

Making learning and work count

Labour market LIVE from Learning and Work Institute 11 September 2018

- **Unemployment** is 1,361,000, has risen by 1,000 from last month's published figure (quarterly headline is down by 55,000) and the **unemployment rate was stable at 4.0%** in the month and **decreased by 0.2 percentage points** on last quarter.
- The ONS figure for **claimant unemployed** is 918,800, **up by 8,700** on last month, and the **claimant rate** is 2.6%.
- The **number of workless young people (not in employment, full-time education or training)** is 982,000, **increased by 9,000** on the quarter, representing 14% of the youth population (and **rose by 0.2 percentage points**).
- **Youth unemployment (including students)** is 488,000, **down 32,000** on the quarter.
- There are 1.6 **unemployed people per vacancy**. Learning and Work Institute estimates this figure may rise slightly next month.
- The **employment rate** is 75.5% (**down by 0.1 percentage points** on last month's published figure and also **fell by 0.1 percentage points** in the preferred quarterly measure).

Learning and Work Institute comment

The labour market figures published on 11 September indicate that the labour market is slowing.

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

'Unemployment has fallen again by 55,000 in the three months to May to July 2018. However, this is because people are leaving the labour market with inactivity up by over a 100,000, and not because people are moving into work. Employment has plateaued and been at around the same level (32.4 million) for the last four months. This all suggests a slowdown in the labour market.

The claimant count has risen again this month which is also consistent with a slowdown but may also reflect administrative problems with the operation of Universal Credit.

Vacancies have stabilised at historically high levels. Wage growth edged up in this month's figures to 3.0% a year above the inflation rate, so real wages rose by 0.5% in today's figures. This represents a welcome increase in living standards, but it should be

remembered that such rates of growth are very modest in historical terms.

The latest workforce job figures, which are released on a quarterly rather than a monthly basis, stand in contrast with the above figures taken from the Labour Force Survey. They show a solid increase in workforce jobs of 84,000 between March and June 2018.

Overall though, today's numbers suggest that the labour market is slowing. If inactivity continues to rise, rather than unemployment, when the labour market slows, then this would reverse a major success of UK policy towards ensuring workless people are also applying for jobs. The Northern Ireland (and US) pattern of high inactivity and low unemployment is ineffective for both employers and workless people.'

Paul Bivand, Learning and Work Institute's associate director for statistics and analysis said:

"The number of unemployed people claiming benefits continues to rise, while surveyed unemployment has fallen. There remain very considerable doubts as to whether the Universal Credit system is as effective at returning people to work as quickly as the old system. The lack of statistics on Universal Credit flows to work (in the legacy benefit statistics since the 1980s) makes the case that Universal Credit is making return work for claimants more difficult."

Employment rose by 3,000 between February to April 2018 and May to July 2018. In the last 12 months employment rose by 261,000.

Unemployment has fallen by 55,000 between February to April 2018 and May to July 2018. and the unemployment rate decreased by 0.2 percentage points to 4.0% in the quarter the lowest level since 1975.

Economic inactivity is up by 108,000 between February to April 2018 and May to July 2018. and the inactivity rate has risen by 0.2 percentage points to 21.2% in the quarter.

The national claimant count rose by 8,700. This takes account of normal seasonal effects but adjusted figures are not published for local areas. The actual number of claimants, nationally, rose by 13,000 in the month to August. 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') is now stable at 14.6%. This is now well below the level in early 2017 of 17.1%. Jobseeker's Allowance off-flow rates for JSA claimants rose.

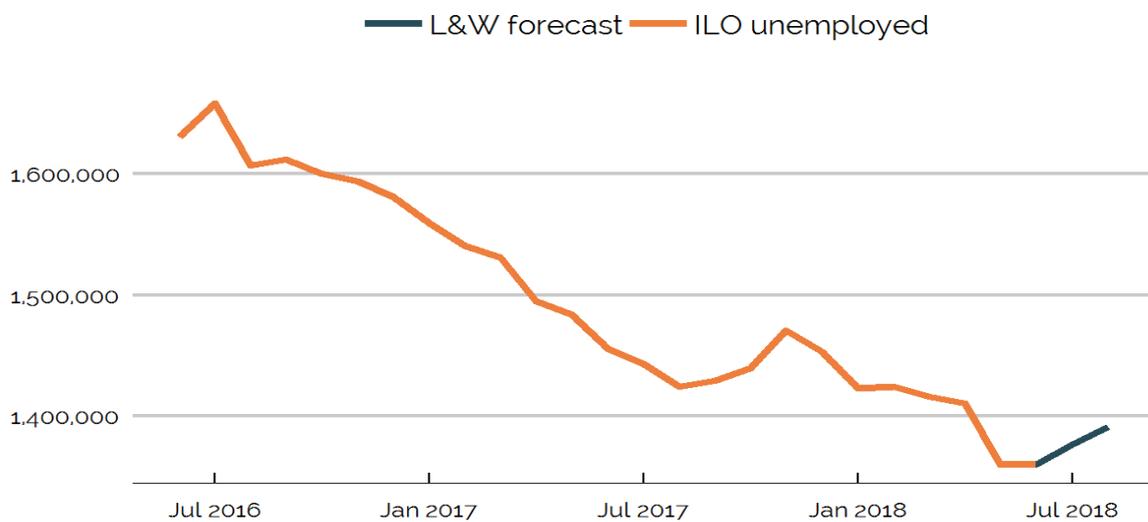
Youth unemployment is showing a quarterly fall. There are still 488,000 unemployed young people, and 320,000 (4.6% of the youth population) who are unemployed and not in full-time education. But, economic inactivity for those not in full-time education has risen and is 2/3 of young people who are not in work or 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 45.0%.

A total of 47,000 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 by 1,000 this quarter. Self-employment has fallen by 12,000 this quarter. The number of employees has risen by 1,000 in the quarter. Involuntary part-time employment reduced by 48,000 this quarter to 1 million, 11.5% of all part-time workers. The proportion remains much higher than the 7.4% in 2004.

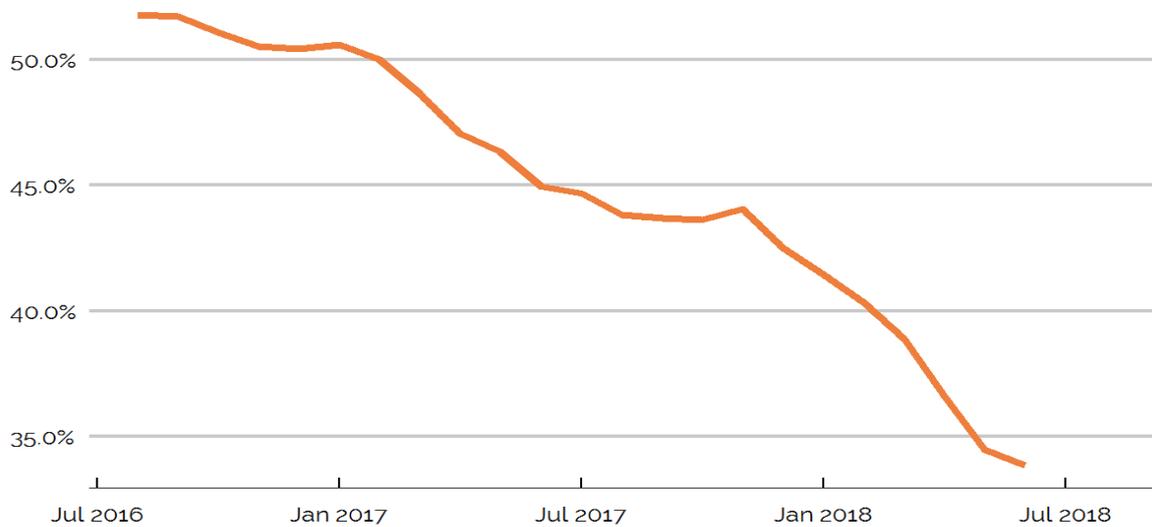
► **Chart 1: UK unemployment (ILO)**

The latest unemployment figure is 1,361,000. It has risen by just 1,000 from the figure published last month. On the basis of later claimant count figures, Learning and Work Institute estimates that unemployment could rise, if unemployment follows the claimant count pattern. The unemployment rate remained at 4.0%.



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

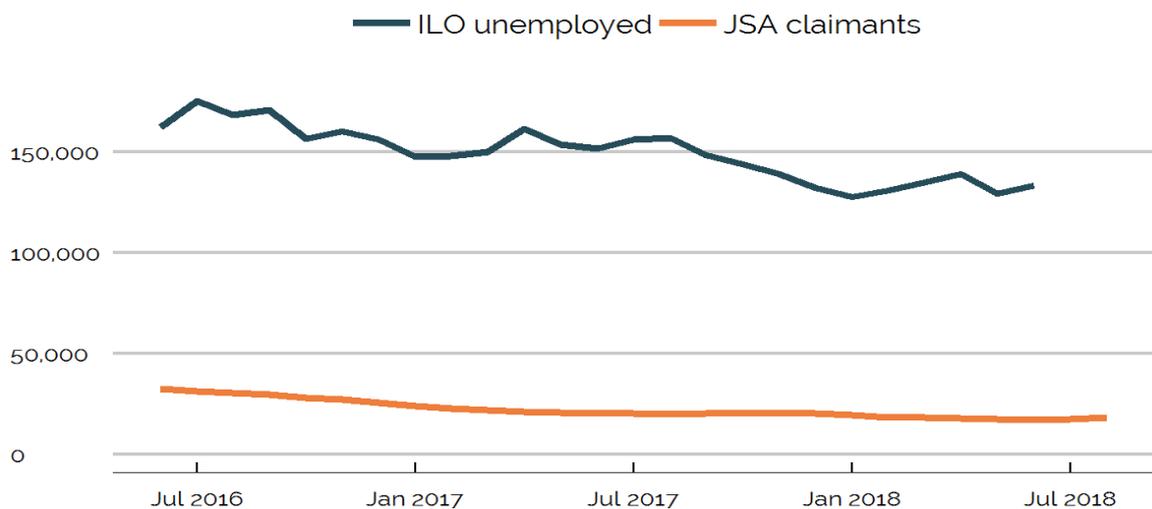
The proportion of unemployed people not claiming Universal Credit or Jobseeker's Allowance has fallen to 33.9%; (461,000).



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

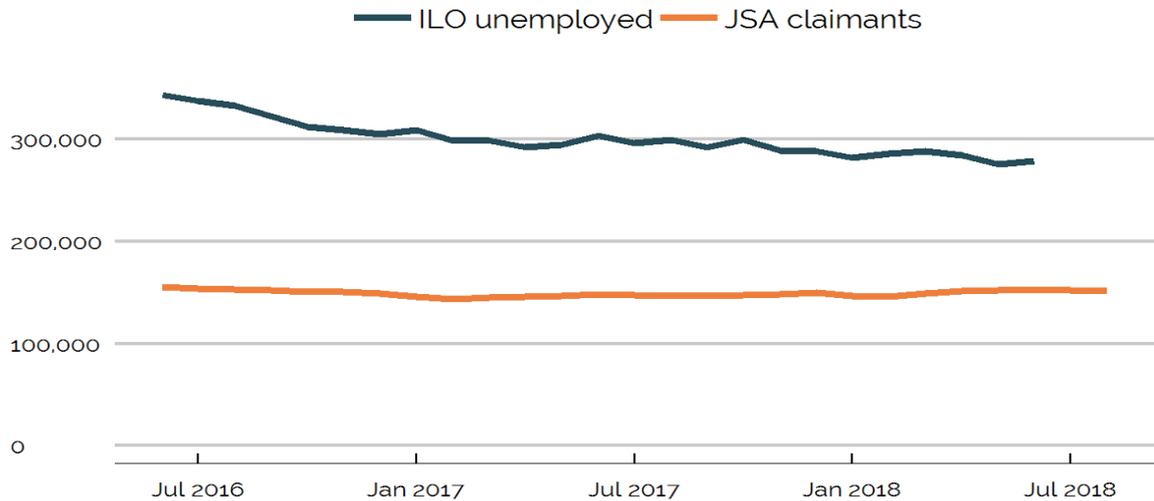
Youth long-term unemployment (which can include students) has risen by 4,000 from last month's figure and is now 133,000.

The youth long-term Jobseeker's Allowance count (there are still no Universal Credit figures for long-term unemployment) remains far behind, at 18,500. The count fell by 700 this month.



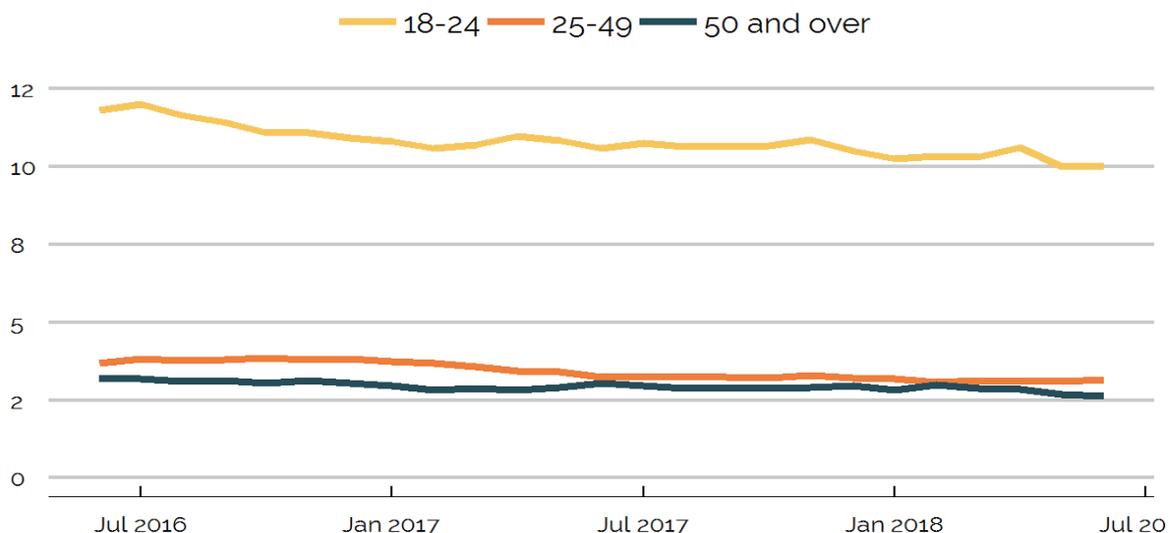
► **Chart 4: Adult long-term unemployment (12 months and over, 25+)**

Adult long-term unemployment on the survey measure is now 278,000. The Jobseeker's Allowance measure is 151,500. Universal Credit has had less impact on adult claim numbers than for 18-24s.



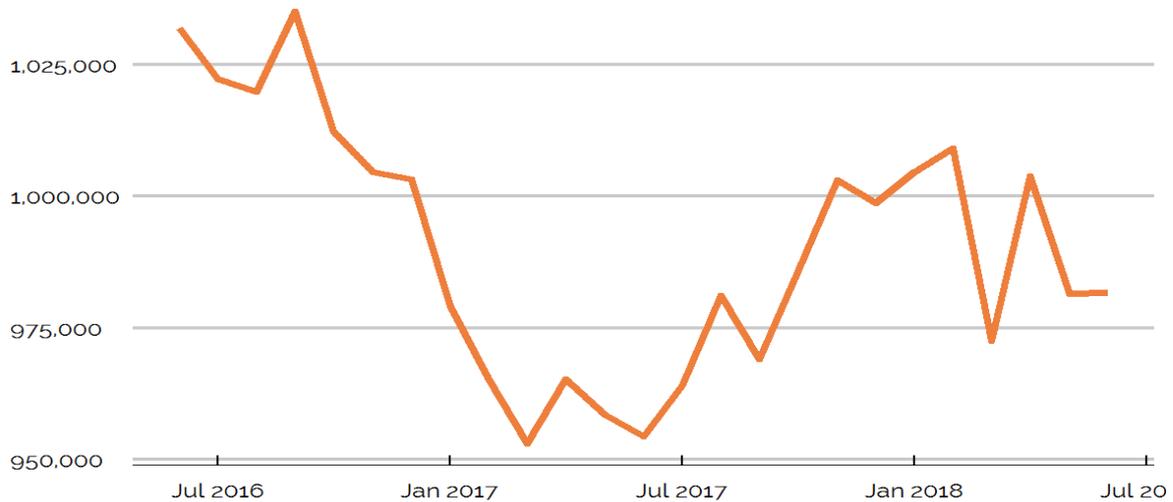
► **Chart 5: Unemployment rates by age**

The 18 to 24 year old unemployment rate (including students) is 10.0% of the economically active – excluding over one million economically inactive students from the calculation. The rate for those aged 25 to 49 is 3.2%. For those aged 50 and over it is 2.6%. The quarterly change is down 0.3 for 18 to 24 year olds, up 0.1 for 25 to 49 year olds, and down 0.3 for the over-50s.



► **Chart 6: Young people not in employment, full-time education or training**

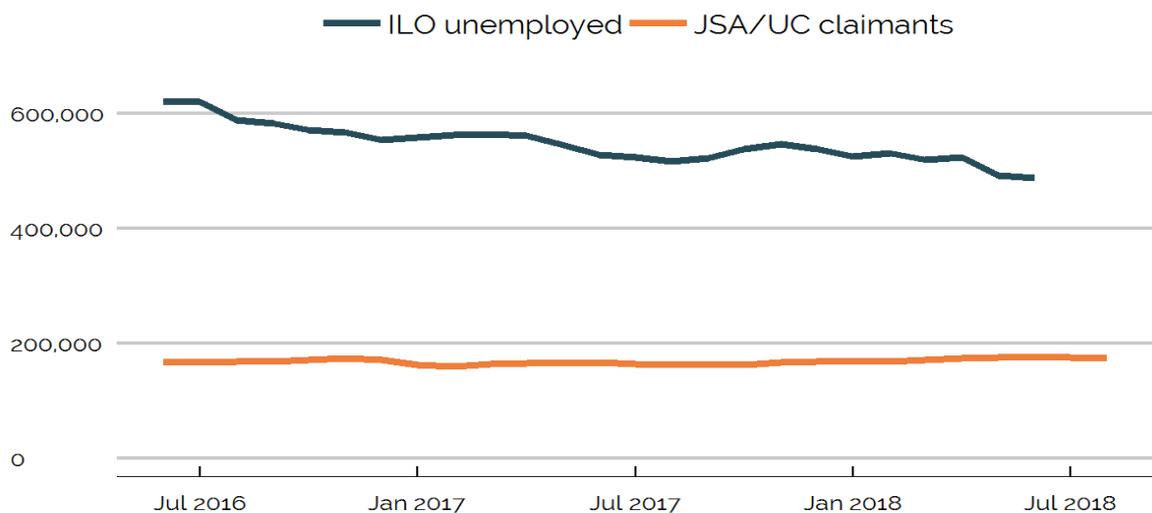
The number of out of work young people who are not in full-time education (982,000) has risen in the past quarter by 9,000, or 0.9%. The economically inactive rose 43,000, with the number of unemployed young people not in full-time education or training falling 34,000.



► **Chart 7: Youth unemployment**

The number of unemployed young people has fallen by 4,000 since last month's figures, to 488,000.

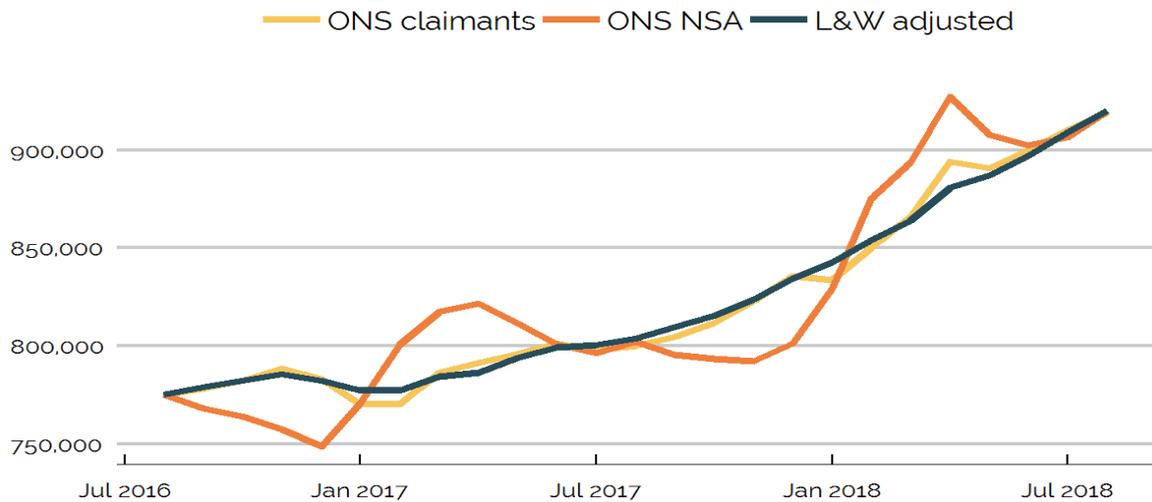
Meanwhile, the number of young Universal Credit or Jobseeker's Allowance claimants fell last month by 1,480, to 174,000. There are 144,000 unemployed young people who are not in education, and do not claim Jobseeker's Allowance or Universal Credit, 45% of all unemployed young people who are not students.



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

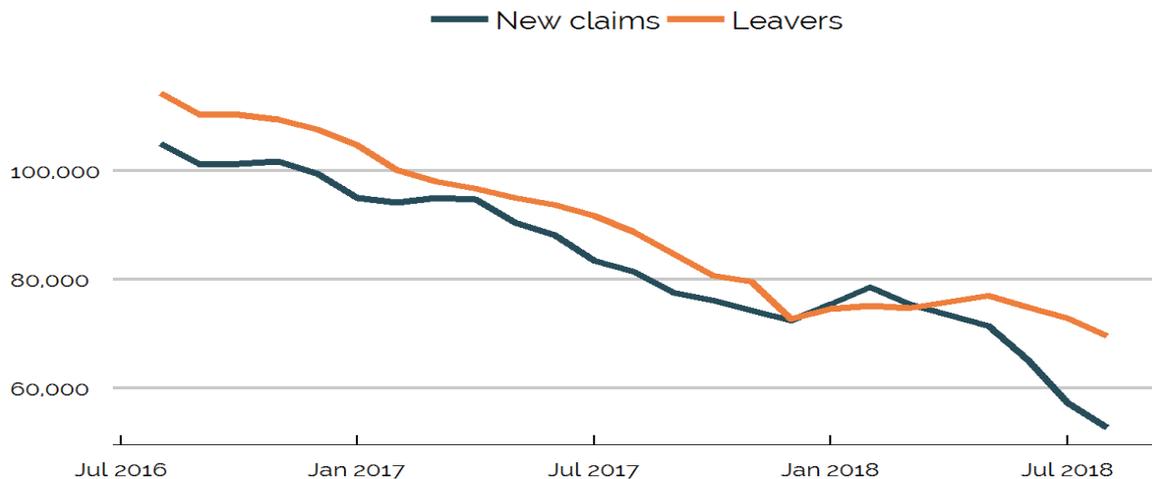
The ONS headline Jobseeker's Allowance and Universal Credit claimant count rose by 8,700 in August, taking the total to 918,800. ONS' claimant count before seasonal adjustment increased by 12,967 to 919,547. This change is directly comparable to the local level claimant count changes published today.

Learning & Work Institute's seasonally adjusted estimate rose by 11,163 to 920,098



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

The number of new Jobseeker's Allowance claims fell by 4,700 this month, to 52,600. Meanwhile the number of leavers also fell, by 3,300, to 69,500. The rollout of Universal Credit affects these figures. Now, 55% of claims in the Claimant Count are Universal Credit. UC passed the total of JSA claims in June 2018.



► **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 stabilised at 14.6% after several months of rises.



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

These measures show an increase in off-flow rates for claimants up to 9 months and stability for longer-term claimants.

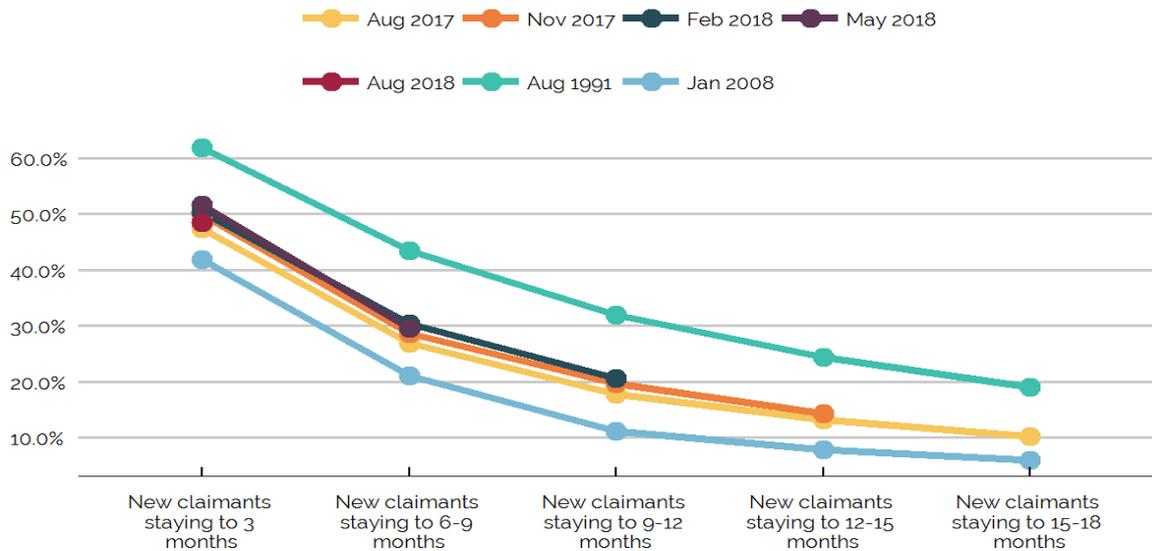
The proportion staying beyond three months has fallen to 48.5%.



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

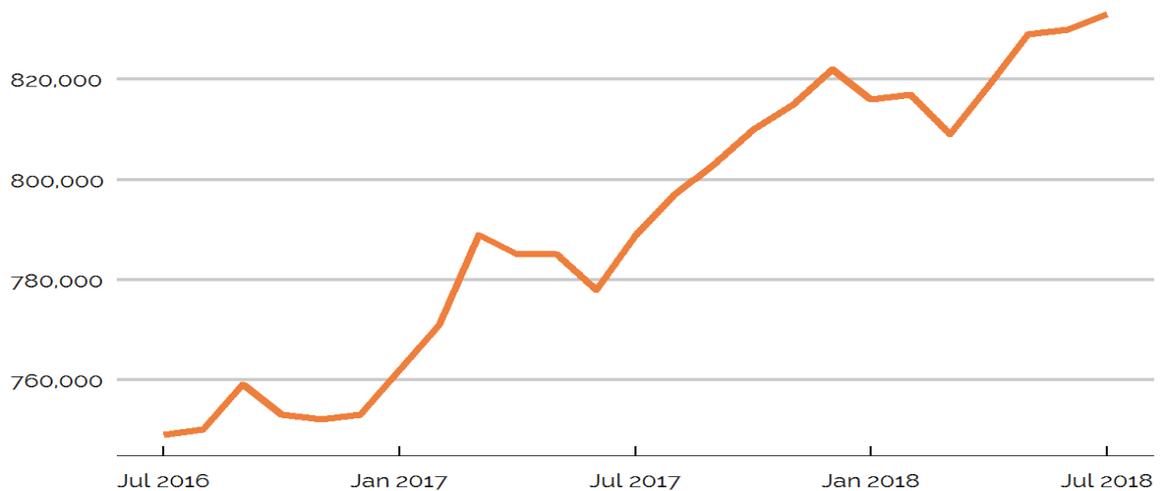
The proportion of starters becoming 12-month claimants is now 14.4%. This is likely to rise over the next few months as the proportion of starters becoming 9-month claimants has risen by 0.8 percentage points over the last three months.

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



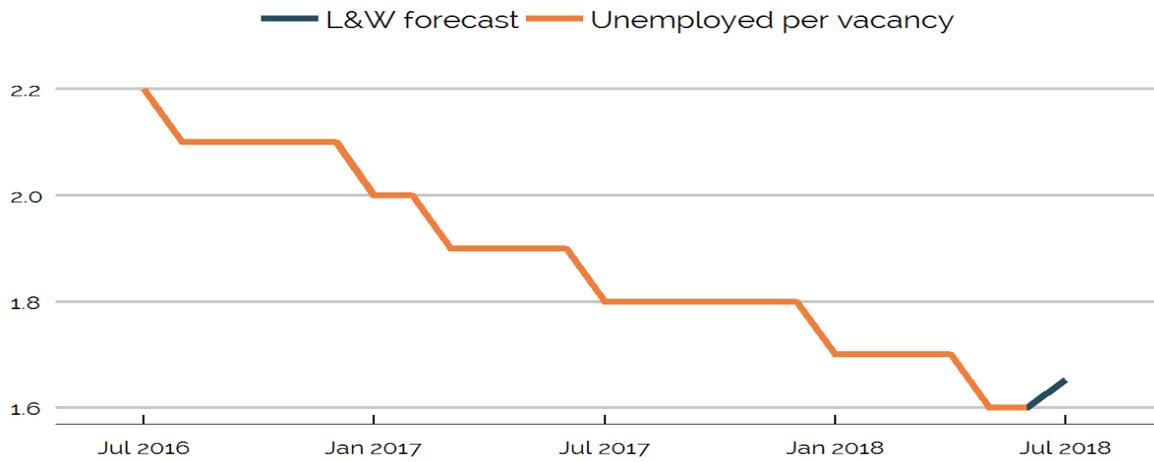
► **Chart 13: Vacancies – whole economy survey**

Vacancies (in the Office for National Statistics survey of the whole economy) rose this month, to 833,000. As the number of vacancies is quite volatile, and frequently revised, the Office for National Statistics uses a three-month average.



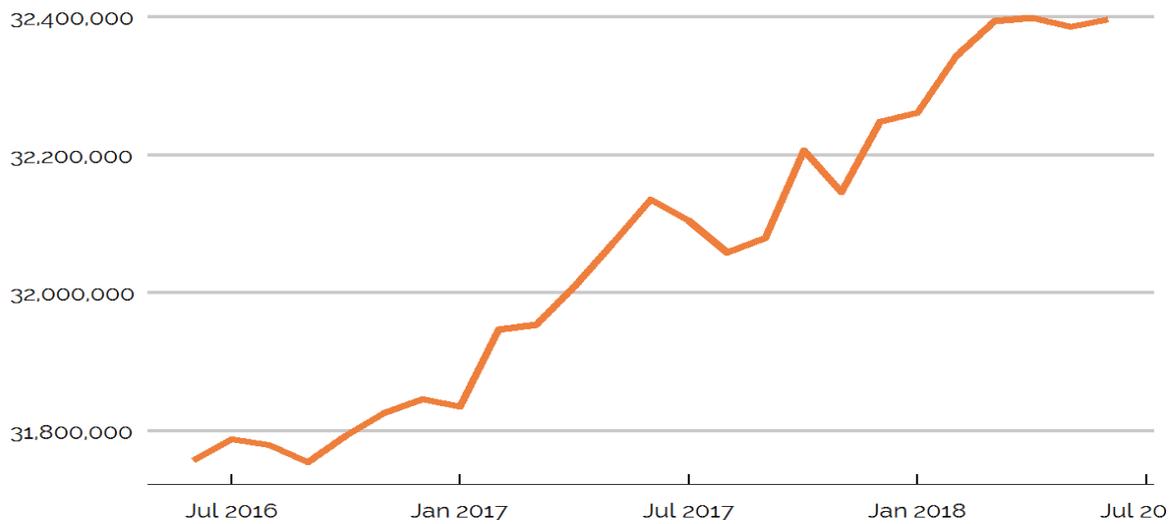
► **Chart 14: Unemployed people per vacancy**

There are 1.6 unemployed people per vacancy. Learning and Work Institute estimates this figure may rise slightly next month.



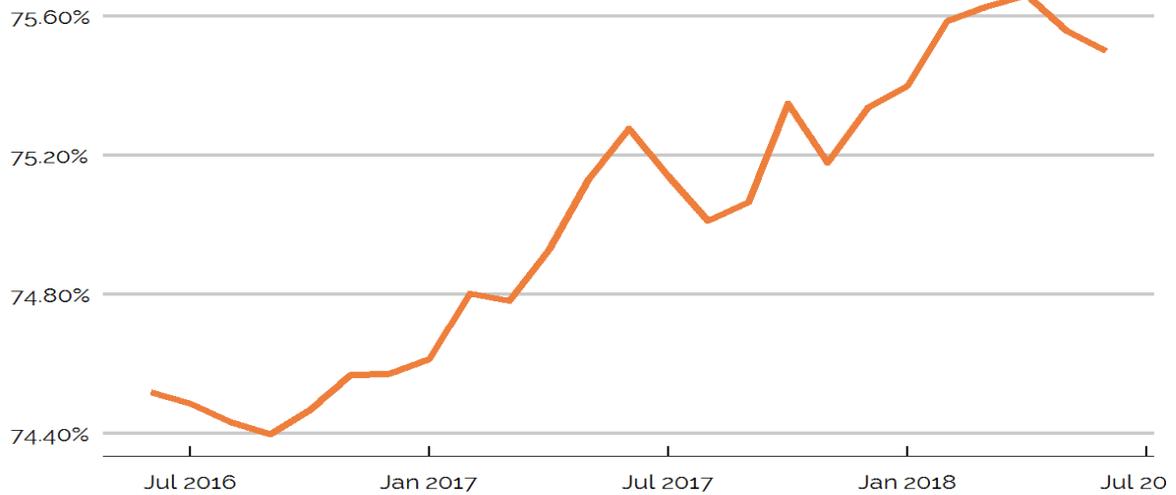
► **Chart 15: UK employment**

Employment is up by 11,000 on the figure published last month, to 32,397,000.



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

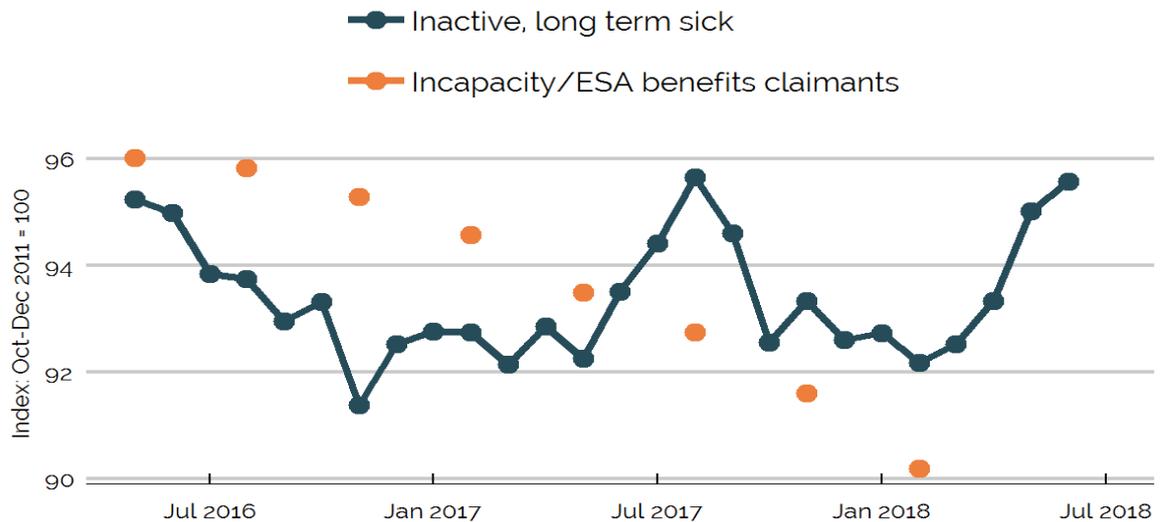
The employment rate fell by 0.1 percentage points over the quarter, to 75.5%.



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

The number of people inactive owing to long-term sickness rose 65,000 in the quarter, while there are no timely benefit figures.

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.

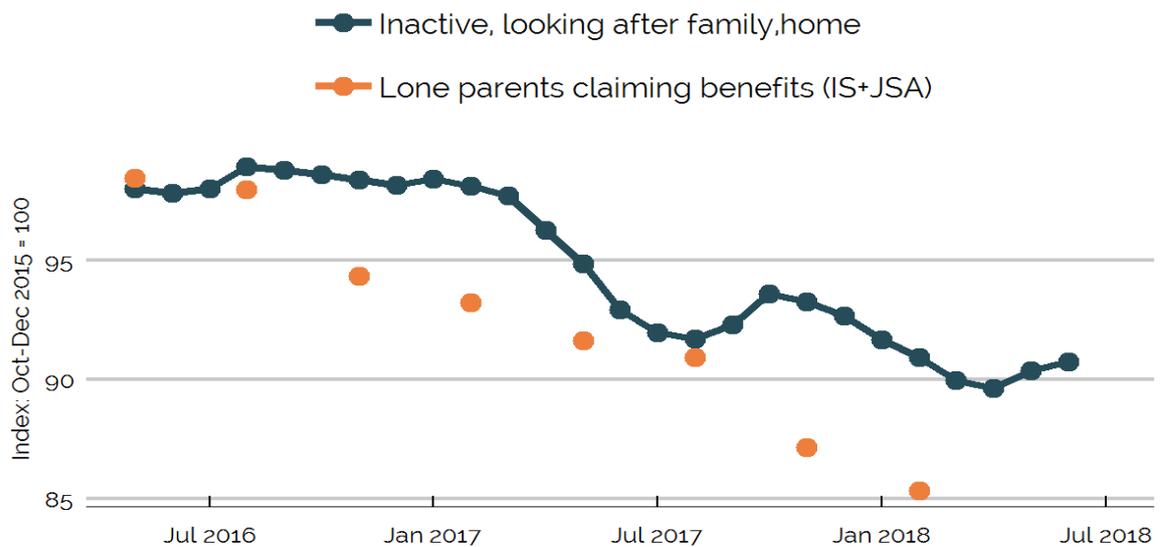


► **Chart 18: Claimants for inactive benefits and the economically inactive – lone parents**

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

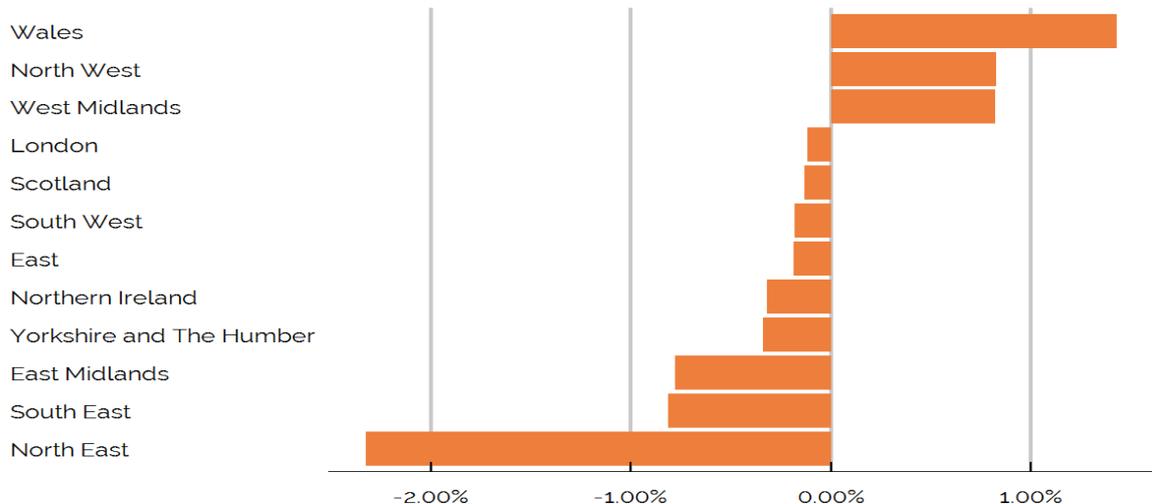
Lone parents are increasingly claiming Universal Credit as Full Service rolls, out, but compatible figures to Income Support or JSA are not available.

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).



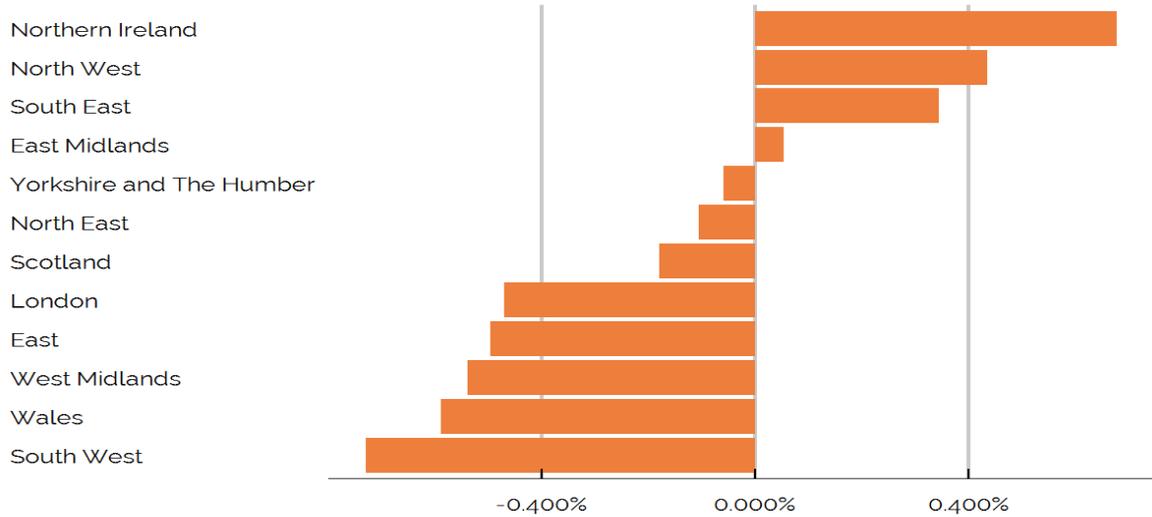
► **Chart 19: Employment rate quarterly change in regions – May to July 2018**

This quarter, 3 regions showed a rise in the employment rate, Wales, the North West and West Midlands. The employment rate fell in 9 regions, led by the North East.



► **Chart 20: Unemployment rate quarterly change in regions – May to July 2018**

8 regions showed an improvement in the unemployment rate this quarter. 4 showed a worsening. The rises were led by Northern Ireland and the North West.



► **Chart 21: Inactivity rate quarterly change in regions – May to July 2018**

Overall, there was a 0.3 percentage point rise in the inactivity rate. 8 regions showed rises in inactivity, led by the North East.

