Reporting the impact of the recession in Leicester and Leicestershire

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Introduction

The collapse of the financial market and consequent global recession has created a need for up to date research and knowledge about the impact this is having on sectors, jobs, unemployment, house prices, poverty and many more aspects that affect day to day life. Many reports on the current recession make comparisons to previous recessions, looking for an indication of future recovery. However, this recession is not a blue print of any past recession and any patterns can only go someway in predicting what the future economy will look like.

The Leicester and Leicestershire sub-region is largely rural, with a high proportion of older, more affluent residents in the County. The City exhibits a distinctly younger and more diverse population, with pockets of extreme deprivation. The economy of the sub-region is diverse although still reliant on traditional manufacturing in parts, which has been hit hard over the last 12 months. The high proportion of jobs in the public sector in the City (approx 1 in 3) is also a key concern for the future.

This report focuses on the aspects of the economic downturn that affect residents in the sub-region, namely job losses, the prospects for young people and the impact in rural areas. The report uses research from various local and national data sources, surveys and reports. The three themes discussed in detail are:

- Job Prospect
- Young People
- Rural Recession

Context

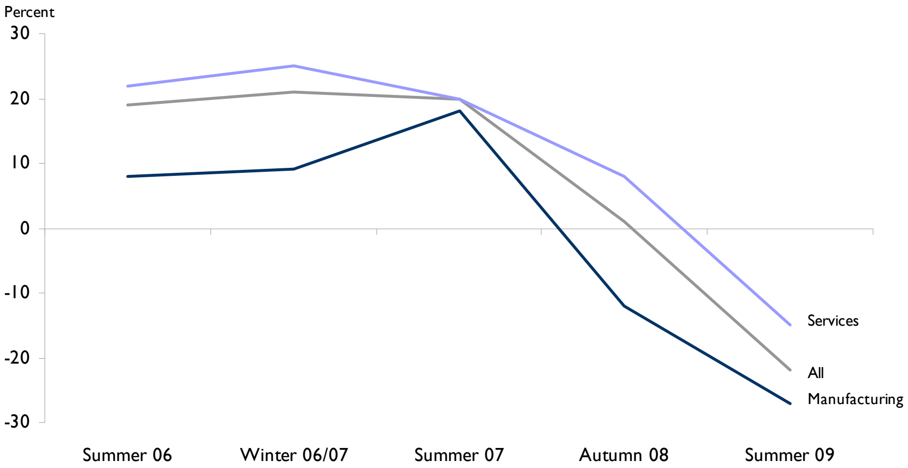
The shape of the economy has changed drastically over the last 12 months. In January 2009 the British economy was officially declared to be in recession, using the widely accepted definition of recession as ‘two consecutive quarters of negative growth’. The National Institute of Economic and Social Research (NISER) calculated that GDP first stopped growing in March 2008, concluding that the economy is now ‘stagnating’. Their forecast, published in late July 2009, sees GDP falling 4.3% in 2009 before growing 1% in 2010 and1.8% in 2011. However, GDP per head is predicted to take until 2014 to return to its level in the first quarter of 2008.

This is common of many forecasts that predict a slow recovery. It is estimated that public finances have weakened by 6.5% of national income, or 90 billion a year. Therefore, cutbacks in public spending are now inevitable, with the questions now about the scale and nature of such cuts.
The collapse of the housing market has led to increases in repossessions and negative equality for home owners. Between October 2008 and March 2009 the Bank of England reduced base rate from 5% to 0.5%, the lowest since 1964. Whilst house prices have begun to stabilize over the past few months[1], NISER’s July forecasts suggest that house prices in Britain will keep falling for another three years. When uncertainty in markets is high, consumer spending is also badly hit due to lack of confidence; this is reflected in the fall in consumer price index (CPI) over the past 12 months.

Research with the local business community in Leicester and Leicestershire gives further insight into the local economy and an up to date picture of local business issues[2]. Since 1994 local partners have conducted a regular business survey of approximately 1,000 businesses. The most recent survey took place in June 2009, following on from the survey conducted in October 2008 when many of the UK’s major banks and financial institutions were in crisis.

Findings from the latest survey show that businesses have been affected by the recession with a downturn in sales. The number of firms reporting an increase in turnover has declined sharply since the last survey in October 2008 and there is now a negative balance between those reporting increases over decreases in profits (-15%). Around a quarter (26%) reported an increase in turnover, compared to 41% reporting a decrease. The situation with regards to profits is similar. Overall, 23% reported an increase in profits compared to 41% reporting a decrease (giving a balance of -18%). Smaller businesses were particularly badly hit along with those in the manufacturing sector.

Balance of increase in profits over the last 12 months



Source: Leicester Shire Business Survey 2008

Overall, key concerns for businesses were largely related to the economic downturn or the credit crunch (23%). A further 16% mentioned a lack of sales or orders, 13% referred to customer confidence. When asked to rate concerns, cash flow and energy costs were key issues.
Fifty five percent of companies participating in the survey said the recession had impacted negatively on their business, with 39% reporting no impact and 5% a positive impact. One in three companies had not replaced staff that had left and 29% had made staff redundant. Twenty-four percent had cut back on overtime, 19% had introduced short time working and 7% had reduced wages or salaries.

1. Job Prospects

Job losses are the most prominent feature of an economic downturn as unemployment increases rapidly during each recession. In Britain unemployment began to rise in 2008. In the sub-region JSA claimants have almost doubled between August 2007 (13,000) before there were any signs of a recession, and August 2009 (24,000.) In the County numbers have more than doubled.

Claimants

Many inferences have been made about which groups are more affected by the increases. Statistical analysis using chi-squared has therefore been carried out on local and national claimants data to test for a difference in numbers of claimants by demographics for August 2009 and August 2007. There appears to be no significant difference by age, gender, district, ethnicity or occupations sought than would be expected in 2007 and 2009. There was a statistically significant difference however by Output Area Classification (OAC) in City and County

OAC is used to describe the characteristics of a neighbourhood*. In the City, there were significantly fewer than expected number of claimants in Miscellaneous Built Up Areas, Urban fringe and White Collar Urban areas, in 2007. Whereas in August 2009 there were significantly more claimants than expected in these neighbourhoods. Conversely, there were more claimants than expected in Multicultural City Life neighbourhoods in 2007 and fewer in 2009.

In the County, there was a similar pattern with more claimants than would be expected in Multicultural City Life, Disadvantaged Urban Communities and Profession City Life neighbourhoods and fewer in Urban Fringe neighbourhoods in 2007. Similar to patterns in the City, there were fewer claimants than expected in Multi Cultural Life neighbourhoods in 2009 along with Disadvantaged Urban Communities. This does suggest that there is some change, in terms of the neighbourhoods that are seeing claimant increases, away from the traditionally disadvantaged areas.

*See Appendix A for map of OAC

No of JSA Claimants in sub-region in August 2007 and August 2009

County	2007	2009
Countryside	537	1376
Disadvantaged Urban Communities	469	878
Miscellaneous built up areas	662	1449
Multicultural City Life	229	340
Professional City Life	159	260
Urban Fringe	788	2035
White Collar Urban	1944	4719

City	2007	2009
Disadvantaged Urban Communities	1773	2758
Miscellaneous built up areas	780	1432
Multicultural City Life	4117	5767
Professional City Life	927	1604
Urban Fringe	514	1012
White Collar Urban	210	460

Significantly lower then expected

Very significantly lower than expected

Significantly higher than expected

Very significantly higher than expected

In the sub-region there were also significantly more claimants than would be expected in urban neighbourhoods and fewer in town and villages in 2007 and significantly more than would be expected in town and villages and less in urban neighbourhoods in 2009. This will be discussed in more detail in the section 3 of this report.

Sub-region	2007	2009
Urban > 10K	11968	21011
Town and Fringe	829	2157
Village, Hamlet & Isolated Dwellings	312	922

Vacancies

Analysis of Jobcentre Plus vacancies and JSA claimants in the sub-region has found that the current economic climate has created a pool of claimants searching for jobs that are no longer available. Conversely, other occupations are still hard to fill. In the sub-region, there were 5,827 notified vacancies in August 2009 and 4,252 unfilled live vacancies. This is a ratio of 5.9 claimants per unfilled vacancy in the sub-region, compared to 9.5 claimants per unfilled vacancy in May 2009, suggesting that new opportunities are becoming available.

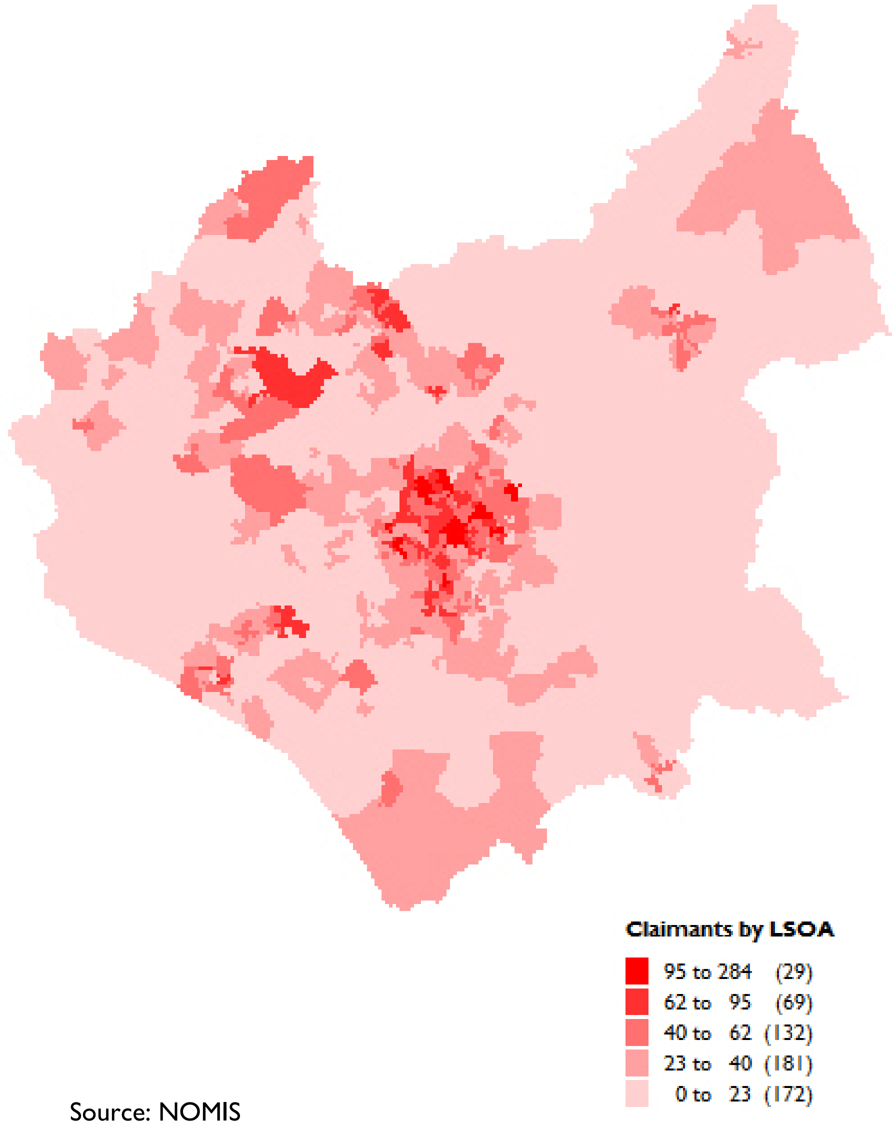
Numbers of new vacancies have fluctuated over the last 12 months. The largest decreases in vacancies over the last year have been in process, plant and operative jobs, specifically transport operatives, which have traditionally had an equal number of vacancies and claimants. Over the same 12 months there has been a large increase in claimants seeking process occupations, particularly in the County. Claimants seeking skilled trades and administration have also increased particularly in the County.

Analysis has also identified a surplus of some low skilled employment, particularly in health care personal services. The number of unfilled vacancies in personal services has increased over the past year alongside *relative* stability in the number of claimants.

The following pages will look at the averge number new notified vacancies to Job Centre Plus each month for middle and lower occupations between May and August 2009 compared to the average numbers of JSA claimants seeking jobs in that occupation over than same 4 months. The aim is to identify where there are greatest disparities between claimants and vacancies in terms of both numbers and geography. Only jobs for the middle and lower occupations are analysed here as these vacancies are more likely to be notified to Jobcentre Plus (therefore more representative of all vacancies in these occupations). Also, unemployed people seeking these jobs are more likely to be eligible and claiming JSA than those seeking more professional jobs. Furthermore geography in terms of distance from a job is often considered to be more of a factor for lower skilled or lower paid employees due to relative travel costs or availability of public transport.

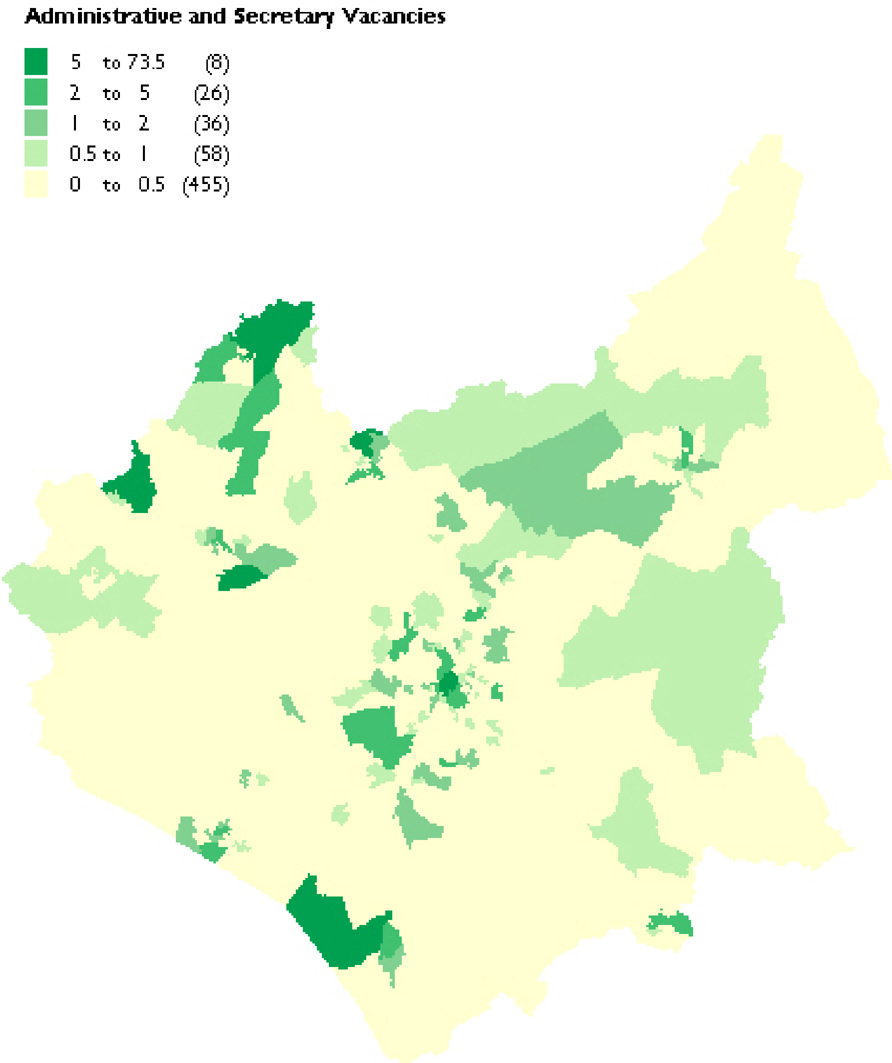
This analysis also compares ratios of claimants to unfilled vacancies in August 2009 and August 2007. 2007 is used as a comparison, rather than 2008, to avoid distorting the comparison by including the influx of Highcross vacancies in August 2008. The following maps show the geographic locations of claimants and notified vacancies by LSOA neighbourhoods. Each neighbourhood represent approximately 1,500 households. Rural neighbourhoods would therefore appear larger in size and caution should be used not to focus more attention on such areas.

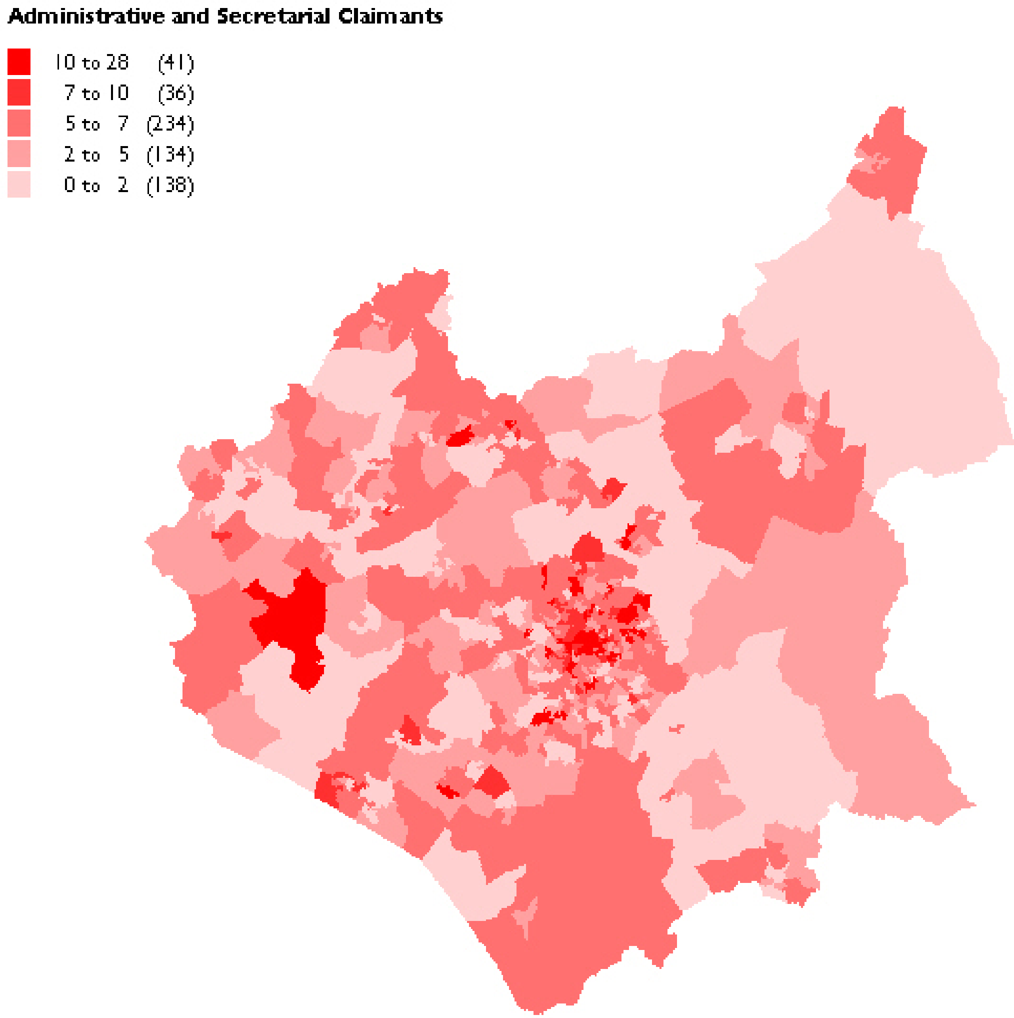
Averge number of all JSA claimants in Leicester and Leicestershire neighbourhoods (LSOAs)
May to August 2009



Source: NOMIS

Averge number of JSA claimants and new vacancies by occupation code in Leicester and Leicestershire neighbourhoods (LSOAs) between May 2009 and August 2009

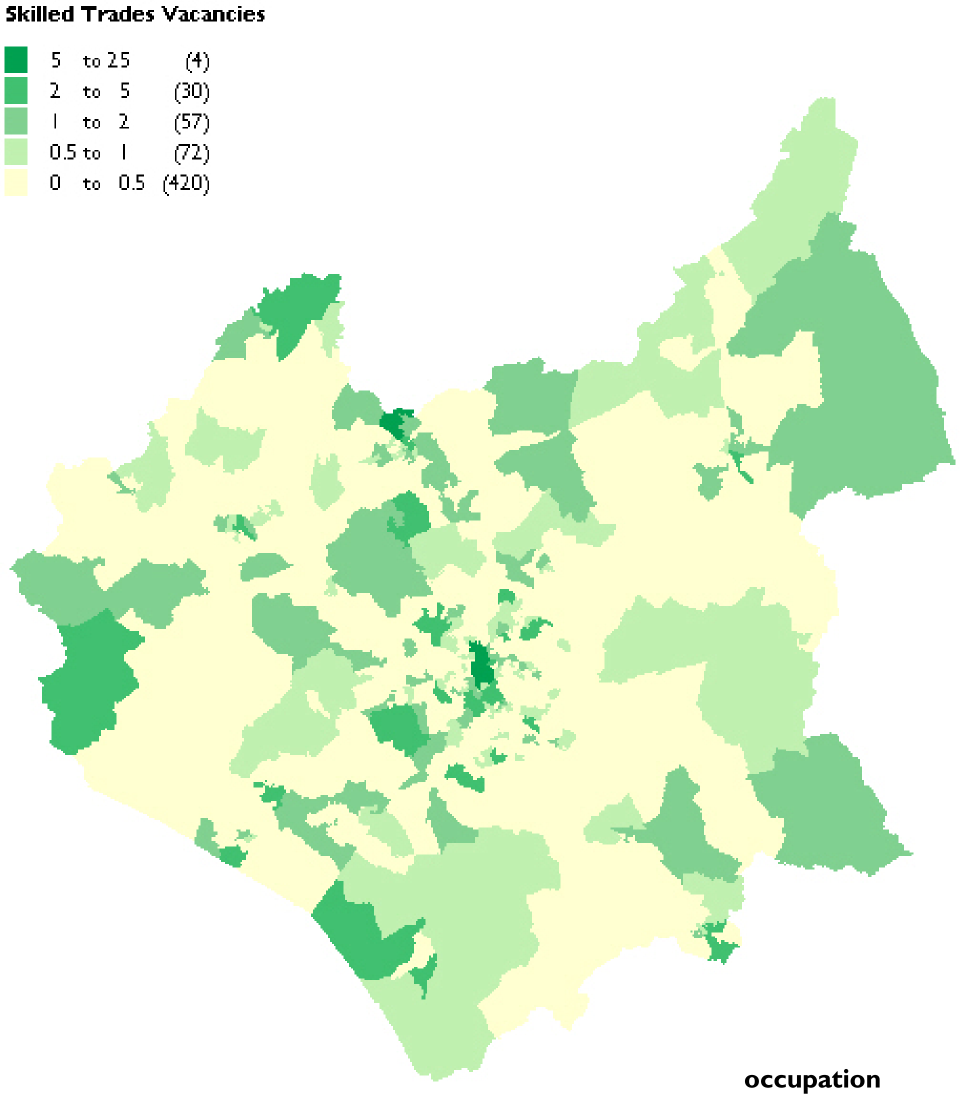


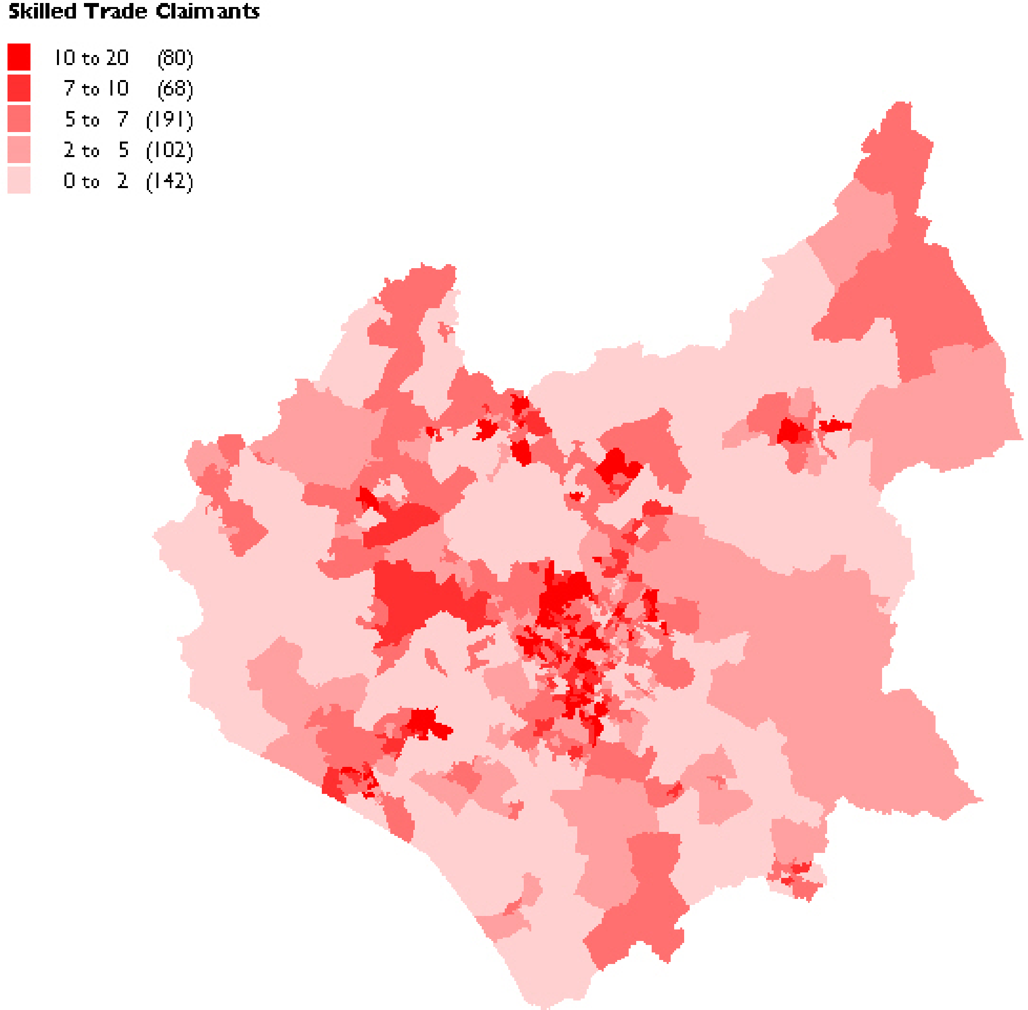


occupation	Administrative and Secretarial Occupations
average no of new notified vacancies May-August 2009	332
no of claimants August 2009	2625
no of unfilled live vacs August 2009	154
ratio of claimants to unfilled vacancies August 2009	**17.0**
average no of new notified vacancies May-August 2007	555
no of claimants August 2007	1435
no of unfilled live vacancies August 2007	362
ratio of claimants to unfilled vacancies August 2007	**4.0**

Source: NOMIS

Averge number of JSA claimants and new vacancies by occupation code in Leicester and Leicestershire neighbourhoods (LSOAs) between May 2009 and August 2009

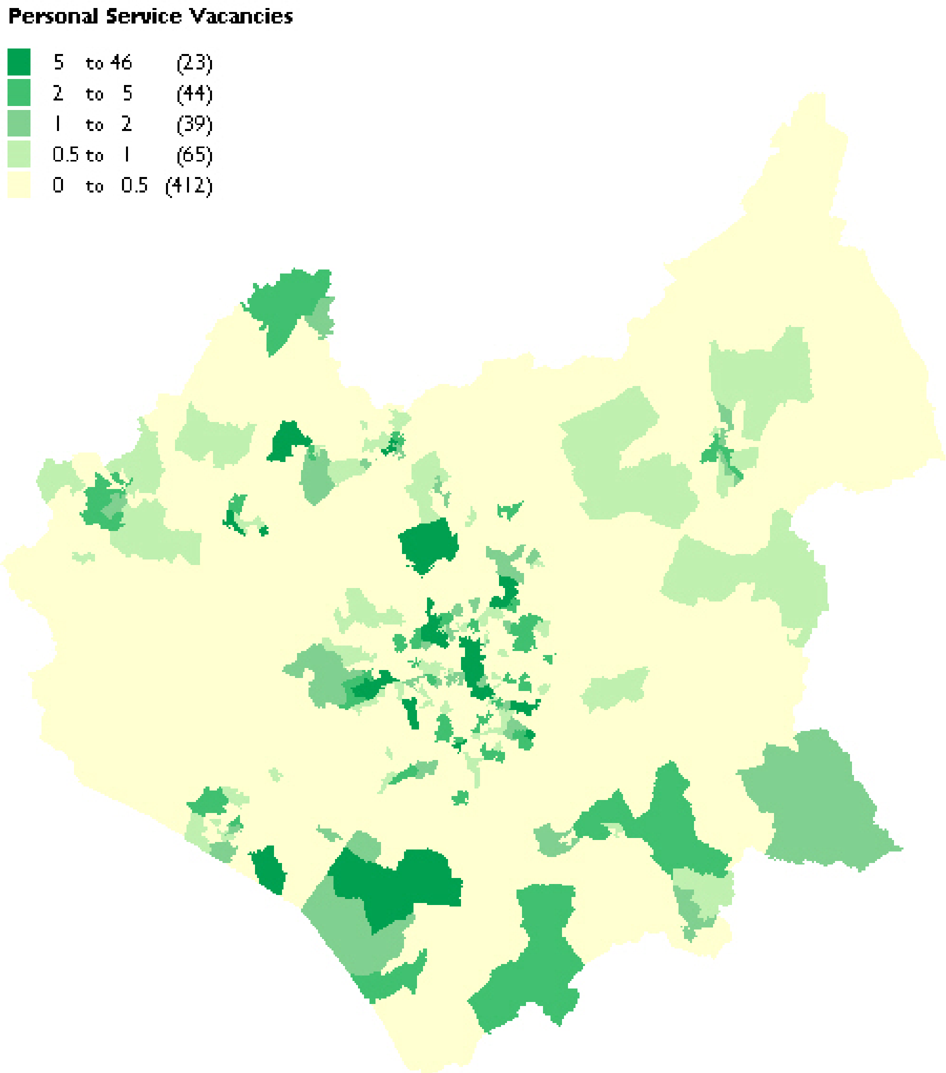


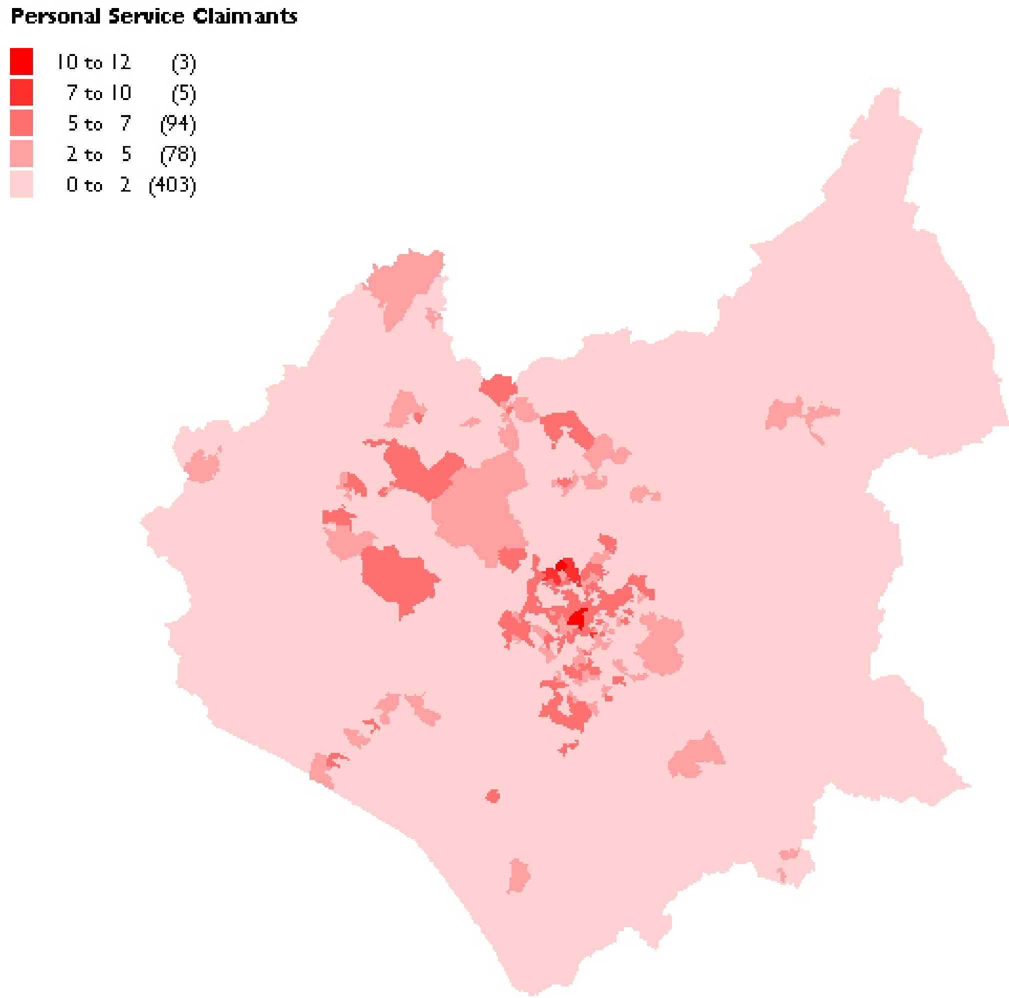


occupation	Skilled Trades Occupations
average no of new notified vacancies May-August 2009	276
no of claimants August 2009	2795
no of unfilled live vacs August 2009	225
ratio of claimants to unfilled vacancies August 2009	**12.4**
average no of new notified vacancies May-August 2007	593
no of claimants August 2007	1150
no of unfilled live vacancies August 2007	695
ratio of claimants to unfilled vacancies August 2007	**1.7**

Source: NOMIS

Averge number of JSA claimants and new vacancies by occupation code in Leicester and Leicestershire neighbourhoods (LSOAs) between May 2009 and August 2009

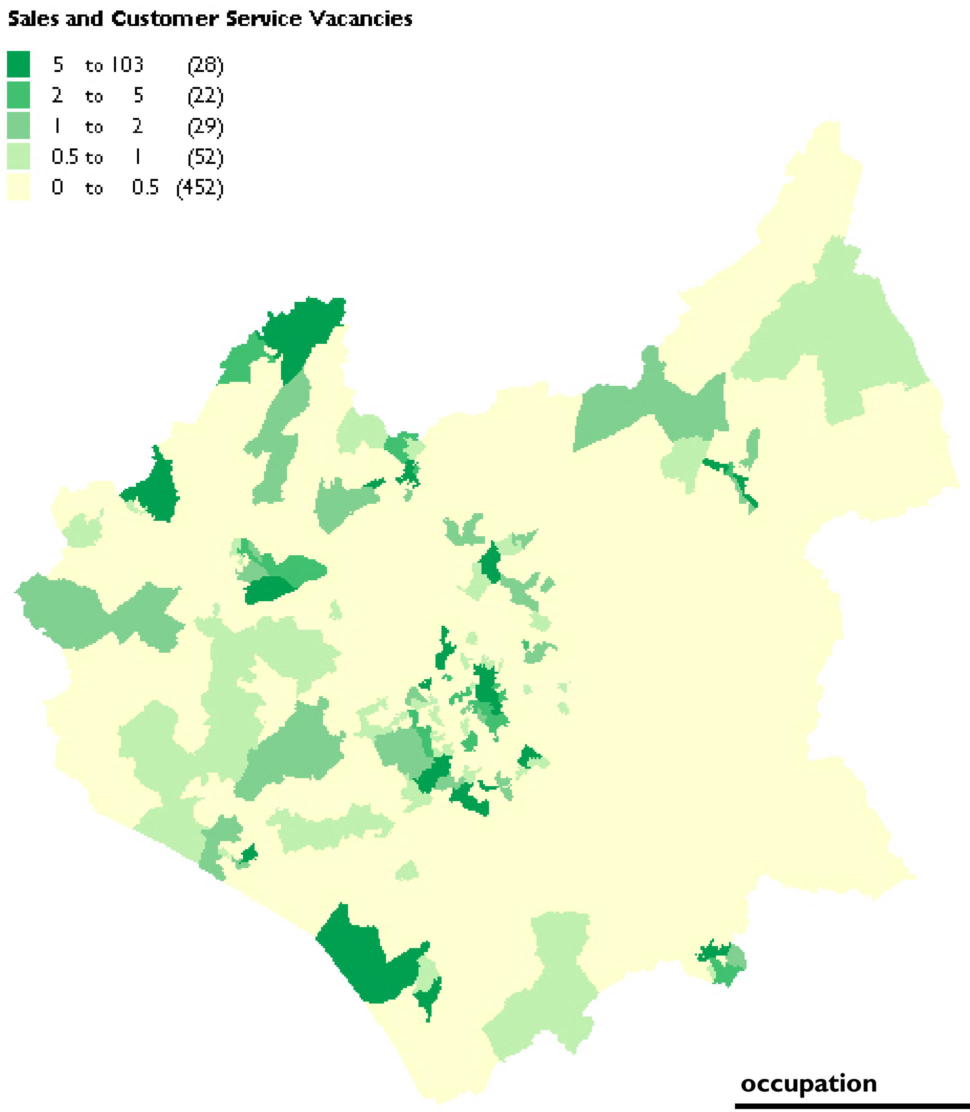


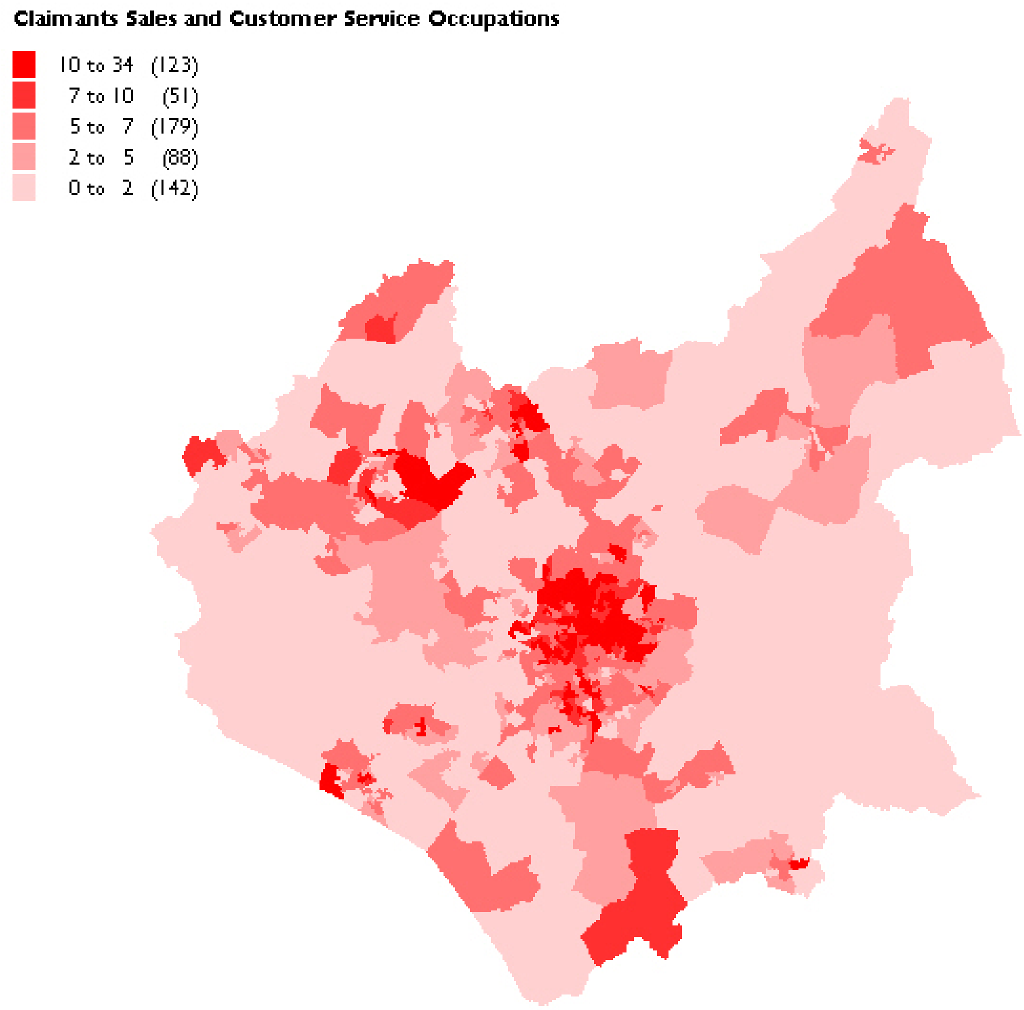


Source: NOMIS

occupation	Personal Service Occupations
average no of new notified vacancies May-August 2009	462
no of claimants August 2009	1200
no of unfilled live vacs August 2009	591
ratio of claimants to unfilled vacancies August 2009	**2.0**
average no of new notified vacancies May-August 2007	253
no of claimants August 2007	610
no of unfilled live vacancies August 2007	503
ratio of claimants to unfilled vacancies August 2007	**1.2**

Averge number of JSA claimants and new vacancies by occupation code in Leicester and Leicestershire neighbourhoods (LSOAs) between May 2009 and August 2009

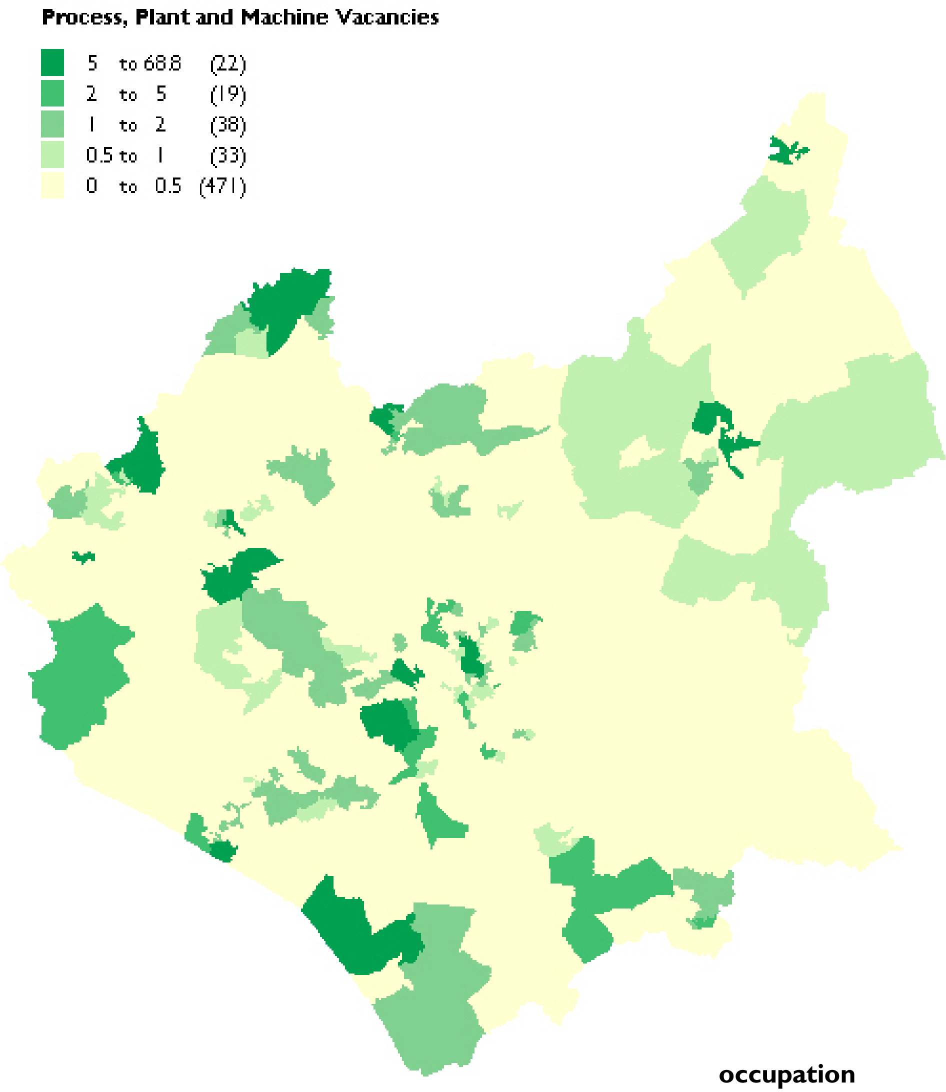


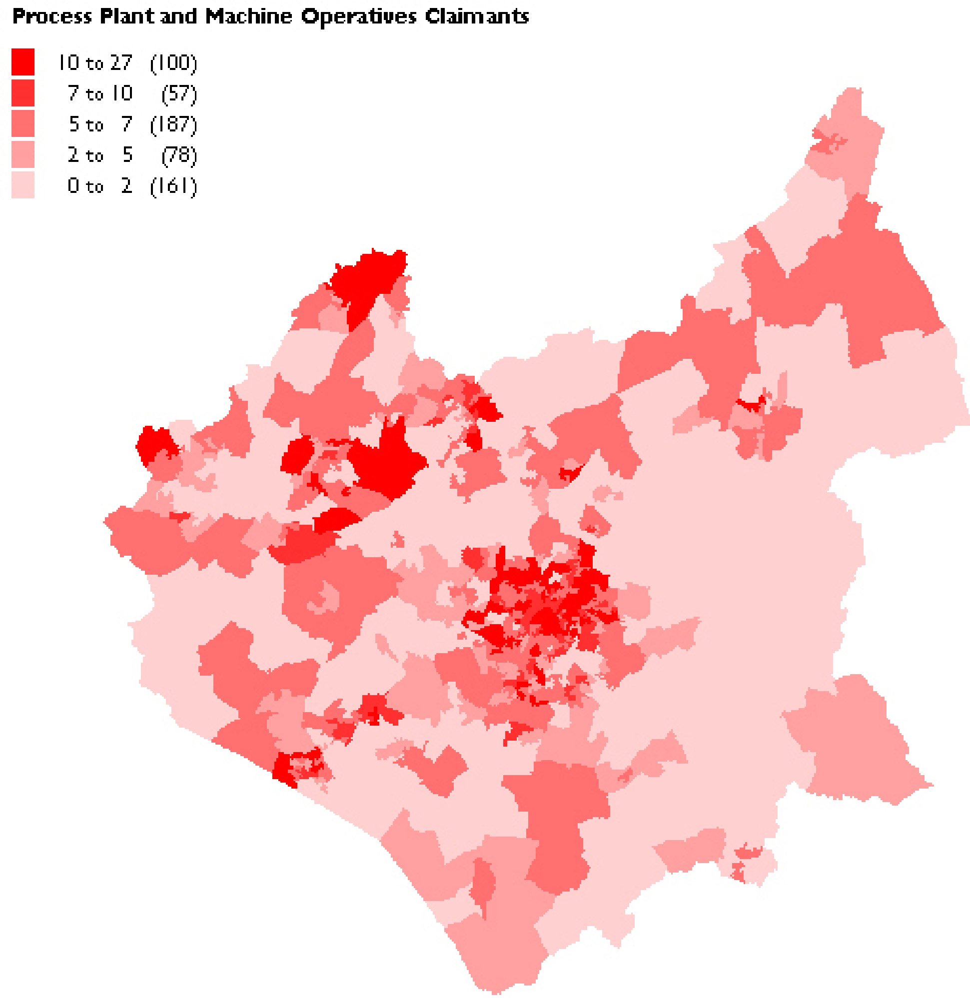


occupation	Sales and Customer Service occupations
average no of new notified vacancies May-August 2009	733
no of claimants August 2009	3805
no of unfilled live vacs August 2009	817
ratio of claimants to unfilled vacancies August 2009	**4.7**
average no of new notified vacancies May-August 2007	693
no of claimants August 2007	2320
no of unfilled live vacancies August 2007	862
ratio of claimants to unfilled vacancies August 2007	**2.7**

Source: NOMIS

Averge number of JSA claimants and new vacancies by occupation code in Leicester and Leicestershire neighbourhoods (LSOAs) between May 2009 and August 2009

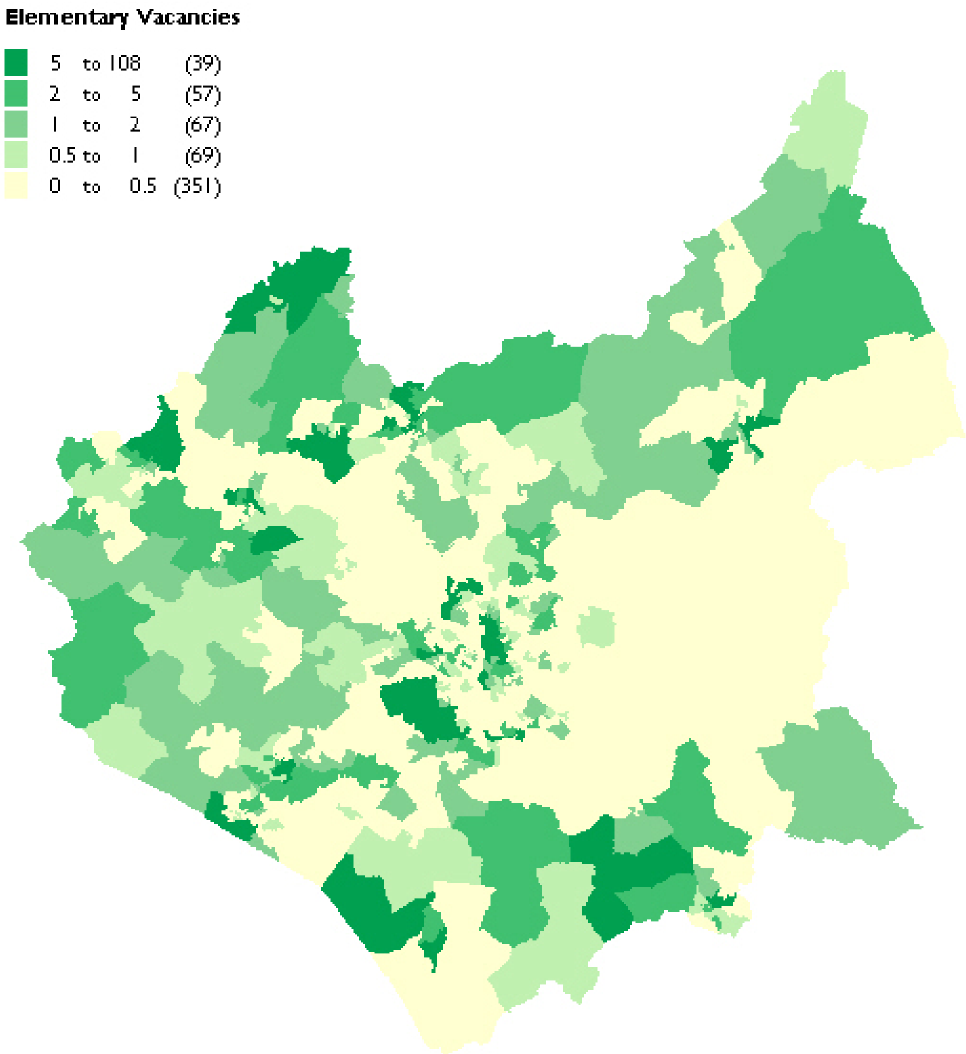


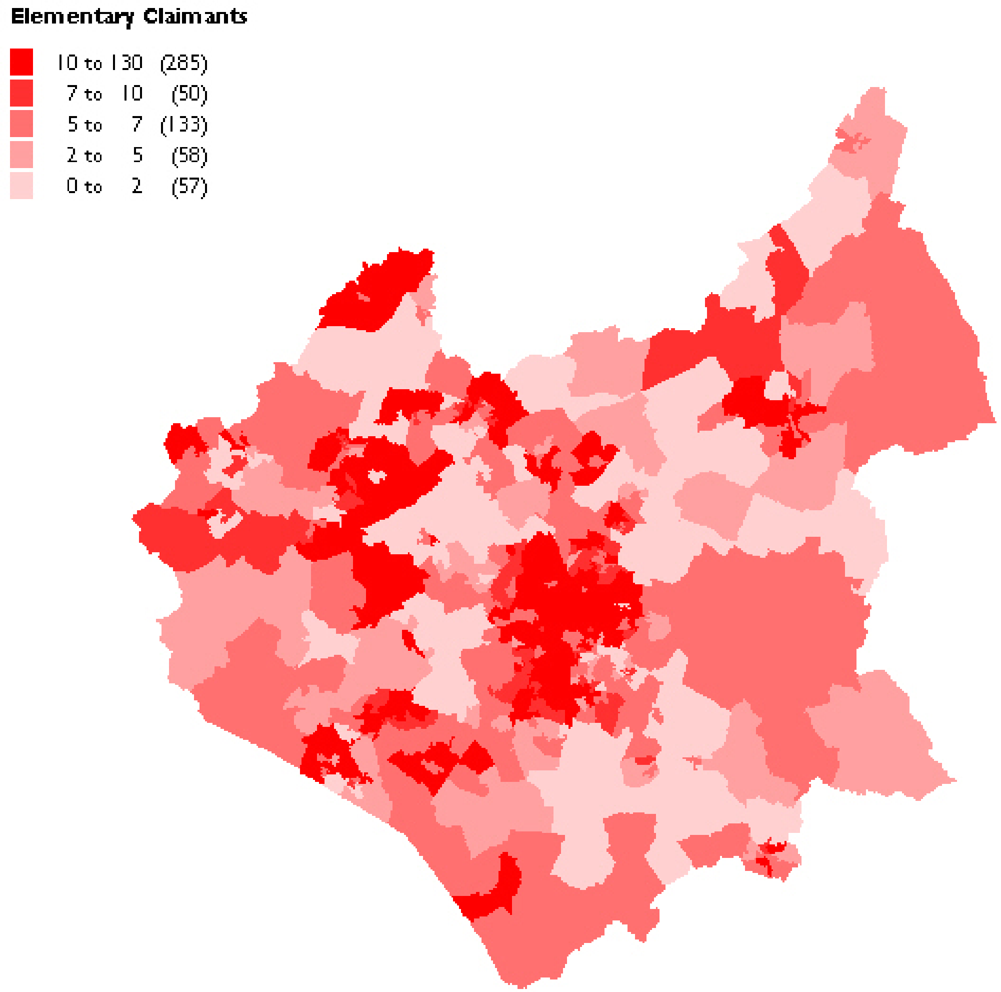


occupation	Process, Plant and Machine Operatives
average no of new notified vacancies May-August 2009	565
no of claimants August 2009	2900
no of unfilled live vacs August 2009	649
ratio of claimants to unfilled vacancies August 2009	**4**
average no of new notified vacancies May-August 2007	837
no of claimants August 2007	1305
no of unfilled live vacancies August 2007	1278
ratio of claimants to unfilled vacancies August 2007	**1**

Source: NOMIS

Averge number of JSA claimants and new vacancies by occupation code in Leicester and Leicestershire neighbourhoods (LSOAs) between May 2009 and August 2009





Source: NOMIS

occupation	Elementary Occupations
average no of new notified vacancies May-August 2009	1041
no of claimants August 2009	7450
no of unfilled live vacs August 2009	986
ratio of claimants to unfilled vacancies August 2009	**7.6**
average no of new notified vacancies May-August 2007	1077
no of claimants August 2007	4675
no of unfilled live vacancies August 2007	1192
ratio of claimants to unfilled vacancies August 2007	**3.9**

Recruitment

The Leicester and Leicestershire business survey identified that concerns about finding suitable staff and staff retention have continued to decline . This appears to be due to rising unemployment creating a larger pool of qualified people to recruit from. Twenty three percent of manufacturing firms reported difficulties in recruiting staff compared to 18% of Service sector companies. Businesses in the County are more likely to experience difficulty in recruiting. However, overall only 19% reported difficulties in recruiting compared to 28% in 2008. In 2007, this was 34%.

Fifty seven percent of businesses with recruitment problems stated that there was a lack of applicants with suitable skills. Eighty four percent of manufacturing firms stated that this was a reason for recruitment difficulties However, forty percent of firms with recruitment difficulties stated that there was a lack of applicants with the right attitude/personality. This was higher for small businesses (52% for business with under 10 employees) and retail/hospitality businesses (56%).

Construction and Transport companies were more likely to report a lack of applicants with qualifications at 61% and 63%. Only 39% of all businesses stated that there was a lack of applications with work experience but again this was higher for manufacturing firms at 52%.

The survey also identified that some sectors were more likely to employ people who used public transport to get to work, namely health/education sectors. Eighteen percent of businesses in this sector stated that lack of early morning bus services was a serious problem for their employees, compared to 10% of all businesses. They were also more likely to state that cost of public transport service was a serious problem, suggesting that geography of vacancies in relation to claimants is significant for this sector. These businesses are likely to provide jobs in personal service occupations, such as carers.

Skills

Skills shortages are vacancies (or existing roles) where the workforce do not have the required skills, experience or qualifications. The number of firms reporting skills shortages from the sub-regional businesses survey had decreased slightly in Spring 2009 compared to the Summer 2008 survey. Overall, twenty two percent of firms surveyed agreed that skill shortages were having a serious impact on their business compared to 27% the previous year and 33% in 2007. Sixty six percent of businesses disagreed with this statement compared to 61% in 2008 and 54% in 2007. In Manufacturing businesses there were a higher proportion of firms reporting skills shortages (32% down from 35% in 2008) than in the service sector (18% down from 24% in 2008).

Lack of employment opportunities for can encourage people to remain in education or take more advanced qualifications, thus improving employment prospects in the future. Indeed, applications to universities have increased this year. In the sub-region applicants for undergraduate degrees increased by approximately 18% in all three universities compared to 2008. National UCAS data shows particular increases in numbers applying for nursing and journalism degrees. There has also been a large increase in applicants aged over 25 this year. Fears among current graduates however, have risen sharply over the last year as students leave university and enter the jobs market. Targets to increase High Education participation to 50% has been successful in increasing the numbers of graduates from disadvantaged or non traditional backgrounds to enter university. However, the returns for a degree appear to be decreasing for some new graduates. The most popular courses studied in the sub-region at graduate level are Art and Design, Business Admin, Engineering and Social Studies. However, research has suggested that the value of a degree varies hugely by subject. This was apparent in 2007, before the onset of the recession, when graduates staying in the sub-region were more likely to find a graduates level job if studying Health or Medicine, than Arts or Humanities.

In the early stages of the recession, and continuing now in the media, it was suggested that this was a 'middleclass' recession, unlike past recession, and that high skilled university educated people would suffer worse than the low skilled elementary worker. However, there is little evidence to support this assertion. Recent research by the Institute of Social and Economic research (ISER) suggests that young adults and those with poor education qualifications will account for the largest increases in unemployed[3] (Berthoud, 2009).

Quality of life

A study by the Institute for Fiscal Studies examines how previous recessions have affected standards of living[4]. They found that families on dependent wages and salaries, such as working age adults without children or couples with children, are most affected (Muriel and Sibieta, 2009). Those on fixed benefits are *relatively* better off during a recession as median wages fall. Consequently, inequality can also fall during a recession as less families are defined as living in poverty (as definition is dependent on the *median* income) despite not actually being any better off[6]. However, out of work benefits have been falling relative to averge incomes over the last 20 years in absolute terms. Therefore, those losing middle income jobs are likely to be disproportionately hit by the fall in income during this recession compared to previous recessions.

Despite our analysis showing that no one particular age group was disproportionately affected by claimant increases, there is evidence that unemployment among older workers is particularly sensitive to economic cycles, with the 1980's and 90's recessions associated with big increases in older workers becoming unemployed. IFS research[5] suggests that before the recession employment rates for older workers were increasing at a faster pace than young worker's (Disney and Hawkes, 2003). The situation now, however, is that tighter restrictions on disability benefits, and efforts to ensure that less effective policies from past recessions are not repeated, have made it more difficult for older workers who become unemployed. As house prices and shares fall retirement may also not be as attractive as it may have appeared few years earlier.

Perceptions

National research has looked into how the recession effects well being[7]. Research from the Government Equalities Office focused on who is more likely to worry about the recession and found that women were more concerned than men on a range of subjects around the impact of the recession, especially those that centre around family and caring.

To understand perceptions locally the following analysis draws on results from the following two 2008 Place Survey questions*; 'are job prospects important in making somewhere a good place to live?' and 'are job prospects, compared to other issues, in most need of improving in my local area?'. The analysis aims to identify how respondents in the County prioritise the issue of job prospects and which groups are more likely to be concerned about job prospects in their area.

Who is more likely to think job prospects are important in their local area?

People living in

- Hinckley and Bosworth, Melton and North West Leicestershire (significantly more likely than in Blaby, Charnwood, Harborough or Oadby and Wigston.)
- Urban areas (significantly more likely than in towns and villages)

Also:

- 18 to 24 (significantly more likely than all age groups over 45)

* For information on The Place Survey see http://www.lsr-online.org/leicestershire-place-survey-2008.html

Who is more likely to think job prospects need improving in their local area?

People living in

- Hinckley and Bosworth (significantly more likely than all other districts apart North West Leicestershire)
- Those renting from council or housing association

Also:

- Males
- Ethnic Minorities
- 18 to 24 year olds (significantly more likely than all older age groups)
- Unemployed (significantly more likely than most other groups apart from those in education or training)

In total 4% of respondent believe that job prospects are both a priority in their area and in need of improvement. A further 12.2% stated that although not a priority current job prospects are in need of improvement. Therefore just over 16% of respondents consider job prospects to be problematic to some degree.
In contrast, 74% of respondents rate job prospects as important but not among the priorities for improvements in their area, whilst for another 9.2% job prospects are neither considered important in making somewhere a good place to live nor believe there is a need for it to be improved in their local area.

Within the group who stated that job prospect were both a priority and needed improving, the variables with proportions above the County average were:

- *Males*
- *Aged 18-24*
- *Young families in terraced homes*
- *Older blue collar*
- *Hinckley and Bosworth*
- *More deprived areas*

In general, respondents who are **unemployed or in education or on a government training scheme** were more likely to state that job prospect were both a priority and needed improving in their area. These residents are more than 3 times more likely to belong to this group. Other subgroups identified using Chaid analysis are

- Full-time employees living in areas with high deprivation levels are twice as likely to belong to this group
- Full-time employees living in areas with average deprivation levels in urban areas or hamlets and isolated dwellings are just over twice as likely to belong to this group
- Part-time employees, self employed, disabled or doing something else living in areas with high deprivation levels are almost twice as likely to belong to this group
- Self employed, living in areas with average deprivation levels are almost twice as likely to belong to this group

By comparison, respondents who are either retired from work or looking after the home are almost half as likely than expected to belong to this group. The subgroup least likely to consider job prospects both a priority and in need of improving are part-time employees, self employed, disabled people or those ‘doing something else’ living in areas with low deprivation levels.

Although there is some correlation between the respondents who are most concerned about job prospects and the areas in which they live having high deprivation scores, the main driver of peoples opinion seems to be whether they are in employment or not. While it may be expected that those made unemployed would be more concerned about job prospects it appears that those in education or training are similarly concerned despite working towards increasing their own employment prospect. It could be suggested that uncertainty in the current jobs market is causing concern as to the value or return on their current education and training courses.

2.Young People

National Research by Simon Burgess at the Centre for Market and Public Organisation (CMPO) found that high unemployment at 16-18 has a mixed effect in later life. Low skilled individuals found a lasting negative affect, with the 'class of 81'continuing to feel the impact of the deep recession that set in as they entered the labour market.. Recent research conducted by the Centre for Social Justice studied the groups of young people Not in Education, Employment or Training (NEET) to provide a breakdown of the structural and personal issues they face[8].

In the media the term NEET is often used interchangeably to describe both 16 to 18 year olds and 16 to 24 year olds. This has often led to confusion with regards to both reporting and understanding policy interventions. The national indicator for NEET (NI117) refers to 16-18 year olds, which is contained in the City and County LAA and the sub-regional MAA. Performance reported in the sub-region monthly by Connexions Leicester Shire.

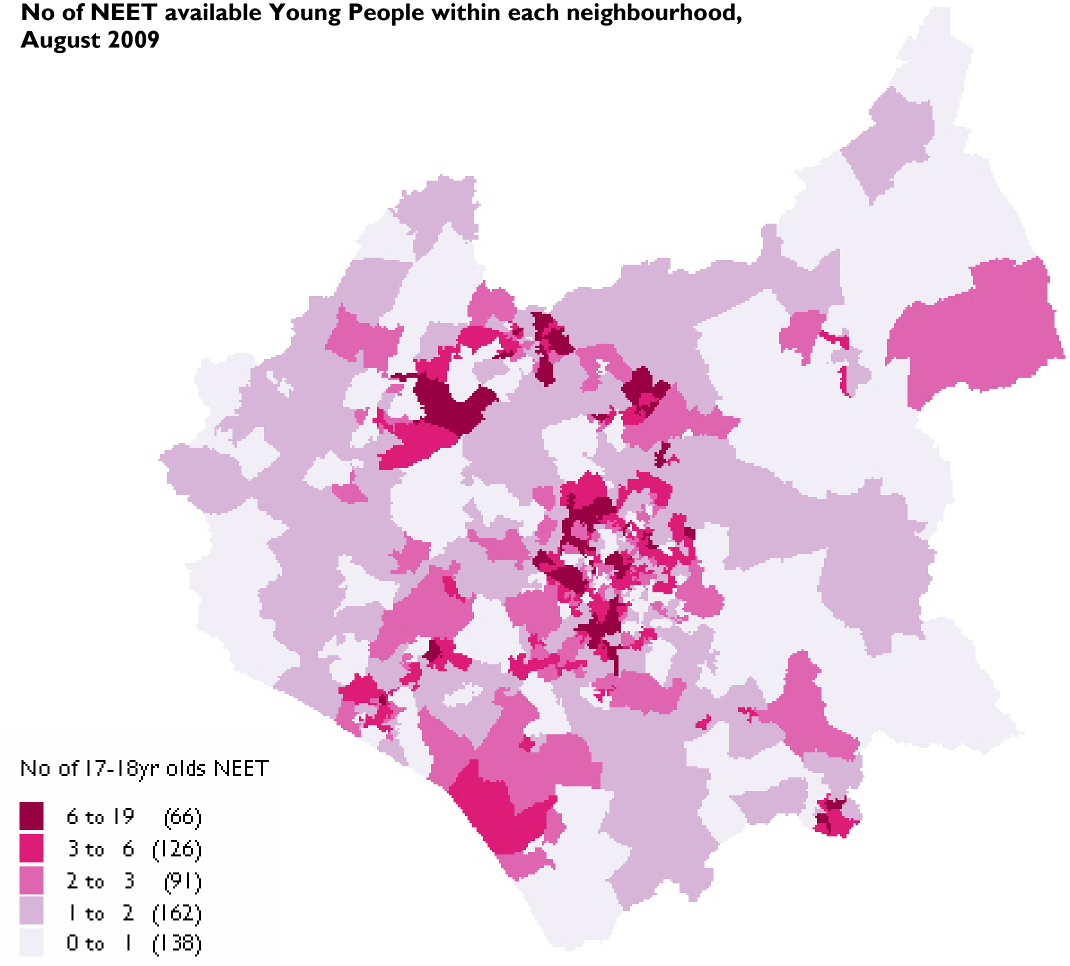
Local NEET

In previous recessions many young people left school with no qualifications, did not progress into employment and then experienced long spells without work. . However in the sub-region Connexions Leicester Shire are reporting that the numbers in education and training have risen since August 2008, and the number in employment has fallen.

Nationally and regionally NEET has increased month on month compared to the previous year since March 2009. However, within the sub-region, Connexions Leicester Shire has reported the NEET level has continued to decrease month on month over the same period. In August 2009, 10.1% young people in the City and 5.8% in the County were NEET, compared to 11.1% and 5.9% respectively in August 2008

The City ward with the highest % NEET in August 2009 was New Parks (21%), followed by Eyres Monsell, Beaumont Leys and Westcotes. The ward with the lowest % NEET in the City was Knighton at 2.5%. In the County, Loughborough Lemyngton ward had the highest NEET rate (20%) followed by Loughborough Hastings and Melton Egerton, with 12 twelve County wards no NEET young people.

No of NEET available Young People within each neighbourhood, August 2009



Source: Connexions Leicester Shire

Approximately 20% of the NEET group were from a Black/Minority Ethnic background. However, easy categorisation of NEET by ethnicity provides limited insight as it does not address the issues of cohort sizes, attitude, culture, family and social pressure that have been identified in research as having the most significant influence.

Forty percent of NEET in the City live in a neighbourhood described as 'Disadvantaged Urban', compared to 21% of the adult claimant data. In the County, 40% of NEETs live in neighbourhoods described as 'White Collar Community', which is similar to proportions of adult claimants.

September Guarantee of Offer of Learning

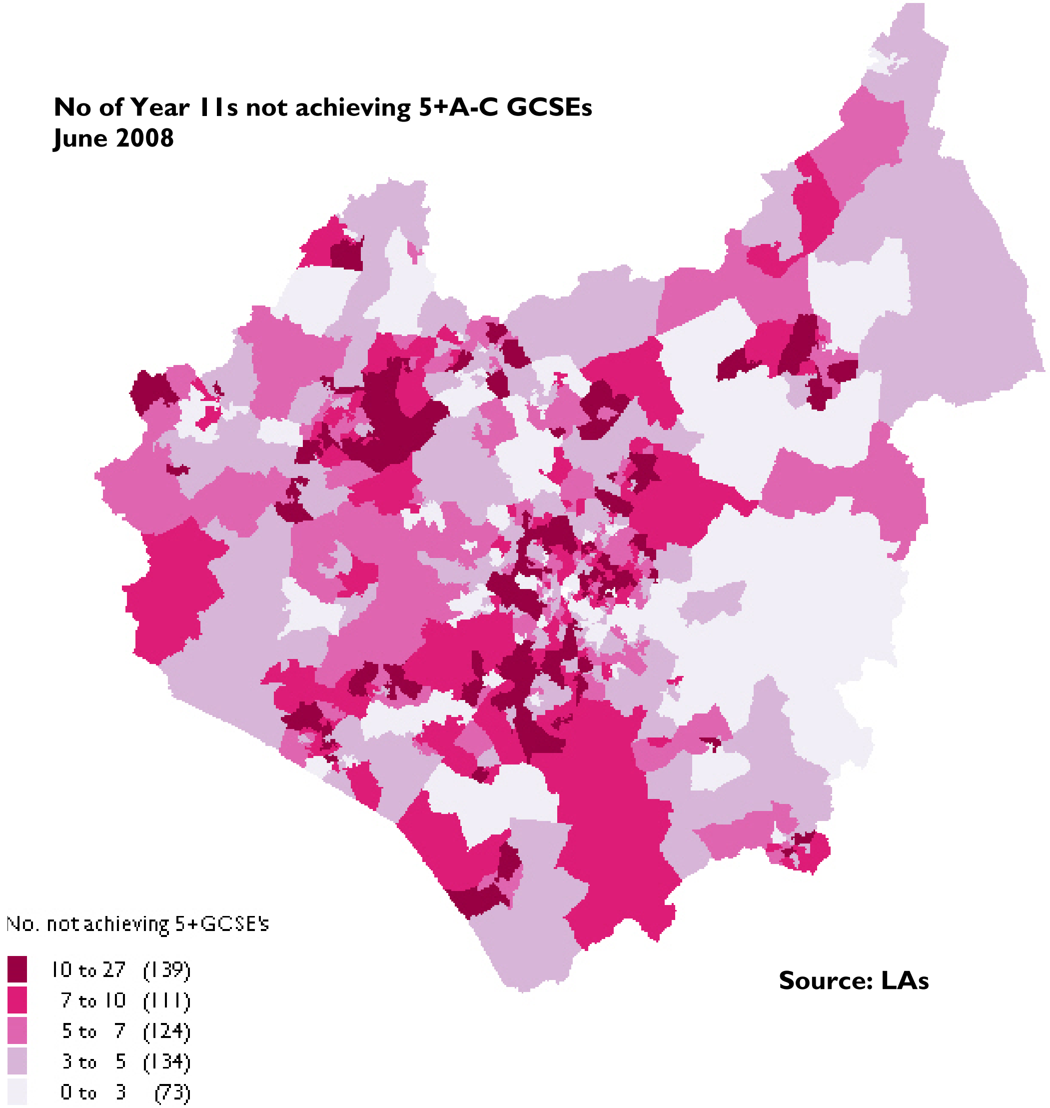
The Government have recently confirmed that the 'September Guarantee' is a national priority in terms of public spending. The guarantee ensures that all 16 and 17 year olds are offered a place in learning or training. In 2008 the sub-region had the highest percentage of offers in the East Midlands, with 95.3% of Year 11 school leavers in the City and County offered a place in learning. It also had the lowest rates of young people not ready for learning. Sub-regional rates for the 17 year old cohorts were also above the rest of the region with 87.1% in the City and 88.7% in the County offered places in learning. September Guarantee rates for 2009 will be available from next month, but are currently on track to surpass 2008 levels.

On 9th September 2009 the third sub-regional Big Match an event was held in Leicester. It aimed to help 16 and 17 year olds in the sub-region to find suitable provision by matching them with a large number of education and training providers. Over 300 young people attended the event with 64 providers including colleges, schools, work based learning and other training providers.

The high value placed on full time further education suggests that encouraging young people to stay on in education is beneficial. However, many young people prefer to take more vocational routes and can be at risk of drifting in and out of work or training courses.

Those leaving school without qualifications at level 2 (5+ A-C GCSE's) may find it more difficult to progress onto a level 3 course and may be more likely to seek work or training opportunities. It is therefore essential that there are sustainable opportunities that are available for these young people.

No of Year 11s not achieving 5+A-C GCSEs June 2008



Source: LAs

Apprenticeships

Apprenticeships allow young people to train in a vocational subject while earning, and they can help also bridge the gap between unemployment and work. Connexions Leicester Shire continues to develop links with the National Apprenticeship Service who are working with employers to convert employment without training places to apprenticeships. National research suggests that there is a disparity between outcomes and economic benefits between males and females completing apprenticeships, and this can be linked to the types of apprenticeship chosen. Males are more likely to choose construction or engineering apprenticeships that tend to lead to better paid jobs. However, apprenticeships that were more gender mixed, such as retail and business, still found males to have higher wages on completion. In 2008, 4% of school leavers in the sub-region went into full time training.

In 2009, Connexions Leicester Shire reported that the most popular apprenticeships applied for in the sub-region were Bricklaying, Hairdressing, Children's Care, Learning and Development and Vehicle Maintenance and Repair. There was a fall in interest in Plumbing and Carpentry apprenticeships, possibly due to current instability in these occupations. As a sector, the number of applications for Construction apprenticeships through LeCap has halved since 2008.

Evidence suggests that policy interventions that help avoid long spells of unemployment during a recession can alleviate long term disadvantage. An example is the Future Jobs Fund, announced in April 2009 budget offering a 6 month job or training for all 18 to 24 year olds unemployed for over 12 months. The fund aims to provide experience of work or training for the long term unemployed to improve their prospects of finding work after the 6 months by developing transferable work based skills that may have been lost. While there is much concern over the sustainability of the initiative and it's ability to provide the opportunities at a time when job loses are still a concern, it is worth noting that the number of young people under 24 unemployed for over 12 months are very low (currently only 30 in the City and 40 in the County). While these may increase as the recession continues, it is likely that this will still remain a very small proportion of the unemployed and be those with very specific/difficult needs or barriers to work.

3. Rural Recession

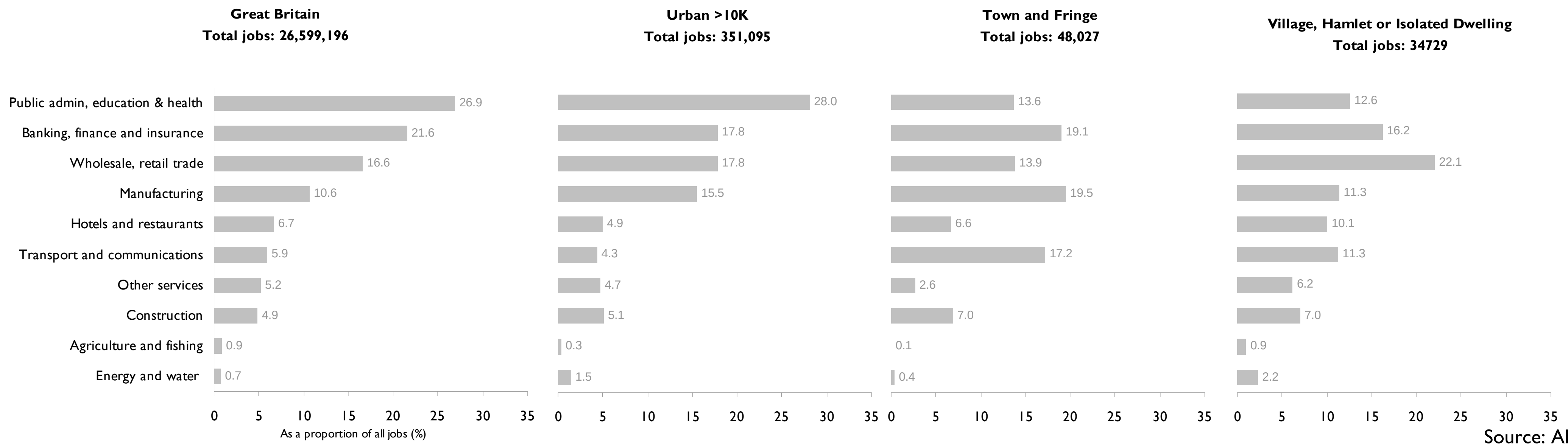
Much of the sub-region is described as rural with approximately a fifth of the population living in 'town and fringe' or 'village' areas. Characteristically, such areas are more affluent and experience little deprivation. Since October 2008 the Commission for Rural Communities has been committed to providing month reports on the impact of the recession in rural areas by breaking down common economic datasets, such as claimant rates and redundancies, by rural classification labels to fully understand how rural areas may experience the recession differently to urban area. This section will attempt to carry out similar analysis for the sub-region.

Out of the 1,011businessess surveyed in the Leicester and Leicestershire Business Survey, June 2009, 103 were located in rural areas. Twenty eight percent of rural businesses thought that conditions would improve over next 12 months compared to 31% of urban businesses. The main concern for rural businesses was 'customer confidence' stated by 19% of rural businesses compared to 10% of urban business. 37% of rural businesses felt that the market they were in was declining compared to only 23% of urban businesses. Moreover, 17% expected their workforce to decrease over the next 12 months compared to only 7% of urban businesses.

Employment

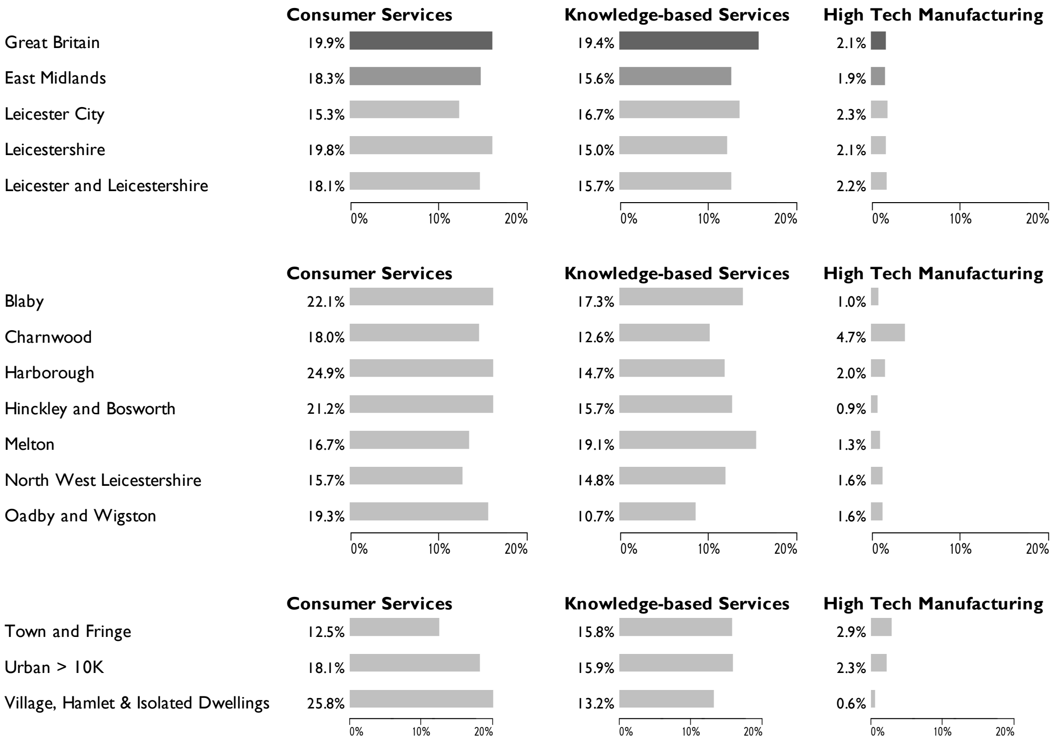
Analysis of businesses in the sub-region (ABI, 2007) reveals that 90% of businesses in neighbourhoods classed as villages and hamlets employ less than 10 people, compared to 82% in urban areas. Such small business are likely to be missed in official redundancy statistics. Evidence also suggests that self employment/homeworking is common in rural areas which can be particularly vulnerable to lack of customers/sales. Analysis of employment in villages and hamlets in the sub-region reveals that 22.1% of employment is in 'wholesale, and retail trade'. Again, this is particularly vulnerable to low sales and customer confidence. Many rural neighbourhoods were identified as 'most vulnerable' using the vulnerability index, devised by Oxford Economic, due to employment in retail, bars and restaurants. The map of vulnerability in Leicester and Leicestershire in the March Credit Crunch report[10] showed that rural areas in the County, such as Peatling and Nevill wards, were typically more vulnerable than the majority of the City wards. Blaby was considered the most vulnerable district due to employment in 'monetary intermediation', followed by Harborough due to employment in 'retail sale in non specialist stores', 'bars' and 'other retail sale of new goods in specialised stores'. This was based on predictions from July 2008, when much of the job loses were restricted to the financial sector.

Employment by Broad Sector and Rural/Urban Classification in Leicester and Leicestershire , 2007 (%)



Source: ABI, 2007

Employment in the 'Knowledge Economy' in Leicester and Leicestershire, 2007 (%)



	SIC Codes	Sectors
Consumer Services	52	Retail trade
	55	Hotles and restaurants
	92	Recreational, cultural and sporting activities
High Tech Manufacturing	22	Publishing, priniting and reproduction of recorded media
	24	Manufacuture of chemicals and chemical products
	30	Manufacture of office maxhinery and computers
	32	Manufacture of radio, television and communication equipment
Knowledge-Based Services	65	Financial intermediation
	66	Insurance and pension funding
	67	Activities auxiliary to financial intermediation
	72	Computer and related activities
	73	Research and development
	74	Other business activities

Source: ABI, 2007

The knowledge economy typically employs people at higher wages and is often thought to be at the forefront of the future economy due to the 'value added' by such sectors. A quarter of employment in Villages and Hamlets are in 'Consumer Services', one of the areas of the knowledge economy (although wages are likely to be lower than other employment in the knowledge economy). Consumer services employment is highest in Harborough district. There is likely to be a strong link to the visitor economy, particularly in rural areas, brining both social and environmental benefits. Indeed, 10% of employment in Hinckley is related to tourism and 8% of employment in Harborough is within tourism, having increased by 73% between 1998 and 2007, representing the largest increase in the County.

However, again the recession is likely to have impacted on disposable incomes. Consequently, businesses reliant on visitors and tourism will need to be innovative and offer value for money to attract new customers.

Employment in Tourism jobs in Leicestershire districts, 2007

	Total tourism jobs (2007)	As a % of all jobs	% change in tourism jobs 1998-2007
Blaby	3,118	6	40
Charnwood	4,296	7	29
Harborough	3,041	8	73
Hinckley and Bosworth	3,978	10	52
Melton	1,385	7	5
North West Leicestershire	3,248	7	42
Oadby and Wigston	1,218	6	16

Source: ABI, 2007

The Social Capital Survey was conducted in February 2009 in 20 areas across Leicestershire.* Approximately 2,650 residents completed the survey. Questions around the impact of the recession were included to understand both positive and negative impacts. The findings revealed that 38% were spending less time in pubs, restaurants etc as a result of the current economic climate, tending to spend more time socialising at home. Overall, 49% stated that they were spending less money in general. This has an obvious impact on businesses who reply of consumer spending. Further analysis from this survey will be available shortly.

* sample was not aimed to be representative of the County

Claimants

Melton was recently cited as having one of the largest % increase in claimants in the UK. However, this is based on a very low base numbers of claimants pre-recession, therefore can be viewed at distorting the impact. When looking at % point increases the difference is marginal, with the City showing the highest increases. Looking at the last 12 months Harborough has had the highest % increase of 139% although Leicester City has had the highest % point increase of 2.3%. It can therefore be difficult to know which area is impacted on more by the recession.

	Aug-08	Aug-09	Aug-08	Aug-09	% point increase	% increase
Oadby & Wigston	600	1,167	1.8%	3.4%	1.6	94.5
Hinckley & Bosworth	1,014	2,176	1.6%	3.4%	1.8	114.6
NW Leicestershire	812	1,747	1.5%	3.2%	1.7	115.1
Charnwood	1,598	3,298	1.5%	3.1%	1.6	106.4
Blaby	759	1,638	1.3%	2.9%	1.6	115.8
Melton	386	842	1.3%	2.8%	1.5	118.1
Harborough	518	1,241	1.1%	2.5%	1.4	139.6
City	9,783	13,033	4.5%	6.8%	2.3	33.2

An alternative analysis is to look at the proportions of claimants in each district to identify changes in the claimant group. The proportion of claimants as a total of all sub-regional claimants has increased in every district. 13% of claimants now live in Charnwood compared to 10% last year. The decreased proportion of claimants living in the City from 63% to 52% does appear to suggest that the County is disproportionably affected by claimant increases.

	% of claimants 2008	% of claimants 2009
Oadby & Wigston	3.9	4.6
Hinckley & Bosworth	6.6	8.7
NW Leicestershire	5.2	6.9
Charnwood	10.3	13.1
Blaby	4.9	6.5
Melton	2.5	3.3
Harborough	3.3	4.9
City	63.2	51.8

Statistical analysis of claimant data in August 2007 and 2009 showed that in the sub-region there was significantly more claimants than expected in towns and villages in 2009 and less than would be expected in urban areas.

Further analysis of 2009 claimant data using chi-squared by rural/urban classifications shows that in urban areas there are significantly less claimants than would be expected searching for managers and administrative occupations and more searching for sales and elementary occupations. In towns and villages there are more claimants than would be expected looking for managers and administrative occupations and fewer searching for sales and elementary occupations. In villages there are also more claimants than would be expected searching for professional and associated professional occupation and fewer for skilled trades and personal services. The majority of these patterns were not significant or even apparent in 2007. In fact in 2007 there were significantly more claimants than would be expected searching for elementary jobs in villages.

No. of JSA claimants in the sub-region, August 2009

	Urban > 10K	Town and Fringe	Village, Hamlet & Isolated Dwellings
Occupation unknown	25	0	0
Managers and Senior Officials	1180	185	80
Professional Occupations	675	60	55
Associate Professional and Technical Occupations	1375	140	105
Administrative and Secretarial Occupations	2175	295	135
Skilled Trades Occupations	2375	265	65
Personal Service Occupations	865	95	10
Sales and Customer Service occupations	3455	225	75
Process, Plant and Machine Operatives	2575	200	85
Elementary Occupations	6835	500	160

Source: NOMIS

The analysis also identified that there are now more female claimants than would be expected in village neighbourhoods and fewer male claimants. Moreover there are now more claimants age over 50 than would be expected in both villages and towns.

No. of JSA claimants in the sub-region, August 2009

	Male	Female
Urban > 10K	15835	6405
Town and Fringe	1520	665
Village, Hamlet & Isolated Dwellings	585	335

	Aged under 18	Aged 18-24	Aged 25-49	Aged 50+
Urban > 10K	0	645	1050	460
Town and Fringe	30	6875	11585	3690
Village, Hamlet & Isolated Dwellings	0	245	435	220

Significantly lower then expected

Very significantly lower than expected

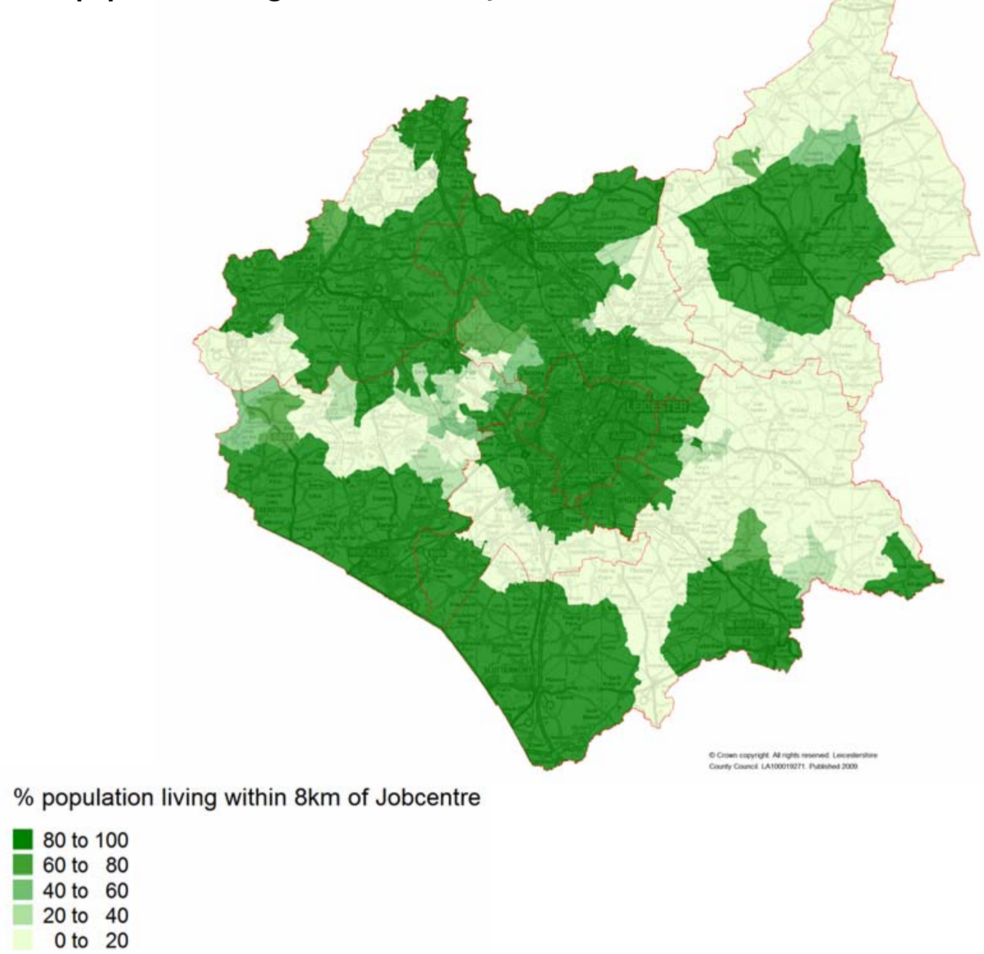
Significantly higher than expected

Very significantly higher than expected

Source: NOMIS

JSA rates in the City were relatively high before the onset of the recession. It may therefore also be argued that the City already has the infrastructure and support in place to cope better with rising unemployment. Access to jobcentres can be an issues in some rural areas. By comparing the map below to the areas where residents live it is apparent that there may be particular issues in parts of Blaby in terms of access to employment support.

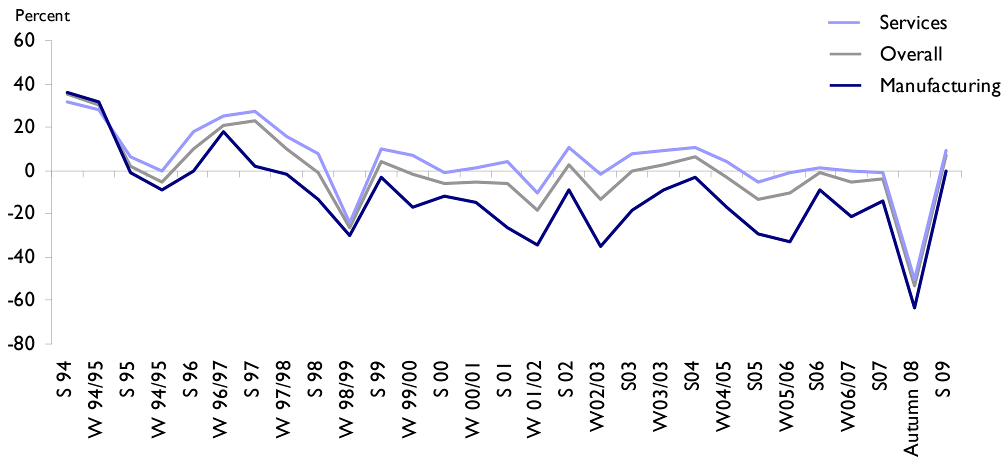
% of population living within 8km of a Job Centre



What will the future economy look like?

The local business survey found that business optimism in Summer 2009 has improved to +7% from the very low level (of -53%) seen in October 2008. The October 2008 figure was the lowest recorded since the surveys began in 1994. Confidence has recovered in the service sector to give a balance of optimism of +9% (compared to -50% in October) and the manufacturing sector has recovered to 0% (from -63%). Further signs of improvement can be seen by the fact that one in ten businesses feel that their market sector is now growing and a further 16% feel that their sector is starting to pick up. However, a quarter of businesses still feel that their sector is in decline. Large businesses and those in the service sector are more optimistic about their market sector growing. Encouragingly, 19% of those in the construction sector felt that their sector was growing.

The balance of business optimism for the next 12 months in Leicester Shire



Source: Leicestershire Business Survey 2009

Experian forecasts also predict that the market will begin the recover over the next few years. Food and drink employment is also expected to increase in the sub-region between 2008 and 2016 (2.4% to 2.6% of employment) while nationally it is expected to decrease (1.5% to 1.4%).

Moreover, in 2004 Working Futures (a model used by LSC to predict future employee levels) suggested that by 2010 there will be a considerable future demand for employees in higher order occupations such as managers, senior officials and professional occupations[11].

There is an indication that in the future there will be fewer jobs available for those without formal qualifications although some authorities are expecting the manufacturing sector to be resurrected, which may be successful in engaging the growing number of disengaged working class males who do not appear to fit easily into the current labour market. Repatriating the industry sector would mean ignoring the forecasts of continued manufacturing decline and re-thinking current policies and strategies. Indeed, many equal opportunity strategies in Local Authorities are now including sections on 'white working class boys' looking towards how to ensure traditional trade skills can be utilised, rather than narrowing opportunities towards only 'academically' focussed careers.

A local report from Businesses Link in August 2009 found that experiences of manufacturing business varied, although some exporters and those engaged in more innovative activities appear to be performing well. Business Link have also found that the level of interest in the business start-up service remains extremely high, with anincreasing proportion of enquiries coming from Job Centre Plus referrals. However, there is ongoing evidence that banks are reluctant to lend to start up businesses, especially those in the construction sector.

An Ipsos Mori survey of 1,003 British adults between 25th and 27th September found that 43% believed that the economy would improve in the next 12 months compared to less than 10% just over a year ago [12]. However, although claimant rates appear to be levelling out over the last few months, evidence from 1980's recession showed the unemployment continued to rise till 1984, after the recession had finished. Both 1980s and 1990s recession showed the unemployment did not return to pre-recession rates until 5 years after the recession began.

Conclusions

While there does not appear to be a characteristic that is disproportionately affected by claimant increases, those living in Multicultural City Life neighbourhoods have seen smaller proportions of claimants than expected in August 2009 in both City and County, with over proportionate claimant increases in less traditional types of neighbourhoods. There remains an over supply of claimants seeking administrative and skilled trade jobs whereas occupations such as personal services have a higher number of unfilled vacancies now than two years ago.

Despite concern in the media, NEET rates have not appeared to increase annually in the sub-region as more young people continue in further education. However, concern is high among young people for future prospects, possibly affecting their choice of opportunities. Those preferring more vocational routes may require more support to ensure that they do not drift in and out of short term employment or training opportunities as less opportunities for those without qualifications or lack of experience become available.

The rural economy appears to be more dependent on consumer confidence with the recession having an impact on businesses within such sectors that rely on customer spending. Indeed, rural businesses in the sub-region are less optimistic about the next 12 months. Those living in rural neighbourhoods are also suffering from high proportions of job loses. While there initially appears little evidence of a 'middle class recession', in rural areas the higher than expected proportions seeking professional jobs are significant. These may be people who traditionally would not be part of the claimant count and may require different support to those in urban areas to find employment.

It is worth noting, however, that JSA claimants make up approximately 27% of 'worklessness' in the sub-region. Many of those *long term worklesses* are still suffering from mistakes made in past recessions and some are likely to suffer from a range of deprivation issues such as poor health, low skills, crime, social exclusion etc. As the economy comes out of recession it is essential that such issues and barriers are not ignored.

Much of the unemployment information used in the report is available in the monthly unemployment bulletin http://www.lsr-online.org/reports/unemployment_bulletin_august_2009

Further datasets, such as worklessness, NEET and population data, can be found on http://www.lsr-online.org/

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12 Ipsos MORI Political Monitor, September 2009

Appendix A

Neighbourhoods by OAC classification