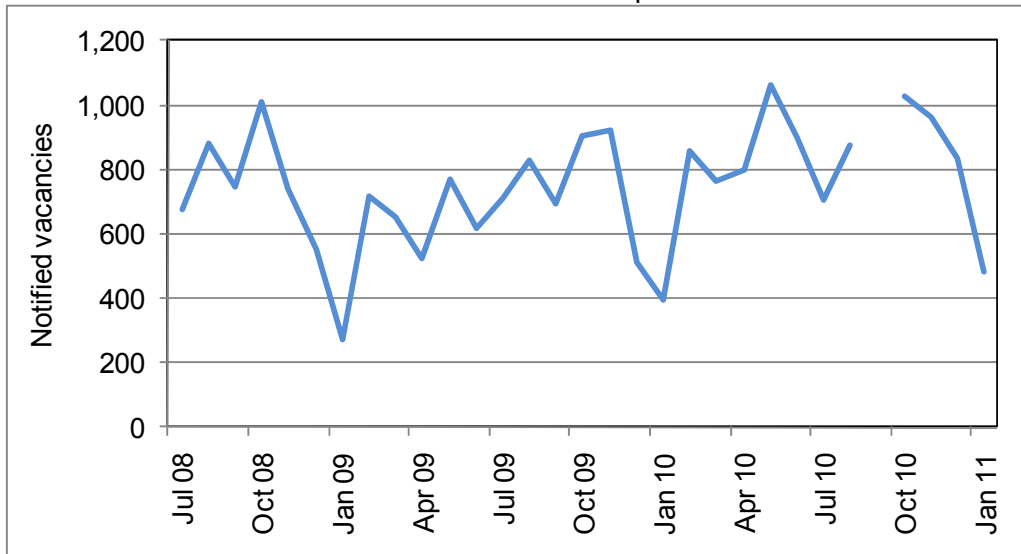


Source – ONS crown copyright

**Vacancies<sup>4</sup>**

The number of vacancies notified to Jobcentre Plus in January 2011 (485) was much less than in December (837), but higher than in January 2010 (394).

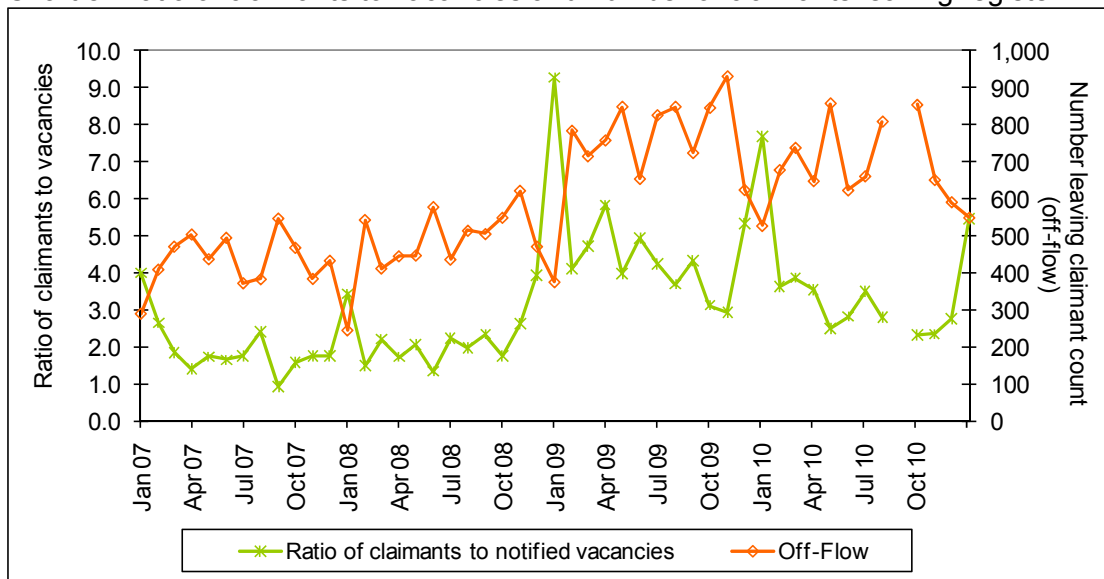
Chart 7. Number of vacancies notified to Jobcentre plus 2008-2011



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. In January 2010, the ratio of claimants to vacancies was 5.5 i.e. there were 5.5 claimants for every vacancy advertised, higher than in December 2010 (2.7) and lower than the West Midlands and England in January 2010 (6.2 and 5.9 respectively). Chart 8 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.

Chart 8. Ratio of claimants to vacancies and number of claimants leaving register



Source – ONS crown copyright

<sup>4</sup> Note: vacancy data for September 2010 has been withdrawn by the ONS

When looking at occupation, the greatest proportion of notified vacancies in January 2011 were for 'business and public service associate professionals' (22%). 'Elementary administration and service occupations' and 'caring personal service occupations' also accounted for a considerable proportion (13% and 12% respectively).

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.

There was a much greater number of unfilled vacancies in January 2011 (606)<sup>5</sup> compared to January 2010 (289), with the greatest number being in the 'sales occupations' (147) 'elementary administration and service occupations' (107), 'caring and personal service occupations' (104) and 'business and public service associate professionals' (101).

**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](mailto:researchteam@herefordshire.gov.uk)**

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<sup>5</sup> 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.