

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 **April 2010**. All figures are unadjusted for seasonal variation unless otherwise stated.

Key findings

- The claimant count (Jobseekers Allowance) for Herefordshire has seen decreases over the last few months. In April 2010 the count was 2,832, a 4% decrease on March and a 7% decrease on this time last year (April 2009). Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 88%.
 - Since July 2009 the seasonally adjusted claimant count has shown a general decrease.
 - In April, the on-flow (new claimants) was 538, which has been decreasing over the last few months and is now the lowest on-flow since October 2008. The off-flow (claimants leaving benefit) decreased slightly, but this still resulted in a net decrease in claimant stock (-110).
 - The unemployment rate in April 2010 was 2.7%, a decrease from 2.9% in March 2010 and April 2009. This rate remains low compared to the West Midlands region (5.2%) and England as a whole (4.1%).
 - Numbers of claimants in all three age groups (under 25s, 25-49s and 50s and over) decreased in April 2010 compared to February 2010.
 - The largest off-flows were seen in numbers who have been claiming for less than 6 months (520 in April 2010)
 - Overall between March and April, only 7 wards saw an increase, 3 saw no change and 30 decreased. The wards with the highest unemployment rate in April 2010 were in Hereford City (Central, Belmont and St Martins and Hinton) and Leominster (North and South).
 - The greatest proportion of claimants by usual occupation are those in the 'elementary trades, plant and storage related occupations'² and the 'sales occupations' accounting for 18% and 16% of all claimants respectively. However, over the last month, both occupations saw a decrease in numbers of claimants.
 - In April 2010 the ratio of claimants to vacancies was 3.5, the lowest it has been since November 2009 and lower than the West Midlands (5.4).
-

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 '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_comparison.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

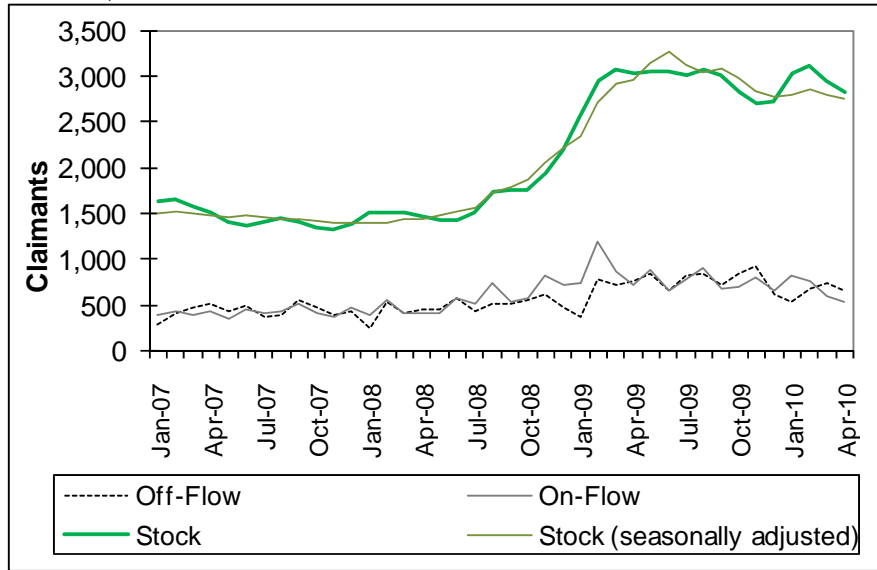
The claimant count (Jobseekers Allowance) for Herefordshire has seen a decrease in both March and April 2010. In April 2010 the count was 2,832, a 4% decrease on March and a 7% decrease on this time last year (April 2009). Similarly, the West Midlands and England as a whole decreased by 3% between March and April. Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 88%.

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 general decrease.

The on-flow (new claimants) in April was 538, which is the lowest on-flow since October 2008 and much lower than April 2009 (724) and has been decreasing since January 2010. The off-flow (claimants leaving benefit) also decreased in April to 648 from 738 in March, and is lower than April 2009 (758). This has still resulted in a net decrease in claimant stock (-110) in April 2010.

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



Source – ONS crown copyright

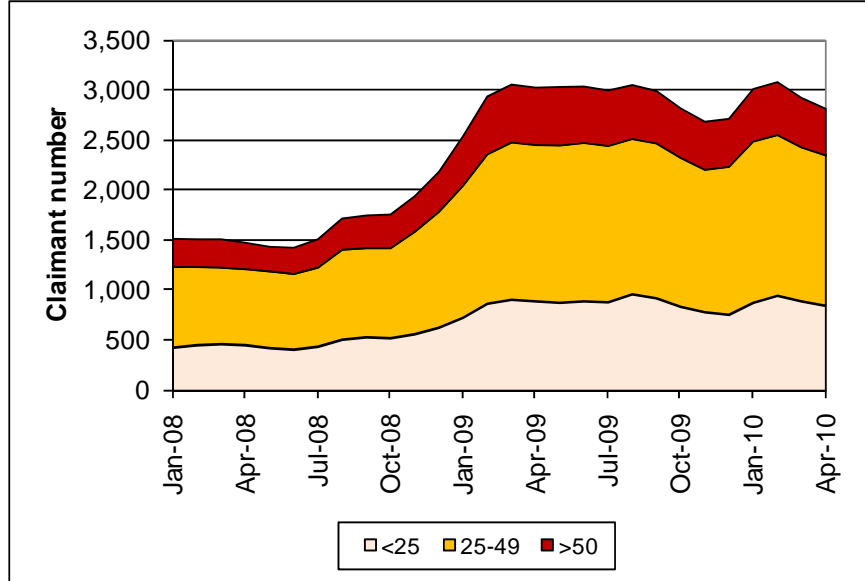
The number of claimants in Herefordshire has been high since July 2008, but looks as though it is decreasing, albeit slowly. Between April 2009 and 2010, there has been a 7% reduction in the number of claimants in Herefordshire, compared to a 3% reduction in the West Midlands and 1% across England as a whole. The other West Midlands authorities have either seen larger decreases than Herefordshire over the last year (Staffordshire, -16%, Warwickshire and Stoke-on-Trent, both -11%) or increases (Wolverhampton, +5% and Sandwell, 4%).

The unemployment rate in April 2010 was 2.7%, a decrease from 2.9% in both March 2010 and April 2009. This rate remains low compared to the West Midlands region (5.2%) and England as a whole (4.1%).

Age and duration

In April 2010, claimants between 25 and 49 years of age accounted for the greatest proportion of claimants, 53% (1,510 claimants). Those under 25 accounted for 30% and the 50s and over, 17%. Numbers of claimants in all three age groups decrease in April 2010 compared to February 2010; over 50s (-12%); the 25-49s (-7%); and the under 25s (-11%) (chart 2 next page).

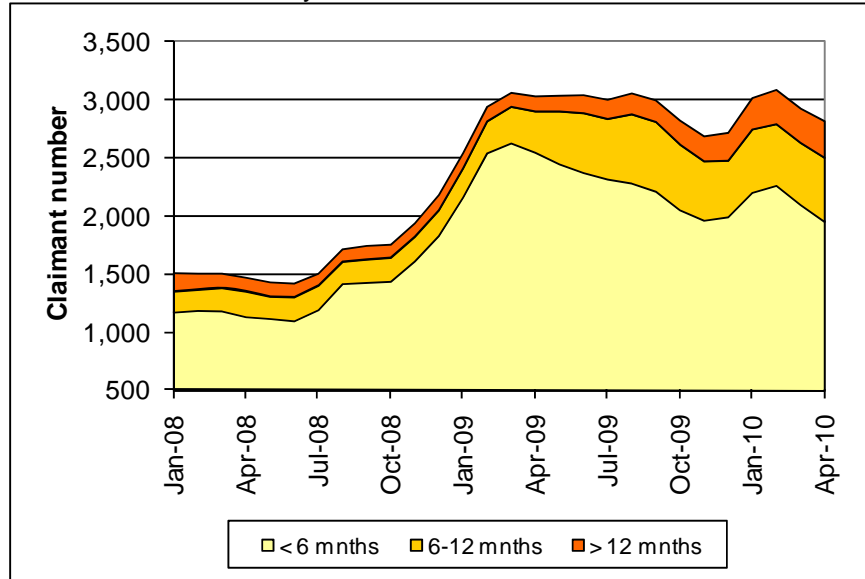
Chart 2. Number of claimants by age group of claimant, 2008-2010



Source – ONS crown copyright

Looking at the age specific unemployment rates, the 18-24s³ had the highest rate in January 2010 (6.6%) (down from 7.3% in February 2010), compared to 2.8% for the 25-49s and 1.5% 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).

³ 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.

Numbers of off-flows show how many claimants are leaving those categories (table 1).

- For those claiming less than 6 months there were 520 off-flows, 47% of those were aged 25-49 and 36% aged 18-24.
- Within the 6-12 month category there were 100 off-flows, with half of these being aged 25-49 years.
- Over 12 months there were 30 off-flows, again half of which were aged 25-49 years.

Table 1. Number of off-flows by age and duration for Herefordshire April 2010

	Stock (April 2010)	Off flow			
		Total	18-24	25-49	50 and over
< 6 months	1960	520 (27% of stock)	185 36%	245 47%	85 16%
6-12 months	550	100 (18% of stock)	30 30%	50 50%	20 20%
< 12 months	315	30 (10% of stock)	5 17%	15 50%	10 33%

The largest off-flows were seen in the < 6 months category (520), however this was a decrease from 605 last month (March 2010) and 680 in April 2009.

The numbers of off-flows in both the 6-12 month and the 12 months and over categories have both increased over the last year from 70 to 100 in the <6 months category and 10 to 30 in the >12 months.

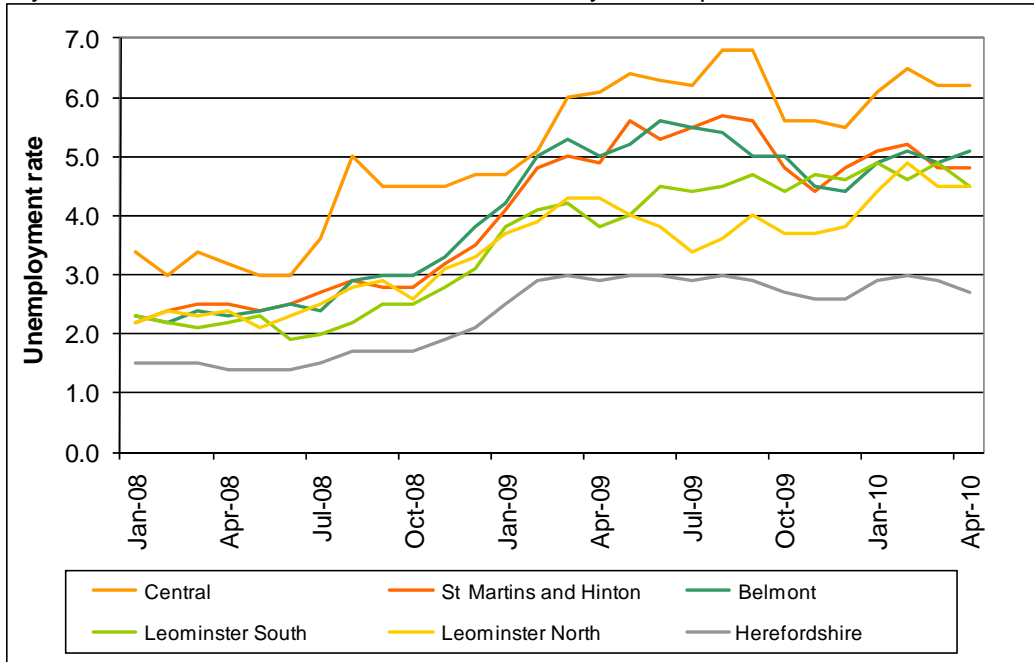
The percentage of stock leaving benefits decreases with the length of time claiming, although numbers in each category also decrease.

Below county level

The wards with the highest unemployment rate in April 2010 were Central (6.2%), Belmont (5.1%), St Martins and Hinton (4.8%), and Leominster North and South (both 4.5%). Since the initial increases in late 2008 rates across these wards and Herefordshire as a whole have fluctuated around their current high rates, not yet decreasing to the same levels they were previously.

The greatest increases in the number of claimants since July 2008 were in Belmont (164) and St Martins and Hinton (158). Between March and April, there were 13 more unemployment claimants in the Belmont ward whereas in St Martins and Hinton ward experienced a small decrease. Overall between March and April, only 7 wards saw an increase, 3 saw no change and 30 decreased.

Chart 4. Unemployment rate for Central, Belmont, St. Martins and Hinton, Ross-on-Wye West and Leominster South wards, January 2008-April 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’⁴ and the ‘sales occupations’ accounting for 18% and 16% of all claimants respectively. The ‘sales occupations’ saw an increase of 225 claimants since July 2008, whilst the ‘elementary trades, plant and storage related occupations’ increased by 210 claimants. However, over the last month, both occupations saw a decrease in numbers of claimants -30 in the ‘sales occupations’ and -20 in the ‘elementary trades, plant and storage related occupations’.

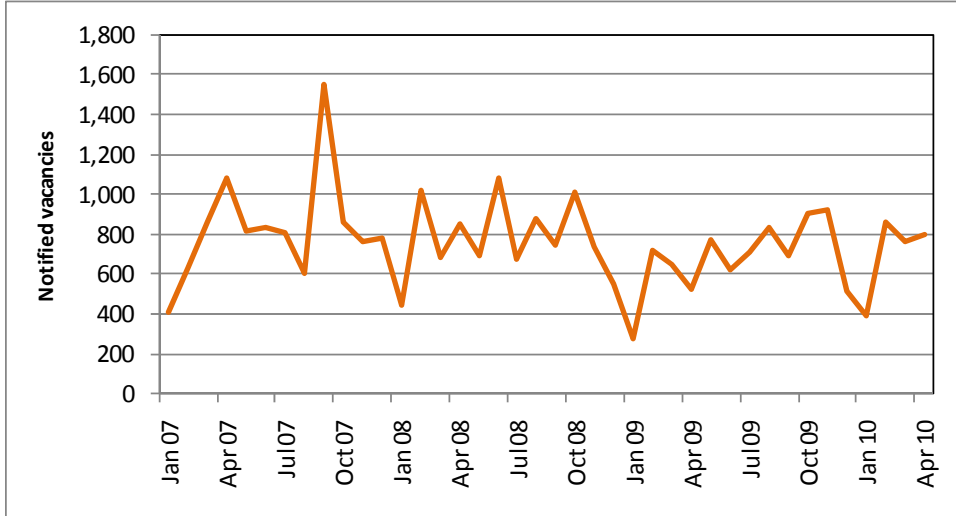
Other groups that saw large increases in the number of claimants were ‘elementary administration and service occupations’ (170), ‘transport and mobile machine drivers and operatives’ (100), ‘skilled construction and building trades’ (105) and ‘process, plant and machine operatives’ (70). Although over the last month it was only the ‘process, plant and machine operatives’ that saw an increase in numbers of claimants, the rest saw a decrease.

⁴ ‘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.

Vacancies

The number of vacancies notified to Jobcentre Plus in April 2010 (799) was slightly more than March (763), but doubled that in January 2010 (394).

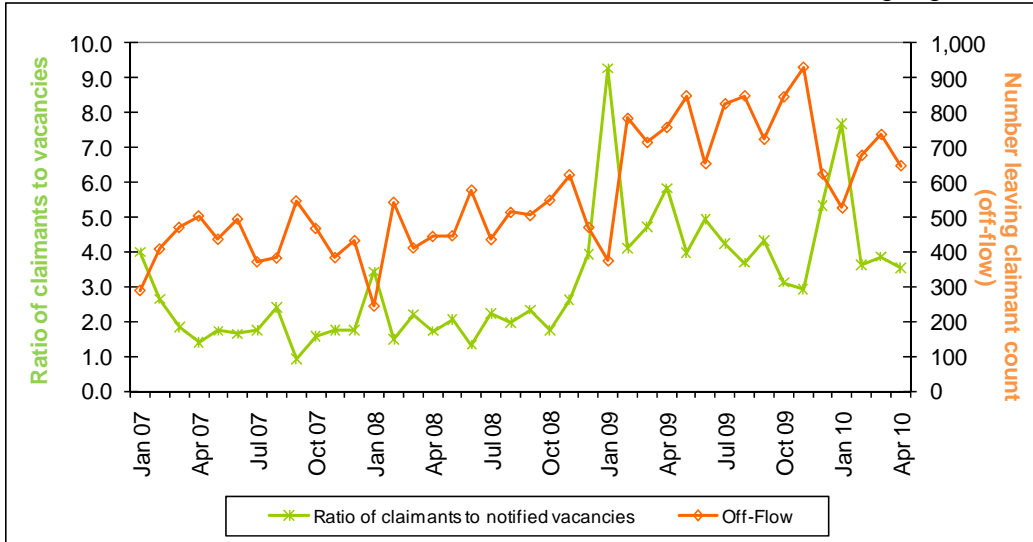
Number of vacancies notified to Jobcentre plus 2007-2010



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. In April 2010, the ratio of claimants to vacancies was 3.5 i.e. there were on average 3.5 claimants to every vacancy. This is the lowest it has been since November 2009 and lower than the West Midlands (5.4). 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.

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 April 2010 were in the 'sales occupations' (19%), 'caring personal service occupations' (14%) and 'elementary administration and service occupations' (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 April 2010 (607)⁵ was more than in January 2009 (343), with the greatest proportion being in the 'caring and personal service occupations' (21%) and 'sales occupations' (19%).

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

⁵ 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.