West Midlands Regional Observatory
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Monitoring the impact of the recession on the population of the West Midlands

November 2009

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2 Introduction

This report on the impact of the present economic downturn on different demographic and disadvantaged groups within the region has been produced for the Individuals and Communities workstream of the West Midlands Economic Taskforce and forms part of a series of reports looking at different aspects of the recession.

This is the third of a series of quarterly updates that form part of the work of the Observatory's economic inclusion team. As such the work ties together the needs of a variety of partners across the region to understand the impact of the recession among the region's communities and localities.

This report utilises the latest available data for all sections. Some measures are able to use slightly more recent data than others so readers may notice slight differences.

- Headline employment and unemployment data and demographic breakdowns of employment and unemployment are available up to September 09.

- Jobseekers Allowance claimant count data is available up to October 09 (September 09 for ethnicity data).

3 Headline data for the region

Headline employment and unemployment data are released monthly by the Office for National Statistics. The Observatory analyses these data and presents the analysis on our website, updating it monthly as the data are released.

The table below summarises the latest headline employment and unemployment data for the West Midlands.

Table 1: Key headline data for the West Midlands

	Latest data			Change on year	
	Reference period	Number	Rate	Number	Rate
Employment[1]	Jul-Sep 09	2,414,000	70.0%	-45,000	-1.8%
Unemployment[2]	Jul-Sep 09	270,000	10.0%	95,000	3.4%
Economically inactive[3]	Jul-Sep 09	714,000	21.8%	-34,000	-1.0%
Claimant count[4]	Oct-09	186,100	6.7%	69,900	2.5%

Source: Office for National Statistics, seasonally adjusted data

Further analysis of the latest headline data can be found at:

http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Recessionmonitoring/Latestemploymentandunemploymentdata

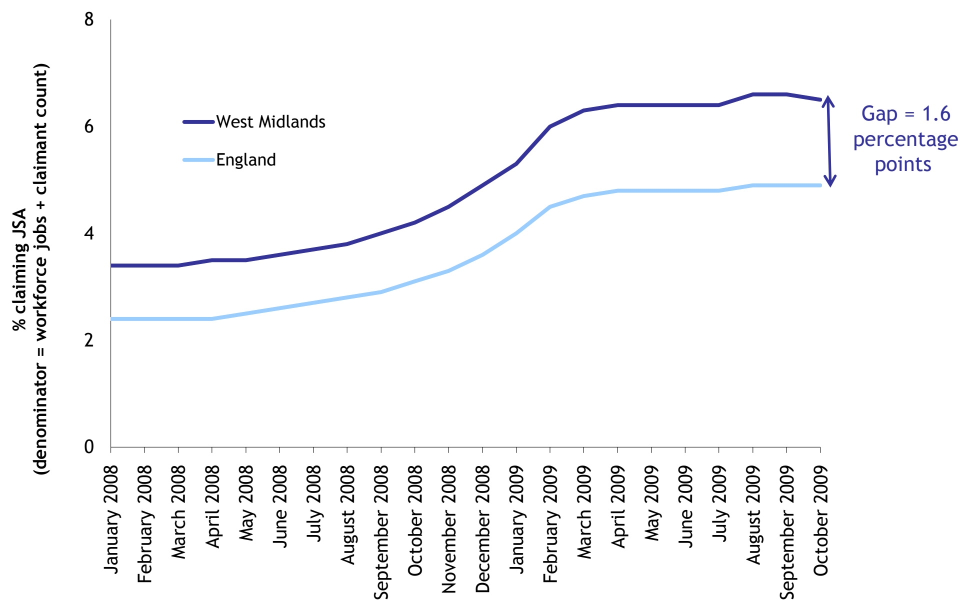
[1] Number is for those aged 16 and over, rate is for those of working age (16-59 for women, 16-64 for men)
[2] Number and rate is for those aged 16 and over
[3] Number and rate is for those of working age
[4] Denominator = claimant count + workforce jobs

4 Story of the recession

4.1 The Gap widens

Since April 2008 the number of people claiming Jobseekers Allowance (JSA) has increased by over 90,000 to 186,000 claimants in the region. The gap between the claimant rate in the West Midlands and England has grown during the recession indicating the more severe impact of the recession on this region.

Chart 1: Claimant rate trend

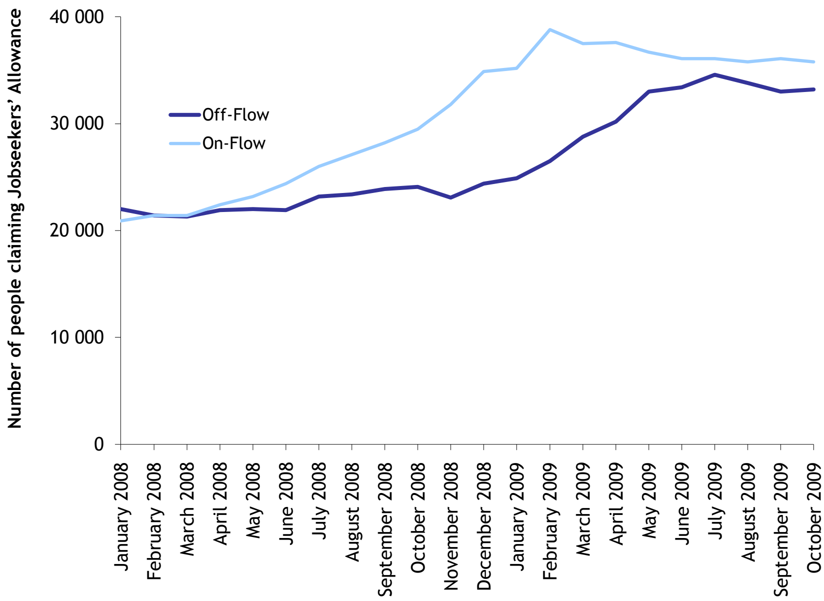


Source: Office for National Statistics (claimant count, seasonally adjusted data)

The claimant rate rose sharply between August 2008 and March 2009 before levelling off over more recent months.

Chart 2 below shows the flows onto and off Jobseekers Allowance in the West Midlands. As the number of new claims exceeds the number of people leaving this benefit then the stock of claimants increases.

Chart 2: Jobseekers' Allowance flows



Source: Office for National Statistics (claimant count, seasonally adjusted data)

The chart shows that on-flows to JSA started to increase in March 2008 before levelling off after February 2009. A smaller proportion of those claiming JSA are leaving the benefit now compared to in March 2008. The leavers rate (% of total number of claimants leaving the benefit) is now 17.8% compared to 22.5% in March 2008, reflecting a lack of vacancies and a more static labour market.

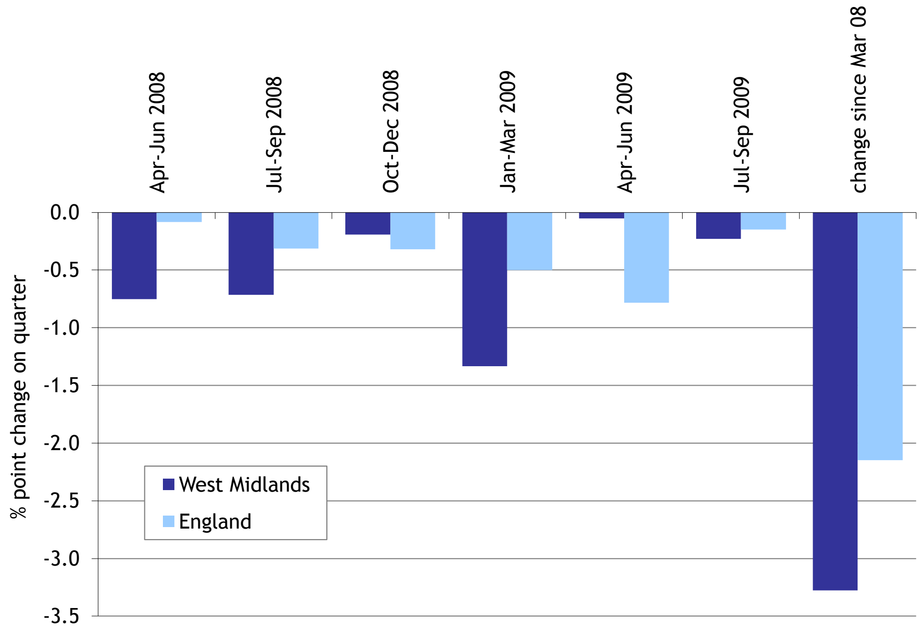
The proportion of long term claimants has increased during the recession. In October 2008 29% of JSA claimants had been claiming for over 6 months (33,000 of the 112,000 claimants). By October 2009, this figure had increased to 38%, 68,000 of the 179,000 claimants.

The number of off-flows has also increased, due to there being more people claiming the benefit and so more people available to leave, but the off-flow has also levelled off since July 2009.

4.2 Falls in employment slowing

The first large fall in the employment rate was between Jan-Mar 08 and Apr-Jun 08 and the graph below charts the quarterly falls in the employment rate in the West Midlands and England since this time.

Chart 3: Quarterly change in employment rates



Source: Labour Force Survey, seasonally adjusted data

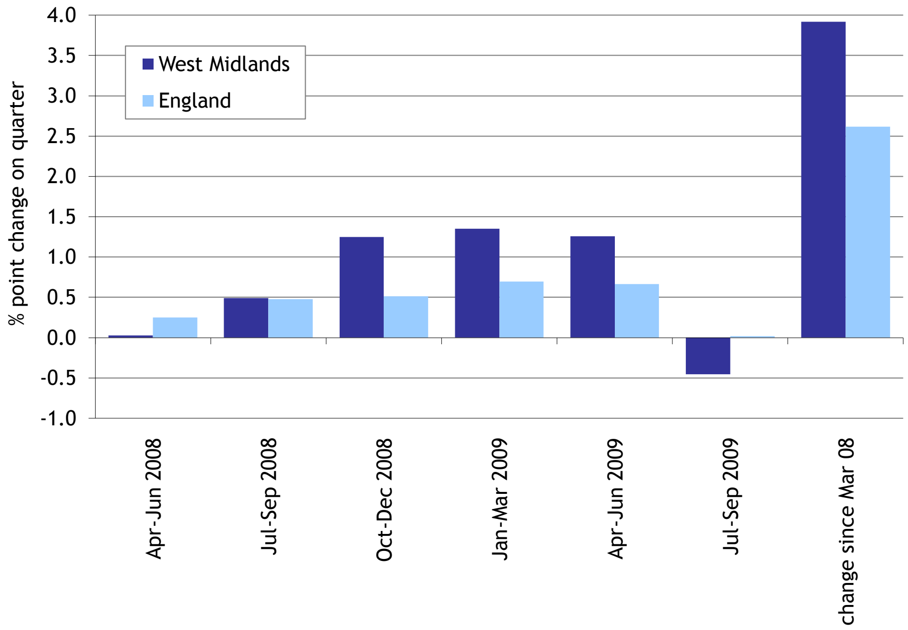
Whereas the region saw the biggest falls in the employment rate in the earlier period of the recession and smaller falls in the last two quarters, across England the recession was slower to impact on the employment rates. Over the whole period from March 2008 to September 2009 the employment rate in the West Midlands fell by 3.3 percentage points from 73.3 to 70.0%, a much greater decrease than nationally (a fall of 2.1 percentage points).

The fall in the employment rate over this period equates to 95,000 fewer people in the region in employment. Nationally there are now 427,000 fewer people in employment than in Jan-Mar 08. This means that nearly a quarter of the national fall in employment has been in the West Midlands.

4.3 The region's unemployment has grown faster than elsewhere

Similarly, unemployment rates have risen by more in the West Midlands than nationally since the start of the recession.

Chart 4: Quarterly change in unemployment rates



Source: Labour Force Survey, seasonally adjusted data

The unemployment rate is an important measure as it reflects how many people are actively seeking work but unable to secure it. While the region has the third lowest employment rate, it has the highest unemployment rate. A high unemployment rate at least indicates that people are still actively seeking work, and that when jobs do become available, they are more work ready than if they had entered economic inactivity.

The most recent quarter saw a fall in the unemployment rate in the West Midlands after seven successive quarterly increases. However, this quarterly fall in unemployment (of 14,000 people) coincided with a larger rise in the economic inactivity rate (see chart 5) rather than an increase in employment. The number of people economically inactive increased by 20,000 over the quarter to September 2009.

4.4 Economic Inactivity

There are several reasons why people may be economically inactive and not in employment or looking for work. Those who are students, looking after the family/home, sick/disabled or early retired make up the majority of the economically inactive population.

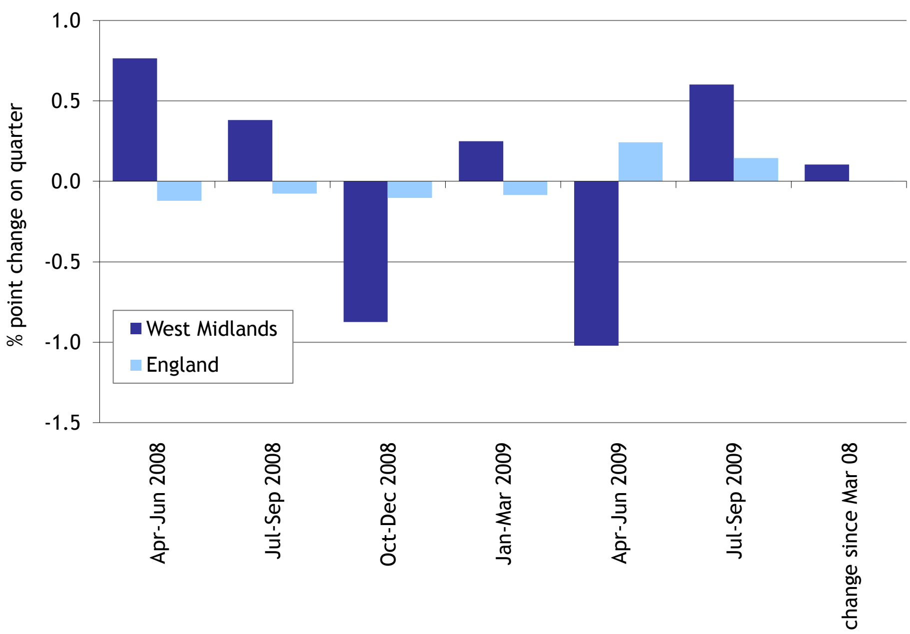
A rise in inactivity could be a concern if it is not just a rise in the number of students. In previous recessions, large numbers of people moved into inactivity from unemployment and many remained economically inactive for many years. An increase in inactivity could be a worrying sign if it indicated people were losing faith in the labour market and giving up looking for work.

This hasn't yet been the case in the current recession with only a small change in inactivity since March 2008. Between Jul-Sep 08 and Jul-Sep 09 the seasonally adjusted economic inactivity rate in the West Midlands fell by 1 percentage point.

The quarter to September saw a fall in unemployment but no accompanying increase in employment – people had moved from unemployment to inactivity.

Over the past year inactivity has decreased in this region, and then increased: a more fluid position than in the rest of the country. These changes have balanced out, leaving the rate roughly the same as a year ago, but the composition of the inactive population has changed.

Chart 5: Quarterly change in inactivity rates



Source: Labour Force Survey, seasonally adjusted data

4.4.1 Changes in the composition of the inactive population

We can look at the reasons why people are economically inactive and whether these have changed over the period of the recession. The region has seen:

- Reductions in the numbers of people inactive due to caring for family/home
- A reduction in numbers inactive due to sickness/disability

These reductions have not been seen in the country as a whole.

- In common with the rest of the country, numbers inactive due to being students have increased

Increases in student numbers have therefore cancelled out the regional decreases in inactivity among home/family workers and the sick/disabled.

Table 2 shows the changes over the year to September 2009[5].

Table 2: Change in numbers of people economically inactive by reason

Reason for being economically inactive	West Midlands			England		
	Jul-Sep 08	Jul-Sep 09	% change	Jul-Sep 08	Jul-Sep 09	% change
Looking after family/home	241,513	214,011	-11.4%	1,950,488	1,941,723	-0.4%
Student	160,868	183,345	+14.0%	1,407,401	1,579,879	+12.3%
Sick/Disabled	210,867	178,194	-15.5%	1,751,856	1,697,496	-3.1%
Retired	53,487	53,505	0.0%	510,700	496,688	-2.7%
Believes no job available	3,417	9,150	+167.8%	30,679	62,227	+102.8%
Other	67,563	70,933	+5.0%	708,153	701,706	-0.9%
Total Inactive	**737,715**	**709,138**	**-3.9%**	**6,359,277**	**6,479,719**	**+1.9%**

Source: Labour Force Survey, non-seasonally adjusted data

The biggest rise was amongst the group who are not looking for work because they believe there are no jobs available, although the numbers in this group remain small. Students have also increased in numbers whereas the numbers of retired people have remained steady.

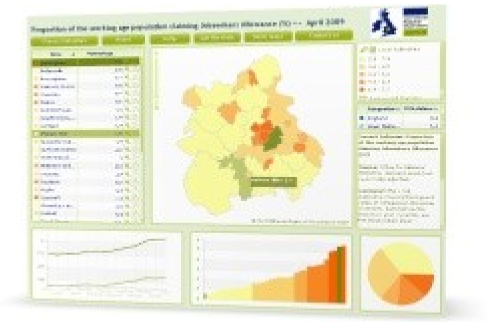
Two groups have seen a reduction in numbers inactive: those who are looking after the family/home and those who are sick/disabled with falls of 27,500 and 32,700 respectively. The region has seen much larger percentage falls in these two groups than the England average.

[5] As these are non-seasonally adjusted data we can only compare the latest quarter with the same quarter in the previous year rather than an earlier quarter in 2008.

The fall in the number of economically inactive people looking after the family/home could be due to an increase in the need for non-working partners to look for or enter employment if the working partner loses their job or sees a reduction in income. This could be a particular issue in this region due to the industrial structure, and loss of jobs in male-dominated manufacturing industries. Around 36,000 fewer women in the region are now economically inactive than a year ago, with some having entered employment and some unemployment.

The fall in the number of inactive people who are sick/disabled has coincided with new sickness benefit rules which aim to support claimants back into work by focusing on what work they are able to do rather than what they cannot do. However, this was a national change so does not explain why the change is greater in this region.

5 Which areas have been most affected?



To analyse the impact of the recession at a local authority level we have produced an online interactive map showing the proportion of the working age population claiming Jobseekers Allowance in each local authority district. This map is updated monthly as the new claimant count data are released and allows you to monitor changes over time and compare different areas.

We have also produced a ward level interactive map that allows analysis at a more local level. This shows that there is wide variation within local authorities as well as at a regional level. For example, within Walsall claimant rates ranged from 2.8% in Streetly to 13.1% in St. Matthews and in Birmingham rates ranged from 2.9% in Sutton Four Oaks to 13.8% in Aston in October 2009.

Table 3 below presents the increases in numbers and rates of Jobseekers Allowance claimants amongst local authorities in the region. Ten of the 14 upper-tier local authority districts in the region have seen larger increases in JSA claimant rates than the national average. In general the authorities with the higher claimant rates back in October 2008 have seen the largest increases meaning that gaps between authorities within the region have increased.

Table 3: Change in numbers and rates of JSA claimants by Local Authority

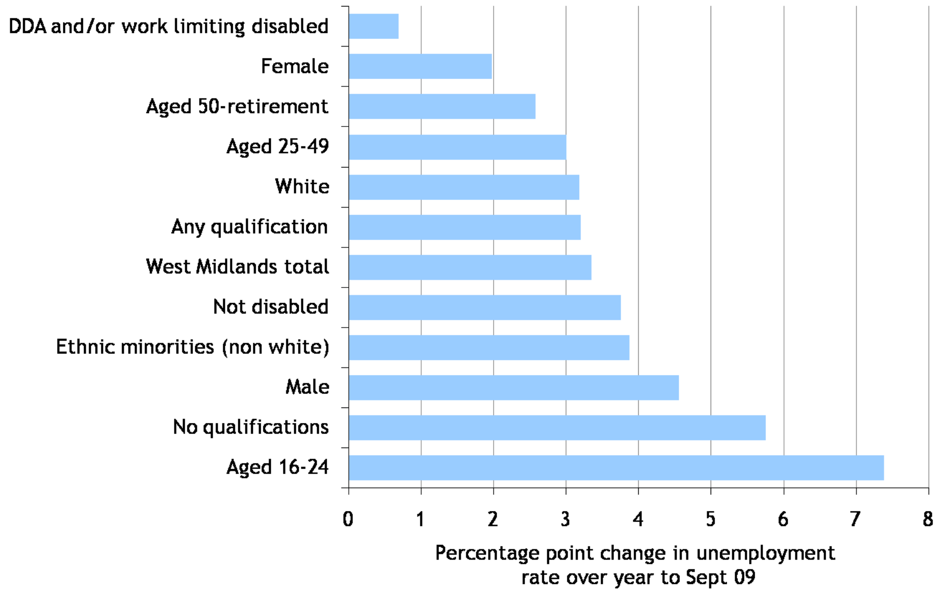
Local Authority	Number of claimants				Rate[6]		
	Oct-08	Oct-09	Change	% change	Oct-08	Oct-09	% point change
Walsall	6,660	11,212	+4,552	+68%	4.4	7.5	**+3.1**
Sandwell	8,492	13,718	+5,226	+62%	4.8	7.8	**+3.0**
Wolverhampton	7,877	11,821	+3,944	+50%	5.5	8.2	**+2.7**
Dudley	6,406	11,090	+4,684	+73%	3.5	6.0	**+2.5**
Birmingham	35,980	51,182	+15,202	+42%	5.7	8.1	**+2.4**
Stoke-on-Trent	5,376	8,738	+3,362	+63%	3.6	5.9	**+2.3**
Coventry	6,955	11,294	+4,339	+62%	3.5	5.7	**+2.2**
Solihull	3,034	5,503	+2,469	+81%	2.5	4.5	**+2.0**
Telford and Wrekin	2,705	4,640	+1,935	+72%	2.7	4.6	**+1.9**
Worcestershire	6,937	13,077	+6,140	+89%	2.1	3.9	**+1.8**
Staffordshire	10,520	18,265	+7,745	+74%	2.1	3.6	**+1.5**
Warwickshire	6,765	11,700	+4,935	+73%	2.1	3.6	**+1.5**
Shropshire	2,905	4,836	+1,931	+66%	1.7	2.8	**+1.1**
Herefordshire	1,763	2,831	+1,068	+61%	1.7	2.7	**+1.0**
West Midlands	112,375	179,907	+67,532	+60%	3.4	5.5	**+2.1**
England	808,074	1,322,077	+514,003	+64%	2.5	4.1	**+1.6**

Source: ONS claimant count, non-seasonally adjusted data

[6] Proportion of the working age population in each authority claiming Jobseekers Allowance

6 Which people have been most affected?

Chart 6: Increase in unemployment rates by demographic group



Source: Labour Force Survey, non-seasonally adjusted data

Previous analysis has shown that while people of all backgrounds and demographic groups have been affected by the recession, the impact has been greater for young people and people with low skills levels. The latest data confirms that this trend continues.

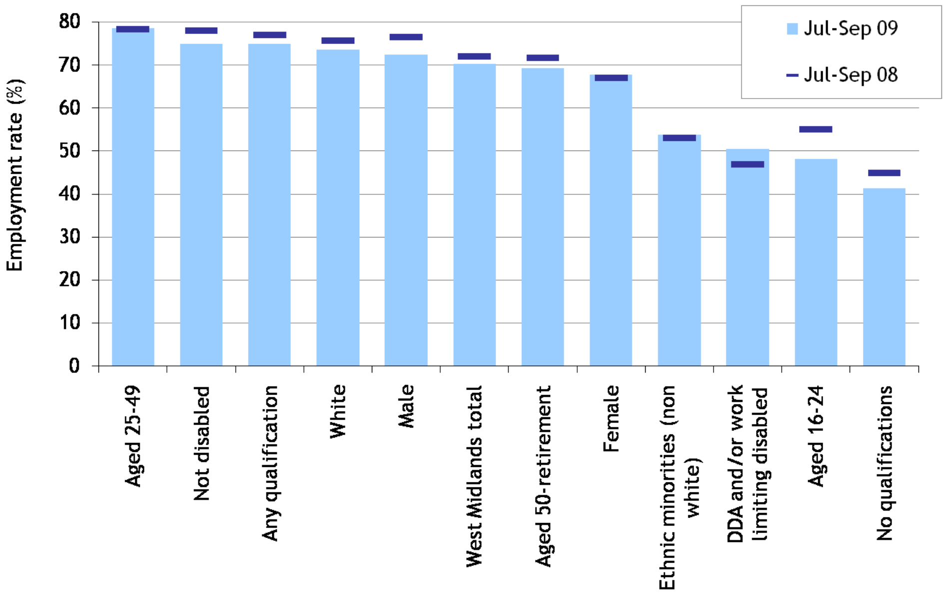
It will be important to continue to monitor employment levels as the impact of the recession will continue to be felt even after economic recovery begins. Some groups such as women, BME groups, and people with disabilities are more likely to be employed in the public sector and third sector. If cuts in public spending impact on public and third sector employment levels over the next year or two, some of these demographic groups may begin to be further impacted.

The following charts give an overview of the changes in the employment and unemployment rates of some key demographic groups within the region. Tables 4 and 5 show the detail of the increases and decreases in employment and unemployment rates for each of the groups as well as giving an idea of the sampling variability for each of the estimates.

6.1 Employment

Chart 7 shows the current employment rate[7] (pale blue bar) for each demographic group compared with the employment rate a year ago (dark blue line).

Chart 7: Change in employment rates by demographic group



Source: Labour Force Survey, non-seasonally adjusted data

The two groups with the lowest employment rates, those aged 16-24 and those with no qualifications, have seen two of the biggest falls in employment of all the groups. Men have also seen a large fall in their employment rates.

People with a disability, who also have one of the lowest employment rates of all the groups, have actually seen an increase in their employment rates during the recession. However, the employment rate for disabled people is still significantly below the rate of non-disabled people.

7 In this report we look at the groups that have been most affected within the West Midlands. We use two different data sources, the Labour Force Survey (LFS) to measure employment and unemployment rates and the ONS claimant count to look at people claiming the unemployment benefit - Jobseeker's Allowance.

Table 4: Change in employment rates of key demographic groups in the West Midlands

Groups	Jul-Sep 2008		Jul-Sep 2009		% point change
	Rate	Range[8]	Rate	Range[8]	
West Midlands total	**72.0%**	(70.3% - 73.7%)	**70.3%**	(68.6% - 72.0%)	**-1.7**
Gender					
Male	**76.5%**	(73.5% - 79.6%)	**72.5%**	(69.5% - 75.5%)	**-4.0**
Female	**67.0%**	(63.9% - 70.1%)	**67.9%**	(64.7% - 71.0%)	**+0.8**
Age					
16-24	**55.1%**	(50.3% - 59.9%)	**48.2%**	(43.7% - 52.8%)	**-6.8**
25-49	**78.3%**	(75.3% - 81.2%)	**78.6%**	(75.6% - 81.5%)	**+0.3**
50-retirement	**71.7%**	(66.9% - 76.5%)	**69.3%**	(64.6% - 74.1%)	**-2.3**
Ethnicity					
White	**75.7%**	(72.9% - 78.4%)	**73.5%**	(70.8% - 76.3%)	**-2.2**
Ethnic minorities (non white)	**53.1%**	(46.0% - 60.2%)	**53.8%**	(46.6% - 60.9%)	**+0.6**
Disability					
DDA and/or work limiting disabled	**46.9%**	(42.4% - 51.4%)	**50.5%**	(45.7% - 55.3%)	**+3.6**
Not disabled	**78.1%**	(75.9% - 80.2%)	**74.9%**	(72.8% - 77.1%)	**-3.1**
Skills					
No qualifications	**44.9%**	(39.9% - 50.0%)	**41.4%**	(36.1% - 46.7%)	**-3.5**
Any qualification	**77.0%**	(74.9% - 79.0%)	**74.8%**	(72.8% - 76.8%)	**-2.1**

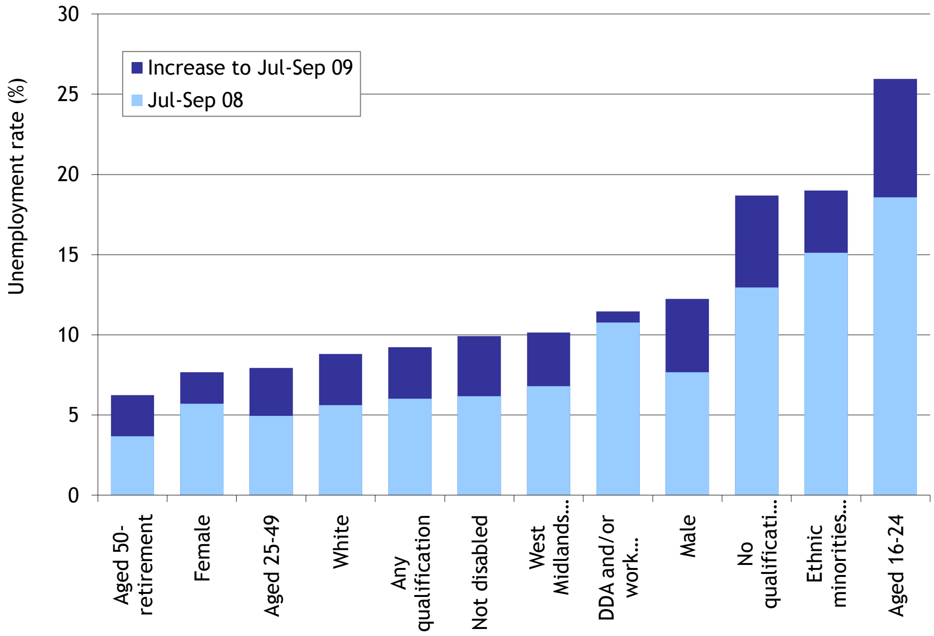
Source: Labour Force Survey, non-seasonally adjusted data

[8] This range shows the 95% confidence limits. These estimates of employment and unemployment are from a sample survey (the Labour Force Survey) and as such are subject to sampling variability. The 95% confidence limits give the range within which the true value would lie in 95% of samples. All of the estimates in this publication are based on sample sizes which are above the minimum recommended for publication.

6.2 Unemployment

Chart 8 presents the changes in unemployment rates that have occurred over the year to September 2009. All of the groups have seen an increase in unemployment rates.

Chart 8: Increase in unemployment rates by demographic group



Source: Labour Force Survey, non-seasonally adjusted data

The groups which have seen the biggest increases in unemployment rates are young people aged 16-24, those with no qualifications and men. Young people and those with no qualifications already had high unemployment rates at the beginning of the recession and their disadvantaged position in the labour market has been exacerbated by the recession, increasing some of the key gaps in unemployment rates.

In the following sections we look at each of these demographic groups in turn and, using the employment and unemployment rates shown above and the ONS claimant count data, analyse which people within them have been the most affected by the recession.

Table 5: Change in unemployment rates of key demographic groups in the West Midlands

Groups	Jul-Sep 2008						Jul-Sep 2009						% point change
	Rate	Range					Rate	Range					
West Midlands total	**6.8%**	(	5.9%	-	7.6%	)	**10.1%**	(	9.1%	-	11.2%	)	**+3.4**
Gender													
Male	**7.7%**	(	6.4%	-	8.9%	)	**12.2%**	(	10.7%	-	13.8%	)	**+4.6**
Female	**5.7%**	(	4.5%	-	6.9%	)	**7.7%**	(	6.3%	-	9.0%	)	**+2.0**
Age													
16-24	**18.6%**	(	15.1%	-	22.1%	)	**26.0%**	(	21.7%	-	30.2%	)	**+7.4**
25-49	**4.9%**	(	4.0%	-	5.9%	)	**7.9%**	(	6.7%	-	9.2%	)	**+3.0**
50-retirement	**3.7%**	(	2.3%	-	5.0%	)	**6.3%**	(	4.5%	-	8.0%	)	**+2.6**
Ethnicity													
White	**5.6%**	(	4.5%	-	6.7%	)	**8.8%**	(	7.4%	-	10.2%	)	**+3.2**
Ethnic minorities (non white)	**15.1%**	(	10.2%	-	20.0%	)	**19.0%**	(	13.7%	-	24.3%	)	**+3.9**
Disability													
DDA and/or work limiting disabled	**10.8%**	(	7.8%	-	13.8%	)	**11.5%**	(	8.5%	-	14.5%	)	**+0.7**
Not disabled	**6.2%**	(	5.3%	-	7.1%	)	**9.9%**	(	8.8%	-	11.0%	)	**+3.8**
Skills													
No qualifications	**12.9%**	(	9.3%	-	16.6%	)	**18.7%**	(	14.1%	-	23.3%	)	**+5.8**
Any qualification	**6.0%**	(	5.2%	-	6.9%	)	**9.2%**	(	8.2%	-	10.3%	)	**+3.2**

Source: Labour Force Survey, non-seasonally adjusted data

It should be noted that there is high sampling variability for many of unemployment rate estimates. Young people, ethnic minorities and those with no qualifications have particularly wide confidence levels. However, for each of these groups the lowest confidence limit is above the highest limit of the comparator groups. So, for example, for ethnic minorities in 95% of samples the true unemployment rate would be in the range of 13.7% to 24.3% (in Jul-Sep 09) and although this is a large range the lower end (13.7%) is still above the highest estimate of the unemployment rate for white people (10.2%).

6.3 Gender

The latest quarter of data show that men's labour market position has continued to be more affected by the recession than women's. Over the year to September 2009, the employment rate for men fell by 4 percentage points, where as the employment rate for women remained steady albeit at a much lower rate than the male employment rate.

Economic inactivity among women has decreased, possibly as a result of more women seeking work in response to male partners losing jobs or seeing decreases in family income. Around 36,000 fewer women are now economically inactive than a year ago, with some entering employment and some unemployment.

There has been a slight shift in female employment towards full-time employment. Of those women in employment, there is now a slightly greater proportion in full-time employment (1% more) and a slightly lower proportion (1% less) in part-time employment than a year ago.

6.4 Age

The recession is impacting on people of all ages, but young people aged under 25 have so far suffered most with respect to their labour market position.

The employment rate for young people has decreased by four times as much as the general rate of decline. Similarly, the unemployment rate for young people has increased by more than twice as much as other age groups: across the region the unemployment rate has increased by 3.4 percentage points, but for under-25s it has increased by 7.4 percentage points and now stands at 26%. Youth unemployment rates were already more than three times higher than other age groups before the recession began and the greater increase in unemployment in this age group has widened this gap.

Looking at the rate of JSA claimants by age shows a similar picture: there are increases across the board with the youngest age group experiencing the biggest increase in rates, up by 4.1 percentage points (see table 6)[9].

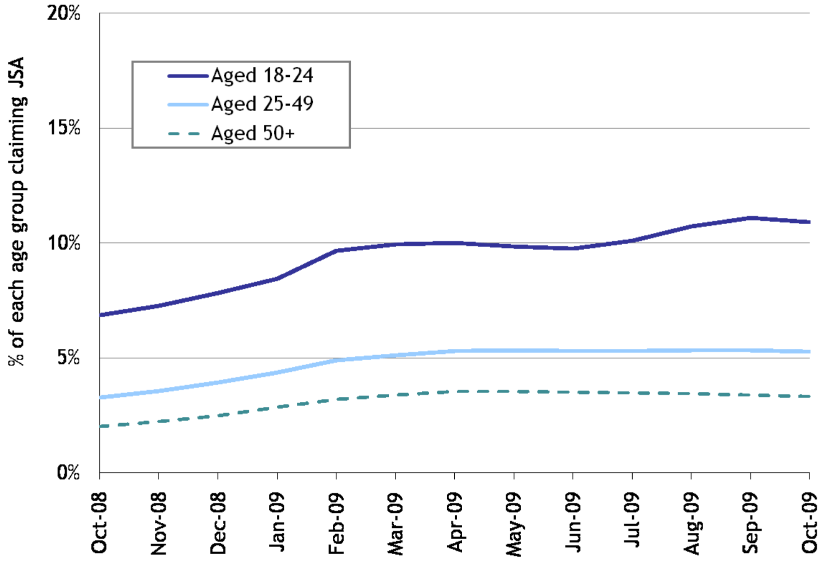
Table 6: Change in numbers and rates of Jobseeker's Allowance claimants by age

	Number of Claimants				Rate[10]		
Age Group	Oct-08	Oct-09	Change	% change	Oct-08	Oct-09	% point change
Aged 18-24	35,435	56,420	+20,985	+59%	6.9%	10.9%	+4.1
Aged 25-49	59,465	95,365	+35,900	+60%	3.3%	5.3%	+2.0
Aged 50+	16,475	27,120	+10,645	+65%	2.0%	3.3%	+1.3

Source: ONS claimant count, non-seasonally adjusted data

[9] Young people aged below 18 are not usually eligible to claim Jobseeker's Allowance and so the youngest age group used in this analysis is those aged 18 to 24.
[10] Rates have been calculated using ONS 2008 mid-year population estimates

Chart 9: JSA claimant rates by age group



Source: Office for National Statistics (claimant count, non-seasonally adjusted data)

There are now over 56,000 young people in the region claiming Jobseeker's Allowance: more than one in 10 young people are currently claiming. The West Midlands has the highest youth claimant rate of all the English regions. Within the region, youth claimant rates vary from 4.7% in Stratford-on-Avon to 16.7% in Wolverhampton.

Older people aged from 50 to retirement age have also been affected by the recession and seen a greater decrease in their employment rates than those aged 25 to 49. The employment rate of older people has fallen by 2.3 percentage points from 71.7% in Jul-Sep 08 to 69.3% in Jul-Sep 09 and remains much lower than the employment rate of people aged between 25 and 49.

Levels of economic inactivity due to early retirement have not changed during the recession.

6.5 Ethnicity

Numbers of people claiming JSA have increased for all ethnic groups. The rate of increase has slowed since peaking in the early part of 2009.

The greatest increases in the rates of claimants are for the black/black British ethnic groups and the greatest increases in absolute numbers (which don't take account of the size of the population) are amongst the 'white-other' and 'white-British' groups (see table 7). Black/black British groups already had high rates of JSA claimants and these have increased by up to 4.5 percentage points. 13% of Black Caribbean people in the region are now claiming JSA, up from 7.5% a year ago. Numbers of white British people claiming JSA have increased by 76%. This is the greatest proportionate increase but as the rate was initially much lower it has increased from 2.7 to 4.7%.

The Asian ethnic groups have also seen increases in rates, but lower than the black/Black British groups.

Table 7: Change in numbers and rates of Jobseeker's Allowance claimants by ethnic group[11]

Ethnic Group	Number of claimants				Rate[12]		
	Sep-08	Sep-09	Change	% change	Sep-08	Sep-09	% point change
black or black British - other black	795	1,130	+335	+42%	10.7%	15.3%	+4.5
mixed - white and black Caribbean	1,635	2,580	+945	+58%	7.5%	11.9%	+4.4
black or black British - Caribbean	5,035	7,110	+2,075	+41%	9.1%	12.8%	+3.7
Chinese or other ethnic group - other ethnic group	2,315	3,070	+755	+33%	9.8%	13.0%	+3.2
mixed - other mixed	385	650	+265	+69%	4.4%	7.5%	+3.0
black or black British - African	2,200	2,970	+770	+35%	7.4%	9.9%	+2.6
Asian or Asian British - Bangladeshi	1,340	1,920	+580	+43%	5.5%	7.9%	+2.4
mixed - white and black African	200	280	+80	+40%	5.6%	7.8%	+2.2
Asian or Asian British - Pakistani	6,335	8,760	+2,425	+38%	5.7%	7.9%	+2.2
white - British	71,810	126,530	+54,720	+76%	2.7%	4.7%	+2.0
Asian or Asian British - Indian	4,175	6,655	+2,480	+59%	3.0%	4.8%	+1.8
mixed - white and Asian	300	485	+185	+62%	2.5%	4.0%	+1.5
Asian or Asian British - other Asian	690	1,020	+330	+48%	3.2%	4.7%	+1.5
white - Irish	780	1,210	+430	+55%	2.5%	3.8%	+1.4
white - other	910	1,750	+840	+92%	1.3%	2.4%	+1.2
Chinese or other ethnic group - Chinese	130	215	+85	+65%	0.5%	0.8%	+0.3
prefer not to say	9,365	13,000	+3,635	+39%	-	-	-
unknown	1,855	2,550	+695	+37%	-	-	-
Total	**110,250**	**181,895**	**+71,645**	**+65%**	**3.4%**	**5.5%**	**+2.2**

Source: ONS claimant count, non-seasonally adjusted data

Sample sizes for minority ethnic groups in the LFS data are fairly small and so we have combined the different groups into just two: white and non-white (see Tables 4 and 5 above).

While the employment rate for non-white groups has remained constant, unemployment has increased. This may indicate people moving from inactivity to unemployment, perhaps as family circumstances change and individuals who previously did not work now look for work.

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[11] It is important to acknowledge that the ethnicity of almost 10% of claimants is unknown. If the 'unknowns' were more likely to belong to one particular ethnic group than another then these figures would be biased. It is also important to note that the population estimates are from 2007 and are experimental statistics. If a particular ethnic group was misrepresented in these estimates or has changed in size since 2007 then this would have an impact on the resulting rates.

[12] Rates have been calculated using ONS 2007 mid-year population estimates by ethnic group, experimental statistics

6.6 Skills

People with no qualifications have continued to experience greater decreases in employment and greater increases in unemployment than people who have a qualification. After young people, the unqualified are the worst affected group. The employment rate for people with no qualifications has fallen nearly twice as heavily as for people with a qualification: In the West Midlands, people with no qualifications now have an employment rate of just 41.4%, a fall of 3.5 percentage points. This compares to a rate of 74.8% for those who have any type of qualification, a fall of 2.1 percentage points.

The recession has hit those with higher level skills also. The employment rate for those with a higher level qualification has fallen by 1.8%, compared with 3.5% for those with no qualifications (see table 8 below).

Table 8: Change in employment levels and rates by qualification level

	Number employed			Employment Rate		
Qualification level	Jul-Sep 08	Jul-Sep 09	Change	Jul-Sep 08	Jul-Sep 09	% point change
NVQ Level 4 and above	722,503	754,538	+32,035	86.0%	84.2%	-1.8
NVQ Level 3	488,625	482,582	-6,043	78.3%	75.6%	-2.7
NVQ Level 2	532,396	546,688	+14,292	72.6%	70.2%	-2.5
Below Level 2	464,239	448,624	-15,615	69.0%	66.8%	-2.2
No qualifications	255,928	212,040	-43,888	44.9%	41.4%	-3.5

Source: Labour Force Survey, non-seasonally adjusted data

We can also look at the occupations of people claiming Jobseeker's Allowance to see if any occupations have been hit harder than others. Table 9 below shows the breakdown of claimants by usual occupation type (coded using Standard Occupational Classification 2000).

Table 9: Change in numbers of Jobseeker's Allowance claimants by usual occupation

Occupation	Number of Claimants			
	Oct-08	Oct-09	Change	% change
Professional Occupations	2,930	5,780	+2,850	+97.3%
Managers and Senior Officials	3,945	7,465	+3,520	+89.2%
Skilled Trades Occupations	12,695	21,970	+9,275	+73.1%
Associate Professional and Technical Occupations	6,010	10,300	+4,290	+71.4%
Sales and Customer Service occupations	16,920	28,865	+11,945	+70.6%
Personal Service Occupations	5,440	9,150	+3,710	+68.2%
Process, Plant and Machine Operatives	14,200	22,885	+8,685	+61.2%
Administrative and Secretarial Occupations	10,695	16,700	+6,005	+56.1%
Elementary Occupations	38,615	55,880	+17,265	+44.7%
Occupation unknown	410	375	-35	-8.5%
Total	**111,860**	**179,370**	**+67,510**	**+60.4%**

Source: ONS claimant count, non-seasonally adjusted data

The greatest percentage increases are among the higher skilled occupations – the number of claims from those in professional occupations has doubled. However, claimants from these occupational groups remain relatively small in number and the percentage increases are from a low base.

However, 43% of the increase in claimants has come from elementary and sales/customer service occupations. This illustrates the continuing poor labour market position of those with low level skills. Before the recession those in the three lowest skilled occupations made up 62% of claimants, and now constitute 60% of claimants.

6.7 Disability

Disabled people continue to see a smaller reduction in employment rates and a smaller rise in unemployment than non-disabled people. While there are increases in unemployment for every demographic group, the increase in the unemployment rate for disabled people of 0.7 percentage points is one of the smallest increases of all the demographic groups.

Although the gap has narrowed slightly over the employment rates of disabled people are still far lower than those for the general population.

These figures continue the trend identified in the previous report in this series which also found that disabled people so far have seen a smaller deterioration in their labour market position than non-disabled people. They also tie in with the national trends identified by the Equality and Human Rights Commission.[13]

This trend could be partly explained by changes to the benefit system which have seen the introduction of greater support for claimants of sickness benefits. Many of those who would previously have been inactive and claiming sickness benefits would now be required to prepare for and look for work.

[13] Equality and Human Rights Commission, Department for Work and Pensions and Government Equalities Office (June 2009) 'Monitoring the impact of the recession on various demographic groups'

7 Recovery and Future prospects

The 2009 Regional Skills Assessment[14] provides detailed analysis of the future recovery prospects of the region, and in particular future prospects for employment and skills needs.

According to the report there are tentative signs of recovery across the region. While unemployment levels are likely to continue to rise for some months yet there are signs of employers starting to take on new staff and increase spending on training and development, although there were still more firms reducing their employment than increasing it[15].

Nevertheless latest forecasts[16] indicate that these trends will take some time to feed through to increases in headline regional GVA and employment levels. GVA is not expected to begin to rise until 2011 and an upturn in employment is not expected until 2012.

These drivers are leading to the emergence of a range of cross-cutting skill needs:

- Higher level (often graduate and post graduate level) technical skills which tend to be specific to sectors, industries and individual businesses
- A wide range of generic/transferable skills, including:
- Leadership & management and business development skills to exploit market opportunities among higher level staff
- ICT skills to exploit the potential of new technology, inter-personal skills such as communication and working in teams, problem solving skills and customer service skills among all staff

[14] Available to download from www.wmro.org from January 2010
[15] Source: British Chambers of Commerce Quarterly Economic Survey
[16] Source: Observatory Integrated Policy Model Base Forecast

7.1 Prospects for recovery

There are already tentative signs of an improvement in economic and labour market conditions across the region. While unemployment levels are likely to continue to rise for some months yet there are signs of employers starting to take on new staff and increase spending on training and development. Nevertheless latest forecasts[17] indicate that these trends will take some time to feed through to increases in headline regional GVA and employment levels:

- In the UK as a whole GVA is expected to fall by 4% over the course of 2009 and growth in the second half of the year will not be sufficient to prevent a further 0.5% decline over the course of 2010. Thereafter growth of around 2% per annum is forecast for 2011-2014.
- In the West Midlands trends in GVA are forecast to be broadly in line with those nationally. A decline of 3.5% in 2009 and a further 0.5% in 2010 will be followed by growth of 2% per annum for 2011-2014.

- In terms of regional employment:

    - After a fall of some 2.4% in 2008 (and the net loss of more than 60,000 jobs) declines of 1.7% in 2009 (-45,000 jobs), 0.3% in 2010 (-8,000 jobs) and 0.2% in 2011 (-6,000 jobs)are expected
    - Employment is then forecast to grow gradually by 0.1% in 2012 (representing creation of the around 2,500 net new jobs), 0.4% in 2013 (nearly 10,000 jobs) and 0.3% in 2014 (nearly 7,000 jobs).
    - Employment is not expected to return to pre-recession levels until 2024

The Regional Skills Assessment report provides analysis of which sectors and skills will provide employment growth within the region, and also looks at localities with particular skills profiles. The full report will be available to download from January 2010 from www.wmro.org.

[17] Source: Observatory Integrated Policy Model Base Forecast

8 Glossary

Definitions

Claimant count = this is a count of the number of people claiming the unemployment benefit Jobseekers Allowance (JSA). This count is based on administrative data and is not subject to sampling variability making this measure more reliable and available at lower levels of geography. However, the number of people claiming JSA is always much smaller than the number classified as ILO unemployed as many people who are out of work are ineligible to claim JSA or may choose not to do so.

Claimant count proportion = percentage of the working age population claiming Jobseekers Allowance

Claimant rate = denominator is the number of workforce jobs plus the claimant count

Employment rate = percentage of the working age population in employment

ILO unemployment = this is the official measure of unemployment as defined by the International Labour Organisation. To be classified as unemployed a person has to be actively looking for work and available to start work. This definition of unemployment is measured through a survey (the Labour Force Survey) and as such is subject to sampling variability.

Unemployment rate = percentage of the economically active population aged 16+ who are unemployed, according the ILO definition of unemployment.

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