

May 2013

labour market update

Employment falls while vacancies rise

The UK economy grew by 0.3 per cent during the first quarter of 2013, which along with the improved projections of growth and inflation outlined in the May inflation report, is good news for the UK. On a less positive note, growth is still 2.6 per cent below its pre-recession peak.

Despite the growth seen in the first quarter of 2013, the latest data suggests a weakening of the labour market. Comparing January to March with the previous three months, employment fell by 43,000,

a drop of 0.1 per cent. This was mainly due to a rise of 47,000 in inactivity driven by a rise in economically inactive students, who accounted for 74 per cent of the increase. Unemployment increased by 15,000, a rise of 0.6 per cent.

There are also positive signs for the labour market, with 503,000 jobs advertised over the period February to April 2013. This is the highest number since October to December 2008. Redundancies have also fallen and are down 5,000 on the previous three months.

Table 1: Key statistics

	Reference Period	Rate
Unemployment (ILO)	Dec 12-Mar 13	7.8%
Claimant Count	April 13	4.5%
Employment	Dec 12-Mar 13	71.4%
Y-o-Y Average Weekly Wage Growth	April 13	0.8% inc bonus 0.4% exc bonus



Spotlight on Peterborough and Wakefield

The UK has seen a fall in the year in its claimant count rate, of 0.2 percentage points. In contrast, over this period Wakefield and Peterborough have experienced an increase in their claimant count rate of 0.2 percentage points, greater than that seen in any other cities.

At 5.5 per cent and 4.8 per cent respectively, the claimant count rates in both Peterborough and Wakefield are also among the highest of any city. For both cities this is a continuation of a trend seen over the period of the recession.

See more city by city comparisons at www.citiesoutlook.org

Fall in employment driven by a fall in part-time employment

While the latest data shows a fall in employment, full-time employment has actually increased by 10,000 on the quarter. This rise in full-time employment has been driven entirely by women, with 37,000 more women working full-time. Full-time employment among men has fallen by 27,000.

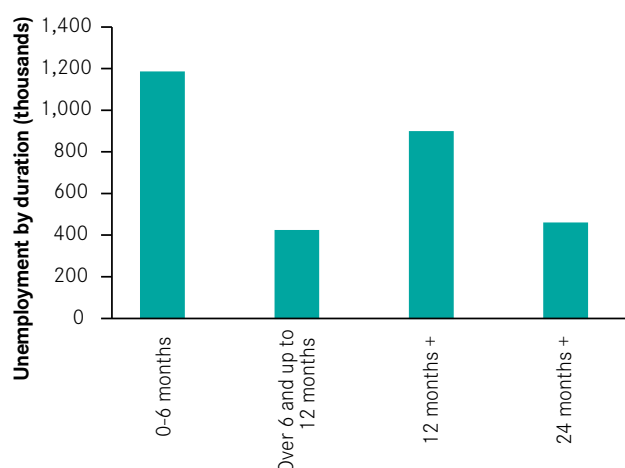
In contrast, part-time employment fell by 53,000, outweighing the increase in full-time employment.

Long-term unemployment increases

As noted above, there has been a recent rise in unemployment. Figure 1 gives a breakdown of unemployment by duration.

While almost half (47 per cent) have been unemployed for six months or less, long term unemployment remains a concern. Currently, more than one in three are classed as long-term unemployed and 18 per cent have been looking for work for two years or longer, an increase of 8.9 per cent on the year.

Figure 1: Unemployment by duration



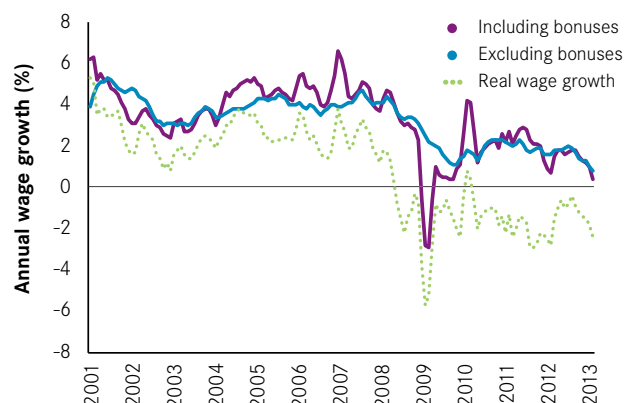
Pay growth remains weak

The latest release of wage growth data shows a continued fall in the annual rate of wage growth. The increase in average weekly earnings excluding bonus of 0.8 per cent is the lowest seen since records began in 2001.

When including bonuses, the wage growth is 0.4 per cent, the lowest seen since mid 2009 and far below inflation of 2.8 per cent, meaning a further reduction in real wages.

Figure 2 shows that real wage growth became negative at the start of the recession as inflation rose at a faster rate than wages. This was followed by a brief period of real wage growth in 2010 but real wages have been falling consistently since then.

Figure 2: Annual wage growth



Source: ONS

The sectors which have seen the greatest fall in wage growth are the construction and the finance and business sector, which have seen a fall of 2.2 per cent and 1.3 per cent respectively in their annual weekly earnings including bonuses.

Pre-recession patterns of long-term unemployment continue

Unsurprisingly, Great Britain has seen an increase in the proportion of claimants claiming JSA for one year or more since the start of the downturn, with the figure rising from 13 per cent in Feb 2008 to 28 per cent in April 2013. Table 2 shows the cities that have the smallest and largest share of claimants claiming JSA for one year or more in April 2013 and the percentage point increase seen in these cities since February 2008.

The data highlights that for the majority of cities pre downturn patterns of long term unemployment continued during and after the downturn. For

example, Middlesbrough had a high proportion of claimants claiming for a year or more in both April 2013 and Feb 2008, of 37.8 per cent and 19.9 per cent respectively. The major exception to this generalization is Newport, which has one of the highest proportions of claimants claiming for a year or more in April 2013 (of 31.8 per cent) but had one of the lowest proportions claiming for a year or more in February 2008.

Burnley has seen the largest increase in the proportion claiming for one year or more of 24.7 percentage points, increasing from just over 4 per cent to 29 per cent of claimants. Cambridge has seen the lowest increase of 5.7 percentage points, up from 18.5 per cent of claimants to 24.2 per cent.

Table 2: Claimant count by duration

10 cities with the highest proportion of claimants claiming for one year or more

City	Claimant count rate (April 2013)	% claiming for 1 yr or more (April 2013)	% claiming for 1 yr or more (Feb 2008)	percentage point increase
Hull	8.5%	39.6%	15.0%	24.6%
Middlesbrough	6.6%	37.8%	19.9%	18.0%
Dundee	5.8%	36.4%	13.1%	23.2%
Ipswich	4.3%	34.1%	14.3%	19.8%
Birmingham	6.4%	34.1%	21.1%	13.0%
Hastings	5.3%	33.7%	13.6%	20.0%
Sunderland	5.6%	32.8%	11.2%	21.5%
Chatham	3.8%	32.0%	11.3%	20.7%
Bradford	5.9%	31.8%	11.1%	20.7%
Newport	5.6%	31.8%	8.9%	22.9%

10 cities with the lowest proportion of claimants claiming for one year or more

City	Claimant count rate (April 2013)	% claiming for 1 yr or more (April 2013)	% claiming for 1 yr or more (Feb 2008)	percentage point increase
Stoke	4.3%	23.2%	9.9%	13.3%
Oxford	2.2%	22.7%	11.6%	11.2%
York	2.2%	22.1%	9.1%	13.0%
Southampton	2.8%	21.7%	11.5%	10.2%
Swansea	3.5%	21.1%	7.1%	13.9%
Aberdeen	1.9%	20.7%	8.3%	12.4%
Crawley	2.2%	20.5%	7.2%	13.3%
Swindon	3.3%	20.3%	13.3%	7.0%
Aldershot	2.0%	19.5%	9.5%	9.9%
Bournemouth	2.6%	18.4%	7.2%	11.3%

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