

## Making learning and work count

### Labour market LIVE from Learning and Work Institute 21 February 2018

- **Unemployment** is 1,470,000, rose by 31,000 from last month's published figure (quarterly headline rose by 46,000) and the **unemployment rate** is 4.4%, **up** 0.1 percentage points on last month and **up** 0.1 percentage points on last quarter.
- The number of **claimant unemployed** is 823,000, **down** 7,200 on last month, and the **claimant rate** is 2.3%.
- The **number of workless young people (not in employment, full-time education or training)** is 1,003,000, **up** 22,000 on the quarter, representing 14.2% of the youth population (**up** 0.4 percentage points).
- **Youth unemployment (including students)** is 547,000, **up** 30,000 on the quarter.
- There are 1.8 **unemployed people per vacancy**. Learning and Work Institute estimates this figure may be unchanged next month.
- The **employment rate** is 75.2% (**down** 0.1 percentage points on last month's published figure and **up** 0.2 percentage points in the preferred quarterly measure).

#### Learning and Work Institute comment

The labour market figures published on 21 February do not provide a clear-cut message as to where the labour market is heading.

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

"Last month I noted that the labour market figures provided some welcome New Year cheer. Today, matters are rather more confusing. While headlines will focus on the 46,000 quarterly rise in unemployment, the first for two years, the quarterly numbers overall suggest a rather more positive outlook with employment rising by 88,000 and working age inactivity falling by 109,000. Hence, the message that emerges from these figures is that unemployment has risen not because of labour market weakness but because people are entering or re-entering the labour market. Consistent with this story is the fact that vacancies have risen again and appear on an upwards trend.

The monthly changes, however, paint a different picture. Here, employment is down, and both unemployment and inactivity are up. Hence, the monthly numbers

suggest that unemployment and inactivity are rising because of labour market weakness causing a decline in employment. The growth in unemployment has been concentrated among young people, with a quarterly rise of 66,000 unemployed under six months, suggesting a weakening youth labour market. Consistent with this story is the fact that the percentage of people who are working on temporary contracts because they cannot find a permanent job has increased again for the third month running. Which of these two stories is true will only emerge over the next few months.

Wage growth increased again this month to 2.5% (regular pay excluding bonuses) and has been gradually drifting up over the last eight months. Wage growth does still remain below inflation so we have now seen ten months of declining real pay. However, if inflation falls back as expected over 2018 and wage growth continues to rise gradually then we should see a return to positive real wage growth later in 2018."

Paul Bivand, Learning and Work AD for Statistics and Analysis said:

"This month's figures are affected by Jobcentre Plus stopping taking claims for Universal Credit Live Service in areas that have not yet implemented Universal Credit Full Service. This has produced a small rise in JSA claims, in these figures covering just the first two weeks of January. Information (on NOMIS) on JSA is an order of magnitude better than the information on DWP Stat-Xplore on Universal Credit. So, for example, we can say that 42,000 people whose usual occupation was in sales jobs claimed JSA in January 2018. This is 64% of all new claimants. Given the failure of the January Sales to generate anything other than bad headlines for retailers, this is confirmation of the impacts on jobs"

Employment rose by 88,000 between July to September 2017 and October to December 2017. In the last 12 months employment has grown by 321,000.

Unemployment rose by 46,000 between July to September 2017 and October to December 2017. and the unemployment rate rose 0.1 percentage points to 4.4% in the quarter.

Economic inactivity fell by 109,000 between July to September 2017 and October to December 2017. and the inactivity rate fell 0.3 percentage points to 21.3% in the quarter.

The small fall in the 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 25,400 in the month to January, compared to the adjusted fall of 7,200. Therefore, 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 fallen. At 13.8%, it is now well below the level in early 2015 of 18.6%. The number of new claims for Jobseeker's Allowance has risen with the ending of new claims for Universal Credit Live Service at the start of January. Jobseeker's Allowance off-flow rates for JSA claimants of most durations increased.

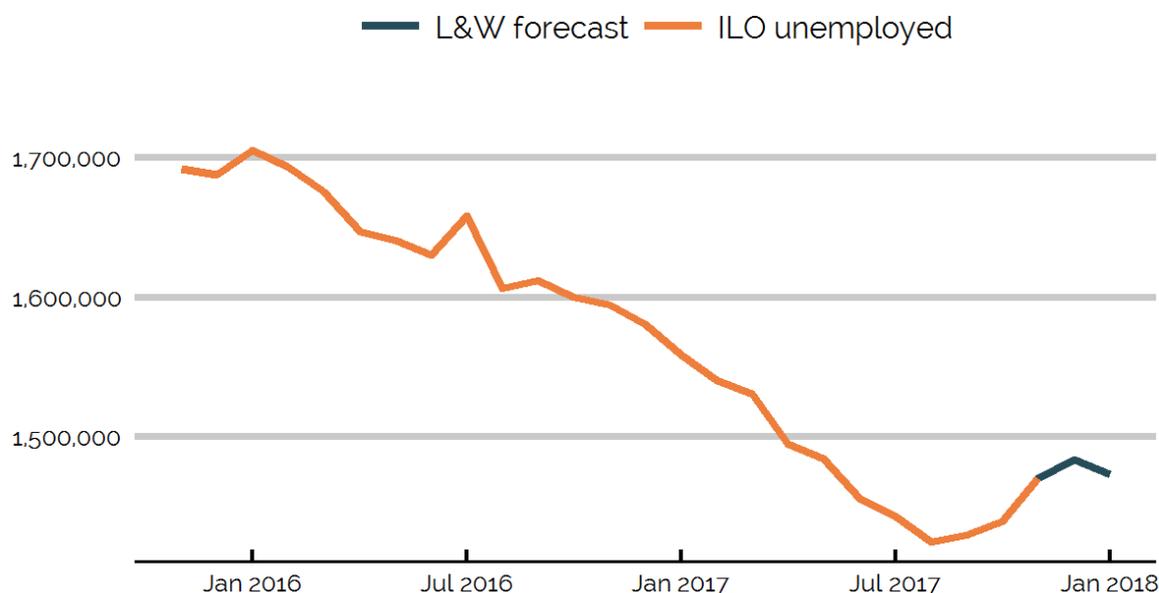
Youth unemployment is showing a quarterly rise. There are 547,000 unemployed young people, and 366,000 (5.2% of the youth population) who are unemployed and not in full-time education.

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 54.6%.

A total of 74,000 were counted as in employment while on 'government employment and training programmes', where the Office for National Statistics continues to count programme participants as 'in employment' by default. This number rose 2,000 this quarter. Self-employment fell 31,000 this quarter. Employee numbers rose 85,000 in the quarter. Involuntary part-time employment fell this quarter by 56,000 to 989,000, 11.8% of all part-time workers. The proportion remains much higher than the 7.4% in 2004.

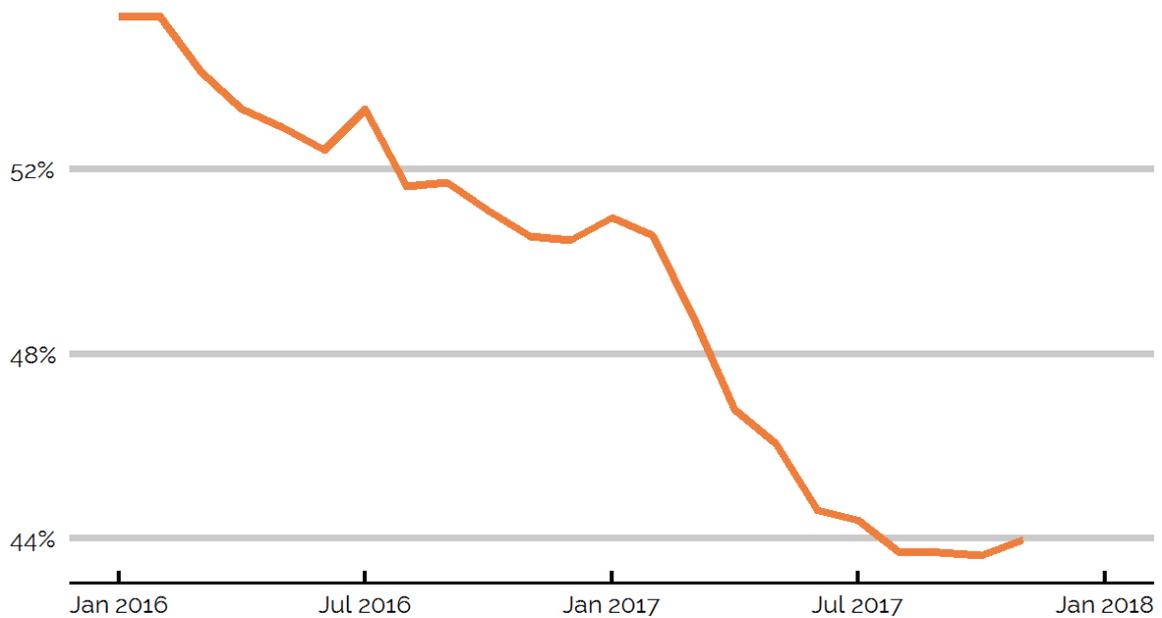
► **Chart 1: UK unemployment (ILO)**

The latest unemployment figure is 1,470,000. It has risen by 31,000 from the figure published last month. On the basis of later claimant count figures, Learning and Work Institute estimates that unemployment may flatten, although this remains highly uncertain. The unemployment rate rose by 0.1 percentage points to 4.4%.



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

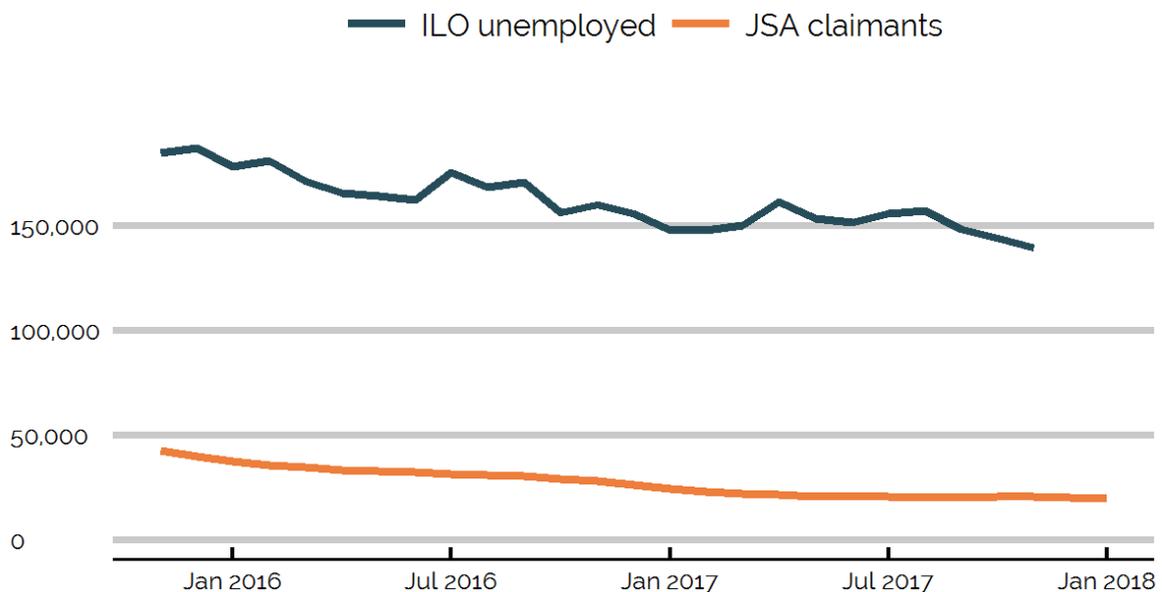
The proportion of unemployed people not claiming Universal Credit or Jobseeker's Allowance has risen to 44%; (647,000).



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

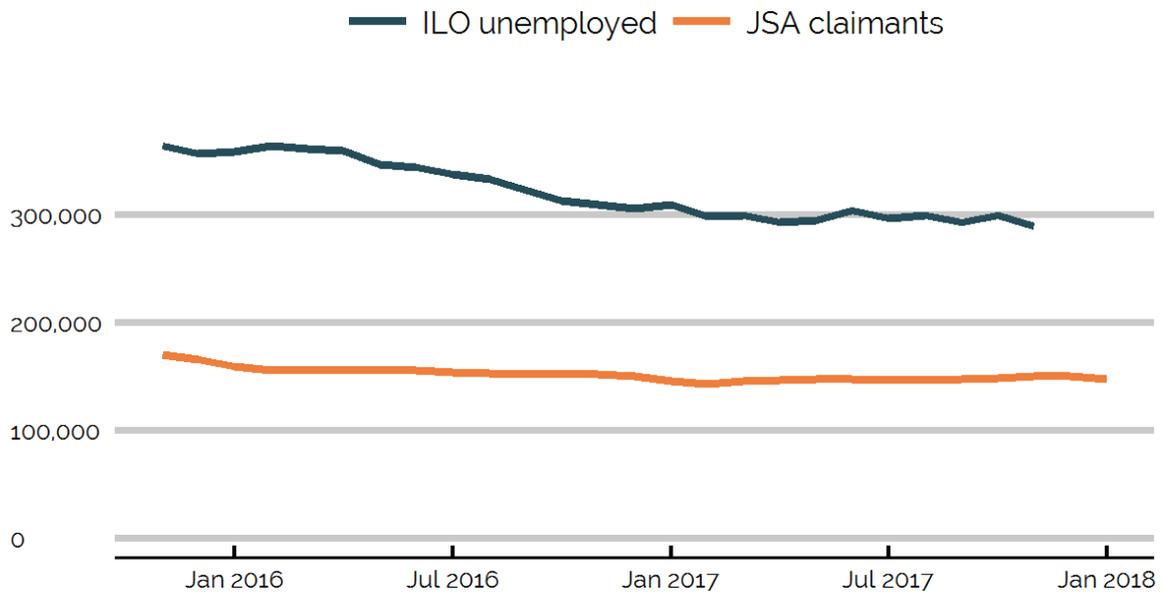
Youth long-term unemployment (which can include students) has fallen by 5,000 from last month's figure and is now 139,000.

The youth long-term Jobseeker's Allowance count (but not UC) remains far behind, at 19,600. The count fell by 700 this month.



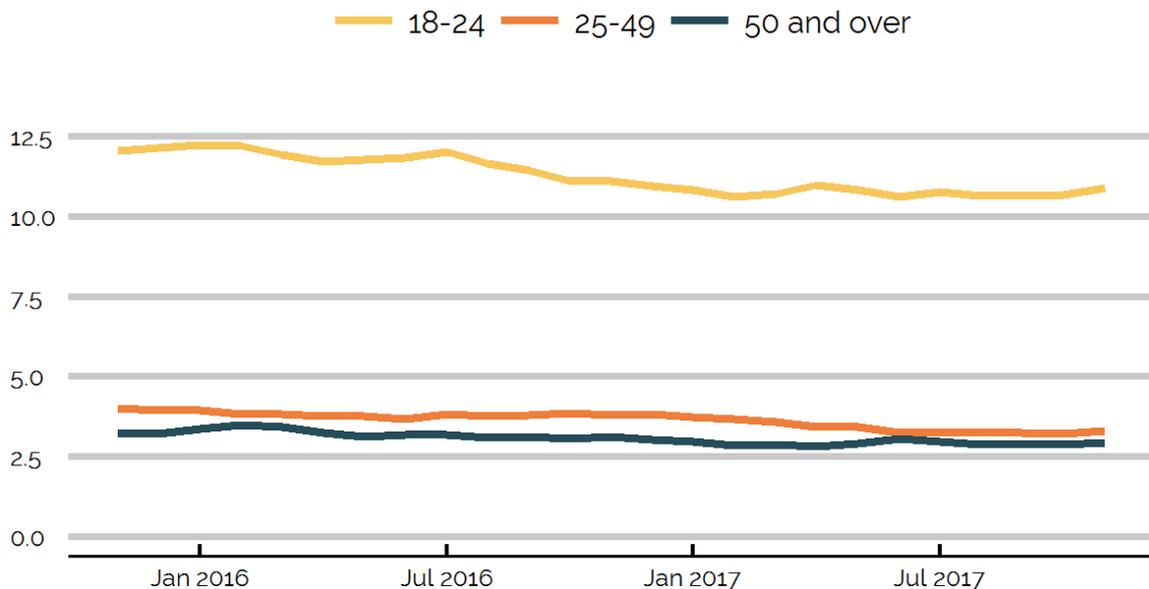
► **Chart 4: Adult long-term unemployment (12 months and over, 25+)**

Adult long-term unemployment on the survey measure is now 289,000. The Jobseeker's Allowance measure is 146,700.



► **Chart 5: Unemployment rates by age**

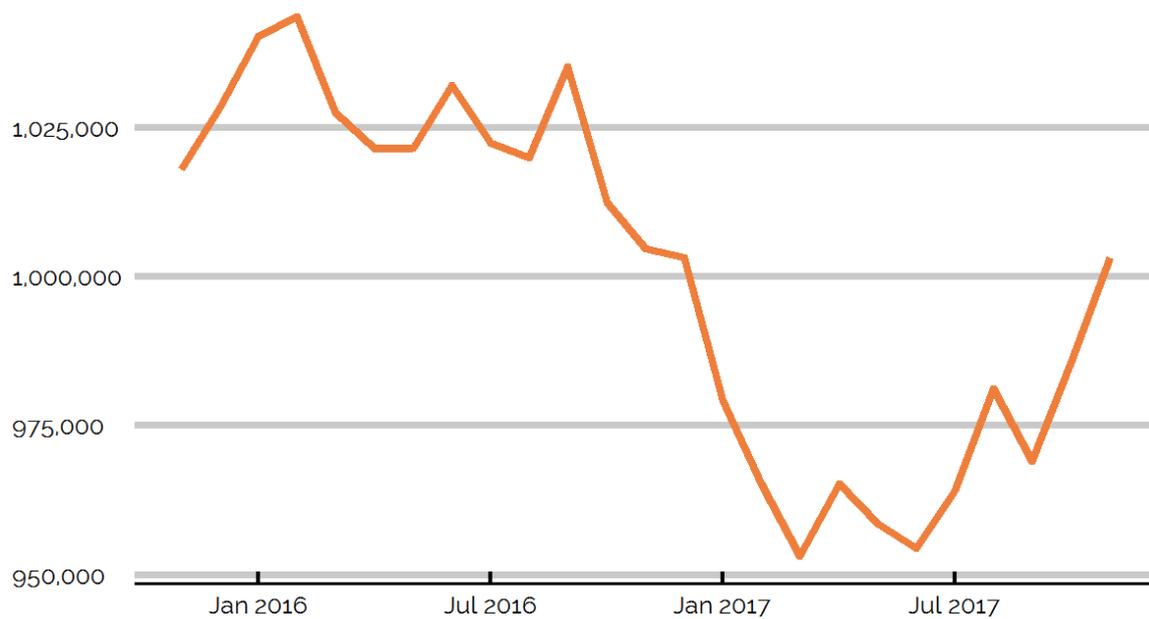
The 18 to 24 year old unemployment rate (including students) is 10.9% of the economically active – excluding one million economically inactive students from the calculation. The rate for those aged 25 to 49 is 3.3%. For those aged 50 and over it is 2.9%. The quarterly change is up 0.3 for 18 to 24 year olds, up 0.1 for 25 to 49 year olds, and no change 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

(1,003,000) has risen in the past quarter by 22,000 , or 2.2%. The rise was entirely among the unemployed, with the number of inactive young people not in full-time education or training falling slightly.

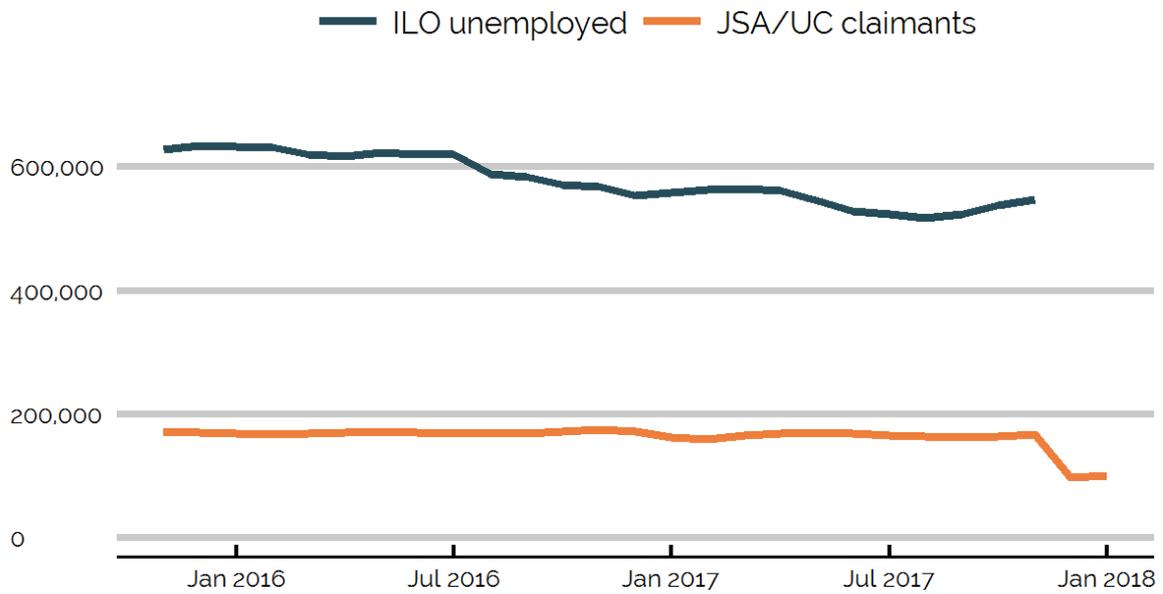


► **Chart 7: Youth unemployment**

The number of unemployed young people has risen by 10,000 since last month's figures, to 547,000.

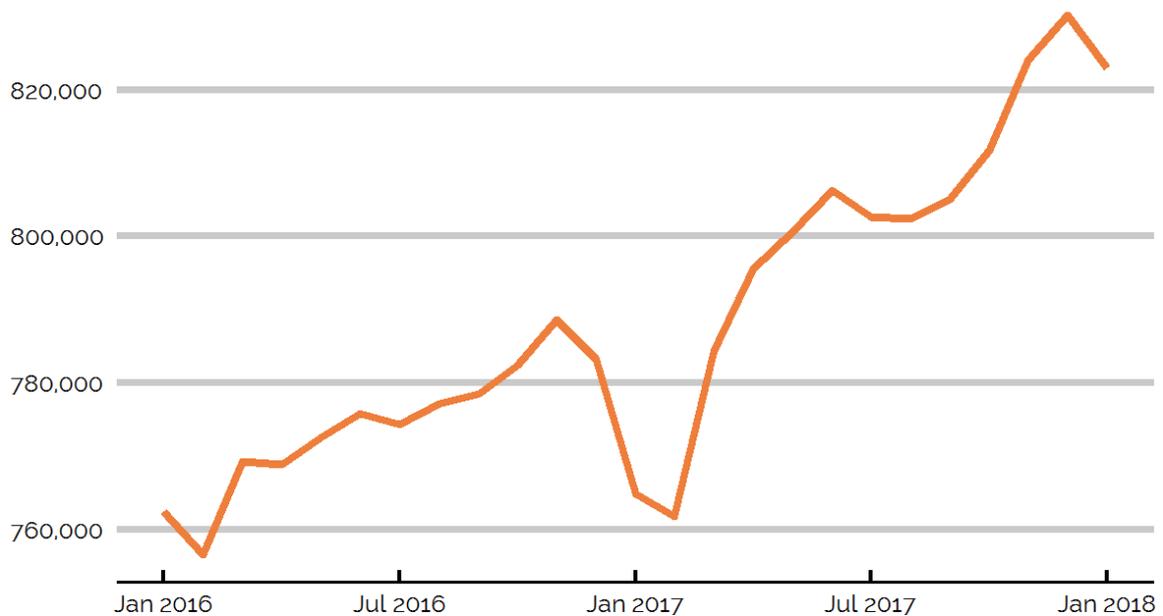
Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants rose last month by 2,800, to 100,234. Earlier, it fell nearly 70,000 between November and December 2017. This, however, is roughly balanced by a rise of nearly 60,000 over-50s and nearly 20,000 24-49 year olds. We suspect an error.

There are 200,000 unemployed young people who are not in education, and do not claim Jobseeker's Allowance or Universal Credit, 54.6% of all unemployed young people who are not students.



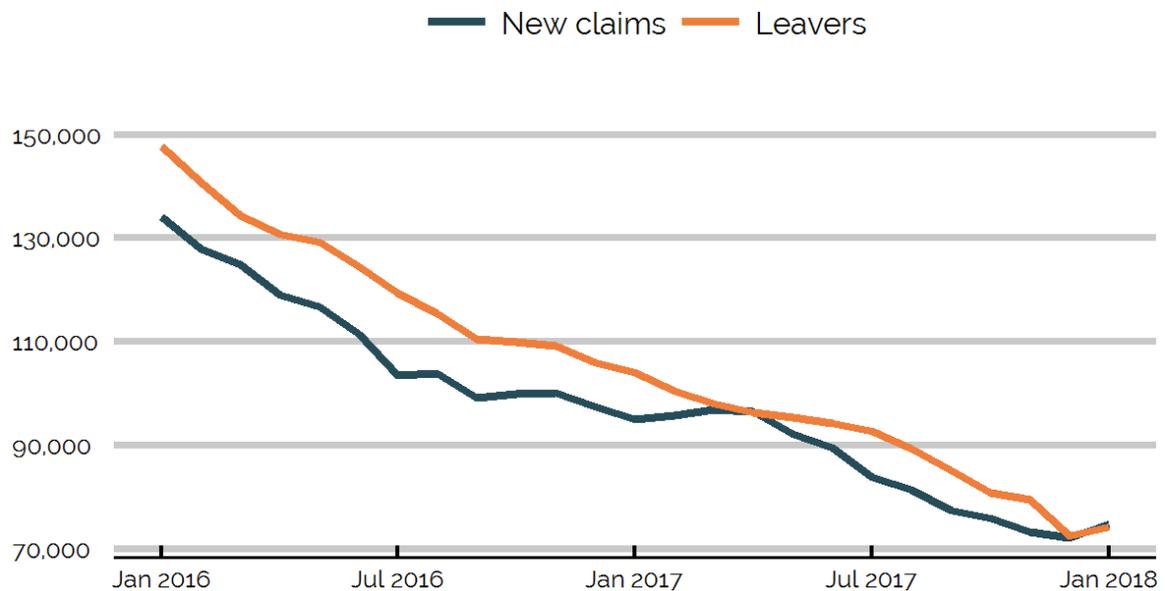
► **Chart 8: Jobseeker’s Allowance and Universal Credit claimant count**

The Jobseeker’s Allowance and Universal Credit claimant count fell by 7,200 in January, taking the total to 823,000. In December 2017, the number of lone parents claiming Jobseeker’s Allowance was 60,230. 14.6% of JSA claimants and 7.5% of the JSA/UC claimant count. Lone parents with a youngest child aged five or over can only claim Jobseeker’s Allowance, unless they have other reasons for claiming benefit. In Universal Credit Full Service areas lone parent claimants claim Universal Credit, and are not included in these figures.



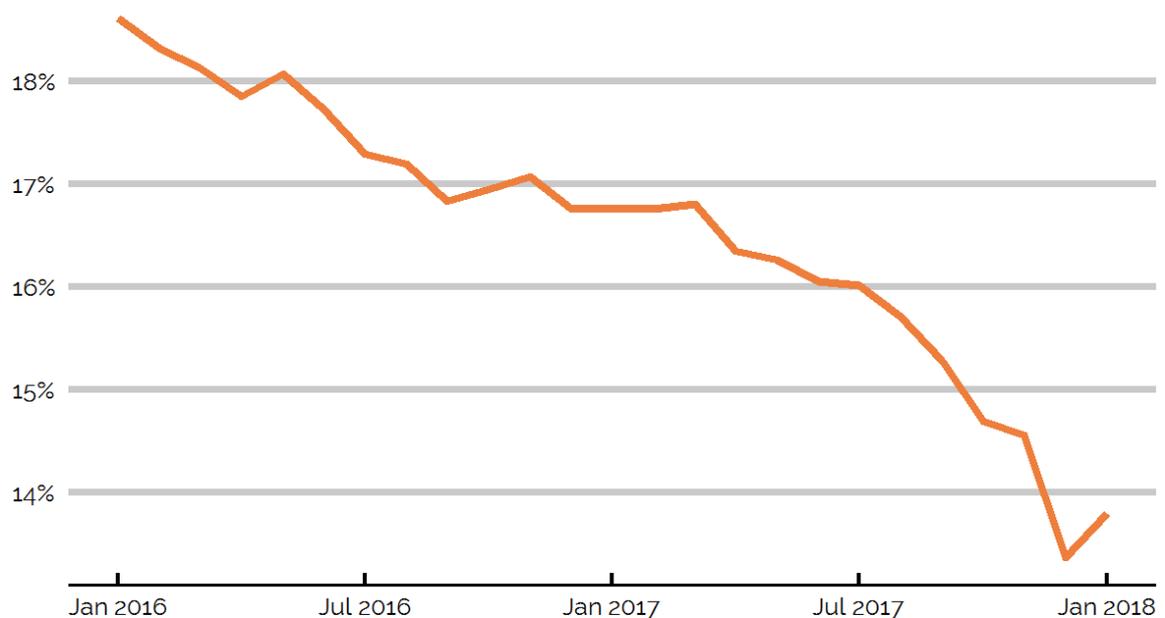
► **Chart 9: Jobseeker’s Allowance – new claims and leavers**

The number of new Jobseeker's Allowance claims rose by 2,700 this month, to 74,800. Meanwhile the number of leavers also rose, by 1,700, to 74,100. This rise is due to the end of new claims for Universal Credit Live Service, so in jobcentres not yet converted to Universal Credit full service, new claims are taken for JSA.



► **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 13.8% after several months of falls.

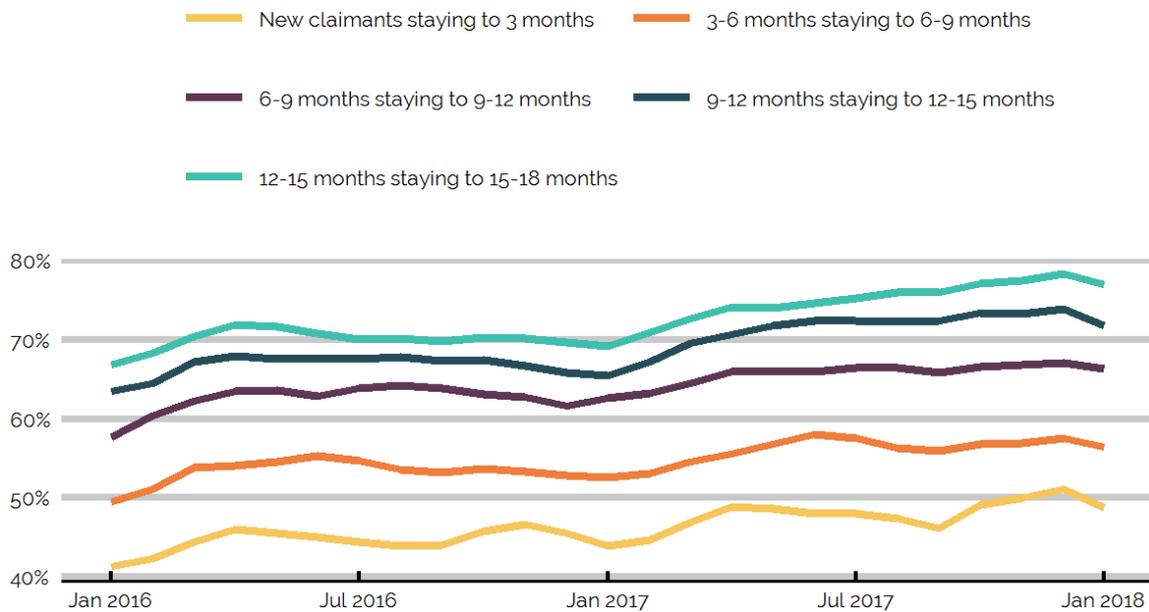


► **Chart 11: Jobseeker's Allowance – claimants staying through each three-month**

### threshold (seasonally adjusted)

These measures show an rise in off-flow for claimants at all lengths of unemployment.

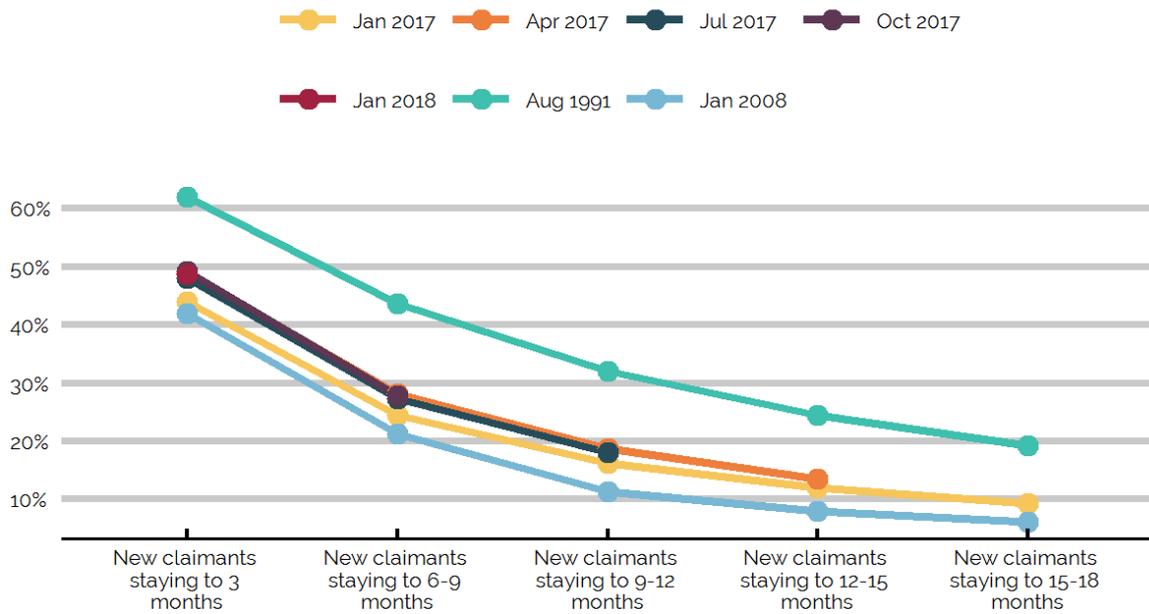
The proportion staying beyond three months has risen to 48.7%.



### ► Chart 12: Jobseeker's Allowance – proportion of starters in month becoming longer-term unemployed

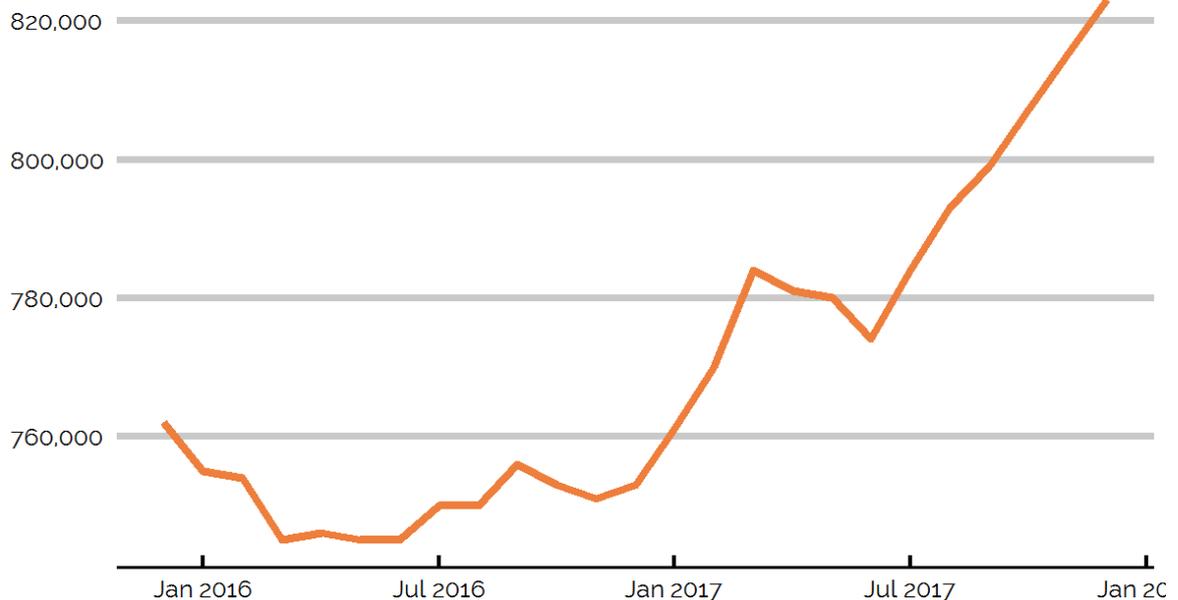
The proportion of starters becoming 12-month claimants is now 13.4%. This is likely to fall over the next few months as the proportion of starters becoming 9-month claimants has fallen by 0.6 percentage points over the last three months.

These figures are based on those in Chart 11, but show the patterns of the same people passing through successive quarterly thresholds.



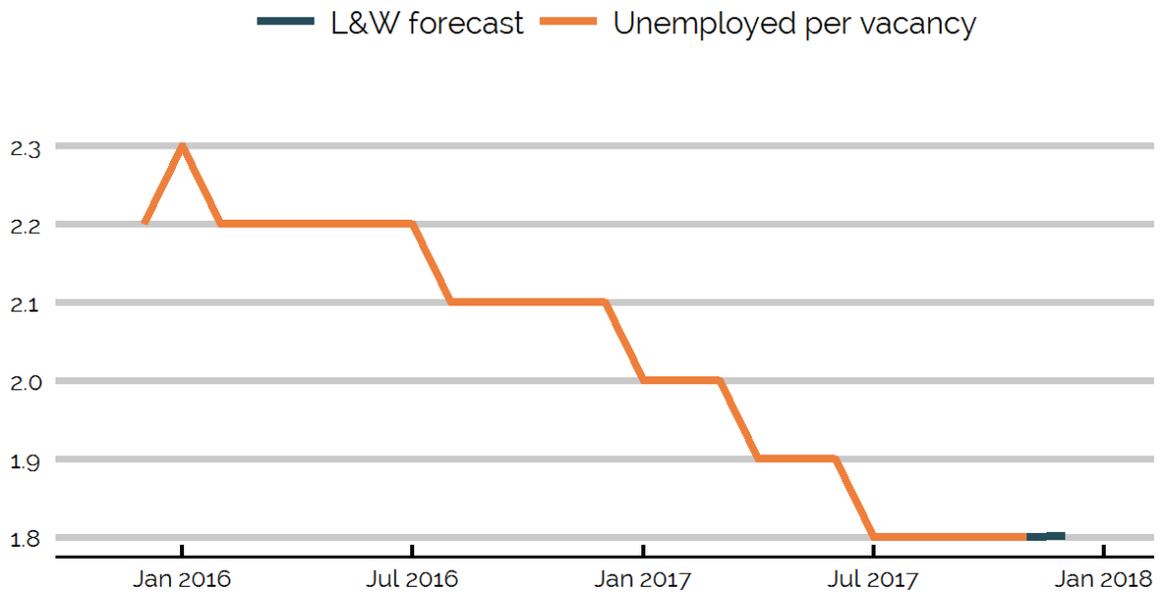
► **Chart 13: Vacancies – whole economy survey**

Vacancies (in the Office for National Statistics survey of the whole economy) rose strongly this month, to 823,000. As the number of vacancies is quite volatile, and frequently revised, the Office for National Statistics uses a three-month average.



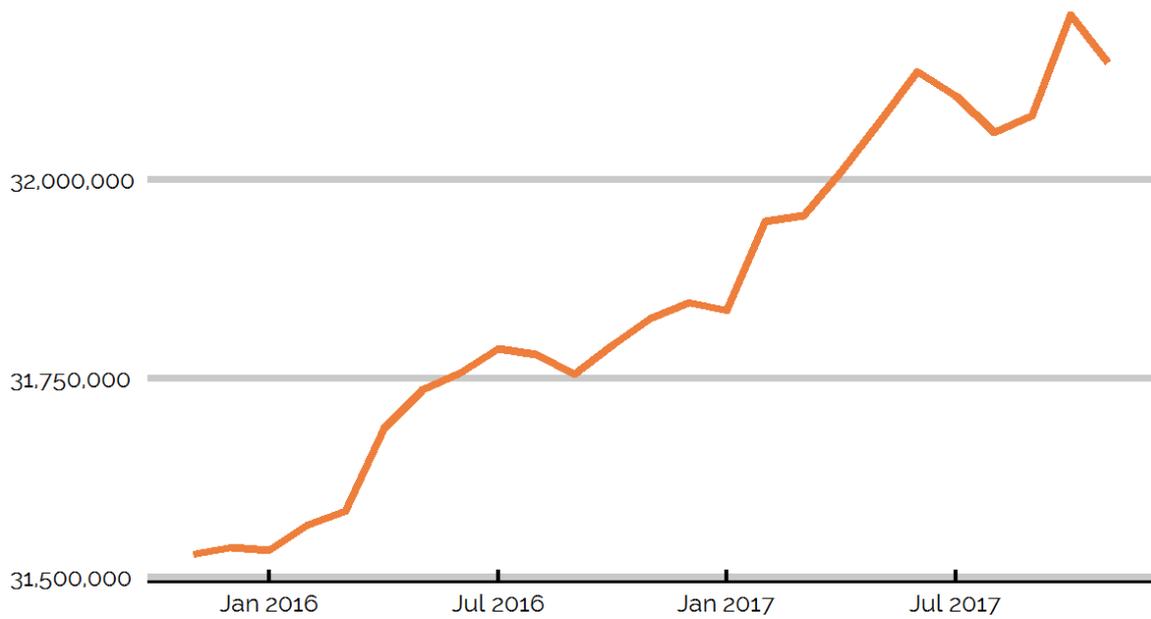
► **Chart 14: Unemployed people per vacancy**

There are 1.8 unemployed people per vacancy. Learning and Work Institute estimates this figure may remain at this level next month.



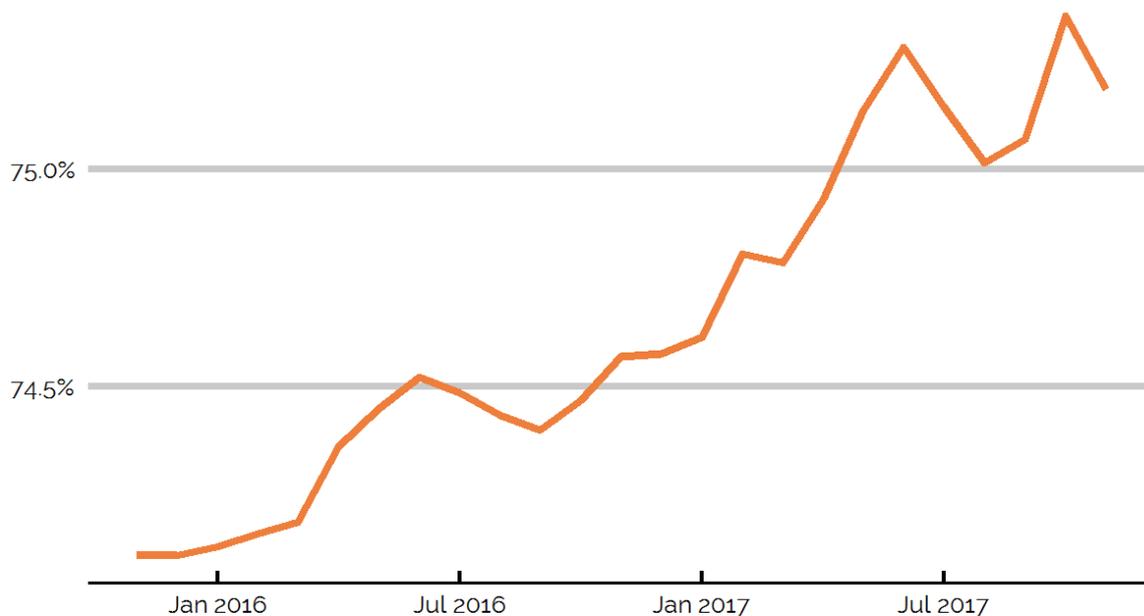
► **Chart 15: UK employment**

Employment fell by 60,000 on the figure published last month, to 32,147,000.



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

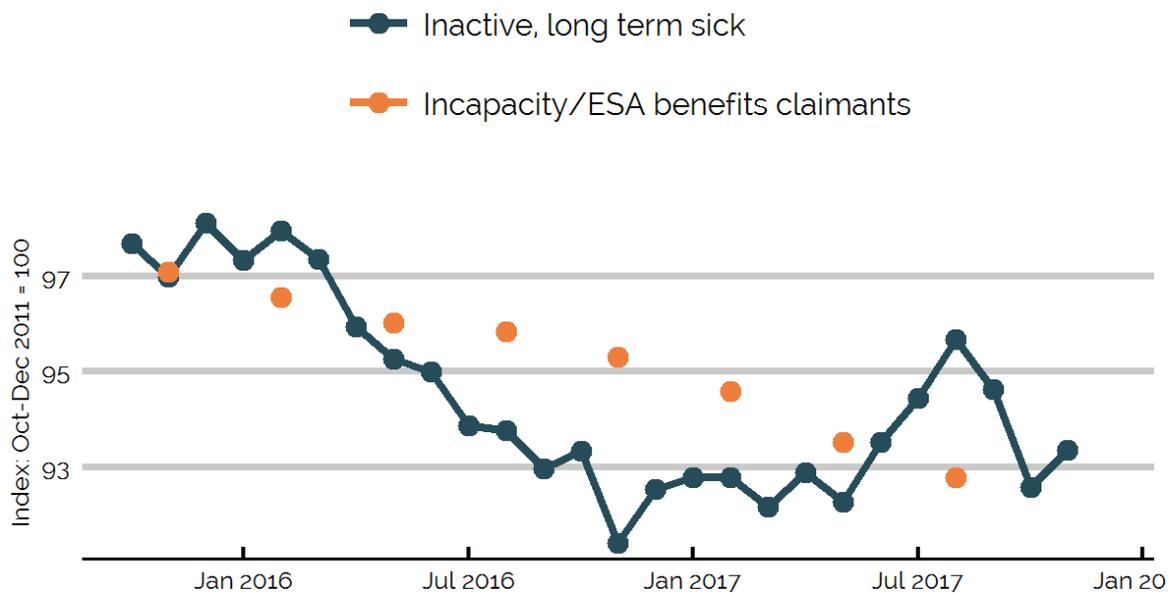
The employment rate rose by 0.2 percentage points over the quarter, to 75.2%.



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

The number of people inactive owing to long-term sickness rose, while the benefit figure fell. N.B. These benefit figures exclude Universal Credit Full Service claimants. The quarterly rise in UC claimants without work requirements is about the same as the falls in 'legacy' inactive benefits including ESA and Income Support.

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.

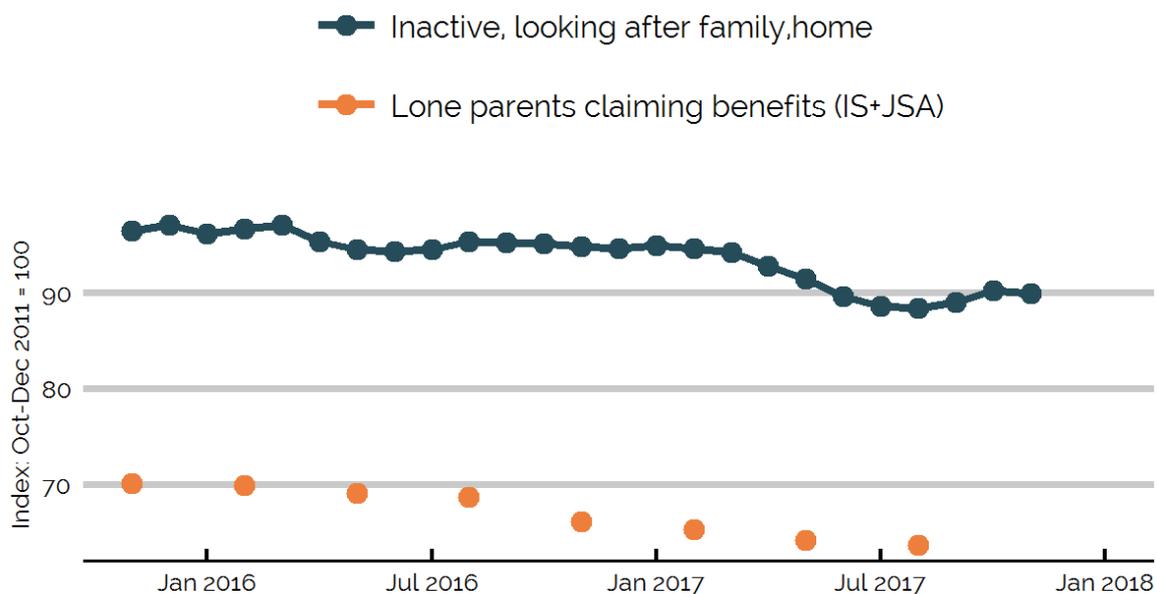


► **Chart 18: Claimants for inactive benefits and the economically inactive – lone parents**

The survey figures (showing those looking after family) rose while benefit measures fell slowly.

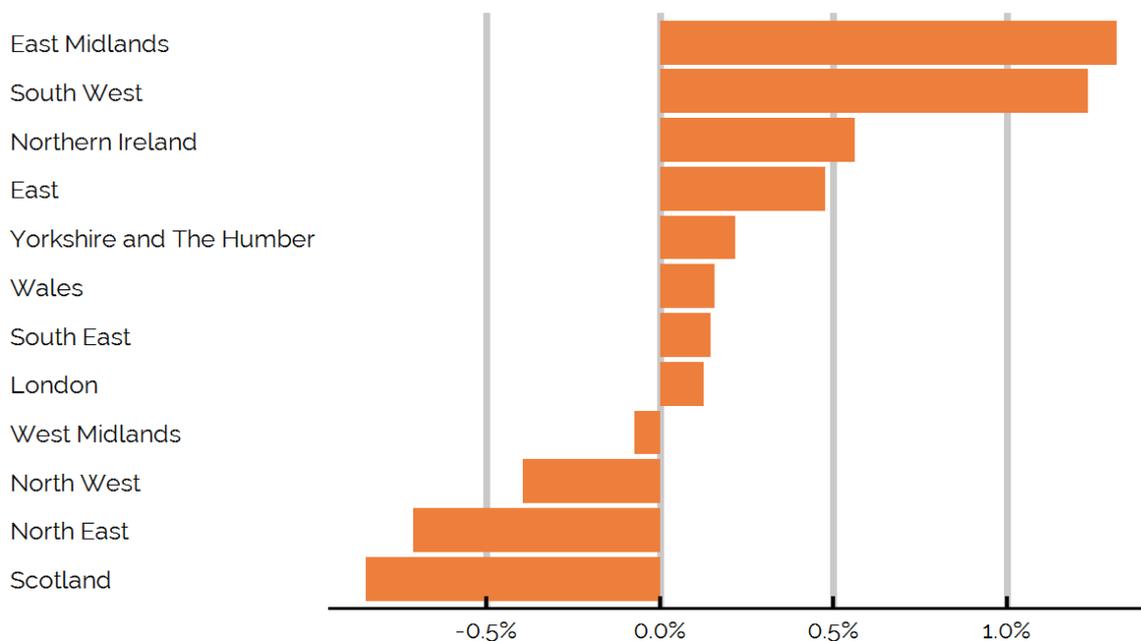
Income Support estimates have decreased, and those for Jobseeker's Allowance are falling. Lone parents with a youngest child aged five or six have moved on to Jobseeker's Allowance as part of welfare reform.

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).



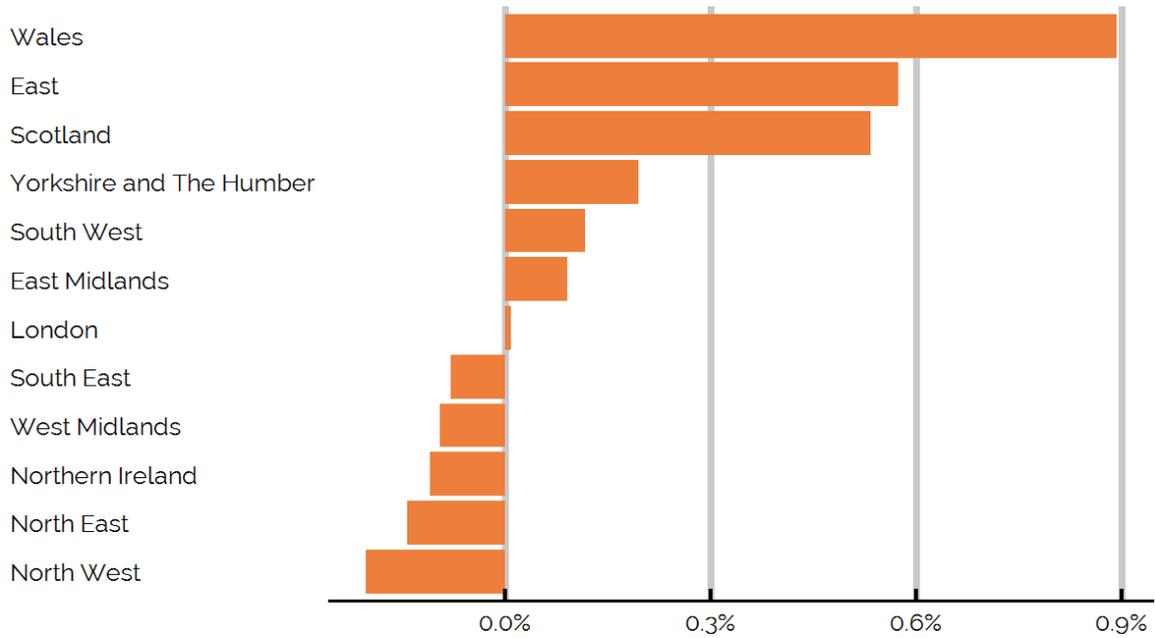
► **Chart 19: Employment rate quarterly change in regions – October to December 2017**

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



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

5 regions showed an improvement in the unemployment rate this quarter. 7 showed a worsening. The rises were led by Wales and the East of England.



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

Overall, there was a 0.3 percentage point fall in the inactivity rate. 4 regions showed rises in inactivity, led by the North East and the North West.

