

Reporting the Local Impact of the Recession

April 2009



Introduction

This month Alistair Darling set out his budget for the financial year 2009/2010. The budget has come at a time where the UK's budget deficit for 2008/2009 is at a record of almost £90bn . As the recession continues (GDP growth for 2009 is expected to contract by -4.3%), there will be increasing pressure on government revenues since unemployment benefit payments and demand for public services will increase and tax receipts will diminish. A significant worry is that demand for government gilts used to finance the country's debt repayments will weaken. Furthermore, the new budget for 2009/10 is based on Darlings predictions that growth will return by the end of 2009. After another quarter of negative GDP growth (of -1.9%) announced for the 3 months between January and March of 2009, however, recovery seems a long way off. The upshot is that growth in government spending will reduce significantly, and at a local level, pressure will be put on important public services.

In order to allow for easier, fuller and more consistent monitoring between different geographies, this month's report presents the richest and most regularly updated data sets on recession reporting - JSA counts and rate, JCP vacancies and also NEET - as dashboards. The dashboards are prefaced with important national level information on output and unemployment. The document is set out as follows:

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Key Points

- UK output shrank by –1.9% between Q4 2008 and Q1 2009, which represents a -4.1% drop on a year (on Q1 2008). All key sectors, except government related services, saw negative growth on last year.
- Using the ILO definition, unemployment in the East Midlands increased by 0.9% points between November 2008 and January 2009, compared to a national increase of 1.3% points, and is amongst London and the South East in experiencing below national average increases.
- There were 23,096 people claiming JSA benefits in the sub region in March 2009; this is 10,799 more than in March 2008.
- The JSA claimant rate in March 2009 was 2.9% in the County and 6% in the City. This is an increase of 0.1% points in the County and 0.2% points in the City on February's rate.
- Melton had the highest increases in JSA claimants over that last year, particularly in Melton Egerton where the claimant count as a proportion of the total working age population increased from 6% in March 2008 to 4.7% in March 2009.
- In Leicester City between March 2008 and 2009, female claimants increased by 918 whereas males claimants grew by 3,101.
- For the Leicester and Leicestershire sub-region as a whole, there were 3,257 new notified vacancies and 2,032 unfilled live vacancies in March 2009. The largest number of notified vacancies in March were in administrative occupations related to the public sector.
- In March there were 11.37 JSA claimants for each unfilled job vacancy through JCP. This compares to 2 claimants per unfilled vacancy in March 2008 in the sub region.
- NEET 16-18 rates in Leicestershire for March 2009 match those of March last year at 5.2% of 16-18 year olds. In the City, NEET increased to 9.1%, compared to 9.2% for the same period last year. Charnwood district has seen the biggest increase in NEET over the past few months; growing from 4.7% in January to 6.3% in March.

National Picture

Output

The recently revised estimate on GDP growth shows that between Q4 2008 and Q1 2009 the UK posted another negative growth rate, contracting by -1.9%. After decreasing by -1.6% between Q3 and Q4 of 2008, this is a greater contraction than expected. The GDP growth rate for each quarter on previous years shows that for Q1 2009, there was a significant reduction - of -4.1% - on January-March 2008.

The increased rate of decline in output was as a result of poor performance across all sectors (Figure 2). Manufacturing saw the biggest contraction in output on a year, but the construction sector also saw a very significant decline on 2008 growth rates.

Inflation

CPI annual inflation – the Government's target measure – was 2.9% in March, down from 3.2% in February. The largest downward pressure on the CPI annual rate came from housing and household services. This was mainly due to gas bills and heating oil; both of which fell on a year. Other downward pressure came from food and non-alcoholic drinks, transport costs (though the price of petrol rose). The largest upward pressure on CPI was from recreation and culture. This was particularly the case amongst import-oriented goods and services such as toys, computer games, PCs and data processing equipment and perhaps reflects the diminished purchasing power of sterling.

RPI inflation, which includes house prices and mortgage interest repayments, slowed to -0.4% in March. That is a fall of 0.4% on the year (on March 2008), compared with 0% in February. The downward pressure here came from weak housing market performance and low interest repayments. Otherwise, the main factors affecting the CPI also affected the RPI.

ILO Unemployment

The most recent International Labour Organisation measure of unemployment is available for November 2008 to January 2009. Overall, the unemployment rate in the UK and England increased by 25% (or 1.3% points) between November 2007 - January 2008 and November 2008 - January 2009. Between these two years unemployment rates increased the most in the North East (a rate increase of 43% and point increase of 2.6%). The unemployment rate in the East Midlands increased by 16% (or 0.9% points) and, encouragingly, is amongst the London and the South East in experiencing below national average increases in unemployment rate.

Figure 1: UK GDP Growth over the last 10 years

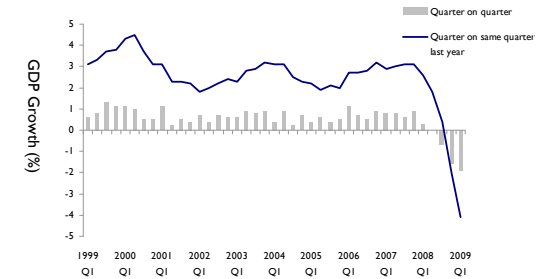


Figure 2: GVA growth by sector

	Q1 2009	Q1 2008
Manufacturing	-13.7	0.8
Construction	-8.6	3.6
Retail and distribution	-5.7	2.5
Transport and communications	-3.2	1.4
Business services and finance	-2.3	4.6
Government and other services	1.0	1.4

Figure 3: CPI down to 2.9%; RPI down to -0.4%

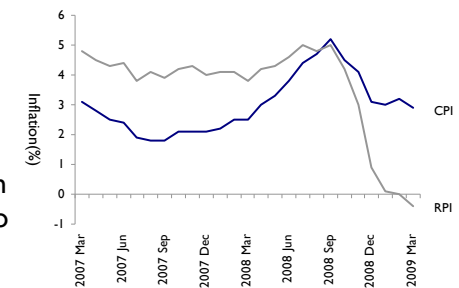
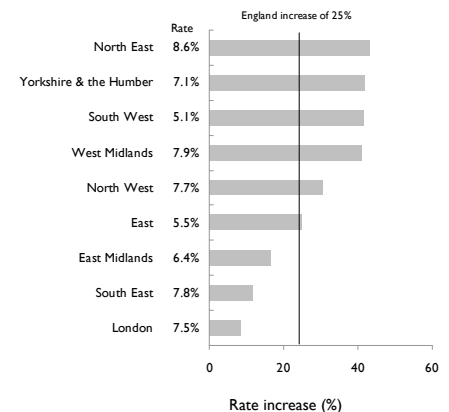


Figure 5: Regional unemployment rate increase: Nov-Jan 2007/8 to Nov-Jan 2008/9



The local Picture: Leicester and Leicestershire

Claimants

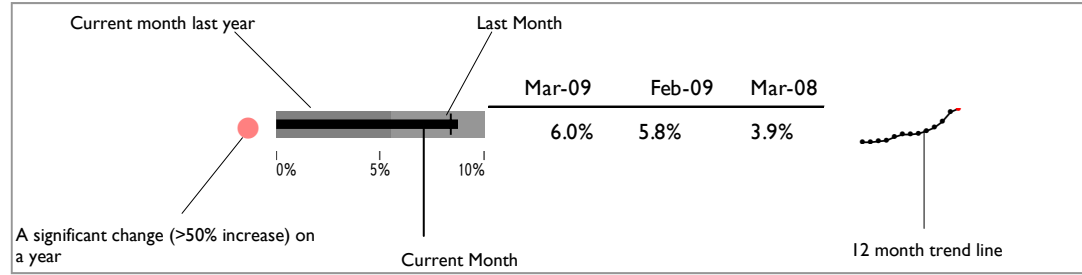
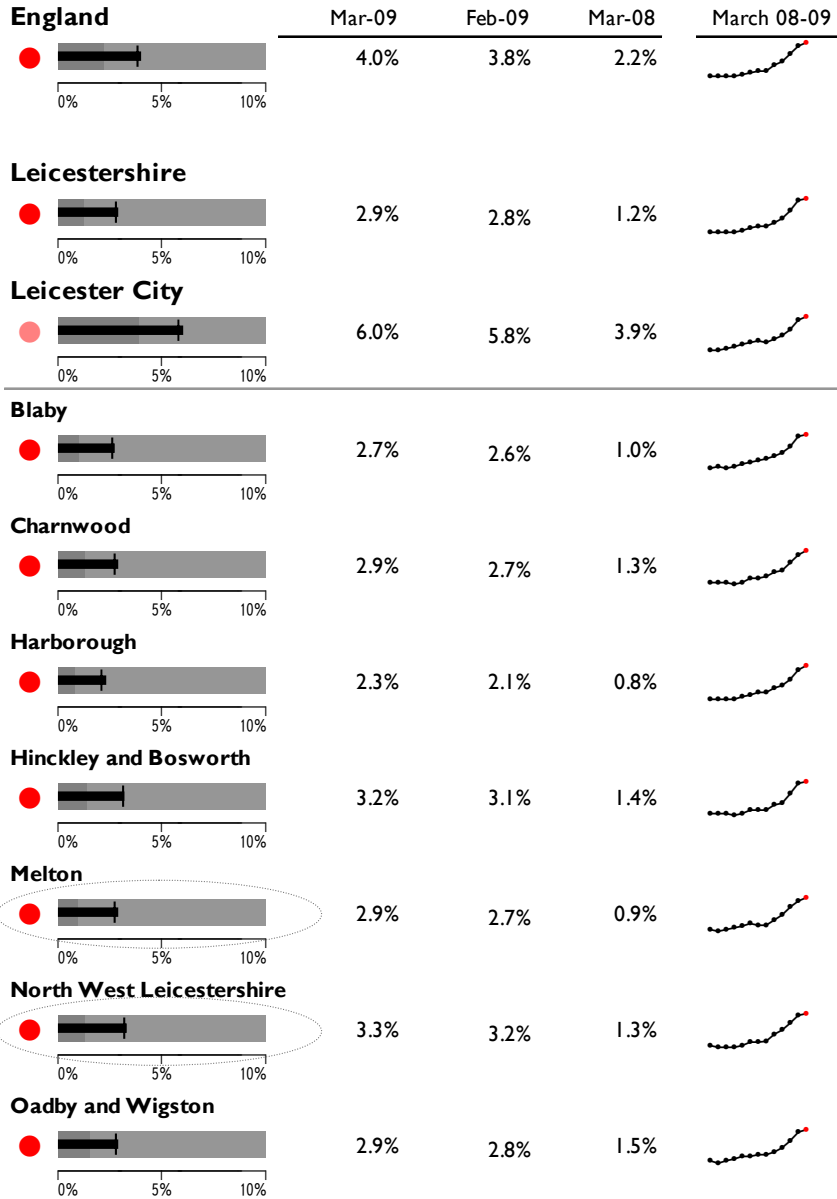
The total number of people claiming unemployment benefits in Leicester and Leicestershire was 23,096 in March 2009, compared to 12,297 in March 2008. County rates increased by 0.1% points compared to a 0.5% point increase the previous month and City rates by 0.2% point compared to 0.9% points the previous month. Since March 2008, the numbers of male claimants increased by 5,203 in the County and 3,101 in the City. In total, males make up 77% of the annual increase in Claimant numbers. In Leicester City female claimants only increased by 918 over the 12 months between March 2008-2009.

In the City, Abbey ward now has the highest claimant rate at 8.3%, followed by Charnwood ward at 8%. The highest monthly increases in claimant rates are within Abbey, Braunstone and Eyres Monsell wards, all increasing by 0.5% points. Braunstone Park has had the highest annual increase in claimant rates from 4.3% in March 2008 to 7.6% in March 2009. This is equivalent to a change from 434 to 775 claimants. Eyres Monsell has also increased from 4% to 7.2% over the last 12 months, that is from 285 claimants in March 2008 to 465 in March 2009. Conversely, Claimant rates in Coleman ward have decreased from 6.8% in February 2009 to 6.6% in March 2009; equivalent to 11 fewer claimants.

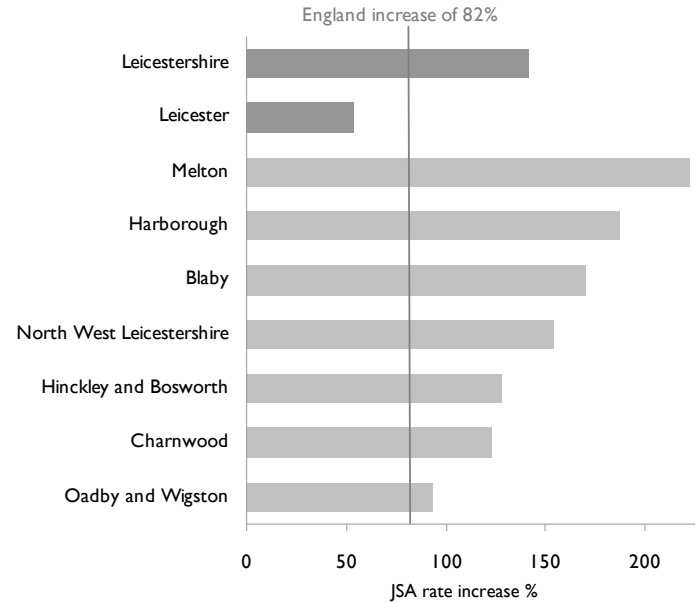
In the County, March 2009 figures show that Harborough, Charnwood and Melton all had the highest monthly rate increases of 0.2% points. North West Leicestershire district, however, continues to have the highest claimant rate in the County at 3.3%. Over the last 12 months, North West Leicestershire and Melton had the highest % point increases, changing from 0.9% to 2.9% in Melton and 1.3% to 3.3% in North West Leicestershire. This is equivalent to an increase from 269 to 874 claimants in Melton and 706 to 1,839 in North West Leicestershire over 12 months.

Loughborough Hastings ward continues to have the highest claimant rate in the County, at 6% in March 2009. Melton Warwick, Melton Newport and Oadby St Peter's had the highest monthly rate increases of 0.7% points. Annually, Melton Egerton ward had the highest increase in claimant rates from 1.6% in March 2008 to 4.7% in March 2009; equivalent to an increase from 38 to 109 claimants. Claimant rates in Earl Shilton, Coalville and Measham wards have also increased by 3% points over the last 12 months. Claimant rates have decreased this month for 27 wards in the County. Billsdon and Moira wards have had the largest monthly decreases from 1.4% to 0.9% and 3.4% to 3% respectively. In Moira this represents a change from 96 to 84 claimants between February and March 2009.

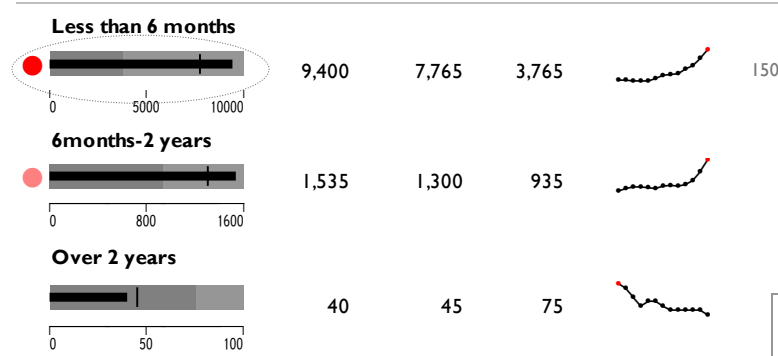
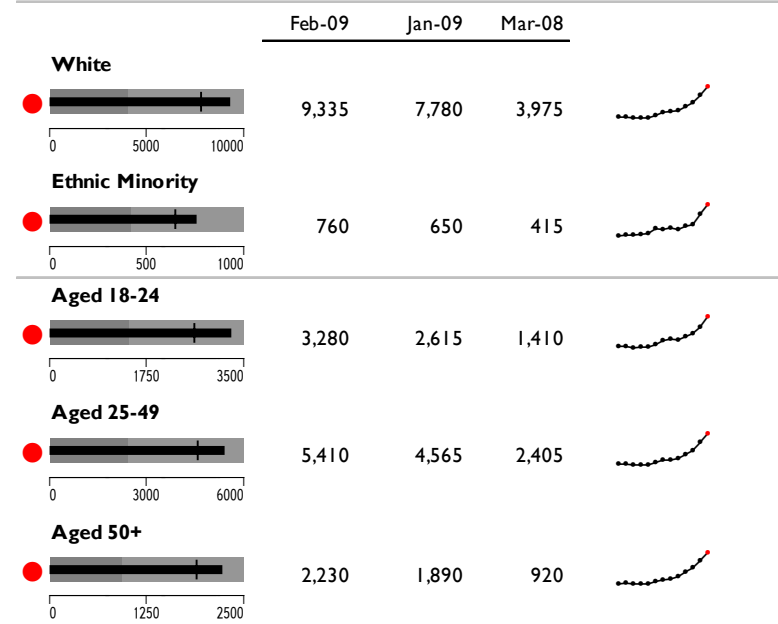
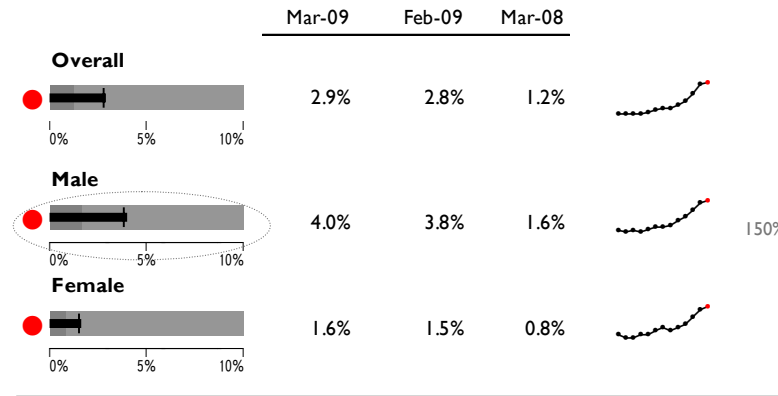
JSA Claimants in Leicester and Leicestershire: March 2009



JSA rate increase to England increase: March 2008-March 2009



JSA Claimants in Leicestershire: March 2009



● >75% increase in JSA rate
● >50% increase in JSA rate

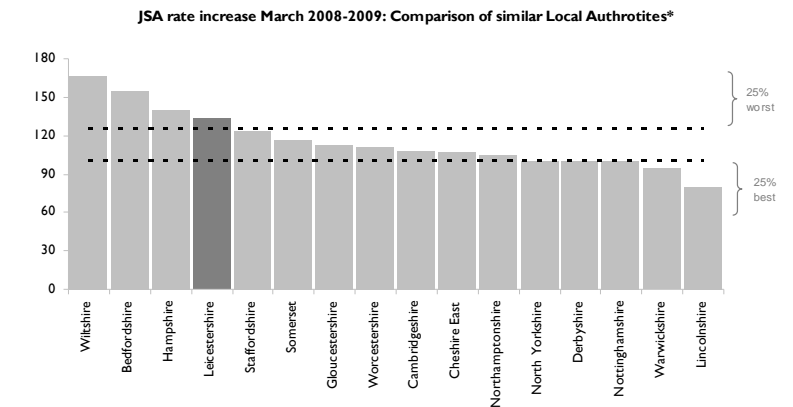
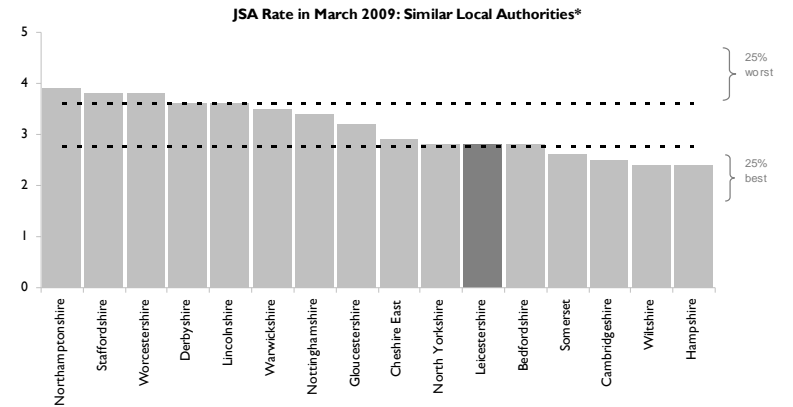
Top 10 wards: JSA Rate

Ward Name	District	JSA rate
1 Loughborough Hastings	Charnwood	6.0%
2 Loughborough Lemyngton	Charnwood	5.1%
3 Earl Shilton	Hinckley and Bosworth	5.1%
4 Greenhill	North West Leicestershire	5.0%
5 Hinckley Trinity	Hinckley and Bosworth	4.9%
6 Coalville	North West Leicestershire	4.8%
7 Melton Egerton	Melton	4.7%
8 Hinckley Castle	Hinckley and Bosworth	4.5%
9 Barwell	Hinckley and Bosworth	4.4%
10 Millfield	Blaby	4.3%

Top 10 wards: JSA % point increase (Mar 08-09)

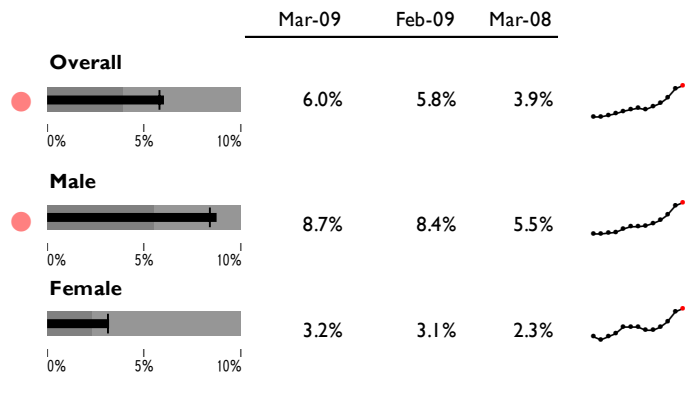
Ward Name	District	% point increase	JSA Rate
1 Melton Egerton	Melton	3.1%	4.7%
2 Earl Shilton	Hinckley and Bosworth	3.0%	5.1%
3 Coalville	North West Leicestershire	3.0%	4.8%
4 Measham	North West Leicestershire	3.0%	3.9%
5 Millfield	Blaby	2.9%	4.3%
6 Hinckley Trinity	Hinckley and Bosworth	2.8%	4.9%
7 Melton Warwick	Melton	2.8%	4.0%
8 Snibston	North West Leicestershire	2.7%	3.7%
9 Whitwick	North West Leicestershire	2.6%	3.8%
10 Thurmaston	Charnwood	2.5%	4.3%

*Due to small population sizes



*Based on the CIPFA nearest neighbour model

JSA Claimants in Leicester City: March 2009



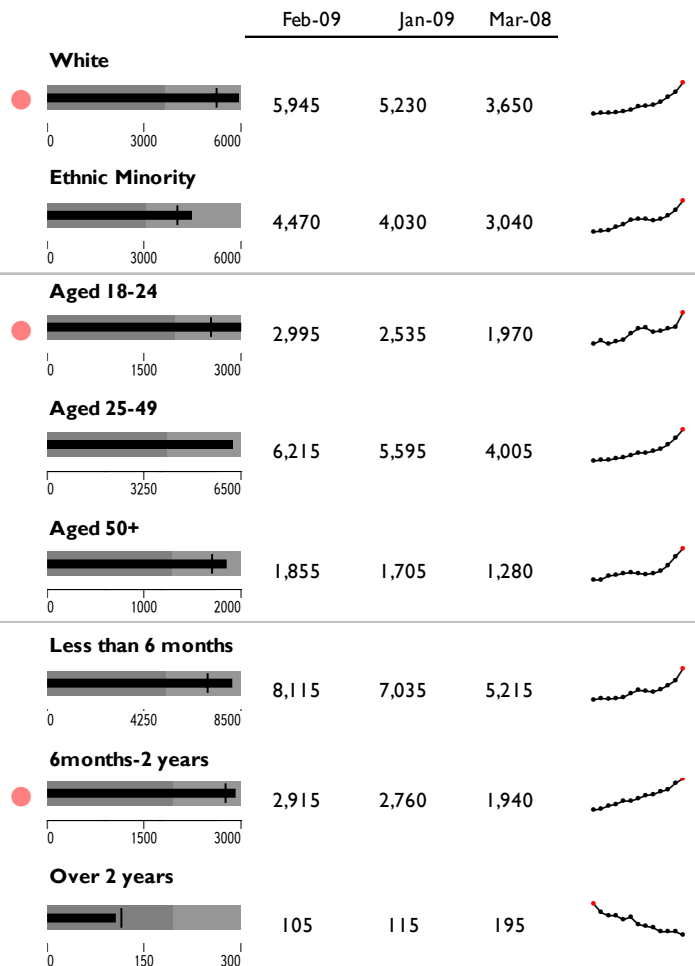
Top 10 wards: JSA Rate

Ward Name	JSA rate
1 Abbey	8.3%
2 Charnwood	8.0%
3 Spinney Hills	7.8%
4 New Parks	7.7%
5 Braunstone Park and Rowley Fields	7.6%
6 Freeman	7.6%
7 Beaumont Leys	7.2%
8 Eyres Monsell	7.2%
9 Coleman	6.6%
10 Belgrave	6.4%

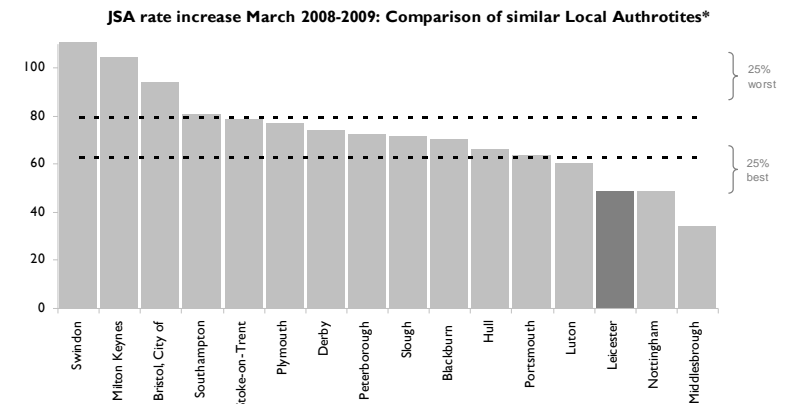
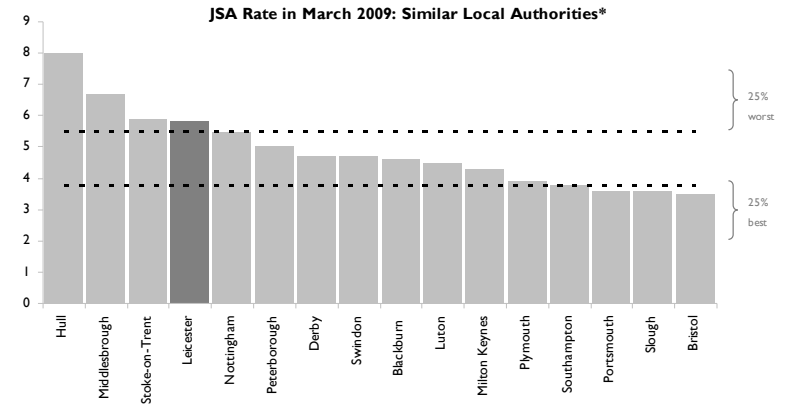
Top 10 wards: JSA % point increase (Mar 08-09)

Ward Name	JSA Rate	% point increase
1 Braunstone Park and Rowley Fields	7.6%	3.3%
2 Eyres Monsell	7.2%	3.2%
3 Abbey	8.3%	2.7%
4 Thurncourt	5.7%	2.7%
5 Westcotes	5.8%	2.7%
6 Freeman	7.6%	2.6%
7 Western Park	4.9%	2.5%
8 Aylestone	4.9%	2.4%
9 Fosse	5.3%	2.4%
10 Humberstone and Hamilton	5.1%	2.4%

*Due to small population sizes



● >75% increase in JSA rate
● >50% increase in JSA rate



*Based on the CIPFA nearest neighbour model

Vacancies

In the sub-region there were 3,257 new notified vacancies and 2,032 unfilled live vacancies in March 2009. In terms of notified vacancies the biggest increase for March 2009 was in administrative occupations: government and related organisations (559 notified in sub-region). Customer service occupations and transport drivers have seen the largest fall in actual numbers of unfilled vacancies on last year, whereas health care professionals and teaching professionals have seen increases over the year. In terms of broader occupation sectors there has been an increase within the sub-region in proportions of unfilled vacancies in professional/professional associates and personal services and a decrease in the share of process/plant vacancies.

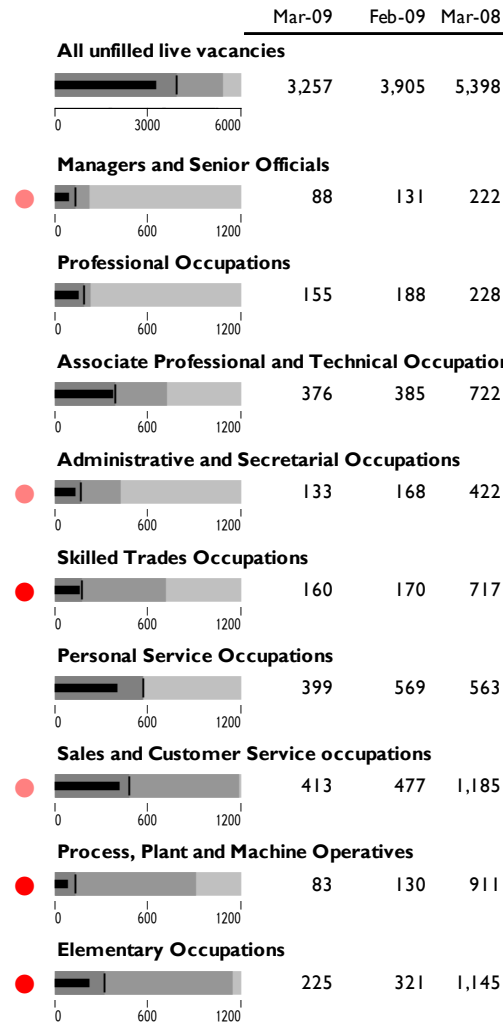
As the numbers of JSA claimants increase there are also slight changes in the occupations being sought. In the City there has been slight increases in the share of claimants searching for professional or process/plant occupation while in the County there are slightly higher proportions searching for managers, skilled trades and process/plant occupations and smaller proportions seeking sales/customer service jobs. This is a particular concern for claimants looking for process/plant vacancies, namely plant and machine operatives, as unfilled vacancies have also decreased significantly. Melton district (which has seen the largest % increase in claimants over the last year) has seen particularly high increases in jobseekers looking for employment in construction; both skilled and elementary.

In March 2009, there were 11.37 JSA claimants for each unfilled job vacancy through JCP in Leicester and Leicestershire. This compares to 8.71 claimants per unfilled vacancy in February 2009. In March 2008 there were 2 claimants per job in the sub-region. Elementary good storage and building trades had the largest disparity between claimants and unfilled vacancies with 415 claimants for 1 building vacancy and 2,875 claimants for 5 goods storage jobs in the sub-region. In February 2009 there were 480 unfilled healthcare service vacancies in the sub region for 325 claimants, meaning there were more jobs available than claimants in the occupation. The number of unfilled vacancies in this sector is now 319 for March 2009 with claimant figures increasing to 345.

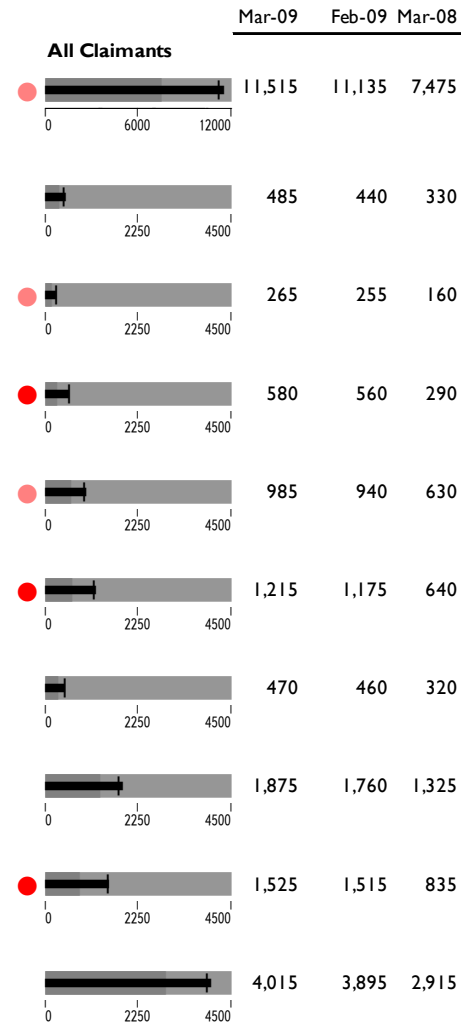
Vacancies in Leicester and Leicestershire

● <75% decrease in vacancies or >75% increase in claimants
● <50% decrease in vacancies or >50% increase in claimants

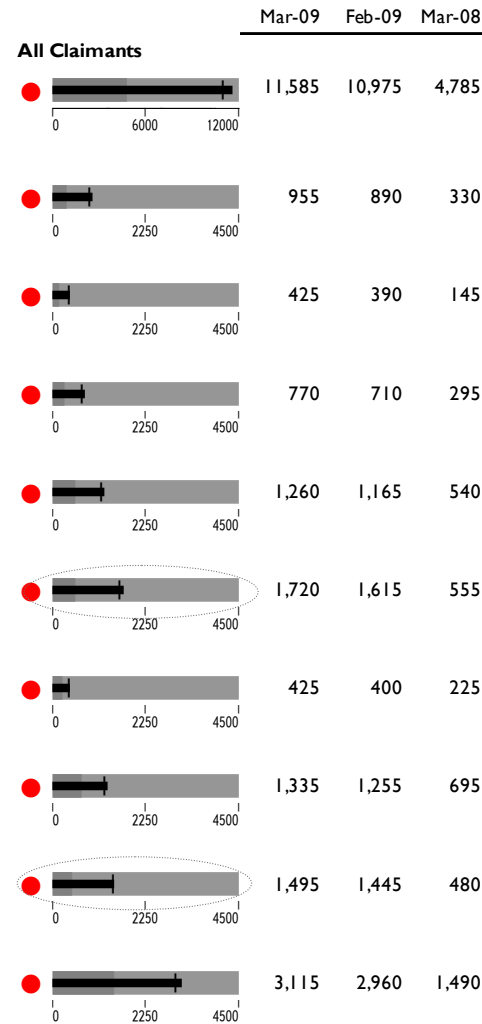
Leicester and Leicestershire: Vacancies



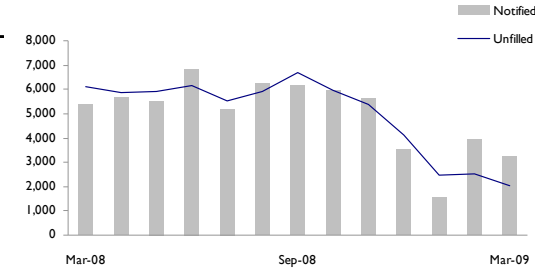
Leicester City: Claimants



Leicestershire County: Claimants



Notified and unfilled vacancies in Leicester and Leicestershire: March 2008-March 2009



Young People

After continuous months of NEET (Not in Education, Employment or Training) rates being lower than previous years, this month saw rates match those of March last year in the County at 5.2%. In the City, NEET was 9.1%, which was still slightly below the rate of 9.2% last March. (These figures are based on cohort of 19,140 16 to 18 year olds in the County and 10,893 in the City.) Typically a higher rate of young people in the County are in employment. Currently 17% of Young People living in County and 9% of Young People living in City (based on residency) are likely to be more at risk of becoming NEET in the current economic climate than those in full time education. The largest increases in the County have been in Charnwood and North West Leicestershire districts. 21% of 16 to 18 year olds in Eyres Monsell were NEET in March 2009, up from 19% the previous month. NEET decreased in Freeman and Westcotes wards between February and March 2009, although rates remained relatively high. In the County Loughborough Ashby has the highest NEET rate at 17% although this decreased from 18% in February.

Last summer (2008) 85% of year 11 school leavers in the sub-region went on to Full Time Further Education (85% County and 84% City). This compares with just 77% in 2006. Numbers entering training courses also increased while numbers going into employment have decreased. This reflects the current agenda to retain young people in some form of learning at 17. However there remains a concern for Young People leaving education this summer with fewer employment opportunities available.

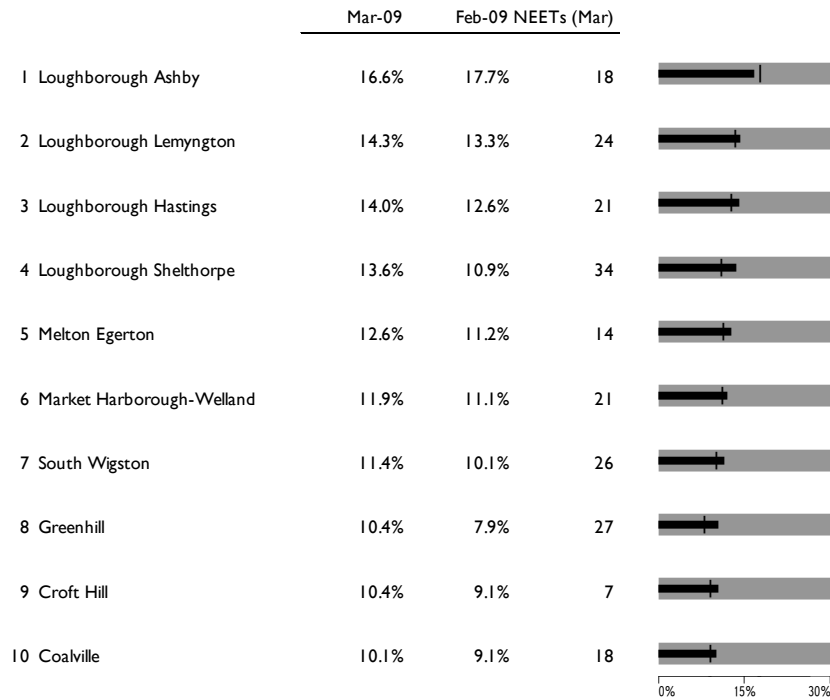
In 2008, Plumbing and Carpentry were the most popular apprenticeships for year 11 and 12 leavers. However, numbers of Young People in year 11 and 12 applying for Construction apprenticeship have decreased this year. This probably reflects the consensus view that construction will have to contract in the coming years. Taking into account all applications (1st, 2nd and 3rd choices) Vehicle Maintenance & Repair was the most popular apprenticeship for those due to leave education this summer with 132 applicants in total. This was followed by hairdressing (121). Plumbing was third most popular with 117 applicants. Looking just at first choices. However, Bricklaying was the most popular apprenticeship application followed by Hairdressing and Children Care Learning and Development. Only 4.3% (31) of Young people applying for apprenticeships cited Plumbing as their first choice, making it the 8th most popular. This compares to 121 applicants in 2008 when this was the most commonly applied for apprenticeship.

NEET (16-18 year olds) in Leicester and Leicestershire

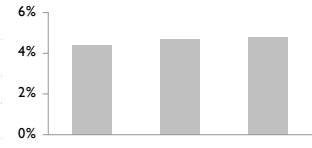
Leicester City: Top 10 Wards



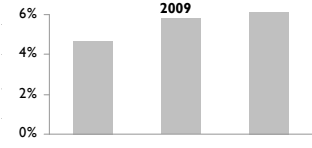
Leicestershire: Top 10 Wards



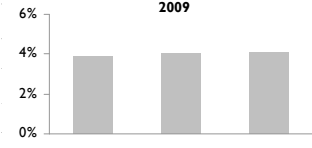
Blaby: 139 NEETs in March 2009



Charnwood: 299 NEETs in March 2009



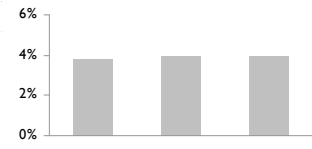
Harborough: 95 NEETs in March 2009



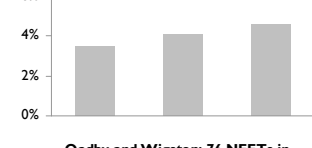
Hinckley and Bosworth: 138 NEETs in March 2009



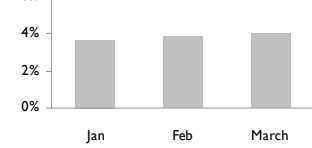
Melton: 51 NEETs in March 2009



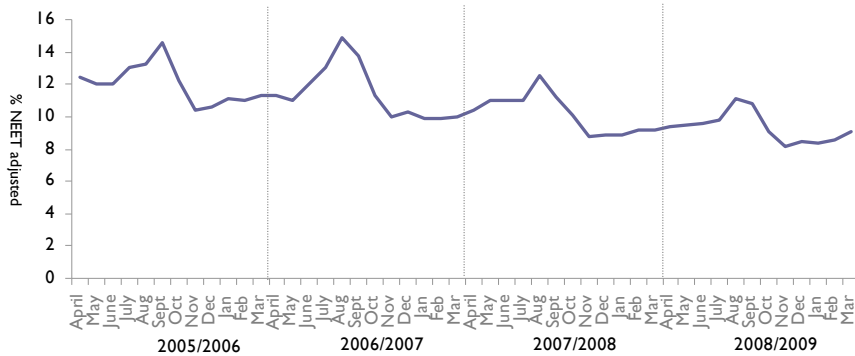
NW Leicestershire: 128 NEETs in March 2009



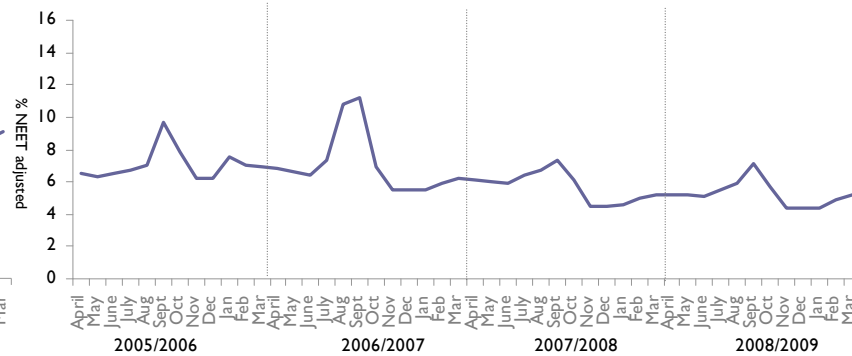
Oadby and Wigston: 76 NEETs in March 2009



NEET in Leicester City: April 2005-March 2009



NEET in Leicestershire: April 2005-March 2009



The next monthly report will be available on 18th May 2009.

House price data and trends for Leicester and Leicestershire are now available in a monthly report on http://www.lsr-online.org/reports/leicestershire_and_leicester_city_house_price_and_sales_volume

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