

## UNEMPLOYMENT

This article shows levels and trends of unemployment in Herefordshire. The Office for National Statistics (ONS) supplies data on numbers and rates<sup>1</sup> 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 2011**. All figures are unadjusted for seasonal variation unless otherwise stated.

### Key findings

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- The claimant count (numbers of Jobseekers Allowance claimants) for Herefordshire saw a decrease between September and October 2011. In October 2011 the count was 2,676, a 2% decrease on September (2,728). However, the count has seen year on year increases since May 2011. Compared to January 2008 (1,517), before any increase associated with the downturn was seen, the claimant count was still up 76%.
  - The seasonally adjusted claimant count has seen an almost continuous increase since December 2010 and in October was at 2,825 (up from 2,796 in September).
  - The unemployment rate in October was 2.5%, lower than the West Midlands region (4.8%) and England as a whole (3.8%). In fact over the last year Herefordshire had the lowest claimant rate out of all West Midlands authorities.
  - In October 2011 the youth unemployment rate (aged 18-24) was at 7.2% down slightly from 7.4% in September, but still much higher than the other age groups and nearly as high as it was during the height of the recession. Between July and September 2011 the proportion of 16-18 year olds Not in Employment Education or Training (NEET) was 6.0%, up slightly from the same period in the previous year (5.8%).
  - In August female unemployment was higher than at any point during the recession and since 1997. In October female unemployment was down 6% (63 claimants) on September, whilst male unemployment saw a small increase +1% (11 claimants).
  - Between September and October both the number of medium (6-12 months) and long term (over 12 months) claimants increased (both by 25 claimants), whilst the number of short term claimants (less than 6 months) decreased (-105 claimants).
  - The wards with the highest unemployment rate in October 2011 were Central (4.6%), Belmont (4.6%), Ross-on-Wye West (4.3%), Leominster South (4.1%), Kington Town (3.9%), Ross-on-Wye East (3.9%), St Martins and Hinton (3.9%) and Leominster North (3.8%). Kington Town and Ross-on-Wye East have generally had rates that have been closer to the county rate, but have seen considerable increases since the end of 2010.
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<sup>1</sup> 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).

## **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 discussion 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 was concern that during the 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 savings and 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 below (see link) discusses these issues in relation to past recessions.

[http://www.statistics.gov.uk/articles/labour\\_market\\_trends/Rev\\_unemployment\\_CC\\_comparisons.pdf](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.

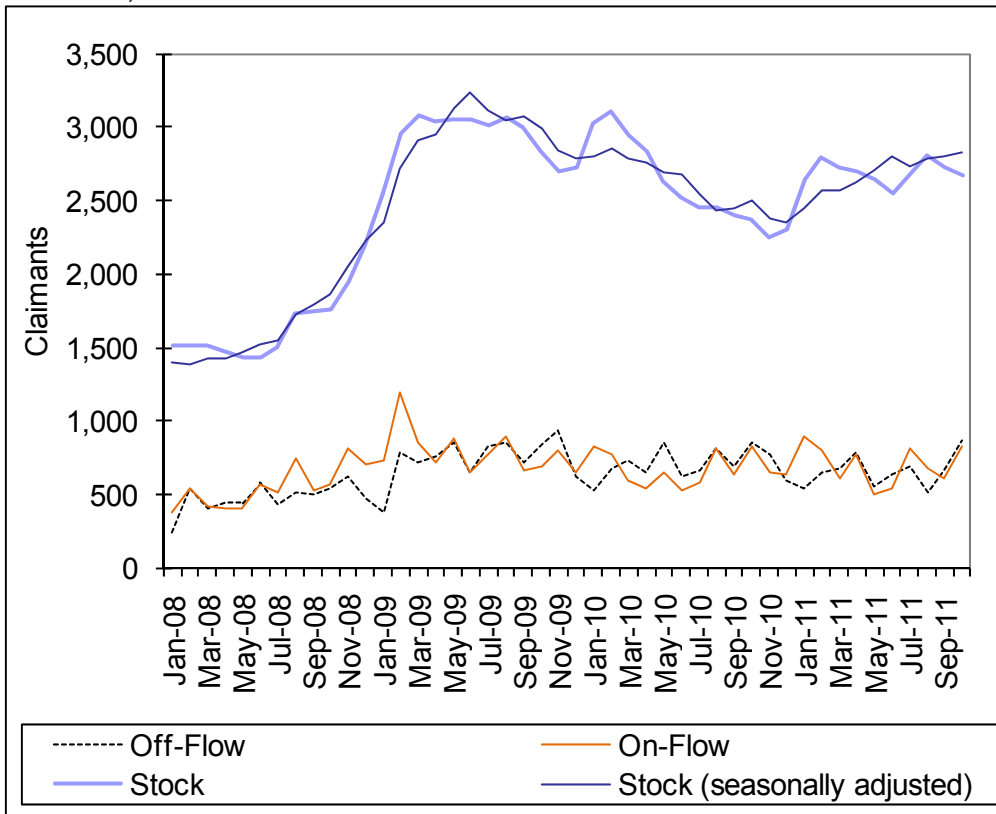
**Claimant numbers and rates**

The claimant count (numbers of Jobseekers Allowance claimants) for Herefordshire saw a decrease between September and October 2011. In October 2011 the count was 2,676, a 2% decrease on September (2,728), but a 13% increase on October 2010 (2,368). Compared to January 2008 (1,517), before any increase associated with the downturn was seen, the claimant count was still up 76%.

The claimant count (stock) can also be adjusted to remove any effect of seasonal variation in unemployment (chart 1). 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 has seen an almost continuous increase since December 2010. In October the seasonally adjusted count was 2,825, up from 2,796 in September.

In October both the on-flow (new claimants) and the off-flow (claimants leaving benefit) increased (by 218 and 214 claimants respectively). Despite the slightly larger increase in the on-flow it remained less than the off-flow resulting in a decrease in stock (claimant count).

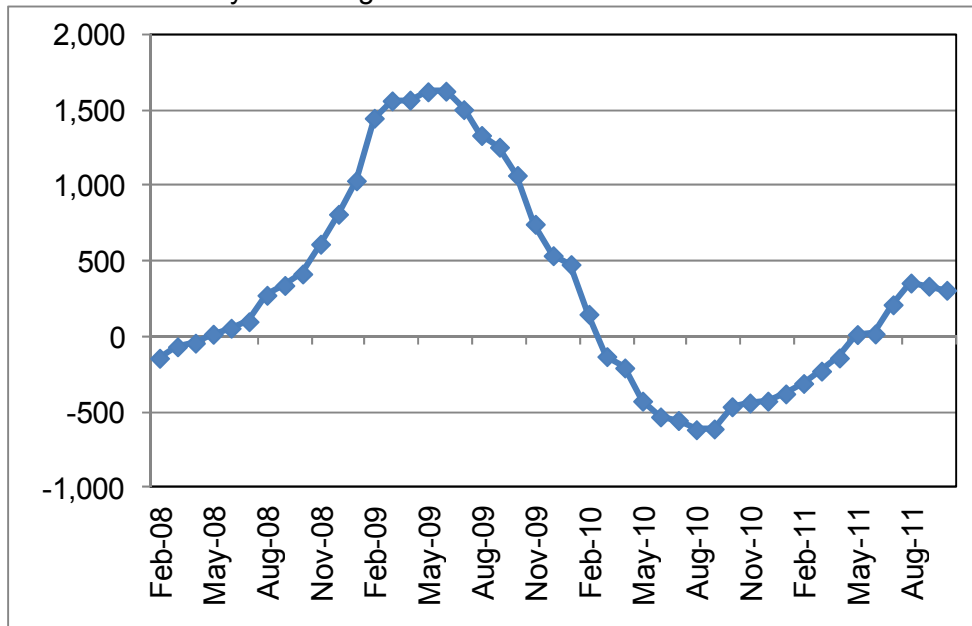
Chart 1. Claimant on-flow, off-flow and stock (count) seasonally adjusted for Herefordshire, 2008-2011



Source – ONS crown copyright

The number of claimants in Herefordshire has been high since the sharp rise which started in July 2008, but has seen some considerable decreases. Between March 2010 and May 2011 the claimant count saw year on year decreases. However since May the claimant count has been above that for the same month in the previous year (see chart next page).

Chart 2. Year on year change in claimant count.



Source – ONS crown copyright

The unemployment rate in October was 2.5%, lower than the West Midlands region (4.8%) and England as a whole (3.8%). In fact over the last year Herefordshire had the lowest claimant rate out of all West Midlands authorities. The shire authorities in general in the West Midlands, have had lower claimant rates than their urban counterparts.

### Gender

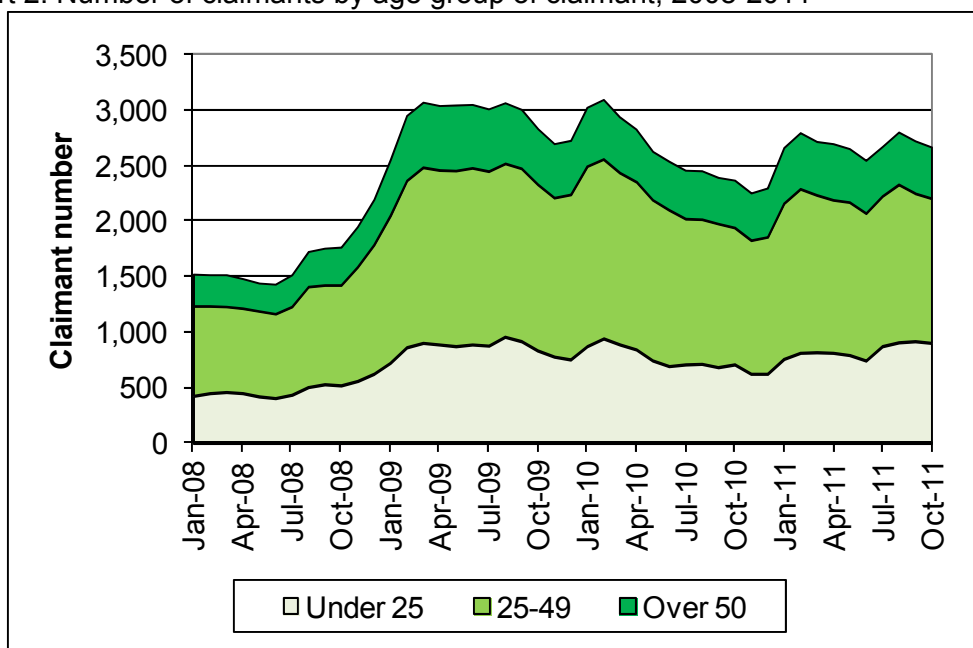
In August female unemployment was higher than at any point during the recession and since 1997. In October female unemployment (941 claimants) was down 6% on September, whilst male unemployment (1,735 claimants) saw a small increase +1%. The recent increases in female unemployment may partly be a result of changes in the eligibility of lone parents to claim income support. As of October 2010 those with children aged seven or over are no longer eligible for income support and may claim Jobseekers Allowance instead. A shrinking public sector is also likely to disproportionately affect women.

### Age and duration

In October 2011, claimants between 25 and 49 years of age accounted for the greatest proportion of claimants, 49% (1,300 claimants). Those under 25 accounted for 34% and the 50s and over 17%. All three age groups saw a decrease between September and October.

Looking at the age specific unemployment rates, the 18-24s<sup>2</sup> had the highest rate in October 2011 (7.2%), down from 7.4% in September. The rate for the over 50s decreased from 1.5% to 1.4%, whilst that for the 25-49s remained the same at 2.5%. The youth unemployment rate has been increasing since the beginning of 2011 and is currently nearly as high as it was at the height of the recession.

Chart 2. Number of claimants by age group of claimant, 2008-2011



Source – ONS crown copyright

### 16-18 year olds Not in Employment Education or Training (NEET)

Between November 2010 and January 2011 6.8% of all people aged 16-18 (known to Connexions) in Herefordshire were not in Employment Education or Training (NEET). This was compared to 5.9% across England and 6.2% across the West Midlands. The latest data for Herefordshire (July-September 2011) puts the NEET rate at 6.0% up slightly from the same period in the previous year (5.8%).

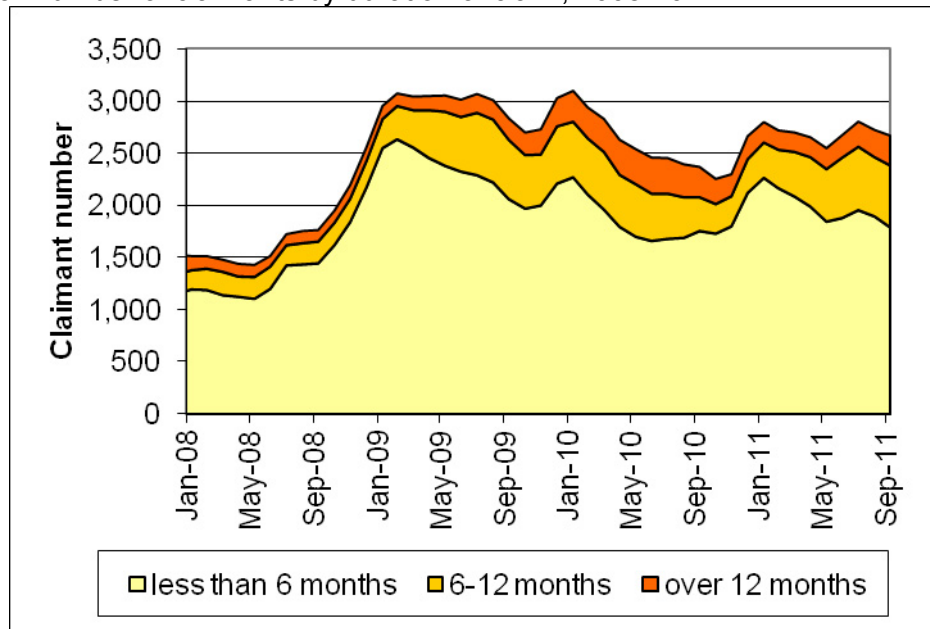
Source: Connexions

Between July 2010 and February 2011 the number of short term claimants (less than 6 months) had been increasing. Since February this trend has reversed. However, this has been balanced out by increases in the number of medium term claimants (6-12 months) since October 2010. In August the number of medium term claimants

<sup>2</sup> 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.

was higher than at any point during the recession. The number of longer term claimants (over 12 months) had been decreasing up until April 2011, but has seen continual increases since then. Between September and October both the number of medium and long term claimants increased (both by 25 claimants), whilst the number of short term claimants decreased (-105 claimants).

Chart 3. Number of claimants by duration of claim, 2008-2011



Source – ONS crown copyright

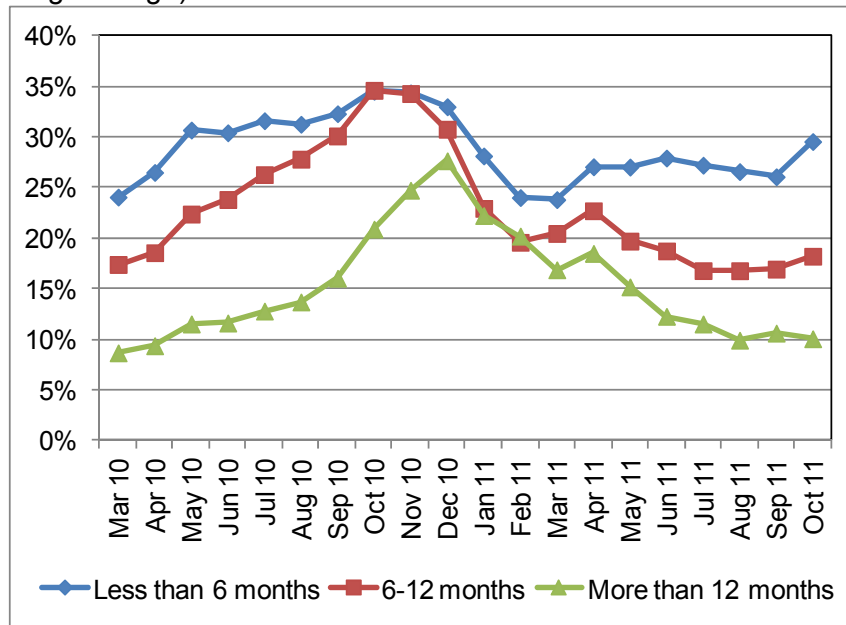
### Age and duration of claimants leaving benefit

Looking at the number of people leaving the claimant register (off-flow) for particular age and duration groups gives us an indication of how easy or difficult particular groups are finding it to re-enter work. Looking at data for the last year shows that the rate of people leaving benefit (as a proportion of the stock) was lower the longer the duration of claiming, although there was some variation from this trend (chart 4 next page). On average for the three months to October 2011 the proportion of short term claimants (less than 6 months) who left the benefit was 30% compared to 18% for medium term claimants (6-12 months) and just 10% for longer term claimants (over 12 months).

Looking at age the rates are much more comparable with the greatest variability being for young people (18-24), with the off-flow rate for this group being periodically much higher than for the 25-49 or over 50 age group. On average for the three months to October 2011 the off-flow rates for those aged 25-49 and over 50 were 24% and 21% respectively compared to 29% for 18-24s.

Looking at age and duration in combination shows that the most likely group to stop claiming over the course of the last year were young mid-term claimants, followed by young short term claimants. The least likely to leave were long term claimants aged between 25-49 or over 50 having off-flow rates half that of young mid-term claimants.

Chart 4. Off-flow rates by duration as a proportion of the stock for that group (three month moving average)



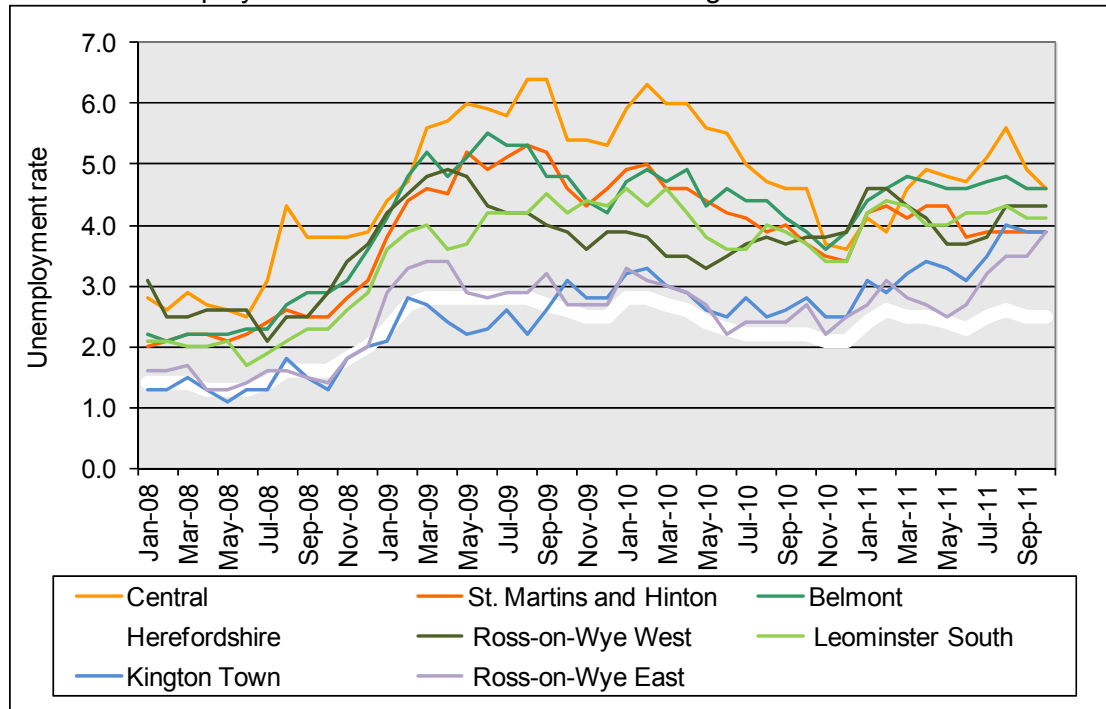
Source – ONS crown copyright

**Below county level**

The wards with the highest unemployment rate in October 2011 were Central (4.6%), Belmont (4.6%), Ross-on-Wye West (4.3%), Leominster South (4.1%), Kington Town (3.9%), Ross-on-Wye East (3.9%), St Martins and Hinton (3.9%) and Leominster North (3.8%). Since the start of the downturn, rates across most of these wards have been well above the county rate, but have seen some fluctuations. Kington Town and Ross-on-Wye East, on the other hand, have had rates that have generally been closer to the county rate, but have seen considerable increases since the end of 2010.

Looking at the year on year change, October 2010 to October 2011, Belmont, Ross-on-Wye East and St Martins and Hinton saw the largest increases in claimant number increasing by 39, 31 and 29 claimants respectively. Frome and Golden Valley North wards saw the largest decreases (-10 and -11 claimants respectively). Overall just 8 wards saw a decrease in the year, two saw no change and 30 increased.

Chart 5. Unemployment rate for the wards with the highest rates as of October 2011

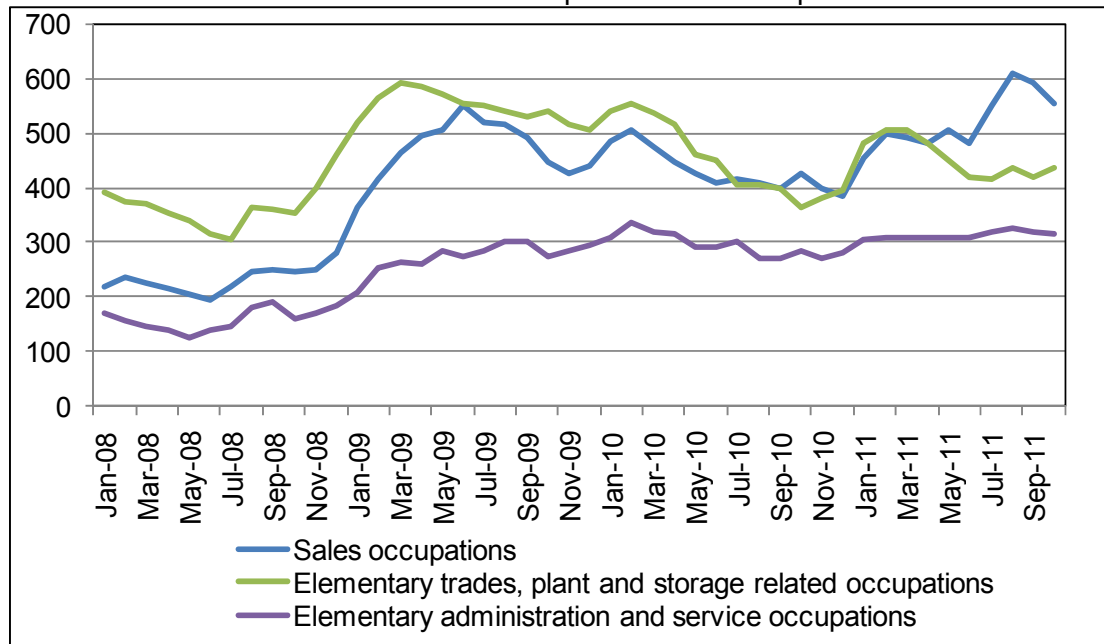


Source – ONS crown copyright

## Occupation

When looking at the usual occupation of claimants, the greatest proportion are in the 'sales occupations' (21% of claimants) and 'elementary trades, plant and storage related occupations'<sup>3</sup> (16% of claimants). 'Elementary administration and service occupations' also accounted for a considerable proportion (12%). The data for new claimants (on-flow) reflects this with the greatest number of new claimants in October being from these three occupations (45% of new claimants in total). These professions also accounted for the greatest proportion of claimants prior to the recession.

Chart 6. Number of claimants for the three predominant occupations of claimants



Source – ONS crown copyright

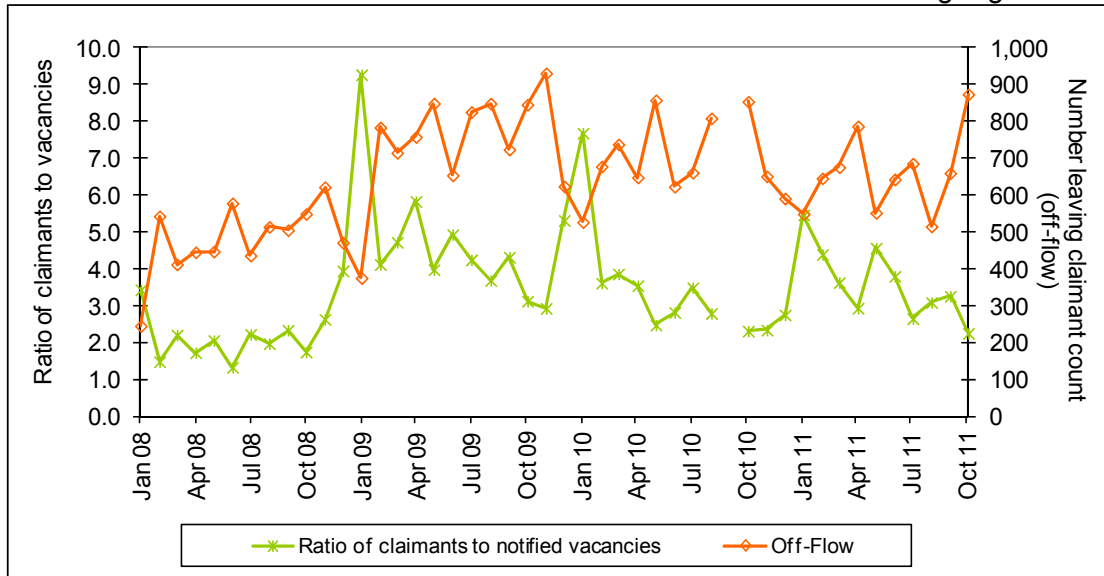
<sup>3</sup> 'Elementary trades, plant and storage related occupations' include; elementary trades within agriculture and construction e.g. woodworking and building labourers; elementary process plant occupations e.g. foundry workers and packers; and elementary goods storage occupations.

### Vacancies<sup>4</sup>

The number of vacancies notified to Jobcentre Plus in October 2011 (1,191) was higher than in September 2011 (1,008) and higher than in October 2010 (1,025).

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 October 2011, the ratio of claimants to vacancies was 2.2 i.e. there were 2.2 claimants for every vacancy advertised, lower than in September 2011 (3.3) and lower than the West Midlands and England in October 2011 (3.2 and 3.1 respectively). Chart 8 shows the ratio of claimants to vacancies alongside the off-flow of claimants. This clearly demonstrates that a decrease in this ratio is closely mirrored by an increase in the off-flow.

Chart 8. Ratio of claimants to vacancies and number of claimants leaving register



Source – ONS crown copyright

**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](mailto:researchteam@herefordshire.gov.uk)**

<sup>4</sup> Note: vacancy data for September 2010 has been withdrawn by the ONS