

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 **October 2009**. All figures are unadjusted for seasonal variation unless otherwise stated.

Key findings

- The claimant count (Jobseekers Allowance) for Herefordshire saw a decrease between September and October 2009, perhaps an early sign of improvement in the local labour market. In October 2009 the count was 2,831, a 6% decrease on September, but 61% higher than in October 2008 (1,763). Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 88%.
 - The seasonally adjusted claimant count also saw a decrease in October 2009, decreasing to 2,987 from 3,076 in September.
 - In October both the on-flow (new claimants) and off-flow (claimants leaving benefit) increased, but a greater increase in the off-flow resulted in a decrease in stock (claimant count).
 - The unemployment rate in October was 2.7%, an increase from 1.7% in October 2008, but a decrease from 2.9% in September. This rate remains low compared to the West Midlands region (5.5%) and England as a whole (4.1%).
 - The unemployment rate for the 18-24s² saw a considerable decrease in October 2009, dropping to 6.5% from 7.1% in September. However it still remained high compared to 2.8% for the 25-49s and 1.6% 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 October the ratio of claimants to vacancies was 3.1, high compared to October 2008 (1.7), but lower than the West Midlands (4.7) and England as a whole (4.4).
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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 are 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

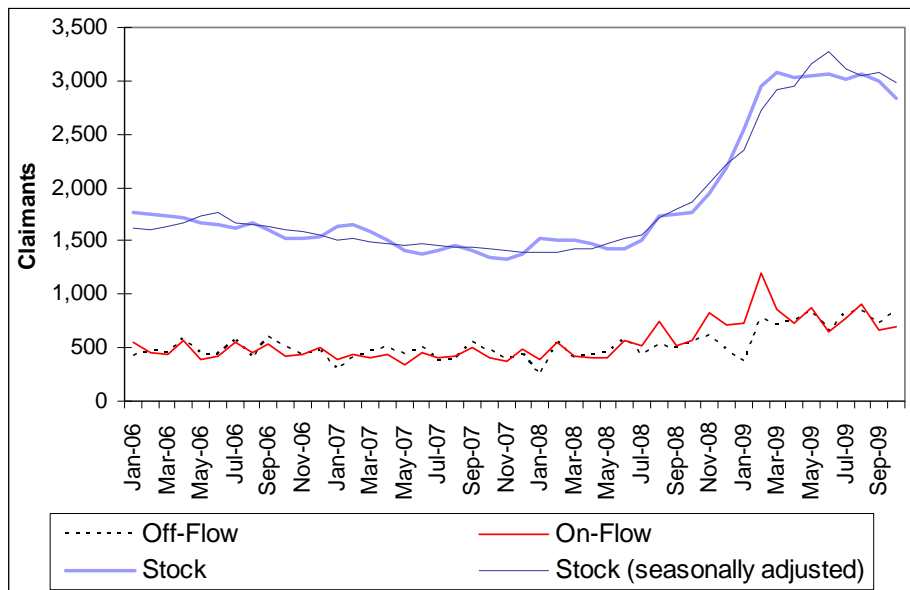
The claimant count (Jobseekers Allowance) for Herefordshire saw a decrease between September and October 2009, perhaps an early sign of improvement in the local labour market. In October 2009 the count was 2,831, a 6% decrease on September, but still 61% higher than in October 2008 (1,763). Compared to July 2008 (1,505), before any increase associated with the downturn was seen, the claimant count was up 88%. Both the West Midlands and England saw a modest decrease of 1% between September and October.

The claimant count (stock) can also be adjusted to remove any effect of seasonal variation in unemployment (chart 1). For example in October we would normally expect unemployment levels to be on average below that for the rest of the year. The seasonally adjusted figure takes this into account by adjusting the count for October upwards. The seasonally adjusted claimant count saw a continual increase from

January 2008 until June 2009. Since July this trend has reversed mirroring some of the decreases and a general stabilisation seen in the unadjusted claimant count seen since March 2009.

The on-flow (new claimants) in October was 689, a slight increase from 669 in September and greater than that seen in October 2008 (565). The off-flow (claimants leaving benefit) also increased in October to 846, an increase from 724 in September and higher than October 2008 (549). Because the off-flow increased beyond the on-flow this resulted in a net decrease in claimant stock (-157) in October.

Chart 1. Claimant on-flow, off-flow and stock (count) seasonally adjusted for Herefordshire, 2006-2009



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 October 2009 the claimant count was up 61% on October 2008, similar to that for the West Midlands (60%), but slightly less than for England as a whole (64%). However, this increase was lower than for the West Midland shire authorities of Worcestershire (89%), Staffordshire (74%), Warwickshire (73%) and Shropshire (66%). In contrast some of the urban authorities in the West Midlands have seen smaller percentage increases in the number of claimants, although this was only true until March 2009. After March 2009 all of the West Midland shire authorities saw some decrease in their claimant count, whilst all of the West Midland urban authorities, with the exception of Stoke-on-Trent and Telford and Wrekin saw an increase. In fact since March 2009, Herefordshire's peak to date, Herefordshire has seen a greater percentage decrease (8%) in the number of claimants than all but one of the West Midlands authorities.

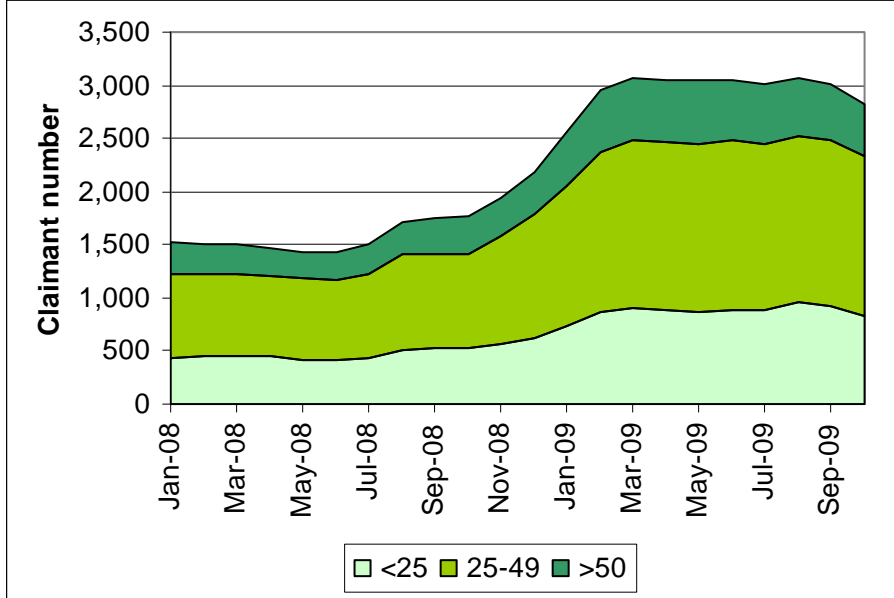
The unemployment rate in October was 2.7%, an increase from 1.7% in October 2008, but a decrease from September 2009 (2.9%). This rate remains low compared to the West Midlands region (5.5%) and England as a whole (4.1%).

Age and duration

Claimants between 25 and 49 years of age accounted for the greatest proportion of claimants, 53% (1,495 claimants). Those under 25 accounted for 30% and the over 50s 18%. All three age groups have seen large increases since July 2008; over 50s

(75%); the 25-49s (89%); and the under 25s (92%) (chart 2 next page). Looking at the seasonally adjusted figure for the under 25s, June 2009 had the highest unemployment (1,005). By October this had dropped to 884 claimants compared to 835 for the unadjusted figure.

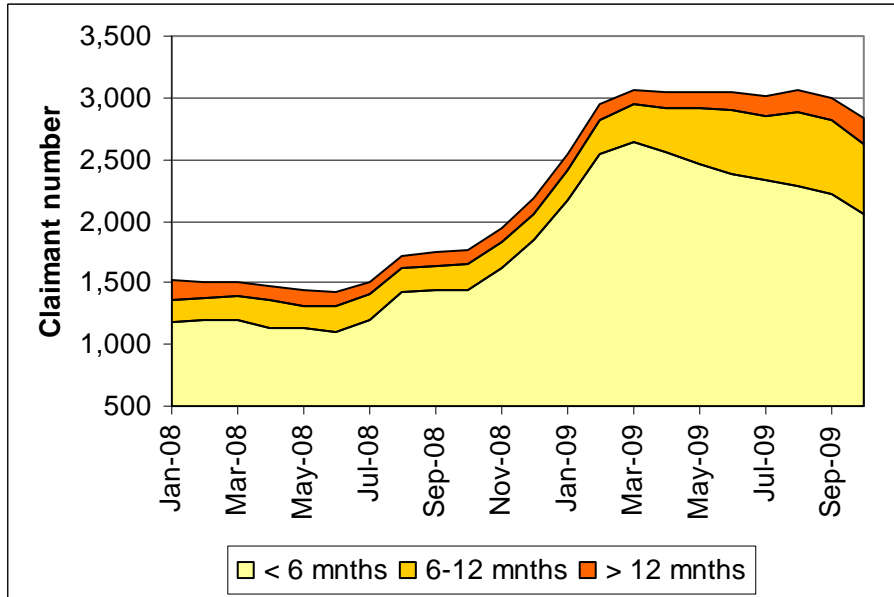
Chart 2. Number of claimants by age group of claimant, 2008-2009



Source – ONS crown copyright

Looking at the age specific unemployment rates, the 18-24s⁴ had the highest rate in October 2009 (6.5%) (down from 7.1% in September), compared to 2.8% for the 25-49s and 1.6% for the over 50s.

Chart 3. Number of claimants by duration of claim, 2008-2009



Source – ONS crown copyright

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.

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 January 2009 the number of claimants that have been claiming between 6 and 12 months has been increasing. Longer term claimants (over 12 months) have also been increasing since March. Short term claimants now account for 65% of the increase seen since July 2008. This group has decreased by 22% since March. In contrast to this, claimants of 6-12 months currently account for 27% of the increase since July 2008, but have increased by 79% since March. Longer term claimants account for 8% of the increase since July 2008 and have increased by 71% since March.

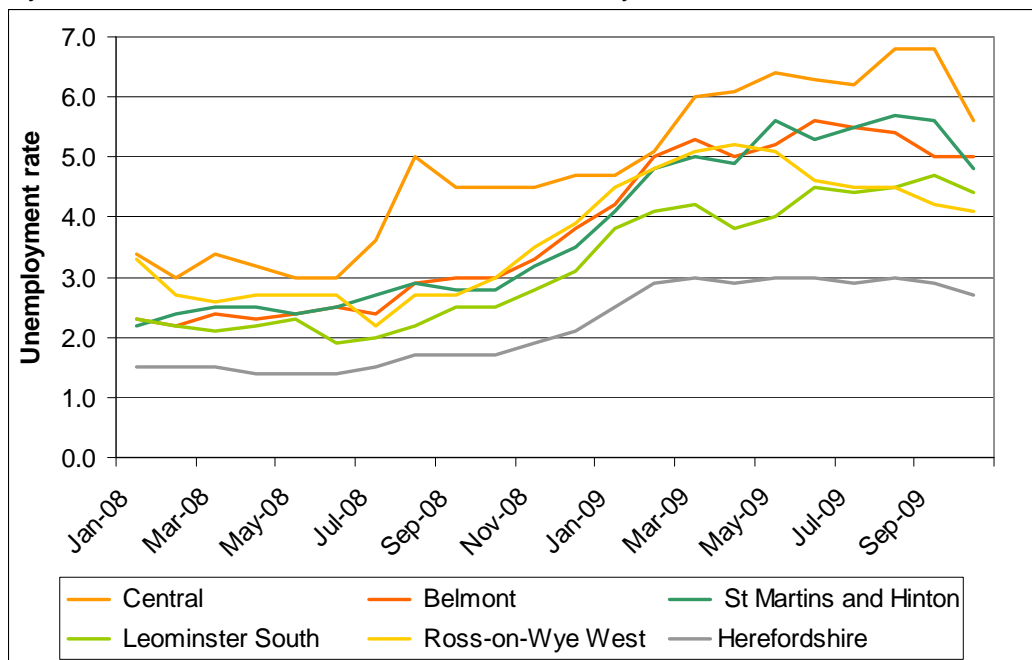
Below county

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 October 2009 were Central (5.6%), Belmont (5.0%), St Martins and Hinton (4.8%), Leominster South (4.4%) and Ross-on-Wye West (4.1%). As is the case for Herefordshire as a whole, the claimant rate for these five wards has in general stabilised since March and, between September and October, seen considerable decreases (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 (159), Belmont (158) and Three Elms (94). Between September and October both St. Martins and Hinton and Three Elms decreased, whilst Belmont saw no change. Overall between September and October, 15 wards saw an increase, 2 saw no change and 23 decreased.

Chart 4. Unemployment rate for Central, Belmont, St. Martins and Hinton, Ross-on-Wye West and Leominster South wards, January 2008-October 2009



Source – ONS crown copyright

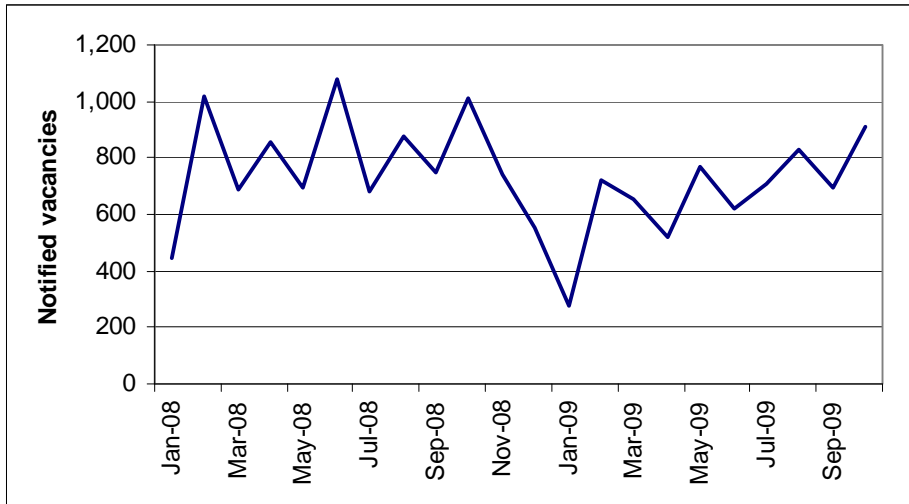
Occupation

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 225 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' (130), 'transport and mobile machine drivers and operatives' (95), 'skilled construction and building trades' (90) and 'process, plant and machine operatives' (85).

Vacancies

The number of vacancies notified to Jobcentre Plus in October 2009 (907) was greater than for September 2009 (696) and October 2008 (749). In fact the number of notified vacancies seems to be showing a gradual increase and is nearing levels seen prior to July 2008 before effects of the downturn were evident in the labour market.

Number of vacancies notified to Jobcentre plus 2008-2009

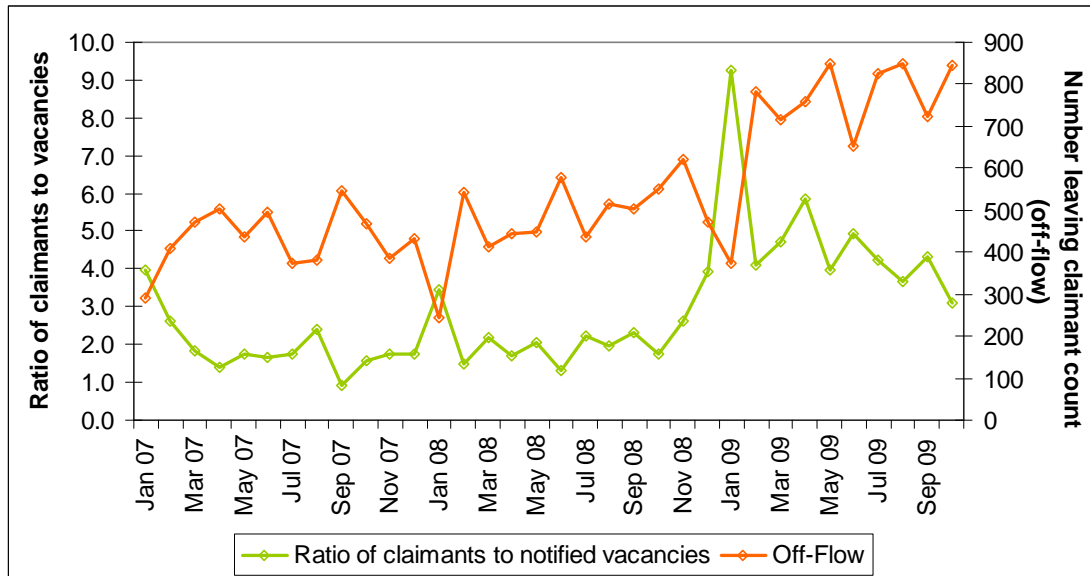


Source – ONS crown copyright

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 October the ratio of claimants to vacancies was 3.1 i.e. there were on average 3.1 claimants to every vacancy. This was high compared to October 2008 (1.7), but lower than the West Midlands (4.7) and England as a whole (4.4).

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 October 2009 were for ‘health and social welfare associate professionals’ (16%), ‘caring personal service occupations’ (14%) and ‘sales occupations’ (12%). It is worth noting that although Jobcentre is a service which can be used by any employer wishing to advertise, higher end professional jobs tend not to be advertised through Jobcentre.

The number of unfilled vacancies in October 2009 (686)⁶ was less than in October 2008 (732), with the greatest proportion being in the ‘health and social welfare associate professionals’ (20%), ‘caring and personal service occupations’ (16%) and ‘sales occupations’ (13%).

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.