



JUNE 2011

labour market update

Pressure eases on youth unemployment

There is a great deal of excitement about the fall in unemployment - 88,000 people in the three months to April - in the press on the back of June's labour market statistics.

This fall was mainly accounted for by a fall in the unemployment of those aged 16-24, a welcome relief to recent rises in youth unemployment. It's not all good news however; out of a fall of 79,000 for this age group, 61,000 moved not into employment but into study.

An increase in the number of unemployed people becoming students flatters the unemployment figures in the short term. But these people will look to re-enter the labour market at some point. And coupled with the 1.21 million people currently working part time because they could not get a full time job, unemployment is likely to remain fairly anchored as future job creation is soaked up either by students on the look out for jobs once more or by part time workers.

Table 1: Key statistics

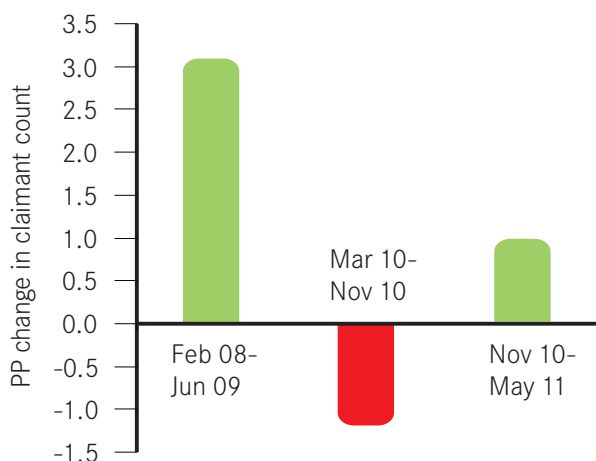
Indicator	Reference period	Rate
Unemployment (ILO)	Feb 2011 - Apr 2011	7.7%
Claimant count	May 2011	4.6%
Employment	Feb 2011 - Apr 2011	70.6%
Year on year average weekly wage growth	Feb 2011 - Apr 2011	1.8% inc bonus 2.0% exc bonus

Spotlight on Hull

The claimant count rate in Hull has increased by a significant one percentage point in the last six months. Although some of this increase may be attributed to seasonal factors, this increase far outstrips increases seen in other cities.

As shown in [Cities Outlook](#), the claimant count in Hull did see some recovery between March and November last year, likely to have been spurred on by the bounceback seen in the manufacturing and construction industries. However, this mini recovery has now almost completely been reversed, as shown in Figure 1, and the claimant rate now stands at 8.1 percent.

Figure 1: Changes in the claimant count rate in Hull



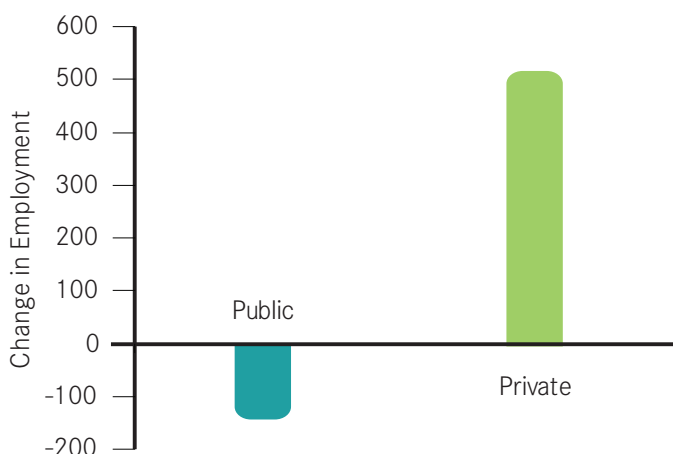
Source: Nomis

Positive news for private sector jobs growth

Private sector job creation has been relatively strong in the year to March 2011, and as Figure 2 shows, has far outstripped the fall in public sector employment. There have been around 140,000 job losses in the public sector since March 2010 as a result of the public sector spending cuts.

And although the total public sector job loss figure has been cushioned by temporary employment for the Census, the 520,000 increase in private sector employment has more than offset the reduction in public sector employment to date at a national level.

Figure 2: Public and private sector employment



Source: ONS

Long term unemployed still to see the benefit

However, this increase in private sector employment has not fed through to a reduction in the number of long term unemployed. The number of people who had been out of work for over a year increased by 137,000 in the three months to April compared to a year earlier. Within this, the number of people unemployed for longer than two years increased by 91,000. Page 3 looks at long term unemployment at the city level.

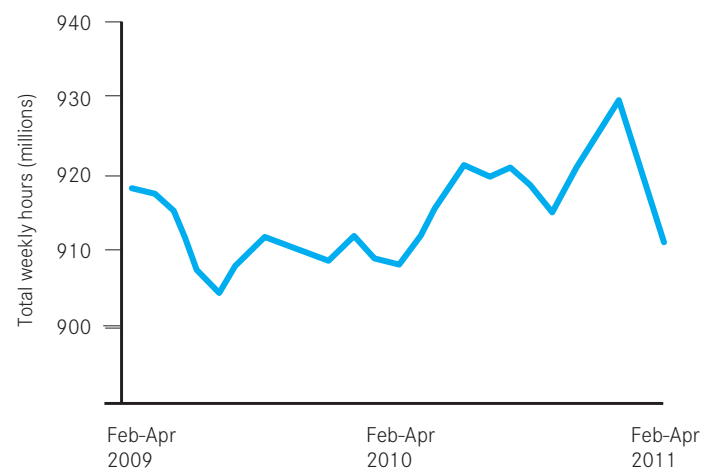
The Government will hope that the introduction of the Work Programme this week (13th June) will help those furthest adrift from the labour market back into work.

But there are two questions for both Government and Work Programme Providers. For the Government – will the extra payment made for helping the long term unemployed back into work be enough to incentivise the providers to do so, or will they go instead for those that are easier to help? And for providers – what exactly do you do to help people that have been unemployed for long periods back into work?

The Royals and economic growth

The Royal Wedding is likely to have a negative impact on economic output in the second quarter of 2011 as a result of the extended holiday that it created. Figure 3 shows a sharp fall in the total number of hours worked in April, in part a result of the Royal Wedding bank holiday. There is likely to be a similar downward pull on economic growth in the second quarter as a result.

Figure 3: Total weekly hours worked (seasonally adjusted)



Source: ONS

“Two year plus” claimants

A city breakdown

As shown on the previous page, the number of people unemployed for more than two years has increased sharply recently.

However, this pattern varies strongly across the UK's cities, with some places seeing a fall in their numbers of 'two year plus' claimants. Table 2 below shows the top five and bottom five cities in terms of the increase in these claimants in the year to May 2011. Hull has seen the largest increase, with an extra 31 people claiming JSA for longer than two years for every 10,000 residents in the city. It also has the highest stock of these claimants out of all of the UK's cities.

Hastings has had the second largest increase, with an extra 21 two year plus claimants for every 10,000 residents compared to a year earlier.

Somewhat surprisingly, Middlesbrough has had the largest fall in its number of claimants despite being hit hard by the recession. It does however have a relatively large stock of claimants – only eight cities have more two year plus claimants per 10,000 population. So despite recent falls the city still has a large long term unemployment problem that it will hope the newly appointed Work Programme providers in the North East can help address.

Table 2:
Claimants for more than two years (per 10,000 population)

Bottom five cities

City	Number in May 2011	Change since May 2010
Hull	60.3	31.3
Hastings	47.4	20.9
Newport	30.5	19.8
Rochdale	38.5	17.5
Ipswich	28.2	14.4

Top five cities

City	Number in May 2011	Change since May 2010
Plymouth	12.7	-5.2
Brighton	17.6	-6.5
Doncaster	27.6	-6.5
Northampton	11.3	-6.7
Middlesbrough	30.0	-11.7

Source: Nomis

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