



National Audit Office

Local labour market analysis

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John Bourn
Comptroller and Auditor General
National Audit Office

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SUMMARY

1 This report considers the patterns of work and worklessness in the United Kingdom. Analysis is on three levels: national, regional and local:

- Parts 2 to 4 of the report consider national and regional data looking at labour demand, including vacancies by qualification level, occupation and by region, and supply, looking at the in-work and out-of-work population and considering a range of factors that are associated with employment disadvantage including qualifications, disability, age, and ethnicity.
- Parts 5 and 6 of the report take the national and regional analysis to a lower level, examining patterns of work and worklessness in six case study areas: Bradford, Birmingham, Leicester, Liverpool, Plymouth and East London (the boroughs of Tower Hamlets and Newham).

2 This process of drilling down from national and regional data to very small areas illustrates the ways that national and regional patterns can vary significantly at a local level and also shows how local labour markets can have unique and distinctive patterns of work and worklessness.

3 Patterns of work and worklessness across regions, skill levels, occupations and sectors contain elements that have been well-researched. This report breaks some new ground in examining recruitment patterns to look at the extent of recruitment in regions, occupations, sectors and at skill levels. It also examines vacancy levels based on the Office for National Statistics' vacancy survey, as well as looking at Jobcentre Plus vacancies by sector and occupation.

Main findings

Competition for vacancies is greater in some regions and local areas than others

- Total vacancies in the United Kingdom are only 37 per cent of the number of ILO unemployed,¹ and this varies by region. Competition for jobs is far greater in some regions than others and the region with the lowest proportion of vacancies to ILO unemployed is London (23 per cent).
- The workless population includes unemployed people and economically inactive² people. When all workless people are considered, total vacancies are only 6.5 per cent of the number of workless people of working age. The number of vacancies as a proportion of the workless population also varies by region.

The workless population have significantly lower qualifications than the in-work population, and in their last job, were more likely to have worked in a lower skilled job

- In all regions, the workless population have lower qualifications than the in-work population. Within the workless population, the unemployed have a higher range of qualifications than the economically inactive.
- The workless population, in their last job, had occupations of substantially lower classification level than the in-work population. There are particularly large groups of workless people whose last job was in an elementary or sales and customer service job.

The economically inactive have characteristics that are further removed from the employed than are those of the unemployed

- In all dimensions analysed, the economically inactive have characteristics that are further removed from those of the employed than are the

characteristics of the unemployed. For example, around 8 per cent of the employed population of the UK employed have no qualifications. This rises to around 20 per cent of the unemployed, and increases again to around 30 per cent of the economically inactive.

- More than 50 per cent of the inactive have not had a job in the last 8 years, compared to just over 30 per cent of the unemployed.
- Northern Ireland and London both have substantially higher proportions of people who have not worked in the last 8 years.

The relationship between qualifications, jobs and worklessness is not simple

- The largest proportion of vacancies are for jobs at elementary occupation level, which do not normally require qualifications. However around two-thirds of recruits into elementary jobs have qualifications – some at NVQ2 and above.
- While the greatest proportion of vacancies are for jobs at elementary level, the proportion of all jobs that are in elementary occupations is under 15 per cent in every region. Elementary jobs have a high turn-over.
- These figures demonstrate that there are large numbers of high turn-over elementary jobs in every region, but many of these jobs are being taken by people with qualifications.
- Nationally, the proportion of people starting work with no qualifications is relatively small at 9 per cent of recruits. Only 23 per cent of recruits had qualifications below Level 2, while 48 per cent of recruits were qualified at Level 3 and above.

Disability has an impact on working and worklessness

- In almost all regions, the employment rate of non-disabled people is at or close to 80 per cent. This suggests that the overall shortfall from the 80 per cent employment aspiration is closely associated with disability.
- The gap between the employment rate for disabled and non-disabled people is lowest in the regions with the highest overall employment rate, and highest in the regions with both lower employment rates and a history of manufacturing industry decline.

¹ The International Labour Organisation defines 'unemployed' as someone who wants to work, is available to start work and is actively seeking employment. This may vary from the count of people who are claiming unemployment related benefits, as some people unemployed under this definition are not eligible to claim benefits. Further details on definitions and concepts used in this report are provided at Appendix A.

² Economically inactive means that a person is not in work, and is either not available for work, or not actively seeking work.

Black and minority ethnic groups have a lower employment rate, however the degree of the employment gap varies between areas

- Employment rates for black and minority ethnic groups are substantially below those for white people. At the national level the gap between white and the black and minority ethnic employment rate is 15 per cent, but this varies between regions – above average employment gaps exist in the West Midlands, Yorkshire and the Humber and the North West.
- Nationally, slightly more workless black and minority ethnic people are actively seeking work than are workless white people (22 per cent compared to 18 per cent).

Jobsearch methods of the workless differ substantially from the methods reported as successful by those in work

- The most successful method of jobsearch reported by people in work was informal, by personal contacts or direct application. Formal methods, by responding to advertisements in newspapers and jobcentre use, were much more likely to be reported by those looking for a job.

Jobcentre use varies by region, sector, qualification level, and ethnicity

- Jobcentre use, by those out of work and by those in work looking for another job, is lowest in London, the South East and Eastern Regions.
- Taking qualification levels into account, 30 per cent of the lowest qualified use a jobcentre as the main method of jobsearch, compared to 5 per cent of the highest qualified.
- Black people looking for work are more likely to use a jobcentre as the main method of jobsearch than white or asian people.
- Disabled people are more likely to use a jobcentre for jobsearch than non-disabled people.

Local area analysis shows significant differences within and between locations

- Density maps of city areas show concentrations of jobs in city-centre locations, with a more uniform spread of workless people across the whole area.
- The local analysis shows that while many workless people live close to large numbers of vacancies, they face sizeable pools of competitors. Examining small areas of high worklessness, our analysis shows that there could be between 10 and 40 workless people competing for each job vacancy that may be likely to arise within 5km of the workless locations.

PART ONE

Introduction – understanding local labour markets

1.1 Labour markets, including local labour markets, can be understood as markets with a demand side and a supply side. On the demand side, employers may recruit workers to enable them to supply their own markets, and there is also demand for services or products that can be met by people working as self-employed. Supply in the labour market is about people, and includes both the workless population and the in-work population.

Estimating demand

1.2 The demand at any time in any locality is recruitment activity by employers. At a local level, there is no comprehensive figure for total recruitment activity: Jobcentre Plus local vacancy figures only reflect recruitment activity by those employers who use Jobcentre Plus services and account for around 51 per cent of the estimated total of vacancies. Jobcentre Plus vacancies are strongly concentrated towards jobs that pay lower wages. Salaried professional and administrative jobs are usually recruited through other means.

1.3 Total recruitment activity regionally and locally can be estimated on the basis of the Office for National Statistics' National Vacancy Survey, which results in estimates of recruitment activity per 1,000 employees in broad employment sectors. As the numbers of employees in these sectors are known, estimates of recruitment activity as a percentage can be made.

1.4 When considering demand, certain factors need to be taken into account:

- The **geography** of demand. Vacancies are open to commuters and migrants as well as residents of the local authorities where they occur. While there may be more vacancies than people who are unemployed in an area, these vacancies are also open to people in that area who are not unemployed (possibly economically inactive – see below) and to people from other areas.
- The **skills and qualifications** required. Demand for labour is normally not general – it is for candidates who meet the employer's needs. These are usually described in occupational terms, such as secretaries, graphic designers or construction labourers. These terms are understood by employers to mean people who have the skills and experience required to undertake a job.
- Jobs are rarely advertised in terms of **industrial sector**. For example, employers advertise for an operative printer rather than for someone who wants to do any job in the print industry. As a result, defining demand in sector terms may not always be useful.

Considering supply

1.5 The people who supply labour can be classified under many interacting dimensions in relation to the labour market. People can be classified by **gender**, by **age**,³ and by other characteristics such as **ethnicity**, which is derived from self-definitions using Census classes. People may have **qualifications**, from which the highest qualification can be derived. People may have a **disability**, which can be defined on two independent dimensions, those disabled under the Disability Discrimination Act definition, and those with a 'work-limiting disability' which is self-defined although it corresponds to a degree to claimants of Incapacity Benefits.

1.6 People can also be classified by their **family or household type**. However, little reliable information is available on this at a local level, despite policy interest in workless households and lone parent employment rates. In most cases the best that can be done is to use administrative figures to track the number of lone parents claiming benefits (normally Income Support but many claim Incapacity Benefits) or to use the fact that income-related (means-tested) benefits are calculated on a family basis to count families in receipt of such benefits. Such figures as are available on lone parent employment rates at local level have not been quality assured to National Statistics status.

1.7 People in work may be employed or self-employed, and, if employed, will have earnings that can be measured. Their job can be classified by **occupation** (what they do) and by **industry** (what their employer does). Jobs can be part-time or full-time.

1.8 People in work normally **travel to work** (some work at home). For local labour market analysis this is a potentially confusing factor as many people work in a different local authority from the one in which they live. There are some important regularities affecting these issues. If one takes a city whose boundaries are tightly drawn around a historic core and neighbouring densely populated areas, with suburbs in other authorities, then the daily inflow to work from the suburbs will be large. If the boundaries include the suburbs, the city labour

market will have fewer daily in-commuters. People who are paid at higher levels are normally willing to spend more on their daily travel. Therefore, in-commuters are likely to be paid more than residents. The opposite will apply to semi-rural areas in which the commuters live. If the main local employment is agricultural or retail and personal services for residents, then the earnings of workers in the rural area will be lower than that of residents who earn more in the city. The occupational pattern and qualifications pattern of workers in a city or a rural area is likely to be very different from the patterns of residents in the same areas. Attempts have been made to define 'travel-to-work areas' to deal with this problem, but as the relevant government bodies tend to operate on administrative boundaries, these attempts have declined in significance.

1.9 People out of work can be considered by their degree of **attachment to the labour market**. The principal groupings are unemployed and economically inactive. People out of work can also be classified as to their **reason for not being in work**. Most interest and information in this area centres on those classed as 'economically inactive' but it should not be ignored that people with a disability looking for work who say they are available to start will be classed as unemployed.

1.10 Information on the **methods people used to look for work** is available, but at local level, does not distinguish between people in work and looking for a new job and those who are out of work and looking to start one.

The balance between demand and supply

1.11 Employers use a range of different methods to recruit employees and employees use a range of different methods to look for work. Where people who are looking for work are using the same methods as employers are using to seek employees, then a match between the two is likely. However, this is not always obvious to either party, which limits the efficiency of the job-matching process.

³ Working age is currently defined as male 16-64 and female 16-59, but this will change in due course.

1.12 If there is balance in the local labour market, employers will be able to find employees easily and people seeking work will be able to find jobs easily. At the same time, the market price of jobs (wages and earnings) will be stable or rise in line with national trends.

Skills shortages and 'hard-to-fill' vacancies

1.13 Where employers cannot fill their vacancies with workers of the desired calibre, they may report to surveys that they have 'hard-to-fill vacancies' or 'skill-shortage vacancies' and may also respond by raising the earnings offered to potential recruits. Frequently earnings of existing workers will rise as increased overtime is paid. Rising earnings above the national or local average will indicate some degree of excess of employer demand over labour supply in the local area.

1.14 Normally, difficulties in filling vacancies are specific to particular occupations. Where these difficulties persist and employers respond by more actively recruiting and increasing wage offers to recruits, people with similar skill sets may move into that occupation, and/or people living outside the area may apply for the jobs. This may, if continued, lead specific skill shortages to become more general labour shortages.

1.15 Information on hard-to-fill vacancies and skill-shortage vacancies in England is available from the Learning and Skills Council's **National Employer Skills Survey**.⁴ However, the survey has only limited information available at Local Authority level.

1.16 Skills shortages may persist in occupations in local areas if employers do not undertake remedial action through changing recruitment, pay and training practices. The changing nature of labour market demand may make it difficult for employers to change their human resource practices and pay structures in order to respond to skill shortages within the context of their management and staffing structures.

1.17 It is possible and indeed likely that skill shortages in one occupational group in a local area will coexist with an excess of labour supply over employer demand affecting other occupational groups. For example, in the City of London, there may well be shortages of Mergers and Acquisitions specialists with a surplus of people who wish to be cleaners.

⁴ Available at www.lsc.gov.uk.

PART TWO

Demand: Vacancies by location, qualification level and sector

2.1 There are two key data sources for analysis of vacancies: Jobcentre Plus data and the Office of National Statistics National Vacancy Survey. **Figure 1** sets out the key differences between the data sources, and some of the limitations of each. Because of these differences, data from the two sources for the same period differs. For example:

- According to the Office for National Statistics' Labour Market First Release, there were an average of 622,800 vacancies which were the subject of active recruitment in the three months to February 2007,⁵ in the United Kingdom as a whole. This was 2.4 per cent of the overall number of employees.
- Jobcentre Plus vacancies for February 2007 totalled 319,658 live unfilled vacancies. (These data have been published but not as National Statistics).

1 Data on vacancies – sources and considerations

The **Office of National Statistics vacancy survey** is a survey of around 6,000 businesses conducted each month of positions that employers are seeking to recruit for from outside their business. It includes all industry sectors except agriculture, forestry and fishing. Each month's estimate is based on a rolling three month average. The vacancy data provides a consistent estimate of the total number of vacancies in the United Kingdom economy, but is not available at any geography lower than national level.

Jobcentre Plus vacancy data reports on the vacancies notified to Jobcentre Plus by those employers who use their service. This data covers all current unfilled vacancies listed with Jobcentre Plus. Jobcentre Plus market share of vacancies varies by occupation and area. Jobcentre Plus vacancy data is available on NOMIS, and can be interrogated at National, Regional and sub-regional level.

Labour Force Survey recruitment estimates are based on survey responses from people who have started work in the preceding three months.

2.2 In the following analysis, Office of National Statistics Vacancy Survey estimates are used as a basis to estimate the number of vacancies that may be available in regions by occupation, sector and skill level, and these are compared with Jobcentre Plus vacancy figures.

Vacancies by qualification level

2.3 Using Labour Force Survey recruitment estimates, it is possible to estimate the numbers of vacancies that are likely to be filled by people at different qualification levels, using the sector information. **Figure 2** shows the number of vacancies estimated by qualification level. This suggests that, of the ONS' 622,800 vacancies, 30 per cent or 184,600, would, if past recruitment patterns persist, be taken by the highest qualified, NVQ Level 4 and above. A further 21 per cent of vacancies would be taken by those at NVQ Level 3, or 128,800. Another 21 per cent of vacancies would be taken by those with qualifications below Level 2 (14 per cent) and those with no qualifications (7 per cent), totalling together 131,500 vacancies.

2.4 **Figure 3** shows vacancies by sector and qualification level. Distribution, hotels and restaurants represents the largest sector for low-qualified recruits, with 35 per cent of all estimated vacancies for low qualified recruits. The low qualified form only 25 per cent of the estimated vacancies in the sector, and are outweighed by those with NVQ Level 3 (27 per cent of recruits) and very close to those with NVQ Level 2 (24 per cent). As this sector is a prime target for placing workless people with low qualifications into jobs, the extent of competition for these jobs from the higher qualified is notable.

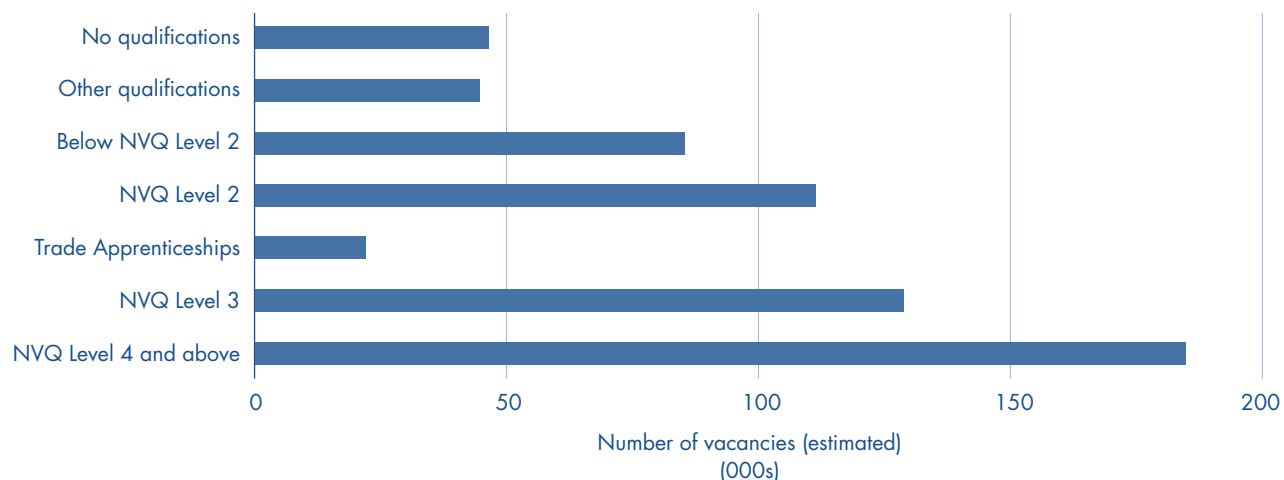
⁵ These figures are seasonally adjusted.

2.5 The second largest sector for estimated vacancies for low-qualified people is Finance and business services, at 19 per cent of all low-qualified recruitment. However, in this sector, despite the inclusion of business services such as cleaning and security, the proportions of recruits with no qualifications is very low – only 3 per cent. Most of the low-qualified recruits in this sector have qualifications below Level 2, rather than no qualifications.

Jobcentre Plus vacancies and ONS vacancies – differences

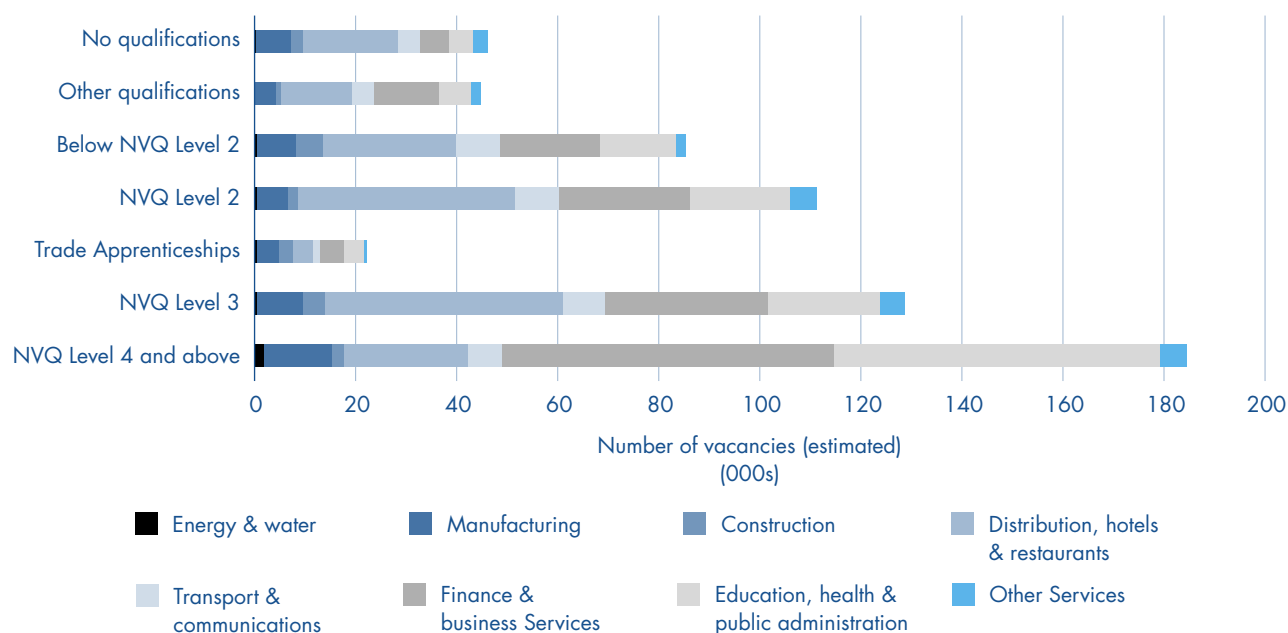
2.6 As discussed in the previous paragraphs, Jobcentre Plus vacancy data includes only vacancies listed at Jobcentre Plus. ONS vacancy data is based on an employer survey. Some of the estimates in this section combine this data with Labour Force Survey recruitment data. Both sources cover the whole economy. **Figure 4 overleaf** shows the differences between the two data sets at a national level, by sector.

2 Vacancy estimates by qualification level



Source: Centre for economic and social inclusion analysis of ONS data

3 Vacancy estimates by sector and qualification level



Source: Centre for economic and social inclusion analysis of ONS data

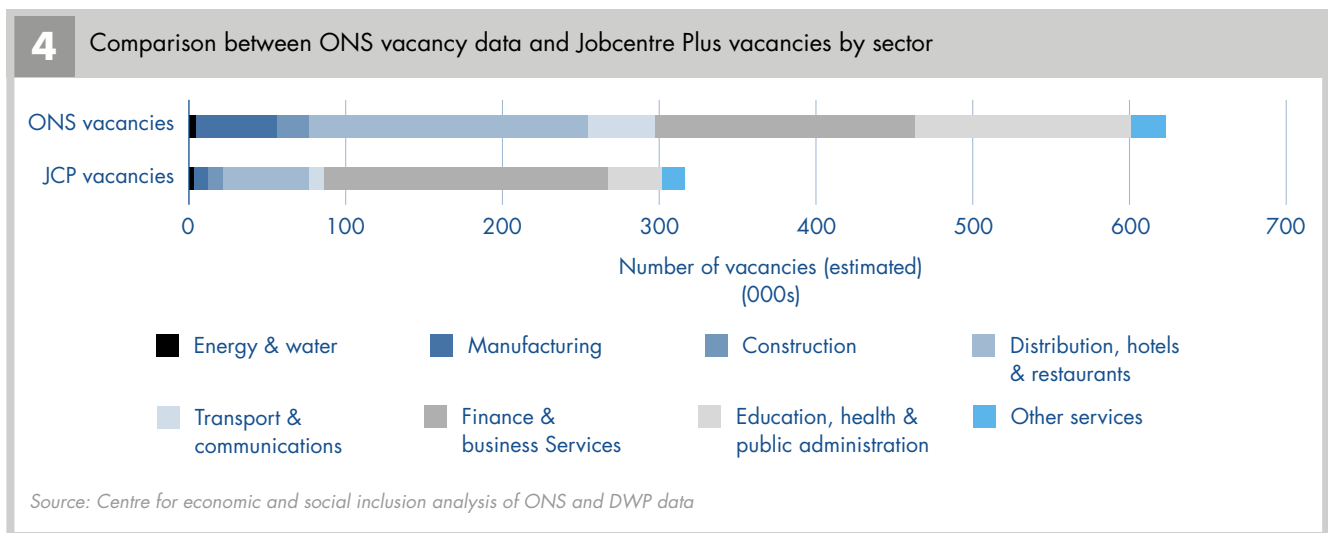
2.7 Figure 4 shows that Jobcentre Plus vacancies are, nationally, only 51 per cent of the ONS total, and that they are very differently distributed by sector. Jobcentre Plus reports slightly more live, unfilled, vacancies in the finance and business services sector than does the ONS survey, at 181,000 Jobcentre vacancies compared to 166,600 ONS vacancies. In every other sector the Jobcentre Plus figures are substantially lower than the ONS totals. Jobcentre Plus reports only 31 per cent of the 178,100 ONS vacancies in distribution, hotels and restaurants, and only 18 per cent of the 53,000 manufacturing vacancies. **Figure 5** shows the differences by sector.

2.8 The ONS estimate uses a relatively strict definition of vacancies, being those for which employers are actively seeking recruits from outside their organisation. This definition is, however, reasonably consistent with Jobcentre Plus' live unfilled vacancies, especially since the 'live' element is now monitored automatically, with vacancies having a designated removal date.

2.9 The Jobcentre Plus vacancies figures for Finance and business services are overwhelmingly (86 per cent) in 'other business services', which include vacancies placed by other employment agencies (labour recruitment and provision of personnel) as well as investigation and security activities and industrial cleaning. There are a number of professional services activities also within the industrial sector, but these are perhaps rather less likely to be significant Jobcentre Plus users than the sectors outlined.

Vacancies by occupation

2.10 If the Labour Force Survey recruitment figures by occupation and sector are used to break down the ONS vacancy numbers by occupation, it becomes apparent that very much the largest number of vacancies, some 135,000, are at elementary level (**Figure 6**). However, while these vacancies may seem appropriate for people moving from welfare to work as 'entry-level' vacancies, the qualifications analysis above identifies that many of



5 Vacancies by sector – differences between ONS and Jobcentre Plus reported data

	Energy and water	Manufacturing	Construction	Distribution, hotels and restaurants	Transport and communications	Finance and Business Services	Education, Health and Public Admin	Other Services	Total
JCP vacancies	2,482	9,582	9,446	55,623	9,097	180,921	35,483	14,449	317,083
ONS vacancies	4,000	53,000	20,000	178,100	42,300	166,600	136,800	22,000	622,800
Jobcentre Plus vacancies as per cent of ONS survey (%)	62	18	47	31	22	109	26	66	51

Source: Centre for economic and social inclusion analysis of ONS and DWP data

these elementary vacancies are taken by people with qualifications, and in some cases, qualifications at Level 2 or above. Similar comments apply to the very large number of vacancies estimated for Sales and customer services occupations. There are two main factors that may be implicated in the apparent over-qualification of recruits for these vacancies. First, many people combine full-time education and employment, usually part-time employment and Elementary occupations or Sales and customer services occupations. Second, the prevalence of part-time work in these occupational groups means that many parents who choose to work hours that enable them to work around school time, may find gaining a part-time job that involves working below their qualification level easier than persuading employers in less flexible occupational groups.

2.11 When the Labour Force Survey vacancies are divided by industrial sector, the pattern of vacancies follows this analysis. The relatively small number (35,000) of Process, plant and machine operative vacancies are not dominated by manufacturing, as the name of the group might imply, but there are more vacancies in transport and communications at this level, indicating a considerable

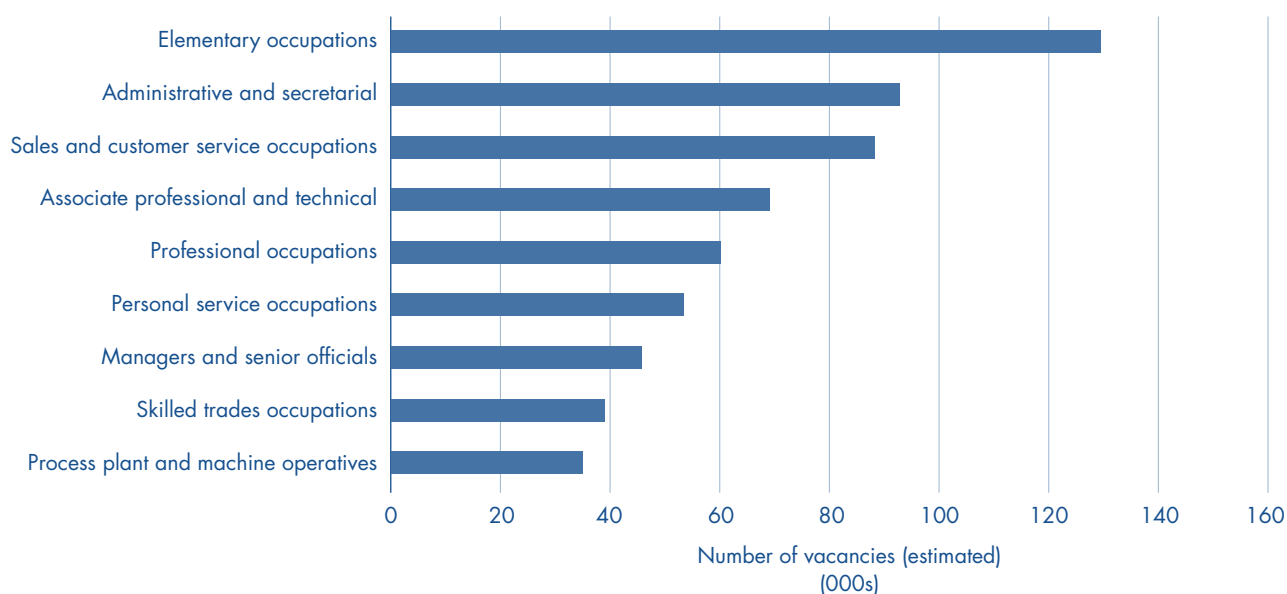
number of driving vacancies. The vacancies at this level in Finance and business services and Distribution, hotels and restaurants are perhaps also driving or warehousing vacancies.

Vacancies by region

2.12 With national vacancy estimates totalling 622,800, and the ILO unemployed totalling around 1.67 million (September-November 2006), the vacancies identified are only 37 per cent of the ILO unemployed. When regional vacancy estimates are constructed based on Labour Force Survey recruitment estimates, it is clear that competition for jobs is much greater in some regions than in others (**Figure 7 overleaf**).

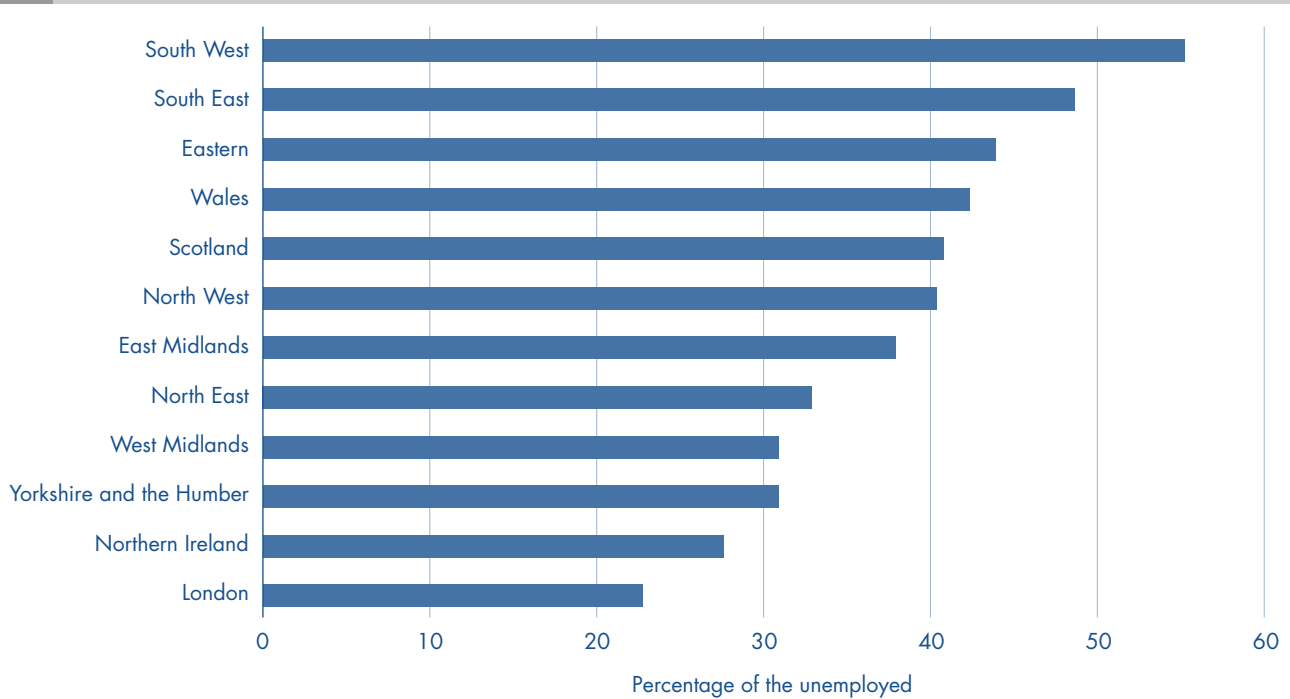
2.13 When the vacancy estimates are compared with the total workless population (both unemployed and economically inactive), vacancies correspond to only 6.5 per cent of the workless. This varies by region from 3.2 per cent in Northern Ireland and 4.5 per cent in London up to 8.7 per cent in the South East. These patterns are shown in **Figure 8 overleaf**.

6 Vacancy estimates by occupation level



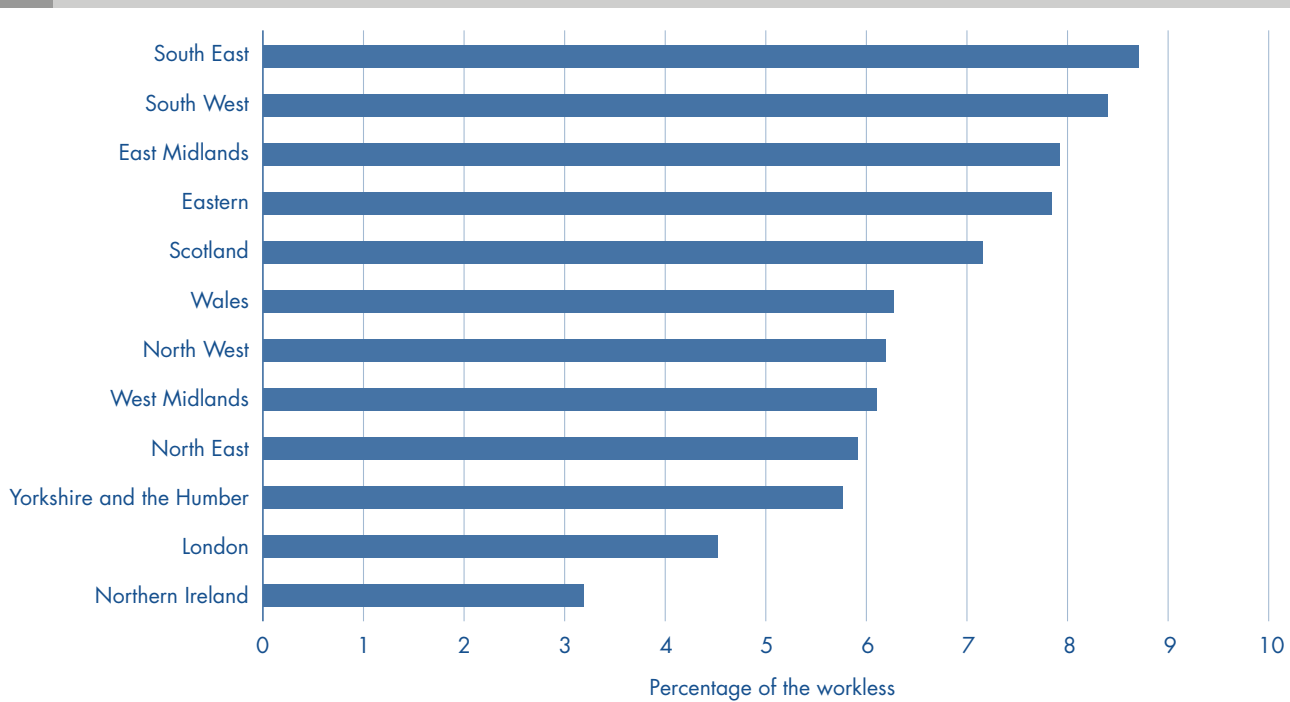
Source: Centre for economic and social inclusion analysis of ONS data

7 Vacancies (estimated) percentage of ILO unemployed by region



Source: Centre for economic and social inclusion analysis of ONS data

8 Vacancies (estimated) percentage of the workless by region



Source: Centre for economic and social inclusion analysis of ONS data

PART THREE

Supply: Analysis of those in work and those who are looking for work

3.1 This part of the report examines employment and worklessness⁶ by factors that have been associated with raised (or lowered) chances of being workless. We consider the overall picture in each region for each of these factors and then worklessness is examined in more detail, by whether the workless are unemployed (looking for work and available to start) or economically inactive.

3.2 It should be recalled that some of the factors associated with lower chances of being in employment are covered by anti-discrimination law. Lower employment chances on grounds of disability, ethnicity, age, gender and marital status are possibly symptomatic of direct or indirect discrimination, and thus cannot simply be regarded as ‘people factors’ associated with lower chances of being in work.

Skills and qualifications

3.3 Education levels have regularly been identified as being closely connected with raised chances of being workless. However, the question of whether the observed difference in qualifications between the working and the workless therefore identifies a set of remedial actions, remains subject to differing interpretations. The extent to which different skill levels impact on the chances of being employed may differ between different regions.

9 Data on employment – sources and considerations

Employment data includes not just employees, but also:

- people who are self employed;
- people on government employment and training programmes such as New Deal options;
- unpaid family workers, such as those helping in shops, restaurants, and farms.

Information on employment is available from two main sources, the Annual Business Inquiry and the Annual Population Survey/Labour Force Survey:

The **Annual Business Inquiry (ABI)** is a sample survey of business. The information from the ABI is limited, and includes numbers by industry and numbers by size of employer. The ABI in Wales does not include agriculture.

The **Annual Population Survey/Labour Force Survey (ABS/LFS)** is a rich data source, derived from a sample survey of residents conducted quarterly, with some results published each month.

The APS/LFS can distinguish self-employment, which is not available from the ABI. It can also enable analysis of employment by gender, age-band, ethnicity, occupation, industry, and qualifications.

NOMIS official labour market statistics (www.nomisweb.co.uk) has quarterly results and an annual local dataset with some details to Local Authority or Parliamentary Constituency level. NOMIS only holds part of APS/LFS data, other data is available from the LFS data service as a chargeable service.

⁶ Workless is defined for these purposes as everyone of working age who is not working within the ILO definition of one hour or more a week. Workless therefore includes those who respond to surveys that they do not want to work, as further survey analysis shows that many of those moving from worklessness to work previously stated they did not want to work.

10 Data on skills and qualifications – sources and considerations

Data on qualifications is gathered from the Annual Population Survey (APS), and relates to the year to December each year. Data relates to qualifications, rather than skills. While the two concepts are related, they should not be confused. Qualifications certify a person's skill level at a particular time, and their actual skill level may rise or fall from the time they obtain the qualification. People may also have skills that are not certified through the qualifications system.

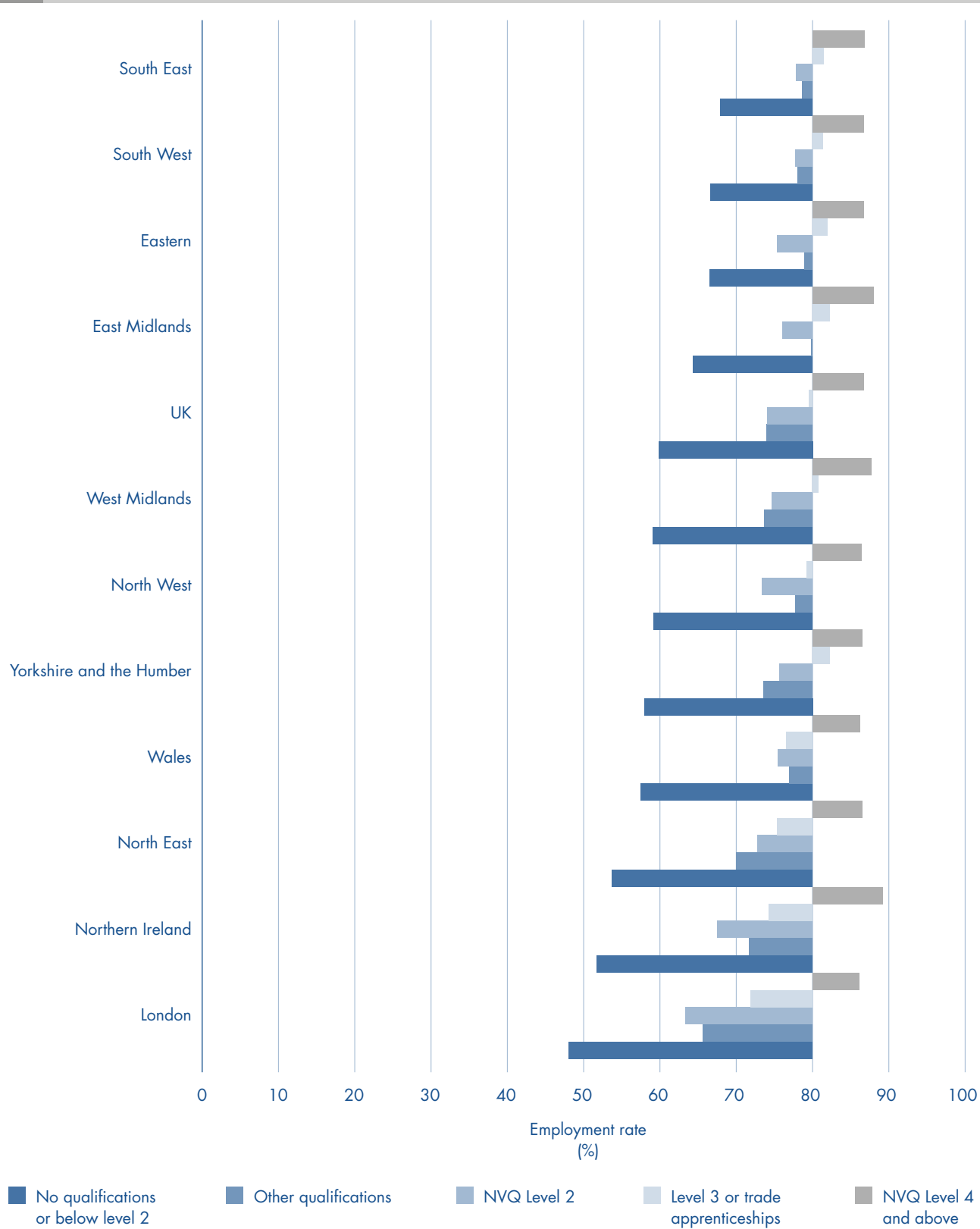
The 'Other qualifications' category needs to be treated with caution. Although most of these qualifications are below Level 2, it can include overseas qualifications which may be equivalent to higher level United Kingdom qualifications.

When comparing the out-of-work population with similar analysis of those in work it is apparent that there are systematic differences and that people with low qualifications are much more likely to be out of work than people with high qualifications. However, economists would argue that the 'signalling' effect of qualifications may not be straightforward. Simply training a person in a particular age-group to the same level that another person reached in youth may not produce the same chances of getting a particular job. In some cases, the reverse may be the case, as employers may see the recent qualification as an indicator that the candidate has needed remedial assistance.

3.4 **Figure 11** shows the employment rate in each region for a summarised set of qualification levels. The bars in the chart are set so that it is easy to compare each group with the Government's aspirational employment rate of 80 per cent. It shows that the employment rate for those with no qualifications or below Level 2 is well below the 80 per cent aspiration, and that for those with NVQ Level 4 or above (or equivalent), employment rates are above 80 per cent in all regions. The position for the remaining groups is not uniform.

3.5 The employment rate for people with qualifications equivalent to NVQ Level 3 is above 80 per cent in six regions or nations, and well below the 80 per cent level in London and Northern Ireland. The employment rate for those with qualifications equivalent to NVQ Level 2 is below 70 per cent in London and Northern Ireland. Those with 'Other qualifications' have employment rates in several regions at about the same scale as those for NVQ 2 equivalence, although there are wide variations.

11 Employment rates by qualification: UK Regions



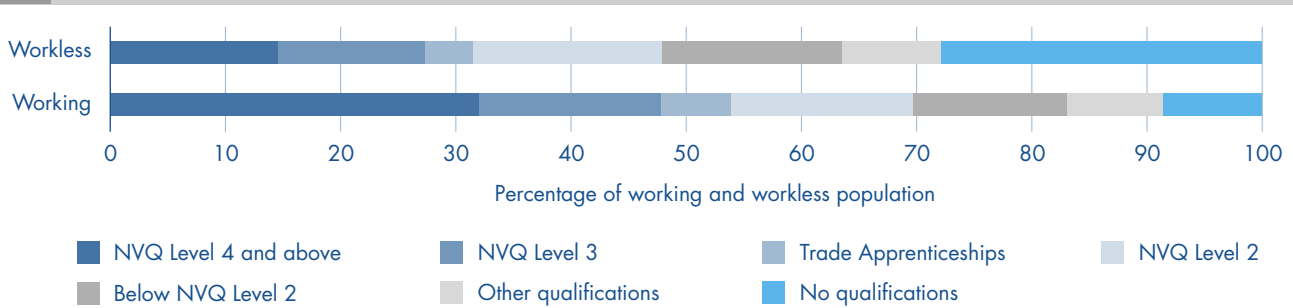
Source: Centre for economic and social inclusion analysis of ONS data

3.6 Figure 12 shows the proportions of the working and workless population of the United Kingdom by qualification level. For the working age population of the United Kingdom as a whole, 48 per cent of those in work are qualified to the equivalent of NVQ Level 3 or above. Only 22 per cent either have no qualification or have qualifications below NVQ Level 2. ‘Other qualifications’ have been excluded from this total as some ‘other qualifications’ are overseas qualifications that may be equivalent to higher level United Kingdom qualifications. For the workless, the proportions are 27 per cent with

qualifications at NVQ Level 3 or above, and 43 per cent with either no qualifications or qualifications below NVQ Level 2.

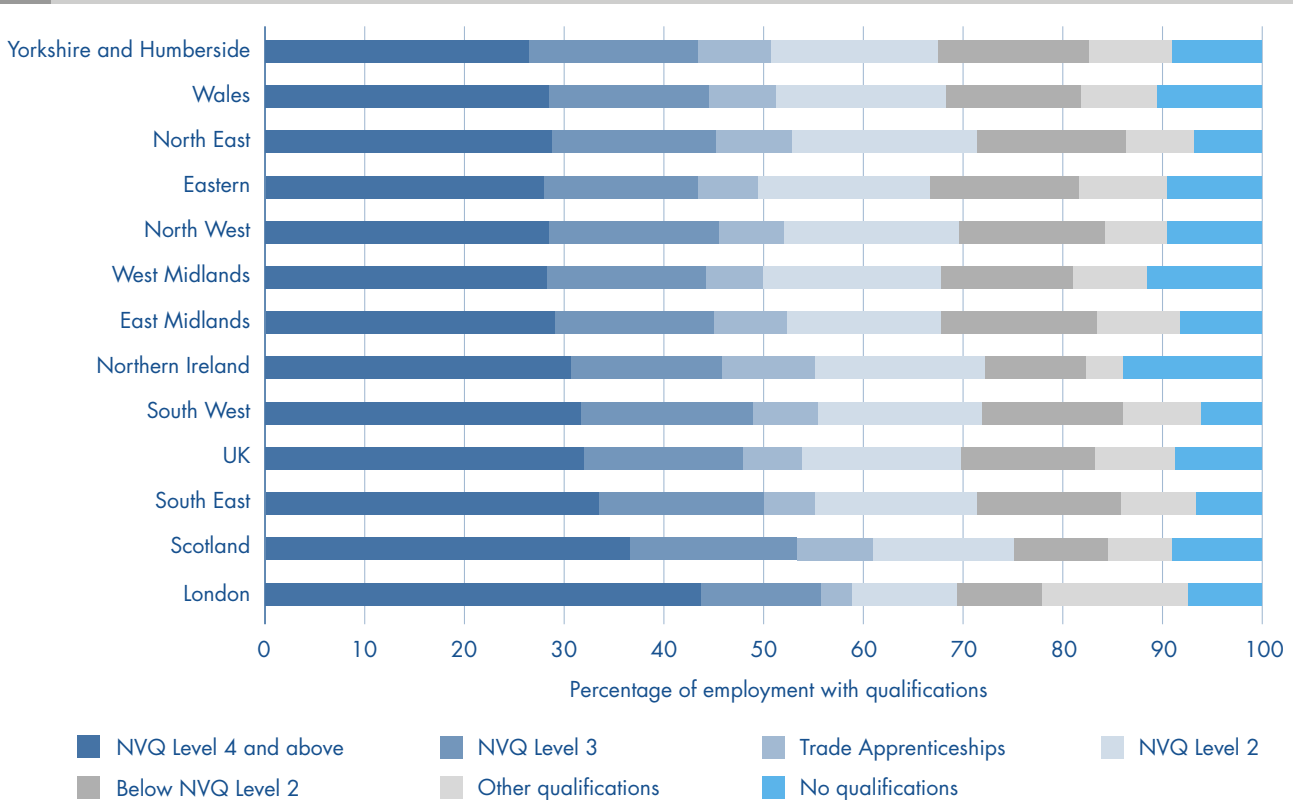
3.7 Figure 13 and Figure 14 show how the qualifications of people in work and of people who are not in work vary by region. Looking at those who are working, London is clearly an outlier with respect to all the other regions and over 40 per cent of those working have qualifications equivalent to NVQ level 4 or above. For London, also, the proportion of those working with Other qualifications may exaggerate the apparent proportion of the workforce that is low-qualified.

12 Whether working by qualification level: United Kingdom



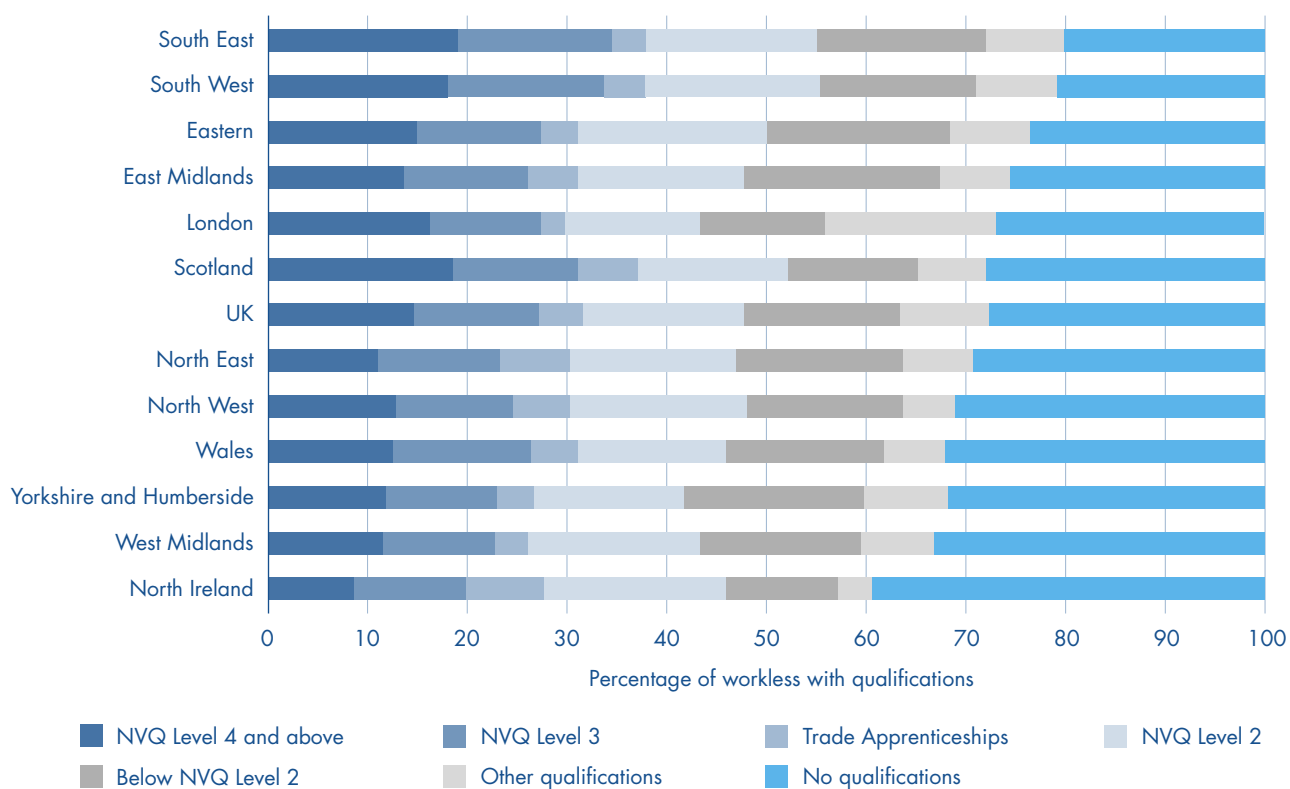
Source: Centre for economic and social inclusion analysis of ONS data

13 Qualifications of those working: UK Regions



Source: Centre for economic and social inclusion analysis of ONS data

14 Qualifications of the workless: UK Regions



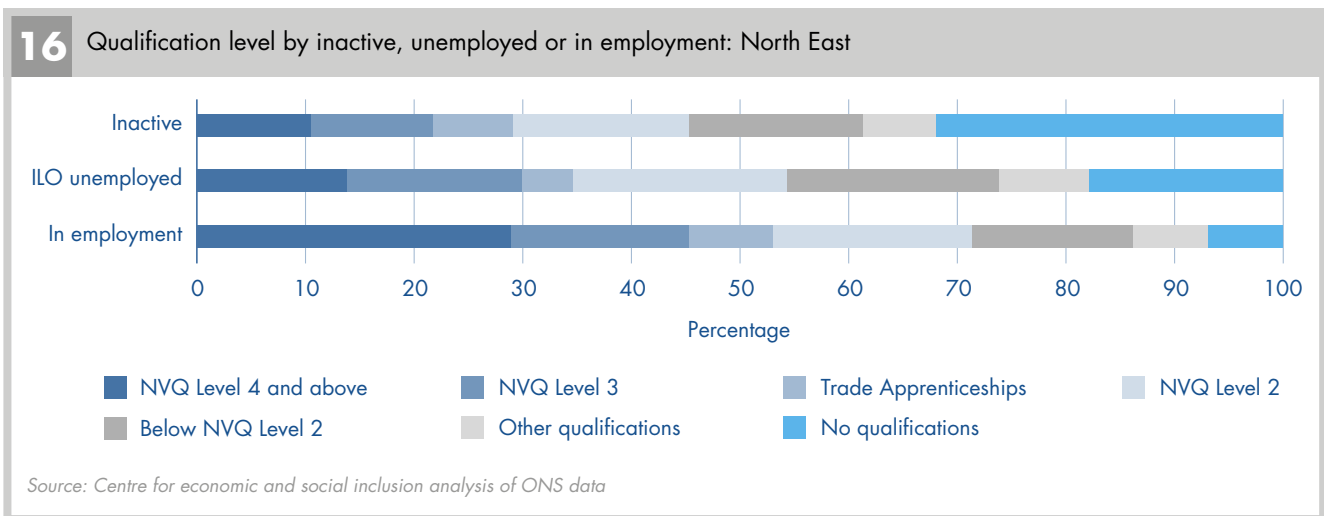
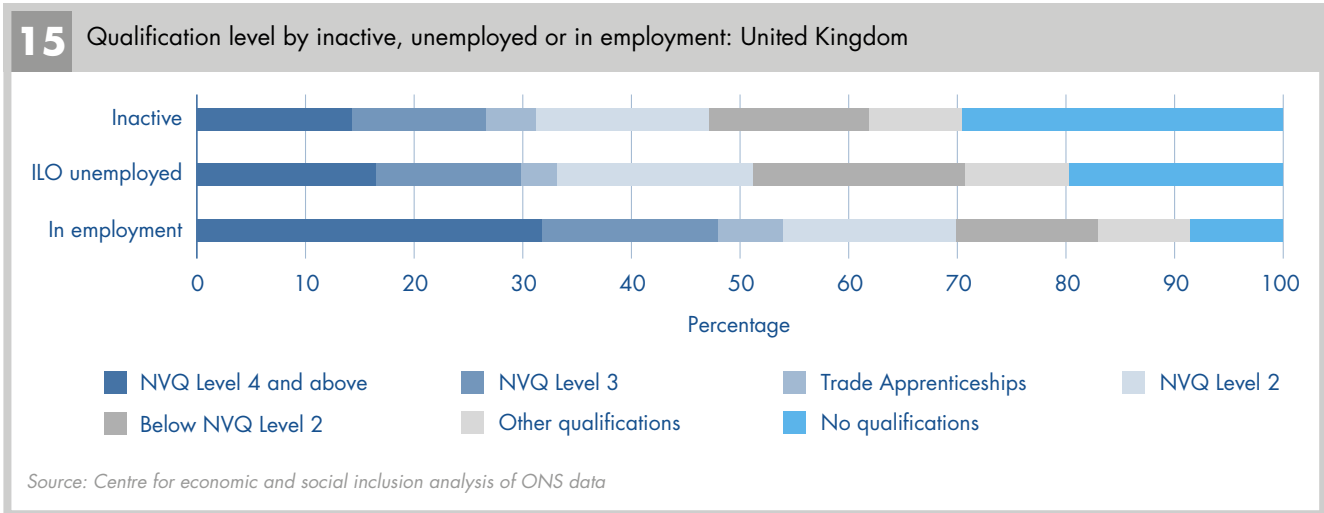
Source: Centre for economic and social inclusion analysis of ONS data

Qualification level by whether inactive, unemployed or working

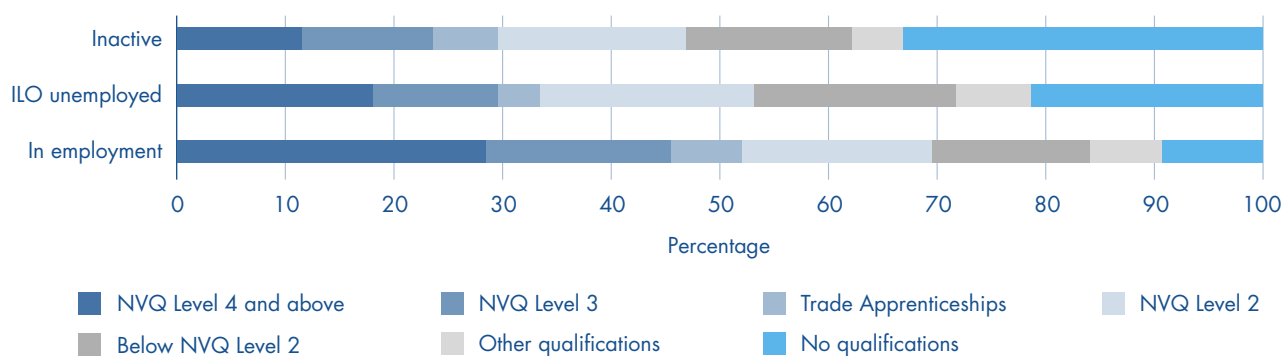
3.8 Figure 15 shows that, at United Kingdom level, the unemployed have, in general, a higher spectrum of qualifications than the economically inactive. The following charts will show this pattern for each region

3.9 Figures 16 and 17 show the equivalent picture for the North East and North West.

3.10 Figure 18 shows Yorkshire and Humberside. In this case, the proportions who are well-qualified do not differ greatly between the unemployed and inactive, while for the lowest qualified, there are substantial differences between the unemployed and inactive.

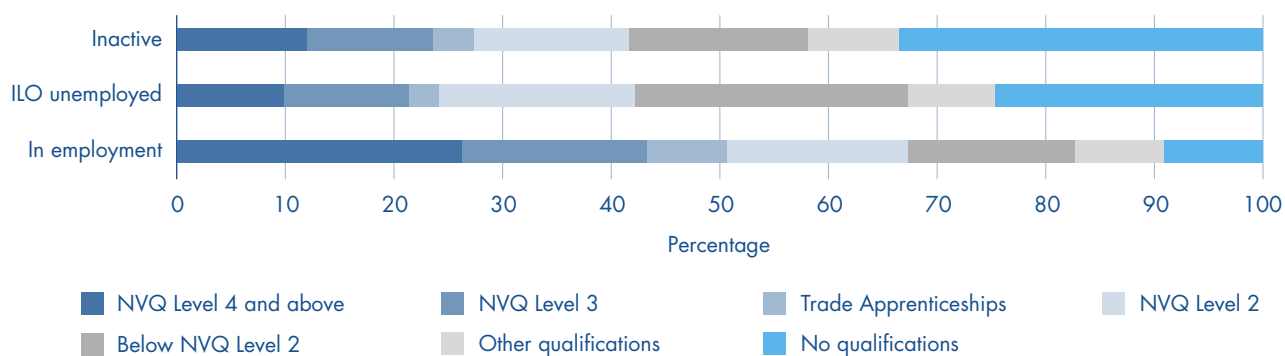


17 Qualification level by inactive, unemployed or in employment: North West



Source: Centre for economic and social inclusion analysis of ONS data

18 Qualification level by inactive, unemployed or in employment: Yorkshire and Humberside



Source: Centre for economic and social inclusion analysis of ONS data

3.11 Figure 19 shows the position for the East Midlands.

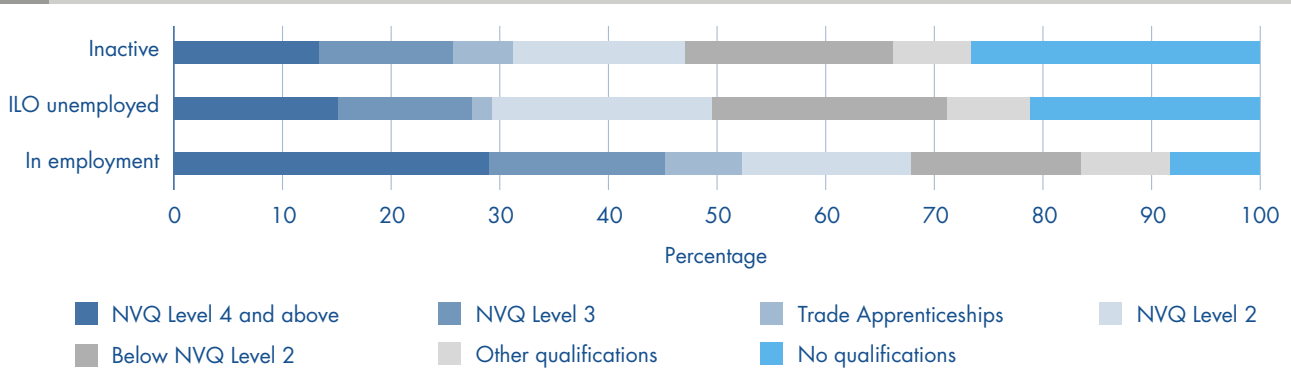
3.12 Figure 20 shows the qualifications for working and workless in the West Midlands. As the West Midlands has been a region with recent poor employment performance compared with other regions, the large discrepancy between the qualification levels of the working and workless is a substantial concern.

3.13 Figure 21 shows the position in the Eastern region, one of the regions with higher employment rates overall.

3.14 Figure 22 shows the position for London. As these charts are based on residents, there is likely to be some understatement of the extent to which those working in London are highly qualified. However, even excluding commuters, it is apparent that the difference in qualification levels between the working and workless is greater than in other regions. The relatively large proportion with 'other qualifications' is apparent in all groups of the working and workless in London.

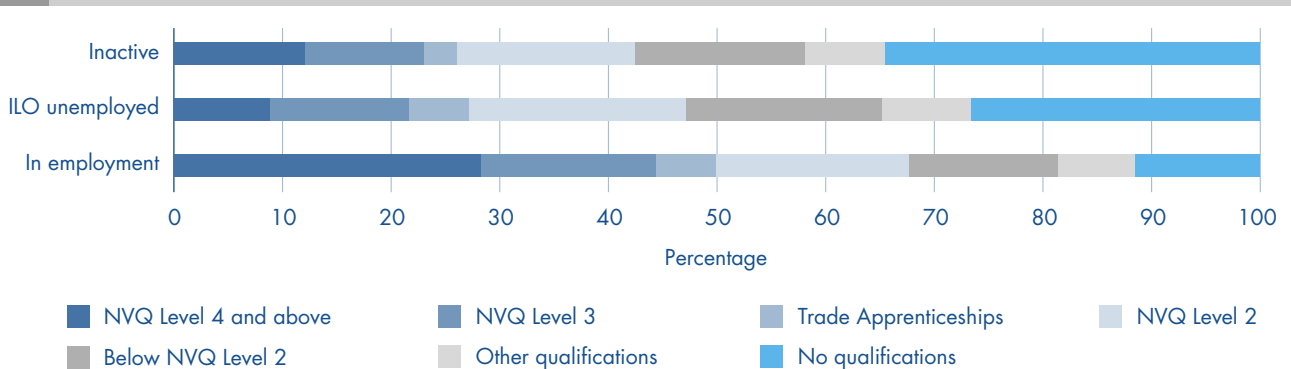
3.15 Figure 23 shows the position for the South East. While those in work have a lower spectrum of qualifications than for London, the qualifications difference between the unemployed and inactive is much less in the South East than in London.

19 Qualification level by inactive, unemployed or in employment: East Midlands



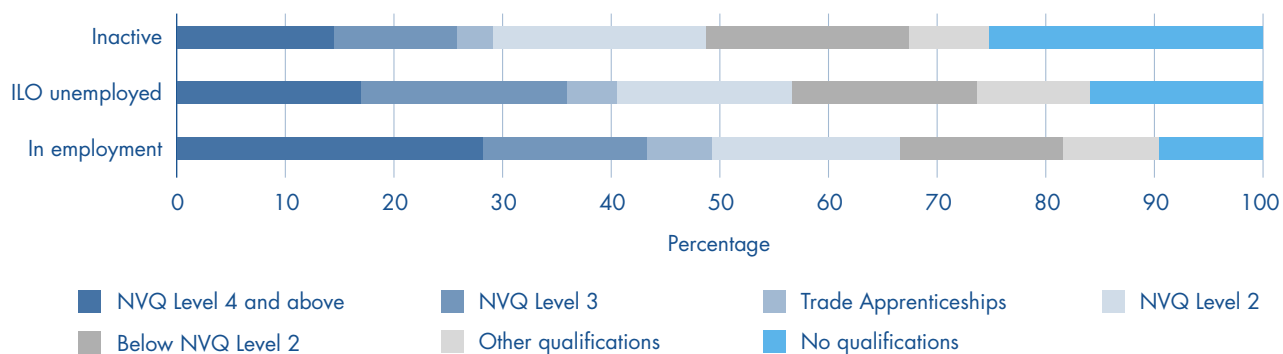
Source: Centre for economic and social inclusion analysis of ONS data

20 Qualification level by inactive, unemployed or in employment: West Midlands



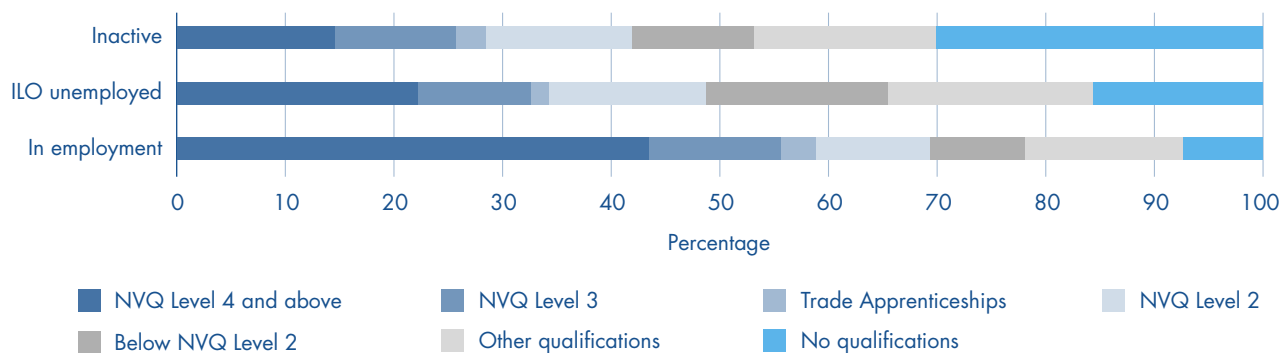
Source: Centre for economic and social inclusion analysis of ONS data

21 Qualification level by inactive, unemployed or in employment: Eastern



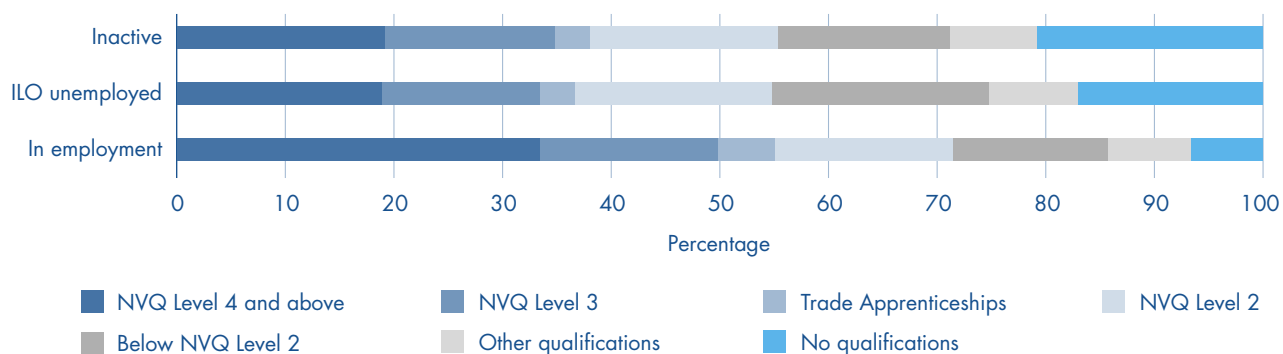
Source: Centre for economic and social inclusion analysis of ONS data

22 Qualification level by inactive, unemployed or in employment: London



Source: Centre for economic and social inclusion analysis of ONS data

23 Qualification level by inactive, unemployed or in employment: South East



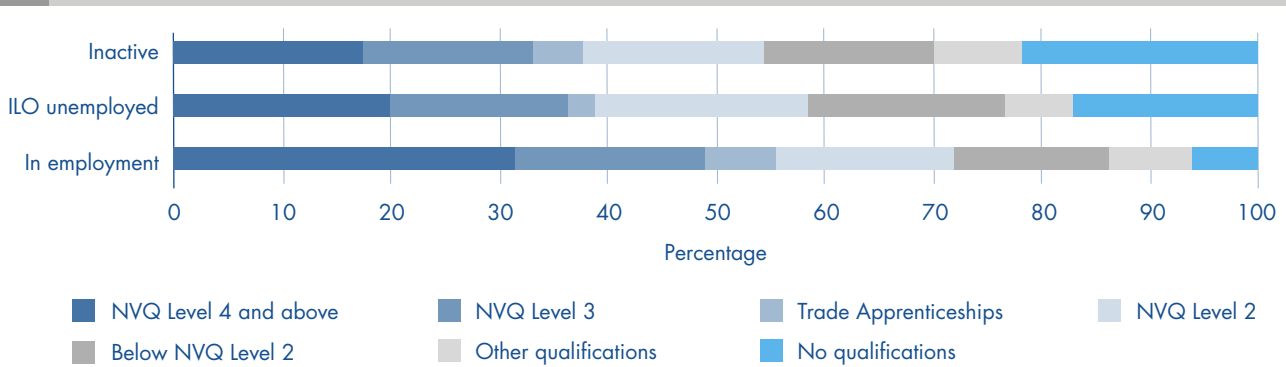
Source: Centre for economic and social inclusion analysis of ONS data

3.16 Figure 24 shows the position for the South West. The balances between the unemployed and inactive by qualification are similar to those in the South East.

3.17 Figure 25 shows the position in Wales. While there have been changes to the education system following devolution, insufficient time has elapsed for these to have had a substantial impact on the reported qualifications of the working age population.

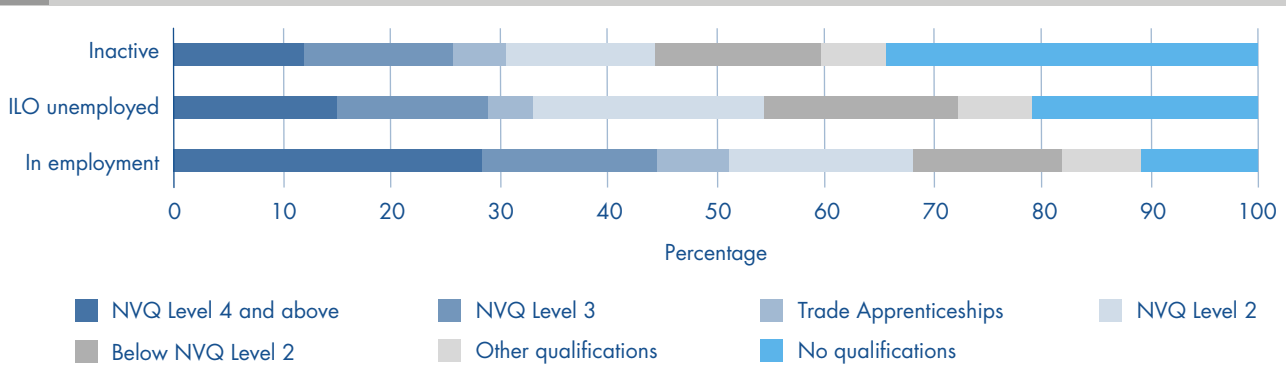
3.18 Figure 26 shows Scotland. Scotland has an education system that has had substantial differences from England (and Wales) over a considerable period. The equivalences between Scottish Standard and Higher qualifications and SVQs make an impact on the qualifications levels shown. Compared with Wales, a much higher proportion of the employed are well-qualified, and this also applies to the inactive.

24 Qualification level by inactive, unemployed or in employment: South West



Source: Centre for economic and social inclusion analysis of ONS data

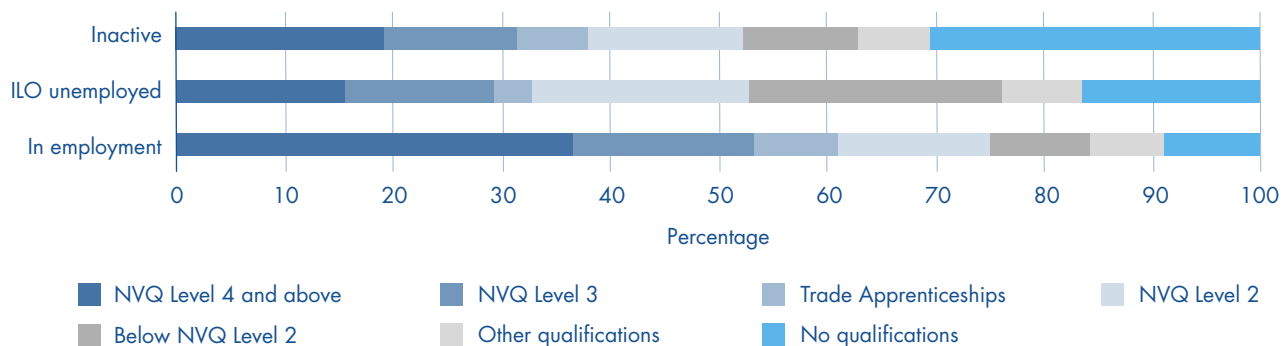
25 Qualification level by inactive, unemployed or in employment: Wales



Source: Centre for economic and social inclusion analysis of ONS data

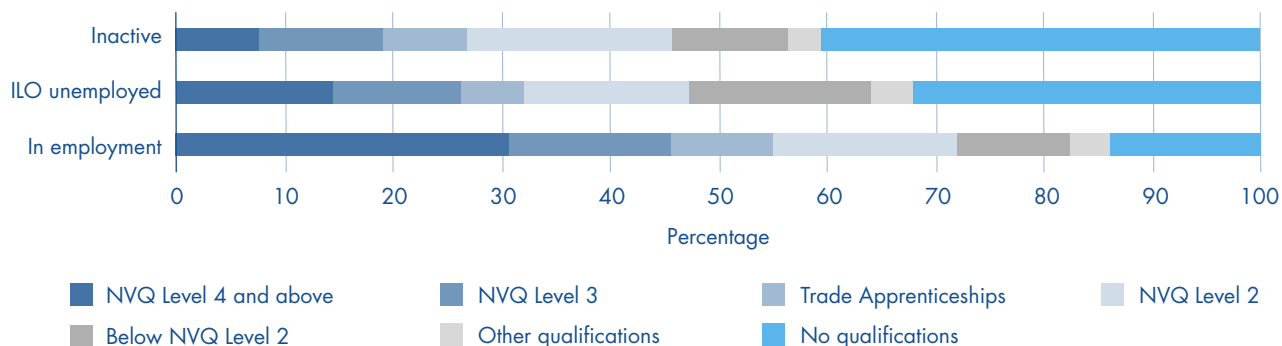
3.19 Figure 27 shows the position in Northern Ireland. While employment has risen over the last period in Northern Ireland, and unemployment fallen to a level below the UK average, Northern Ireland retains a large pool of the economically inactive.

26 Qualification level by inactive, unemployed or in employment: Scotland



Source: Centre for economic and social inclusion analysis of ONS data

27 Qualification level by inactive, unemployed or in employment: Northern Ireland



Source: Centre for economic and social inclusion analysis of ONS data

28 Data on occupations – sources and considerations

The **Labour Force Survey** permits analysis both of the current occupations of those in work, and of the last occupation of the workless, if they have been in work in the last eight years.

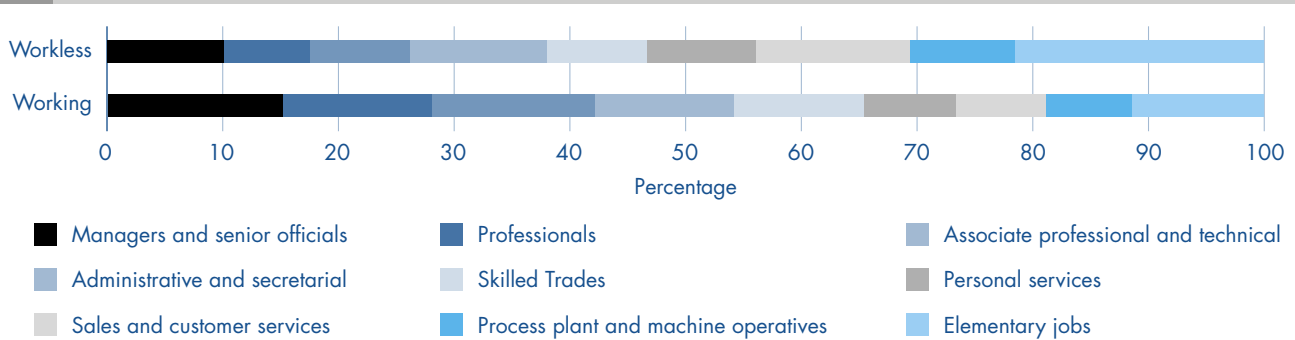
Occupations are the work that respondents do in their job (or last job) and are classified using the Standard Occupational Classification (2000). These are grouped into nine groups. Some occupational groups relate to qualification levels required for the job, such as Professional, Associate professional and technical, Skilled trades, and Elementary jobs, but other groups such as Managers, Personal services and Sales and customer service, are more difficult to assess in terms of required qualifications. However, employers may look for experience in the job, profession or trade, which usually relates to occupations previously carried out.

Occupations of those in work and the workless

3.20 Figure 29 shows a national comparison between the occupations of those in work and the workless who have been working within the last eight years. It shows that the workless had, in their last job, occupations substantially lower in classification than those in work. There are particularly large excesses in the workless whose last job was an elementary or a sales and customer services job. The opposite picture is apparent for professional and associate professional occupations.

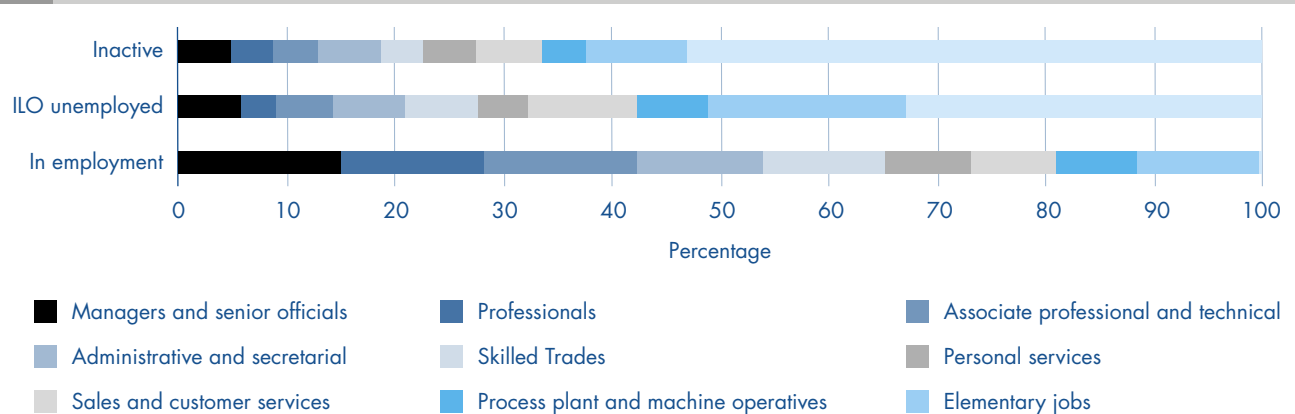
3.21 Figure 30 shows, at the United Kingdom level, the picture distinguishing the unemployed and inactive, and also adds those who had not worked in the last quarter (or had never worked, including young people). This clearly shows that the inactive are much less likely than the unemployed to have a recent work record to demonstrate to an employer.

29 Working and workless by occupation: United Kingdom



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

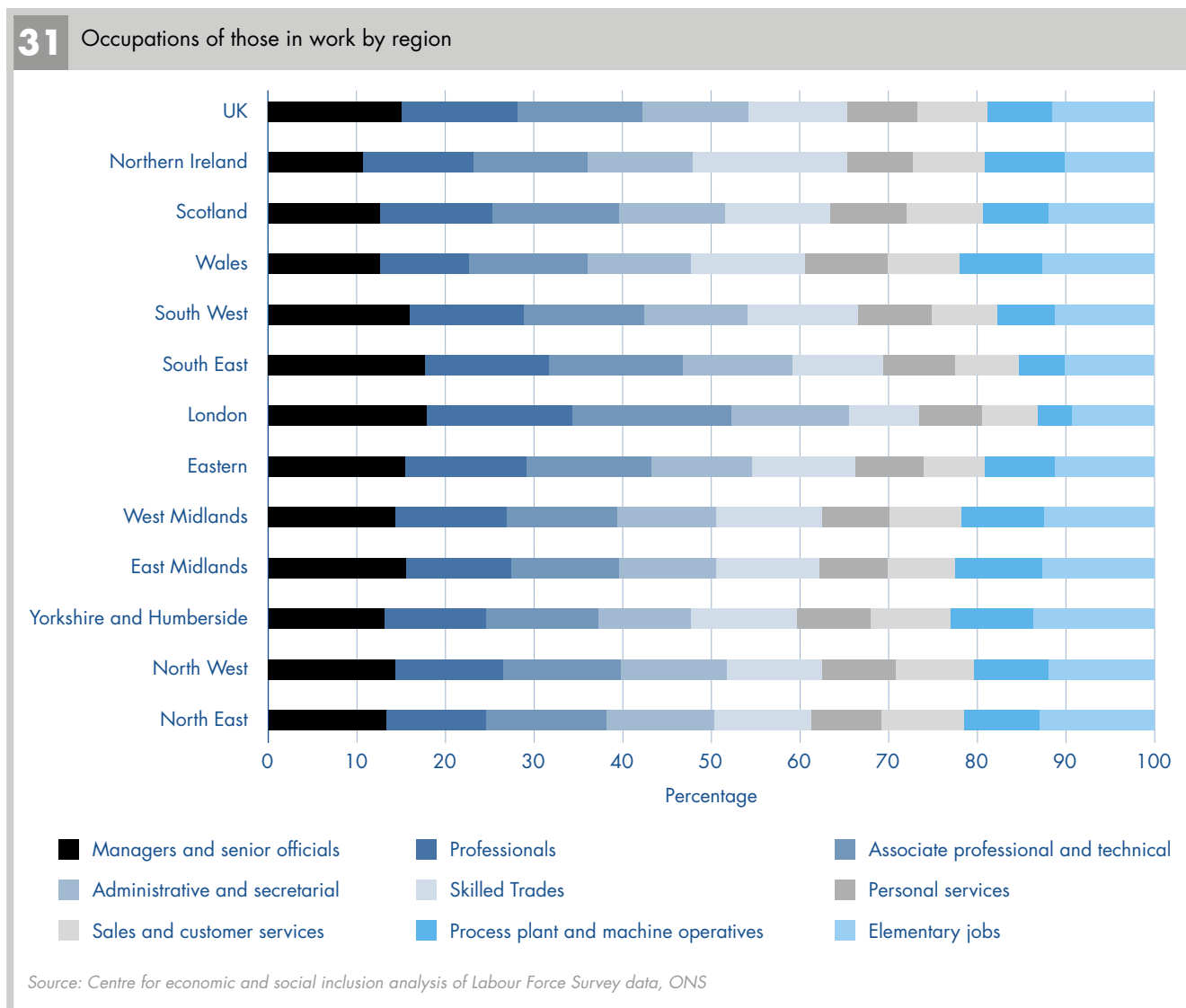
30 Occupations of working, unemployed and inactive: United Kingdom



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

3.22 **Figure 31** shows the occupations of those in work within each region. London and the broader South East, including the Eastern region, show a pattern of their working population having higher proportions in managerial, professional and associate professional occupations. London also has very few process, plant and machine operatives, a group particularly associated with

manufacturing but also including bus and lorry drivers. In no region does the proportion of those in work who are in elementary jobs exceed 15 per cent. This is significant because this class includes many 'entry-level' jobs such as labouring, cleaning, shelf-stacking, kitchen portering and waiting in hospitality settings that may be seen as appropriate for the workless.

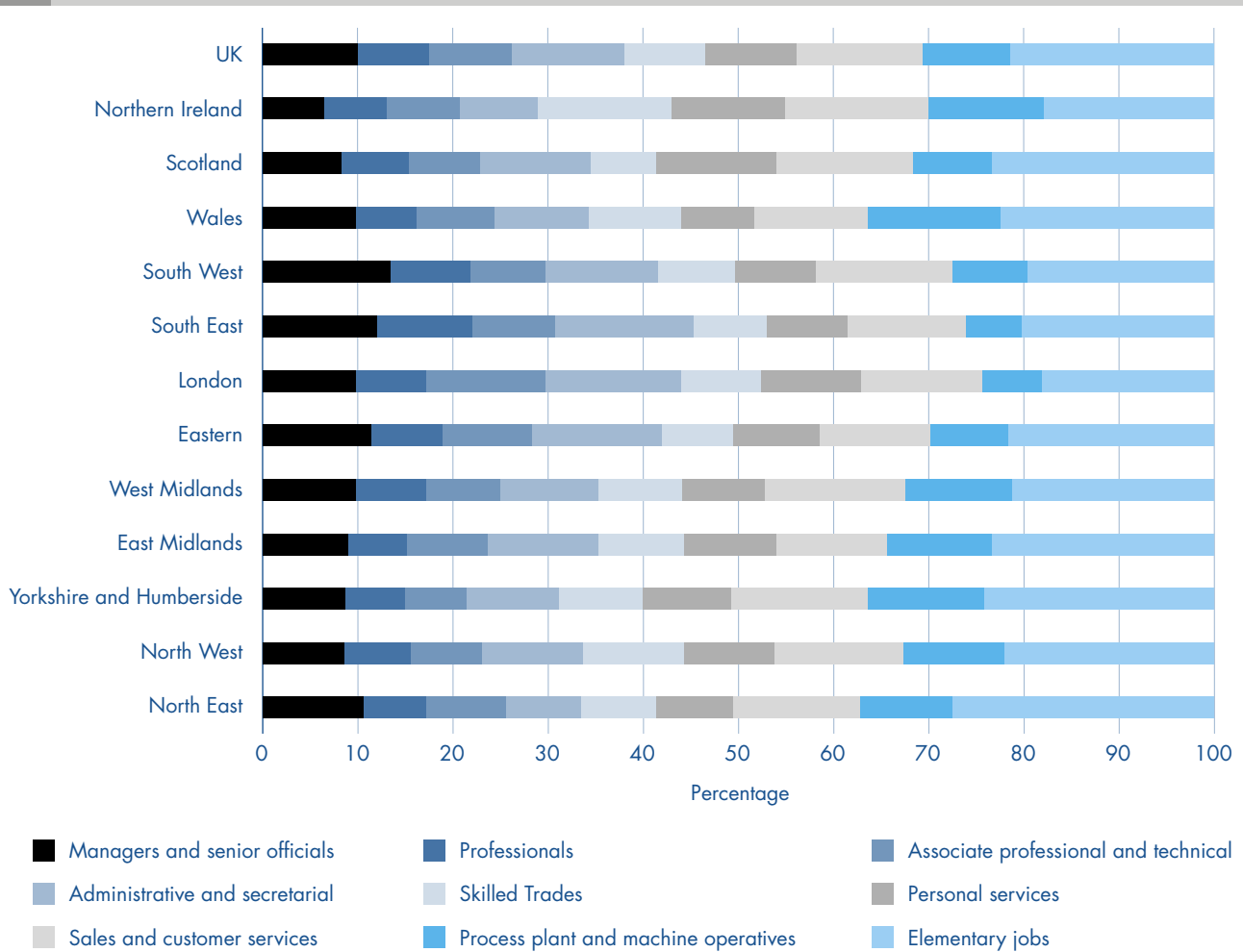


3.23 Figure 32 shows the last occupation of the workless in each region, for those who have worked in the last eight years. Elementary occupations and, to a lesser extent, Sales and customer services, feature much more heavily for the workless than for those in work. In most regions, more than 20 per cent of the workless last worked in an elementary occupation. Relatively low proportions last worked in Managerial, Professional and Associate professional occupations. The workless in this context include people taking a career break to bring up a family or care for a relative, so the low, but existent, proportions

whose last job was in Managerial, Professional and Associate professional occupations will partly reflect this group.

3.24 Figure 33 shows the proportion of the workless who had not worked in the last eight years. Overall, this is just over half the working-age workless, with lower proportions in the South East, Eastern, South West and East Midlands. Northern Ireland and London both have substantially higher proportions who have not worked in the last eight years or have never worked (including young people) than other regions.

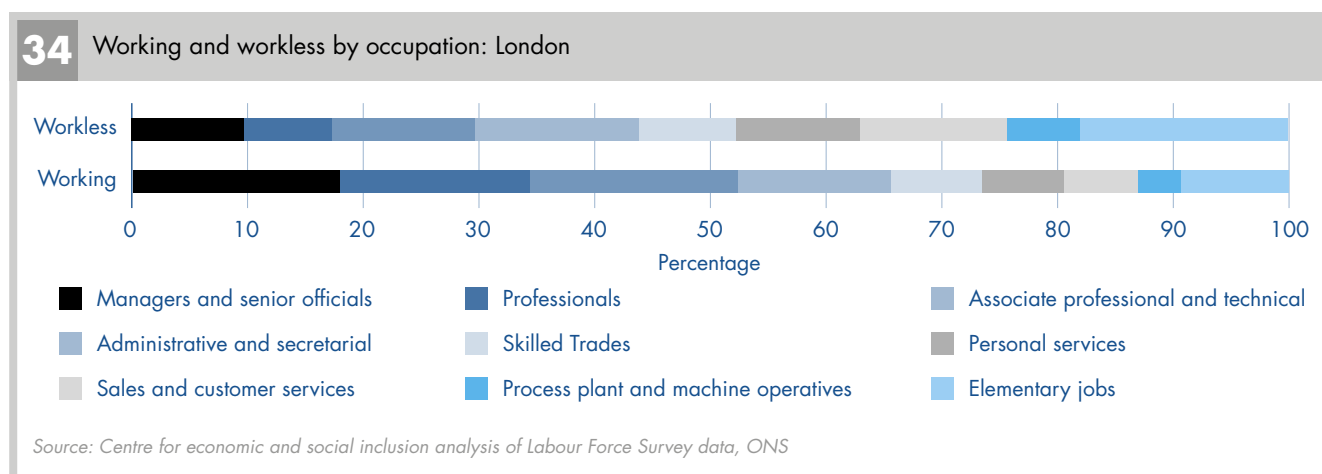
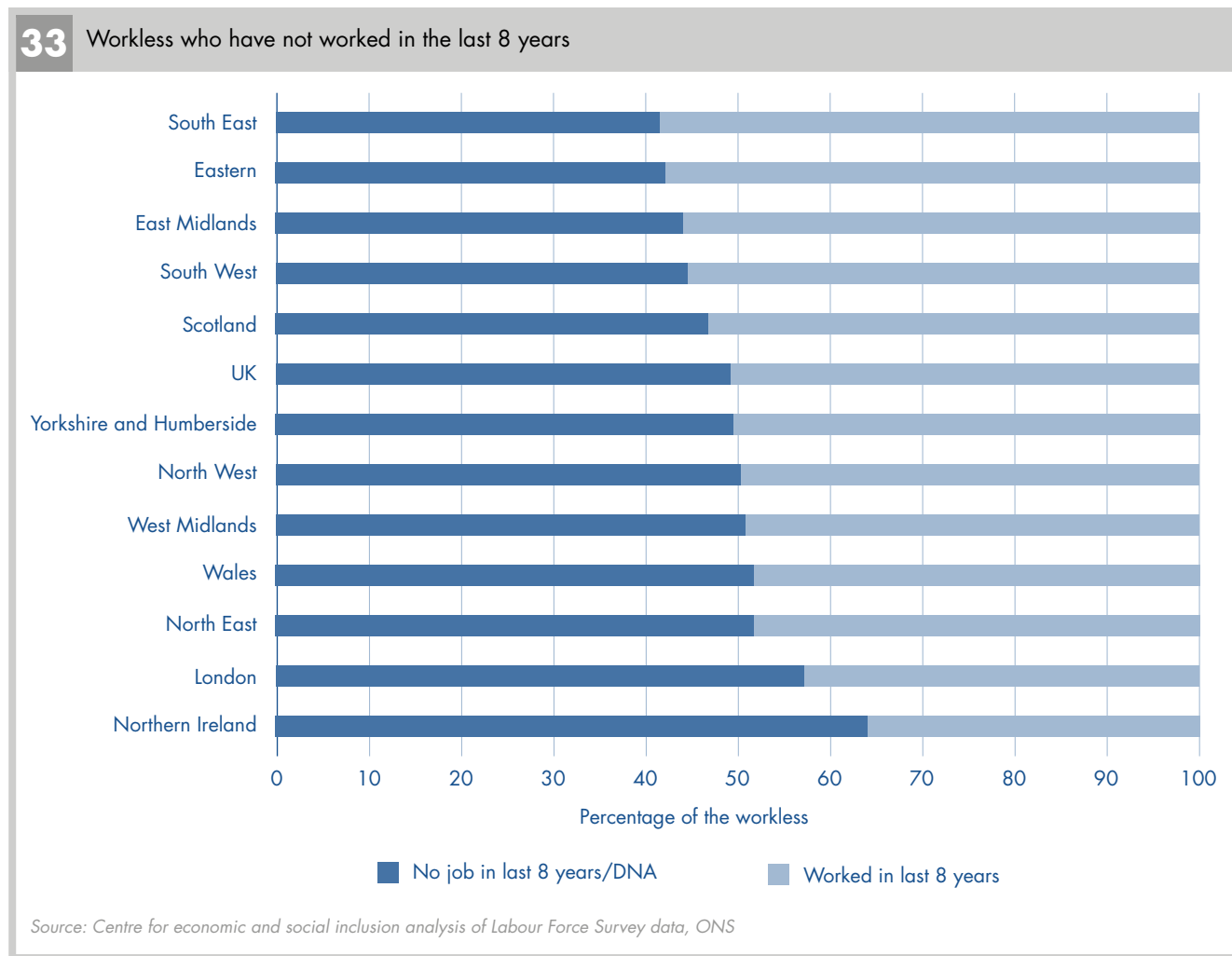
32 Last occupations of the workless by region



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

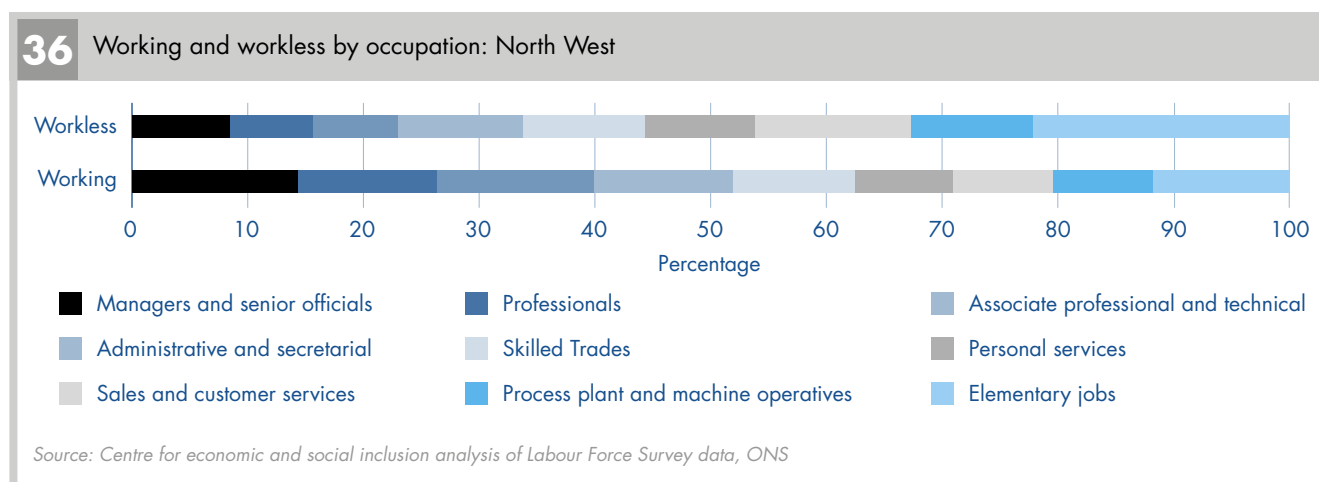
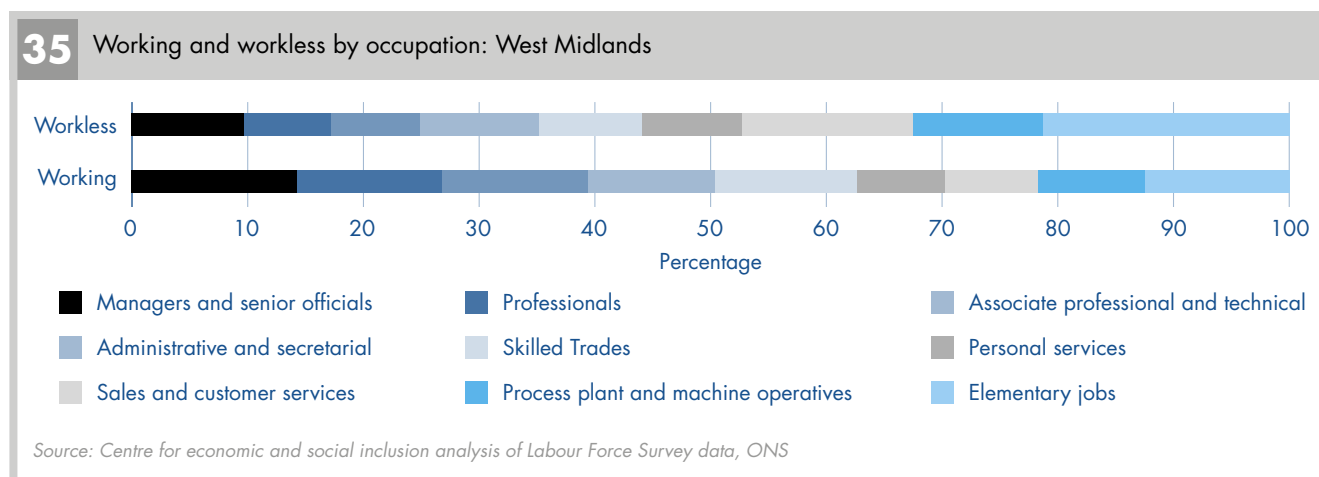
3.25 The general pattern that the workless are less qualified than those in work, and, within the workless, that the unemployed have a higher qualification spectrum than the inactive, applies to a greater or lesser extent in all regions. Therefore, individual regional charts are provided for a limited selection of regions. **Figure 34** shows London, which is at one extreme of the regional pattern. If ‘entry-

level’ jobs are confined to elementary occupations, then less than 10 per cent of residents working in London are in these jobs. If the ‘entry-level’ group includes Personal services and Sales occupations, and the Process, plant and machine operators group, then this total is still less than 30 per cent of residents in work.



3.26 Figure 35 shows the West Midlands, which has had a much greater manufacturing element than in London, and has in recent years had relatively poor employment trends, although not as poor as London. The proportion of residents working in occupations that could be classed as 'entry-level' is much greater than in London, but the proportion of the workless with a last occupation in these groups is also much higher than in London.

3.27 Figure 36 shows an equivalent chart for the North West, a region which has been showing improvements in its employment rate. However, the occupational pattern is very similar to that in the West Midlands.



Industries of those in work and the workless

3.28 Figure 38 shows that there are several major sectors where the difference between the proportion in work and the workless is small, such as Manufacturing and other services. However, Finance and business services and Education, health and public administration have a much higher proportion of those in work than of the workless, and Distribution, hotels and restaurants have larger proportions of workless than of people in work.

3.29 Comparing the sectors of the workless between the inactive and the unemployed, a larger proportion of the unemployed last worked in Construction than the inactive. There was little difference for Manufacturing, but there were a much higher proportion of the inactive who last worked in Distribution, hotels and restaurants.

37 Data on industries of work – sources and considerations

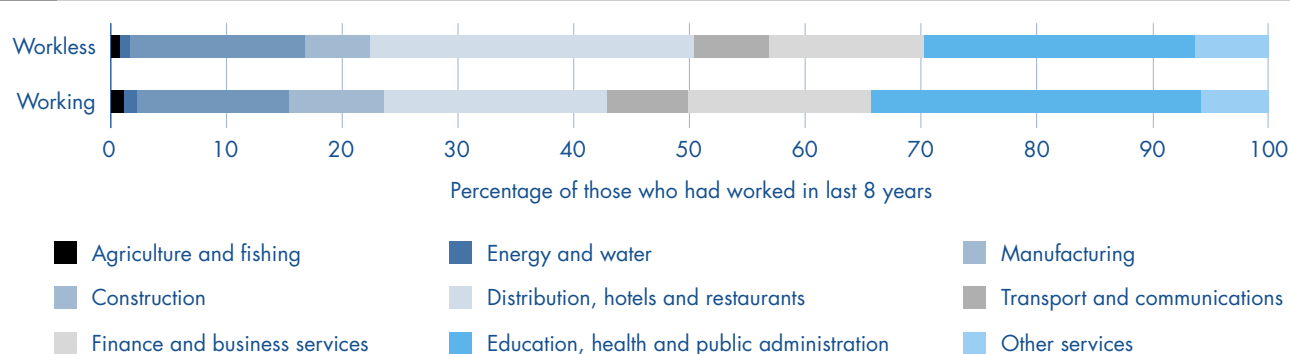
The analysis in this section is based on Labour Force Survey (LFS) estimates from residents. The resulting figures for those in work differ from those from employer sources (such as the ABI survey) for several reasons:

- There is a difference between employees recorded from employer sources and from resident surveys. Resident surveys include the self-employed.
- Commuting means that resident surveys differ from employer surveys. Particularly in the case of London, people may live a long way from where they work.
- Responses given by individuals as to the sector in which they work differ from those given by their employer. Many individuals do not have a clear idea of their employer's sector.

The ONS prefers the employer/sector identification and work is in progress to enable LFS estimates to be derived from the identification of a survey respondent's employer and subsequently the relevant sectoral identification. However, this has not yet taken effect and therefore the sectors in this report are based on individual's views on the main business of their employer.

In the same way as for occupations, Labour Force Survey respondents who are workless are only asked about the main business of their last employer if they have worked in the last eight years. The charts are therefore based on those who have worked in the last eight years.

38 Industry of work or last work by whether working: UK



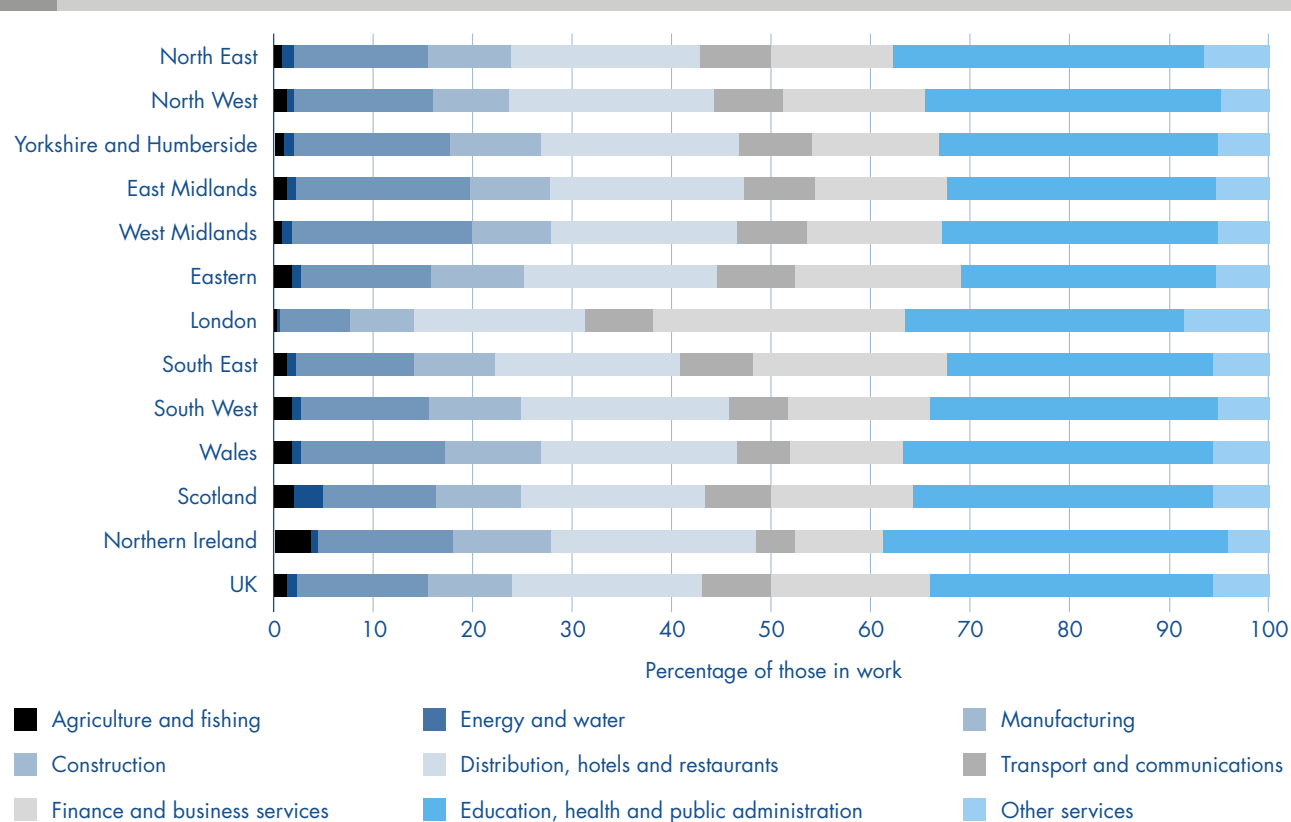
Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

39 Sectoral comparisons – data considerations

Sectoral comparisons are more problematic than occupational comparisons because the composition of different sectors varies substantially by area (for example, in Tower Hamlets 'Manufacturing' includes many journalists and editors). In addition, outsourcing and employment of temporary workers by agencies mean that the sector of the employer may not be the sector of the work placement, in the case of agencies, or the sector from which outsourced. In both cases the movement is from the originating sector into Finance and business services.

3.30 **Figure 40** shows the regional pattern of employment by sector, and it is apparent that in every region Education, health and public administration is either the highest proportion of employment or close to it. However, this should not be taken to coincide with public sector employment. There are many areas in these sectors which are wholly private sector, and other areas where delivery of public services is carried out by private sector organisations for example, General Practitioners, Dentists and universities. The relatively small proportion

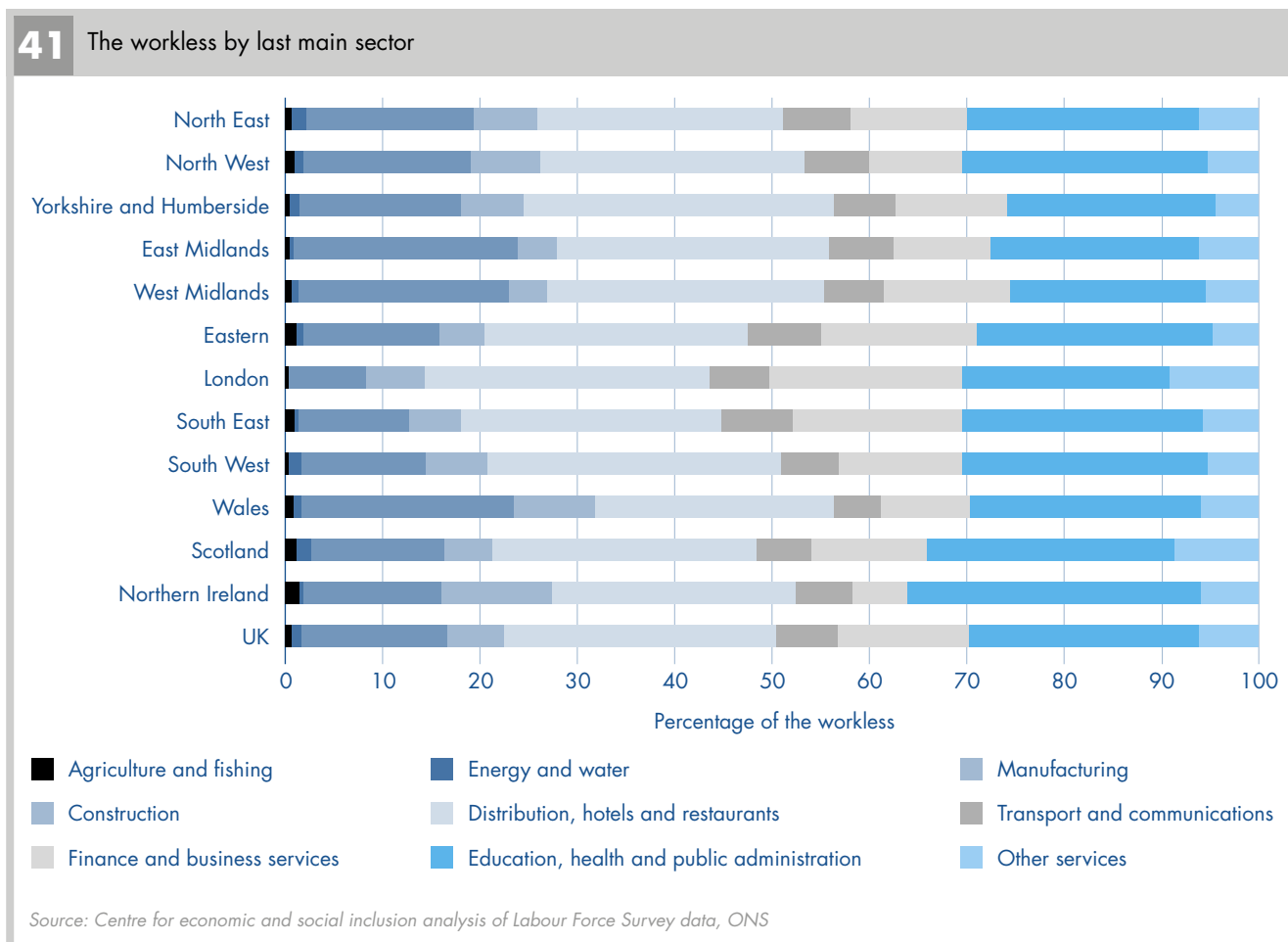
40 Those in work by main sector



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

of employment in the production industries, including Manufacturing and Energy and water, is apparent in all regions and extreme for London. The South East and Eastern regions share to some extent the pattern for London, but in a much less extreme form.

3.31 Figure 41 shows the pattern for the workless. It reveals that, to a large extent, the last sectors of the workless are relatively similar to those of those in work. There are differences in relation to the pattern of decline in manufacturing that are particularly apparent for Wales.



Disability, work and worklessness

3.32 In virtually all regions, the employment rate of non-disabled people of working age is at or over 80 per cent. The shortfall from an 80 per cent employment aspiration is thus closely associated with the effects of disability. **Figure 42** explains the definition of disability used in our analysis.

42 Defining 'Disability'

The definition of disability used in this analysis is a wide one and is very similar to that used by the Department for Work and Pensions in its assessment of the numbers of disabled people.

The Labour Force Survey contains two independent measures of disability:

- those who are disabled under the Disability Discrimination Act (DDA) definition (insofar as this can be determined in survey questions); and
- those who have a health problem that affects the amount or kind of work they can do (work-limiting disabled).

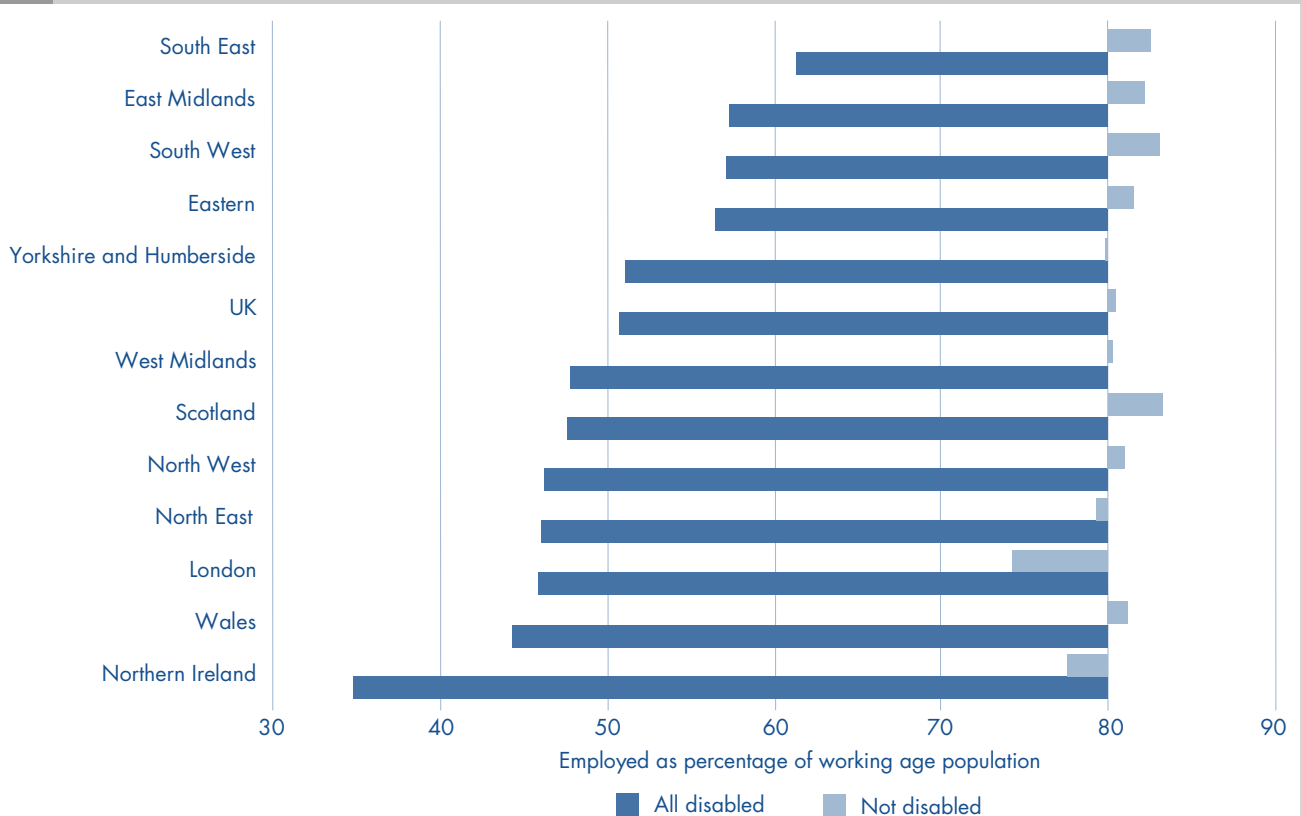
The following analysis is based on classing all who meet either definition as 'disabled', and the remainder as 'non-disabled'. Those who meet both definitions (both work-limiting and DDA) have the lowest employment rate. Conversely, those who are DDA disabled but do not regard this as limiting either the amount or kind of work they can do have a very high employment rate.

3.33 Figure 43 shows the employment rates by region for disabled and not disabled people. The chart is arranged to show the variation from the aspirational employment rate of 80 per cent. The relatively low employment rate for non-disabled in London is associated with low employment rates for mothers with dependent children (further information on lone parent employment is at 3.46).

3.34 The gap between the employment rates for disabled and non-disabled people is lowest in those regions with the highest overall employment rate. It is highest in those areas with both lower employment rates and a history of manufacturing industry decline. The average difference between the non-disabled employment rate and the disabled employment rate in the United Kingdom is 30 per cent. The regions with an employment rate gap below this are the South East (21 per cent), East Midlands and Eastern (25 per cent), South West (26 per cent), the London region at 28 per cent, and Yorkshire and the Humber at 29 per cent. Northern Ireland had a 43 per cent gap in employment rates, Wales had 37 per cent and Scotland had 36 per cent.

3.35 Figure 44 shows that the disabled are more likely to be economically inactive than other workless people. This means that people with a disability are less likely to be both looking for work and available to start than other workless people.

43 Employment rate for disabled and not disabled people: Regions

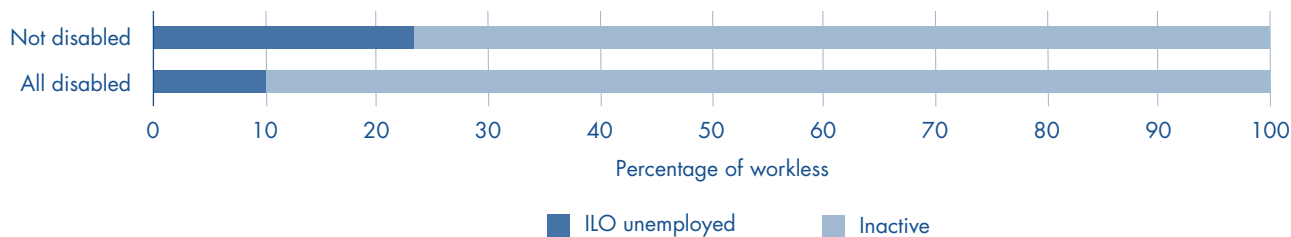


Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

3.36 Figure 45 shows that when the patterns of labour market activity (ILO unemployment in this context) are examined regionally, labour market activity for disabled people is associated with the employment rate gap for disabled people. The highest labour market activity proportions for disabled people are found in the East Midlands, the South East, London and Eastern. There are

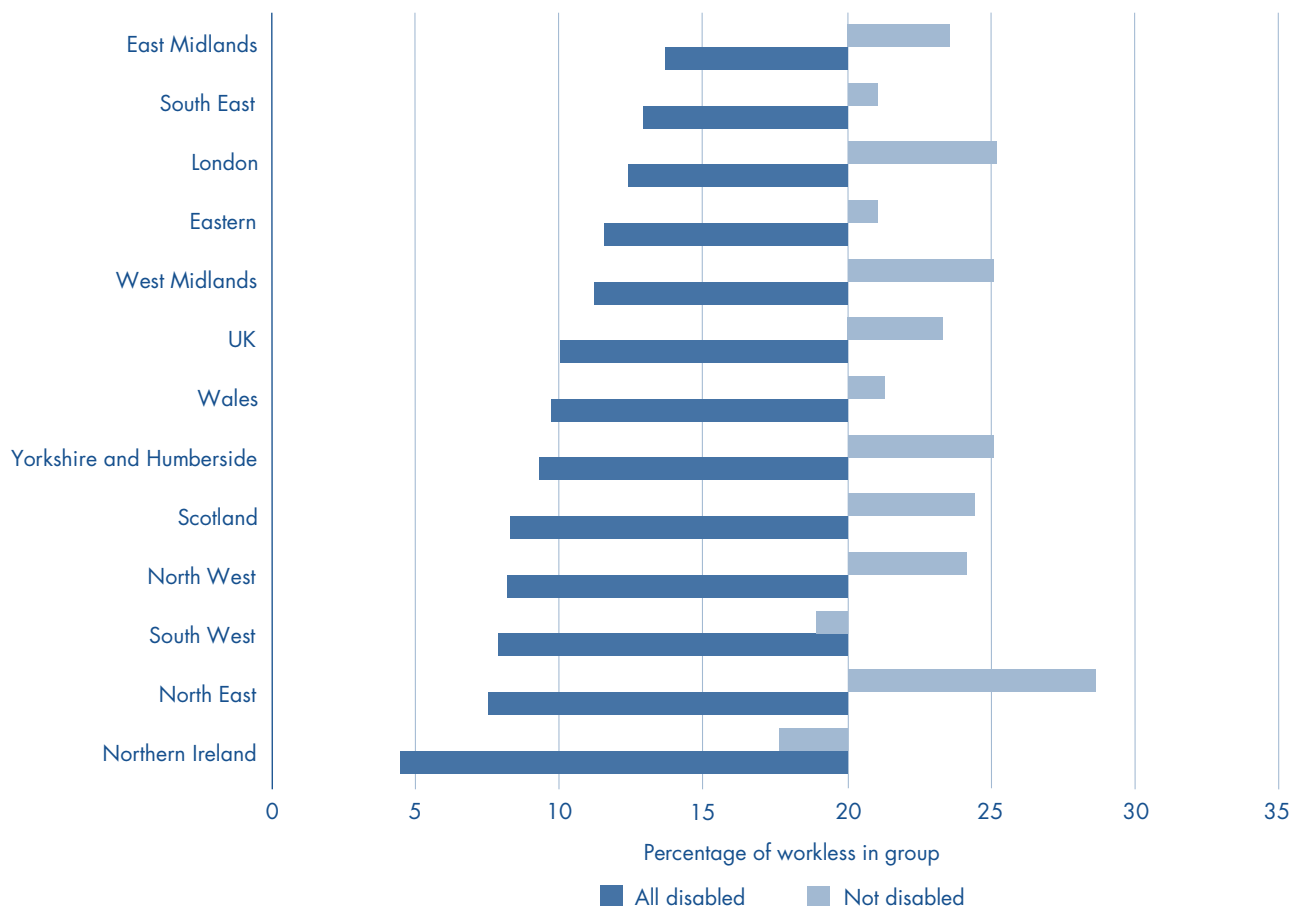
anomalies, with the South West having a very much lower unemployment proportion among disabled people than would be expected if the relationship with the disabled employment rate or the employment rate gap were a direct relationship, and the West Midlands having a higher proportion of disabled people looking for work.

44 Workless by whether unemployed or inactive, and disability: United Kingdom



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

45 ILO Unemployed by disability: Regions



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

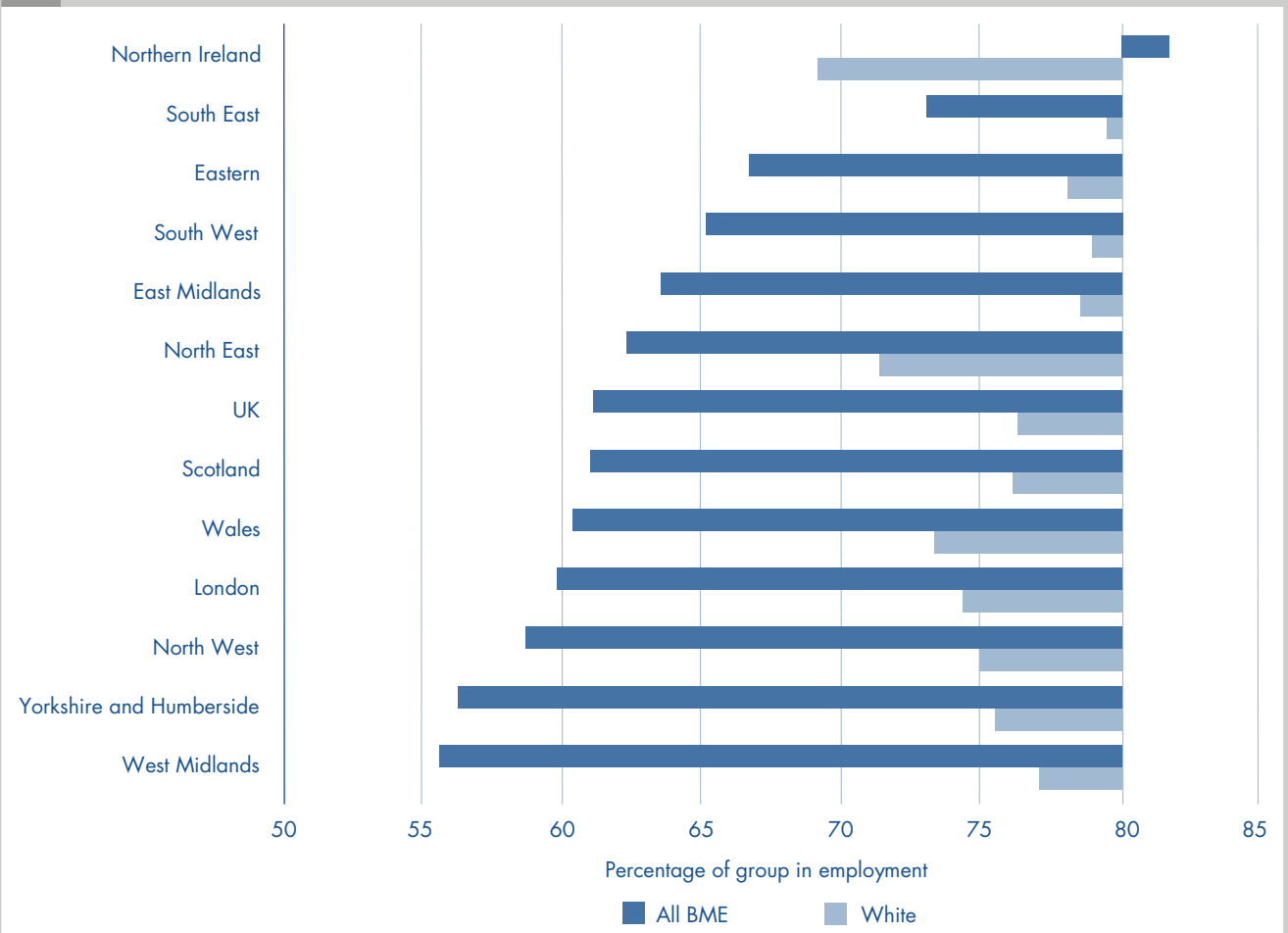
Ethnicity, work and worklessness

3.37 Figure 46 shows employment rates by ethnicity in regions. Employment rates for black and minority ethnic groups are substantially below those for white people – at the United Kingdom level the employment rate gap is 15 per cent, according to the Labour Force Survey. This pattern exists in all regions, but the degree of gap differs between regions. In Northern Ireland it appears that the black and minority ethnic employment rate is higher than that for white residents, but the sample numbers for black and minority ethnic employed persons in Northern Ireland are relatively low so there is a wide confidence interval around this estimate.

3.38 Above-average employment rate gaps exist in the West Midlands (22 per cent), Yorkshire and the Humber (19 per cent), and the North West (16 per cent). Other than Northern Ireland, the lowest employment rate gaps are in the South East (7 per cent), and the North East (9 per cent).

3.39 Figure 47 compares the proportions of workless people who are workless and economically active (unemployed). Nationally, slightly more black and minority ethnic workless people are economically active (measured as ILO unemployed) at 22 per cent of the workless, than are white people, at 18 per cent.

46 Employment rates by ethnicity: regions

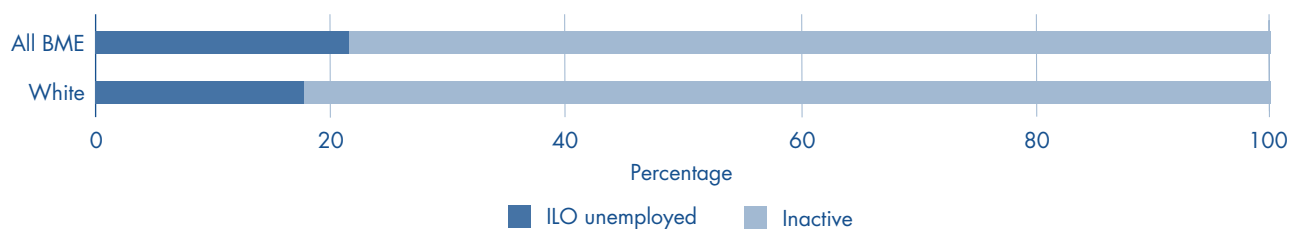


Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

3.40 **Figure 48** demonstrates that this pattern varies strongly by region. In the West Midlands and in London, 24 per cent of the black and minority ethnic workless are both looking for work and available to start, compared with 18 per cent of white workless in the West Midlands, and 19 per cent in London. In five regions, Yorkshire and the Humber, the East Midlands, Wales, the North East and the South East, the proportion of the black and minority ethnic workless who were unemployed was lower than

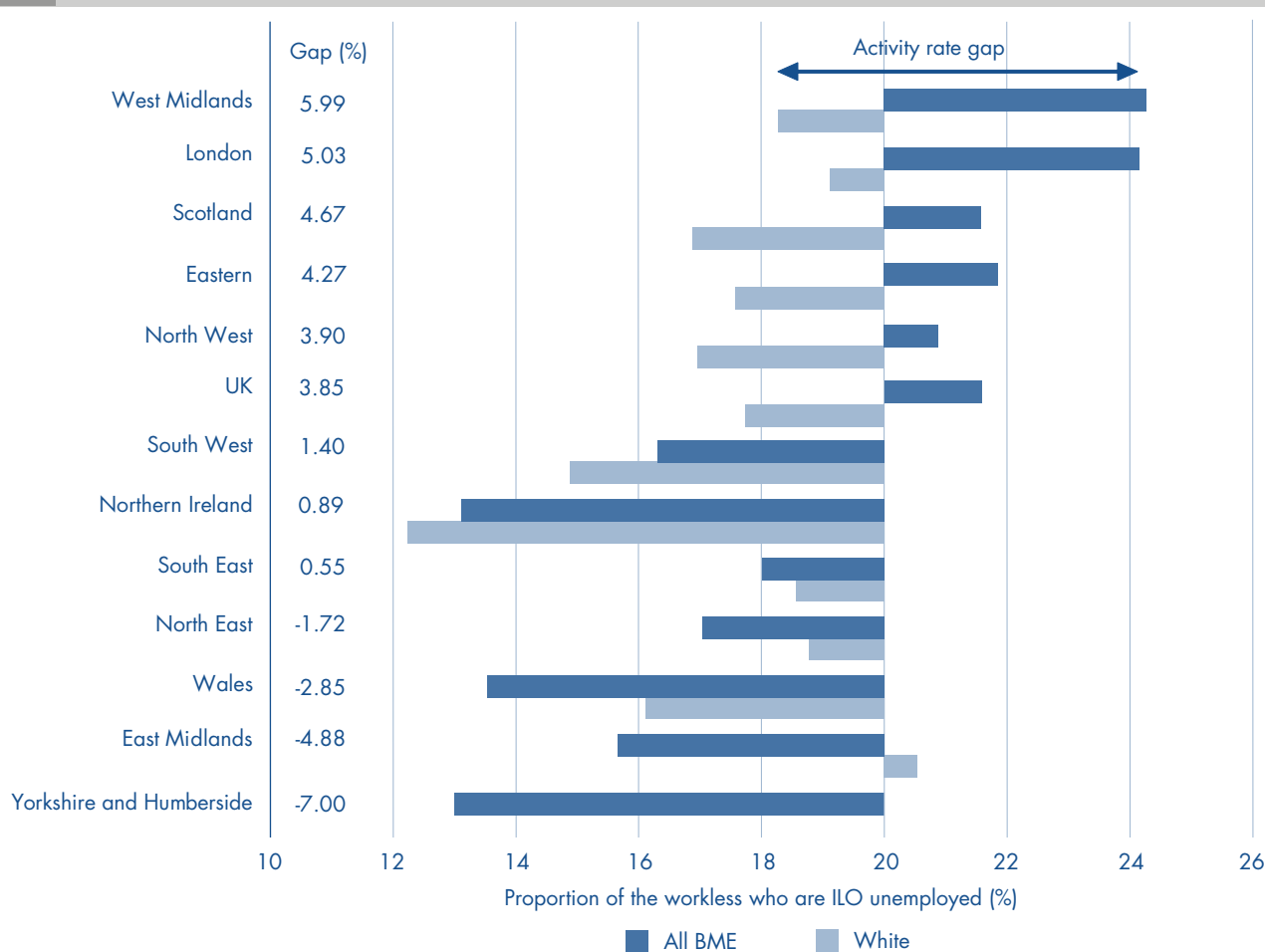
that for white residents. The regions in Figure 48 are presented in the order of the gap between the activity rates of the white and black and minority workless to draw out the differences. A bar for white people in Yorkshire and the Humber does not appear as the activity rate for white workless in that region is 20 per cent, the percentage on which the chart is centred. In this report differences between ethnic groups have not been pursued, although it is likely that there are such differences.

47 Workless by whether unemployed or inactive, and ethnicity



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

48 Proportion of the workless who are economically active (unemployed) by ethnicity: UK regions

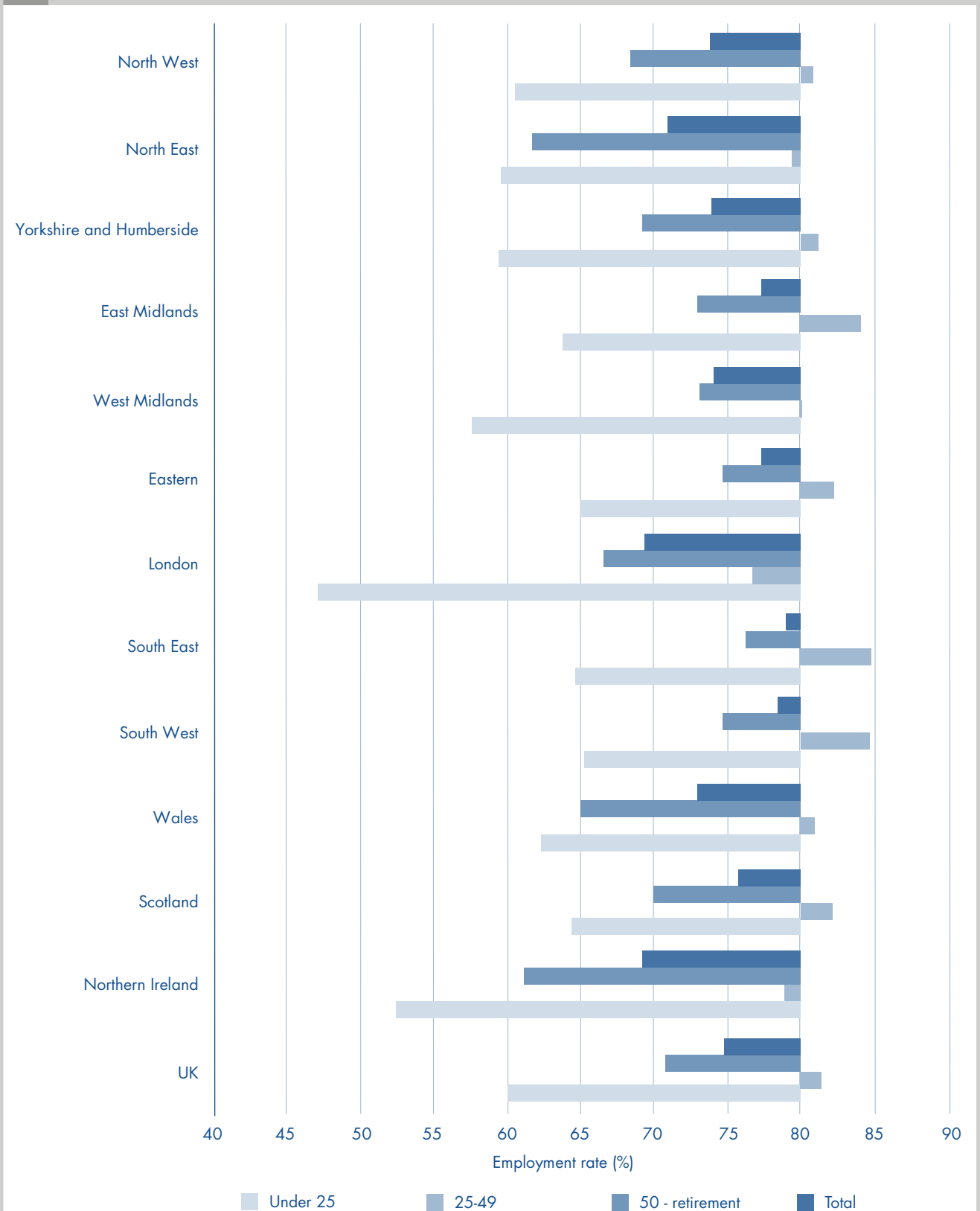


Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

Age, work and worklessness

3.41 **Figure 49** shows employment rates by age for the United Kingdom and its Regions.

49 Region employment rates by age



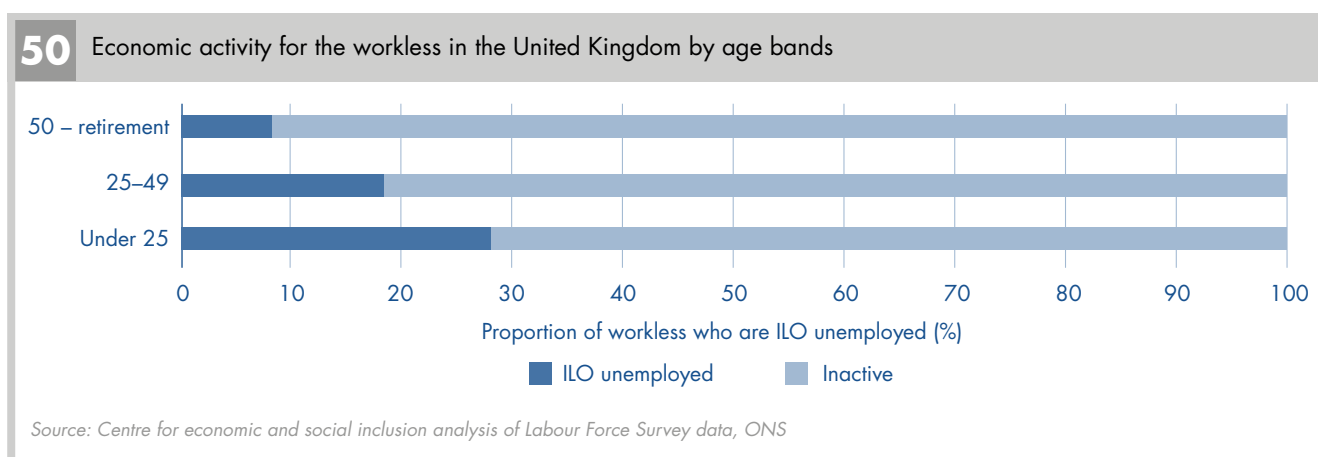
Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

3.42 The employment rate gap between **older people** (of working age) and people aged 25-49 is 11 per cent nationally. As the chart shows, this varies substantially by region. The largest gaps are in older industrial regions such as Northern Ireland and the North East at 18 per cent and Wales at 16 per cent. The smallest gaps are in the high employment areas of the South East and East at 8 per cent, and also the West Midlands, which has the lowest employment rate gap at 7 per cent.

3.43 The employment rate gap between **younger adults** (under 25) and adults aged 25-49 is 21 per cent overall. A number of factors contribute, including the large numbers of young people undertaking full-time education (with or without being employed at the same time), as well as young people who are not in education, employment or training. Seven out of twelve regions have employment

rate gaps within two percentage points of this gap. Wales, Scotland and Eastern have a markedly lower employment rate gap for young people than the average, and London and Northern Ireland have a markedly higher employment rate gap. The highest employment rate gap of all for young people is found in London, at 30 per cent. The variations in these employment rate gaps for young people are likely to be related to educational participation and the extent to which young people combine work and education. For those areas with high concentrations of overseas students, there may be additional legal barriers to students working.

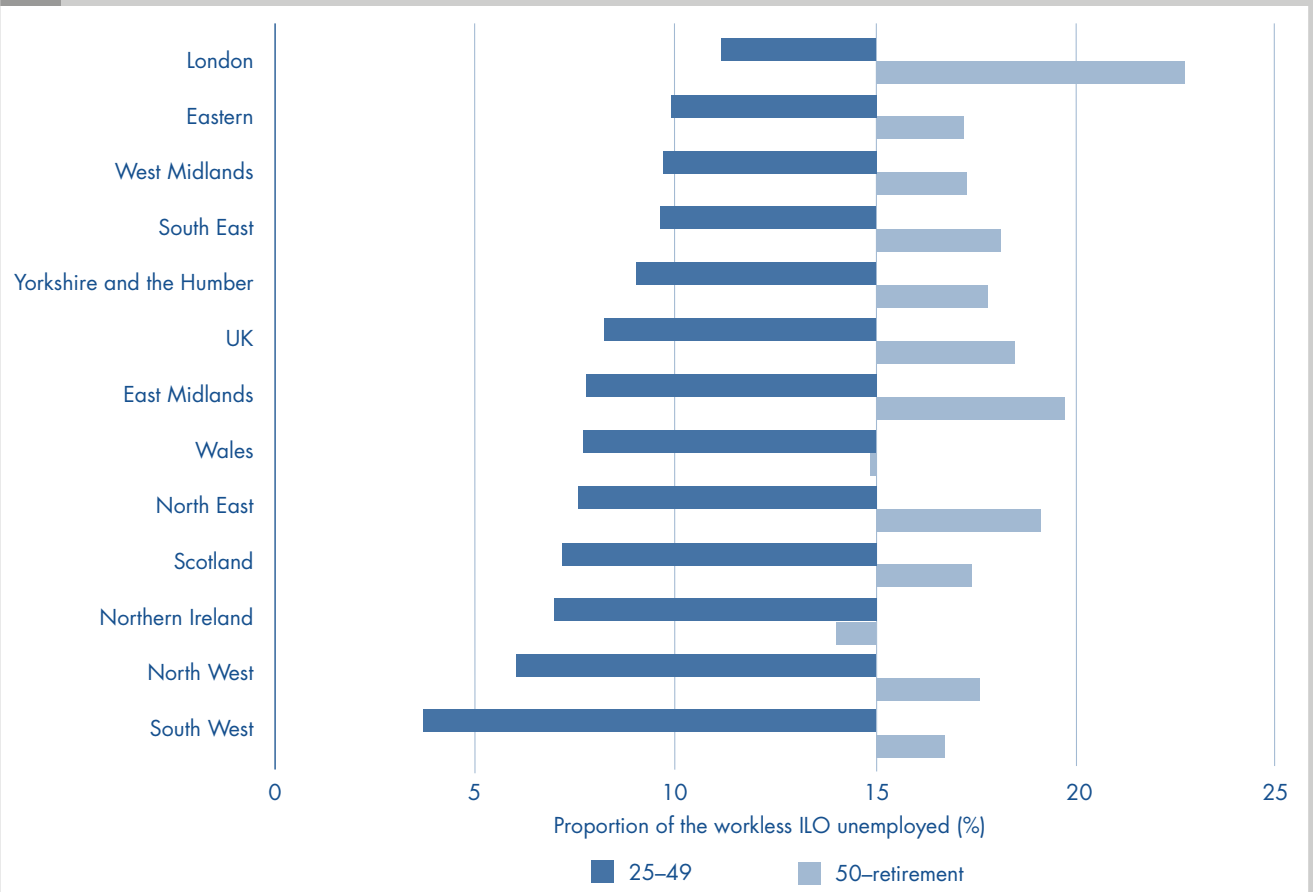
3.44 Figure 50 shows economic activity for the workless by age band. Overall, 18 per cent of workless people aged 25-49 are both looking for work and available to start. This falls to 8 per cent for the over-50s and rises to 28 per cent for the under-25s.



3.45 The patterns of economic activity for workless people vary significantly by region as shown in **Figure 51**. The very large gap between the economic activity of prime-age people and that of older people in the South West may be due to early retirement in a generally high employment region (although Cornwall is different). The highest activity rate for the over-50 workless is in

London, at 11 per cent, followed by the South East and Eastern regions, and also the West Midlands. In London, the economic activity proportion of the workless is the highest of all regions for both people aged 25 to 49 and older people. Conversely, the low economic activity of the workless in Northern Ireland applies to both people aged 25-49 and to older people.

51 Economic activity of the workless: People aged 25 to 49 and over 50s



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

Work and worklessness for lone parents and mothers in couples

3.46 The employment rate for mothers in couples was, in Spring 2006, 72.7 per cent, and for lone parents, 55.2 per cent. The gap between the employment rates of coupled mothers and lone parents nationally is 17 per cent.

52 Data on lone parents – sources and considerations

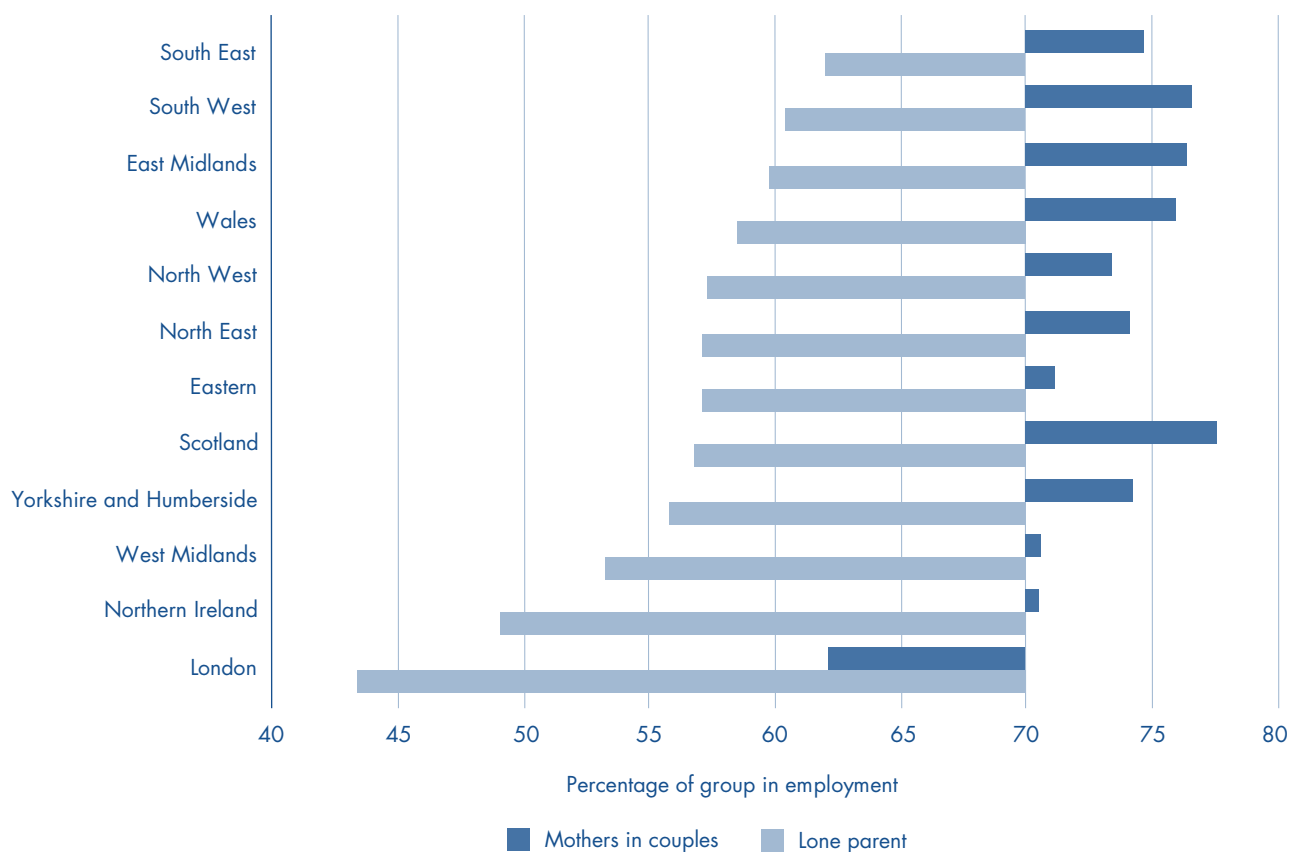
Official national estimates of lone parent employment rates are derived from a special set of Labour Force Survey datasets known as the 'Household' datasets. This data is robust at national and regional levels, however as we discuss at Figure 87 Labour Force Survey data is not available at local area level.

The figures used in our analysis differ slightly from the official ONS figures as these estimates are based on lone parent families or couple families with dependent children rather than households, there being a relatively small number of multi-family households. The benefit figures are based on families, as lone parents can claim Income Support if workless even if they are living with their parents or other relatives.

3.47 Figure 53 shows the data by region. Two regions have gaps in employment rates substantially below the national level: the East, at 14 per cent and the South East at 13 per cent. However, these are not the regions with the highest employment rates for mothers in couples, which are Scotland (77.5 per cent), the South West (76.6 per cent), East Midlands (76.4 per cent), and Wales (76.0 per cent). The largest gaps between the employment rates of mothers in couples and of lone parents are found in Scotland and Northern Ireland (both 21 per cent). London is clearly special, having the lowest employment rates for both mothers in couples and lone parents, by a large margin.

3.48 The great majority of workless mothers are economically inactive – that is they are not both looking for work and available to start. The importance of childcare may mean that those who state they are 'available' to start may be restricted to those who have either already arranged childcare or do not feel that this is a constraint.

53 Mothers: Employment rates by family type and region

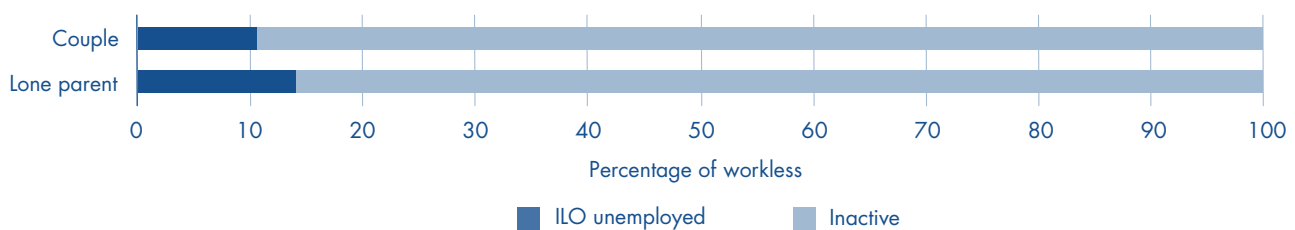


Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

3.49 Figure 54 compares the economic activity level of lone parents with partnered mothers. Lone parents have a higher economic activity proportion than do couple mothers, at 14 per cent compared to 11 per cent. It should be recalled that ILO unemployment status has no connection with benefit status, lone parents on Income Support can be ILO unemployed if they are looking for work and available to start.

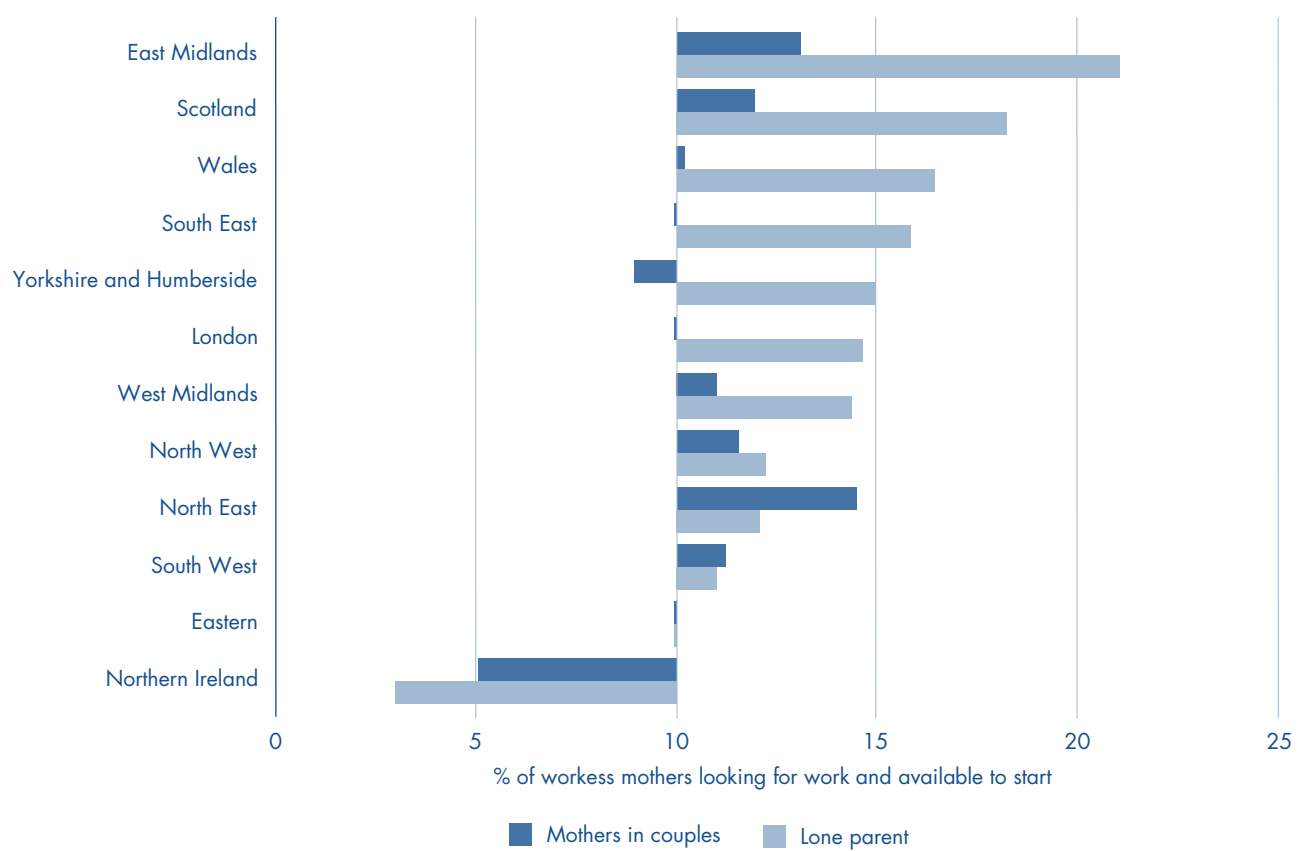
3.50 Figure 55 shows the percentage of workless mothers who were looking for work and available for work by region. In only two regions, Northern Ireland and the North East, were workless couple mothers more likely to be economically active than lone mothers. In two regions, Eastern and the South West, the proportions were almost equal. In Yorkshire and the Humber, the South East, Wales and Scotland the lone parent activity proportion was six percentage points higher than for couple mothers, and in the East Midlands the difference was eight percentage points. The pattern of lone parent and couple mother economic activity appears to be related to the existing employment rate for mothers, although in London there is clearly a different pattern indicative of unmet aspirations to work.

54 Workless mothers by economic activity: United Kingdom



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

55 Workless mothers who were both looking for work and available to start



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

PART FOUR

Recruitment – How people found work and how people are looking for work

4.1 This part of the report looks at people who recently started work and considers:

- the skills, qualifications, and occupations of the people who started work, and the sectors that they started work in; and
- the jobsearch methods they used to find work, and how they found work.

4.2 It also considers jobsearch methods used by people in work and out of work and considers differences in the jobsearch methods used by: people who are in-work, unemployed and economically inactive; people from different ethnic backgrounds; people with and without disability; people of different age groups; and lone parents.

56 Data on recruitment – sources and considerations

The **Labour Force Survey** (LFS) enables an analysis of recruitment because it enables isolation of those who started their job within the last three months. These new recruits can then be analysed by their characteristics and by the characteristics of their work. In the quarter to September 2006, the Labour Force Survey records 1.3 million recruits in this way.

Some of the smaller regions, such as Northern Ireland, Wales and the North East, have relatively small numbers of recruits so the analysis of their results should be taken with a degree of caution.

The analyses in this section of the report have been undertaken for *residents*. For London in particular, this may mean that proportions of recruits with high qualifications or recruited to high-status occupations may be lower than if the analysis was done for the region of work.

Who started work – skills, qualifications, occupations and sectors

Skills and qualifications of recruits

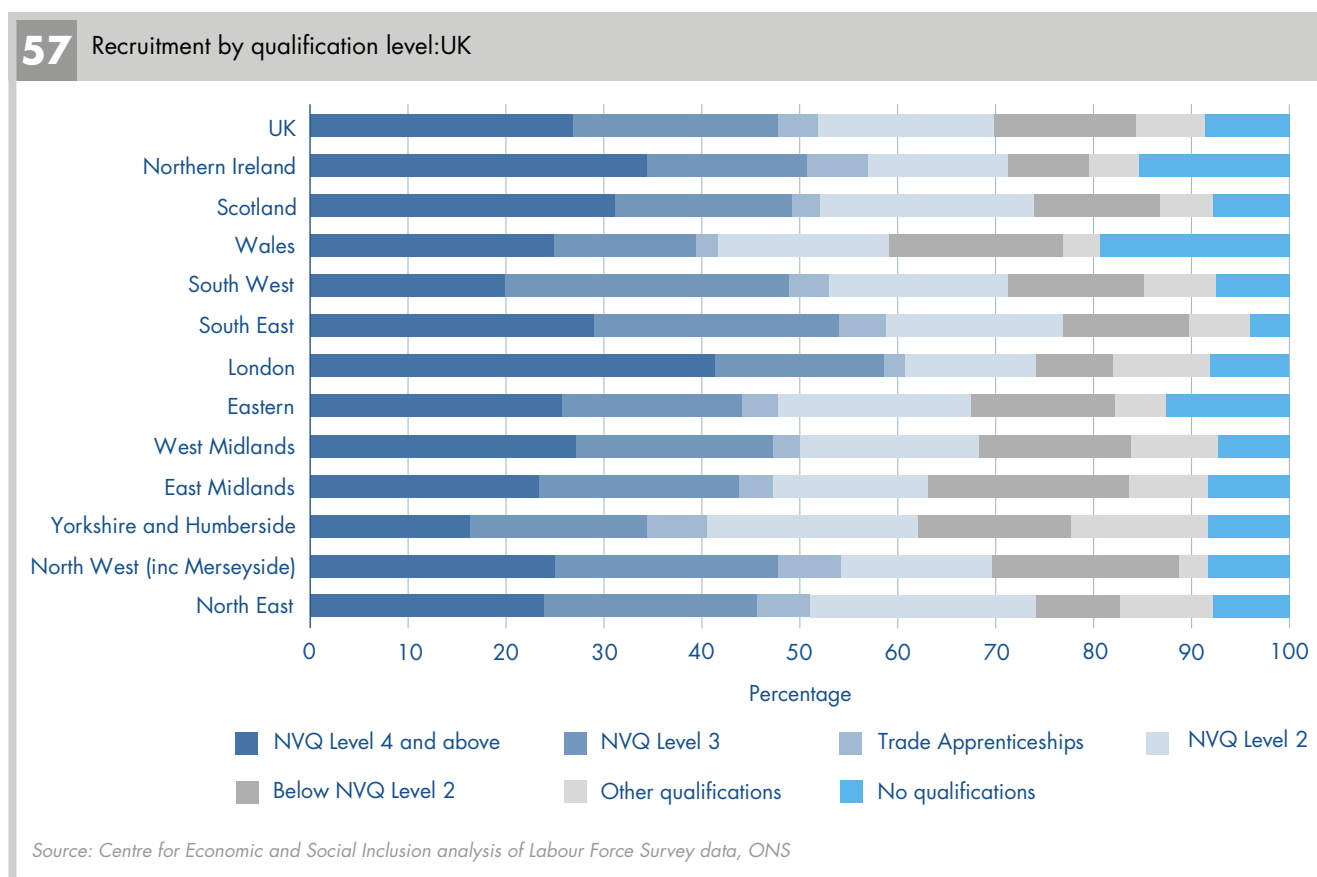
4.3 Figure 57 shows recruitment by qualification level in the UK and in Regions.

4.4 The proportion of **recruits with no qualifications** or low qualifications is relatively small, at 9 per cent. Only three regions have proportions of recruits with no qualifications above 10 per cent: Northern Ireland, Wales and Eastern. Taking those with no qualifications together with those with qualifications below Level 2, nationally, 23 per cent of recruits were qualified at this level. The proportions varied between 37 per cent of recruits in Wales down to 16 per cent in London and the North East and 17 per cent in the South East. In terms of absolute numbers, there were over 111,000 recruits with no qualifications and a further 188,000 with qualifications below Level 2.

4.5 Recruits with **Other qualifications**, meaning those that the ONS survey team were unable to classify into the NVQ equivalences, formed 7 per cent of recruits nationally, rising to 14 per cent in Yorkshire and the Humber and 10 per cent in London. This group comprises those with overseas qualifications that are unclassifiable to the United Kingdom system and a group with occupational qualifications such as LGV or PSV driving licences. There were 93,000 recruits with other qualifications nationally.

4.6 Nationally, 48 per cent of recruits were qualified at Level 3 and above, with 27 per cent qualified to Level 4 and above.

4.7 Regionally, 58 per cent of recruits in London were qualified to Level 3 and above, and 41 per cent to Level 4 and above. In the South East, 54 per cent of recruits were qualified to Level 3 and above and 29 per cent to Level 4 and above.



Occupations of recruits

4.8 Figure 58 shows recruitment by occupation in the United Kingdom and in regions. The largest occupational categories of recruits were in Elementary occupations at 23 per cent of all recruits, followed by Sales and customer service occupations at 14 per cent and Administrative and secretarial occupations at 13 per cent. In absolute numbers, there were 300,000 recruits into Elementary occupations, 181,000 into Sales and customer service jobs, and 171,000 into Administrative and secretarial occupations.

4.9 Comparing these figures with those for qualifications, it is notable that while elementary jobs within the Standard Occupational Classification definitions normally do not require qualifications, only 111,000 out of 300,000 recruits to elementary occupations had no qualifications.

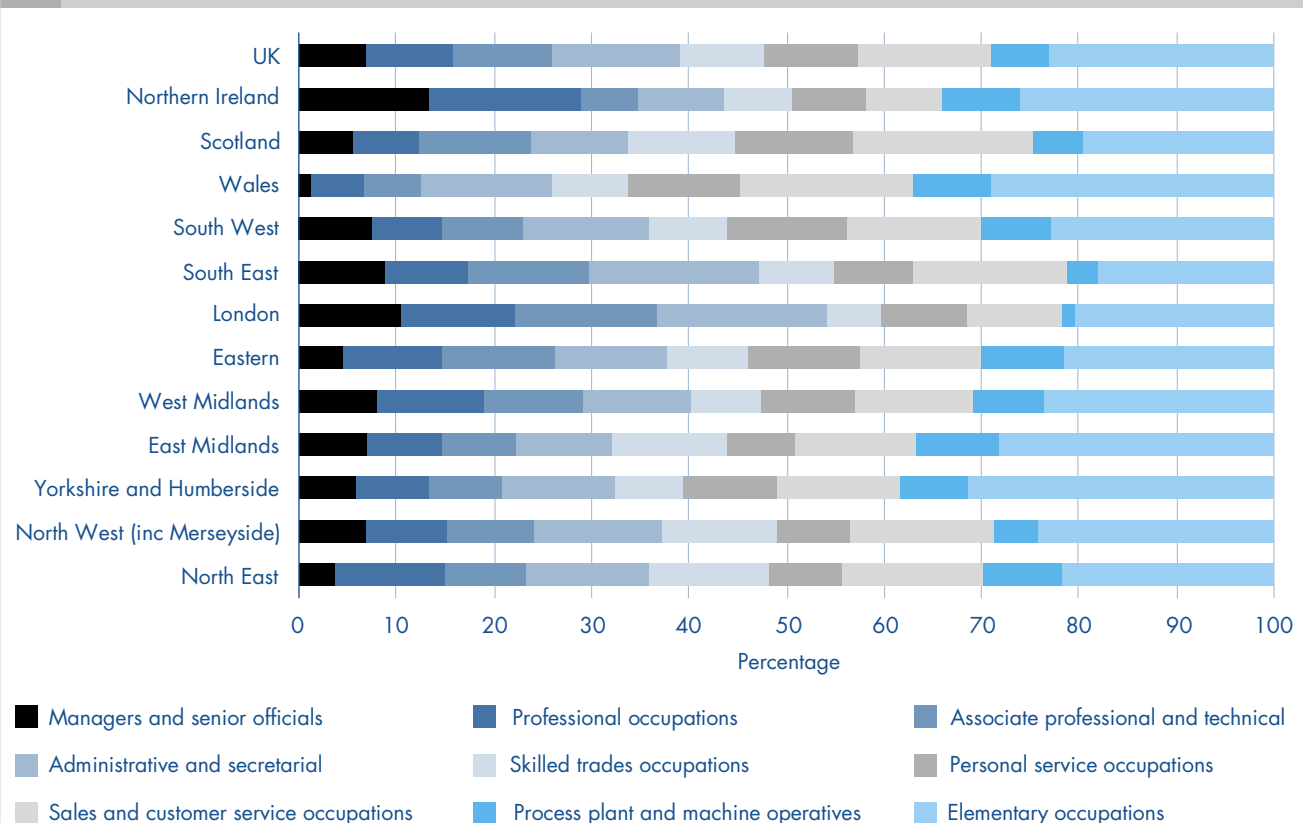
4.10 The regions with the lowest proportions of recruits into elementary jobs were the South East (18 per cent), Scotland (19 per cent) and London (20 per cent). The regions with the highest proportions of recruits into elementary jobs were Yorkshire and the Humber (31 per cent), Wales (29 per cent) and the East Midlands (28 per cent).

4.11 At the higher end of the occupational distribution, 26 per cent of recruits nationally were in the combined categories of Managers and senior officials, Professional occupations and Associate professional and technical occupations. This varied between 37 per cent in London down to 21 per cent in Yorkshire and the Humber. The very high estimate for Northern Ireland (35 per cent) and the very low estimate for Wales (13 per cent) are both based on less than 10,000 recruits and should thus be regarded with a high degree of caution.

4.12 Comparing recruitment by occupation with the numbers employed, it is evident that Elementary occupations and Sales and customer service jobs have a high turnover. Nationally, 9.6 per cent of all those employed in Elementary occupations had started within the previous three months. The proportion for Sales and customer service jobs was 8.5 per cent. The proportion of Elementary jobs represented by recruits varied regionally from 12 per cent in Wales down to 8.4 per cent in Scotland.

4.13 The recruitment figures demonstrate that there are large numbers of high-turnover elementary jobs being taken up in all regions. However, the qualifications estimates show that many of these are being taken by people with some qualifications.

58 Recruitment by occupation: Regions



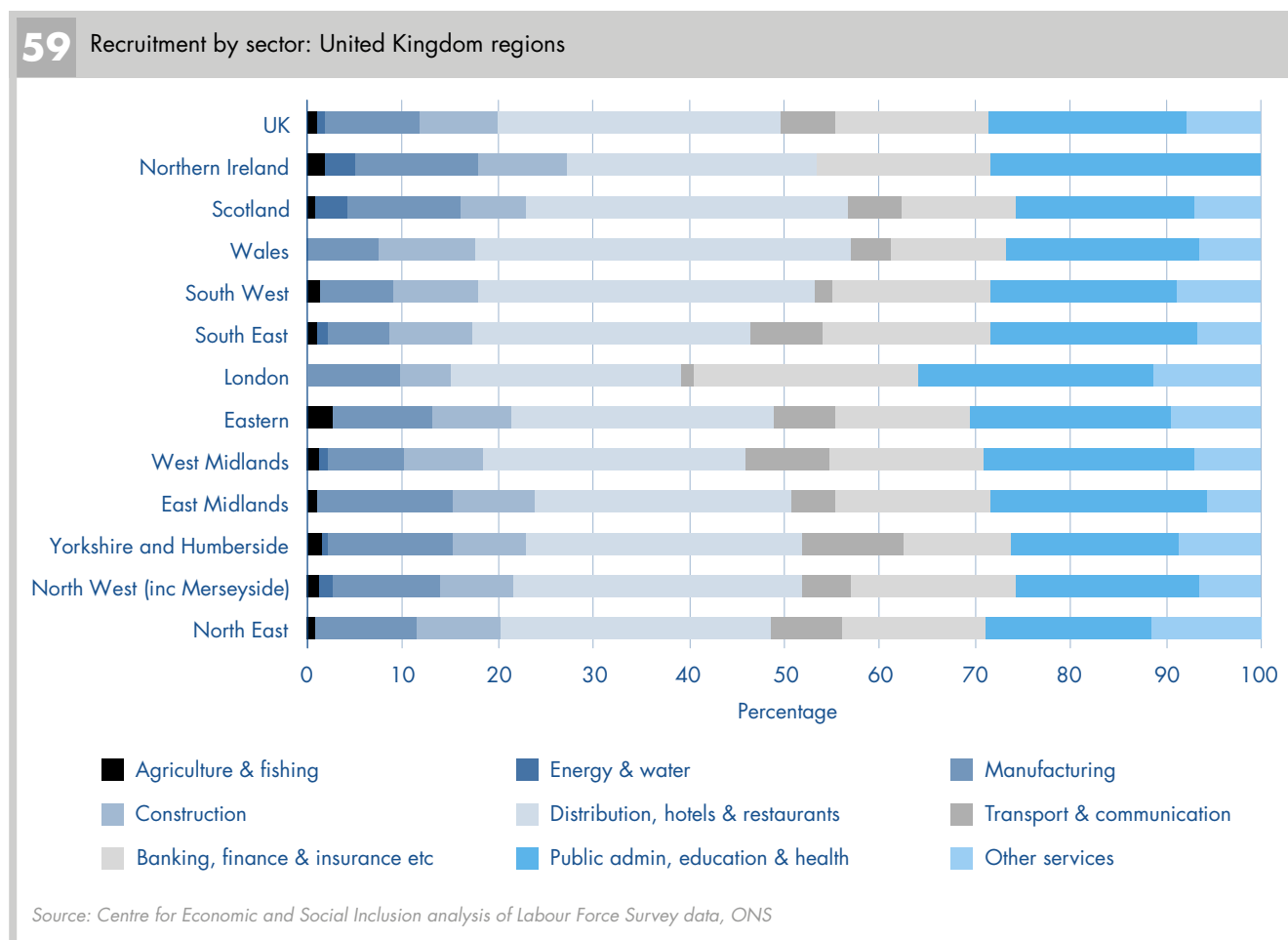
Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

Recruitment by sector

4.14 Figure 59 shows recruitment by sector. The largest sector for recruits, nationally, is Distribution, hotels and restaurants, with 30 per cent of all recruits. This is followed by Public administration, education and health with 21 per cent of recruits, and Banking, finance and business services with 16 per cent of recruits. Manufacturing has 10 per cent and Construction 8 per cent of recruits.

4.15 The proportion of recruits in Distribution, hotels and restaurants varies from 39 per cent in Wales, 35 per cent in the South West and 34 per cent in Scotland down to 24 per cent in London. A slightly higher proportion in Northern Ireland is based on very small numbers of respondents so should be treated with caution.

4.16 The proportion of recruits in Public administration, education and health varies from 24 per cent in London down to 11 per cent in Yorkshire and the Humber, 12 per cent in Wales and Scotland and 15 per cent in the North East. It should be noted that the sector definition includes private sector providers in education and health.



How people found work: Successful jobsearch method by skill level, occupation, qualification and industrial sector

Recruitment by skill level and jobsearch method

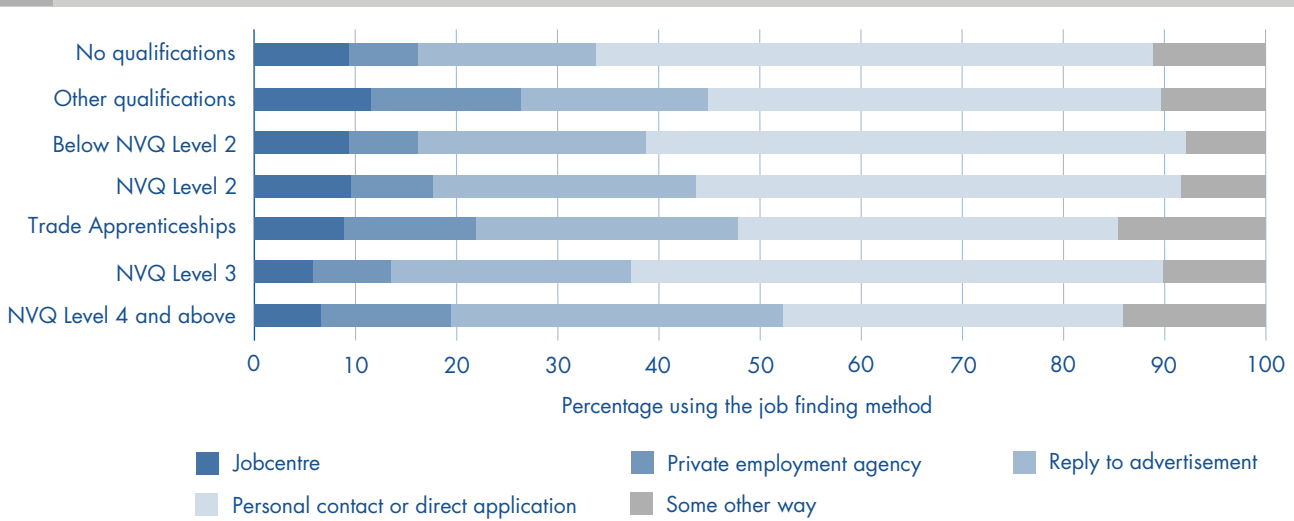
4.17 At national level, it is feasible to break down recruits by various characteristics and by the method they used to get their job. **Figure 60** shows recruitment by skill level and the jobsearch method people used to find the job. Around 8 per cent of recruits said they got their job through the Jobcentre, 10 per cent used private employment agencies, 26 per cent had replied to an advertisement, 46 per cent had got the job by hearing from someone who worked there or by direct application, and the remaining 11 per cent used some other way. Applying by Internet will in future be distinguished from 'some other way' but this has not yet taken effect.

4.18 These patterns vary by highest qualification held. For those without qualifications who started work, 55 per cent said personal contact or direct application was the method, and only 9 per cent mentioned the Jobcentre and 7 per cent private employment agencies. Replying to advertisements (18 per cent) was the second most successful jobsearch method.

4.19 Private employment agencies were most used successfully by those with Other qualifications, by those with Trade apprenticeships outside the NVQ system and by the highest qualified.

4.20 Personal contact or direct application was the leading method of successful jobsearch at all qualification levels, accounting for a majority of recruits who had NVQ Level 3, qualifications below Level 2 and those with no qualifications. The group for whom this method was least successful was the highest qualified, where 34 per cent got their job by personal contact or direct application, compared with 33 per cent replying to advertisements.

60 Recruitment by skill level and jobsearch method

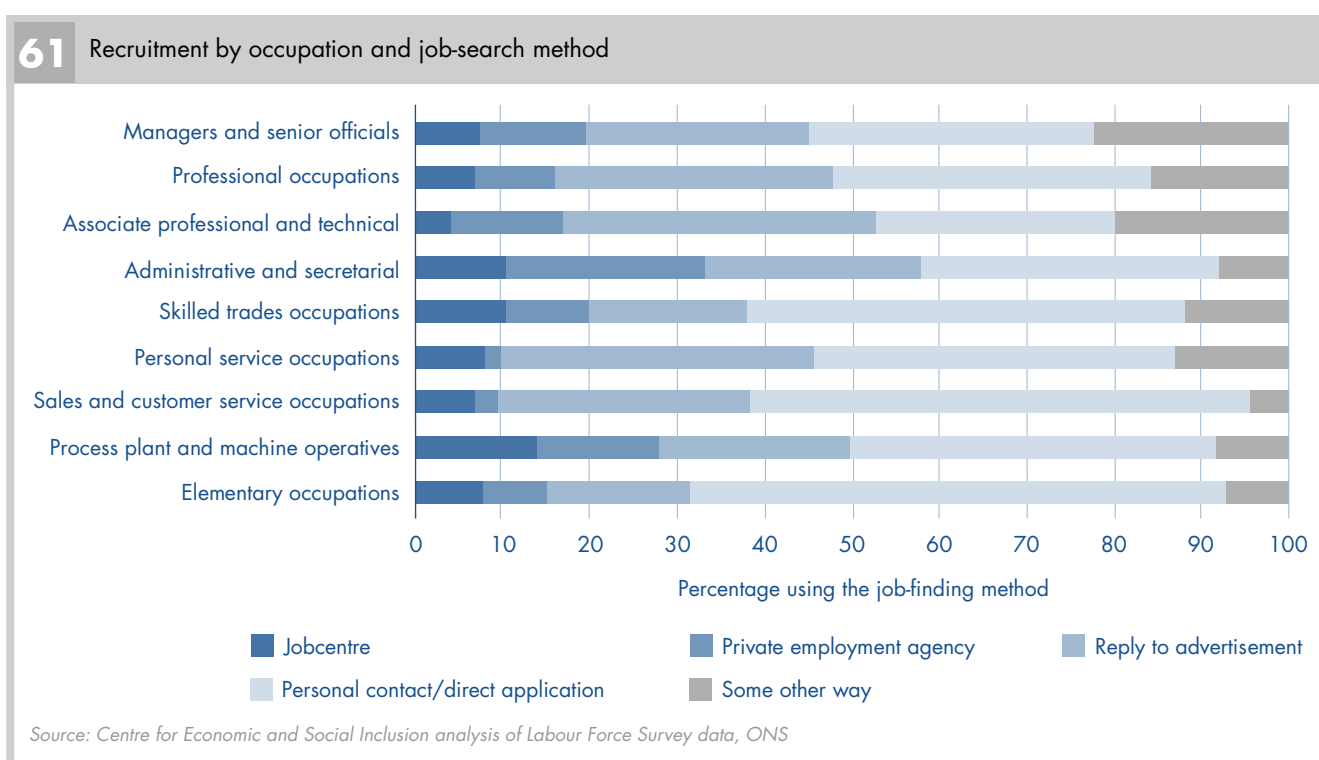


Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

Recruitment by occupation and successful jobsearch method

4.21 **Figure 61** shows recruitment by occupation and successful jobsearch method.

- For Elementary occupations, which comprised 23 per cent of all recruits, 61 per cent got their job **by personal contact or direct application**. This was the highest proportion of any occupational group, though followed closely by Sales and customer services with 57 per cent securing their job by these means. The proportion getting their job by these informal means was much lower for occupations higher up the occupational spectrum. 34 per cent of administrative and secretarial recruits, 27 per cent of associate professional recruits, 37 per cent of professional recruits, and 33 per cent of managerial recruits, attributed their job start to personal contact or direct application.
- The occupational groups where most credit was given to the **Jobcentre** were Process, plant and machine operatives at 14 per cent, Skilled trades and Administrative & secretarial (both at 11 per cent).
- **Private employment agencies** were responsible for 23 per cent of job starts in Administrative and secretarial jobs, 13 per cent for Associate professional jobs, 12 per cent for Managerial jobs, and 14 per cent for Process, plant and machine operatives.
- **Replying to advertisements** made up 36 per cent of job starts in Personal service and Associate professional occupations, 29 per cent for Sales and customer service jobs. Recruitment via advertisement accounted for 16 per cent of job starts in Elementary occupations and 18 per cent in Skilled trades.



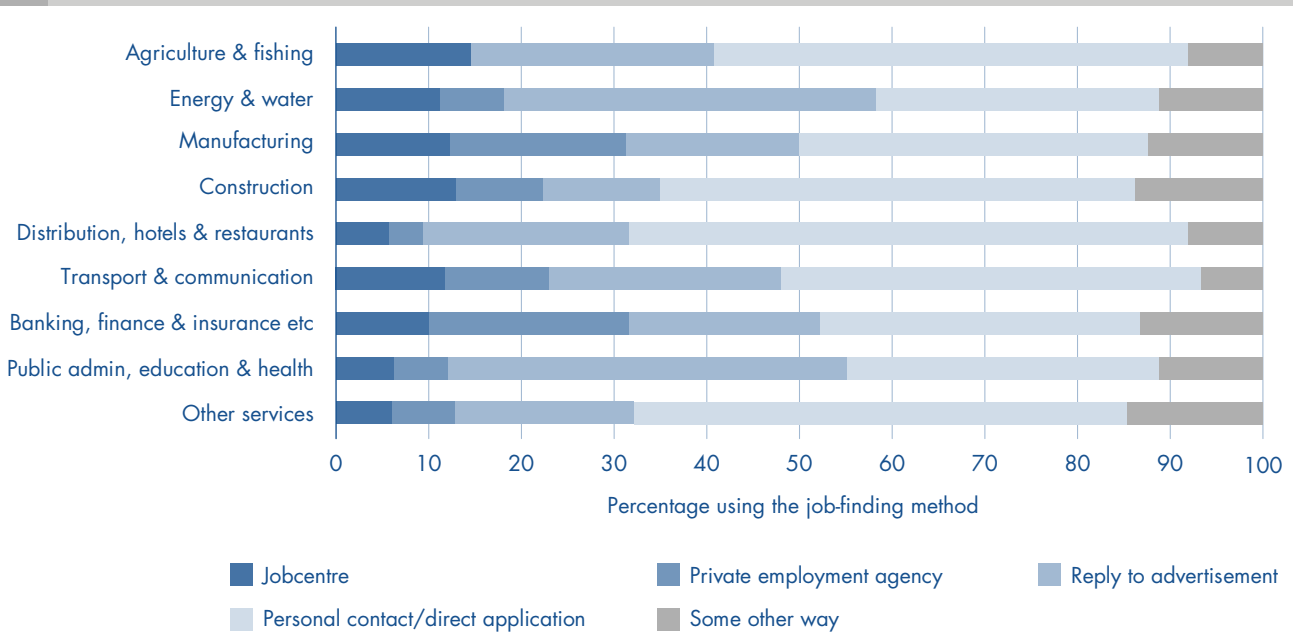
Recruitment by industrial sector and successful jobsearch method

4.22 Recruitment methods also vary by sector. **Figure 62** shows that Construction is most likely to recruit via the Jobcentre, with 13 per cent of all recruits from this source. This is followed by Manufacturing with 12 per cent, Transport and communication, also 12 per cent, and Banking, finance and business services with 10 per cent.

4.23 Figure 62 also shows that personal contact or direct application was very effective in all sectors, though less so in Public administration, education and health and in Banking, finance and business services with 34 per cent of recruits via this route. The sector with the largest proportion of recruits by these means was Distribution, hotels & restaurants, with 60 per cent of recruits.

4.24 Private recruitment agency job-filling success was concentrated in Banking, finance and business services, with 22 per cent of recruitment in that sector, and in manufacturing, with 19 per cent.

62 Recruitment by sector and how got job



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

How people look for work

4.25 The previous section of the report considered how people in work found that job, that is, successful jobsearch methods. This section considers jobsearch methods more widely, looking at how all of the population (both in work and out of work) look for work.

Jobsearch methods used by working and workless people

4.26 Figure 64 shows that the jobsearch methods used by those looking for work or for a new job differ substantially by current employment status. They also differ substantially from the successful methods discussed above. Those out of work are much more likely than those in work to mention using a Jobcentre, including Careers Office and Jobclub, (28 per cent) than those in work, only 7 per cent of whom used Jobcentres as their main jobsearch method.

63 Data on jobsearch methods – Sources and considerations

The **Annual Population Survey (APS)** contains information on jobsearch methods of those looking for work.

The group looking for work can be either in work, looking for a new job, or unemployed or inactive looking for work. The unemployed are included by definition, as to meet the International Labour Organisation definition of unemployment they must have done something to look for work and also be available to start work within two weeks. A number of people classed as economically inactive are looking for work but not available to start.

The method of jobsearch available from the NOMIS dataset is that described as the 'main' method of jobsearch. The raw dataset contains information on how many methods are used but this is not included in the publicly available data. In this presentation, the numbers looking for work are described as percentages of the relevant population.

The jobsearch method discussed here is what Labour Force Survey (LFS) respondents call their 'main' jobsearch method. This is also available from the APS at local authority level.

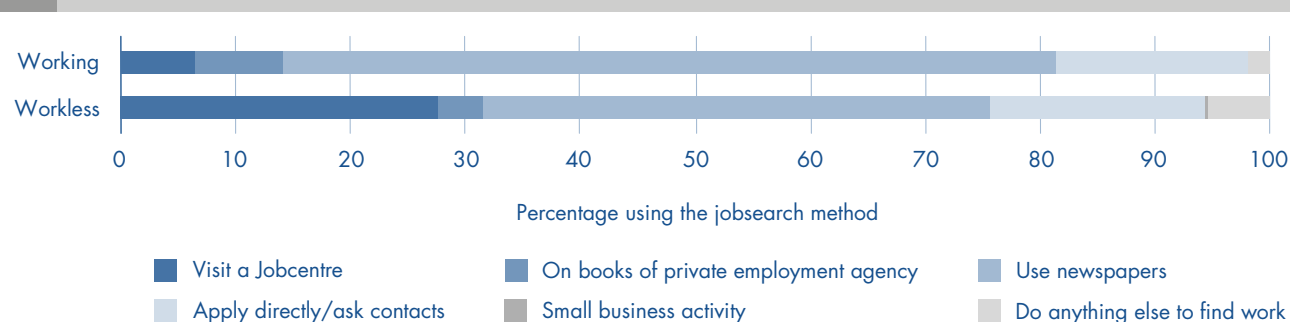
4.27 Very high proportions of those looking for work report using newspapers as their main jobsearch method, and this particularly applies to those in work already, of whom 67 per cent use this method. For workless people, 44 per cent say this is their main jobsearch method. However, the recruitment figures in the previous section show that only 26 per cent of new job starters report responding to advertisements as their successful method.

4.28 It is noteworthy that the proportion of both workless and working jobseekers who report using informal methods of jobsearch, such as asking friends and family or direct application to employers, is far less than the proportion of recruits who said this was their successful method. While 46 per cent of recruits got their job by personal contacts and/or direct application, only 18 per cent of those looking for a job or a new job said this was their main jobsearch method.

4.29 Figure 65 overleaf shows that the jobsearch methods of people who are in work and looking for a new job vary to a certain extent regionally. Newspapers are the overwhelming choice for jobsearch by those in work in all regions, but the proportions using Jobcentres and using private employment agencies vary substantially. In Wales and the North generally, Jobcentres are seen as a main jobsearch method by substantially more people in work than in other regions. London has a particularly low share of Jobcentre use, counterbalanced by a share by private employment agencies that is very much larger than the average. This is paralleled in the South East, Eastern and South West.

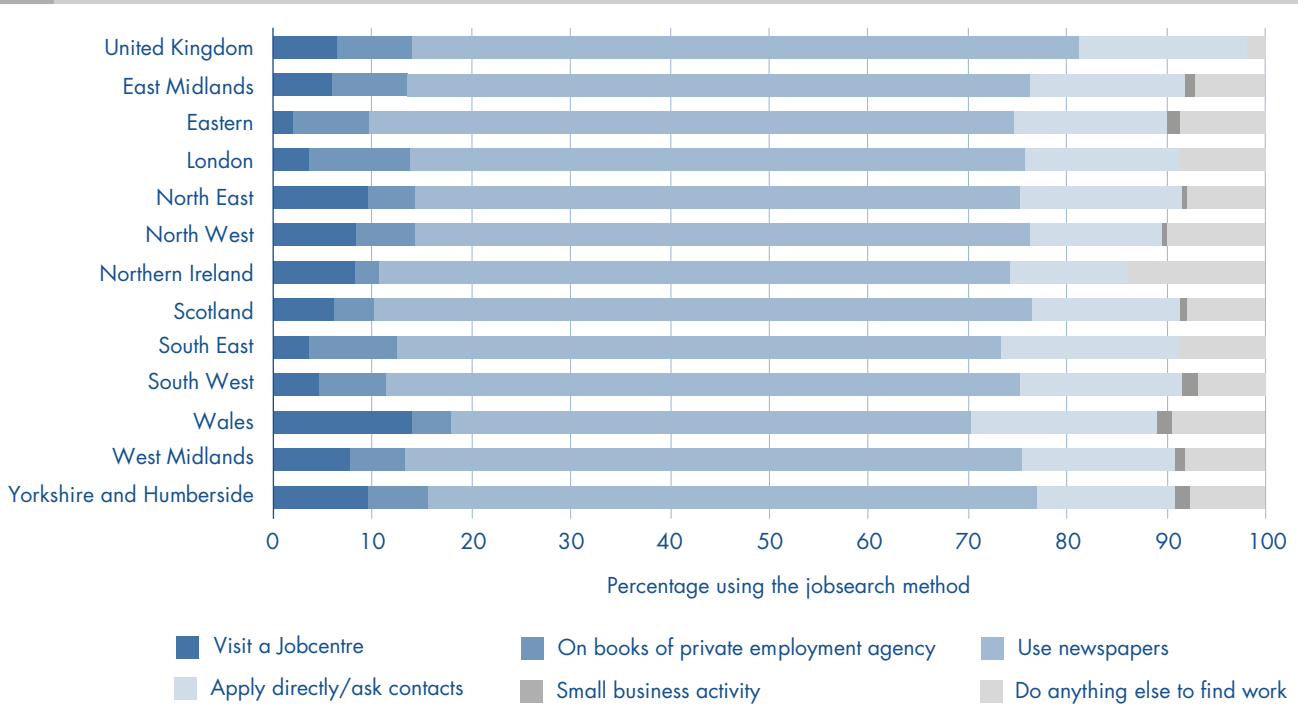
4.30 Figure 66 overleaf shows the jobsearch methods of people who are not in work. The pattern of jobsearch for this group shows that in every region, Jobcentre usage is far greater than for those in work, and that private employment agencies are less used by the workless than they are by those in work. The regional pattern of greater Jobcentre usage in Wales and the North, and lowest Jobcentre usage in London, Eastern, the South East and South West, applies to the workless as well as to those in work, but at much higher levels.

64 Jobsearch method of working and workless people: United Kingdom



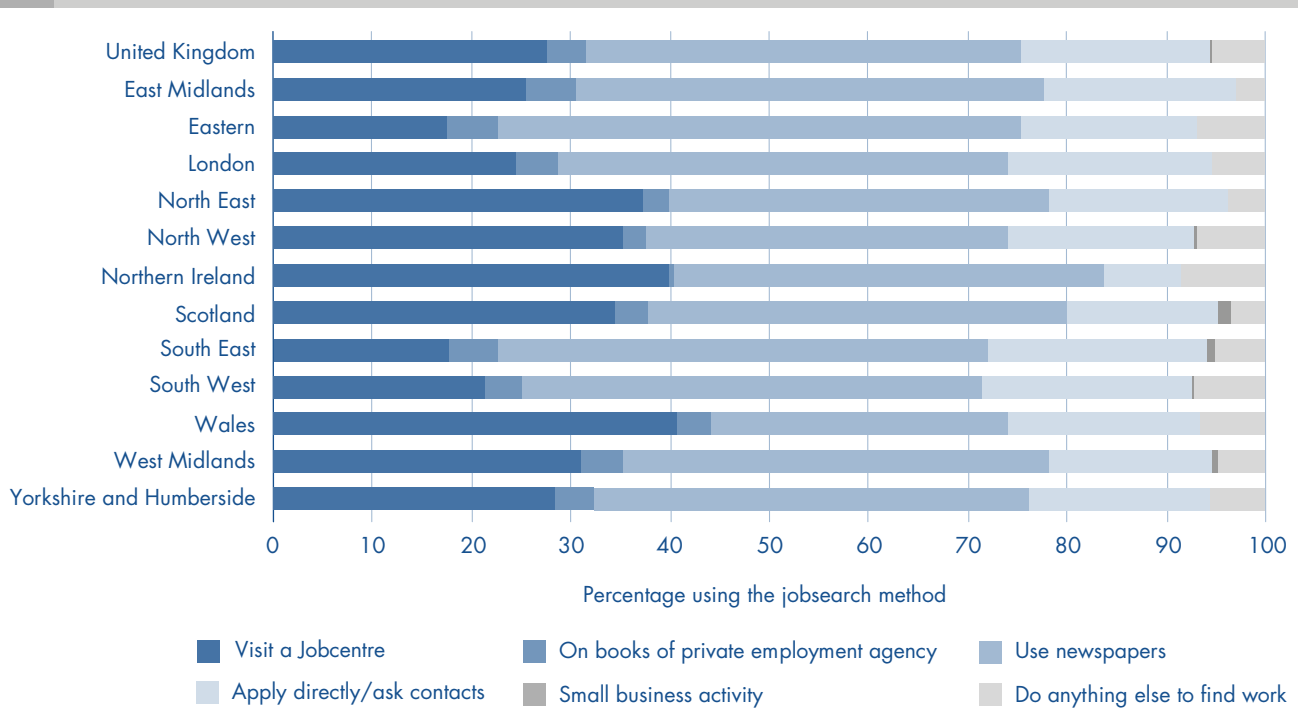
Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

65 Jobsearch method of working people: Regions



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

66 Jobsearch method of workless people: Regions



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

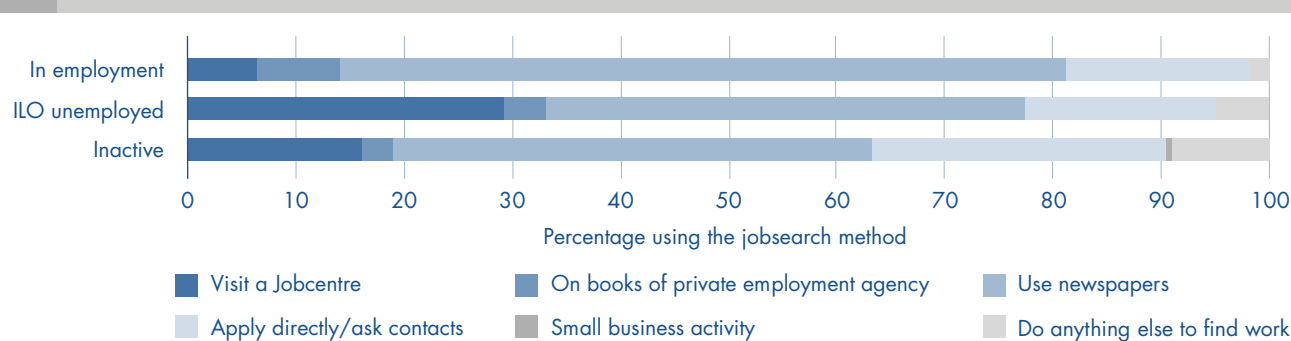
4.31 If the workless are further separated out into the ILO unemployed and the inactive, it appears that the pattern of jobsearch for the economically inactive who are looking for work differs from that of the unemployed. **Figure 67** shows that the economically inactive are less likely than the unemployed to use the Jobcentre as their main method of jobsearch, but more likely to do so than those who are in work and looking for a new job. However, the economically inactive are more likely than either of the other groups to use personal contacts or direct application to an employer.

4.32 In interpreting the estimates for the economically inactive, it should be recalled that this is a diverse group and not necessarily all benefit claimants. For example, people returning from career breaks are not necessarily

benefit claimants or partners of benefit claimants. Similarly, the figures will include students who are economically inactive. Equally, the ILO unemployed are not necessarily benefit claimants, for the same reasons, but are all who are actively looking for work and available to start.

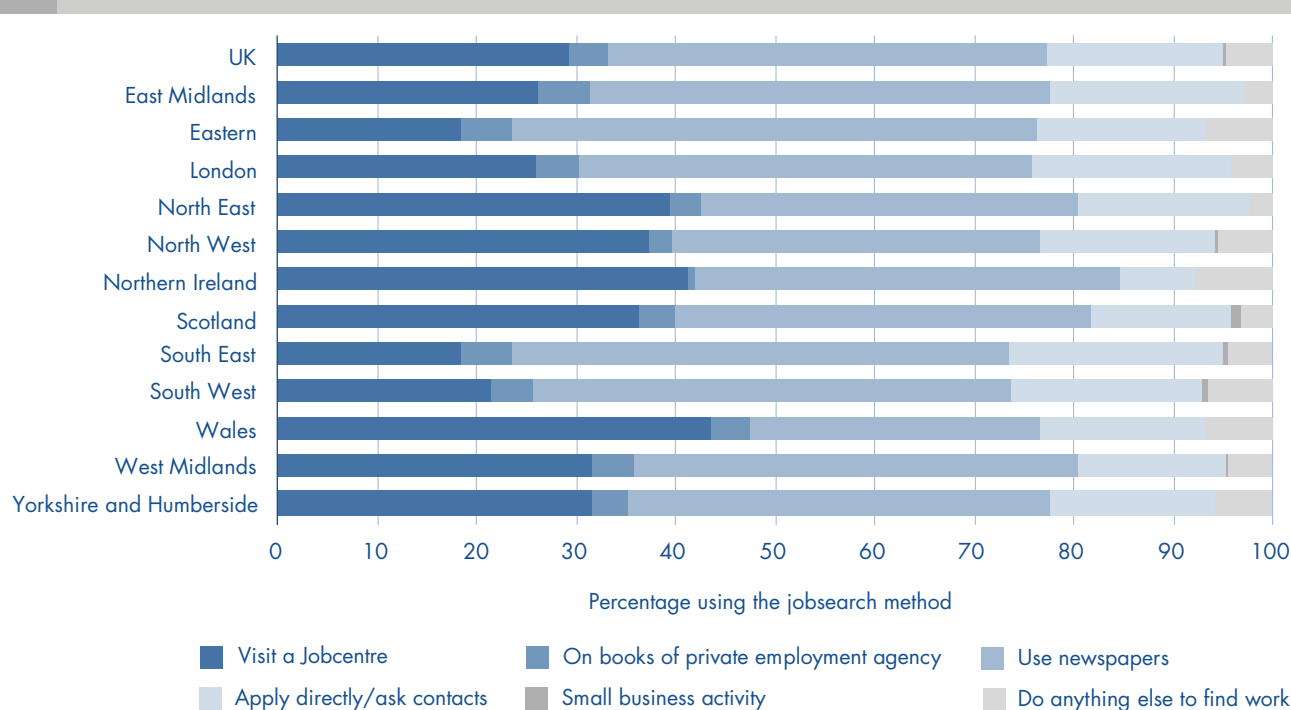
4.33 Looking regionally at the jobsearch patterns of the ILO unemployed (**Figure 68**), it is apparent that the Jobcentre as a main method of jobsearch is most popular within the northern regions and Wales, and least popular in the South and East, and also London. In Wales and Northern Ireland, the Jobcentre is used as the main method of jobsearch by over 40 per cent of the ILO unemployed, which falls to 18 per cent in Eastern and 19 per cent in the South East. The national average is 29 per cent.

67 Jobsearch Methods of Employed, ILO Unemployed and Inactive: United Kingdom



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

68 Jobsearch Methods of ILO Unemployed: Regions



Source: Centre for economic and social inclusion analysis of Labour Force Survey data, ONS

4.34 For the unemployed, patterns of newspaper use as a jobsearch method have a converse pattern to those of Jobcentre use. In the South East and East, 50 per cent or more of the ILO unemployed are using newspapers as their main jobsearch method. This falls to 29 per cent in Wales. In the North West and North East, the proportion using newspapers for this purpose is just under 40 per cent.

4.35 While the number of the 234,000 economically inactive people looking for work allows national-level analysis of jobsearch methods, this is not feasible at regional level.

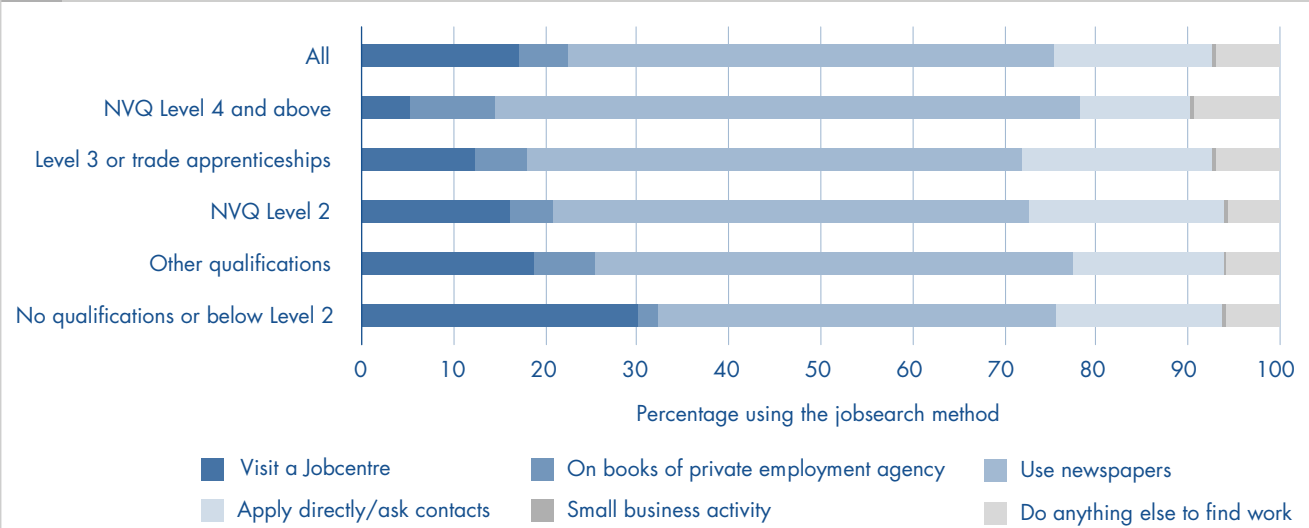
Jobsearch methods by qualification level

4.36 Jobsearch methods vary by qualification level (Figure 69). These analyses include all those looking for work, and not just the workless. The proportion using a Jobcentre as the main method of jobsearch varies between 30 per cent for those with the lowest qualifications (no qualifications or below Level 2) and 5 per cent for those with the highest qualifications (Level 4 and above). The use of newspapers as the main jobsearch method is at its lowest for the lowest qualified, at 44 per cent, rising to

64 per cent for the most qualified. Use of personal contacts and direct application (nationally 17 per cent) is at its highest (21 per cent) in the middle range of qualifications, by those with NVQ Level 2 or equivalent, NVQ Level 3 or trade apprenticeships. There is a relatively low level of use of this method (12 per cent) by the highest qualified. Private sector employment agencies are most used by those with other qualifications and by the highest qualified.

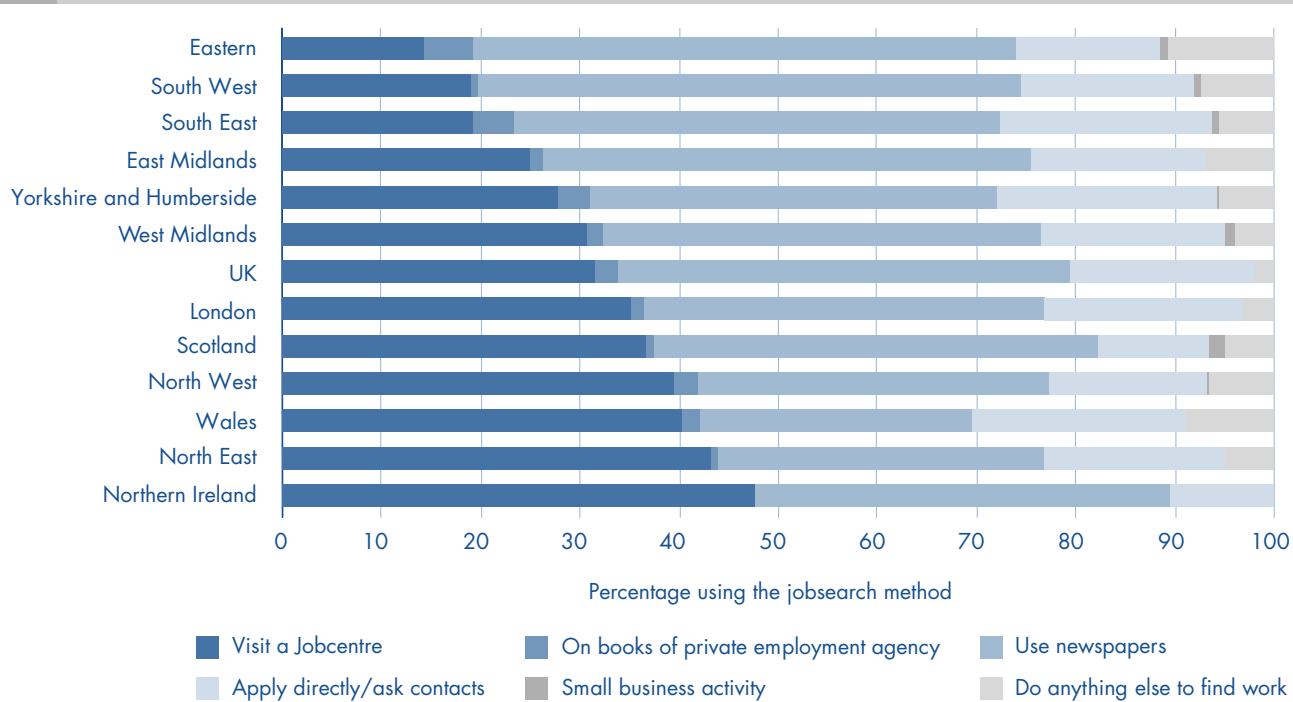
4.37 Figure 70 considers regional differences. For simplicity, this analysis looks only at the jobsearch patterns of the lowest qualified. Figure 70 shows that Jobcentre use by the lowest qualified is at its highest in regions with the lowest (and traditionally low) employment rates, in the North and West, Wales and Scotland and in London. Jobcentre use by the lowest qualified is at its lowest in the high employment regions of the South East (19 per cent), Eastern (14 per cent) and South West (19 per cent). The response from Northern Ireland fits the pattern for low employment areas, but may be exaggerated because of a nil response for three of the smaller categories (employment agencies, doing anything else and small business activity).

69 Jobsearch Methods by Qualification: United Kingdom



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

70 Jobsearch Methods of those with no qualifications or below Level 2: United Kingdom regions



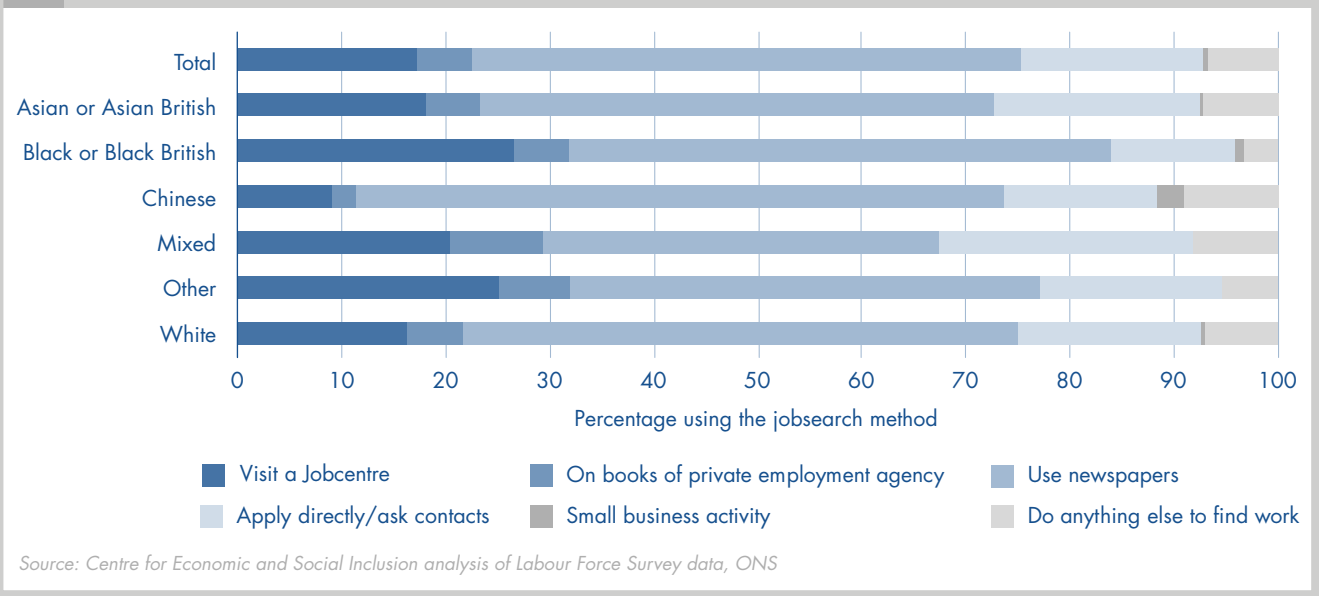
Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

Jobsearch methods by ethnicity

4.38 Figure 71 shows that Black or Black British people looking for work or a new job were much more likely to use a Jobcentre as the main method of jobsearch (27 per cent) than were White people (16 per cent) or Asian people (18 per cent). The much smaller estimates for Chinese people are based on particularly small numbers and therefore should be treated with caution. Among these major groups the proportions using newspapers as their main method of jobsearch was similar.

4.39 In view of the relatively small sample numbers for ethnic minority people looking for work in each region, estimates are not presented here for each minority ethnic group by region. Because of the national level differences between the jobsearch patterns for the ethnic groups, it is unlikely that regional estimates for a collective black and minority ethnic analysis would show useful results, and therefore this has not been included.

71 Jobsearch methods by Ethnicity: United Kingdom



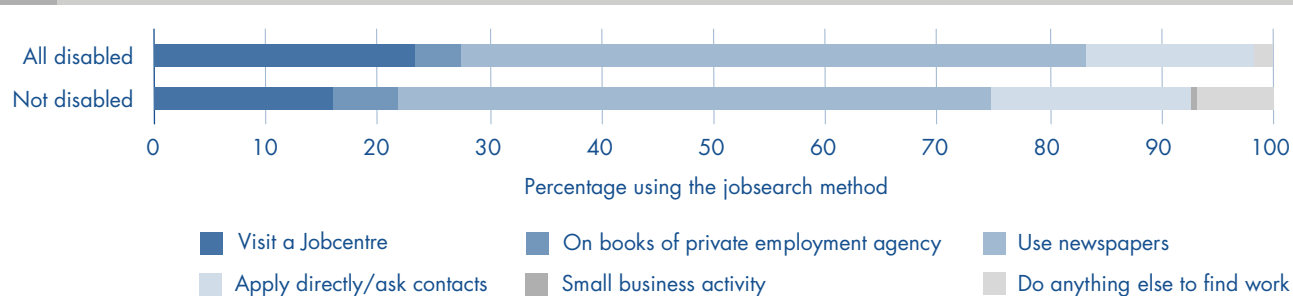
Jobsearch methods by disability

4.40 The Labour Force Survey (LFS) recorded 620,000 disabled people looking for work (or another job) in Summer 2006. The following analysis compares the patterns of jobsearch by people with a disability to those of non-disabled people looking for work or a new job.

Figure 72 shows that disabled people were more likely to use the Jobcentre for jobsearch (23 per cent) than were non-disabled people (16 per cent). This is likely to be related to disabled people being more likely to be workless than non-disabled people. Disabled people were more likely to use newspapers for jobsearch at 56 per cent than were non-disabled people at 53 per cent. However, non-disabled people were more likely to use personal contacts or direct applications (18 per cent) than were disabled people (15 per cent).

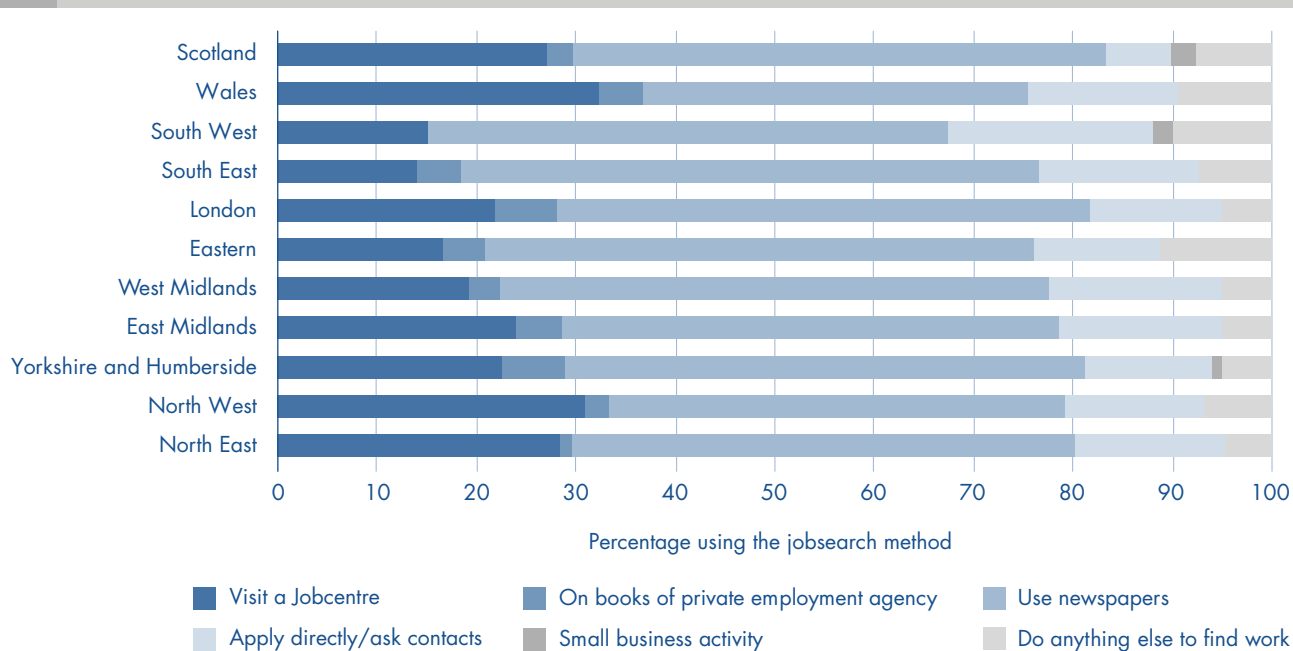
4.41 Regionally, jobsearch patterns by disabled people show similar patterns to those discussed earlier for overall patterns, with higher Jobcentre use in the North and West and lower Jobcentre use in the high employment areas of the South and East (**Figure 73**). The estimates for Jobcentre use are sufficiently large for publication in all regions except two, the South West and Eastern, and estimates for newspaper use are sufficiently large in all regions. In three regions, London, the South East and the West Midlands, estimates for personal contacts or direct application are of publishable size. Other estimates are included as an indication rather than as definitive estimates.

72 Jobsearch methods of disabled and non-disabled people: United Kingdom



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

73 Jobsearch Methods of disabled people: United Kingdom regions



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

Jobsearch methods by age

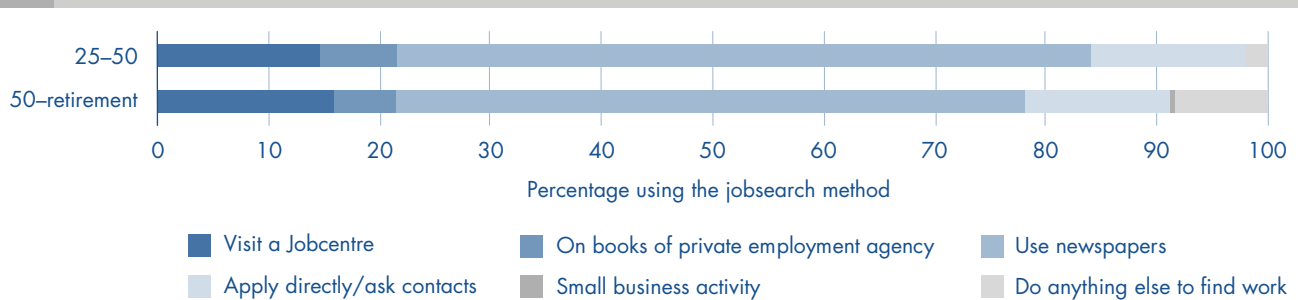
4.42 Figure 74 shows that the jobsearch methods for those aged 50–retirement differed little from those aged 25–49, with the exception that those over 50 were much more likely to ‘do something else to find work’.

In fact, more people aged over 50 gave this answer than did those in the prime age group, despite the 25–49 age group being substantially larger at 1.7 million compared

with 450,000 aged from 50–retirement looking for work. The proportions using Jobcentres and using newspapers differ only by the proportion necessary to include the ‘doing something else’ group.

4.43 In view of the relatively small estimates for jobsearch methods used by people over-50 in each region, it is not possible to publish detailed analysis at regional level.

74 Jobsearch methods of people aged 25–49 and 50–retirement: United Kingdom



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

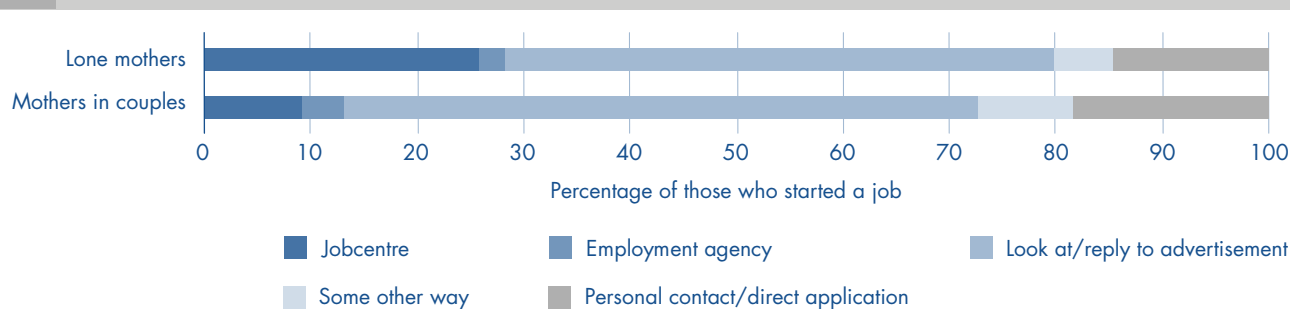
Jobsearch methods of lone parents

4.44 Figure 75 shows that nationally, lone mothers are much more likely to use the Jobcentre (26 per cent) as their main method of jobsearch than are mothers in couples (9 per cent). Mothers in couples are more likely to use newspapers/advertisements (59 per cent) than lone parents (52 per cent), although the difference is not large, and are more likely to use personal contacts/direct application (18 per cent) than are lone parents (15 per cent). These estimates are based on nearly 200,000 lone mothers looking for work and on 490,000 mothers in couples looking for work.

4.45 The number of responses from lone mothers means that regional estimates are below publishable levels.

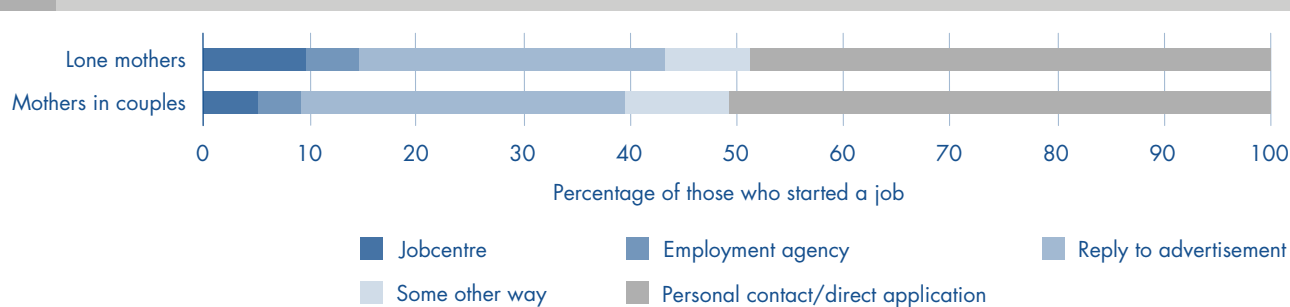
4.46 It is possible to compare these jobsearch estimates with estimates for recruits who are mothers, either lone mothers or mothers in couples. Figure 76 shows that around 50 per cent of mothers who were recruited obtained their job by personal contact or direct application, differing between 51 per cent for mothers in couples and 49 per cent for lone mothers. The largest difference was that only 5 per cent of mothers in couples said they obtained their job through the Jobcentre – albeit this was 40,000 people in the quarter, while 10 per cent of lone parent recruits attributed their job to the Jobcentre – around 16,000 people.

75 Mothers looking for work: jobsearch method



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

76 Mothers who recently started a job: successful jobsearch method



Source: Centre for Economic and Social Inclusion analysis of Labour Force Survey data, ONS

PART FIVE

Area patterns in employment

5.1 In the previous parts of this report, we considered demand and supply in the labour market, looking at national and regional data on the relationships between qualifications, ethnicity, disability, lone parent status and employment. In this part, we consider similar data for six case study areas⁷ – Birmingham, Bradford, Leicester, Liverpool, Plymouth, and East London (incorporating the boroughs of Tower Hamlets and Newham). This more detailed analysis shows the ways that disadvantaged groups may be more or less disadvantaged in local labour markets, and that the degree of disadvantage is systematically related to the overall tightness or slackness of the local labour market.

5.2 The first parts of this local analysis look at patterns in case study areas based on Local Authority Areas or Conurbations. In part 6 of the report, we take the analysis to an even closer level, examining the distributions of work, vacancies and of workless people within each area by Local Super Output Area (LSOA). LSOAs are a statistical division incorporating approximately 125 households and are smaller than a Ward.

77 Data on local labour markets – sources and considerations

The data on which Figure 78 and the similar charts following is based is the Annual Population Survey (APS) for the year to the end of December 2006. This is the latest period that incorporates the 'APS boost' additional sample for England. Subsequent releases of the APS do not include this additional sample and therefore have wider confidence intervals around estimates. Even with the APS boost some estimates for smaller groups may contain a significant degree of sample variation.

Overall employment rates – study areas

5.3 Figure 78 shows that the six study areas (counting Newham and Tower Hamlets together as one) are concentrated at the lower end of the distribution of employment rates for all local authorities in Great Britain.

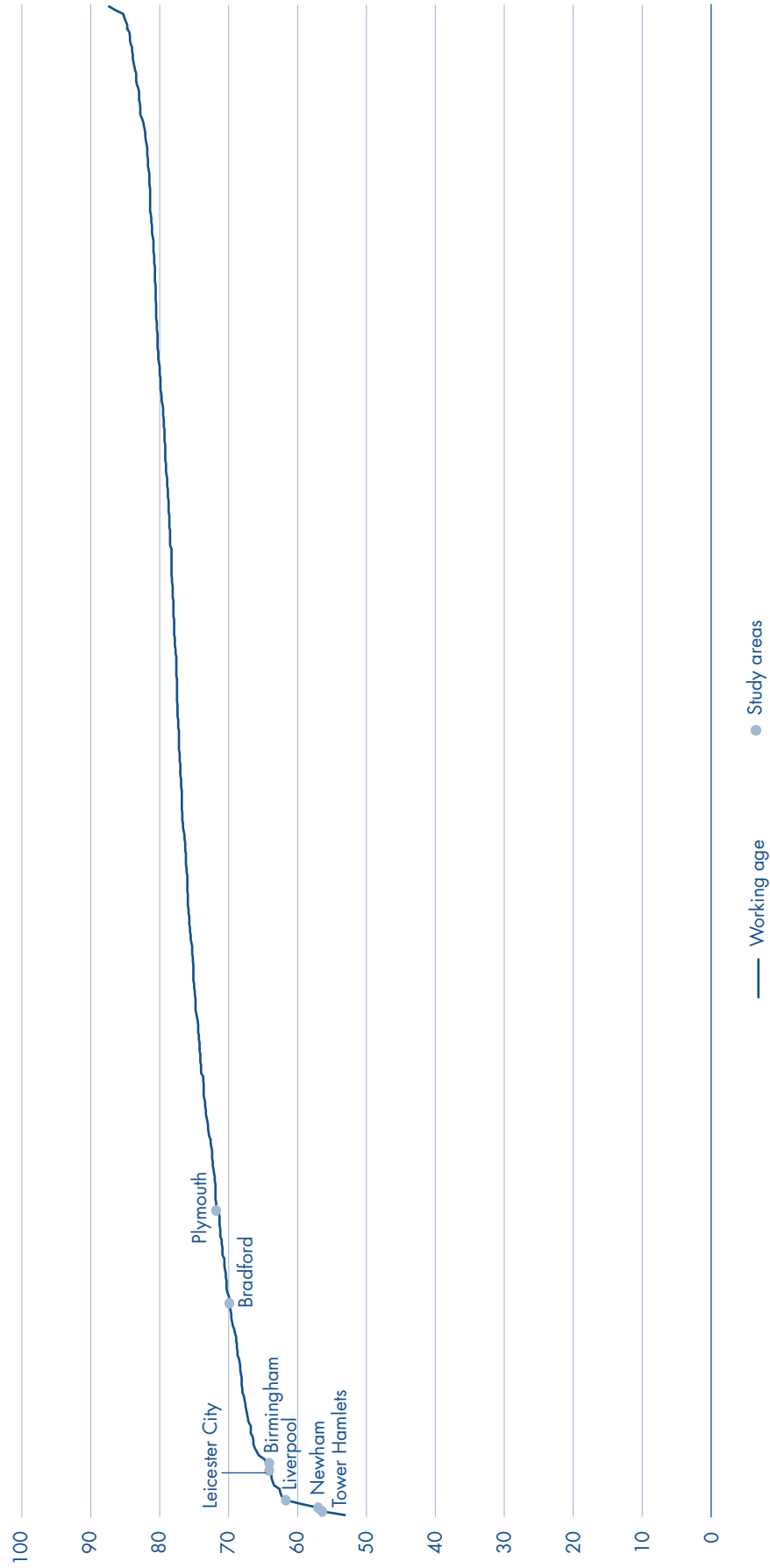
Employment and qualifications

5.4 Figure 79 on page 62 shows the comparison between the employment rates for all local authorities, as above, and for those with no qualifications for the same authorities. A moving average for 10 authorities is shown to indicate the general relationship between the overall employment rates and employment rates for those with no qualifications. The dots indicate the Annual Population Survey (APS) estimate for the employment rate for those with no qualifications.

5.5 While there is clearly a wide variation around the moving average, which is composed of both 'real variation' and sample variation, the pattern of a relationship between the overall employment rate and that for those with no qualifications is clear. It is less clear from the chart as to whether or not the gap is higher than average for low employment rate authorities, but this is in fact the case. The gap between employment rates averages 23.1 per cent overall, but is 26 per cent for the 10 authorities with the lowest employment rates and 20.1 per cent for the 10 authorities with the highest employment rates. For the authorities in the six study areas, the average gap, not taking into account authority size, is 26.5 per cent.

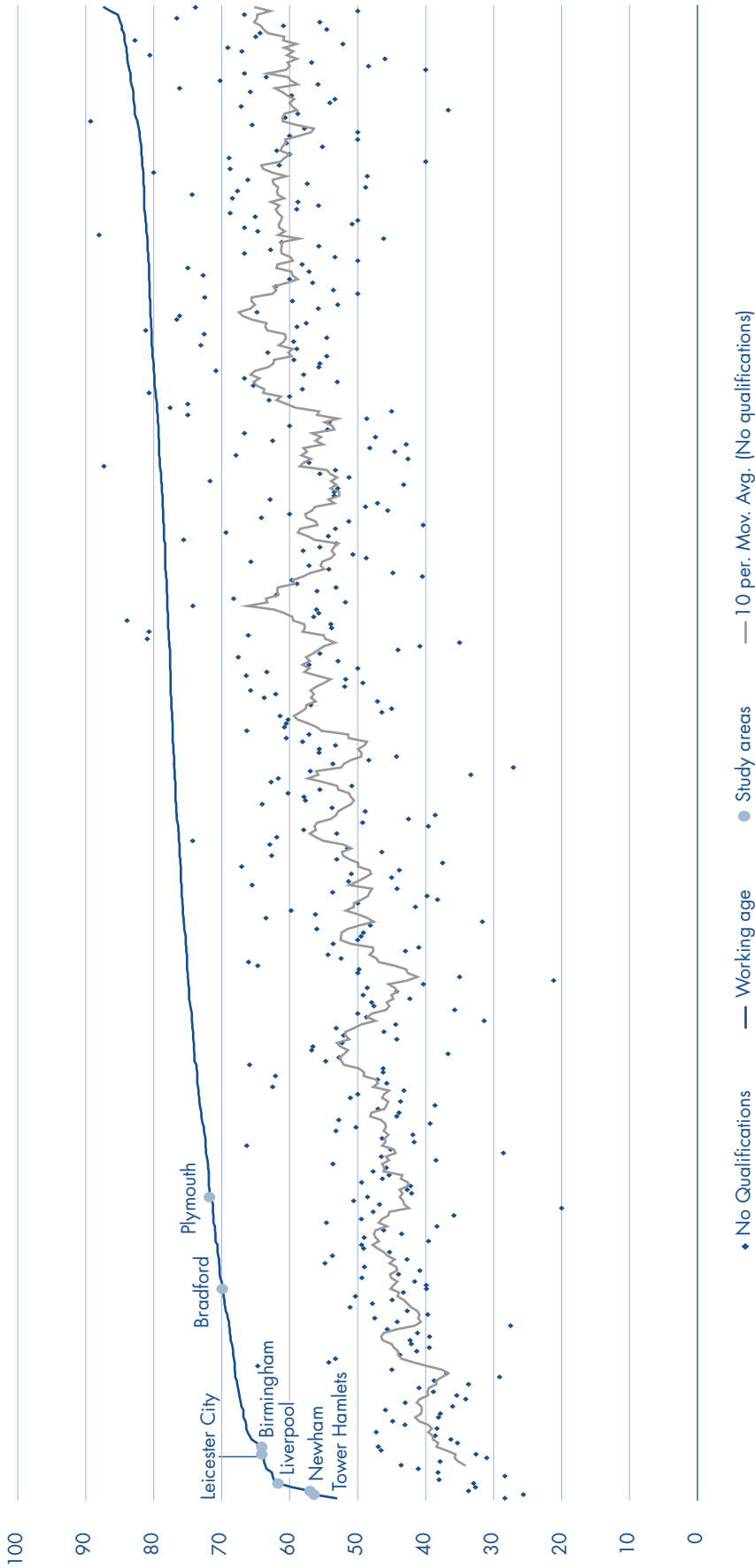
⁷ These areas were case study locations for three National Audit Office reports: Helping people from workless households into work, HC 609 Session 2006-07; Sustainable employment: supporting people to stay in work and advance, HC XX Session 2007-08; and Improving ethnic minority employment rates, due for publication in Winter 2007.

78 Working age employment rate: case study areas



Source: Centre for Economic and Social Inclusion analysis of ONS data

79 Employment rate for local authorities – Working age and no qualifications



Source: Centre for Economic and Social Inclusion analysis of ONS data

80 Data on qualifications

The data in Figure 81 is based on the Annual Population Survey (December 2005) and shows qualifications among men and women of working age.

The labels NVQ Level 1, NVQ Level 2, NVQ Level 3 and NVQ Level 4 should be interpreted as 'NVQ or equivalent', thus **NVQ Level 1** signifies all qualifications at the level of NVQ Level 1 on the National Qualifications Framework, i.e., NVQ Level 1, BTEC Introductory Diplomas and Certificates, BTEC Diplomas, Certificates and Awards at Level 1 and 5 GCSEs Grades D-G. **NVQ Level 2** signifies NVQ Level 2 qualifications along with BTEC First Diplomas and Certificates, BTEC Diplomas, Certificates and Awards at Level 2 and 5 GCSEs Grades A*-C. **NVQ Level 3** signifies NVQ Level 3 qualifications, BTEC National Diplomas, Certificates and Awards at Level 3, BTEC Diplomas, Certificates and Awards at Level 3 and A levels. **NVQ Level 4** signifies NVQ Level 4 qualifications, Licentiateships from City & Guilds, Certificates of higher education, BTEC Professional Diplomas, Certificates and Awards, Diplomas of higher education and further education, foundation degrees, higher national diplomas, Bachelor's degrees, graduate certificates and diplomas.

Apprenticeships that include a full NVQ or equivalent qualification are classified to the highest NVQ level gained. Apprenticeships gained before NVQs were integrated into apprenticeships are classified separately as 'Trade apprenticeships', as are those where survey respondents were only able to recall completing an apprenticeship rather than a formal qualification. **Other qualifications** includes foreign qualifications and some professional qualifications.

Working and workless populations by skill level

5.6 Figure 81 overleaf shows the qualification range of the working and non-working population in each area. In all areas, consistent with the national and regional picture, the qualification levels of the workless are substantially lower than the qualification levels of those in work.

5.7 In all areas other than Plymouth, in excess of 60 per cent of the workless population have either no qualifications, Level 1 qualifications or unknown qualifications. In all areas except Leicester, more than 60 per cent of those in work are qualified to Level 2 and above.

5.8 East London has some distinctive features in relation to qualifications. A high proportion of the population in East London have overseas qualifications – classified as 'Other qualifications' in these statistics. In other parts of the country 'Other qualifications' are more typically occupation-related qualifications such as driving qualifications that are not classified to NVQ levels. In East London, the employment rate for those with 'Other qualifications' is above that for those with any qualification level up to and including NVQ Level 3. In fact, the employment rate in East London for NVQ Level 3, at 58.1 per cent, is only marginally above that for NVQ Level 1, at 56.3 per cent. The employment rate for NVQ Level 2 is lower, at 45.5 per cent. This indicates that in the East London labour market, possession of these qualifications does not produce the gain in employment chances that it does in other areas.

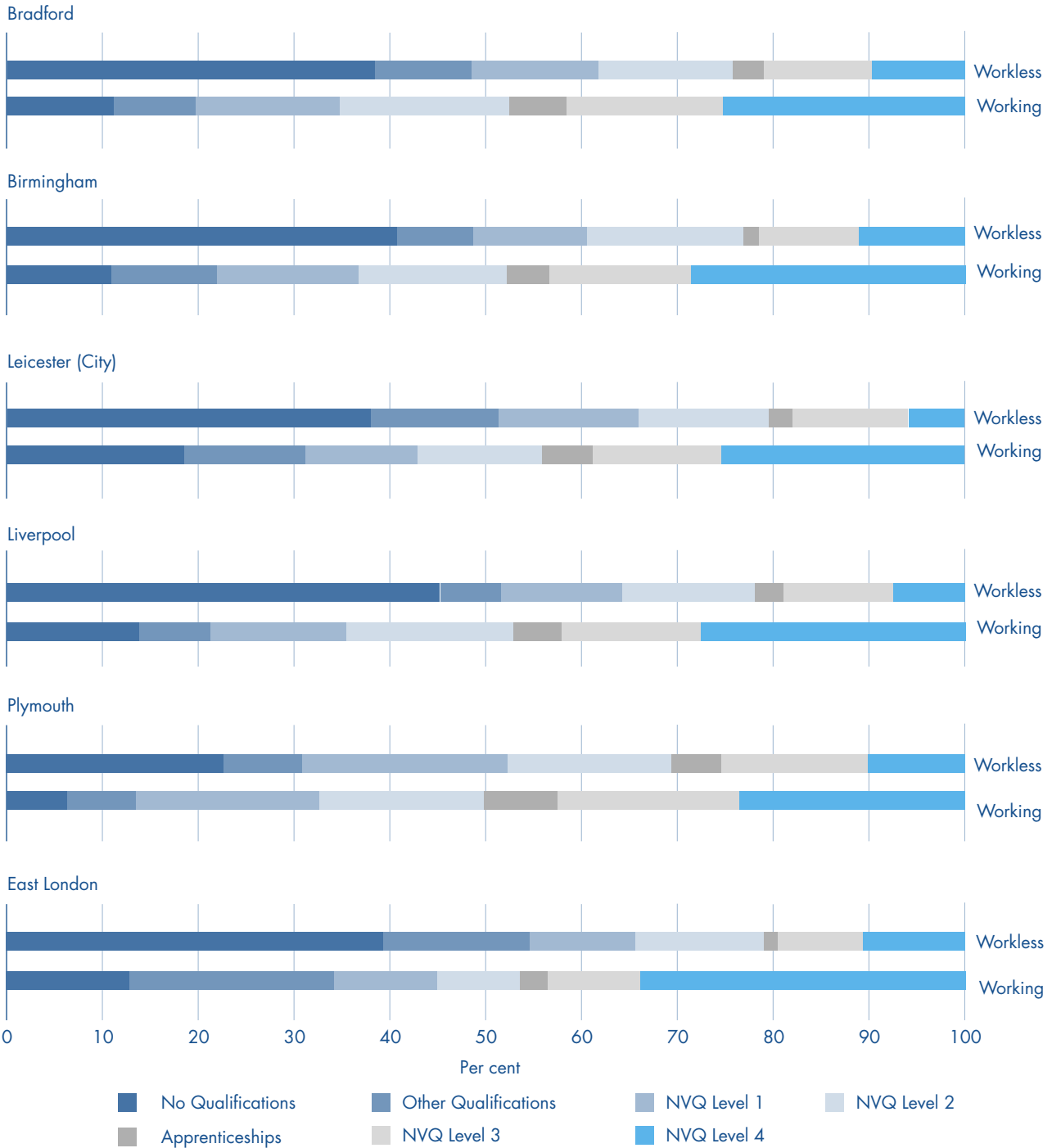
Qualifications by working, unemployed or inactive

5.9 The available figures do not permit reliable analysis of the differences between the unemployed and the inactive at this level for most areas. However, as Birmingham is the largest authority in the group, at around 33 per cent of the working age population of the six study areas, it is possible for Birmingham. **Figure 82 on page 65** shows that, as with the regional picture, the inactive have a lower spread of qualifications than do the unemployed.

Case study area comparisons of qualification levels

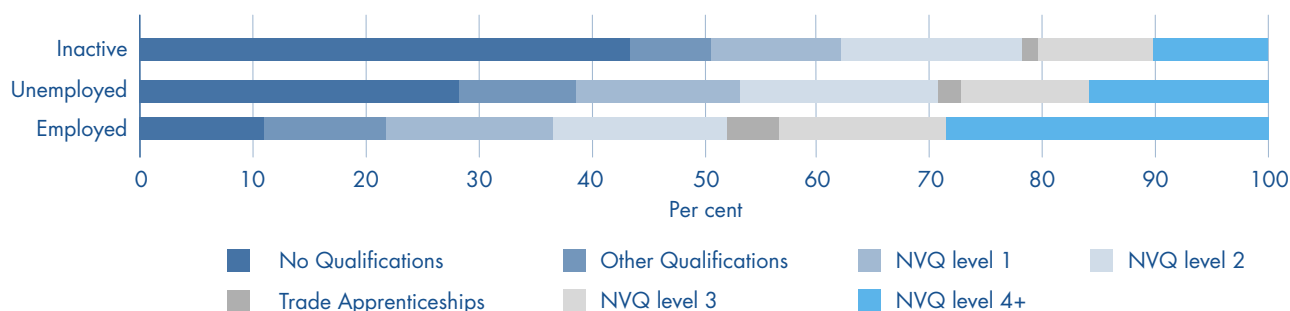
5.10 Figure 83 on page 65 compares qualification levels of the resident working age population of the study areas with their region, with the Office of National Statistics' Area Classification group in which they occur, and with Great Britain. The chart shows that the study areas tend to have lower qualifications patterns than for their region and for Great Britain.

81 Qualifications by whether working



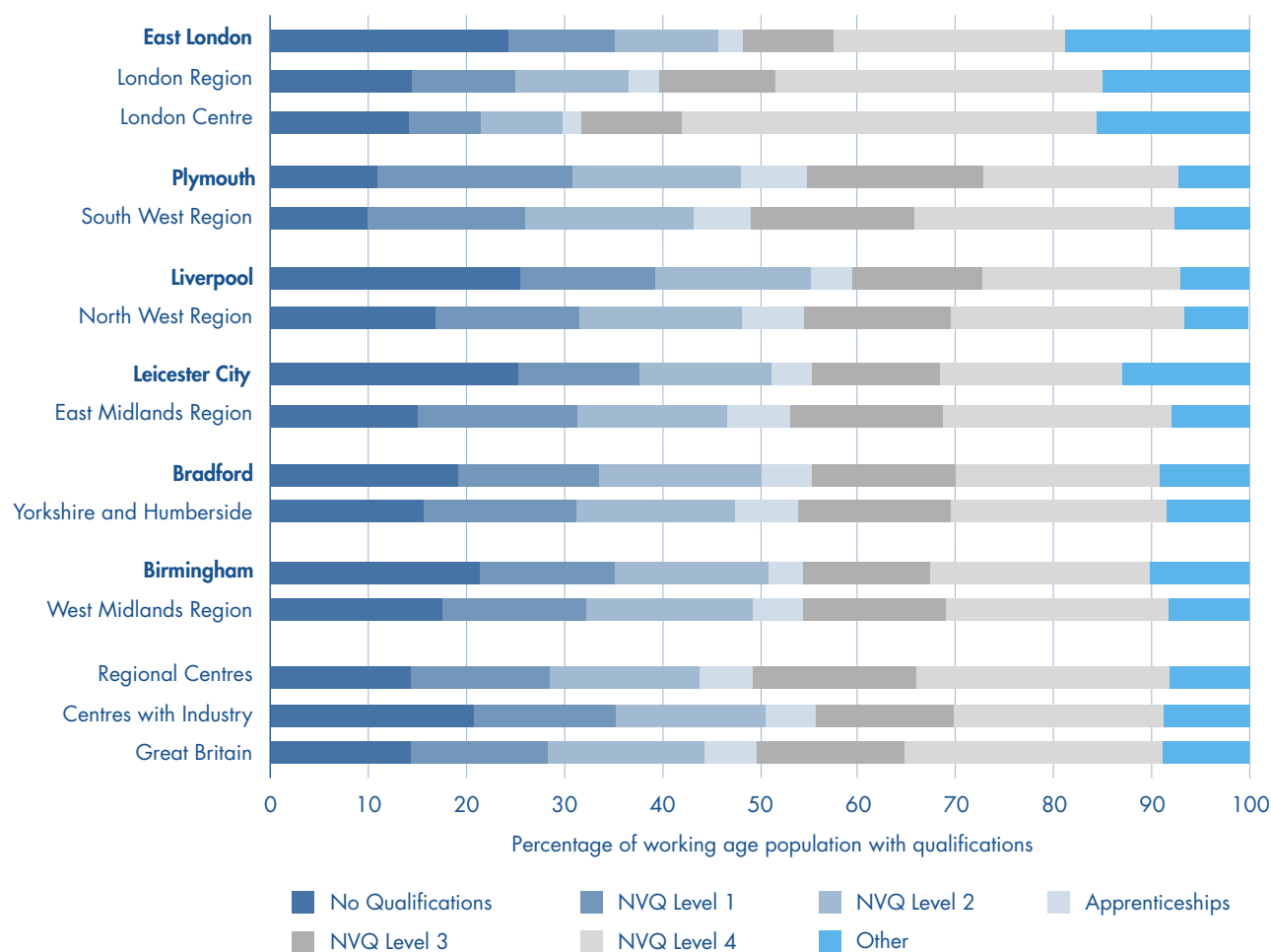
Source: Centre for Economic and Social Inclusion analysis of ONS data

82 Birmingham – qualifications of the working age population by whether working, unemployed or inactive



Source: Centre for Economic and Social Inclusion analysis of ONS data

83 Qualifications comparisons of working age residents



Source: Centre for Economic and Social Inclusion analysis of ONS data

Working and workless by occupation and sector

Working by occupation sub-major group

5.11 Figure 84 shows the proportion of residents of the study areas who were employed, by occupational sub-major group. This is not the same as the proportion of people working in the area, as commuters are more likely to be higher-paid and in higher occupational

classifications. These figures have not been charted, due to the level of detail. In each case the majority of working residents work in higher-level jobs from managerial and professional down to and including administrative jobs and skilled trades. In four of the six areas over 60 per cent of working residents work in higher-level occupations, and in one the proportion is 59 per cent. Only Leicester has a substantially lower proportion working in higher-level occupations, but still a majority.

84 Employed residents by occupational group

	Leicester %	Liverpool %	Plymouth %	Birmingham %	Bradford %	East London %
Corporate managers	8	9	7	8	14	8
Managers and proprietors in agriculture and services	3	2	3	3	2	4
Science and technology professionals	2	2	3	2	2	2
Health professionals	2	2	1	2	1	1
Teaching and research professionals	5	4	5	5	5	4
Business and public service professionals	2	3	2	2	3	4
Science and technology associate professionals	1	2	2	2	1	3
Health and social welfare associate professionals	4	4	4	4	3	3
Protective service occupations	0	1	2	1	1	0
Culture, media and sports occupations	1	2	1	1	1	4
Business and public service associate professionals	4	5	4	6	5	8
Administrative occupations	9	13	10	10	10	11
Secretarial and related occupations	2	3	3	3	3	2
Skilled agricultural trades	0	0	0	0	0	0
Skilled metal and electronic trades	3	4	4	6	2	2
Skilled construction and building trades	4	3	4	4	4	4
Textiles, printing and other skilled trades	2	2	2	2	4	3
Caring and personal service occupations	8	8	6	5	7	6
Leisure and other personal service	2	2	3	2	2	3
Sales occupations	7	6	8	7	5	8
Customer service	3	2	3	2	1	1
Process, plant and machine operatives	8	3	4	6	4	1
Transport and mobile machine drivers and operatives	4	4	5	4	6	5
Elementary trades, plant and storage related	6	2	3	4	5	1
Elementary, administration and service	10	11	10	9	8	12

Source: Centre for Economic and Social Inclusion analysis of ONS data

5.12 While vacancies are likely to differ to a degree because of high turnover in some ‘entry-level’ jobs, it is likely that a substantial number of vacancies in the study areas will be for higher level jobs rather than those open to people with the qualification levels of workless people.

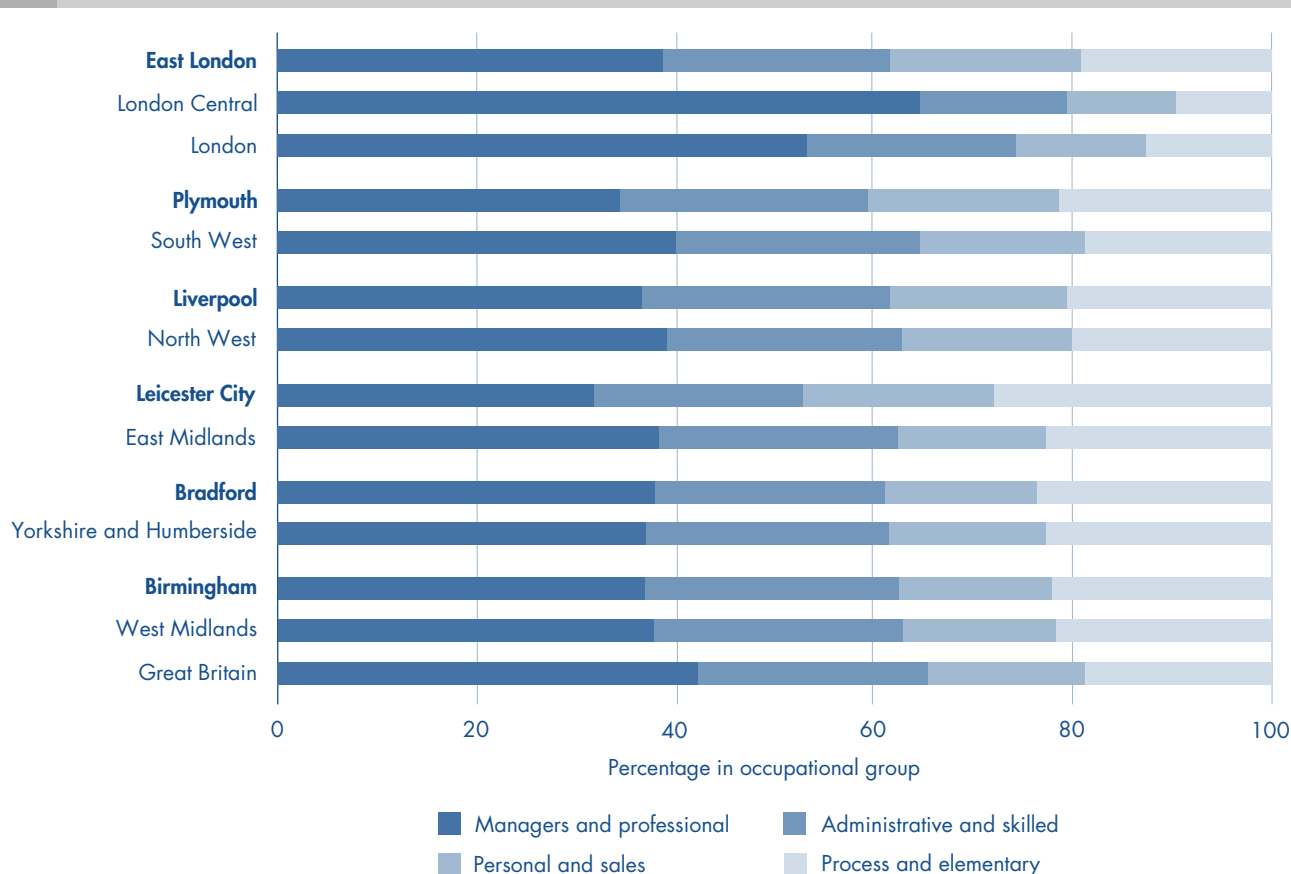
Occupational comparisons

5.13 **Figure 85** shows occupational comparisons in simplified form. They show the relatively low proportion of residents in each case study area who are in work in lower-level occupations. The chart below illustrates data from APS on the resident’s occupational group. The occupational group is defined in answer to questions asking what a person did at work. Job title is a guide to the occupational group, but frequently more detail is required of the occupational group a person falls into. The classification depicted in the chart is a summary of the information given, aggregated into overall groupings.

Working by sector

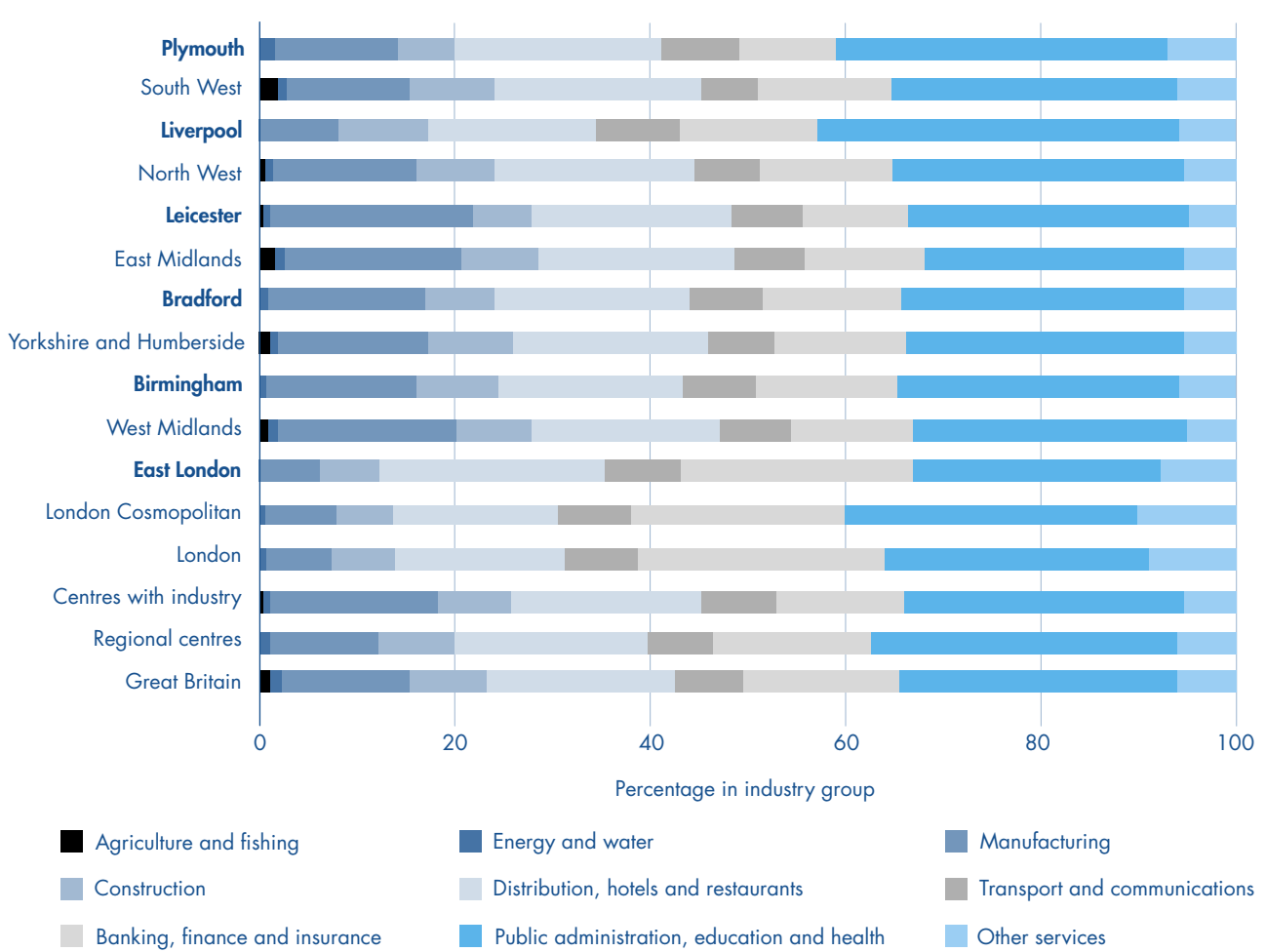
5.14 **Figure 86 overleaf** shows employment by industry sector in each area. Comparisons by sector are problematic because the composition of each sector varies substantially by area. For example, in East London, ‘Manufacturing’ includes many journalists and editors in Tower Hamlets. The charts presented here are resident-based and depict agency workers in the sector in which they are placed rather than in Finance and business services. The location of the employer is that of the placement rather than the agency base.

85 Occupational comparisons: Working age residents



Source: Centre for Economic and Social Inclusion analysis of ONS data

86 Employment by industry



Source: Centre for Economic and Social Inclusion analysis of ONS data

Employment rates of lone parents

5.15 Figure 88 overleaf shows a time series of lone parent employment rates in the six case study areas. As discussed in Figure 87, there is reason to believe that the considerable amount of variation is due to sample variation rather than to underlying change. Data is not available for all years for all local authorities. As a result of small survey samples data for Tower Hamlets is only available for one year and for Newham for three years. Reported variations in excess of ten per cent in employment rates in a single year are implausibly large.

5.16 Figure 89 on page 67 shows trends for the female lone parent benefit proportion of the female population within the study areas. While the trend looks positive, the issue of lone parents claiming other benefits may complicate the picture. Lone parents may also be on other benefits for example either on health grounds for themselves (Incapacity Benefits) or possibly health grounds for their children (if a child is eligible for

Disability Living Allowance Care Component at middle or higher level, then a parent can claim Carer's Allowance). There is substantial research evidence that lone parents are more likely than couple parents to have health problems themselves and/or to have a child with health problems. The lower level of intervention from Jobcentre Plus for these benefits may offer a possible incentive for those who are eligible to claim these benefits rather than Income Support.

5.17 DWP publish information on the estimated numbers of lone parents claiming working age benefits for other reasons, using the 5 per cent sample of benefit cases. This shows that, within the seven authorities, 78 per cent of lone parents claiming benefits are claiming Income Support as a lone parent. Virtually all the remaining claimants are claiming Incapacity Benefits – only three per cent are claiming Jobseeker's Allowance or Carer's Allowance. The proportion of lone parents claiming Incapacity Benefits is highest in Liverpool at 25 per cent and lowest in Leicester and Newham at 13 per cent.

87 Local data on lone parent employment rates – challenges and considerations

Employment rates of lone parents in local authority areas are not available from the normal sources for local statistical information. National and regional estimates are obtained from household data sets of the Labour Force Survey (LFS). Data from these datasets is not available for local areas on the NOMIS service or from Neighbourhood Statistics.

Local level information on employment rates for lone parents for the period 2001-02 to 2004-05 has been published by the Department for Communities and Local Government through the 'Floor Targets Interactive' website. This is derived from an analysis undertaken by Department of Work and Pensions statisticians of the annual Local Area LFS datasets for those years. Since these datasets have been superseded by the Annual Population Survey (APS) no updates have been published. We understand that the relevant variables are included in the APS datasets but these have not been used by Floor Targets Interactive. The Floor Targets Interactive website only publishes employment rates, without the numbers on which they are based or an indication of the confidence limits around the estimates provided.

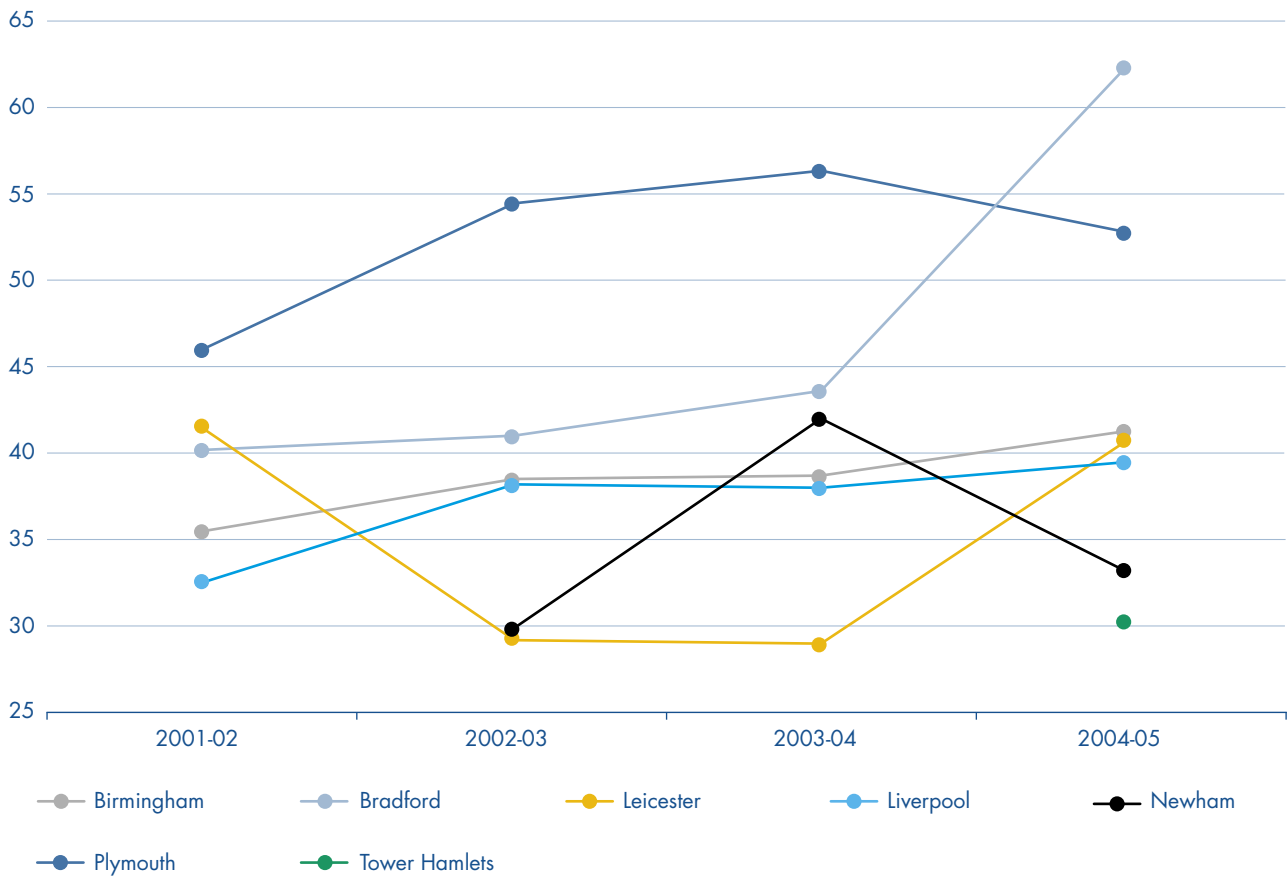
An alternative approach to examining lone parent employment rates is to use benefits data to examine *numbers of lone parents claiming Jobcentre Plus benefits*. DWP publish estimates of lone parent (statistical group) claims as a percentage of the working age population. This is also done by gender, so an estimate of the numbers of female lone parents on Income Support as a proportion of the female working age population in local authority areas is published by the department.

One major problem with using benefits data to measure lone parent employment rates is that lone parents claiming Jobseeker's Allowance or Incapacity Benefits (including income support on grounds of incapacity for work) are included in other statistical groups. However, the information on lone parent Income Support claimants is available at local authority level quarterly, and is thus frequently available for monitoring progress. If using the DWP statistical group data as a proxy for looking at the employment rate, this is a serious issue, but if considering a target group for Incapacity Benefit customers and a separate target group for lone parents, as Jobcentre Plus does, then a statistical approach that treats lone parent Incapacity Benefit claimants as within the Incapacity Benefit group rather than the lone parent group is supportable, although the special needs of this group would need to be considered.

We have investigated whether the numbers of *Child Support Agency (CSA)* cases might be used with benefits data to give an estimate of the total numbers of lone parents, and thus a lone parent workless rate. Our investigations showed that at a local level, CSA data is of little assistance in determining and monitoring targets for lone parent employment. For example, across the seven authorities the lone parent statistical group is 99 per cent of the CSA live caseload, but the variation is extreme. In Newham and Tower Hamlets the number in the DWP lone parent statistical group is more than double the CSA live caseload. If lone parents on other benefits are considered, then the totals of lone parent benefit claimants exceed CSA live cases in all areas except Bradford and Plymouth.

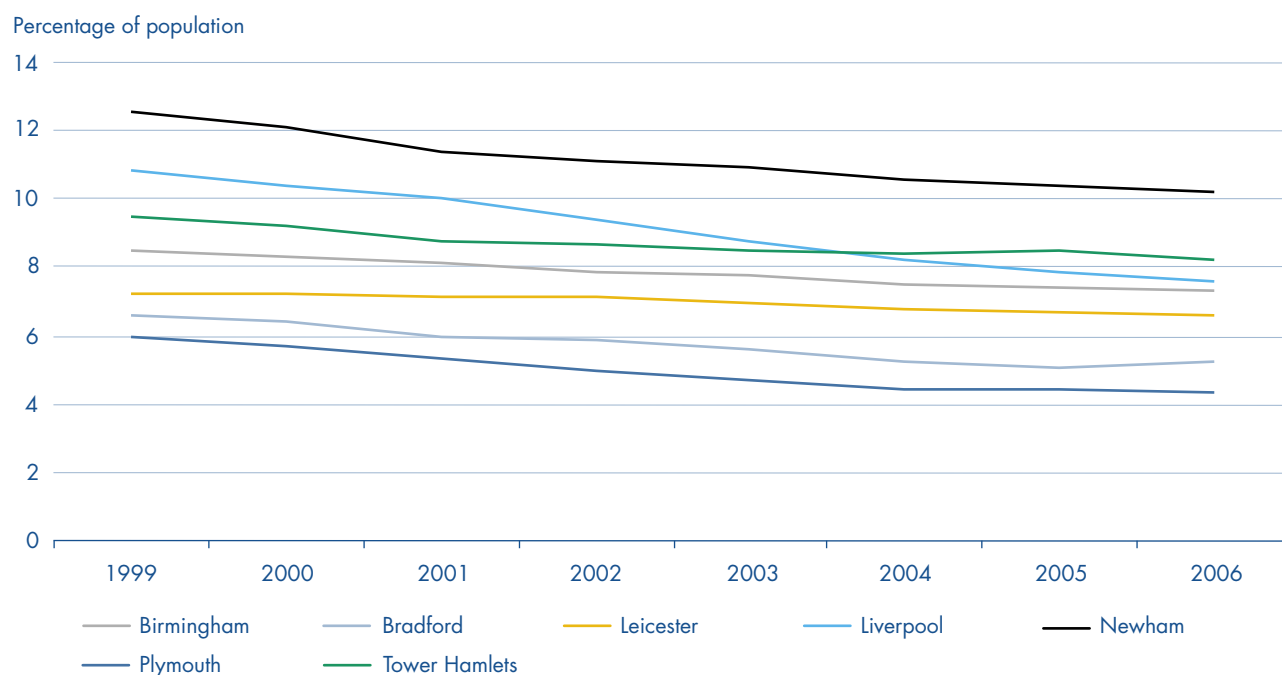
88 Employment rates of lone parents in case study areas

Employment rate



Source: Centre for Economic and Social Inclusion analysis of data from CLG Floor Targets interactive

89 Female lone parents on Income Support as a percentage of female population (16–59)



Source: Centre for Economic and Social Inclusion analysis of Department for Work and Pensions data

Jobsearch methods used

5.18 In Sections 4.26-4.42 of this report, we examined the main jobsearch methods used by people who were in work and out of work, by qualifications, ethnicity, and disability. Jobsearch methods also vary between case study areas and by gender. In overview:

- 10.7 per cent of the **Birmingham** population were looking for work – higher than the Great Britain average of 8.8 per cent and Centres with industry at 9.3 per cent. The main jobsearch methods were job adverts at 4.6 per cent, the Jobcentre at 2.3 per cent, friends and personal contacts at 1.5 per cent, direct application at 1.2 per cent and employment agencies at 0.9 per cent. However, there were significant gender differences, with women being much less likely to use friends/other or Jobcentres.
- Overall, 7.6 per cent of the **Bradford** working age population were looking for work. The proportion looking for work was particularly small among women, at 5 per cent. This is substantially lower than the Great Britain average at 8.0 per cent or other comparators. The small numbers of women looking for work means that results cannot be produced for some categories.
- In **Leicester**, 12.8 per cent of the working age population were looking for work. 15.4 per cent of men and 10.1 per cent of women were looking for work. In both cases these figures were higher than regional, group or national comparators. Insufficient numbers of women were using employment agencies as their main method of jobsearch to enable estimates to be calculated.
- 9.5 per cent of the working age population of **Liverpool** were looking for work: 13.1 per cent of the male population and 5.8 per cent of the female. The male rate of looking for work was higher than that of comparator areas, but the female rate was substantially lower. 6.6 per cent of all working age males were using the Jobcentre as their main method of looking for work.
- In **Plymouth**, 10.1 per cent of the working age population were looking for work, 12.0 per cent of men and 8.0 per cent of women. The male proportion was higher than national, regional or group comparators and the female proportion was in line with regional and national comparators but slightly below the group comparison.
- In **East London**, 11 per cent of the working age population was looking for work. 14.0 per cent of men were looking for work, higher than comparators, and 7.9 per cent of women, a little lower than the national average but more than one percentage point below London and the London centre group.

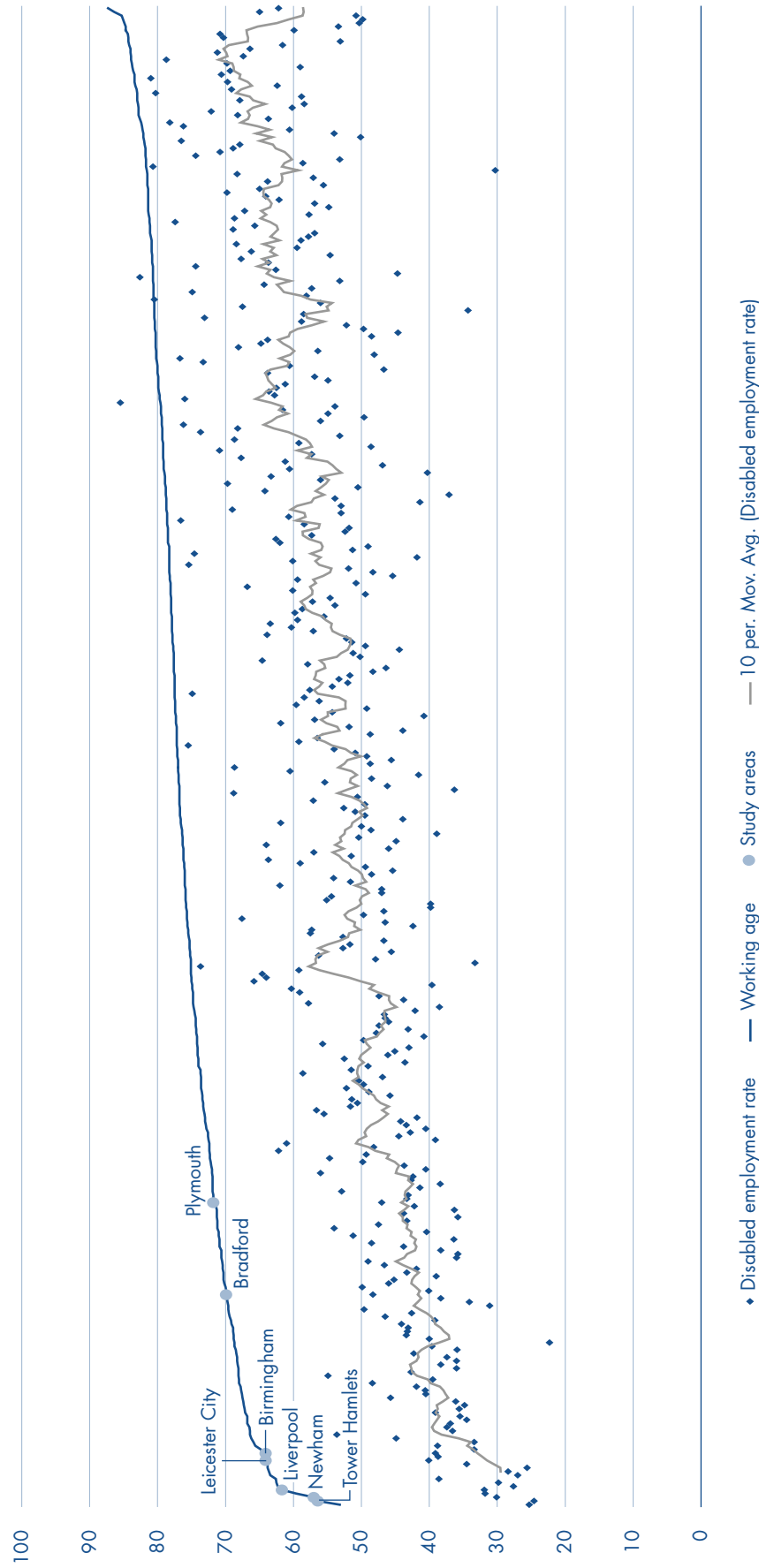
Employment and disability

5.19 Figure 90 shows the disabled employment rate in Local Authorities. Consistent with analysis elsewhere in this report, Figure 90 uses the widest definition of disability, all those who are either DDA disabled or with a work-limiting disability or both. In Figure 90 the gap between the employment rates appears to widen dramatically for authorities with the highest employment rates. This appears to reflect the inclusion in this group of some authorities with an anomalously low disabled employment rate, notably Orkney and Shetland, where special circumstances may be suspected. The average gap between the overall employment rate and that for disabled people is 23.0 per cent, for the lowest 10 authorities it is 30.7 per cent and for the study areas it is 26.3 per cent. The gap for the top 10 authorities is also 26.6 per cent, but for the preceding 10 authorities the gap averages 14.3 per cent.

5.20 Figure 91 on page 74 shows the employment rates of disabled and non-disabled people in case study areas.

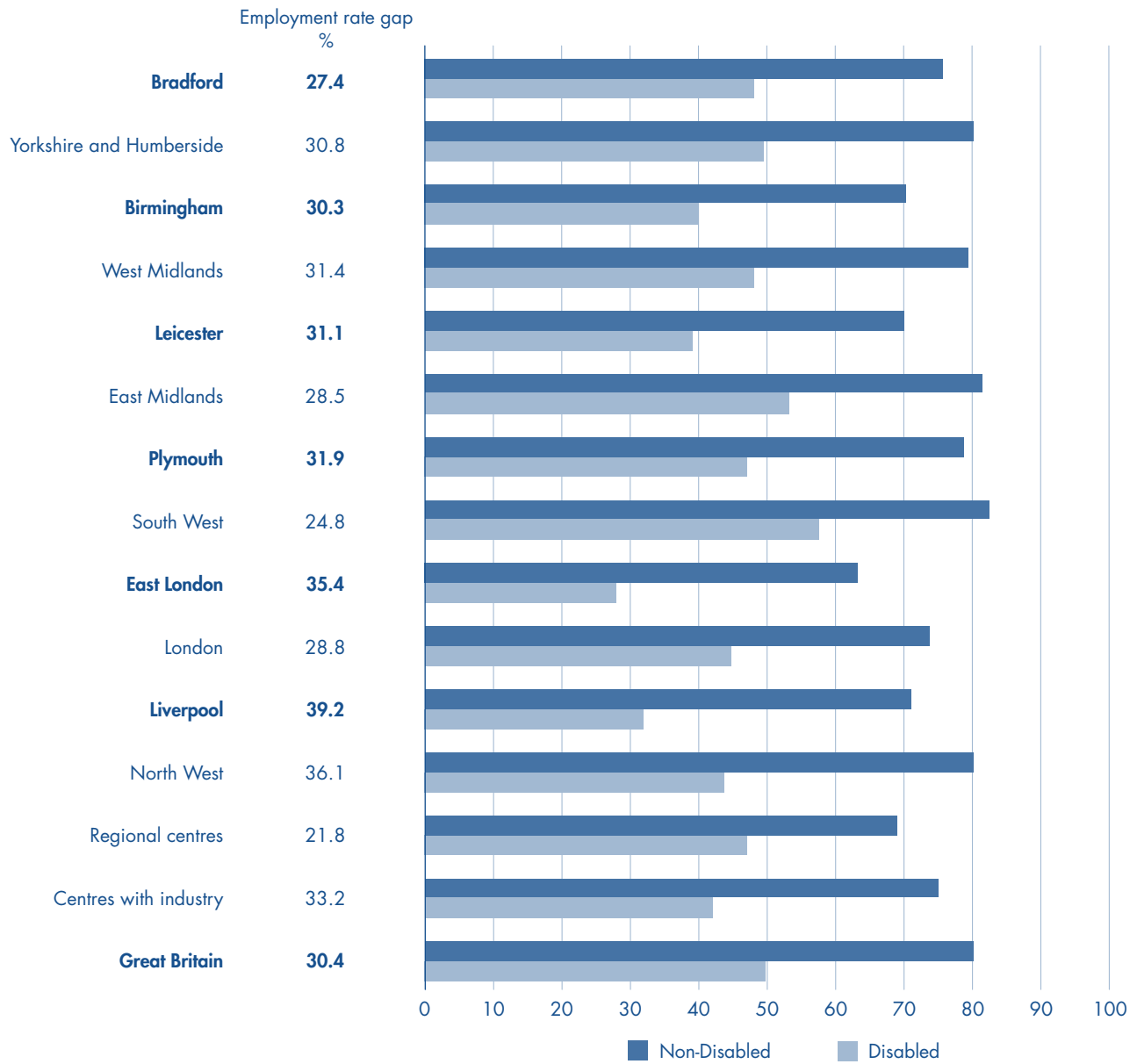
- In **Birmingham**, the disabled employment rate at 40.1 per cent is 9.7 per cent below the Great Britain disabled employment rate of 49.8 per cent. However, the non-disabled employment rate in Birmingham is 9.8 per cent below the Great Britain equivalent, leaving the employment rate gap very similar at 30.3 per cent in Birmingham, compared with 30.4 per cent nationally.
- **Bradford** has the highest disabled employment rate of the study areas at 48.3 per cent, just a little lower than the national and regional figures and better than for centres with industry. As the non-disabled employment rate in Bradford is lower than national and regional comparators, and slightly better than centres with industry, the disabled employment rate gap is lower at 27.4 per cent than comparators.
- **Leicester** has an employment rate gap that is similar to comparators, but this is due to both disabled and non-disabled employment rates being substantially lower than for regional and national comparators. The disabled employment rate is closer to the centres with industry comparison, but the non-disabled employment rate is substantially worse than this comparator.
- **Liverpool** has the second lowest disabled employment rate of all the six study areas at 31.9 per cent, and the highest employment rate gap at 39.2 per cent. The non-disabled employment rate in Liverpool is slightly higher than that for the regional centres comparator at 71.1 per cent.
- **Plymouth** has a disabled employment rate that is close to the regional centres comparator, but the non-disabled employment rate is substantially higher, leading to an employment rate gap for Plymouth that is 31.9 per cent, compared to 21.8 per cent for regional centres and 24.8 per cent for the region.
- **East London** has the lowest disabled employment rate of the six study areas at 27.8 per cent. Despite also having the lowest non-disabled employment rate, the employment rate gap is very large at 35.4 per cent.

90 Employment rate for local authorities – Working age and Disabled



Source: Centre for Economic and Social Inclusion analysis of ONS data

91 Employment rates: disabled and non-disabled people



Source: Centre for economic and social inclusion analysis of ONS data

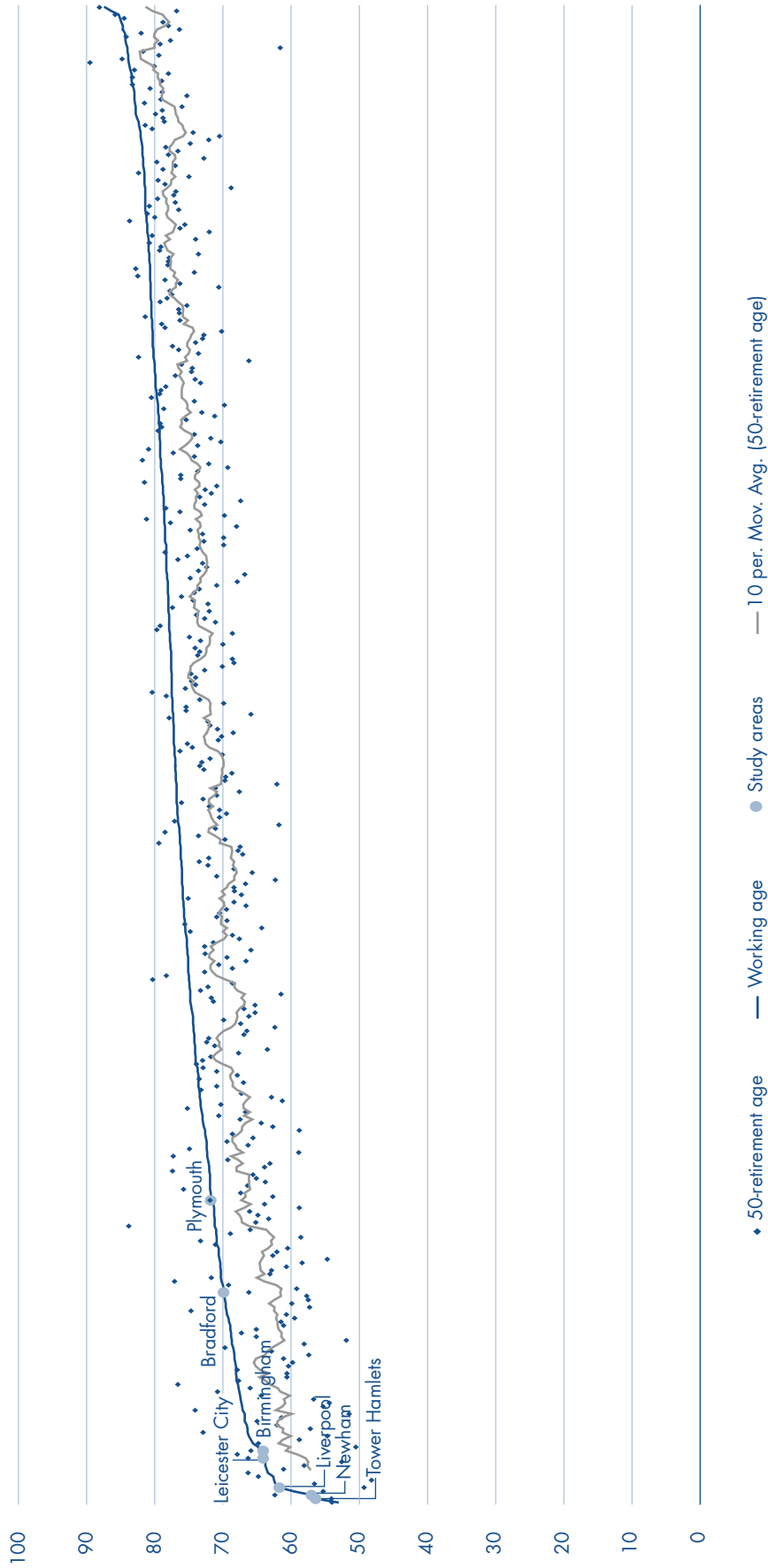
Employment rates for older workers

5.21 Figure 92 overleaf shows the pattern for the employment rates for those aged 50 up to state pension age in Local Authorities. For older workers, the average employment rate gap is very much smaller than the groups discussed above, at 4.7 per cent. The gap for the lowest 10 authorities averages 3.0 per cent, below the overall average, and for the top 10 authorities the gap averages 3.9 per cent. In the study areas the employment rate gap for the over-50s is well below average at 1.3 per cent. In four of the study areas, Plymouth, Leicester, Birmingham and Newham, the 50 plus have a higher employment rate than the overall employment rate in their area. The significant exception is Liverpool, with a 12.4 per cent gap, a size of employment rate gap similar to that of former coal and steel areas for this age-group.

5.22 In order to undertake a gap analysis for the employment rates for those aged between 50 and state pension age (the 50 plus), those aged between 25 and 49 have been used as a comparator. **Figure 93 on page 77** shows:

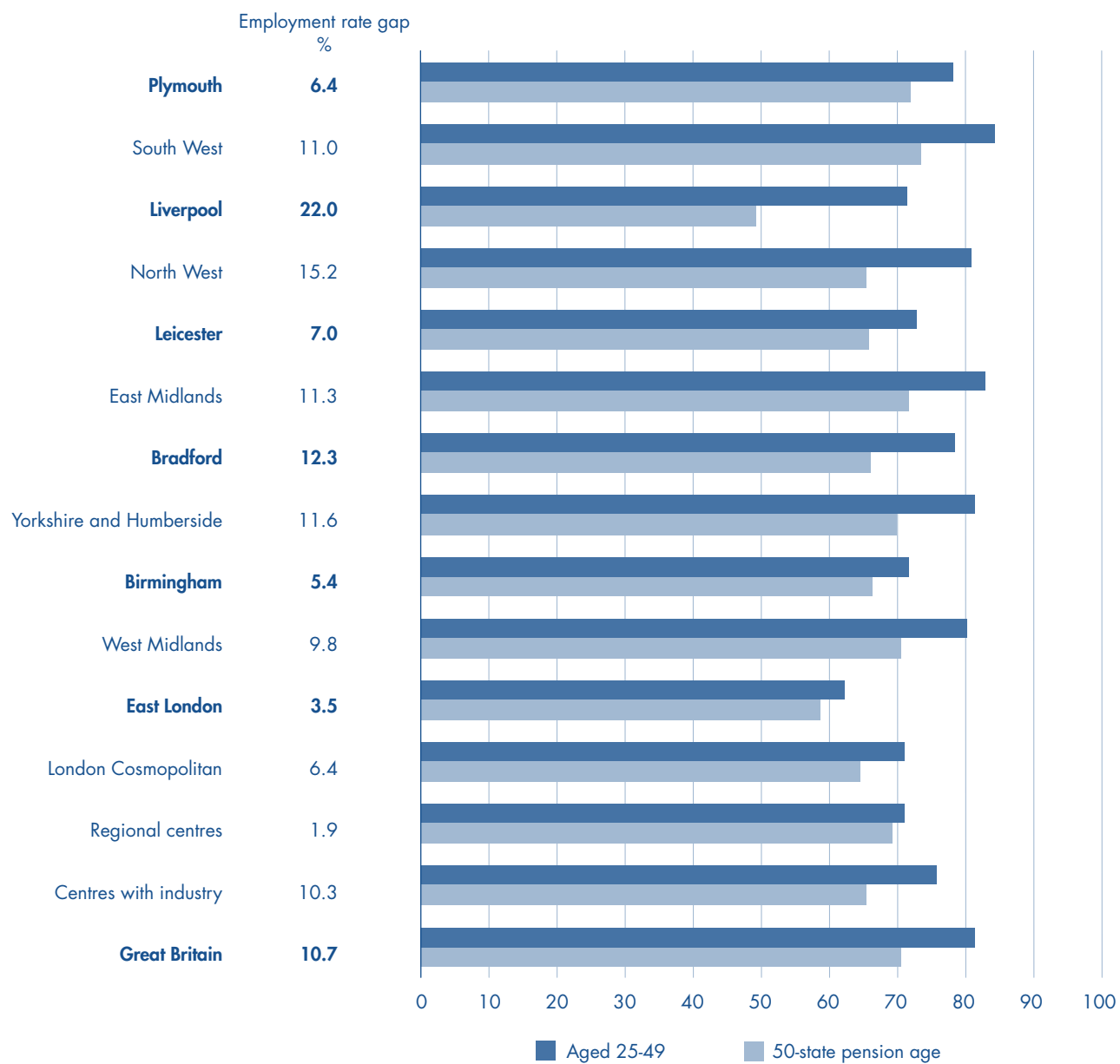
- The **Birmingham** employment rate gap for the 50 plus is 5.4 per cent, lower than the comparators. However, the main reason for this smaller employment rate gap is the low employment rate for prime age people in Birmingham, rather than a particularly high employment rate for the 50 plus.
- **Bradford** has a relatively high employment rate gap for the 50 plus at 12.3 per cent, slightly higher than its comparators. The prime age employment rate is only slightly below the regional and national comparators and above that for centres with industry.
- **Leicester** has a relatively low employment rate gap for the 50 plus. As with Birmingham, this is due to low employment rates among the prime aged rather than to particularly high 50 plus employment rates
- **Liverpool** has the widest employment rate gap for the 50 plus at 22.0 per cent. Liverpool's prime age employment rate is close to that of other regional centres, but 9 to 10 percentage points below that for the region and Great Britain. However, the 50 plus employment rate is below 50 per cent in Liverpool, the lowest of the six study areas.
- **Plymouth** has the highest employment rate for the 50 plus among the six study areas at 71.9 per cent, which is above the Great Britain average at 70.6 per cent, but slightly below the average for the South West at 73.4 per cent. The employment rate gap is relatively low at 6.4 per cent.
- **East London** has the second lowest 50 plus employment rate of the six study areas at 58.6 per cent, but as the prime age employment rate is very low, has the lowest employment rate gap of 3.5 per cent. The 50 plus employment rate in East London is 12 percentage points below London and also Great Britain at 70.6 per cent. The 50 plus employment rates are also substantially lower than other parts of the London Central and London Cosmopolitan groups.

92 Employment rate for local authorities – Working age and 50 to retirement



Source: Centre for Economic and Social Inclusion analysis of ONS data

93 Employment rates for people aged 25 to 49, and 50-plus



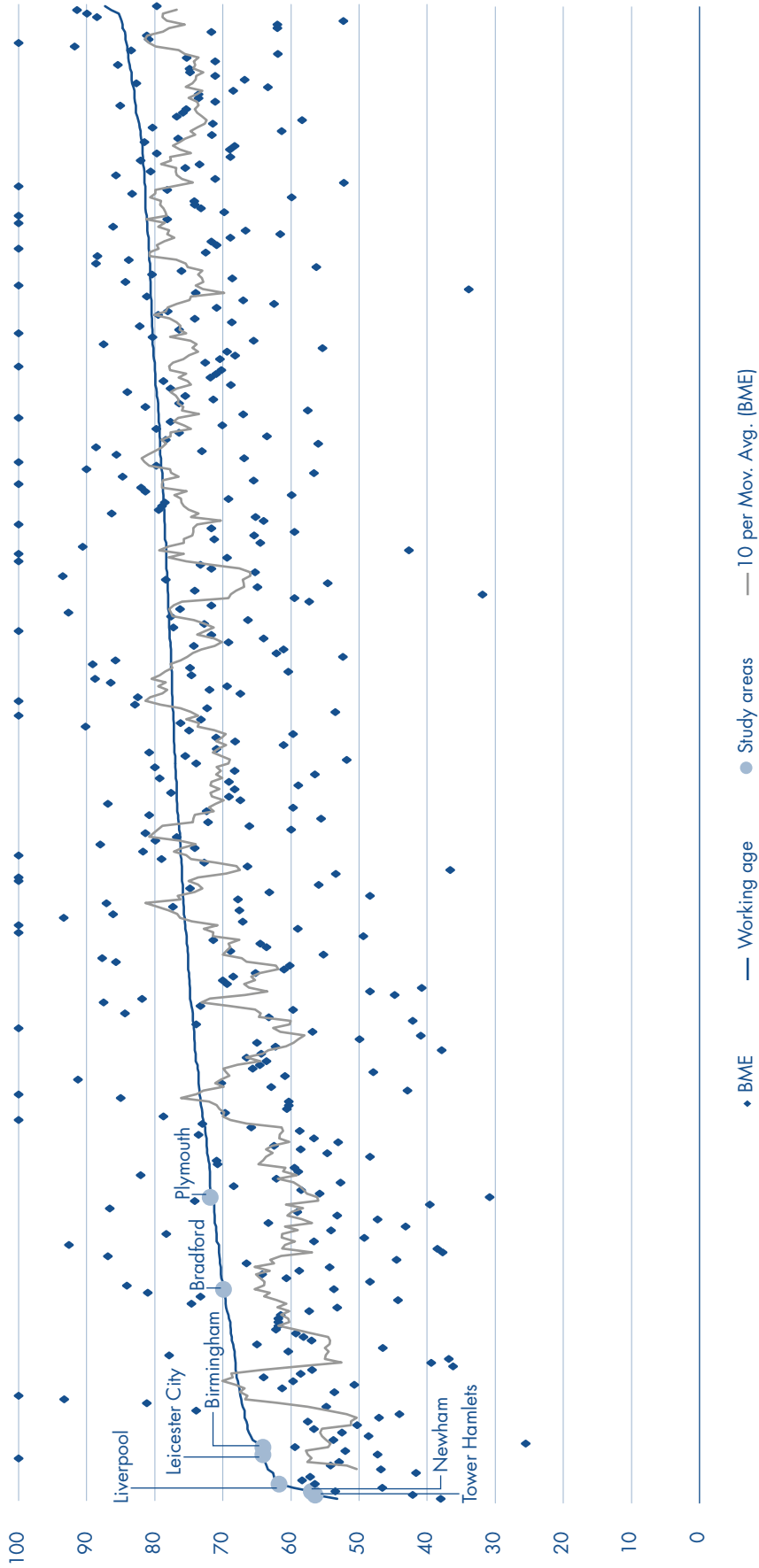
Source: Centre for Economic and Social Inclusion analysis of ONS data

Black and minority ethnic employment

5.23 **Figure 94** shows the pattern for black and minority ethnic employment. For this chart, a number of estimates are interpolated where the ONS does not publish figures. For smaller authorities, and authorities with low black and minority ethnic populations, confidence estimates for employment rates are wide. However, this does not apply to the study areas.

5.24 The average employment rate gap across all local authorities is 6.4 per cent. However, for the study areas the employment rate gap is larger, averaging 14.6 per cent. This is, however affected by the very large published estimate for the employment rate gap in Plymouth of 41 per cent, an estimate which is however based on a Plymouth black and minority ethnic employment number for which ONS decline to give a confidence interval due to small sample numbers. If Plymouth is excluded, the study areas fall into two groups. Three authorities have black and minority ethnic employment rate gaps exceeding 14 per cent. These are: Birmingham, Bradford and Tower Hamlets. The remaining three have much lower, though still positive, employment rate gaps. The largest employment rate gap is in Birmingham, at 16.8 per cent. The smallest is in Newham, at 3.5 per cent.

94 Employment rate for local authorities – Working age and BME groups



Source: Centre for Economic and Social Inclusion analysis of ONS data

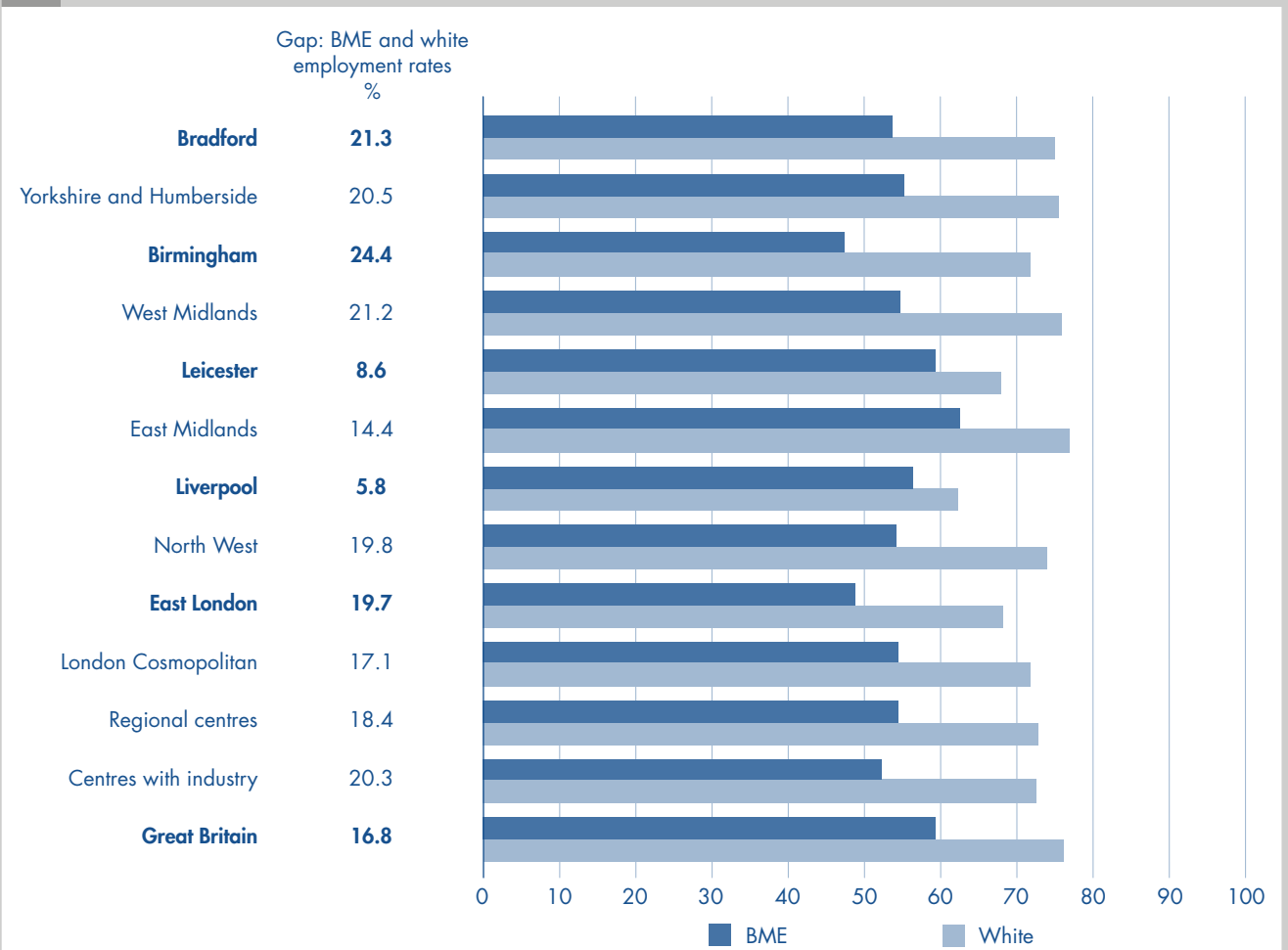
5.25 **Figure 95** shows the employment rates for residents identifying as ‘white’, including ‘White British’ and ‘White Other’ and for those with any other identification, classed here as black and minority ethnic groups, although the description in the NOMIS datasets is ‘non-white’.

- The gap between black and minority ethnic and white employment rates is substantially larger at 24.4 per cent in **Birmingham** than it is in the comparators. The Great Britain gap is 16.8 per cent.
- The gap is a little larger for **Bradford** at 21.3 per cent than it is for the region (20.5 per cent) and Centres with industry (20.3 per cent).
- In **Leicester**, the gap is substantially smaller, at 8.6 per cent, than it is for the region (14.4 per cent) and for centres with industry (20.3 per cent).
- In **Liverpool**, the white employment rate is the lowest of all the study areas at 62.3 per cent. As the black and minority ethnic employment rate in

Liverpool is the second highest of the study areas at 56.5 per cent, the employment rate gap is thus the lowest of the areas at 5.8 per cent. The black and minority ethnic employment rate in Liverpool is slightly higher than that for regional centres (54.6 per cent) and the North West (54.1 per cent).

- The black and minority ethnic employment rate in **East London** is below 50 per cent, and the employment rate gap at 19.7 per cent is higher than that for London as a whole (16.8 per cent) and the London cosmopolitan group (17.1 per cent). The gap is however lower than that for London central at 23.8 per cent.
- No chart for **Plymouth** is presented as the black and minority ethnic employment rate for Plymouth is based on an insufficient sample to calculate a reasonably reliable estimate.

95 Black and Minority Ethnic and White employment rates



Source: Centre for Economic and Social Inclusion analysis of ONS data

PART SIX

Jobs, vacancies and workless people in six local case study areas

6.1 The persistence of worklessness alongside areas with numbers of vacancies has been noted by many observers, and it has been proposed that in most areas there are sufficient vacancies close to where workless people live for them to take such vacancies. This section of the report explores this idea: mapping jobs, vacancies and distribution of workless people in each area and examining the competition for vacancies from workless benefit claimants.

96 Census Output Areas – the geography used for this analysis

Super Output Areas (SOAs) are a statistical division used in neighbourhood statistics. While administrative boundaries (such as wards) change, output areas are not planned to change between censuses.

Lower Super Output Areas (LSOAs) contain a minimum population of 1,000 households, and a mean population of 1,500. In order to protect participant confidentiality, systems are used to randomly vary any very small numbers in the data. This can mean that occasionally anomalous results appear in analysis.

Middle Super Output Areas (MSOAs) are built from groups of Lower Layer Super Output Areas, and have a minimum population of 5,000 and a mean population of 7,200.

6.2 This part of the report maps the distribution of jobs, vacancies and workless people within each location by Lower Super Output Area (LSOA). A particular problem in displaying the data is that jobs, and hence vacancies, in city areas are extremely tightly concentrated in city centres. Therefore, we have shown jobs, vacancies and workless divided by seven quantiles⁸ of LSOAs in each study area. The **quantile maps** indicate the spread of jobs and vacancies across an area, but it is important to examine the scale in each. For example, in Birmingham, the top displayed quantile for vacancies has more than 26 vacancies in the LSOA. By comparison, the lowest quantile for worklessness displayed has up to 80 workless benefit claimants, and the highest has more than 288 claimants. While it may seem that Birmingham shows a reasonably good match between the areas with most vacancies and workless people who might seek to fill them using the seven-point scale, the scale of worklessness on these maps is far higher than the scale of vacancies available.

97 Data sources for this analysis

The Office for National Statistics (ONS) has recently made available estimates of the numbers of **employee jobs** at Lower Super Output Area (LSOA) level.

Vacancy estimates have been constructed for this report using the ONS National Vacancy Survey. These estimates have very wide confidence intervals but at the scale of these maps the patterns are likely to be broadly representative.

Data on **people claiming workless benefits** is from Department for Work and Pensions published statistics and uses the same geographical level as the employee job data, so it is feasible to compare these as is done in this section. This data includes both the unemployed and the economically inactive.

8 Quantiles divide distributed data into ranges, each containing an equal number of records.

Birmingham

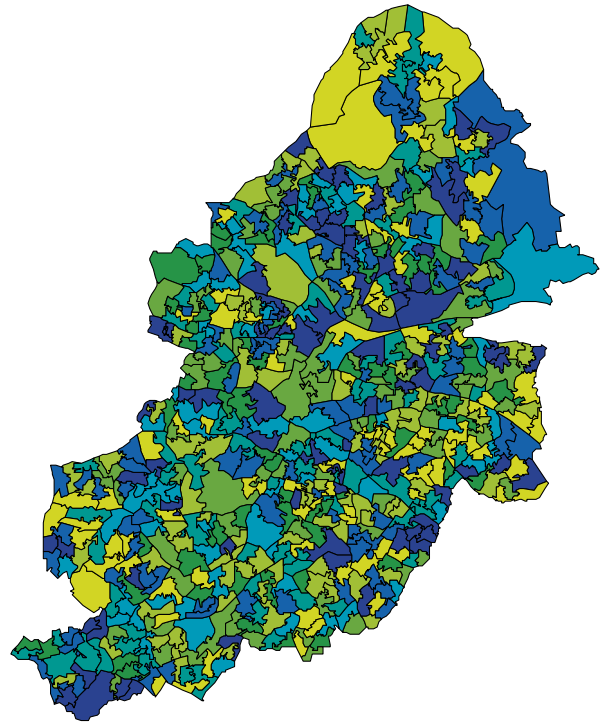
6.3 Figures 98 to 100 show quantile maps of jobs, vacancies and worklessness in Birmingham.

6.4 Using the seven-point scale, it is apparent that while Birmingham shows a reasonable match between areas with the most vacancies and workless people who might seek to fill them, the scale of worklessness in the areas is much greater than the vacancies available.

6.5 In the most northern LSOAs, small numbers of vacancies (light green) are matched with high worklessness (dark red).

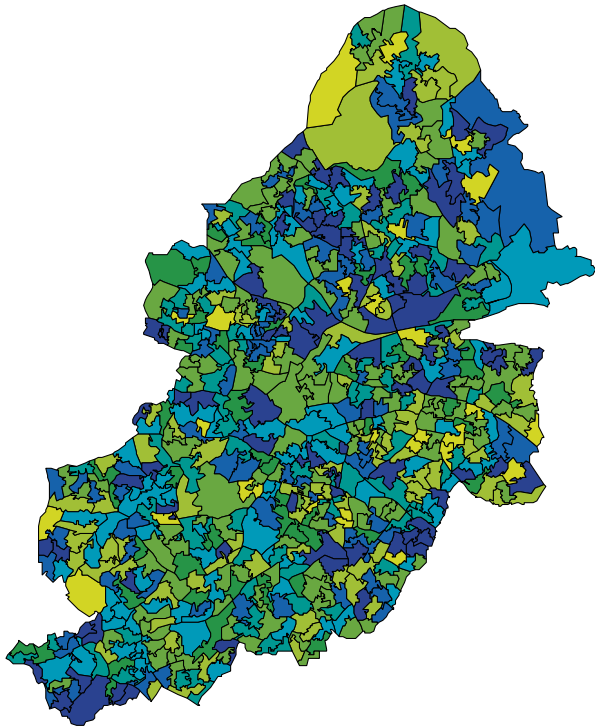
98

Birmingham total jobs, 2005



Source: Centre for economic and social inclusion analysis of ONS data

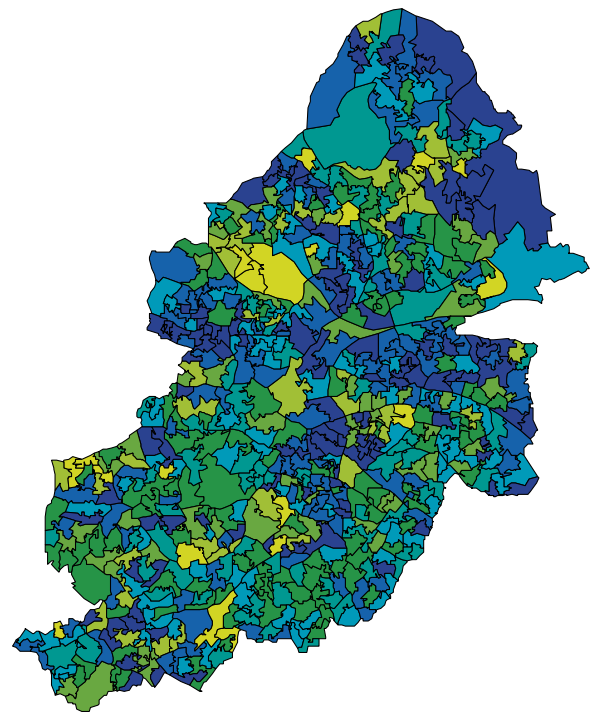
99 Birmingham estimated vacancies, 2005



- | | | | |
|---|---|---|---|
| ■ under 1 | ■ 1-2 | ■ 2-4 | ■ 4-5 |
| ■ 5-7 | ■ 7-12 | ■ 12-24 | ■ over 24 |

Source: Centre for economic and social inclusion analysis of ONS data

100 Birmingham total claimants of workless benefits, August 2006



- | | | | |
|--|--|--|--|
| ■ under 75 | ■ 75-105 | ■ 105-140 | ■ 140-180 |
| ■ 180-210 | ■ 210-250 | ■ 250-300 | ■ over 300 |

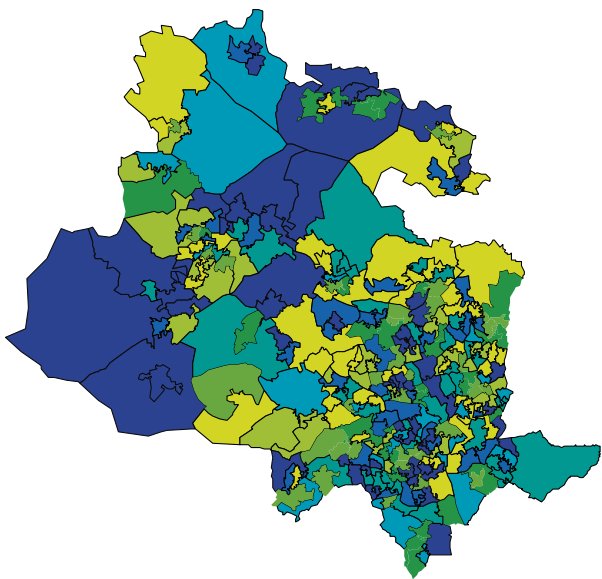
Source: Centre for economic and social inclusion analysis of DWP data

Bradford

6.6 Bradford (Figures 101 to 103) shows a reasonably good match in the south east of the city, between the areas with most vacancies and workless people who might seek to fill them. In the west and running northeast there is also a match between vacancies and workless people.

6.7 In the most northern LSOA however and in a central band of LSOAs small numbers of vacancies (pale green) are matched with high worklessness (dark blue).

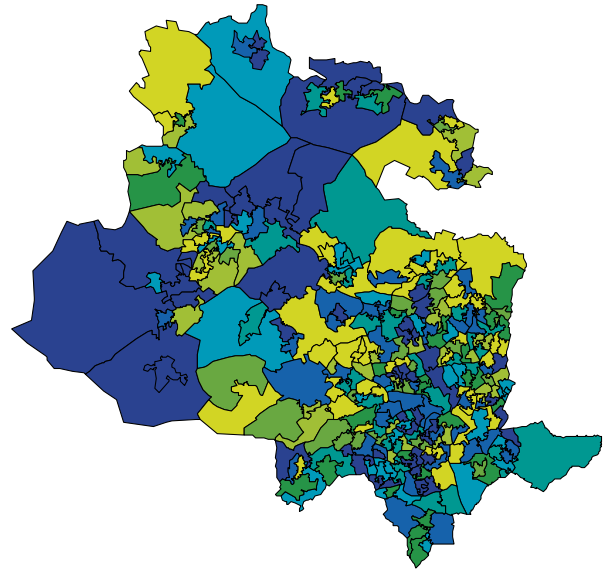
101 Bradford total jobs, 2005



- under 68 68-123 123-168 168-232
- 232-347 347-472 472-944 over 944

Source: Centre for economic and social inclusion analysis of ONS data

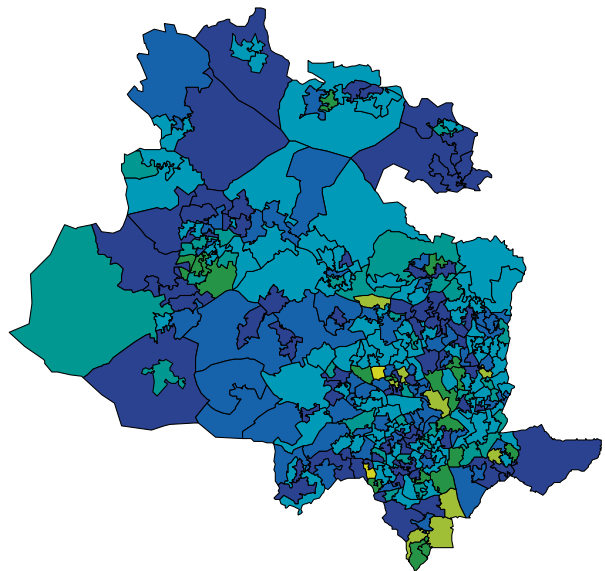
102 Bradford estimated vacancies, 2005



- under 2 2-3 3-4 4-5
- 5-7 7-10 10-21 over 21

Source: Centre for economic and social inclusion analysis of ONS data

103 Bradford total claimants of workless benefits, August 2006

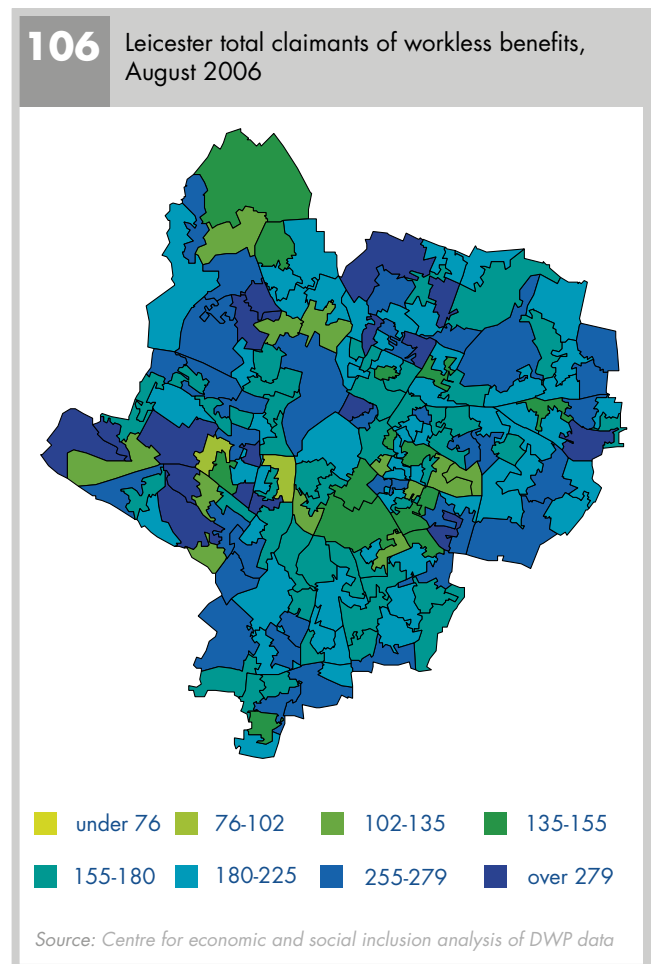
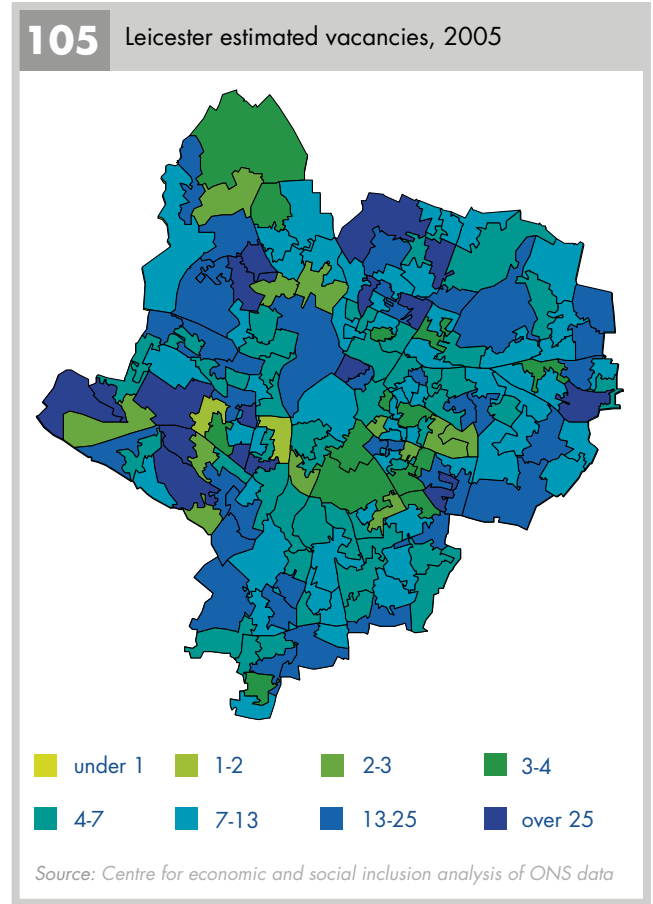
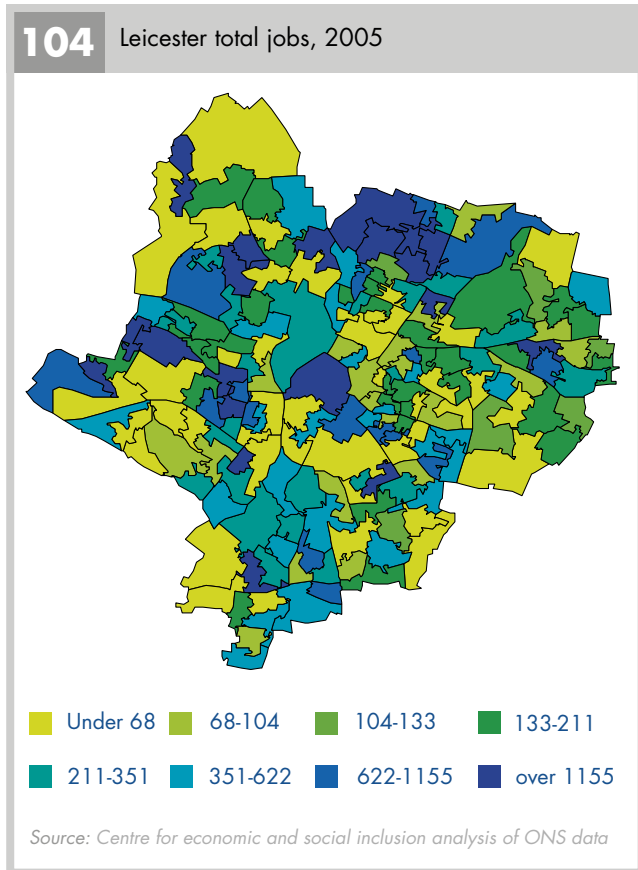


- under 55 55-75 75-95 95-125
- 125-160 208-160 254-208 over 254

Source: Centre for economic and social inclusion analysis of DWP data

Leicester

6.8 The quantile maps for Leicester (Figures 104 to 106) show a chequered pattern of jobs and vacancies but uniformly high worklessness across the whole of the city. Where there are vacancies, there are workless people to fill them, but this reflects more the fact that there are high levels of worklessness all over the city.

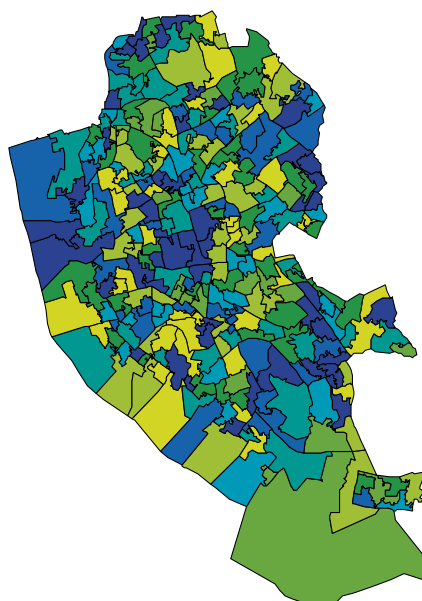


Liverpool

6.9 Figures 107 to 109 show Liverpool. The dominant feature of Liverpool is the high numbers of workless overall. The lowest quantile has up to 100 claimants of workless benefits and the highest has more than 379.

6.10 The quantile maps show a chequered pattern of vacancies and worklessness, though there is a reasonably good match between the areas with most vacancies and workless people who might seek to fill them.

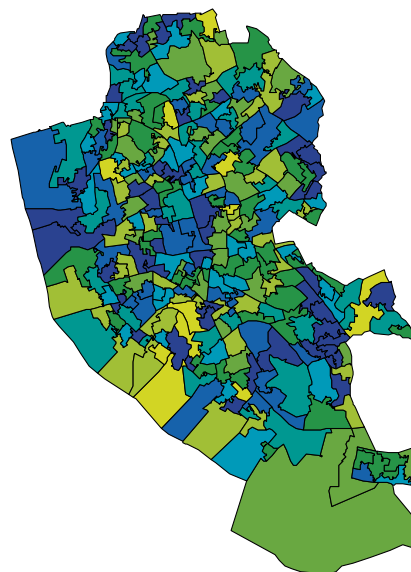
107 Liverpool total jobs, 2005



- under 52 52-98 98-142 142-207
- 207-314 314-512 512-976 over 976

Source: Centre for economic and social inclusion analysis of ONS data

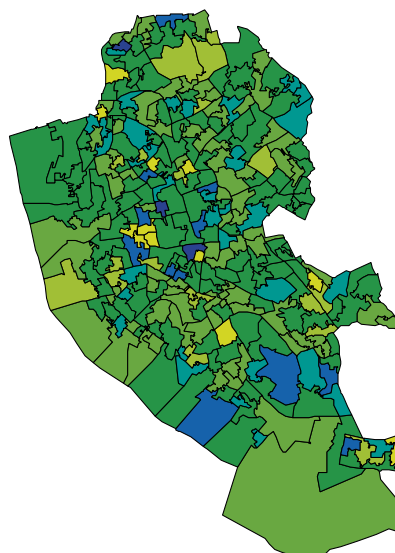
108 Liverpool estimated vacancies, 2005



- under 1 1-2 2-3 3-5
- 5-7 7-11 11-22 over 22

Source: Centre for economic and social inclusion analysis of ONS data

109 Liverpool total claimants of workless benefits, August 2006

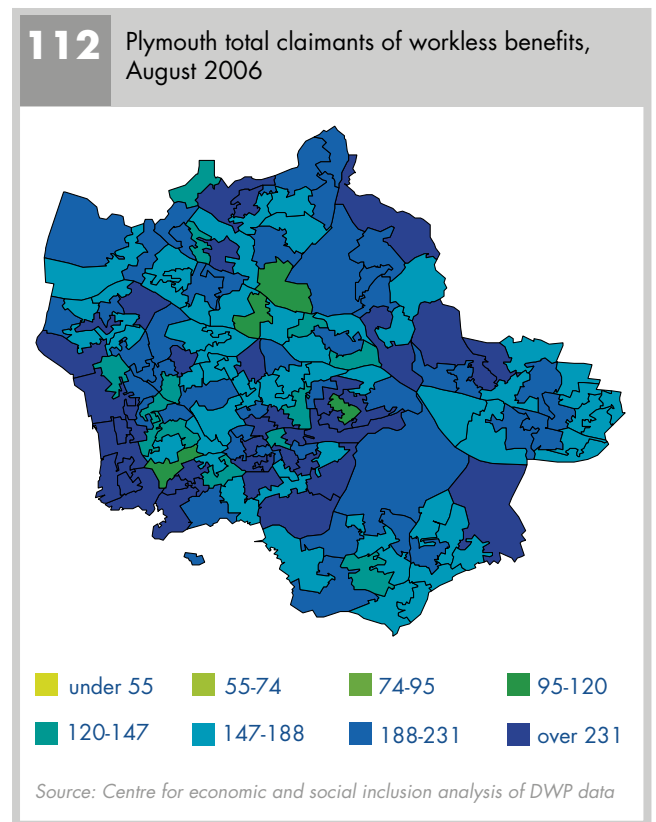
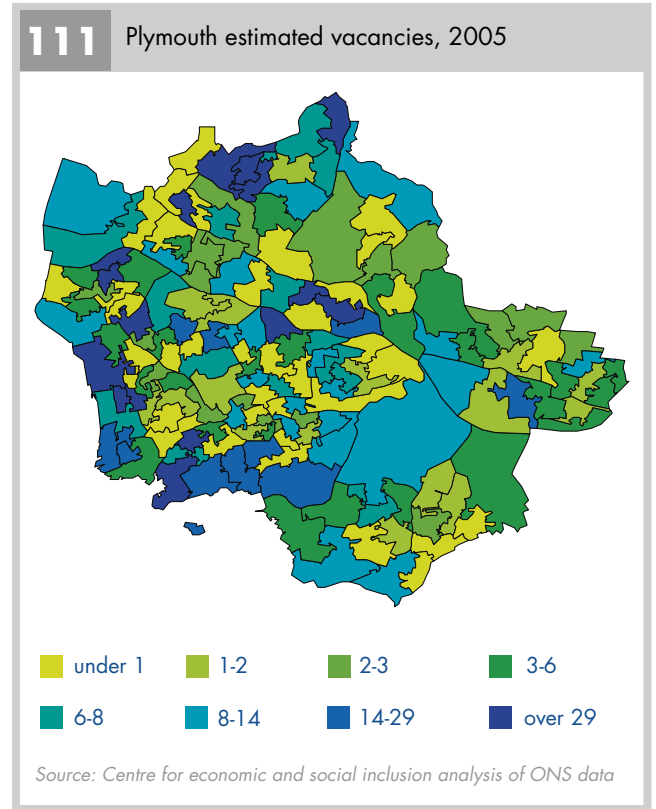
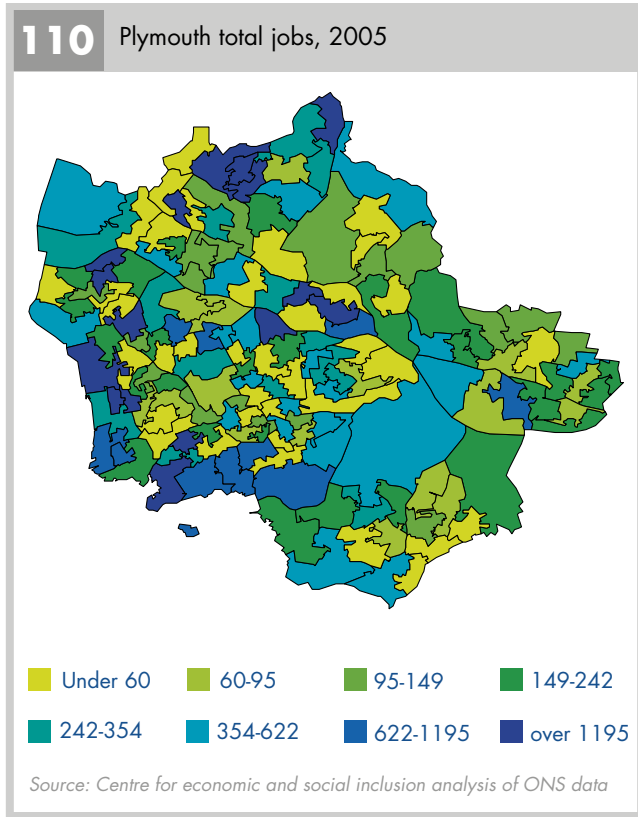


- under 100 100-135 135-180 180-240
- 240-270 270-312 312-379 over 379

Source: Centre for economic and social inclusion analysis of DWP data

Plymouth

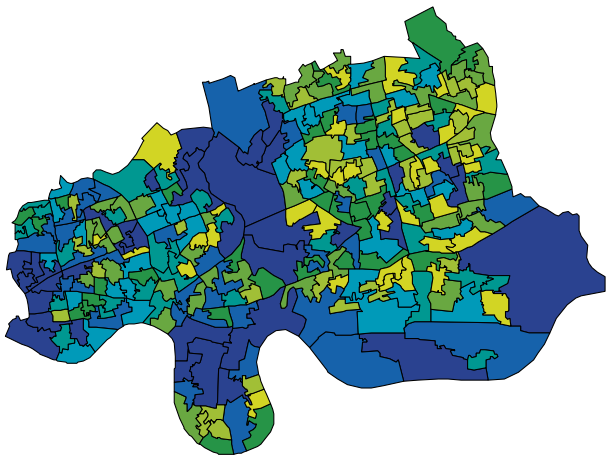
6.11 Plymouth, like Leicester, shows a chequered pattern of jobs and vacancies but uniformly high worklessness across the whole of the city (**Figures 110 to 112**). Where there are vacancies there are workless people to fill them, but as with Leicester this reflects the fact that there are high levels of worklessness.



East London

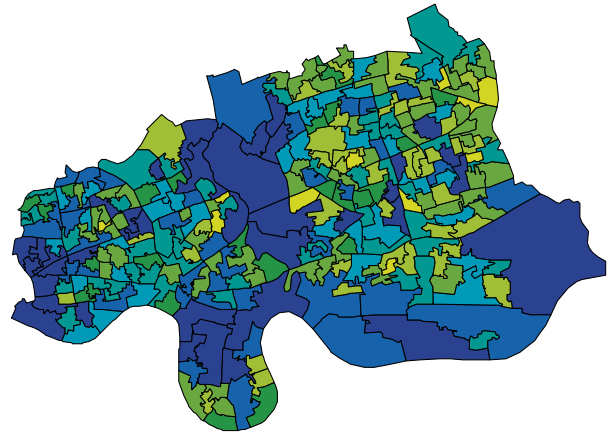
6.12 East London (Figures 113 to 115) shows a reasonable match in many areas between vacancies and workless people to fill them. However there are some areas near the City of London, Canary Wharf and the riverside, which have high levels of vacancies but few workless people to fill them within the same Lower Super Output Area.

113 East London total jobs, 2005



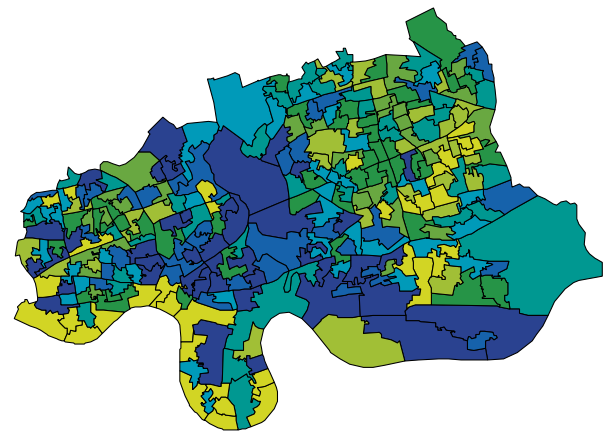
Source: Centre for economic and social inclusion analysis of ONS data

114 East London estimated vacancies, 2005



Source: Centre for economic and social inclusion analysis of ONS data

115 East London total claimants of workless benefits, August 2006



Source: Centre for economic and social inclusion analysis of DWP data

Competition for vacancies

6.13 In this section of the report we consider the competition for vacancies within the areas mapped in the previous section. We consider the vacancies within 5km of the 10 most workless Lower Super Output Areas in each area, along with the numbers of Jobseeker's Allowance claimants, and other workless benefit claimants, who might be expected to compete for these vacancies.

6.14 Figure 116 illustrates average numbers of vacancies within 5km of the 10 most workless Lower Super Output Areas in each area along with the numbers of Jobseeker's

Allowance claimants and other workless benefit claimants who might be expected to compete for these vacancies. Ratios of vacancies to Jobseeker's Allowance claimants and other workless benefit claimants are also shown and these are quite substantial, with as many as 39 workless people competing for each vacancy within 5km of the 10 most workless Lower Super Output Areas in Newham.

6.15 Figure 117 shows the data for vacancies, average number of competing JSA claimants and average number of competing workless benefit claimants, in each area. Newham and Tower Hamlets have been shown separately and combined (East London).

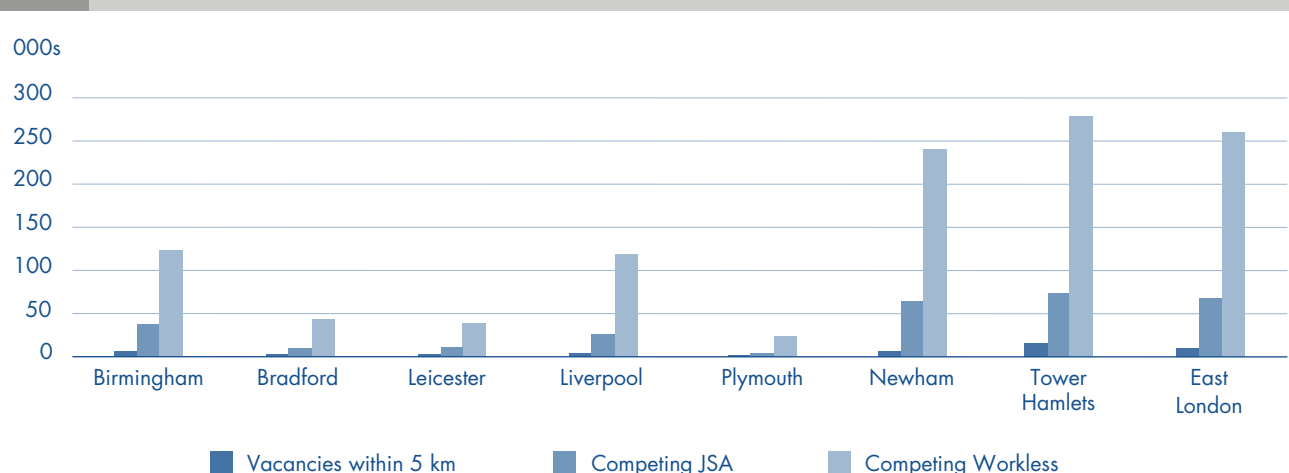
116 Averages and ratios for vacancies and workless people

	Average Vacancies within 5 km	Average Competing JSA	Average Competing Workless	Ratio of JSA claimants to Vacancies within 5km	Ratio of Workless people to Vacancies
Birmingham	6,218	38,023	123,193	6:1	20:1
Bradford	2,459	9,816	43,670	4:1	18:1
Leicester	3,497	10,919	39,741	3:1	11:1
Liverpool	4,602	26,059	118,335	6:1	26:1
Plymouth	1,690	4,054	23,589	2:1	14:1
Tower Hamlets	15,470	73,860	278,287	5:1	18:1
Newham	6,103	63,495	240,929	10:1	39:1
East London ¹	10,786	68,677	259,608	6:1	24:1

NOTE

¹ In this part of the analysis, we consider Tower Hamlets and Newham individually, but for consistency with the rest of the report, have also included a combined figure for East London.

117 Vacancies, jobseekers' allowance claimants, and all workless people by area.



Source: Centre for economic and social inclusion analysis of ONS data

APPENDIX ONE

Key concepts and definitions used in this report

Unemployment

i Unemployment is, broadly, where there is an excess of labour supply compared with employer demand. The UK definition of ‘unemployed’ is in line with the international standard and comprises people who are looking for work (have done so within the last four weeks) and are available to start (within the next two weeks). The work they are looking for could be for any hours.

ii Unemployment in these terms is quite independent of any claim for any Jobcentre Plus benefit. A number of Jobcentre Plus programmes help people claiming benefits other than Jobseeker’s Allowance to get jobs, and in the course of this process they are likely to satisfy the definition of UK unemployment. Lone Parents claiming Income Support who participate in the New Deal for Lone Parents are being helped to look for work and helped to ensure that childcare arrangements are in place to enable them to start work. The same applies to Incapacity Benefit claimants who are being helped to manage their condition so that they can be available to work.

iii Unemployment in the UK and international definitions also includes people returning to or looking for work after periods engaged in caring for their families, who may not be claiming any benefit.

iv Unemployment is defined independently of educational participation. Many people work while undertaking studies, and those who are looking for work and available to start such jobs are also counted as unemployed. People who are in learning and are looking for work when they finish but are not available to start within the next two weeks are counted as ‘economically inactive’.

v As unemployment measured on the UK standard is a relatively small group, survey measures at local level are particularly subject to sampling variation and therefore a time series based on the survey can show spurious trends. ONS has produced model-based estimates of unemployment at local level that it regards as more robust. These use information from the Claimant Count of Jobseeker’s Allowance claimants in a statistical model to reduce the errors resulting from sampling issues. An alternative approach would be to increase the sample size, as has been done in Wales and Scotland and was tried for a period in England (the Annual Population Survey Boost). However, funding for continuing the additional sample in England has not been forthcoming and therefore straightforward survey-based estimates of unemployment in English local authority areas are less robust than they are in Scotland and Wales.

Employment

vi The definition of employment is working at least one hour in a ‘reference week’ before being surveyed. It includes the self-employed.

vii In addition to employees and the self-employed, two smaller groups are included within the employed category. UK practice is to count people on government employment and training programmes as ‘in employment’. This practice is derived from international (ILO) guidelines. However, in practice it seems that responses can be reconciled more closely with administrative figures if people on New Deal options or similar respond that they are ‘unemployed’ rather than on a government programme. The other small group is unpaid family workers, including helping in a family shop or restaurant.

viii At local level, only the employees and self-employed can be observed as the other groups are below publishable sample sizes.

Economic inactivity

ix Economically inactive is a residual category. Everyone who is not either employed or unemployed is economically inactive. This does not preclude looking for work, or indeed wanting work and being available to start, but if people are doing both they are classed as **unemployed** rather than economically inactive. These issues of whether an individual wants to work, is looking for work, and is available to start, are grouped as **'attachment to the labour market'**. The evidence is that those who are looking for work are much more likely to start work than any of the other categories, although significant numbers of people start work who three months before said they did not want to work.

x A second dimension to economic inactivity is the **reason given for being inactive**. These include long-term and short-term illness or disability, caring for family, being a student, being retired or under 16, and a number of smaller categories usually grouped as 'other'. In previous recessions there was great interest in a category known as 'discouraged workers', people who were not looking for work because they did not believe there were jobs available. Nationally, there are now very few in this category and they are not observable at local level.

Occupations

xi Occupations are defined against the Standard Occupational Classification. Survey respondents are asked what they do in their job and the responses are classified accordingly. Occupations are classified into nine occupational levels, which are frequently grouped further in presentations. These are:

- Managerial
- Professional
- Associate Professional and technical
- Administrative and Secretarial
- Skilled Trades
- Personal services
- Sales and Customer services
- Process, plant and machine operatives
- Elementary occupations

xii The occupational groupings are partially based on an assessment of the qualification level required to do the jobs, so there is a reasonable correlation between changing occupational patterns and changing skill needs. Professional occupations normally require degree-level qualification, as do, increasingly, associate professional occupations although NVQ 4 or Diploma

level qualifications may apply in some cases. Skilled Trades normally require apprenticeships that are classified as NVQ 3 or equivalent. Administrative and Secretarial jobs normally require qualifications at least equivalent to NVQ level 2 such as 5 good GCSEs, often including English and Maths. The other groups except elementary jobs require NVQ level 1 or 2 and may previously have been described as 'semi-skilled'. Elementary occupations are those requiring no formal qualifications.

xiii The fact that occupations may require particular qualification levels does not mean that people who are qualified to higher levels do not fill them. Two main groups of people, those who are seeking to combine family care with part-time work, and students seeking to combine full-time study with part-time work, are frequently found working in elementary, sales and customer service or personal services occupations. They are thus competing with people qualified to the level actually needed to do the job.

Qualifications

xiv Qualifications correspond to an agreed 'equivalence' with NVQ levels. Five GCSEs at C or above equate to NVQ Level 2 and two or more A Level passes equates to NVQ Level 3. The wide range of vocational qualifications have similar agreed correspondences.

xv There are a number of qualifications that do not have agreed mappings. Driving qualifications held on their own without an NVQ have no such mapping, whether Large Goods Vehicle, Public Service Vehicle licences, or Fork Lift licences. Qualifications gained overseas also do not have agreed mappings, although degrees may be classified at an appropriate level.

xvi The classifications used are specified to create a 'highest qualification held' NVQ equivalence level. Where people have no mapped 'equivalent' qualification but do have qualifications, they are classified as 'Other'. These are frequently included in a grouped category as 'Under NVQ level 2' but a proportion of, particularly, overseas qualifications included in 'Other' may be at a higher level. Anyone without a qualification is classified as 'No qualifications'.

xvii The pattern of qualifications changes systematically by the age of the individual. Educational and training changes over the lifetime of people currently in the workforce have produced very large changes in qualifications. The current Government targets for NVQ achievement by age 19 did not apply in the past and many people in their 50s were not offered the opportunity of taking qualifications at school.

Industry/sector

xviii The terms Industry and Sector are used almost interchangeably. They refer to responses to questions as to what the main business of the employer is. ONS statisticians are confident that when they take surveys from employers, the responses to this question are reasonably consistent. However, when household surveys are taken of individuals, the responses do not match up with the employer-based surveys measuring the same thing. It appears that many people have only the haziest idea of what the main business of their employer is, and in some cases even who their employer is.

xix Some of the individuals' responses may be of more use than the employer-based responses in understanding local labour markets. In employer-based surveys (and in Jobcentre Plus vacancy figures by industry) those temporary workers who work through Employment Agencies are recorded as employed by the Agency and classified in Finance and business services, regardless of the main business of their work placement. For example, teachers working through an Agency will be in the Finance and business services sector rather than the Education sector, although they are employed as teachers and their workplace is a school. Individual and household survey responses in these cases seem to relate to the workplace rather than the formal employer. Employment strategies based on trends in education employment and finance and business services employment would thus understate the importance of education and overstate that of finance and business services. Outsourcing in all sectors tends to result in increases in finance and business services and declines in employment in the originating sector, even though people may be doing the same job in the same workplace.