

Making learning and work count

Labour market LIVE from Learning and Work Institute 15 May 2018

- **Unemployment** is 1,425,000, it has risen by 1,000 from last month's published figure (quarterly headline is down by 46,000) and the **unemployment rate** 4.2%, **showing no change** on last month and **down by 0.2 percentage points** on last quarter.
- The ONS figure for **claimant unemployed** is 897,000, **increased by 31,200** on last month, and the **claimant rate** is 2.5%.
- The **number of workless young people (not in employment, full-time education or training)** is 1,009,000, **up 6,000** on the quarter, representing 14.3% of the youth population (**up by 0.1 percentage points**).
- **Youth unemployment (including students)** is 531,000, **down by 16,000** on the quarter.
- There are 1.7 **unemployed people per vacancy**. Learning and Work Institute estimates this figure may rise slightly next month.
- The **employment rate** is 75.6% (**up by 0.2 percentage points** on last month's published figure and **rose by 0.4 percentage points** in the preferred quarterly measure).

Learning and Work Institute comment

The labour market figures published on 15 May provide present a very positive picture of the UK labour market with a strong rise in employment, and falling unemployment and economic inactivity in the latest quarter.

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

'The increase in employment between the first quarter of 2018 and the last quarter of 2017, at 197,000, is very strong and the largest quarterly increase for two and a quarter years. Unemployment and economic inactivity are both down. The employment rate is at a record high, the unemployment rate is at its lowest level since 1975 and the inactivity rate is at a record low. Added into the mix is the second month's figures of positive real wage growth with increasing wage growth of 2.9% outstripping inflation.

Looking at the composition of the rise in employment, around two thirds of the growth is accounted for by an increase in full-time employment and one third due to part-time employment. While the numbers of people involuntarily working in temporary or part-time jobs because they cannot find a permanent or full-time job are up - by 17,000 and

25,000 respectively, together these account for just a fifth of the overall increase in employment. Self-employment fell by 33,000 in the quarter which could reflect a decline in entrepreneurialism, or alternatively some unwinding of dubious employment practices by employers in the Gig Economy. While the number of unpaid family workers fell by 23,000 and the number of government trainees by 17,000. Overall, it would be difficult to argue, from the composition of the change in employment, that this quarter's very strong rise in employment is down to a growing number of 'bad jobs'.

This very positive labour market picture stands in contrast with the outturns for claimant unemployment and economic growth. The number of claimant unemployed is up again this month - by 31,000 between March and April, and by 105,000 in the year to April 2018. Economic growth in the first quarter of 2018 was at 0.1% the weakest growth outturn for six years. While one should raise a glass and toast today's noteworthy labour market figures, we should perhaps be wary that we do not get a hangover tomorrow. '

Paul Bivand, Learning and Work AD for Statistics and Analysis said: "The claimant count of unemployed benefit claimants is clearly the odd indicator out this month, rising while other measures are showing improving trends. Universal Credit is designed to increase jobseeking activity among previously economically inactive groups, but this is not showing up in increasing ILO (survey) unemployment, as we would expect."

Employment increased by 197,000 between October to December 2017 and January to March 2018. In the last 12 months employment rose by 396,000.

Unemployment fell by 46,000 between October to December 2017 and January to March 2018. and the unemployment rate decreased by 0.2 percentage points to 4.2% in the quarter the lowest level since 1975.

Economic inactivity reduced by 115,000 between October to December 2017 and January to March 2018. and the inactivity rate has fallen by 0.3 percentage points to 21.0% in the quarter, a new record low.

The national claimant count is up by 31,200. This takes account of normal seasonal effects but adjusted figures are not published for local areas. The actual number of claimants, nationally, has risen by 32,200 in the month to April. Therefore, it should not be surprising that figures for local areas may show larger increases compared to the national picture. L&W's own seasonally adjusted estimate rose less, by 21,500. L&W's estimates are currently more effective at smoothing out normal seasonal changes than the ONS estimates.

The proportion of people leaving the claimant count (or the 'leavers rate') has risen. At 14.5%, it is still well below the level in early 2015 of 18.1%. The number of new claims has fallen. Jobseeker's Allowance off-flow rates for JSA claimants of short durations fell again.

Youth unemployment is showing a quarterly fall. There are still 531,000 unemployed young people, and 356,000 (5.0% 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 Universal Credit or Jobseeker's Allowance and therefore are not receiving official help with job search is now 52.3%.

A total of 57,000 were counted as in employment while on 'government employment and training programmes', where the Office for National Statistics continues to count employment programme participants as 'in employment' by default. This number fell 17,000 this quarter. Self-employment fell 33,000 this quarter. Employee numbers rose 271,000 in the quarter. Involuntary part-time employment rose this quarter by 25,000 to 1 million, 12.0% 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 1,425,000. It has risen by 1,000 from the figure published last month. On the basis of later claimant count figures, Learning and Work Institute estimates that unemployment may continue to rise, although this remains highly uncertain. The unemployment rate remained at 4.2%.

— L&W forecast — ILO unemployed

▶ Chart 2: Percentage unemployed not claiming Jobseeker's Allowance

The proportion of unemployed people not claiming Jobseeker's Allowance has fallen to 40.3%, (575,000).



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

Youth long-term unemployment (which can include students) has risen by 3,000 from last month's figure and is now 131,000.

The youth long-term Jobseeker's Allowance count (but not UC) remains far behind, at 18,100. The count fell by 200 this month.

— ILO unemployed — JSA claimants

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

Adult long-term unemployment on the survey measure is now 285,000. The Jobseeker's Allowance measure is 150,900.

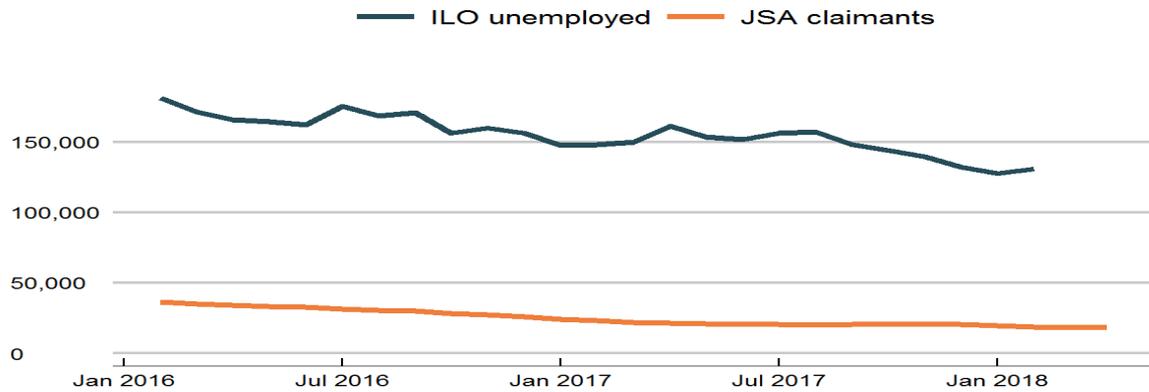
— ILO unemployed — JSA claimants

▶ Chart 5: Unemployment rates by age

The 18 to 24 year old unemployment rate (including students) is 10.3% of the economically active – excluding one million economically inactive students from the calculation. The rate for those aged 25 to 49 is 3.1%. For those aged 50 and over it is 3.0%. The quarterly change is down 0.6 for 18 to 24 year olds, down 0.2 for 25 to 49 year olds, and up 0.1 for the over-50s.

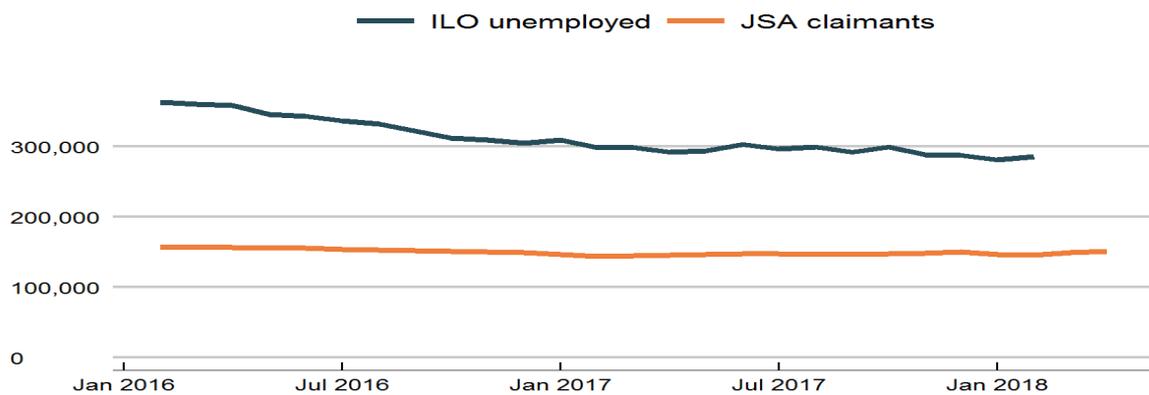
— 18-24 — 25-49 — 50 and over

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

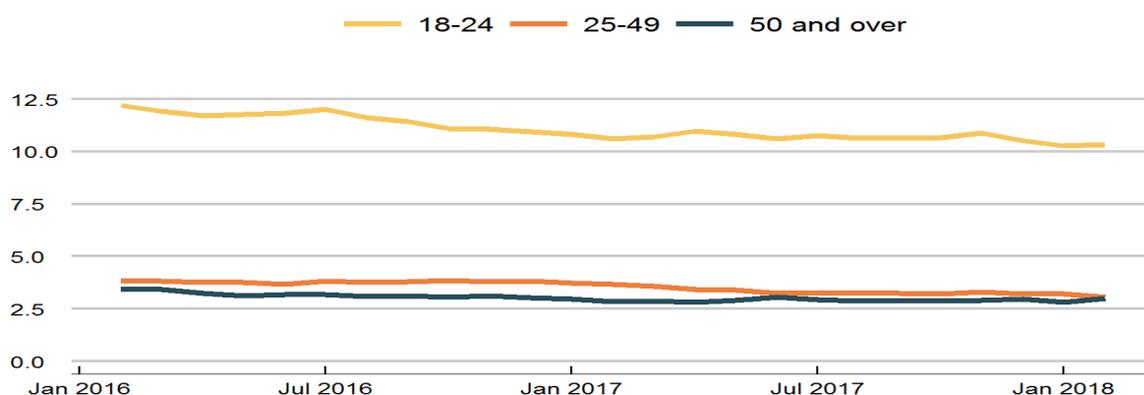
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year olds, and up 0.1 for the over-50s.



► **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 (1,009,000) has risen in the past quarter by 6,000, or 0.6%. The rise was entirely among the inactive, with the number of unemployed young people not in full-time education or training falling.

► **Chart 7: Youth unemployment**

The number of unemployed young people (including students) has risen by 6,000 since last month's figures, to 531,000.

Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants rose last month by 3,457, to 174,976. There are 186,000 unemployed young people who are not in education, and do not claim Jobseeker's Allowance, 52.3% of all unemployed young people who are not students.



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

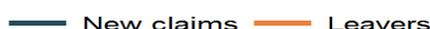
The ONS headline Jobseeker's Allowance and Universal Credit claimant count increased by 31,246 in April, taking the total to 896,955. ONS' claimant count before seasonal adjustment rose by 32,205 to 925,957. This change is directly comparable to the local level claimant count changes published today.

Learning & Work's seasonally adjusted estimate rose by 21,549 to 893,904. The rate of increase is accelerating.

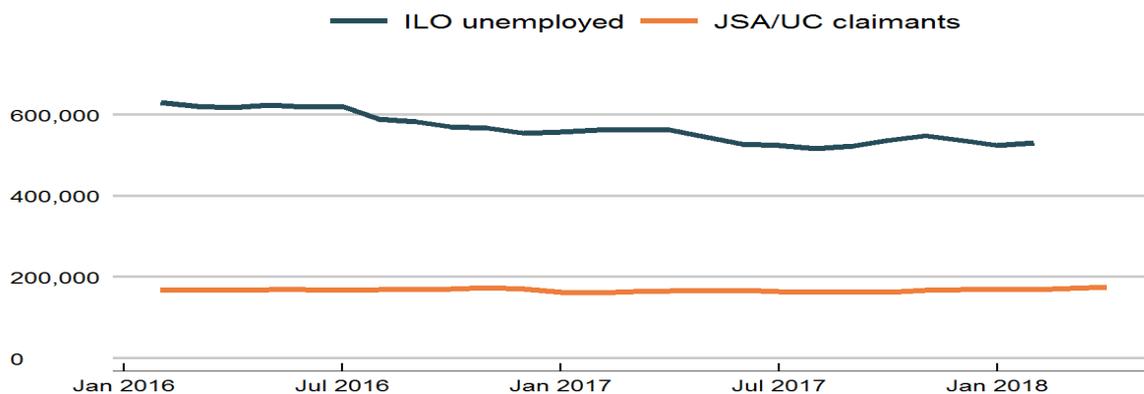


► **Chart 9: Jobseeker's Allowance – new claims and leavers**

The number of new Jobseeker's Allowance claims fell by 1,800 this month, to 73,600. Meanwhile the number of leavers rose, by 1,200, to 75,900.



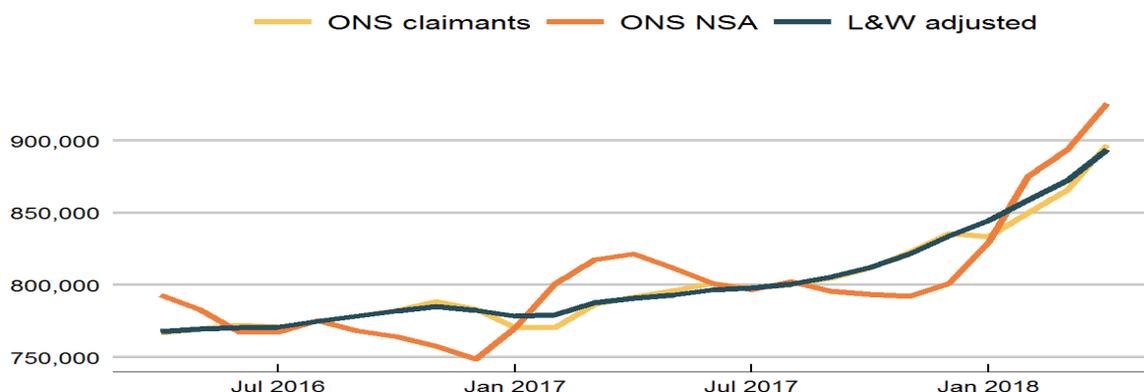
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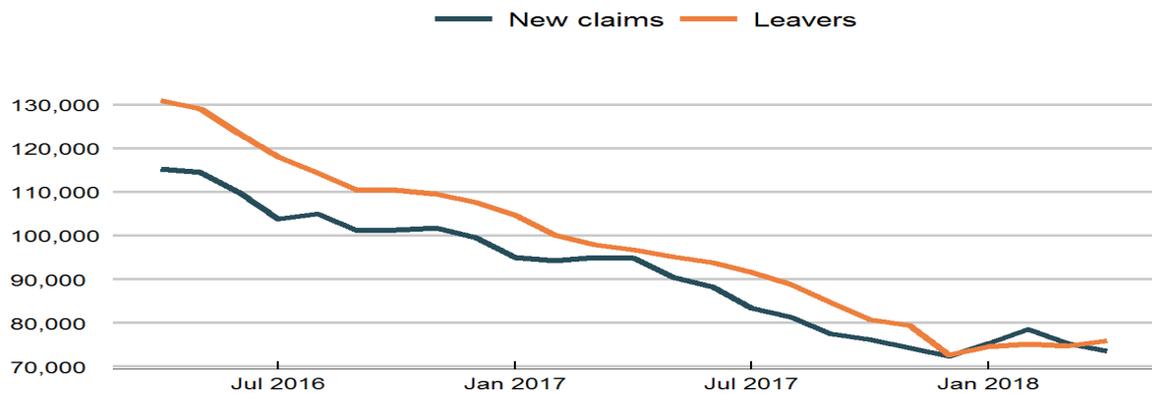
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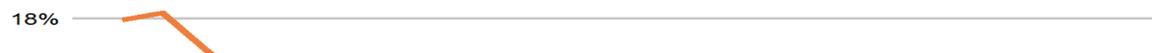
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▶ **Chart 10: Jobseeker's Allowance – claimant count leavers rate – leavers as percentage of 'could leave'**

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 14.5%.



▶ **Chart 11: Jobseeker's Allowance – claimants staying through each three-month threshold (seasonally adjusted)**

These measures show a decrease in off-flows for JSA claimants at all lengths of unemployment.

The proportion staying beyond three months has risen to 53.8%.



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

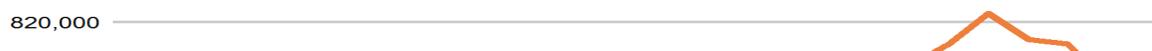
The proportion of starters becoming 12-month claimants is now 13.5%. This is likely to rise over the next few months as the proportion of starters becoming 9-month claimants has risen by 1.1 percentage points over the last three months.

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**

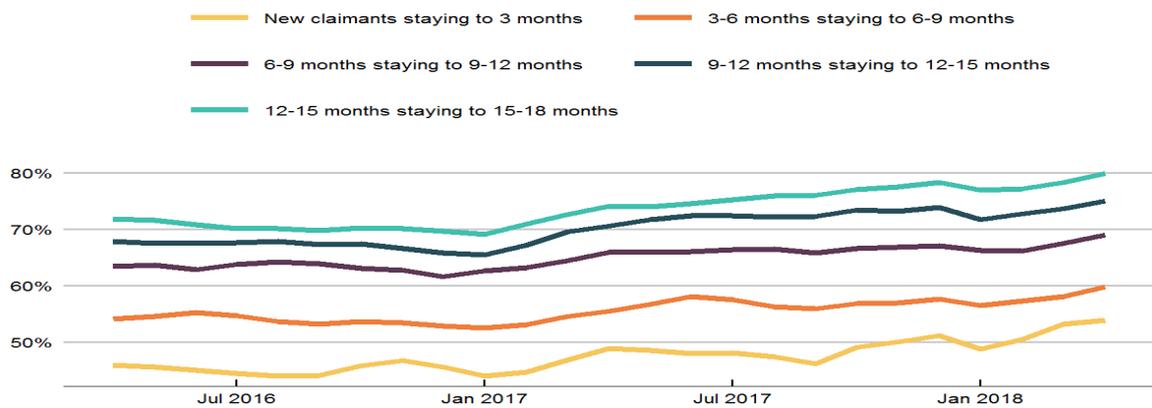
Vacancies (in the Office for National Statistics survey of the whole economy) fell this month, to 806,000, but vacancies remain at a high level.



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

There are 1.7 unemployed people per vacancy. Learning and Work Institute estimates

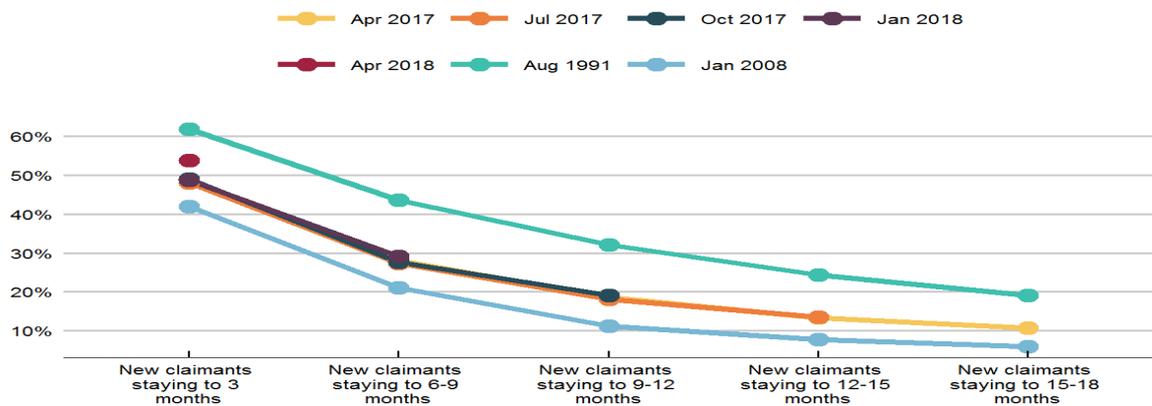
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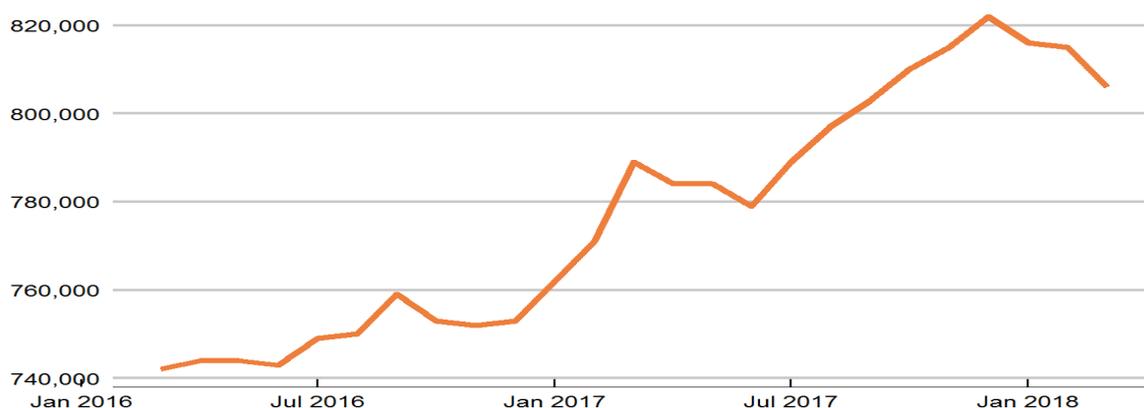
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— L&W forecast — Unemployed per vacancy

► **Chart 15: UK employment**

Employment rose by 82,000 on the figure published last month, to 32,344,000.

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

The employment rate rose by 0.4 percentage points over the quarter, to 75.6%.

75.6%

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

The number of people inactive owing to long-term sickness fell, as did the benefit figure, which has now advanced to November 2017.

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.

The Department for Work and Pensions' figures do not include the rising numbers of Universal Credit claimants with health conditions.

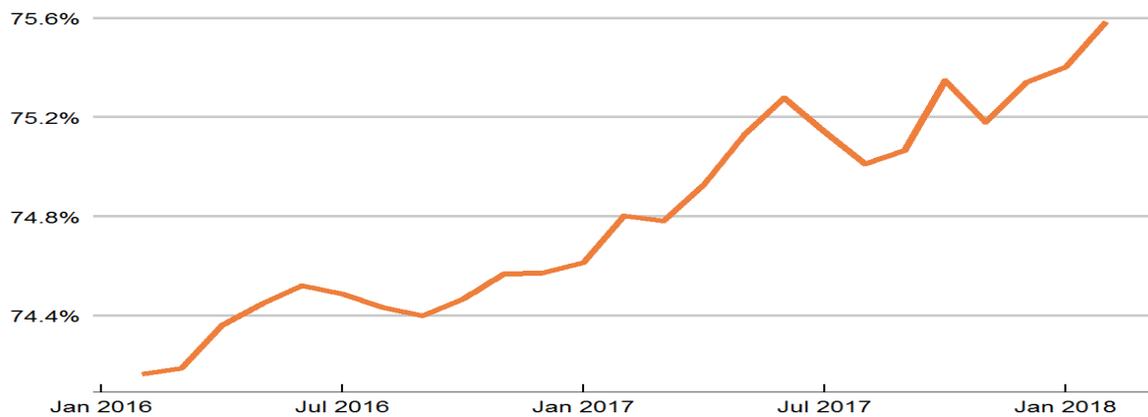
— Inactive, long term sick

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

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

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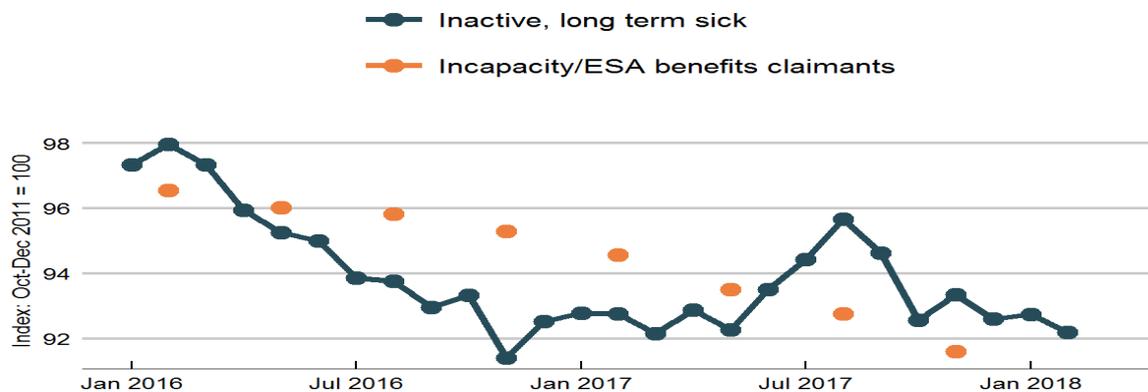


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Income Support estimates have decreased, and those for Jobseeker's Allowance are now falling. Lone parents with a youngest child aged five or six have moved on to Jobseeker's Allowance (and now Universal Credit) as part of welfare reform.

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).

—●— Inactive, looking after family,home

▶ **Chart 19: Employment rate quarterly change in regions – January to March 2018**

This quarter, 10 regions showed a rise in the employment rate, led by the North East and the West Midlands. The employment rate fell in 2 regions, the North West (just) and the South East.



▶ **Chart 20: Unemployment rate quarterly change in regions – January to March 2018**

10 regions showed an improvement in the unemployment rate this quarter. 2 showed a worsening. The rises were led by the South East and the North West.



▶ **Chart 21: Inactivity rate quarterly change in regions – January to March 2018**

Overall, there was a 0.3 percentage point fall in the inactivity rate. 2 regions showed rises in inactivity, the South East and the East of England.



This newsletter is produced by [Learning and Work Institute](#) and keeps readers up to date on a wide range of learning and work issues.

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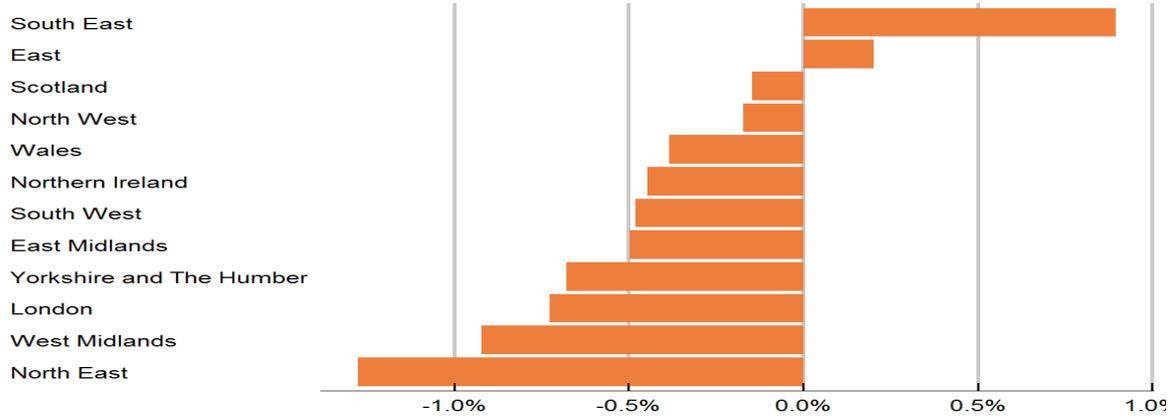
**INVESTORS
IN PEOPLE**

Silver



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