



labour market update

Employment outlook continues to weaken

The release of this month's labour market statistics show that the labour market continues to deteriorate. Unemployment increased by 0.4 percentage points in the three months to September relative to the previous quarter, while the employment rate fell by 0.4 percentage points.

There now appears to be a second wave of unemployment that is hitting the UK economy. The trend in unemployment in the current economic recovery has been very different to previous recoveries. For example, unemployment continued

to rise for around one year after the end of the early 1990s recession. But unemployment stabilised very quickly after the most recent recession and remained broadly flat into 2011.

However, it now appears that this stabilisation may have only been temporary. Recent rises in unemployment now mean that the unemployment rate has reached its highest level since 1996. Weak economic growth and public sector job cuts could continue to push it higher in the coming months.

Table 1: Key statistics

Indicator	Reference period	Rate
Unemployment (ILO)	July - Sept 2011	8.3%
Claimant Count	October 2011	5.0%
Employment	July - Sept 2011	70.2%
Y-o-Y Average Weekly Wage Growth	July - Sept 2011	2.3% inc bonus 1.7% exc bonus

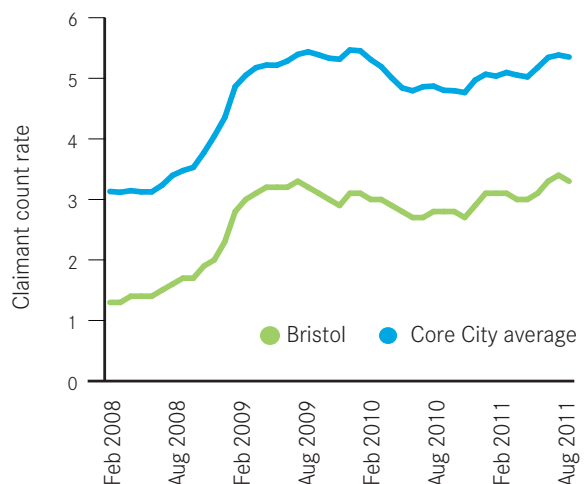
Spotlight on Bristol

Bristol is the best performer out of all of England's Core Cities on a range of variables. For example, it had the strongest private sector jobs growth between 1998 and 2008 out of this group of cities. And it has the highest percentage of graduates living in its city too.

Figure 1 shows a similar pattern for the claimant count rates of the Core Cities. At 3.3 percent, the number of claimants in Bristol in October 2011 was far below the average of 5.4 percent for this group of cities.

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

Figure 1: Claimant count rate in Bristol

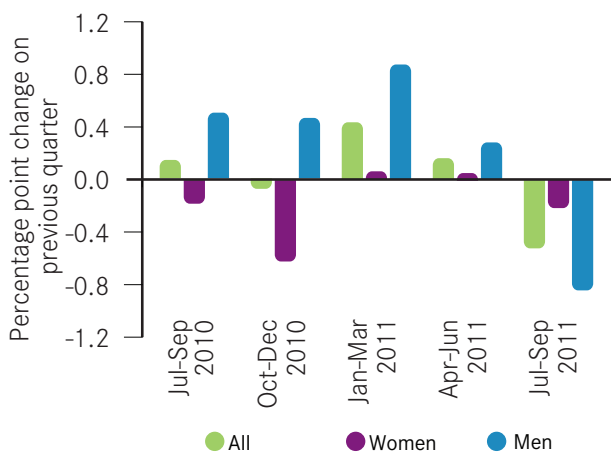


Source: Nomis

Men harder hit by recent employment falls

The 0.4 percentage point fall in employment meant that there were 129,000 fewer people in work in the three months to September. This overall fall in employment was driven by a large fall in the number of men in employment. As shown in Figure 2, the male employment rate fell by 0.7 percentage points on the quarter, accounting for around three-quarters of the total fall.

Figure 2: Percentage point change in employment rates



Source: ONS

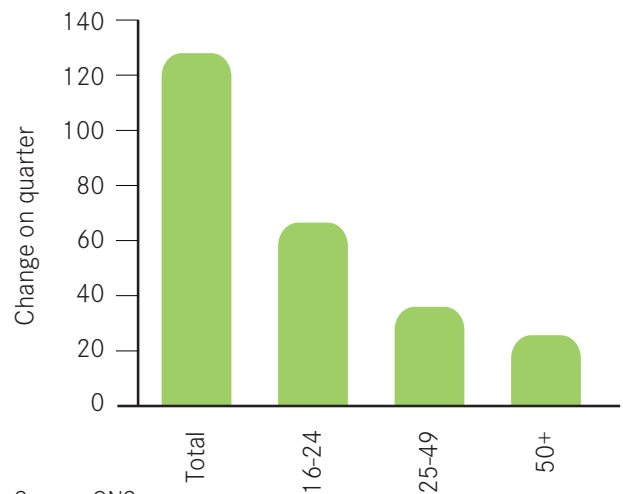
The poor employment prospects of women have been a constant theme in the employment statistics over the last year. This has aligned to public sector job losses – the larger proportion of women in the public sector means that they are more vulnerable to public sector job losses.

However, the large recent decrease in male unemployment suggests that the current weaknesses in the labour market are not just driven by public sector job losses. Male dominated industries in the private sector, such as construction and manufacturing, may also be seeing significant deterioration too.

Youth unemployment passes the 1 million mark

Young people made up the bulk of the increase in unemployment (see page 1) in the three months to September. As shown in Figure 3, there were an extra 67,000 young people unemployed over the period, which accounted for half of the total

Figure 3: Change in unemployment by age



Source: ONS

rise in unemployment. This pushed total youth unemployment over the one million mark.

The passing of this milestone has occurred much later than was widely expected. Many predicted that the number of young people unemployed would breach the one million mark during 2010. However, the stabilisation that occurred last year in the labour market also benefited young people – there was a small decline in young people unemployed during last year.

Unfortunately the recent deterioration in the labour market has hit the 16-24 age group disproportionately. Young people have accounted for 65 percent of the total increase in unemployment over the last year. And of the total number of the young unemployed, one in four of them has been unemployed for longer than one year.

Although such figures make the headlines, they must be treated with caution. Of this total, 286,000 are in full time education. However, the large recent increases in youth unemployment, coupled with the poor outlook for economic growth, suggest that young people will find it increasingly difficult to find work in the coming months.

Contact: Paul Swinney

p.swinney@centreforcities.org / 020 7803 4305