



SEPTEMBER 2012

labour market update

Statistics continue to show signs of improvement in the labour market.

The latest ONS labour market bulletin has given us good news again. Employment rose 236,000 (0.5 percent) from last quarter.

At first glance, the statistics seem encouraging for the balance of private sector job creation against public sector job losses. Employment in the private sector rose 471,000 over the quarter. But, much of this was due to reclassification of certain educational bodies, leaving the real increase at 275,000.

The increase in private sector employment more than offsets the decrease in the public sector of 39,000, leading to the healthy gain we see this quarter.

Though more people are finding their way into employment, JSA rates have remained at 4.8 percent, no change from last quarter or last year.

Table 1: Key statistics

	Reference Period	Rate
Unemployment (ILO)	May - Jul 12	8.1%
Claimant Count	August 12	4.8%
Employment	May-Jul 12	71.2%
Y-o-Y Average Weekly Wage Growth	July 12	1.5% inc bonus 1.9% exc bonus



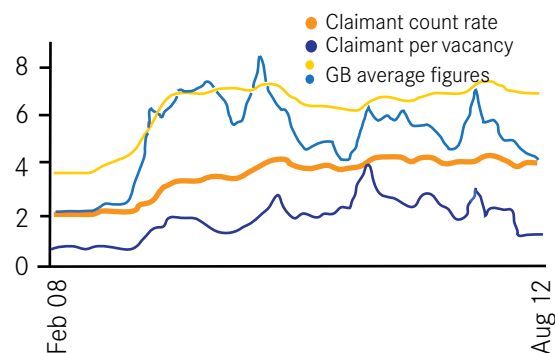
Spotlight on Aberdeen

Jobseekers in Aberdeen have some of the highest prospects for finding employment. In the past year Aberdeen added the most jobs per jobseeker of any city in Britain.

In 2008, Aberdeen had 1.5 job vacancies for every JSA claimant – more jobs than jobseekers. By August 2011, that number had plummeted to 0.4 vacancies per jobseeker.

Now, whilst not back to pre-recession levels, a boost in job creation and vacancies means there are 0.8 job openings for each jobseeker.

Figure 1: Claimants per vacancy Aberdeen



Source: ONS

See more city by city comparisons at www.centreforcities.org/citytracker and www.citiesoutlook.org.

Are there really jobs out there?

Employment growth does not always mean the economy is creating enough jobs for those who want to work. Comparing job vacancy rates to JSA claimant rates shows how many employment opportunities exist for those looking for work.

1. Where do the greatest opportunities exist?

Cities in the South East have the highest number of jobs open for each JSA claimant. Cambridge leads the pack with 0.8 vacancies for every claimant, followed by Aberdeen and Oxford with 0.8 and 0.7 vacancies respectively.

Moving into employment is much tougher in many other cities, though. There is less than 0.1 job vacancy for every jobseeker in Hastings, Chatham or Hull – meaning 10 people are going after every job.

2. How has this changed since the peak?

Even the strongest performing cities have seen their ratio of vacancies to jobseekers drop since the start of the recession.

At the economy's peak, seven cities had more job vacancies than they had JSA claimants. Whilst many of these cities are still amongst the best performers, they have also experienced some of the greatest drops in jobs per claimant. Crawley, for example, has lost one job opening for every claimant, down the large surplus it had in 2008.

Today, no city has more job vacancies than jobseekers.

3. Recent shifts in the right direction

Over the past year, the situation has improved in 50 of the 63 cities. Aberdeen added 0.5 jobs for every jobseeker, and Oxford added 0.3.

But, jobseekers in Barnsley, Portsmouth and Warrington continued to see competition for jobs rise as vacancies fell compared to the number of claimants.

Note: This analysis does not account for the fact that skills of the unemployed may not match the skills required for vacant positions. Also, vacancies and unemployed workers may not be located in the same city.

Table 2: Vacancies per claimant

Rank	City	Vacancies per Claimant: Aug 12	Vacancies per Claimant: Feb 08	Change in Rates: Feb 08 to Aug 12	Change in Rates: Aug 11 to Aug 12
1	Cambridge	0.80	1.31	-0.52	0.10
2	Aberdeen	0.79	1.48	-0.69	0.45
3	Oxford	0.67	0.69	-0.01	0.27
4	Crawley	0.50	1.51	-1.02	0.14
5	Bournemouth	0.46	1.11	-0.65	0.14
59	Grimsby	0.11	0.28	-0.17	0.00
60	Middlesbrough	0.10	0.19	-0.09	-0.01
61	Hastings	0.09	0.21	-0.12	-0.03
62	Chatham	0.09	0.24	-0.15	0.02
63	Hull	0.08	0.22	-0.14	0.02
	Great Britain	0.24	0.47	-0.23	0.06

Youth unemployment and GCSE attainment

Geographical variation in GCSE attainment is reinforcing patterns of economic disadvantage across UK cities including youth unemployment.

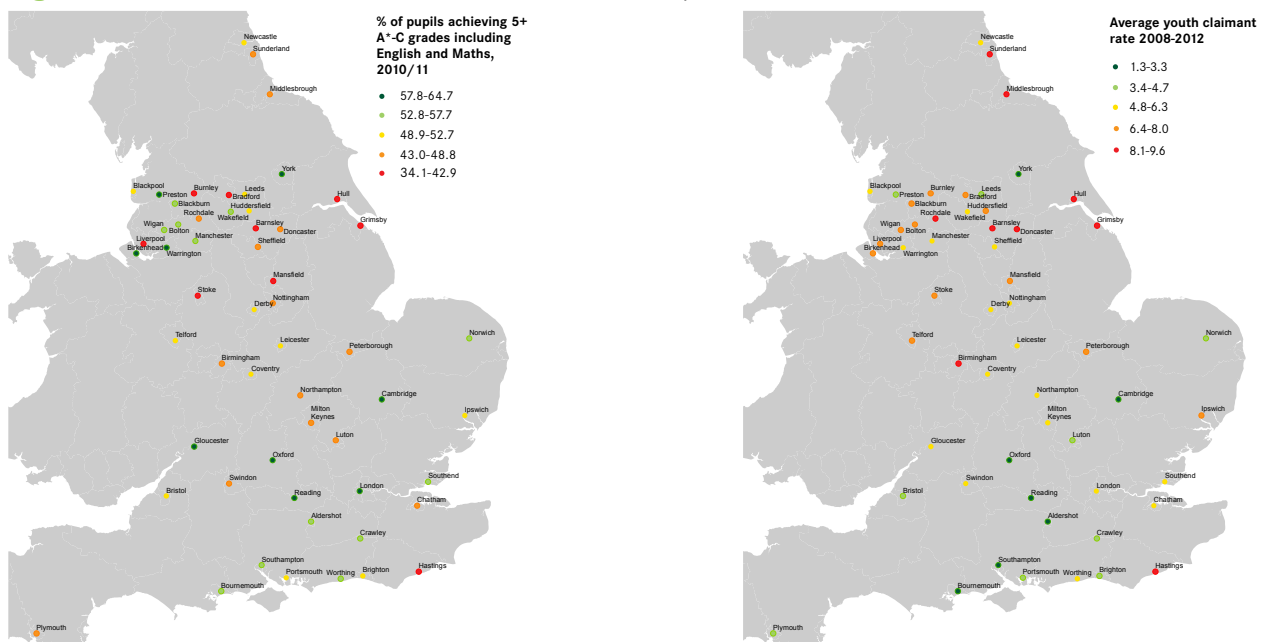
Research from the Centre found that pupils from more deprived backgrounds living in struggling cities face multiple disadvantages in education and employment such as social background, underperforming schools, and weaker incentives to learn because local employment options are likely to be more limited.

There is a significant relationship between the proportion of pupils achieving five A*-C

GCSEs including English and Maths (excluding equivalents) and average youth claimant rates across cities. In other words, GCSE results, especially in Maths and English, matter for job prospects

Given the rising importance of numeracy and literacy in the labour market, low attainment in Maths and English is likely to have serious implications for individuals' employment prospects and for the wider city economy. The productivity differential between those who achieve five good GCSEs and those who do not is estimated at nearly £100,000 (discounted over a lifetime).

Figure 2: Change in unemployment across the regions, April-June 2012



Source: Department for Education, 2012; StatsWales, 2012; Department for Education Northern Ireland, 2012. Includes all schools and excludes equivalents

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