

# Unemployment: Briefing Note

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This briefing provides an overview of performance in Staffordshire for both the International Labour Organisation (ILO) and Claimant Count measures of unemployment.

## Key Messages

- There are two measures of unemployment, the **ILO Unemployment Rate** which measures the proportion of the economically active population (those in work plus those seeking and available to work) who are unemployed and the **Claimant Count** which measures the number of out of work Universal Credit claimants as well as all Jobseeker's Allowance (JSA) claimants;
- For both measures Staffordshire performs better than the national and regional averages;
- Staffordshire's latest ILO unemployment rate was **4.2%**, equivalent to **18,600** economically active residents aged 16 or over who were out of work and seeking work in the twelve months to December 2015;
- Since 2011 there has been a steady decline in the unemployment rate in Staffordshire and the latest rate is similar to pre-recession levels and lower than the rates for the West Midlands (5.8%) and England (5.1%);
- The latest Claimant Count in Staffordshire for March 2016 was **5,010** aged 16 or over either claiming Jobseeker's Allowance or Universal Credit who were out of work;
- In Staffordshire the Claimant Count rate as a proportion of residents aged 16-64 has seen a steady decline since early 2013, reducing from 2.8% in February 2013 to **0.9%** in March 2016. This is less than half the equivalent regional figure (2.3%) and below the average for England (1.8%).

## Why is Addressing Unemployment Important?

Unemployment can have an impact on an individual's quality of life in a number of different ways, including financial pressures such as loss in earnings, limiting ability to purchase goods and services, as well as wider impacts such as effects on general health and wellbeing including mental health.

Tackling unemployment and associated deprivation is a key priority for Central and Local Government and their partner agencies. Bringing people back into the workforce is seen as desirable for individuals and families, as it provides additional income along with less tangible benefits, such as improved health and wellbeing. Reducing the number of people needing financial support whilst out of work decreases the amount of money required to fund such benefits, whilst increasing productivity and improving the prospects for the local and national economy.

## How is Unemployment Measured?

There are two different ways to measure unemployment. The first of these is the official estimate of unemployment using the **International Labour Organisation (ILO) definition**, produced by the Office for National Statistics. Under this definition people aged 16 or over are unemployed if they are:

- Out of work, want a job and have actively sought work in the last four weeks and are able to start work in the next two weeks; or are
- Out of work, have found a job and are waiting to start it in the next two weeks.

The ILO measure of unemployment is a key way to measure the state of the economy. It is important to recognise that the ILO unemployment rate is not the proportion of the total population who are unemployed. It is the proportion of the economically active population (those in work plus those seeking and available to work) who are unemployed. This follows guidelines specified by the ILO and ensures that UK unemployment rates are broadly comparable with those published by other countries. However, as **the ILO measure of unemployment is taken from a quarterly survey it is subject to considerable confidence intervals at a local level.**

The second measure of unemployment is from the **Claimant Count**, this is often lower than the ILO measure as it only takes into account individuals that are actively claiming benefit principally for the reason of being unemployed, such as Jobseeker's Allowance (JSA). Some people who are unemployed are not entitled to claim benefits such as JSA, or choose not to do so. Nevertheless, **Claimant Count figures have the advantage of being both more timely and reliable, especially at the local level.**

However, it is important to recognise that the Claimant Count has gone through a series of changes which need to be taken into account when looking at trends in the Claimant Count. These changes include:

- between January 1971 (when comparable estimates start) and September 1996, it is an estimate of the number of people who would have claimed unemployment related benefit if Jobseeker's Allowance had existed at that time
- between October 1996 and April 2013, the Claimant Count is a count of the number of people claiming Jobseeker's Allowance (JSA)
- between May 2013 and October 2013, the Claimant Count includes all claimants of Universal Credit (including those who were in work) as well as all JSA claimants
- from November 2013, **the Claimant Count includes all out of work Universal Credit claimants as well as all JSA claimants**

Ideally only those Universal Credit claimants who are out of work and required to seek work should be included in the Claimant Count, but it is not currently possible to produce estimates on this basis. The Claimant Count therefore currently includes some out of work claimants of Universal Credit who are not required to look for work; for example, due to illness or disability.

The Claimant Count also includes people who claim unemployment related benefits but who do not receive payment. For example, some claimants will have had their benefits stopped for a limited period of time by Jobcentre Plus. Some people claim JSA in order to receive National Insurance Credits.

The Claimant Count estimates are currently designated as experimental statistics because the Universal Credit estimates are still being developed by the Department for Work and Pensions. However the

Claimant Count estimates do provide the best available estimates of the number of people claiming unemployment related benefits in the UK.

This briefing note will provide an overview of performance in Staffordshire for both the ILO and Claimant Count measures of unemployment.

## How is Staffordshire Performing?

### ILO Unemployment

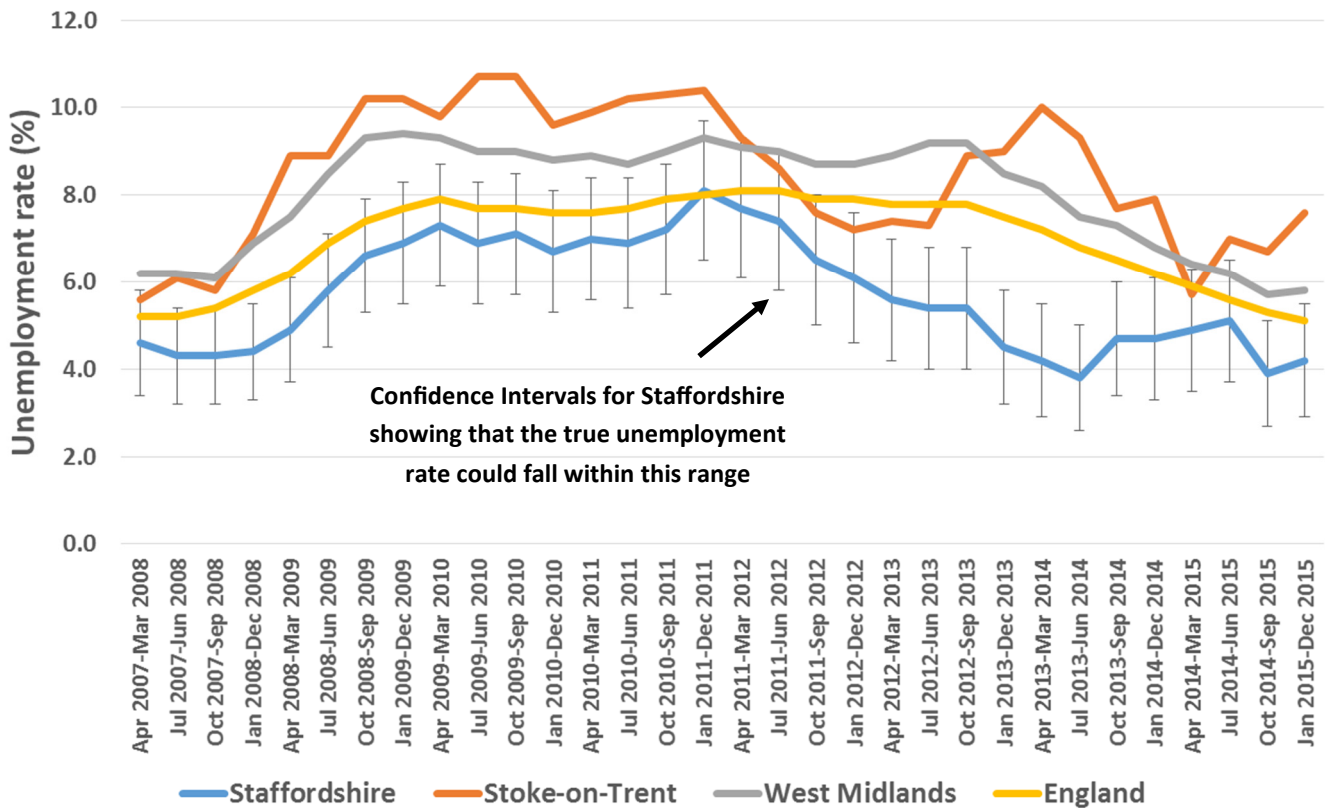
The latest Annual Population Survey (APS) data for December 2015 shows that

ILO Unemployment Rate (Dec 2015)		
Staffordshire	West Midlands	England
4.2%	5.8%	5.1%

**Staffordshire's ILO unemployment rate was 4.2%, equivalent to 18,600 economically active residents aged 16 or over who were out of work and seeking work in the twelve months to December 2015.**

Figure 1 shows the ILO unemployment rate over time in Staffordshire, Stoke-on-Trent, the West Midlands and England.

**Figure 1: ILO Unemployment Rate (aged 16 or over), 2007 to 2015**



Source: Annual Population Survey (Labour Force Survey), Office for National Statistics

As experienced nationally, Staffordshire saw an increase in the unemployment rate between 2008 and 2009 as the effects of the recession were being felt in the labour market. The ongoing effects of the economic downturn were still being felt up to the end of 2011, where there was a peak of some 34,500 claimants in the twelve months to December 2011, equivalent to 8.1% of the population aged 16 or over. Since 2011 there has been a steady decline in the unemployment rate in Staffordshire and the latest rate of 4.2% is similar to pre-recession levels and lower than the rates for the West Midlands (5.8%) and England (5.1%).

Having been lower than the regional rate prior to the recession, the latest unemployment rate in Stoke-on-Trent is 7.6% or 9,100 residents aged 16 or over and above both the regional and national rates.

## Claimant Count

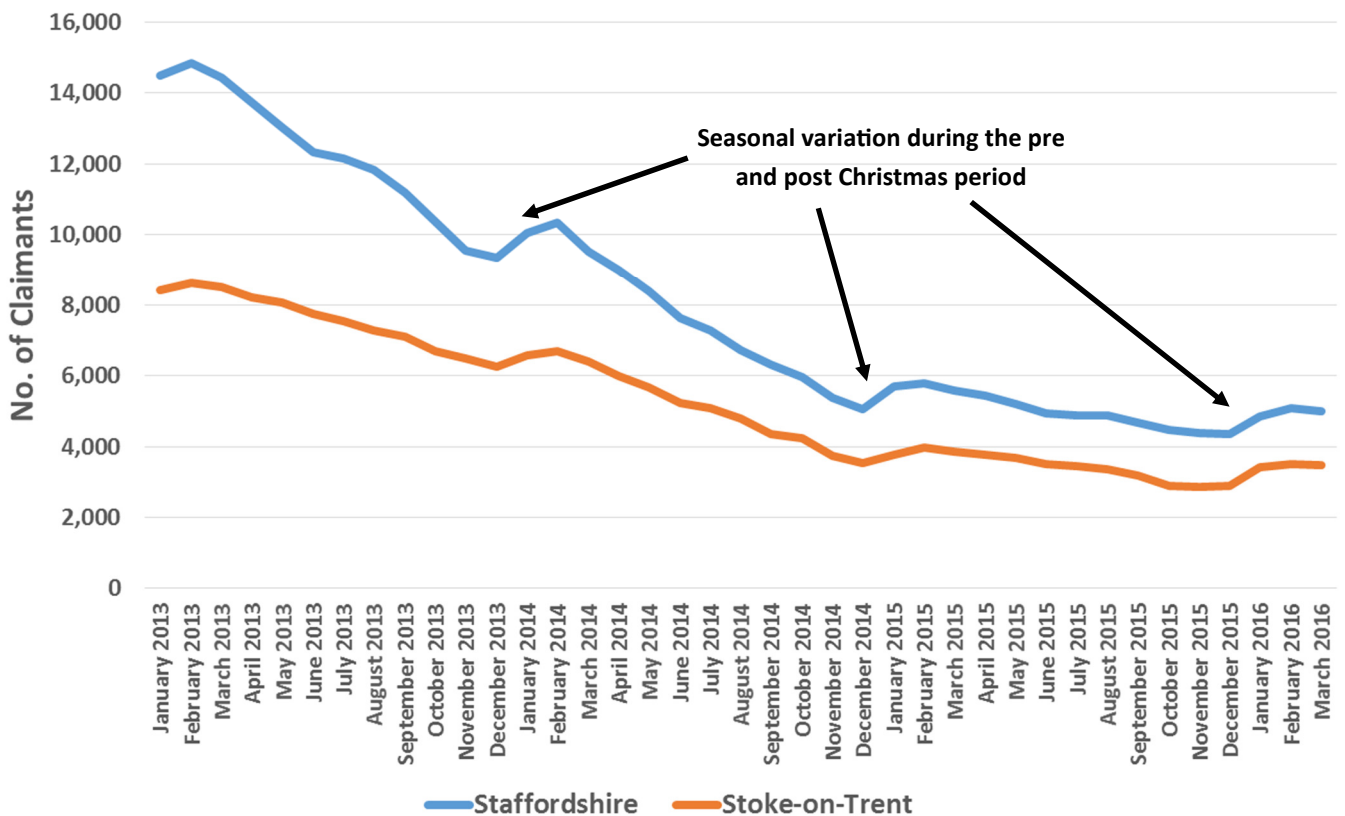
As previously discussed, the Claimant Count has gone through a number of significant changes over recent years, due to this it is difficult to fully attribute any movement in the count to actual changes in the number of those that are unemployed as it may in part be due to changes in the method of recording. However, to give some indication of general trend this section will in the main consider the Claimant Count between 2013 and 2016.

Claimant Count (Mar 2016)		
Staffordshire	West Midlands	England
5,010	80,355	622,910

As with the ILO measure, the recession caused a substantial increase in the Claimant Count between 2008 and 2009 both locally and nationally, with Staffordshire seeing a peak in claimants of just over 20,500 in April 2009. Between 2009 and 2013 there was a gradual decline in the Claimant Count both locally and nationally as the economy gradually recovered.

Figure 2 shows that **since 2013 the Claimant Count in Staffordshire has continued to fall, with the latest figures for March 2016 showing that there were 5,010 people aged 16 or over either claiming Jobseeker’s Allowance (3,955 claimants) or Universal Credit who were out of work (1,055 claimants).** Staffordshire has experienced a fall of 66% (9,830 fewer claimants) in claimants from February 2013 and March 2016, falling at a faster rate than the regional and national reductions (52% and 53% respectively).

**Figure 2: Claimant Count (aged 16 or over), Jan 2013 to Mar 2016**



Source: Claimant Count, Office for National Statistics

## Claimant Count Rate

There are two official Claimant Count rate measures, one for the national/regional level and the other for smaller areas including local authorities, constituencies and travel to work areas. The differences between the two measures are as follows:

Claimant Count Rate (Mar 2016)		
Staffordshire	West Midlands	England
0.9%	2.3%	1.8%

- Workplace-based rate:** This is the official measure at national/regional level and is only available at that level. This measure expresses the number of claimants as a percentage of workforce jobs plus claimants. Workforce jobs are the sum of employee jobs, self-employment jobs, HM Forces, & government-supported trainees.
- Residence-based rate:** This is the official measure for smaller areas (e.g. local authorities) below the national/regional level. It expresses the number of claimants as a percentage of the population aged 16-64 based on mid-year population estimates. This is the only measure that allows for comparison between national/regional areas with smaller areas such as local authorities.

Therefore, this section presents the residence-based Claimant Count rate for Staffordshire and how it compares with the national/regional level. Figure 3 shows that **in Staffordshire the claimant rate as a proportion of residents aged 16-64 has seen a steady decline since early 2013, reducing from 2.8% in February 2013 to 0.9% in March 2016.** This is less than half the equivalent regional figure (2.3%) and below the average for England (1.8%).

**Figure 3: Claimant Count Rate (Residence-based - proportion of working age population aged 16-64), Jan 2013 to Mar 2016**

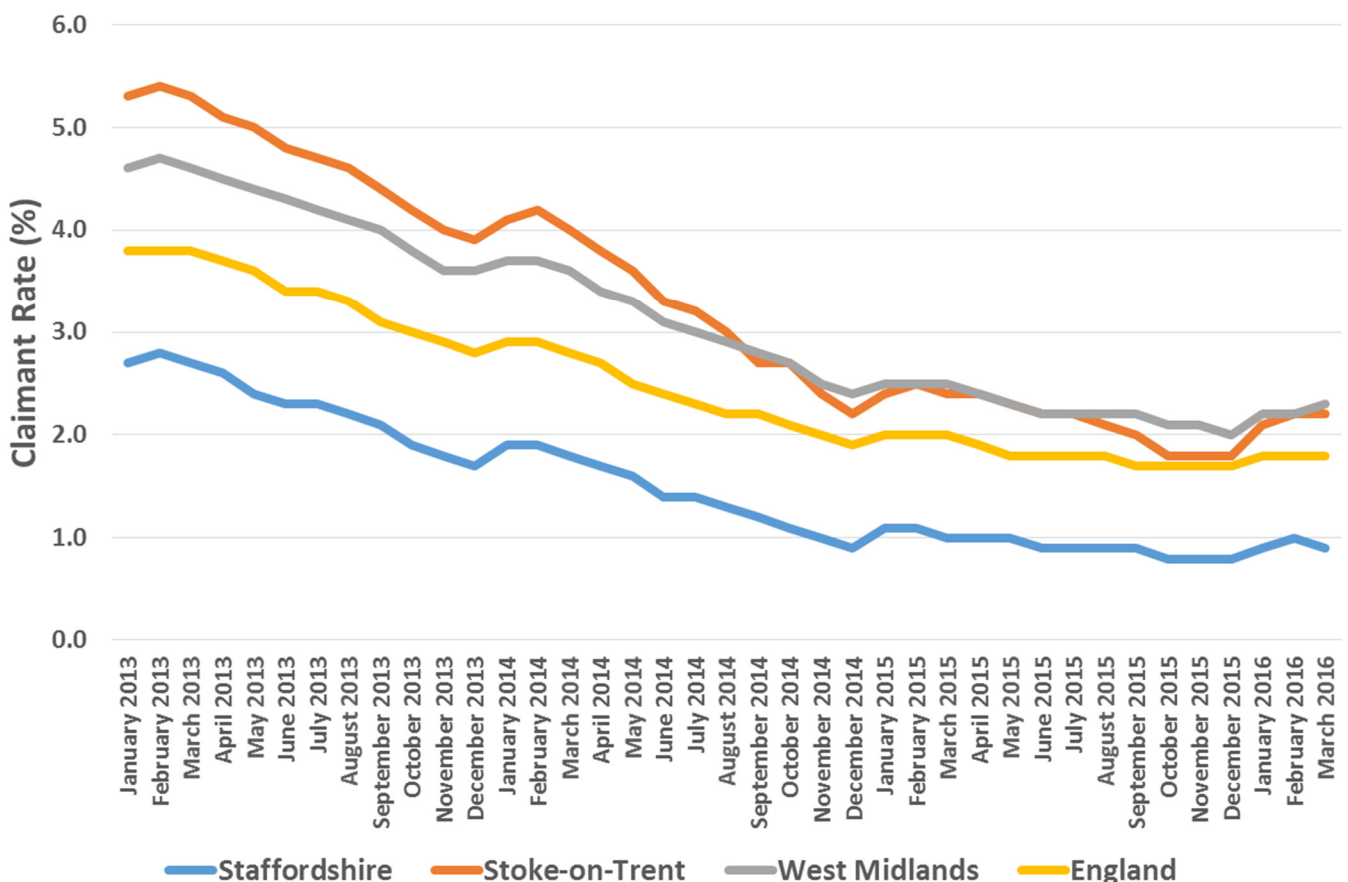


Figure 4 shows that between March 2015 and March 2016 there was a 10.2% decrease in the number of claimants in Staffordshire, which was a larger reduction than the 8.3% decline seen regionally and the 7.9% fall seen nationally. It is also shown that Staffordshire had the lowest Claimant Count rate of all West Midlands local authorities in March 2016.

At a district level, the district with the largest caseload of claimants in March 2016 was Newcastle-under-Lyme with 975, while Tamworth had the lowest number of claimants with 395. All Staffordshire districts have a lower Claimant Count rate than the national and regional averages, with Cannock Chase and Newcastle-under-Lyme having the highest rates (both 1.2%) compared to 0.6% in Lichfield.

In the last 12 months (March 2015-2016) all districts have experienced a fall in their Claimant Count rate with the exception of Tamworth which saw a 14.5% increase in claimants from the previous year and Staffordshire Moorlands which had a slight rise of 1.1%.

**Figure 4: Claimant Count, March 2016 (Sorted by Claimant Count Rate)**

	Area	Number of Claimants	Claimant Rate (%) <sup>1</sup>	Annual Change (%)	Quarterly Change (%)	Monthly Change (%)
	England	622,910	1.8%	-7.9%	7.9%	-0.6%
	<b>West Midlands</b>	<b>80,355</b>	<b>2.3%</b>	<b>-8.3%</b>	<b>10.3%</b>	<b>0.8%</b>
<b>LEP</b>	Stoke-on-Trent and Staffordshire	8,485	1.2%	-10.2%	16.8%	-1.5%
<b>West Midlands Strategic Authorities</b>	<b>Birmingham</b>	<b>29,710</b>	<b>4.2%</b>	<b>-5.1%</b>	<b>8.3%</b>	<b>1.6%</b>
	Wolverhampton	6,530	4.1%	-9.9%	11.0%	0.6%
	<b>Sandwell</b>	<b>6,905</b>	<b>3.5%</b>	<b>-6.6%</b>	<b>9.9%</b>	<b>2.3%</b>
	Dudley	5,355	2.8%	-6.1%	5.0%	0.2%
	<b>Walsall</b>	<b>4,500</b>	<b>2.7%</b>	<b>-13.2%</b>	<b>6.9%</b>	<b>0.2%</b>
	<b>Stoke-on-Trent</b>	<b>3,475</b>	<b>2.2%</b>	<b>-10.2%</b>	<b>19.6%</b>	<b>-1.0%</b>
	<b>Coventry</b>	<b>4,365</b>	<b>2.0%</b>	<b>-8.9%</b>	<b>11.5%</b>	<b>-1.2%</b>
	Solihull	2,010	1.6%	-7.6%	9.8%	1.5%
	<b>Telford and Wrekin</b>	<b>1,655</b>	<b>1.5%</b>	<b>-19.7%</b>	<b>14.9%</b>	<b>1.2%</b>
	Worcestershire	4,390	1.2%	-11.2%	14.6%	0.5%
	<b>Shropshire</b>	<b>1,945</b>	<b>1.0%</b>	<b>-19.3%</b>	<b>10.2%</b>	<b>0.8%</b>
	Warwickshire	3,480	1.0%	-8.5%	15.2%	0.6%
	Herefordshire, County of	1,030	0.9%	-9.3%	17.0%	2.0%
	<b>Staffordshire</b>	<b>5,010</b>	<b>0.9%</b>	<b>-10.2%</b>	<b>14.9%</b>	<b>-1.9%</b>
<b>Staffordshire Districts</b>	<b>Cannock Chase</b>	<b>740</b>	<b>1.2%</b>	<b>-12.4%</b>	<b>6.5%</b>	<b>-2.6%</b>
	Newcastle-under-Lyme	975	1.2%	-8.0%	14.0%	-2.0%
	<b>East Staffordshire</b>	<b>700</b>	<b>1.0%</b>	<b>-26.7%</b>	<b>45.8%</b>	<b>-4.1%</b>
	South Staffordshire	710	1.0%	-17.0%	3.6%	-3.4%
	<b>Staffordshire Moorlands</b>	<b>475</b>	<b>0.8%</b>	<b>1.1%</b>	<b>11.8%</b>	<b>-3.1%</b>
	Tamworth	395	0.8%	14.5%	16.2%	2.6%
	<b>Stafford</b>	<b>610</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>13.0%</b>	<b>0.0%</b>
	Lichfield	400	0.6%	-4.8%	17.6%	-1.2%

<sup>1</sup> The claimant rate is the number of claimants as a percentage of the population aged 16-64

Source: National Statistics

## Where next for Staffordshire?

Ongoing welfare reform changes will mean an increase in the numbers of people searching for work. The focus of the reform, including the introduction of Universal Credit in October 2013, is to 'make work pay' and ensure that people are better off in work than on benefits. As such, there is a need to consider the support that will be required to ensure people have the relevant skills to access jobs, but also to make sure that appropriate employment opportunities exist for people to apply for.

In Staffordshire and Stoke-on-Trent it will be important to target unemployment initiatives in areas where aspirations of individuals have been affected by intergenerational unemployment in a family, such as in the former coalfield communities of Cannock Chase and Newcastle-under-Lyme where ill health has seen high concentrations of claims for unemployment and incapacity benefits.

There are also a number of other local factors influencing unemployment which are prevalent across the local area including mental illness affecting people's ability to work, lone parents unable to afford childcare and ethnic minorities experiencing language barriers when trying to find employment. These barriers will need to be addressed in order to provide those that wish to participate in the labour market the opportunities to do so.

Ultimately, we need to further empower our residents, families and communities to be able to take personal responsibility and become less dependent on the state for support.

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