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Unemployment is down to 2.46 million

Unemployment fell for the first time in 18 months, according to the Office for National Statistics.

Under the Labour Force Survey (LFS) count, unemployment fell by 7,000 to 2.46 million in the three months to November. The fall was the first since March 2008. The jobless rate remained steady at 7.8% on the previous three-month period.

The fall in numbers was all down to male unemployment. The number of unemployed men fell by 20,000 to 1.51 million and the unemployment rate was down to 8.9%. However, the number of jobless women rose 13,000 to 949,000 and their unemployment rate was up to 6.6%.

The LFS count includes people who are looking for work but are not eligible for benefits and is the government's preferred measure.

The claimant count fell for the second successive month. The count, which only includes those claiming Jobseeker's Allowance, fell by 15,200 in December to 1.61 million.

The unemployment rate, however, was steady at 5.0% for the fourth month in a row.

Unemployed men on benefit numbered 1.17 million and their unemployment rate was down to 6.7%. The number of jobless women was down to 435,200, but their jobless rate remained at 2.9%.

Unemployment seasonally adjusted

	Claimants (000s)	% ¹	LFS ² (000s)	%
2003	933	3.0	1,489	5.1
2004	853	2.7	1,424	4.8
2005	862	2.7	1,465	4.9
2006	945	3.0	1,669	5.4
2007	864	2.7	1,653	5.3
2008	905	2.8	1,776	5.7
2008				
October	1,007	3.1	1,883	6.0
November	1,092	3.4	1,947	6.2
December	1,176	3.6	2,003	6.4
2009				
January	1,254	3.9	2,060	6.6
February	1,390	4.3	2,127	6.8
March	1,456	4.5	2,227	7.1
April	1,506	4.6	2,277	7.3
May	1,536	4.7	2,377	7.6
June	1,558	4.8	2,432	7.8
July	1,583	4.9	2,470	7.9
August	1,606	4.9	2,465	7.8
September	1,627	5.0	2,461	7.8
October	1,633	5.0	2,491	7.9
November (r)	1,622	5.0	2,458	7.8
December (p)	1,607	5.0		

¹ Percentage of working population – the employees, unemployed, self-employed and the armed forces. ² The Labour Force Survey definition of unemployment – the number of unemployed people who want a job and are ready to start work in two weeks, and have looked for work in the past four weeks. Each figure is the average of the past three months – a rolling average. (p) provisional (r) revised

LABOUR RESEARCH DEPARTMENT

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Regions The claimant count showed a monthly fall in 10 of the 12 regions in December. It rose in two regions – Scotland and Northern Ireland.

The North West and the West Midlands topped the falls, followed by the South East region.

The unemployment rate was above the UK average of 5.0% in seven regions. The highest rates were 7.2% in the North East, 6.5% in the West Midlands and 6.3% in Northern Ireland.

There were mixed results for the LFS count, despite the overall fall. It fell in six regions, but rose in the other six. The largest falls were 20,000 in the West Midlands and 19,000 in the North West.

The two regions with the biggest rises were London (+20,000) and Yorkshire and the Humber (+14,000).

The unemployment rate was above the UK average of 7.8% in six regions. The highest rates were 9.8% in the North East, 9.6% in the West Midlands, and 9.4% in London.

Region	December claimants		LFS Sept – Nov	
	Number	%	Number	%
North East	86,900	7.2	126,000	9.8
North West	199,000	5.6	278,000	8.2
Yorkshire & the Humber	158,800	6.0	239,000	9.1
East Midlands	113,800	5.1	166,000	7.2
West Midlands	180,500	6.5	259,000	9.6
East	120,600	4.2	186,000	6.3
London	226,100	4.6	384,000	9.4
South East	157,600	3.5	274,000	6.2
South West	93,300	3.4	170,000	6.4
Wales	79,200	5.6	121,000	8.5
Scotland	136,200	4.9	202,000	7.4
Northern Ireland	54,500	6.3	56,000	6.8

The manufacturing sector continued to shrink with 212,000 jobs disappearing in the three months to November 2009 compared with a year earlier. Over the past year employment levels have fallen by 7.6% to 2.6 million.

There were 182,000 redundancies announced in the three months to November 2009 – down 31,000 on the previous three-month period.

www.statistics.gov.uk/pdfdir/lmsuk0110.pdf

Inflation gathers pace

Inflation rose to its highest level since November 2008 as cuts in mortgage interest payments a year ago fell out of the calculations, latest official figures show.

Under the Retail Prices Index (RPI), inflation was up by 2.4% in December – against a rise of 0.3% the previous month, according to the Office for National Statistics.

Along with rising housing costs, the main contribution to the rise came from motoring expenditure, with dearer oil and petrol.

Under the government's preferred measure, the Consumer Prices Index (CPI), inflation rose to 2.9% in December from 1.9% the previous month. This measure does not include housing costs.

With VAT going back to 17.5% in January, both inflation measures are expected to show further rises in the coming months. If the CPI figure goes beyond 3.0%, Mervyn King, the Bank of England governor, will be required to write to the Treasury about the Bank's efforts to control inflation.

	Retail Prices Index	% increase on year earlier		
		RPI	RPI except mortgage interest payments	CPI
(Jan 1987 = 100)				
2008				
December	212.9	0.9	2.8	3.1
2009				
January	210.1	0.1	2.4	3.0
February	211.4	0.0	2.5	3.2
March	211.3	-0.4	2.2	2.9
April	211.5	-1.2	1.7	2.3
May	212.8	-1.1	1.6	2.2
June	213.4	-1.6	1.0	1.8
July	213.4	-1.4	1.2	1.8
August	214.4	-1.3	1.4	1.6
September	215.3	-1.4	1.3	1.1
October	216.0	-0.8	1.9	1.5
November	216.6	0.3	2.7	1.9
December	218.0	2.4	3.8	2.9

Nine of the 14 groups that make up the RPI posted increases above the 2.4% overall increase. The motoring expenditure group's 15.0% rise included an 18.7% rise in petrol and oil prices and a 15.1% rise in car prices.

The 3.5% rise in the fares group included a 5.7% rise in rail fares and that was before the January 2010 increases are taken into account.

Food prices showed an overall rise of 1.1%. The price of a cuppa was dearer as tea prices rose by 11.5%; and soft drinks were 4.6% more expensive.

The catering group's rise of 2.5% was just above the general rise, but included a 3.0% rise in the cost of canteen meals.

The 6.4% fall in the fuel and light group included

cuts in electricity and gas prices of 8.2% and 5.9% respectively, offset by a 1.5% rise in coal prices.

The 4.1% fall in the housing group included a 27.4% fall in mortgage interest payments.

More than 2.4%	%	Less than 2.4%	%
Motoring expenditure	15.0	Leisure goods	1.5
Household goods	6.5	Food	1.1
Leisure services	5.0	Clothing & footwear	0.3
Tobacco	4.5	Housing	-4.1
Personal goods & services	4.0	Fuel & light	-6.4
Fares etc	3.5		
Household services	3.4		
Alcoholic drink	3.1		
Catering	2.5		

www.statistics.gov.uk/pdffdir/cpi0110.pdf

www.statistics.gov.uk/pdffdir/cpibrief0110.pdf

Gender pay measures are announced

Employers that choose to analyse and report publicly their gender pay gaps will receive limited immunity from investigation, the equalities watchdog has announced.

The Equality and Human Rights Commission (EHRC) hopes the incentive will encourage businesses to adopt voluntary measures to analyse and make public their gender pay gaps.

A menu of these voluntary measures organisations with over 250 staff can choose from includes:

- the single figure difference between the median hourly earnings of men and women;
- the difference between the average basic pay and total average earnings of men and women by grade and job type; and
- the difference between men's and women's average starting salaries.

Organisations with 250 to 500 employees are being encouraged to opt initially to publish information measured by at least one quantitative indicator. Larger organisations would be encouraged to report on two indicators, including a narrative. Within the next two years, these large organisations would be encouraged to move to using at least three indicators, including a narrative.

As an incentive to companies to adopt these reporting measures the EHRC is offering a limited degree of immunity from investigation for firms that participate. This immunity will not extend to anti-discrimination cases, but will mean that participating companies are unlikely to receive

formal requests for further information during the next two years.

Trevor Phillips, chair of the EHRC said: "Transparency is really the first step to addressing the gender pay gap. If an employer doesn't look at their own gender pay gap, how do they address it?"

"I hope this incentive combined with the goodwill and commitment shown by our partners so far means that we can deliver high levels of participation on a purely voluntary basis, ensuring that gender pay transparency will become normal business practice."

www.equalityhumanrights.com/media-centre/voluntary-measures-proposed-for-publishing-pay-gaps/

Recession hit harder in cities suffering already

The recession has widened the gap between UK city economies. Cities that were already suffering before the recession have been hit hardest, according to Centre for Cities' annual economic index.

Over the past two years, the difference between the two cities with the highest and lowest shares of residents claiming Jobseeker's Allowance – Hull and Cambridge – has nearly doubled.

Cities Outlook 2010 finds that, as the UK moves out of recession, it will face an uneven recovery. Already-robust city economies like Brighton are more likely to grow stronger, leaving others like Doncaster further behind. This raises tough questions about how they can carve out a future that is economically sustainable.

The turnaround of our largest cities will be critical to the national recovery, says the Centre. More than one in three jobs (39%) in England is based in just five cities – Greater London, Manchester, Birmingham, Leeds and Liverpool.

Other cities — Brighton, Milton Keynes, Reading, Cambridge and Edinburgh — have the right ingredients to succeed after the recession has passed. They have strong private sectors, high levels of entrepreneurship, highly educated workforces and large shares of knowledge-intensive jobs.

On the downside, other cities, such as Stoke, Burnley, Barnsley, Newport and Doncaster, with their weaker business base, have a much tougher outlook. These cities all lost private sector jobs over

the pre-recession decade. Their rate of business start ups is low and many of their residents have no qualifications.

Between 1998 and 2008 Stoke, for instance, saw a net loss of over 20,000 private sector jobs from its economy. One in five of its population has no formal qualifications and the city has a low rate of entrepreneurship.

As the political parties gear up for the general election, the Centre for Cities is calling on the party leaders to recognise that the economic recovery will be very uneven. The UK may well be emerging from recession. But many cities will continue to feel the effects of the downturn for years to come, especially those with a weak private sector.

Over the next Parliament the new government will need to address the position of struggling cities. In a tight public spending climate, constructing shiny new buildings is not the way forward. Struggling cities first of all need to fix the basics – improving their schools, adult skills and public transport. Only then will businesses want to invest and create jobs.

www.centreforcities.org/assets/files/10-01-15%20Cities%20Outlook%202010.pdf

Earnings growth edges upwards again

Earnings growth moved upwards again in November, the latest figures show.

Headline earnings growth (the latest rolling three-month average) for the whole economy was up to a provisional 1.6% in the three months to November from 1.5% for the three-month period to October.

In the manufacturing sector the rise was up to 2.5% from 2.2% in the three months to October.

Earnings growth in the services sector was up to 1.7% from 1.6% in the previous three-month period, while, earnings growth for the private sector was up to 1.3% from 1.2% previously.

In the public sector, earnings growth dipped to 2.7% from 2.8% in the three months to October.

Monthly figures show average earnings for the whole economy rose by a provisional 1.8% in the year to November – up from the revised figure of a 1.7% rise for October.

The Office for National Statistics has stopped press releasing the average earnings index (AEI) figures in the tables below. It has replaced them with the average weekly earnings monetary figures that also feature regularly in *Fact Service* (usually a week after the AEI figures have been released). For the time being, the AEI figures will continue to be covered in *Fact Service* and other Labour Research Department publications.

Average earnings indices ¹						
2000 =100	Whole economy		Manu- facturing	Services	Private sector	Public sector
	annual % rise					
2008						
September (r)	137.2	3.2	134.9	137.9	136.5	140.2
October (r)	137.2	3.6	135.2	138.1	136.4	140.5
November (r)	137.2	2.7	135.2	138.2	136.3	141.5
December	137.8	3.2	135.5	138.8	137.1	141.4
2009						
January	133.3	-0.7	135.3	132.9	131.4	141.8
February	131.8	-2.3	135.1	131.1	129.5	142.1
March	138.0	1.5	135.4	138.8	137.0	142.1
April	138.5	3.3	136.5	139.4	137.7	142.8
May	138.4	2.3	135.7	139.3	137.4	142.9
June	138.5	2.0	136.3	139.4	137.3	143.5
July	138.3	1.2	135.7	139.1	137.0	143.2
August	138.8	1.6	137.5	139.5	137.6	143.7
September (r)	139.0	1.4	138.0	139.8	137.8	144.2
October (r)	139.5	1.7	138.3	140.3	138.3	144.5
November (p)	139.8	1.8	139.1	140.5	138.6	145.0
% annual rise for November			2.9	1.7	1.7	2.5
% increase in headline rate for November ²			1.6	2.5	1.5	2.7

¹ Average weekly earnings in Great Britain, seasonally adjusted, including bonuses. ² The average of the seasonally adjusted data for the latest three months compared with a year earlier. (p) provisional, (r) revised

The table below gives estimates of full-time average weekly earnings by occupation. It is based on figures from the Annual Survey of Hours and Earnings 2009 (ASHE), uprated by the 0.9% increase in the average earnings index between April and November 2009.

Full-time average weekly earnings by occupation	
	£ a week
All workers	592.60
All male	648.80
All female	505.70
Managers	870.80
Professionals	791.00
Associate professionals	612.10
Admin & secretarial	415.40
Skilled/craft	488.90
Services	352.30
Sales	327.40
Operatives	448.00
Other manual jobs	349.80