

Reporting the Local Impact of the Recession May 2009



Introduction

Earlier this month, the Bank of England announced that, in output terms, the recession has probably bottomed out. It also said, however, that the country will take some time to return to pre-recession levels of spending as banks now looking to boost their reserves remain reluctant to extend credit to consumers and businesses. As a result, the Monetary Policy Committee has predicted that for at least the next two years inflation will remain below its 2% target despite a significant monetary stimulus - an interest rate of 0.5% and £125bn of quantitative easing. Mervin King, Governor of the Bank of England, stressed that the world's major banks need to restructure their balance sheets. For the UK, this will mean a painful process of spending less and saving more. All this together implies that the UK's recovery out of recession will be a slow and protracted one.

As in last month's report, this document presents 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:

The National Picture	Page
Output	3
Inflation	3
Unemployment	3
Recession Dashboards for Leicester and Leicestershire	
JSA Claimant Dashboard: Leicester and Leicestershire	5
JSA Claimant Dashboard: Leicestershire	6
JSA Claimant Dashboard: Leicester City	7
Vacancies	8
NEET	9
Interpretation of data	10

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, which now stands at 6.4%, increased by 0.9% points between January-March 2008 and January-March 2009. This compares to a national increase of 1.3% points and the East Midlands is amongst London and the South East in experiencing below national average increases.
- There were 24,094 people claiming JSA benefits in the sub-region in April 2009; this is 11,978 more than in April 2008.
- The JSA claimant rate in April 2009 was 3.0% in the County and 6.3% in the City. This is an increase of 0.1% points on March 2009 in the County and 0.3% points in the City on March's rate. In Blaby district, however, claimants decreased slightly between March and April 2009.
- North West Leicestershire saw the highest % point rate increase in JSA rates - of 2.3% points- over that last year. Coalville Ward reflects a particularly large increase; in April 2008 just 1.8% of its working age population claimed JSA whilst by April 2009 this swelled to 5.2%.
- Due to the normally low numbers of JSA in Leicestershire, the County has seen a significant real increase in claimants on a year and there seems to be a distinct gendering to these increases. In Leicester City between April 2008 and 2009, the number of female claimants increased by 1,176 (a percentage increase of 36%) and the number of male claimants grew by 3,425 (a percentage increase of 39%). In Leicestershire County, however, the number of female claimants grew by 1,859 (or 57%) and the males by 5,518 (or 159%).
- For the Leicester and Leicestershire sub-region as a whole, there were 2,037 unfilled live vacancies in April 2009. The largest number of unfilled vacancies were in elementary occupation (378 in total).
- In April this year there were 11.82 JSA claimants for each unfilled job vacancy through JCP in Leicester and Leicestershire. This compares to 2.07 claimants per unfilled vacancy in April 2008.
- NEET rates in the County for April 2009 match those of April last year, at 5.2% of 16-18 year olds. In the City, NEET is 0.1% points lower than the same period last year and currently stands at 9.3%. Charnwood district has seen the biggest increase in NEET over the past few months, growing from 4.7% in January to 6.4% in April.

National Picture

Output

The most recent estimate of GDP growth shows that between Q4 2008 and Q1 2009 tUK GDP contracted again ; this time 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

April's inflations estimates are yet to be published. 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 January-March 2009. Overall, the unemployment rate for England increased by 1.3% points between January-March 2008 and January-March 2009. The national rate currently stands at 6.6%. Between these two years unemployment rates increased the most, and are at their highest, in the North East; a point increase of 2.6% and unemployment rate of 8.6%. The unemployment rate in the East Midlands increased by 0.9% points and is just behind London and the South East in experiencing the lowest point increases in the County.

Figure 1: UK GDP Growth over the last 10 years

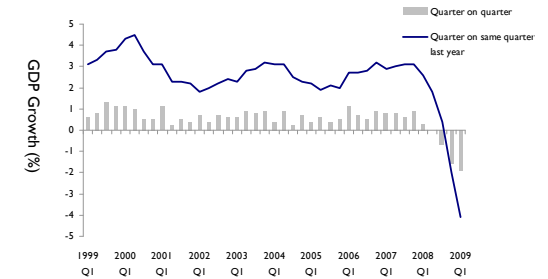


Figure 2: GVA growth by sector

	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%

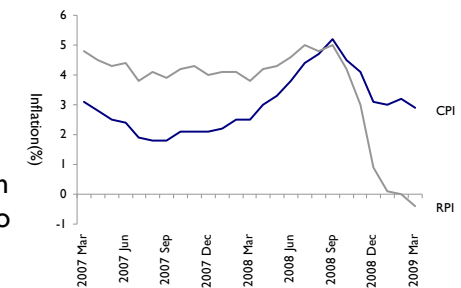
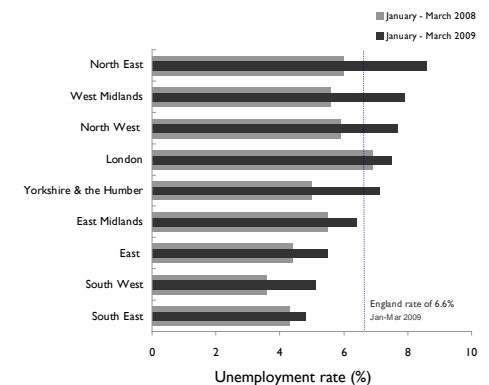


Figure 5: Regional unemployment rate Jan-Mar 2008 to Jan-Mar 2009



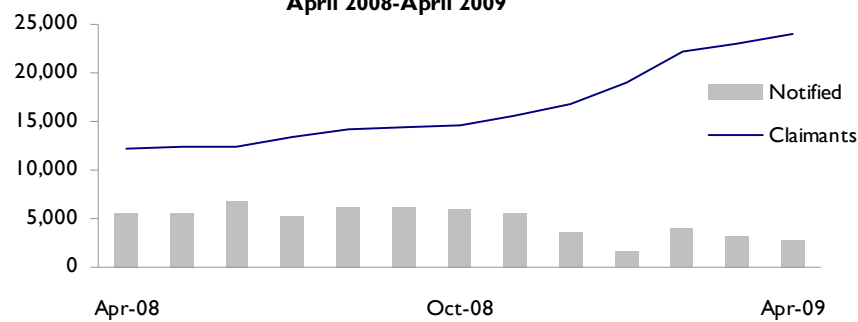
The local Picture: Leicester and Leicestershire

Claimants

The total number of JSA claimants in England has risen from 1,272,858 (4.0% of working age population) in March 2009 to 1,304,456 (4.1%) in April 2009. Leicester City has seen a rise in claimants from 11,513 in March 2009 to 12,086 in April 2009, while County claimants have increased this month from 11,583 in March 2009 to 12,008 in April 2009. The total number of people claiming JSA in Leicester and Leicestershire was 24,094 in April 2009, compared to 12,116 in April 2008. April has seen claimant rates increase by 0.3% points on the previous month in Leicester City. However, rates in the County, East Midlands and England increased only by 0.1% points, similar to rate increases last month.

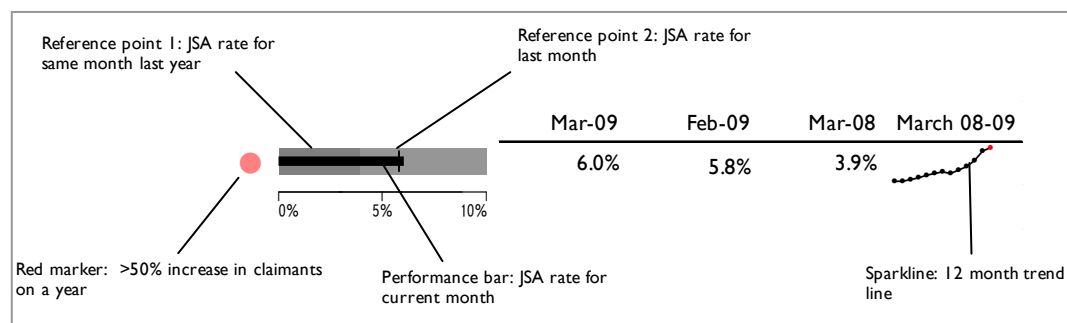
While numbers of claimants have doubled in the sub-region since April 2008, new notified job vacancies reported to Job Centre Plus have more than halved. The number of notified vacancies was 2,790 in April 2009, compared to 3,257 in March 2009 and 5,685 in April 2008.

**JSA claimants and new notified vacancies in Leicester and Leicestershire:
April 2008-April 2009**



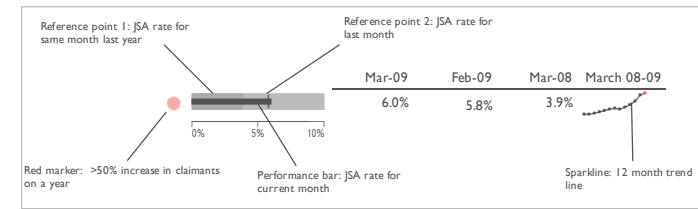
Dashboards

A dashboard is a visual display of key information which is used to achieve specific objectives. Crucially, in a dashboard information is arranged so that its contents can be monitored at a glance. The dashboards presented in this report were designed with Microcharts for Excel and use features such as sparklines, bullet charts and icons which are unique to the package. Each bullet chart shows the current JSA rate (or number of vacancies and NEET rate) against last month and last year's figures. Red icons identify where there has been an increase of above 50% or 75% on last year's JSA rate or, for the vacancies data, a decrease of 50% or 75% on last year's vacancies. The image below shows more clearly how bullets, icons and sparklines are used in the report:



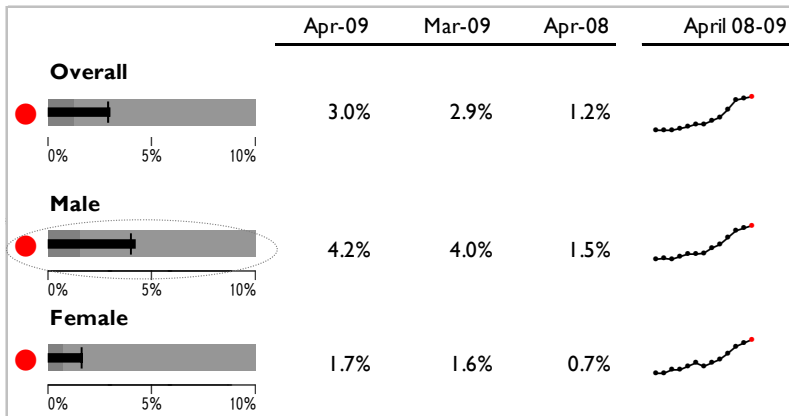
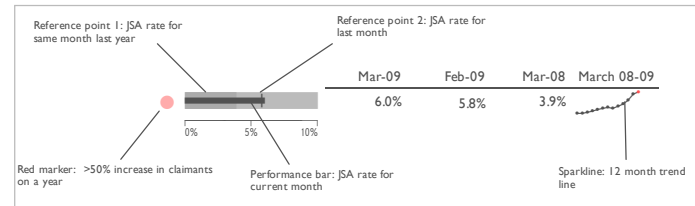
JSA Claimants in Leicester and Leicestershire: April 2009

	Apr-09		Mar-09		Apr-08		April 08-09
	Rate	No.	Rate	No.	Rate	No.	
England	4.1%	1,304,456	4.0%	1,272,858	2.2%	695,260	
Leicestershire	3.0%	12,008	2.9%	11,583	1.2%	4,631	159% annual rate increase
Leicester City	6.3%	12,086	6.0%	11,513	3.9%	7,485	
Blaby	2.7%	1,554	2.7%	1,557	1.1%	603	158% annual rate increase
Charnwood	3.0%	3,220	2.9%	3,074	1.3%	1,353	
Harborough	2.4%	1,198	2.3%	1,129	0.8%	372	222% annual rate increase
Hincley and Bosworth	3.3%	2,119	3.2%	2,099	1.4%	892	
Melton	3.0%	899	2.9%	874	0.8%	242	271% annual rate increase
North West Leicestershire	3.5%	1,924	3.3%	1,839	1.2%	674	185% annual rate increase
Oadby and Wigston	3.2%	1,094	2.9%	1,011	1.4%	495	



● >75% JSA rate increase or JSA numbers increase
● >50% JSA rate increase or JSA numbers increase

JSA Claimants in Leicestershire: April 2009



180% annual rate increase

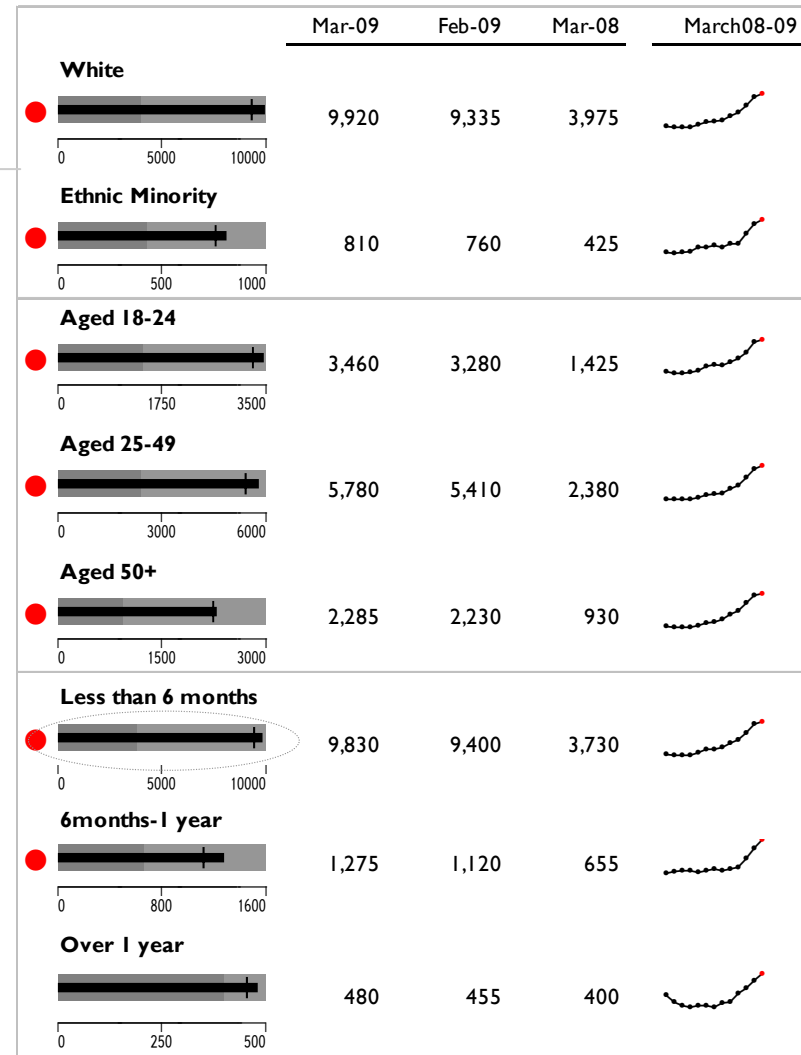
Top 10 wards: JSA Rate April 2009

Ward Name	District	JSA rate
1 Loughborough Hastings	Charnwood	5.8
2 Loughborough Lemyngton	Charnwood	5.6
3 South Wigston	Oadby and Wigton	5.5
4 Greenhill	NW Leicestershire	5.3
5 Coalville	NW Leicestershire	5.2
6 Earl Shilton	Hinckley and Boswrth	5.0
7 Hinckley Trinity	Hinckley and Boswrth	4.9
8 Melton Egerton	Melton	4.8
9 Millfield	Blaby	4.7
10 Loughborough Shelthorpe	Charnwood	4.5

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

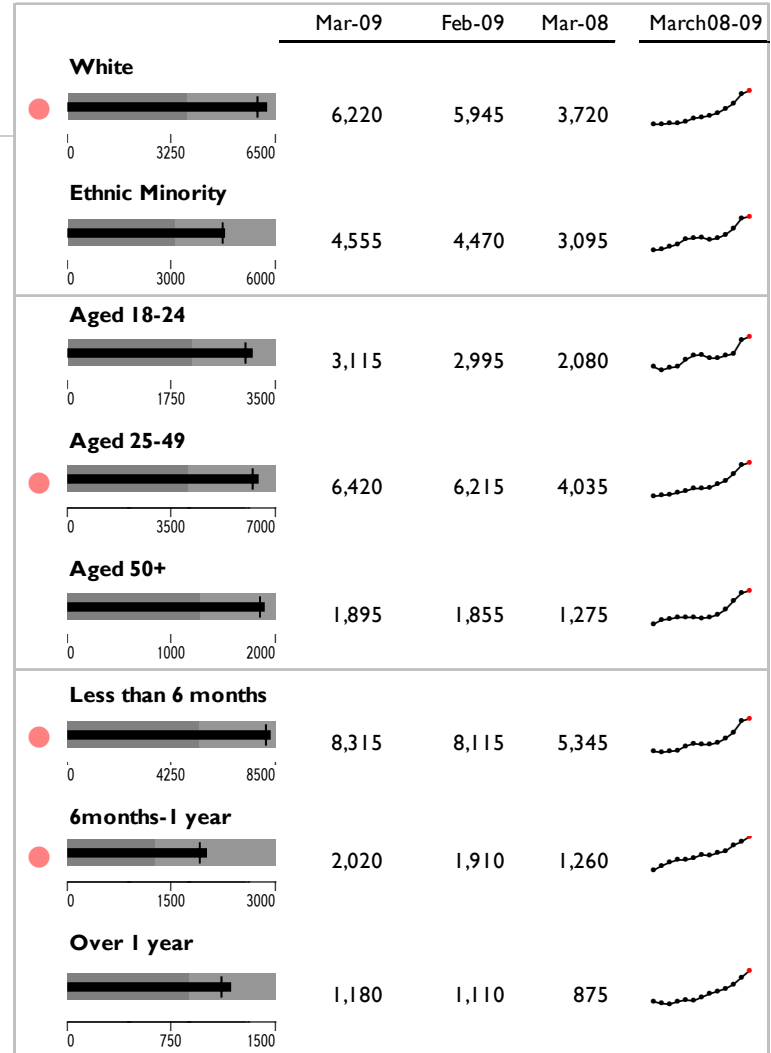
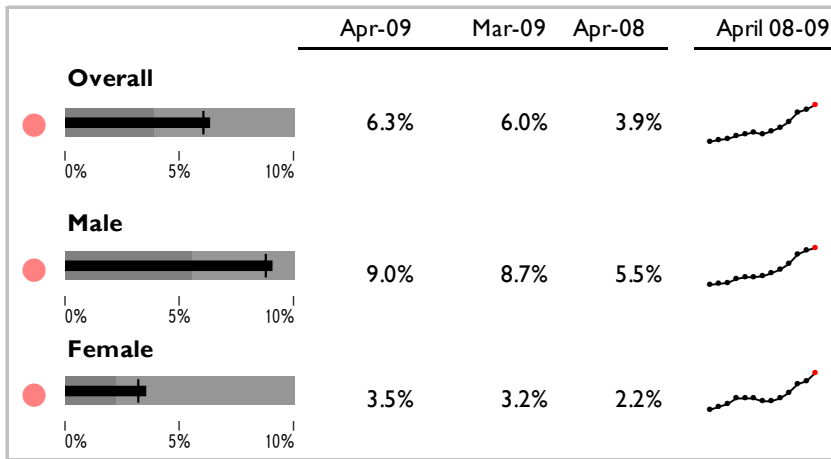
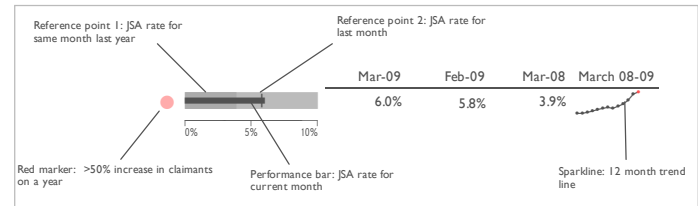
Ward Name	District	Annual % point increase	JSA rate
1 Coalville	NW Leicestershire	3.4	5.2
2 Melton Egerton	Melton	3.4	4.8
3 South Wigston	Oadby and Wigton	3.0	5.5
4 Earl Shilton	Hinckley and Boswrth	3.0	5.0
5 Millfield	Blaby	2.9	4.7
6 Hinckley Trinity	Hinckley and Boswrth	2.8	4.9
7 Greenhill	NW Leicestershire	2.8	5.3
8 Ashby Holywell	NW Leicestershire	2.8	4.0
9 Thurmaston	Charnwood	2.7	4.4
10 Melton Warwick	Melton	2.7	3.6

- >75% JSA rate increase or JSA numbers increase
- >50% JSA rate increase or JSA numbers increase



164% annual rate increase

JSA Claimants in Leicester City: April 2009



Top 10 wards: JSA Rate April 2009

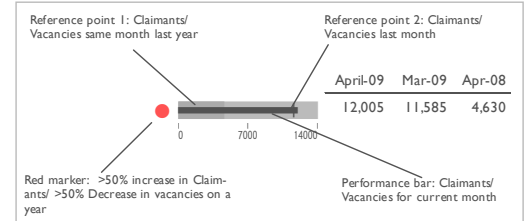
Ward Name	JSA rate
1 Abbey	8.7
2 Charnwood	8.2
3 Freeman	8.1
4 Spinney Hills	8.1
5 Braunstone Park and Rowley Fields	8.0
6 New Parks	7.9
7 Eyres Monsell	7.6
8 Beaumont Leys	7.5
9 Coleman	6.8
10 Stoneygate	6.4

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

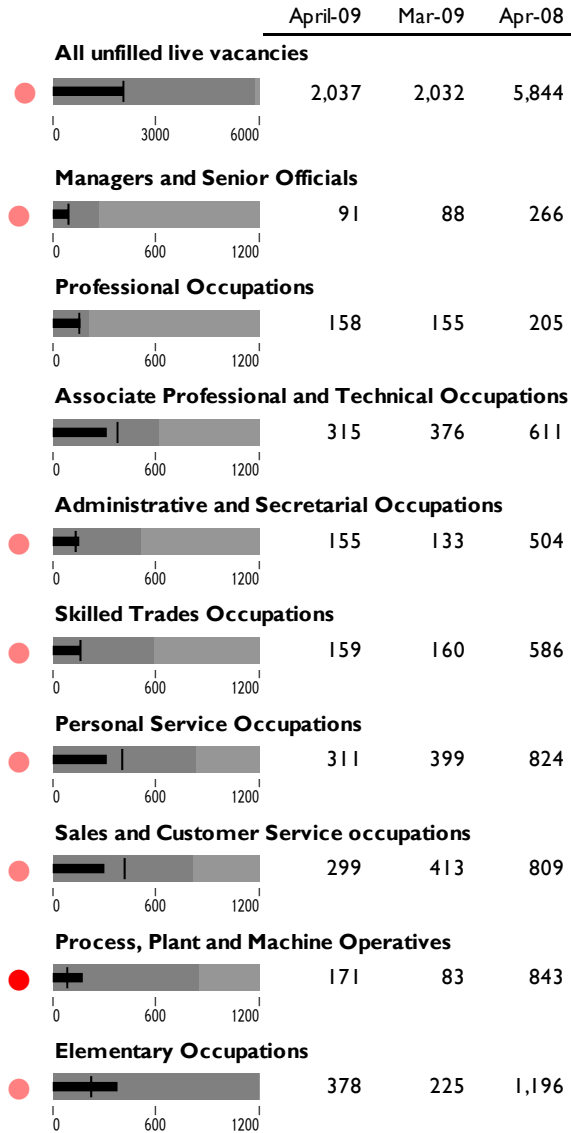
Ward Name	Annual % point increase	JSA rate
1 Braunstone Park and Rowley Fields	3.8	8.0
2 Eyres Monsell	3.8	7.6
3 Freeman	3.2	8.1
4 Westcotes	3.0	6.2
5 Thurncourt	3.0	6.1
6 Humberstone and Hamilton	2.9	5.4
7 Abbey	2.9	8.7
8 Aylestone	2.8	5.8
9 Fosse	2.8	5.3
10 Western Park	2.5	4.9

>75% JSA rate increase or JSA numbers increase
 >50% JSA rate increase or JSA numbers increase

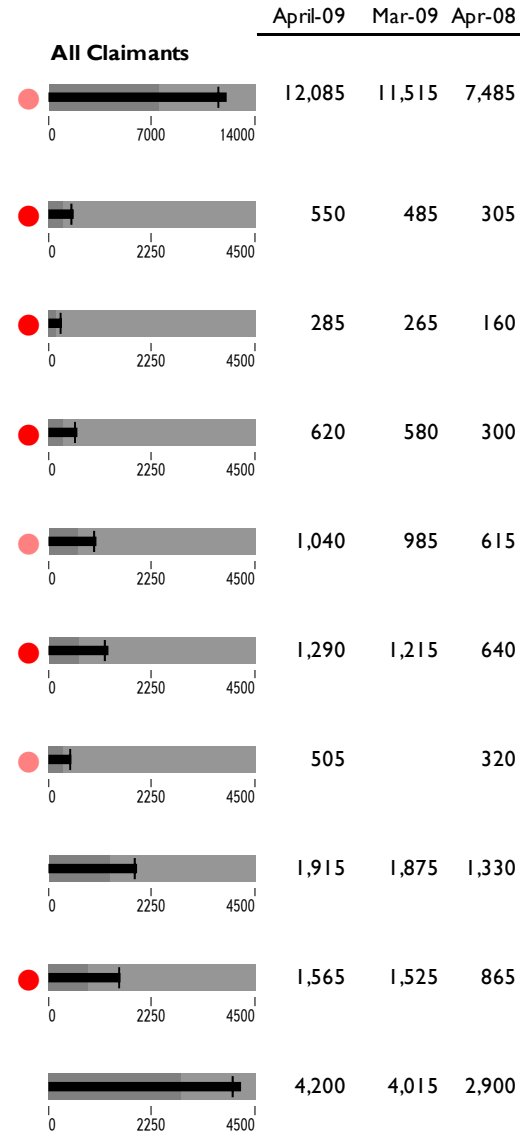
Vacancies in Leicester and Leicestershire



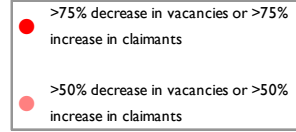
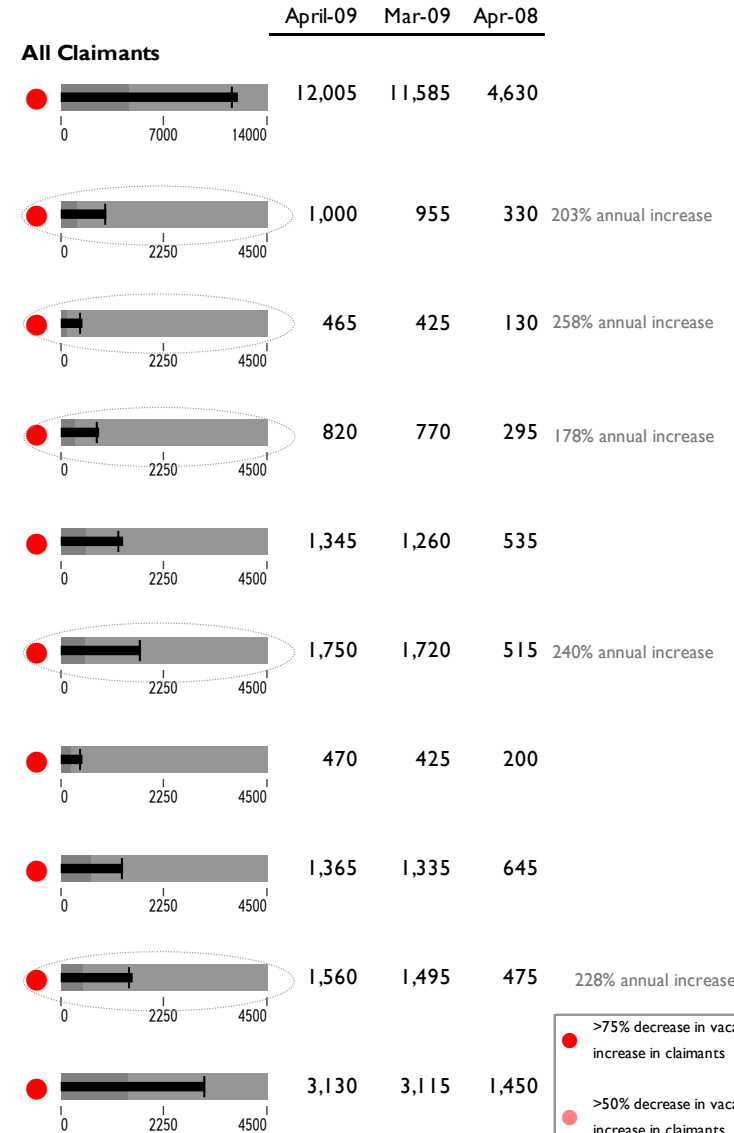
Leicester and Leicestershire: Vacancies



Leicester City: Claimants

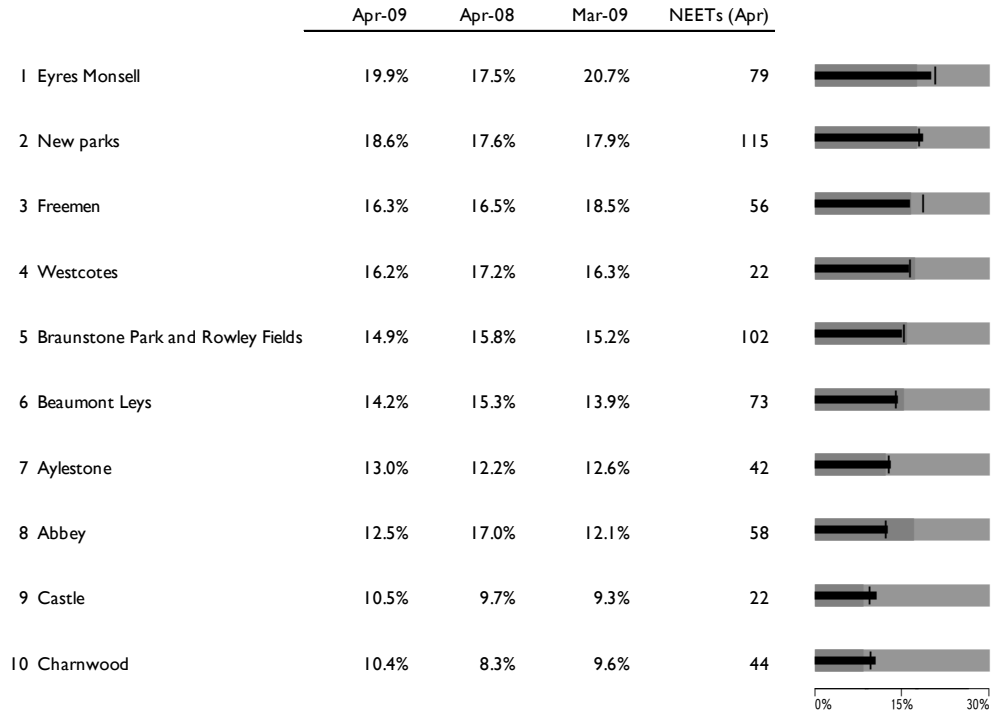


Leicestershire County: Claimants

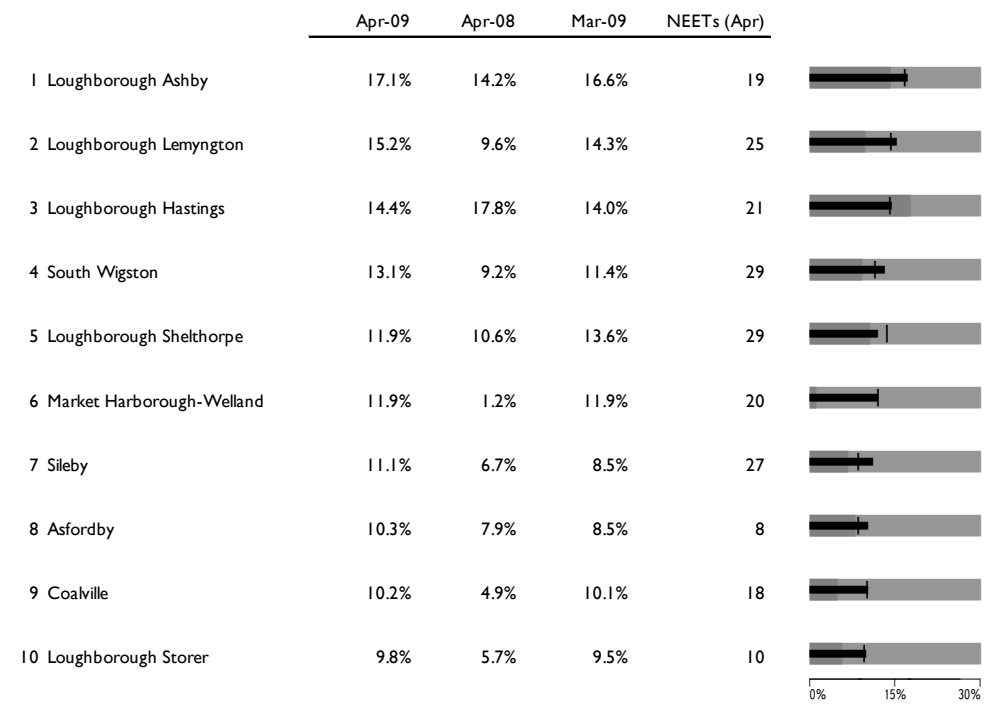


NEET (16-18 year olds) in Leicester and Leicestershire

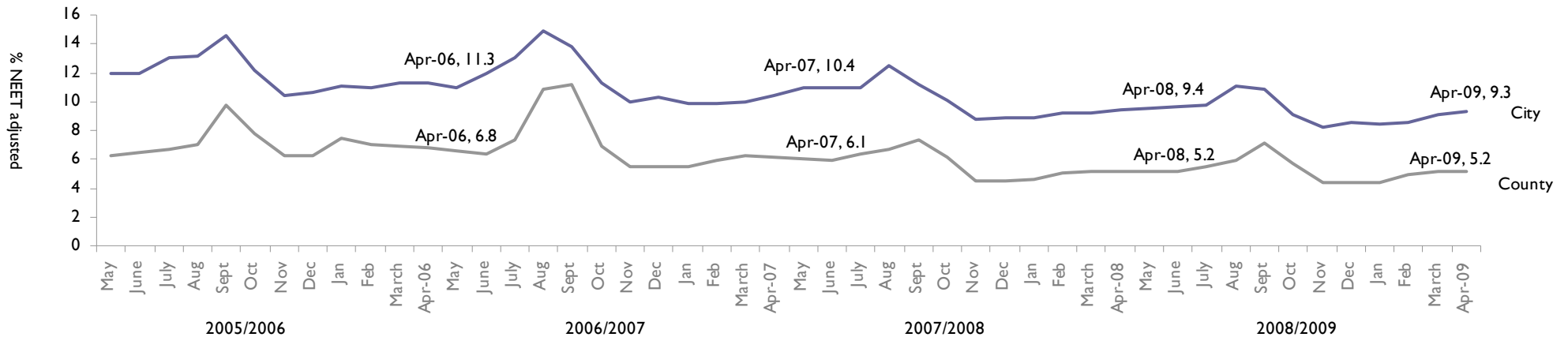
Leicester City: Top 10 Wards



Leicestershire: Top 10 Wards



NEET in Leicester and Leicestershire:
May 2005-April 2009



Interpretation of data

Geography of new claimants

Leicester City

Abbey ward now has the highest claimant rate in the City at 8.7%. It is followed by Charnwood ward with a rate of 8.2%. The highest monthly increases in claimant *rates* between March and April this year were in Fosse and Freeman wards, both increasing by 0.5% points. This represents a monthly increase of 40 and 34 claimants respectively. Castle ward had the highest *numbers* increase in claimants this month (57). Braunstone Park and Eyres Monsell wards had the highest *annual* increase in claimant rates with Braunstone increasing in rates from 4.2% to 8.0% and Eyres Monsell increasing from 3.8% to 7.6% since April 2008. This is equivalent to a change from 431 to 812 claimants in Braunstone and 248 to 491 in Eyres Monsell. Claimant rates did not decrease in any wards in the City this month although rates remained constant in Western Park ward, at 4.9%.

Leicester County

In the County, April 2009 figures show that Oadby and Wigston district had the highest monthly rate increase of 0.3% points. The claimant rate for Blaby district did not increase this month, remaining at 2.7%. North West Leicestershire district continues to have the highest claimant rate in the County, now at 3.5%. Over the last 12 months North West Leicestershire has seen the highest percentage point increases, changing from 1.2% to 3.5%. This is equivalent to an increase from 674 to 1,924 claimants over 12 months.

Loughborough Hastings ward still has the highest JSA rate in the County, at 5.8% in April 2009. However, the rate has decreased by 0.2% points on last month. South Wigston ward had the highest monthly rate increase from 4.6% in March to 5.5%. In April This is equivalent to an increase of 43 claimants with the total number of claimants in that ward now standing at 255. Annually, Melton Egerton ward and Coalville ward had the highest increase in claimant rates, both increasing by 3.4% points. Earl Shilton and South Wigston have also increased by 3.0% points over the last 12 months. Claimant rates have decreased this month for 30 wards in the County. Breedon, Broughton Astley– Primethorpe, Melton Warwick and Old Dalby all decreased by 0.4% points. A further 6 wards decreased by 0.3% points. In Saxondale this represented a monthly decrease of 13 claimants, with total claimants reducing from 145 in March 2009 to 132 in April 2009.

Characteristics of new claimants

In Leicester City between April 2008 and 2009, the number of female claimants increased by 1,176 and the number of male claimants grew by 3,425; for both groups this represents an increase in claimants of just over a third. In Leicestershire County, however, disparities emerged between the growth in new claimants with female claimants increasing by 1,859 (an increase 57% on a year) and males increasing by 5,518 (an increase of 157% on the same time last year).

Applying the 20 Output Area Classification (OAC) groups to neighbourhoods (LSOAs) it was found that in Leicester City a quarter of all neighbourhoods are described as Multicultural Suburbia, 12% as Affluent Urban Commuters and 10% as Multicultural Inner City. In the County 20% of neighbourhoods are labelled as Urban Commuters and 15% Mature Households.

In the City in April 2008, neighbourhoods classified as Multicultural Urban contained the highest average number of claimants followed by Young City Professionals and Multicultural Inner City . These remained the top 3 neighbourhoods in April 2009. The biggest average increases in actual numbers in the City were in Multicultural Urban areas from an average of 85 to 121 claimants per neighbourhoods, followed by Struggling Urban families (from 53 to 86). Neighbourhoods classified as Mature Urban Households only increased by on average 11 claimants over the year. Well Off Mature Household had the lowest average claimants last year but have increased by almost 200% (15 to 43). In contrast, Multicultural Suburbia have only increased by 44% (41 to 60) over 12 months. Multicultural Suburbia neighbourhoods represent a quarter of all neighbourhoods in the City

In the County, Multicultural Inner Cities neighbourhoods held the highest average number of claimants in April 2008, followed by City Professionals and Multicultural Suburbia neighbourhoods. These remained the top 3 neighbourhoods in April 2009. The largest increase in claimant numbers were in neighbourhoods labelled as Urban Terracing - from an average number of 23 to 55 claimants per neighbourhood. Neighbourhoods classified as Countryside also saw increases in the average number of claimants from 8 to 39. However, Countryside neighbourhoods represent a very small proportion of Leicestershire's total neighbourhoods.

Jobs to seekers

In April 2009, there were 11.82 claimants per unfilled vacancy in the sub-region. This is a significant increase on the same month last year where there were 2.1 claimants to every vacancy. In terms of monthly change, there were 114 fewer unfilled vacancies in Sales and Customer Services jobs in April 2009 than in March 2009 and 88 fewer Personal Services jobs. The number of unfilled Process Plant jobs have increased by 88 and Elementary jobs by 153.

The numbers of unfilled Health Care Personal Service vacancies reduced this month (by 90 jobs) along with the number of Health Associate Professionals vacancies (a reduction of 60 jobs). These are occupations which typically remained relatively resilient in jobs terms to the economic downturn. This month 385 claimants were seeking Health Care Personal Services jobs, up from 265 in December 2008, and there were 299 unfilled vacancies, down from 407 in December 2008. However, this time last year there were 200 claimants to 688 jobs in this occupation.

In other sectors, unfilled vacancies in all Sales and Customer Services occupations decreased while claimants looking for Sales Assistant and Cashier jobs increased by 680 over the year. Claimants seeking Transport Driver and Operative jobs increased again this month although unfilled vacancies did also increase (from 43 to 99); there are now 13 claimants per Transport job compared to 29 per job last month. In April 2008 the number of Transport vacancies equalled that of claimants. This month saw the biggest increases in claimants searching for General Administration jobs; there are now 37 claimants per unfilled vacancy. The number of jobseekers to Elementary Process Plant jobs also increased to 46 claimants per job. Conversely, there was as a large increase in Elementary Construction unfilled vacancies this month which has impacted positively on ratios - from 165 claimants per vacancy in March to 25 per vacancy in April 2009.

Young People

NEET 16-18 rates remained constant in the County at 5.2% and increased by 0.2% point in the City to 9.3% in April 2009. These are similar rates to April last year, although slightly lower in the City by 0.1%. Rates in Blaby, Melton, North West Leicestershire and Hinckley decreased between March and April 2009 with Blaby decreasing from 4.8% to 4.4%. Similar to this month's overall claimant figures, Oadby and Wigston NEET rate increased from 4% to 4.2%, although Charnwood district has seen the biggest increase over the past 4 months from 4.7% in January to 6.4% in April

Interestingly, there has been an increase in level 3 apprenticeships available for young people on last year. New vacancies were notified in Engineering, Motor vehicle and Business apprenticeship. The most popular job types desired by 16-18 year olds who are currently NEET in Leicester and Leicestershire are Retail, Construction and Motor Vehicle Trades. In the County, Admin/Clerical and Childcare occupations are particularly popular, whereas in the City Hairdressing jobs are within the most popular occupations.

Signs of Recovery?

At the height of the Credit Crunch in Autumn 2008 Blaby was considered the most vulnerable district in the sub-region to job losses (according to the vulnerability Index-February Credit Crunch report). This was due to the district's employment structure and the relative size of a financial services sector there. However, Blaby is proving relatively resilient this month in jobs terms to the downturn, with a particular decrease in claimants looking for Construction or Goods Storage jobs.

In Charnwood district, Loughborough Hastings - the ward with highest rate of JSA in the County - also saw a decrease in claimants on March 2009 (11 fewer male claimants, although female claimants still increased). This suggests that in certain instances individuals (particularly males) are beginning to find new employment and this might *possibly* be due to a seasonal pick up in construction jobs. The City, however, does not seem to be showing any signs of improvement. No wards saw a rate decrease this month. In addition, Oadby and Wigston district, which has a similar employment structure to the City, had the highest monthly rate increase of all districts in the County. Although this district has been resilient to claimant increases over the past year compared to other County districts, the number of claimants seeking general administration jobs in Blaby increased by 23% between March and April 2009.

In Leicester City, average house prices increased by £1,757 between February to March after falling by £21,000 over the past 12 months. The largest monthly average price drop over the last 12 months was £4,560 which occurred between February 2009 and the preceding month. Current average house prices in Leicester City are at the same level as they were in June 2004. In the County, however, prices continue to fall with average house price decreasing between February to March by £2,680. The largest monthly average price drop over the last 12 months was £4,376 which occurred between September 2008 and the preceding month. Current average house prices in the County are at the same level as they were in May 2004. 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

The next monthly report will be available on 22nd June 2009.

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