

Labour Market Report

Number 21 December 2011

Employment and unemployment

The most recent labour market statistics cover August to October, when there were 29,107,000 people in employment. This figure was a fall of 63,000 in the quarter and 14,000 on the year. The employment rate for those aged 16 to 64 was 70.3%, a fall of 0.2% from the prior three months and 0.2% over the past year. The proportion of people in employment is lower than at any time during the recession.

Unemployment, on the International Labour Organisation measure, rose by 128,000 over the quarter to 2,638,000. This is the highest number of unemployed people since September 1994. The unemployment rate was 8.3%, higher than at any time during the recession. The number of people out of work for over twelve months rose by 19,000 to 868,000 (32.9% of all unemployed people).

The claimant count measure of unemployment rose by 3,000 in November and stands at 1,598,600 an increase of 138,600 over the past year. This was the ninth consecutive monthly rise in the claimant count. It is now at its highest level in 2 years.

Public and private sector

The most recent statistics give the breakdown for public and private sector jobs in the quarter ending September 2011. Over the third quarter of this year 67,000 jobs were lost in the public sector whilst the private sector only created a net 5,000 jobs. 13 public sector jobs were lost

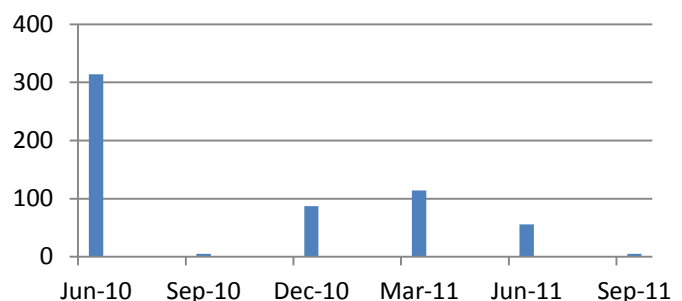
for every private sector job created.

Over the past year 276,000 public sector jobs have been lost including 82,000 in education and 34,000 from the NHS. The rate of public sector job losses is currently faster than that predicted by the Office of Budget Responsibility, possibly as local authorities appear to be ‘front-loading’ job cuts.

The publically owned banks (primarily RBS and Lloyds) shed 8,000 jobs over the quarter if one classifies them as private sector employers then the underlying picture becomes even worse with 59,000 public sector job losses and a net loss of 3,000 jobs in the private sector.

The chart below shows how private sector job creation has been slowing in recent quarters.

Change in Private Sector Employment



Regional variations

The pattern of labour market change continues to vary across the different regions and nations of the UK.

The unemployment rate is highest in the North East of England at 11.7% after a 1.0% rise in

the most recent period. Unemployment fell in the East Midlands and Northern Ireland and remained stable in the South West but rose in every other region.

Young People

The number of unemployed young people remained above one million at 1,026,000, a new record high. 22.0% of economically active young people are unemployed – a higher rate than in the Eurozone. Excluding young people in full time education the youth unemployment rate stood at 20.7% in the three months to October, up 0.8% from the prior three months.

Women

1,103,000 women were unemployed in the period. This is the 16th successive month in which female unemployment has been over one million. 529,100 women are unemployed on the claimant count measure. Over the past year the number of women on the claimant count has risen by 20.8% whilst the number of men has risen by 4.6%. 75,700 women have been on the claimant count for over twelve months, a rise of 30.3% over the past year.

Vacancies

The provisional figure for the number of vacancies in September-November was 461,000, a fall of 8,000 on the quarter and a fall of 29,000 since the beginning of the year. The ratio of unemployed people to vacancies was 5.7, up from 5.5 in May-July 2011, and the highest since August-October 2009.

Atypical work

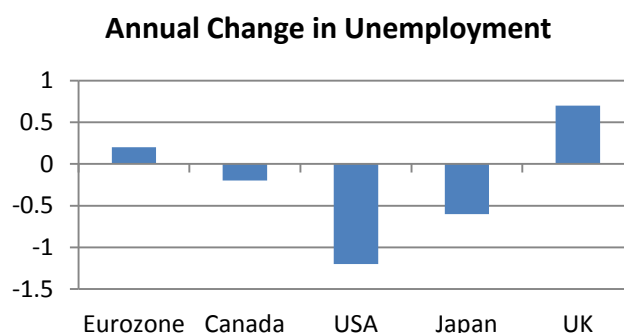
Self employment rose by 166,000 between August and October to reach a record 4,140,000. This helped offset a fall in the number of employees of 252,000. This is the third successive quarter of growing self-employment although the reasons behind this trend remain unclear. It may be that many of the

people registering as self-employed actually have little work and so this would be flattering the unemployment numbers.

The proportion of temporary workers saying they could not find a permanent job rose from 37.1% to 39.4% in the quarter, 601,000 workers are now in this position. 16.6% of part-time workers reported that they were could not find full time work. 12.4% of women in part-time work say they cannot find full time work, a record proportion. The proportion for men is 29.2%.

International comparisons

The UK's unemployment rate of 8.3% is below that of the Eurozone (10.3%) and the USA (8.6%) but higher than that of Japan (4.5%) and Canada (7.4%). However, as the graph below shows, unemployment is rising at a quicker pace in the UK than in any of these economies.



Amongst the 27 countries of the EU unemployment has only risen at a quicker pace than the UK in Cyprus, Greece, Spain and Bulgaria.

Average earnings growth and pay settlements

The annual growth of regular weekly pay (3 month average) was 1.8% in October, up 0.1% from September. The growth rate of total pay (including bonuses) was 2.0%, down 0.3% from September. Both remain well below inflation.