



# labour market update

## Labour market shows signs of improvement

This month's labour market release has brought with it some slightly better news than has been the case in previous months. Headline unemployment has edged down by 0.1 percentage points, while the employment rate has increased and there has been a rise in the total hours worked.

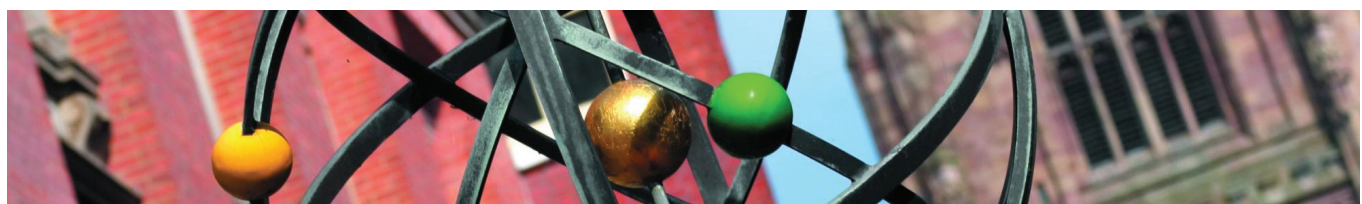
This suggests that after contracting by 0.3 percent in the final quarter of 2011, the economy has picked

up in recent months. But any such improvement is fragile – the number of people working part time because they could not find a full time job is at a record high and there has been a worrying increase in long-term unemployment, especially among younger jobseekers, over the last year.

As such the outlook for the labour market continues to appear weak.

**Table 1: Key statistics**

	Reference Period	Rate
Unemployment (ILO)	Dec 11-Feb 12	8.3%
Claimant Count	March 12	4.9%
Employment	Dec 11-Feb 12	70.3%
Y-o-Y Average Weekly Wage Growth	Dec 11-Feb 12	1.1% inc bonus 1.6% exc bonus (-2% real wages)

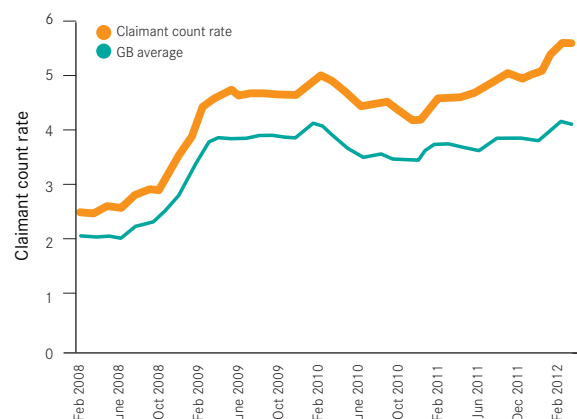


## Spotlight on Derby

Derby's percentage of people claiming Jobseeker's Allowance has risen to its highest point since the beginning of the downturn (Figure 1). The claimant count rate now stands at 5.5 percent, and has increased by 1 percentage points in the last year alone.

While by no means the highest claimant count out of all UK cities, the large increase over the last year suggests that Derby's economy is being hit particularly hard by the national economy's weak recovery.

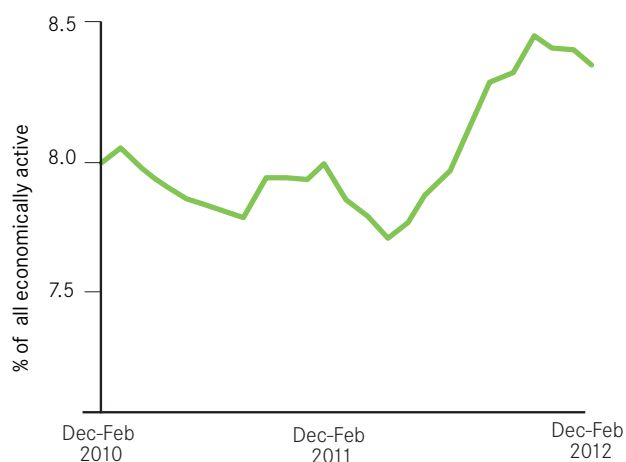
**Figure 1: Claimant count in Derby**



## Unemployment starts to fall

After a strong increase in the second half of 2011, the latest labour market data shows that unemployment has begun to fall in recent months (Figure 2). Unemployment increased by 0.7 percentage points between June and December. However, it has **fallen by 0.1 percentage points** since the turn of the year. While this is very small relative to the previous rise, it is still positive to see that this increase has reversed.

**Figure 2: UK unemployment rate**

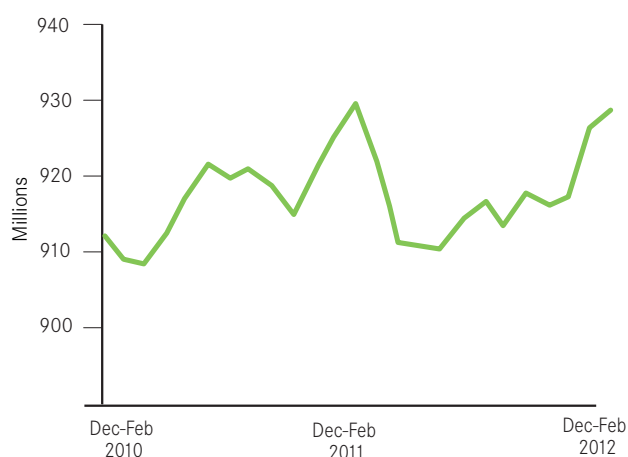


Source: ONS

## Hours worked continue to rise

Total hours worked have also continued to increase in recent months (Figure 3). This suggests that demand in the economy may be picking up, despite growth contracting by 0.3 percent in the final quarter of 2011.

**Figure 3: Total weekly hours worked**



Source: ONS

## But involuntary part time employment rises sharply

**The total number of people now working part time because they couldn't find a full time job has increased to 1.4 million.** In the three months to February 2012 this figure increased by 7 percent, and is 19 percent higher than it was a year earlier.

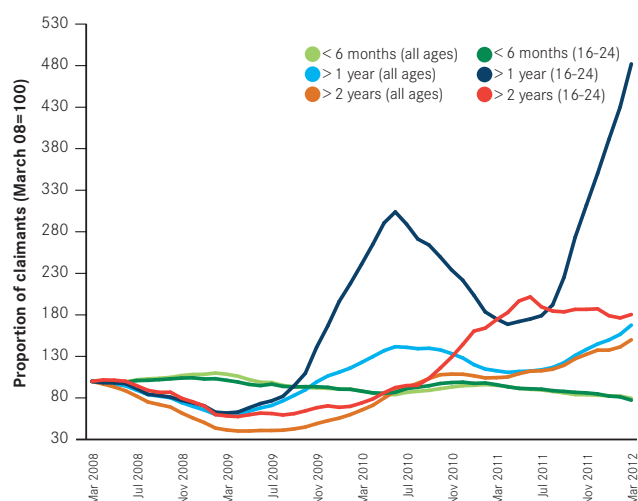
Patterns of self-employment also suggest weaknesses in the labour market as people are potentially being forced into self-employment due to a lack of other employment opportunities. Overall, there has been a 3.4 percent increase in people becoming self-employed. Underlining the potential fragility, there has been a larger increase of 5 percent of self-employed people working part-time.

## And long-term unemployment worsens

The claimant count data indicates a sharp rise in long-term unemployment over the last year. **Over 350,000 had been on unemployment benefits for more than a year in March 2012, up by nearly 140,000 since last year** (Figure 4).

The increase is particularly striking amongst 16 to 24 year olds. Over the last year the proportion of claimants unemployed for more than a year has almost doubled and is now four times higher than at the start of the recession. **Over 55,000 16 to 24 year olds have been on JSA for more than a year.**

**Figure 4: Claimants by duration**



Source: ONS

## Sunderland and Middlesbrough see sharp increases in long-term youth unemployment

General trends show that long-term youth unemployment is higher in cities with higher claimant rates and less buoyant economies. In Hull, for example, the youth claimant rate stands at 11 percent; nearly a fifth of these young people have been unemployed for more than a year.

All cities, with the exception of Belfast, have seen a shift towards long-term youth unemployment, with some seeing a more pronounced trend. From March 2011 to 2012, Sunderland and Middlesbrough have seen the sharpest rises in unemployed 16-24 year olds claiming benefits for more than a year. A year ago less than **2 percent** of young unemployed people in Sunderland had been on benefits for more than a year; today this figure has risen to nearly **16 percent**.

Long-term youth claimant rates remain relatively low in more prosperous cities in the South. Belfast is the only city to have seen almost no increase in the

proportion of young claimants staying on benefit for more than a year.

**Table 2: Change in proportion of 16-24 year olds JSA claimants claiming for more than 1 year, March 2011 to March 2012**

City	Percentage point change in % of 16-24 year old claimants claiming over 12 months, March 2011- March 12
<b>5 cities with the largest increases</b>	
Sunderland	14.0
Middlesbrough	12.0
Newcastle	10.7
Dundee	10.4
Bolton	10.0
<b>5 cities with the smallest increases</b>	
Belfast	0.1
Worthing	1.0
Crawley	1.6
Brighton	2.8
Bournemouth	3.5

**Figure 5: Change in proportion of 16-24 year olds JSA claimants claiming for more than 1 year, March 2008 to March 2012**

