
Report To:	Environment and Regeneration Committee	Date:	26 October 2017
Report By:	Corporate Director – Environment, Regeneration & Resources	Report No:	E+R/17/01/02/SJ/
Contact Officer:	Stuart Jamieson	Contact No:	01475 712402
Subject:	Labour Market Statistics		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide Members with an update on Labour Market Statistics.

2.0 SUMMARY

- 2.1 Nationally produced statistical series are often used to provide an indicator of the economic health of an area, both in respect of trends and also in comparison to others.
- 2.2 One such statistical series, produced by the Office for National Statistics (ONS), is the Claimant Count. The Claimant Count measures the number of people claiming unemployment-related benefits. Prior to 2013, the Claimant Count was measured using claimants of Jobseeker's Allowance.
- 2.3 In 2013, Universal Credit, which replaces a number of means-tested benefits, including the means-tested element of Jobseeker's Allowance, began to be rolled out. From the introduction of Universal Credit, those claimants who were receiving the benefit for unemployment reasons were included in the Claimant Count ie you could be employed and still receive Universal Credit.
- 2.4 From June 2015 the Claimant Count statistics were designated as experimental, due to the impact of Universal Credit on the count. At this stage, although Universal Credit was having an impact, given the gradual phased roll-out it was very small, and ONS felt that the Claimant Count was still providing a useful indicator of the UK labour market.
- 2.5 However, the impact has increased as roll-out has progressed. One reason the Universal Credit series was experimental is that there was an insufficiently long time series to ascertain accurately its seasonality. It was assumed it would have a similar seasonal pattern to Jobseeker's Allowance. However, as roll-out has progressed it has become clear that this is not the case, with the consequence that the seasonally-adjusted claimant count series has become more volatile.
- 2.6 In March of this year, ONS conceded that it may be providing a misleading representation of changes in the UK labour market. Given the ongoing process of Universal Credit roll-out and future planned expansions, these problems are likely to persist for some time. Universal Credit has been rolled out in Inverclyde ahead of many other Local Authorities in Scotland and as such our Labour Market Statistics should not be compared with others for the reasons highlighted above until we are all comparing the same factors.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the content of the report and recognise the sensitivity associated with ensuring statistical information is considered on a like for like basis.

4.0 BACKGROUND

- 4.1 The Claimant Count measures the number of people claiming unemployment-related benefits. Prior to 2013, the Claimant Count was measured using claimants of Jobseeker's Allowance. In 2013 Universal Credit, which will replace a number of means-tested benefits, including the means-tested element of Jobseeker's Allowance, began to be rolled out. From the introduction of Universal Credit, those claimants who were receiving the benefit for unemployment reasons were included in the Claimant Count.
- 4.2 From June 2015 the Claimant Count statistics have been designated as experimental, due to the impact of Universal Credit on the count. At this stage, although Universal Credit was having an impact, given the gradual phased roll-out it was very small, and ONS felt that the Claimant Count was still providing a useful indicator of the UK labour market.
- 4.3 However, the impact has increased as roll-out has progressed. One reason the Universal Credit series was experimental is that there was an insufficiently long time series to ascertain accurately its seasonality. It was assumed it would have a similar seasonal pattern to Jobseeker's Allowance. However, as roll-out has progressed it has become clear that this is not the case, with the consequence that the seasonally-adjusted claimant count series has become more volatile.
- 4.4 In 2017 ONS decided, with effect from the Labour Market Statistics releases to be published on 15 March 2017, to remove the Claimant Count series from the UK and Regional Statistical Bulletins, as it may be providing a misleading representation of the UK labour market.
- 4.5 Universal Credit is designed so that a broader span of claimants is required to look for work than under Jobseeker's Allowance. This means that once Universal Credit is fully rolled out, the Claimant Count is likely to be higher than it would otherwise be under Jobseeker's Allowance.
- 4.6 In addition to seasonal adjustment, the impact of the broader span of claimants covered by the Claimant Count will be most noticeable in areas where Universal Credit is in more progressed phases of roll-out. In particular, those areas where Full Service Universal Credit is in operation are likely to see an increase in the number of claimants, ie Inverclyde.

5.0 FINANCE

5.1 Financial Implications

One off costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 5.2 There are no legal implications arising from this report.

Human Resources

- 5.3 There are no human resources implications arising from this report.

Equalities

5.4 Service provision will facilitate diversity and equality in recruitment, all procedures will fall within the policy and practice of Inverclyde Council.

Repopulation

5.5 There are no repopulation issues as associated with the report.

6.0 CONSULTATIONS

6.1 Consultations with Departments have included all Heads of Service and appropriate Finance Officers.

7.0 BACKGROUND PAPERS

7.1 None.