

Labour market makes continued mild improvement

This month's labour market data continued to bring good news about the UK job market despite the recent re-entering of the UK economy into recession.

And whereas the fragility of the improvement of the labour market has been underlined by its reliance on part time employment in recent months, the latest data suggests that the demand for full time employment is now also increasing. The number of full time workers increased by 82,000 in the three months

to April, reversing its fall in the three months to March. Part time employment growth also remains strong, increasing by 83,000.

There has been some scepticism over the accuracy of official GDP growth figures, which show that the UK is back in recession. This data will add weight to those who think that the current performance of the UK economy is in fact stronger than official figures suggest.

Table 1: Key statistics

	Reference Period	Rate
Unemployment (ILO)	Feb12-Apr 12	8.2%
Claimant Count	May12	4.9%
Employment	Feb12-Apr 12	70.6%
Y-o-Y Average Weekly Wage Growth	April 12	0.6% inc bonus 1.6% exc bonus



Spotlight on Doncaster

Doncaster has seen the largest increase in its number of young people claiming Jobseeker's Allowance of all UK cities since the beginning of the downturn.

Its youth claimant rate has doubled since February 2008, and 10.8 percent of 16-24 year olds now claim Jobseekers' Allowance. Only near neighbour Hull has a higher youth claimant count rate.

As the Centre for Cities has shown previously, the nature of youth unemployment is highly uneven. For this reason policies to tackle youth

unemployment should take much more of a spatial approach.

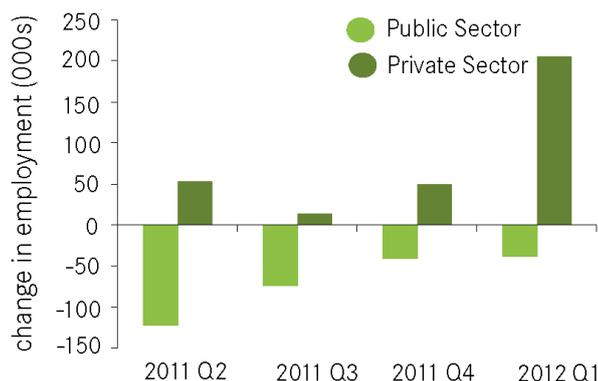
Unfortunately, initiatives such as the Youth Contract and Start-up Loans appear to be blind to geography. But it is clear that intervention is more urgently required in places such as Doncaster, where more than one in 10 young people sign on, as opposed to York, where the youth claimant rate is much lower at 2.7 percent.

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

Pace of public sector job losses slow

The rate of public sector job losses has slowed significantly over the last year. As Figure 1 shows, the quarterly change in public sector employment has scaled back from a fall of 123,000 in Q2 2011 to 39,000 in Q1 2012.

Figure 1: Changes in public and private sector employment



Source: ONS

The smaller fall in the last quarter was coupled with the much stronger performance of private sector employment. For the first time in a year, employment in the private sector offset the falls in public sector employment. There were 205,000 more people in private sector employment compared to the previous quarter – the strongest increase since Q2 2010.

This reflects patterns of male and female unemployment

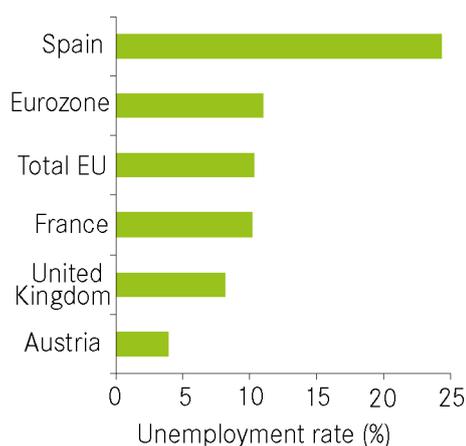
Despite the strong overall performance of the labour market in recent months, the change in female employment has been much more subdued. In the three months to April, the female employment rate increased by just 0.1 percentage points. This compares to an increase of 0.5 percentage points in the male employment rate.

This is likely to be in part because of the changes in public sector employment. The higher share of women working in the public sector is likely to mean that the current job losses will be skewed towards women. But given the strength of the increase in private sector employment it is a surprise that female unemployment has not fallen further.

Unemployment remains well below EU average

The recent improvement in the labour market means that the UK's unemployment rate remains well below the EU and Eurozone averages of 10.3 and 11 percent respectively (as shown in Figure 2).

Figure 2: Unemployment across Europe



Source: ONS

A major threat to unemployment in the UK in the coming year will be the unravelling of the crisis in the Eurozone. The exposure of UK cities to this crisis is poorly understood. This is why Centre for Cities' latest research, launched tomorrow (21st June), will look at the geography of Eurozone businesses to get a better understanding of individual cities' vulnerability to the continued troubles on the Continent.