ARTICLE

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The labour market across the UK in the current recession

SUMMARY

This article considers labour market performance from April 2008 to September 2009, covering eighteen months of the recent recession, for the UK as a whole, the devolved countries of the UK and Government Office Regions within England. The main findings are:

- employment rates have fallen for the UK and across the country, with Northern Ireland and Wales having the largest falls
- the number of jobs in the UK has fallen, with 'Manufacturing' and 'Construction' industries having the largest percentage falls
- redundancy levels increased through the recession to a peak in the three months to March 2009, before falling over the next six months to September 2009
- unemployment and the claimant count have increased in all regions
- the inactivity rate has increased slightly in the UK, but there are large variations in changes in inactivity across the UK
- since the onset of the current recession, there has been a sharp increase in the flow of individuals from employment to unemployment,
- earnings growth has been relatively weak in comparison with periods before the recession

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This article considers the labour market in the current recession for the UK as a whole, the devolved countries of the UK and Government Office Regions within England. Firstly, it looks at employment trends, showing how employment levels and rates have changed across the UK since the onset of the current recession. It then shows quarterly differences in employment rates by sex and age group for the UK as a whole. It looks at jobs, and how these have varied over the recession, before looking at redundancies. It then shows how unemployment rates have changed across the UK since the start of the recession, before giving quarterly changes in the unemployment rate by sex and age group for the UK as a whole. It then describes changes in the claimant count, looks at changes in vacancies and how the number of claimants for each vacancy has changed, as well as looking at inactivity levels and rates. It will then use Labour Force Survey (LFS) longitudinal datasets to show movements between employment, unemployment and inactivity for individuals who are in two consecutive quarters of the survey. Finally it will look at average earnings over the recession and changes by occupation, industrial groupings for the UK, and by regions across the UK, comparing April 2008 and April 2009.

Employment

Table 1 shows the employment level and rate for the UK, Government Office Regions in England, Wales, Scotland and Northern Ireland in the three months to April 2008

and the three months to September 2009. Over this period, the employment level fell by 2.1 per cent for the UK as a whole, to stand at 28.9 million in the three months to September 2009. In England the level fell by 1.8 per cent, while in Wales it fell by 4.2 per cent and in Scotland by 2.1 per cent. Northern Ireland had the biggest fall in the employment level at 5.1 per cent. Within England the largest fall in the employment level was in the West Midlands (2.9 per cent) followed by the North East (2.8 per cent). The smallest fall was in the East Midlands region, where the employment level fell by just 0.1 per cent.

Increases in employment levels can result from increases in the population levels for regions, so comparing the employment rate is a more useful indicator of change. For the UK, there was a 2.3 percentage point fall in the employment rate over the period, to the three months to September 2009. Of the countries, Northern Ireland had the largest fall, 4.2 percentage points, while the rate fell by 3.1 percentage points in Wales, 2.7 percentage points in Scotland, and 2.1 percentage points for England. Within England the South West had the largest fall in the employment rate (3.0 percentage points) followed by London at 2.9 percentage points.

Just considering the change in employment for the start of the recession with the latest period does not show changes in employment rates over the period of the recession. **Table 2** shows the quarterly change in the employment rate for the six quarters of the recession. When

Table 1
Employment level¹ and rate² by region, April–June 2008 and
July–September 2009

	Seasonally adjusted					
	Level (thousands)			Rate (percentage)		
	2008	2009	Percentage change	2008	2009	Percentage point change
United Kingdom	29,534	28,927	-2.1	74.8	72.5	-2.3
Great Britain	28,743	28,188	-1.9	74.9	72.8	-2.2
England	24,824	24,381	-1.8	74.9	72.8	-2.1
North East	1,162	1,130	-2.8	70.5	68.0	-2.4
North West	3,162	3,116	-1.5	72.1	70.8	-1.4
Yorkshire and The Humber	2,461	2,399	-2.5	73.3	71.2	-2.1
East Midlands	2,151	2,148	-0.1	75.8	74.9	-0.9
West Midlands	2,486	2,414	-2.9	72.5	70.0	-2.5
East	2,830	2,811	-0.7	77.7	77.2	-0.6
London	3,768	3,720	-1.3	71.8	69.0	-2.9
South East	4,246	4,150	-2.3	79.4	77.0	-2.4
South West	2,559	2,493	-2.6	78.8	75.7	-3.0
Wales	1,364	1,306	-4.2	72.4	69.2	-3.1
Scotland	2,555	2,500	-2.1	76.6	73.9	-2.7
Northern Ireland	791	751	-5.1	70.3	66.1	-4.2

Notes:

Source: Labour Force Survey

1 Levels are for those aged 16 and over.

2 The employment rate is for men aged 16 to 64 and women aged 16 to 59.

Table 2
Quarterly change in employment rates¹ by region, April–June 2008 to
July–September 2009

	Percentage point change, seasonally adjusted					
	Change on quarter					
	Three months to June 2008	Three months to September 2008	Three months to December 2008	Three months to March 2009	Three months to June 2009	Three months to September 2009
United Kingdom	0.0	-0.4	-0.4	-0.5	-0.8	-0.1
Great Britain	0.0	-0.4	-0.4	-0.5	-0.8	-0.2
England	-0.1	-0.3	-0.3	-0.5	-0.8	-0.1
North East	0.3	-0.2	-0.3	-0.4	-2.3	0.8
North West	-0.2	-0.4	-0.8	0.5	-0.4	-0.3
Yorkshire and The Humber	-0.6	-0.1	-1.1	-0.5	-0.5	0.1
East Midlands	-0.6	0.4	0.0	-0.7	-0.3	-0.3
West Midlands	-0.8	-0.7	-0.2	-1.3	-0.1	-0.2
East	0.1	-0.3	0.2	0.0	-0.7	0.2
London	0.8	-0.7	0.4	-1.2	-1.3	0.0
South East	0.0	-0.4	-0.5	-0.5	-0.8	-0.3
South West	-0.1	0.1	-0.8	-0.2	-1.2	-0.8
Wales	0.4	-1.8	-0.1	-0.2	-0.8	-0.3
Scotland	0.1	-0.3	-0.9	-0.5	-0.9	-0.1
Northern Ireland	0.5	-0.6	-1.2	-1.8	-1.1	0.4

Note:

Source: Labour Force Survey

1 Employment rate is for men aged 16 to 64 and women aged 16 to 59.

noting quarter on quarter changes at a regional level, they are particularly subject to sampling variability and should be interpreted in the context of changes over several quarters. However, they are useful in displaying at which point employment rates changed markedly over the period across the UK.

For the UK, there have been five consecutive quarterly falls in the employment rate, with no change in the first quarter of the recession. The largest fall occurred in the three months to June

2009, at 0.8 percentage points. Between the four countries of the UK, England has had six consecutive quarterly falls in the employment rate, and as for the UK as a whole, the largest fall in the three months to June 2009, at 0.8 percentage points. In Wales there was an increase in the first quarter of the recession, of 0.4 percentage points, before a sharp decline in the three months to September 2008 of 1.8 percentage points, which was the start of five consecutive falls in the employment rate. Following a small increase (0.1

percentage points) in the employment rate in the first quarter, Scotland has had five consecutive falls, with the two largest, of 0.9 percentage points, in the three months to December 2008 and the three months to June 2009. In Northern Ireland there was an increase of 0.5 percentage points in the employment rate in the three months to June 2008, with four consecutive falls following this, with the largest of 1.8 percentage points in the three months to March 2009. In the most recent period, covering the three months to September 2009, for the UK and each of the four UK countries, there has been a slowdown in the quarterly fall in employment rates, with Northern Ireland experiencing an increase of 0.4 percentage points.

Within England, in the first two quarters of the recession, the West Midlands had the largest fall in the employment rate, down 0.8 percentage points and 0.7 percentage points respectively. While in the East Midlands, there was an increase of 0.4 percentage points in the employment rate in the three months to September 2008. London had an increase in the employment rate in the first quarter of the recession, of 0.8 percentage points, followed by a decrease of 0.7 percentage points in the three months to September 2008. In the final quarter of the year it then went up by 0.4 percentage points, with two sharp falls, of 1.2 percentage points and 1.3 percentage points in the first six months of 2009. Over the period of the recession, the largest quarter on quarter fall was in the North East, at 2.3 percentage points, in the three months to June 2009. For the latest period, the South West has had the largest fall in the employment rate, down 0.8 percentage points in the three months to September 2009. However, as for the countries of the UK, there has been a slowdown in the fall in the employment rate across the regions of England, with the exception of the West Midlands, where it increased marginally more than the previous quarter, although this increase is not statistically significant.

As mentioned, there have been consecutive falls in the employment rate for the UK, with differences in changes in employment rate by region. There are also differences by sex and by age group. **Figure 1** shows the quarterly change in the employment rate by sex for the UK since the onset of the current recession, with men having larger falls than women for each quarter.

The largest fall for men and women both occurred in the three months to June 2009, at 1.1 percentage points and 0.5 percentage

Figure 1
Quarterly change in employment rate¹ by sex

United Kingdom

Percentage point change, seasonally adjusted

Note:

Source: Labour Force Survey

1 Employment rate is for men aged 16 to 64 and women aged 16 to 59.

Figure 2
Quarterly change in employment rate by age group

United Kingdom

Percentage point change, seasonally adjusted

Source: Labour Force Survey

Table 3

Quarterly change in workforce jobs¹ by industry², April–June 2008 to April–June 2009

	Per cent, seasonally adjusted				
	Change on quarter				
	Jun–08	Sep–08	Dec–08	Mar–09	Jun–09
All Jobs	0.1	-0.5	-0.7	-0.4	-0.5
Agriculture & Fishing	3.1	-3.4	0.1	2.3	-1.1
Energy & Water	0.1	-0.4	-0.1	-0.1	-3.0
Manufacturing	-0.5	-1.7	-2.1	-2.8	-1.6
Construction	0.0	1.3	-0.1	-2.1	-2.7
Total Services	0.1	-0.4	-0.6	-0.0	-0.2
Distribution, Hotels & Restaurants	-0.2	-0.9	-1.2	-0.6	-0.5
Transport & Comms.	0.3	-0.5	-0.5	-0.2	0.3
Finance & Business Services	0.0	-1.3	-1.6	-0.1	-1.0
Public Admin, Education & Health	0.4	0.5	0.2	1.1	0.5
Other Services	-0.1	0.5	1.3	-2.1	0.6

Notes:

Source: Workforce Jobs

1 Workforce Jobs figures are a measure of jobs rather than people. For example if a person holds two jobs, each job will be counted in the workforce jobs total. Estimates come from a variety of sources, and where possible from the employer rather than the individual.

2 Standard Industrial Classification 2003.

points respectively. In the most recent quarter, for the three months to September 2009, the employment rate for men fell by 0.4 percentage points, but the employment rate for women increased by 0.2 percentage points.

Figure 2 shows the quarterly change in the employment rate by age group.

The largest quarter on quarter fall in the employment rate was for the 16 to 24 age group, where it fell by 1.7 percentage points in the three months to March 2009. The same age group has the largest fall throughout four of the six quarters of the current recession, and in the most recent quarter, covering the three months to

September 2009, it fell by 1.2 percentage points. The second largest fall in the employment rate over the period was for the 25 to 34 age group, where it fell by 1.4 percentage points in the three months to June 2009. Following this sharp decline, there was an increase of 0.3 percentage points in the employment rate in the three months to September 2009 for those aged 25 to 34. The fall in employment rates for individuals aged over 50 and below state pension age has been smaller than that of all the other age groups over the period. There were marginal falls in the first three quarters of the current recession, with a larger fall in the three months to June 2009, of 0.3 percentage points. In the most recent period, the employment rate for the older workers, aged 50 to state pension age, has increased by 0.2 percentage points.

Jobs

The number of jobs in the economy indicates if employers are cutting back on offering employment opportunities, which in turn will impact on employment levels. Estimates of workforce jobs provide the level of jobs by industry and region, with estimates primarily provided by employers. This is different to the Labour Force Survey, which provides the number of people in employment, with estimates based on individuals' responses. Individuals, who report themselves as being in employment, could have more than one job, so they may be recorded twice in the workforce jobs series.

Table 3 shows the quarterly percentage change in the level of workforce jobs by industry since the onset of the current recession up until June 2009, which is the latest period in the series. For each quarter throughout the current recession, there have been falls in the number of workforce jobs in 'Manufacturing', with the largest fall in the first part of 2009, where it fell by 2.8 per cent in the quarter to March 2009. For the 'Construction' industry, at the start of the recession there was no change in the number of workforce jobs, followed by an increase over the summer of 2008 of 1.3 per cent. Since then, there have been three consecutive falls in the number of construction jobs, with the largest fall in the quarter to June 2009 of 2.7 per cent. Within the service sector, there have been falls in each quarter in the number of jobs in the 'Distribution, Hotels & Restaurants' services while increases in the number of jobs each quarter in 'Public Admin, Education & Health' services.

Regionally there are differences in the

Figure 3

Annual percentage change in workforce jobs¹ by region, April–June 2008 and April–June 2009 **Notes:**Source: *Workforce Jobs*

- 1 Workforce Jobs figures are a measure of jobs rather than people. For example if a person holds two jobs, each job will be counted in the workforce jobs total. Estimates come from a variety of sources, and where possible from the employer rather than the individual.
- 2 Percentage change is the percentage fall on the year.

Figure 4

Redundancy level, April–June 2008 to July–September 2009 Source: *Labour Force Survey*

Table 4

Redundancy rate¹ by industry², April–June 2008 to July–September 2009

United Kingdom	Not seasonally adjusted						
	All redundancies	Manu- facturing industries	Construction	Distribution, hotels & restaurants	Transport & comms.	Finance & Business Services	Education, health and public admin ³
		D	F	G–H	I	J–K	L–N
Apr – Jun 08	4.8	7.1	9.1	5.6	7.0	5.1	1.4
Jul – Sep 08	6.1	7.9	21.3	6.0	7.7	8.4	1.5
Oct – Dec 08	10.3	18.3	31.3	9.6	11.6	12.8	1.8
Jan – Mar 09	11.8	21.1	32.8	14.1	13.0	15.3	1.4
Apr – Jun 09	10.7	20.1	27.9	9.9	9.1	18.1	2.1
Jul – Sep 09	8.2	15.5	26.0	6.7	8.3	13.5	2.0

Notes:Source: *Labour Force Survey*

- 1 The redundancy rate is based on the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter, aged 16 and over, multiplied by 1,000.
- 2 Standard Industrial Classification 1992.
- 3 Includes both public and private sectors.
- 4 Table does not include estimates for 'Agriculture, forest & fishing (A)', 'Mining, energy & water supply industries (B)' and 'Other services (O–Q)' as the sample size for these industries is too small for a reliable estimate.

number of workforce jobs. As estimates are not seasonally adjusted at a regional level, **Figure 3** shows the percentage change in workforce jobs over the year, between June 2008 and June 2009. For the UK as a whole, there was a fall of 2.2 per cent in the number of workforce jobs, with the largest fall in the West Midlands at 3.1 per cent. The East of England region has the smallest fall at 1.1 per cent.

Redundancies

Redundancies are the termination of employment, which occurs in response to business slowdown. The previous article on the impact of the recession on the labour market described how there were record numbers of redundancies, since the series began in the mid 1990s.

Redundancies can be an early indicator of the impact of a recession, and **Figure 4** shows the number of redundancies as reported in the LFS over the current recession. In the three months to April 2008, there were 121,000 redundancies and they rose each quarter to reach a peak of 299,000 in the three months to March 2009. Since then, there have been two consecutive falls in redundancy levels, and in the three months to September 2009, they stood at 205,000.

Increases in redundancies have occurred across the entire economy, with a higher concentration in certain industrial sectors. **Table 4** shows the redundancy rate, which is the number of redundancies per thousand employees, for the UK, by the previous industry an employee worked in. Note the estimates in this table are not directly comparable to the number of redundancies in **Figure 4** as they are not seasonally adjusted. However, the differences between the seasonally adjusted and not seasonally adjusted series are small. In the three months to June 2008, the redundancy rate for all industries was 4.8 per thousand employees, increasing to a peak of 11.8 per thousand employees in the three months to March 2009. Over the recession period, the 'construction' industry has had the largest increase in the redundancy rate, with 9.1 per thousand employees in the three months to June 2008, increasing to a peak, of 32.8 per thousand employees in the three months to March 2009, before falling to 26.0 per thousand employees in the three months to September 2009. There were also large increases in the redundancy rates for 'manufacturing' and 'finance & business services' industries.

It is not possible to provide reliable estimates of redundancies for many of the

Figure 5

Redundancy rate¹, July–September 2008 and January–March, 2009 **Note:**

Source: Labour Force Survey

¹ The redundancy rate is based on the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter, aged 16 and over, multiplied by 1,000.

Table 5

Unemployment¹ level and rate by region, April–June 2008 and July–September 2009

	Seasonally adjusted					
	Level (thousands)			Rate (percentage)		
	2008	2009	Percentage change	2008	2009	Percentage point change
United Kingdom	1,670	2,461	47.4	5.4	7.8	2.5
Great Britain	1,635	2,403	47.0	5.4	7.9	2.5
England	1,448	2,085	44.0	5.5	7.9	2.4
North East	94	119	26.7	7.5	9.5	2.1
North West	216	294	36.1	6.4	8.6	2.2
Yorkshire and The Humber	157	227	44.9	6.0	8.7	2.7
East Midlands	128	173	34.8	5.6	7.5	1.8
West Midlands	163	270	65.3	6.2	10.0	3.9
East	135	194	43.4	4.6	6.5	1.9
London	270	367	35.9	6.7	9.0	2.3
South East	184	265	44.3	4.1	6.0	1.9
South West	101	176	74.3	3.8	6.6	2.8
Wales	75	125	65.9	5.2	8.7	3.5
Scotland	111	194	74.2	4.2	7.2	3.0
Northern Ireland	34	58	70.8	4.1	7.2	3.1

Note:

Source: Labour Force Survey

¹ Levels and rates are for those aged 16 and over.

Government Office Regions of England, Wales, Scotland and Northern Ireland in all the quarters of the current recession, as there are so few in the survey sample. Generally while redundancies have increased in the UK, this increase has been spread across the UK and **Figure 5** shows the redundancy rate, for the three months to June 2008 and the three months to September 2009. Information is not available for the North East for either period or for the South West, London and Wales in the first period, because of

inadequate sample sizes. In the three months to September 2009, Wales had the highest redundancy rate at 12.5 per thousand employees. The lowest redundancy rate was in Scotland at 4.8 per thousand employees. For those areas where data is available for both periods, the largest increase in the redundancy rate over the period was in the North West, up from 6.2 per thousand employees to 11.4 per thousand employees. As Table 4 showed, redundancies vary by industry and so the industrial breakdown of each region affects

redundancy rates. Estimates of employee jobs for June 2009 suggest around 1 in 6 jobs in Wales are in manufacturing and construction industries, the region with the highest redundancies.

Unemployment

Unemployment levels and rates vary in line with the economic cycle and the levels reached peaks of around 3 million during the recessions of the mid-1980s and 1990s.

Table 5 shows the unemployment level and rate for the UK, Government Office Regions in England, Wales, Scotland and Northern Ireland in the three months to April 2008 and the three months to September 2009. The rate is the proportion of the economically active population who are unemployed. Over this period, the unemployment level for the UK increased by 47.4 per cent from 1.67 million to 2.46 million, while the percentage increase for England was 44.0 per cent. Of the other countries, Scotland had the largest increase in the unemployment level, up by 74.2 per cent to reach 194,000 unemployed individuals in the three months to September 2009. For Northern Ireland the level increased by 70.8 per cent to stand at 58,000, while in Wales, unemployment increased by 65.9 per cent over the period to stand at 125,000. Within England, the South West had the largest percentage increase (74.3 per cent) in the unemployment level to stand at 176,000 in the three months to September 2009. All regions had increases in the number of people unemployed with the smallest, of 26.7 per cent in the North East.

Allowing for population changes, by using the unemployment rate, UK unemployment increased by 2.5 percentage points over the period to stand at 7.8 per cent in the three months to September 2009. There was an increase of 2.4 percentage points in the rate for England, in Scotland an increase of 3.0 percentage points, in Northern Ireland an increase of 3.1 percentage points and in Wales, the largest increase, at 3.5 percentage points.

Within England, the West Midlands had the biggest increase in the unemployment rate. At 10.0 per cent, in the three months to September 2009, the rate was 3.9 percentage points higher than in the three months to June 2008. The East Midlands (1.8 percentage points) had the smallest increase in the unemployment rate.

As with employment, considering the change in unemployment for the start of the recession with the latest period does not show changes in unemployment rates

Table 6

Quarterly change in unemployment rates¹ by region, April–June 2008 to July–September 2009

	Percentage point change, seasonally adjusted					
	Change on quarter					
	Three months to June 2008	Three months to September 2008	Three months to December 2008	Three months to March 2009	Three months to June 2009	Three months to September 2009
United Kingdom	0.2	0.5	0.5	0.7	0.7	0.1
Great Britain	0.2	0.5	0.5	0.7	0.7	0.1
England	0.2	0.5	0.5	0.7	0.7	0.0
North East	0.9	0.5	0.4	0.0	1.4	-0.3
North West	0.4	0.4	1.0	0.1	0.6	0.1
Yorkshire and The Humber	0.9	0.8	-0.1	1.3	0.8	-0.2
East Midlands	0.3	0.3	0.4	0.8	0.2	0.2
West Midlands	0.0	0.5	1.2	1.4	1.3	-0.5
East	0.1	0.3	0.7	0.4	0.5	0.0
London	-0.2	0.7	-0.1	0.9	0.6	0.2
South East	0.2	0.4	0.5	0.4	0.5	0.1
South West	0.1	0.5	0.6	1.0	0.5	0.2
Wales	-0.1	1.3	0.5	0.7	0.0	1.0
Scotland	-0.5	0.5	0.6	0.7	1.0	0.2
Northern Ireland	-0.3	0.1	1.0	0.9	0.7	0.4

Note:

1 Unemployment rate is for all aged 16 and over.

Source: Labour Force Survey

respectively, with the North East sharing the highest increase in the first quarter. Following the two large increases, Yorkshire and the Humber had a small fall, with London, in the unemployment rate in the three months to December 2008. Over the same quarter, the West Midlands had the largest increase in the unemployment rate of 1.2 percentage points. For the next two quarters the large increases in the unemployment rate in the West Midlands continued, up 1.4 percentage points in the three months to March 2009 (the largest increase), and 1.3 percentage points in the three months to June 2009. In the most recent period, three regions in England have experienced a fall in the unemployment rate, with the largest fall in the West Midlands, at 0.5 percentage points.

Figure 6 shows the quarterly change in the unemployment rate by sex for the UK since the onset of the current recession, with men having larger increases than women for each quarter.

The largest increase for men occurred in the three months to June 2009, at 0.9 percentage points. For women the largest increase was in the three months to March 2009 at 0.5 percentage points. In the most recent quarter, for the three months to September 2009, the unemployment rate for men increased by the lowest amount since the start of the recession at 0.2 percentage points, while for women the unemployment rate decreased by 0.1 percentage points.

Figure 7 shows the quarterly changes in the unemployment rate by age group. The largest quarter on quarter increase in the unemployment rate was for the 16 to 24 age group, where it rose by 1.4 percentage points in the three months to March 2009. The same age group has the largest increase throughout five of the six quarters of the current recession, and in the most recent quarter, covering the three months to September 2009, it rose by 0.6 percentage points. The second largest increase in unemployment rates over the period was for the 25 to 34 age group, where it rose by 1.2 percentage points in the three months to June 2009. Following this sharp increase, there was a small fall in the unemployment rate, of 0.1 percentage points, in the three months to September 2009 for those aged 25 to 34. For most of the period, the rise in the unemployment rate for individuals aged over 50 and below state pension age has been smaller than that of all the other age groups. In the three months to December 2008 it was the second lowest increase, but largest increase for this age group since the start of the recession, at 0.6 percentage

Figure 6

Quarterly change in unemployment rate¹ by sex

United Kingdom

Percentage point change, seasonally adjusted

Note:

1 Unemployment rate is for all aged 16 and over.

Source: Labour Force Survey

going through the period of the recession. Table 6 shows the quarterly change in the unemployment rate for the six quarters covering the recent recession, although as with employment, they are subject to sampling variability. For the UK, there have been six consecutive increases in the unemployment rate, with the largest increases in the three months to March 2009 and the three months to June 2009, at 0.7 percentage points. Of the four countries of the UK, there is a similar story for England. However, for Wales there was a small fall of 0.1 percentage points, in the unemployment rate in the first quarter of the current recession, followed by a large increase in the following quarter, of 1.3 percentage points. In the three months to June 2009, the unemployment rate remained the same as the previous quarter,

but in the most recent period, covering the three months to September 2009, Wales had a sharp increase in the unemployment rate, up 1.0 percentage points. For Scotland, there was a fall in the unemployment rate in the first quarter of the recession, followed by five consecutive increases, the largest in the three months to June 2009, at 1.0 percentage points. In Northern Ireland, for the first quarter of the recession, the unemployment rate fell, followed by five consecutive increases. The largest increase in the unemployment rate was in the three months to December 2008, at 1.0 percentage points.

Within England, in the first two quarters of the recession, Yorkshire and the Humber had the largest increase in the unemployment rate, up 0.9 percentage points and 0.8 percentage points

Figure 7
Quarterly change in unemployment rate¹ by age group

United Kingdom

Percentage point change, seasonally adjusted

Note:

1 Men aged 16 to 64 and Women aged 16 to 59.

Source: Labour Force Survey

Table 7
Claimant count¹ level and rate² by region, April 2008 and September 2009

	Seasonally adjusted					
	Level (thousands)			Rate (percentage)		
	2008	2009	Percentage change	2008	2009	Percentage point change
United Kingdom	802	1,627	102.7	2.1	5.0	2.9
Great Britain	778	1,573	102.1	2.1	5.0	2.9
England	668	1,359	103.3	2.1	5.0	2.9
North East	48	88	82.3	3.0	7.3	4.3
North West	107	204	89.5	2.5	5.8	3.3
Yorkshire and The Humber	77	159	107.0	2.4	6.1	3.7
East Midlands	54	115	113.2	2.0	5.1	3.1
West Midlands	96	185	94.0	2.9	6.7	3.8
East	55	124	126.0	1.6	4.3	2.7
London	128	228	77.4	2.5	4.7	2.2
South East	66	160	143.0	1.3	3.5	2.2
South West	38	97	157.1	1.2	3.5	2.3
Wales	40	81	104.8	2.2	5.8	3.6
Scotland	70	133	89.7	2.2	4.7	2.5
Northern Ireland	24	54	121.9	2.2	6.2	4.0

Notes:

Source: Jobcentre Plus administrative system

1 All claimants aged 18 and over.

2 The number of claimants resident in an area as a percentage of claimants and workforce jobs in the area.

points. In the most recent period, covering the three months to September 2009, the unemployment rate for the older workers, aged 50 to state pension age, fell slightly by 0.1 percentage points.

Claimant count

The claimant count is a count of claimants of Jobseeker's Allowance and is based on the administrative records of people claiming this benefit. Generally, the claimant count series follows the unemployment series, but at a lower level. There are periods of divergence and convergence. During a time of an economic recession the claimant count tends to converge to unemployment, as happened during the recession of the early 1990s. Over the last decade the claimant count has fallen more sharply than the survey measure of unemployment.

Table 7 shows the claimant count level and rate for the UK, Government Office Regions in England, Wales, Scotland and Northern Ireland at the start of the recession in April 2008 and for September 2009. In September 2009, the claimant count for the UK stood at 1.63 million, more than double (102.7 per cent) that of the level in April 2008. Between the countries of the UK, the count increased by the largest percentage in Northern Ireland at 121.9 per cent. The claimant count also more than doubled in both England (103.3 per cent) and Wales (104.8 per cent). In Scotland the claimant count increased by 89.7 per cent over the period. Within England there were five regions where the claimant count more than doubled. The South West had the largest increase over the period at 157.1 per cent, followed by

the South East at 143.0 per cent, and the East of England at 126.0 per cent. Despite being the region with the largest number of claimants, through its large population size, the smallest increase occurred in London at 77.4 per cent.

Allowing for population changes, the claimant count rate for the UK increased by 2.9 percentage points to 5.0 per cent in September 2009. The rate is the number of claimants resident in an area as a percentage of the sum of claimants and workforce jobs in the area. There was a similar increase in the rate for England. As for the claimant level, Northern Ireland had the largest increase (4.0 percentage points) in the rate and Scotland the lowest (2.5 percentage points). For Wales the rate increased by 3.6 percentage points over the year. Within England, the North East had the largest percentage point increase at 4.3 percentage points to stand at 7.3 per cent in September 2009. The West Midlands had the next highest increase at 3.8 percentage points, with London and the South East (both 2.2 percentage points) the lowest.

Vacancies

Statistics on job vacancies provide important information about the demand for labour and how this is changing. **Figure 8** shows vacancy levels using the ONS Vacancy Survey, covering an average for April to June 2008 and July to September 2009. In the first quarter of the recession there were 652,000 vacancies, and the level of vacancies fell for the next four quarters, to stand at 434,000 in the April to June quarter of 2009. Over these four quarters, the quarter on quarter percentage fall in vacancies was highest between the last quarter of 2008 and the first quarter of 2009, at 12.4 per cent. Following this, there has been a slowdown in the fall in vacancies and in the most recent three month period, covering July to September 2009, vacancies fell by just 0.9 per cent on the previous quarter, to stand at 430,000. The ONS vacancy survey provides the most comprehensive estimates on the number of job vacancies in the UK. However the survey does not provide regional estimates. Statistics of Jobcentre Plus vacancies, which are job openings reported by employers to Jobcentre Plus, provide estimates of vacancies at a regional level. They do not cover all vacancies as some are filled without reference to Jobcentre Plus. Typically, Jobcentre vacancies account for around a half of all vacancies. Some regions advertise a higher proportion of vacancies with Jobcentre Plus than others.

Figure 8
Vacancy level,^{1,2} April–June 2008 to July–September, 2009

United Kingdom, Vacancy level (thousands), seasonally adjusted

Notes:

- 1 Vacancy levels are three month averages.
- 2 Excludes Agriculture, Forestry and Fishing.

Source: ONS Vacancy Survey

Table 8
Vacancy rate¹ and claimants per vacancy² by region, April 2008 and September 2009

	Not seasonally adjusted					
	Vacancy rate			Claimants per vacancy		
	April 2008	September 2009	Difference	April 2008	September 2009	Difference
Great Britain	104	62	-42	2.1	6.7	4.6
England	105	62	-42	2.1	6.7	4.6
North East	103	65	-39	3.0	8.2	5.2
North West	109	68	-41	2.4	6.9	4.5
Yorkshire and The Humber	108	69	-38	2.3	6.9	4.6
East Midlands ³	101	74	-27	2.0	5.5	3.5
West Midlands	111	65	-46	2.7	8.6	5.9
East	83	62	-20	2.0	5.5	3.5
London	63	38	-25	4.0	11.8	7.7
South East	83	57	-25	1.6	5.3	3.6
South West	102	73	-28	1.3	4.1	2.8
Wales	107	72	-35	2.2	6.1	3.9
Scotland	98	54	-44	2.3	7.4	5.1

Notes:

Source: Jobcentre Plus administrative system and ONS mid-year population estimates

- 1 Total number of Jobcentre Plus advertised vacancies per ten thousand resident population of men aged 16 to 64 and women aged 16 to 59.
- 2 The ratio of the number of Jobseeker Allowance claimants resident in an area to the number of Jobcentre plus vacancies in the area.
- 3 Estimates for the East Midlands exclude UK armed forces vacancies (SOC 1171, 2444 and 3311). These are allocated to Lincoln Orchard Street Jobcentre although the vacancies are available nationally.

Table 8 shows the number of Jobcentre Plus vacancies per ten thousand resident population of men aged 16 to 64 and women aged 16 to 59 (the vacancy rate) for Great Britain, Government Office Regions in England, Wales and Scotland in April 2008 and September 2009. Information for Northern Ireland is not available. For Great Britain the vacancy rate fell from 104 to 62 vacancies per ten thousand resident population. In April 2008, the West Midlands had the highest vacancy rate, at 111 vacancies per ten thousand resident population, but over the period it had the largest fall, of 46, to 65 vacancies per ten thousand resident population in September 2009. The smallest fall was in the East of England, down from 83 to 62 vacancies per ten thousand resident population. Of the

remaining regions, the East Midlands had the highest vacancy rate in September 2009, at 74 vacancies per ten thousand resident population. The lowest vacancy rate was in London where there were 38 vacancies per ten thousand resident population.

Table 8 also shows the ratio of the number of Jobseeker's Allowance claimants per Jobcentre Plus vacancy. This is a useful indicator of regions where it is becoming more difficult for individuals to find a job. In April 2008 there were 2.1 claimants for each vacancy in Great Britain as a whole, and over the period the ratio increased by 4.6 to 6.7 claimants for each vacancy. This shows there were more than three times as many claimants chasing each job vacancy in September 2009 than at the start of the recession in April 2008.

In September 2009 the highest ratio was in London where there were 11.8 claimants for each vacancy, and this region also had the largest increase over the period. With 7.7 more claimants per vacancy than in April 2008, there are now almost three times as many claimants chasing each vacancy than a year earlier. The lowest ratio was in the South West at 4.1 claimants for each vacancy.

Inactivity

So far this chapter has commented on patterns of employment and unemployment. Individuals who are neither in employment nor unemployment are inactive. Individuals who are inactive include those who are students, those looking after the family or home and many who are retired. When considering inactivity levels and rates, only men aged 16 to 64 and women aged 16 to 59 are considered, which excludes many of those inactive because of retirement.

Table 9 shows the inactivity level and rate for the UK, Government Office Regions in England, Wales, Scotland and Northern Ireland in the three months to April 2008 and the three months to September 2009. For the UK as a whole, the number of individuals who are economically inactive has increased by 1.7 per cent, from 7.86 million to 8.0 million in the three months to September 2009. For Great Britain and in England, the percentage increase was 1.3 per cent, while for Scotland it increased by 1.6 per cent and in Wales by 1.7 per cent. There was a larger increase in Northern Ireland, at 8.8 per cent, although the Northern Ireland estimate was the lowest starting estimate in the three months to June 2008. Within England, four regions had falls in inactivity levels, with the remaining five having increases. The largest decrease was in the East of England, down 5.4 per cent to 600,000 in the three months to September 2009. The largest increase was in London, up 7.0 per cent to 1.24 million in the three months to September 2009.

Allowing for population changes, the inactivity rate for the UK increased by 0.2 percentage points over the period, to 21.1 per cent in the three months to September 2009. The inactivity rate also increased by 0.1 percentage points in England, while it increased by 0.2 percentage points in Scotland, 0.4 percentage points in Wales and 2.1 percentage points in Northern Ireland. Within England the largest increase in the inactivity rate was in London at 1.1 percentage points, with the largest decrease in the East of England, at 1.1 percentage points.

Table 9

Inactivity¹ level and rate by region, April–June 2008 and July–September 2009

	Seasonally adjusted					
	Level (thousands)		Per cent change	Rate (percentage)		Percentage point change
	2008	2009		2008	2009	
United Kingdom	7,861	7,997	1.7	20.8	21.1	0.2
Great Britain	7,572	7,673	1.3	20.7	20.8	0.1
England	6,510	6,593	1.3	20.6	20.7	0.1
North East	375	391	4.2	23.7	24.5	0.9
North West	958	940	-1.8	22.8	22.3	-0.4
Yorkshire and The Humber	702	703	0.1	21.8	21.8	-0.1
East Midlands	530	516	-2.8	19.5	18.9	-0.6
West Midlands	735	714	-2.9	22.5	21.8	-0.7
East	635	600	-5.4	18.4	17.3	-1.1
London	1,158	1,239	7.0	22.9	24.0	1.1
South East	862	911	5.7	17.0	17.9	0.9
South West	554	578	4.3	18.0	18.7	0.7
Wales	420	428	1.7	23.5	23.9	0.4
Scotland	642	653	1.6	20.0	20.2	0.2
Northern Ireland	289	314	8.8	26.5	28.7	2.1

Note:

Source: Labour Force Survey

1 Levels and rates are for men aged 16 to 64 and women aged 16 to 59.

estimates of the movements of individuals between the three main labour market statuses of employment, unemployment and economic inactivity.

Seasonally adjusted estimates are not available and so to overcome seasonality in the data, an average of four quarters is shown. **Figures 9, 10 and 11** show the four quarter average of the labour market flows of individuals between the three economic statuses, from an average of July 1997 to June 1998, the earliest point a consistent time series is available, to October 2008 to September 2009.

Since the start of the series, the flow from unemployment to employment has been larger than the flow from employment to unemployment, until more recent times. Flows from unemployment to employment have fluctuated at around 450,000, with a high of 556,000 and a low of 417,000 (Figure 9). Through the current recession, the level of flow has remained similar to that over the last ten years. Flows in the other direction, from employment to unemployment, have fluctuated around 350,000, until the onset of the current recession.

Since the twelve months to March 2008, there have been consecutive increases in the flow from employment to unemployment, with sharp rises from the twelve months to September 2008. For the latest two periods, more people have moved from employment to unemployment than from unemployment to employment.

Figure 10 shows the flow between employment and inactivity, with a slight net flow for most of the period from employment to inactivity. The two series track each other, with both series fluctuating between 450,000 to 550,000 individuals. However, since the onset of the recession, there has been a sharper fall in the flow from inactivity to employment, although this is of similar magnitude to the increase during 2003 and 2005.

Figure 11 shows the flows between unemployment and inactivity, with a net flow across the period from inactivity to unemployment. The flow from inactivity to unemployment has been rising since 2003, with the flow in the other direction rising from around 2005. There was a small dip before the current continued to rise since then.

Earnings

Looking at earnings is one way of identifying the effects of the recession on individuals. Businesses have three options to reduce their wage bill in a recession,

Figure 9

Gross flows between employment and unemployment, July 1997–June 1998 to October 2008–September 2009

United Kingdom

Four-quarter average, thousands, not seasonally adjusted

Source: Labour Force Survey and longitudinal datasets

Figure 10

Gross flows between employment and inactivity, July 1997–June 1998 to October 2008–September 2009

United Kingdom

Four-quarter average, thousands, not seasonally adjusted

Source: Labour Force Survey and longitudinal datasets

Labour market flows

The LFS contains a sample of the same households for five quarters, using a rotating panel of households, with replacement of one-fifth of the sample

each quarter. Accompanying the main LFS datasets are longitudinal datasets, restricted to working age (men aged 16 to 64 and women aged 16 to 59) individuals. The datasets include flow variables, which allow

Figure 11

Gross flows between unemployment and inactivity, July 1997–June 1998 to October 2008–September 2009

United Kingdom

Four-quarter average, thousands, not seasonally adjusted

Source: Labour Force Survey and longitudinal datasets

Figure 12

Average earnings¹ excluding bonuses by public and private sector, April 2008 to September 2009

United Kingdom

Three month averages, per cent change on year, seasonally adjusted

Note:

Source: Monthly Wages and Salaries Survey

- 1 Earnings measure money received for work done, gross of tax. They include salaries, but not unearned income, benefits in kind or arrears of pay..

Figure 13

Average earnings¹ excluding bonuses by industrial sector, April 2008 to September 2009

United Kingdom

Three month averages, per cent change on year, seasonally adjusted

Note:

Source: Monthly Wages and Salaries Survey

- 1 Earnings measure money received for work done, gross of tax. They include salaries, but not unearned income, benefits in kind or arrears of pay..

through job cuts, through pay cuts, or offering reduced paid hours. **Figure 12** shows the annual average earnings growth (excluding bonuses), using a three month average, from the Average Earnings Index (AEI), in both the public and private sector from April 2008 to September 2009.

Earnings growth over the year to April 2008 for the whole economy was 3.9 per cent and it remained at 3.5 per cent and above, until January 2009. Annual earnings growth was 3.4 per cent in January 2009, and it then started to fall, reaching a low of 1.8 per cent in September 2009.

There are marked differences in earnings growth between the public and private sector. Annual earnings growth in the public sector was higher than that of the private sector in every month except June to August 2008, where earnings growth was the same in both sectors. Since then, the gap between annual earnings growth between the public and private sector has grown markedly. The largest gap was in July 2009, where public sector earnings rose by 3.6 per cent over the year, and in the private sector by just 1.8 per cent, a difference of 1.8 percentage points.

As well as differences in earnings growth between the public and private sectors, there are also large differences between different industrial sectors. **Figure 13** shows the annual average earnings growth, for 'Manufacturing' and 'Service' industries from April 2008 to September 2009. The whole economy series is the same as shown in Figure 12. Since the start of the current recession, annual earnings growth has been lower in 'Manufacturing' industries and from July 2008 to March 2009 there was a sharp decline, from 2.9 per cent to 1.1 per cent. Since then it has remained at around 1.0 per cent, with an increase to 1.4 per cent in September 2009. Average earnings for 'Service' industries have also fallen over the period since April 2008. The sharpest decline has occurred since November 2008, where it stood at 3.9 per cent, to stand at 2.0 per cent in September 2009.

As well as looking at earnings growth from the AEI, there is the Annual Survey of Hours and Earnings, which is a sample survey of employees, with information collected direct from employers, covering a pay period in April of each year. Employers are asked about more detailed information than that supplied in the Monthly Wages and Salaries Survey, of which the AEI is based. **Table 10** shows the average earnings, for both the median and the mean, by industry, in April 2008 and 2009. The median is the most common measure used to summarise average earnings. It is the middle point of the earnings distribution, with exactly the same number of people earning below this amount as above. In some instances it is more suitable than the mean, as the latter can be influenced by the relatively few extreme values in the pay distribution. Between the two periods, median earnings increased by 2.2 per cent for all employees. Across the industrial groups, the largest fall in median earnings was in 'Electricity, Gas and Water Supply', at 4.3 per cent, followed by Hotels and Restaurants, at 1.2 per cent, and 'Manufacturing' industries, at 0.3 per cent.

Table 10

Gross Weekly Pay for all employee¹ jobs by industry², April 2008 and 2009

	Median			Mean		
	2008	2009	Per cent change	2008	2009	Per cent change
All employees	388.8	397.3	2.2	473.2	480.9	1.6
Agriculture, Hunting and Forestry	320.0	338.6	5.8	375.8	396.6	5.5
Manufacturing	470.5	469.0	-0.3	542.1	542.1	0.0
Electricity, Gas and Water Supply	587.7	562.2	-4.3	670.5	639.0	-4.7
Construction	498.0	498.3	0.1	563.7	568.7	0.9
Distribution	281.5	288.1	2.4	359.1	361.6	0.7
Hotels and Restaurants	202.9	200.6	-1.2	249.5	240.7	-3.5
Transport & Communications	467.0	472.1	1.1	537.3	548.0	2.0
Finance	536.6	564.4	5.2	745.8	755.6	1.3
Business Services	434.2	442.1	1.8	559.8	564.1	0.8
Public Admin	487.1	502.7	3.2	531.5	545.8	2.7
Education	369.8	389.2	5.2	416.7	434.1	4.2
Health	344.6	352.9	2.4	426.8	442.4	3.7
Other Services	334.0	338.1	1.2	408.1	419.1	2.7

Notes:

Source: Annual Survey of Hours and Earnings

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Standard Industrial Classification 2003. Estimates for Fishing, Mining and Quarrying have not been shown as they are based on small samples.

Table 11

Gross Weekly Pay for all employee¹ jobs by occupation², April 2008 and 2009

	Median			Mean		
	2008	2009	Per cent change	2008	2009	Per cent change
All employees	388.8	397.3	2.2	473.2	480.9	1.6
Managers and senior officials	670.8	680.7	1.5	817.6	818.9	0.2
Professional occupations	637.0	651.6	2.3	690.8	709.9	2.8
Professional and technical occupations	496.0	505.3	1.9	538.0	542.8	0.9
Administrative and secretarial occupations	308.4	318.2	3.2	326.5	335.8	2.8
Skilled trades occupations	435.5	435.5	0.0	461.1	458.6	-0.5
Personal service occupations	233.5	242.0	3.7	248.8	257.4	3.5
Sales and customer service occupations	180.0	180.6	0.3	204.0	206.0	1.0
Process, plant and machine operatives	396.3	396.0	-0.1	422.3	417.5	-1.1
Elementary occupations	225.3	226.2	0.4	238.8	236.6	-0.9

Notes:

Source: Annual Survey of Hours and Earnings

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Standard Occupation Classification 2000.

Table 12

Gross Weekly Pay for all employee¹ jobs by region, April 2008 and 2009

	Median			Mean		
	2008	2009	Per cent change	2008	2009	Per cent change
United Kingdom	388.8	397.3	2.2	473.2	480.9	1.6
Great Britain	390.5	398.6	2.1	475.2	482.5	1.5
England	395.4	402.5	1.8	482.4	488.9	1.3
North East	346.4	359.3	3.7	406.1	418.2	3.0
North West	371.7	372.9	0.3	436.9	440.2	0.7
Yorkshire and The Humber	360.9	364.1	0.9	423.0	427.3	1.0
East Midlands	365.5	375.4	2.7	431.5	444.7	3.1
West Midlands	362.2	373.6	3.2	426.9	438.9	2.8
East	375.4	385.3	2.6	455.1	459.3	0.9
London	537.6	551.1	2.5	669.9	677.8	1.2
South East	409.7	415.8	1.5	490.8	499.3	1.7
South West	362.8	367.7	1.3	428.9	431.1	0.5
Wales	342.5	354.7	3.6	405.2	414.2	2.2
Scotland	375.0	385.4	2.8	441.4	455.5	3.2
Northern Ireland	345.0	356.7	3.4	406.4	424.6	4.5

Notes:

Source: Annual Survey of Hours and Earnings

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

Over the same period, the largest increase in median earnings was in 'Agriculture, Hunting and Forestry', at 5.8 per cent, followed by both 'Finance' and 'Education' industries, at 5.2 per cent.

As well as providing information on earnings for different industries, ASHE also provides average earnings for occupations. **Table 11** shows the average earnings, for both the median and the mean, by occupation, in April 2008 and 2009. There was earnings growth across all but two occupational groups, with a fall of 0.1 per cent for occupations grouped as 'Process, plant and machine operatives', which includes a number of occupations in manufacturing, and no change in earnings in occupations grouped as 'Skilled Trade'. Between the two periods, the largest growth in median earnings was in occupations grouped as 'Personal Service', at 3.7 per cent, which includes occupations in healthcare and childcare.

Finally, **Table 12** shows the average earnings, for both the median and the mean, for the UK, Government Office Regions in England, Wales, Scotland and Northern Ireland in April 2008 and 2009. Across the UK there has been earnings growth, with the largest increase in median earnings in the North East, at 3.7 per cent, followed by Wales, at 3.6 per cent, and Northern Ireland, at 3.4 per cent. However, the North East, Wales and Northern Ireland have the lowest median earnings across the UK. Earnings growth was lowest in the North West, at 0.3 per cent, followed by Yorkshire and the Humber, at 0.9 per cent.

CONTACT✉ elmr@ons.gov.uk**REFERENCES**

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