

Unemployment Claimant Flows as an Indicator of Economic Performance January 2014

Introduction

One powerful and easy way of looking at fluctuations within economies at local authority level is to consider the trends around the number of jobs advertised. This information was previously available from the Office of National Statistics. Trends in notified vacancies run around three months in advance of up or down turns in local economies more generally and using this information you can develop inferences about the direction of travel of your economy. As this data is no longer available, analysing the flow of claimants on and off the JSA register does provide a useful alternative.

This analysis is provided as part of the RSN Observatory, which has a wide range of analysis and information for rural areas.

How does it work?

The spreadsheets include benchmarked information for member authorities of SPARSE. There are two spreadsheets attached to this analysis using the latest data available at this time:

- Claimant Flows Nov 2013
- JSA claimants as % of the working population June 2013

You can click your authority on the drop down box on the spreadsheet to see the quartile trend for your authority. You can also compare how it performs against categories of authority by using the box below, for example the district average, or Rural -80 authorities.

We will update this analysis on a quarterly basis.

Claimant Flow Commentary

This graph in the attached analysis shows the claimant flow up to the period November 2013.

Where the flow of claimants is 1, there is no net change in the flow. Figures greater than one mean that there are more people signing on to claim for Job Seekers Allowance than there are leaving the register. A figure less than 1 shows that more people are leaving the register than joining it. You can use these figures to help gauge the relative dynamism of the labour market in each local authority.

Table showing the top 10 worst performing Local Authority areas:

Authority	Categorisation	Flow
East Lindsey	Rural 80	1.7241
Weymouth and Portland	Urban	1.4644
Isle of Wight	Rural 80	1.4212
Great Yarmouth	Significant Rural	1.4063
West Somerset	Rural 80	1.3125
Scarborough	Significant Rural	1.3075
North Devon	Rural 50	1.2747
Purbeck	Rural 80	1.2418
Sedgemoor	Rural 50	1.1768
Tendring	Rural 50	1.1682

All but one of these worst performing local authority areas is Significantly Rural or Predominantly Rural. They also all include coastal areas and are notable for their reliance on tourism.

Employment in the tourist industry in English resorts is very seasonal and this explains why for November 2013, the low season for these resorts, they are included on the worst performing list. It is expected that these areas would see the opposite effect occurring during the summer months and our analysis of these time periods will explore this issue.

In East Lindsey for example, home to Skegness and Maplethorpe, seasonal employment makes up a large percentage of the workforce, leading to such a significant proportion of people joining the register rather than leaving to find employment. A flow of 1.7 is significantly higher than the worst performing authorities in the last quarter.

Table showing the top 10 best performing Local Authority areas:

Authority	Categorisation	Flow
Peterborough	Urban	0.602888
Oldham	Urban	0.63886
Three Rivers	Urban	0.653061
Wellingborough	Significant Rural	0.654867
Warrington	Urban	0.686922
Watford	Urban	0.688053
Waverley	Rural 50	0.688312
Broxtowe	Urban	0.701357
Brentwood	Significant Rural	0.701754
Milton Keynes	Urban	0.716679

In contrast, 7 of the best performing local authority areas for unemployment claimant flow are urban, areas which may have less reliance on seasonal employment such as tourism.

Job Seekers Allowance Commentary

We have also analysed levels of JSA Claimants to give RSN members a simple overview of how their authority can be benchmarked with other authorities. They can also see trends which can help provide a fuller picture of economic performance and the direction of travel. Whilst we have included JSA data at higher authority and LEP levels for comparison purposes, it works best at district level.

Worst Performers

Table showing local authorities with the top 10 highest levels of JSA claimants (June 2013) :

Local Authority	Categorisation	LEP	JSA%
Middlesbrough	Urban	Tees Valley	10.82%
Kingston upon Hull	Urban	Humber	10.57%
Wolverhampton	Urban	Black Country	10.56%
Hartlepool	Urban	Tees Valley	10.46%
Birmingham	Urban	Greater Birmingham and Solihull	9.89%
Newham	Urban	London	9.63%
Sandwell	Urban	Black Country	9.59%
Liverpool	Urban	Liverpool City Region	9.23%
South Tyneside	Urban	North Eastern	8.89%
Blackpool	Urban	Lancashire	8.74%

All of the top 10 local authorities with the highest levels of people claiming JSA are urban authorities, 8 of these authorities also appeared in the top 10 list of authorities with the highest levels, last quarter.

Middlesbrough was also the worst performing authority last quarter although its figure has decreased slightly from 11.53% to 10.82%.

Table showing local authorities with the top 10 lowest levels of JSA claimants (June 2013) :

Local Authority	Categorisation	LEP	JSA%
Hart	Significant Rural	Enterprise M3	1.19%
West Dorset	Rural 80	Dorset	1.22%
Mid Sussex	Rural 80	Coast to Capital	1.22%
Wokingham	Urban	Thames Valley Berkshire	1.29%
Ribble Valley	Rural 80	Lancashire	1.30%
South Northamptonshire	Rural 80	South East Midlands	1.32%

South Lakeland	Rural 80	Cumbria	1.36%
Stratford-on-Avon	Rural 80	Coventry and Warwickshire	1.37%
Winchester	Rural 50	Solent	1.38%
South Oxfordshire	Rural 80	Oxfordshire LEP	1.40%

This analysis provides a clear rural / urban split with only one urban authority appearing in the top 10 local authority areas with the lowest levels of people claiming JSA.

Hart, the best performing area has reduced its levels from 1.38% last quarter to 1.19% for June 2013. Hart is one of the least deprived areas in the UK and these figures reflect the local economy.

Whilst the overall picture is one of prosperity in rural areas with greater levels of unemployment in urban areas, wage levels for those working in rural areas are often lower. There is also a risk that figures may be underreported in some rural areas. Following the closure of a number of job centres in many areas in recent years, there are local authority areas without a job centre plus office within their boundaries, forcing residents in rural areas to travel significant distances, often with poor public transport options. These residents may choose not to register for JSA due to the difficulties in accessing the service.

In addition, it should also be considered that a number of residents in rural areas may commute to larger urban centres for employment, slightly affecting the full picture of the local labour market.

Greater levels of JSA claimants and greater flows of people onto JSA may result in additional demands on council services. It is important that councils are aware of changes in their local labour market and economy so that they can better plan service levels and resources to respond to that demand for example on housing advice services or revenue and benefit teams.