

There has been considerable research into the issue of 'inter-generational' unemployment (for example <http://bit.ly/148FXT0>). We have used local data from the Census along with unemployment figures to assess whether there is a strong correlation between an area containing households where no-one has ever worked and youth unemployment. The finding? It depends where you live.

The graph opposite plots youth unemployment rates against the percentage of adults that have never worked at postcode sector level (e.g. CV12 9). Figures for postcode sectors in Nuneaton & Bedworth Borough are shown in orange, while figures for postcode sectors in Stratford-on-Avon District are in blue. For each district we have also plotted a 'best fit' line.

We see that in Nuneaton & Bedworth Borough there is a fairly strong correlation; as the percentage of adults that have never worked increases, so does the youth unemployment rate. Postcode sector CV11 5 has the highest rates for both variables. Conversely, there is almost no correlation at all in Stratford-on-Avon; the areas with higher rates of adults never having worked do not necessarily have the highest youth unemployment rates.

Although we need to be wary of inferring a direct relationship between the two datasets (correlation versus causation), the evidence does suggest that communities in Nuneaton & Bedworth Borough are much more likely to be at risk of inter-generational unemployment. In other words, an individual's life chances¹ are influenced by where they are born in the county.

Source: 2011 Census, Office for National Statistics

¹ <http://bit.ly/1eU8YGA>

Unemployment

Description

Unemployment can have an impact on an individual's quality of life in a number of different ways, including financial pressures such as loss in earnings, limiting ability to purchase goods and services, as well as wider impacts such as effects on general health and wellbeing including mental health.

There are two different ways to measure unemployment. The first of these is the official estimate of unemployment using the International Labour Organisation (ILO) definition, produced by the Office for National Statistics. Under this definition people aged 16 or over are unemployed if they are:

- Out of work, want a job and have actively sought work in the last four weeks and are able to start work in the next two weeks; or are
- Out of work, have found a job and are waiting to start it in the next two weeks.

The ILO measure of unemployment is taken from a quarterly survey and is subject to considerable confidence intervals at a local level. The second measure of unemployment is from the claimant count. This count is often lower than the ILO measure as it only takes into account individuals that are actively claiming and in receipt of unemployment benefit known as Job Seekers' Allowance (JSA). Some people who are unemployed are not entitled to claim JSA, or choose not to do so. Nevertheless, claimant count figures have the advantage of being both more timely and reliable, especially at the local level.

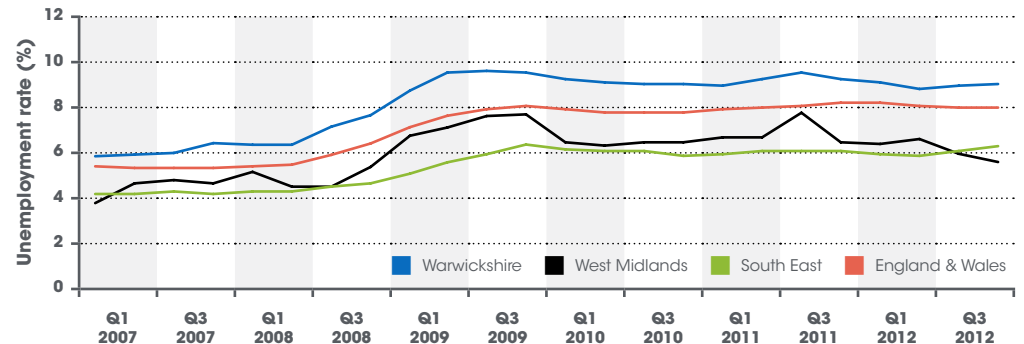
Performance

ILO Unemployment

At the time of writing this report, March 2013 ILO data was the latest available at county level. Warwickshire's ILO rate was 5.6% (or 14,900 people) in the twelve months to March 2013. Figure 2.1 shows the ILO unemployment rate over time in Warwickshire, the West Midlands, the South East and England and Wales.

Since the third quarter of 2008 the unemployment rate in Warwickshire has seen a steady increase until the end of the third quarter of 2009. Since then, the unemployment rate has remained fairly static with a slight peak in the third quarter of 2011. Interestingly, the South East has consistently maintained a lower unemployment rate than Warwickshire; however from the third quarter of 2012 the region has overtaken the county and has a higher ILO unemployment rate.

Figure 2.1: ILO Unemployment rate, 2007 - 2013

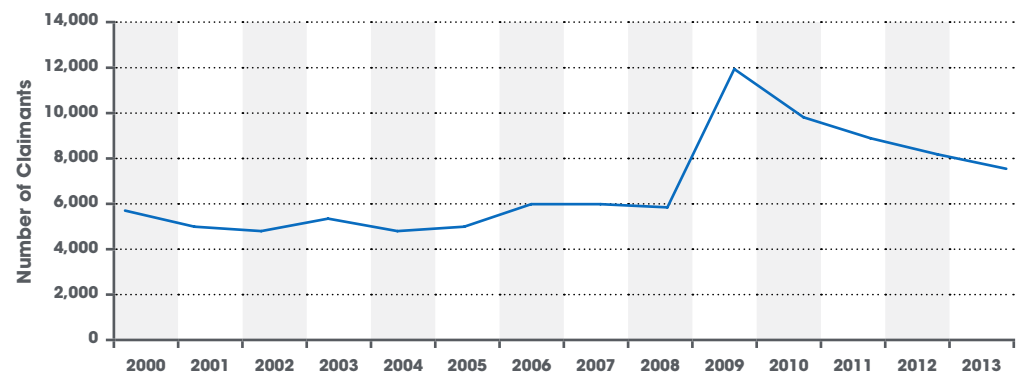


Source: Annual Population Survey (Labour Force Survey), National Statistics (www.nomisweb.co.uk)
 Notes: The unemployment rate is calculated as the number of unemployed people aged 16 to 59/64 (active persons are those who are either employed or unemployed)

Claimant Count

Between 2000 and 2007, the JSA claimant count in Warwickshire fluctuated between 4,000 and 6,000. However, the recession had a huge impact on unemployment in the county between 2008 and 2009. Warwickshire experienced a 112% increase in total claimants of Job Seekers' Allowance from 2008 and 2009, this was higher than the equivalent regional (79%) and national rises (87%) over the year.

Figure 2.2: Warwickshire Claimant Count, 2000 - 2013



Source: National Statistics (www.nomisweb.co.uk)

Unemployment

Since February 2010 the claimant count has been falling. Warwickshire has experienced a fall of 38% in JSA claimants from June 2009 to June 2013, falling at a much faster rate than the regional and national reductions (14% and 9% respectively). This suggests that although Warwickshire seemed to suffer adversely during 2008 and 2009 in terms of the high percentage increases in claimants when compared with the equivalent regional and national rates, it has also recovered at a quicker rate.

Figure 2.3 shows the number of individuals claiming JSA in Warwickshire in June 2012 and 2013. In June 2013, there were 7,334 claimants in the county, this figure has fallen by 8.5% from June 2012. Just over 2% of the resident working age population in Warwickshire were claiming Job Seekers' Allowance in June 2013. This is less than half the equivalent regional figure (4.3%) and below that for England and Wales (3.4%).

Figure 2.3: Change in the Claimant Count, June 2012 - June 2013

AREA	JUNE 2012		JUNE 2013		YEAR-ON-YEAR CHANGE
	TOTAL	RATE (%)	TOTAL	RATE (%)	
North Warwickshire	1,010	2.6	824	2.1	-17.9%
Nuneaton & Bedworth	2,831	3.5	2,851	3.5	0.7%
Rugby	1,438	2.3	1,431	2.3	-0.5%
Stratford-on-Avon	990	1.3	756	1.0	-23.6%
Warwick	1,746	1.9	1,472	1.6	-15.7%
Warwickshire	8,015	2.3	7,334	2.1	-8.5%
West Midlands	162,407	4.6	151,545	4.3	-6.7%
England and Wales	1,359,526	3.7	1,245,432	3.4	-8.4%

Source: Claimant Count, National Statistics (nomisweb.co.uk)

Notes: Rates are calculated using the resident working-age population (16-64) as denominators are consistent with those published by the Office for National Statistics.

At a district level, the proportion of working age residents claiming JSA in 2013 ranges from 1.0% in Stratford-on-Avon District to 3.5% in Nuneaton & Bedworth Borough. In the last twelve months (June 2012-2013) all districts have experienced a fall in their claimant count rate with the exception of Nuneaton & Bedworth Borough which saw a 0.7% increase in JSA claimants from the previous year.

Figure 2.4 shows the gender split for the claimant count data in June 2013. The JSA claimant rate among females is typically half that of the rate among males. Although figures have generally improved in the last twelve months, the respective rates in the county stand at 2.7% and 1.5%; which are lower than the national and regional rates.

Figure 2.4: Claimant count by gender, June 2013

AREA	MALE		FEMALE		PERSONS	
	NUMBER	RATE (%)	NUMBER	RATE (%)	NUMBER	RATE (%)
North Warwickshire	518	2.6	306	1.5	824	2.1
Nuneaton & Bedworth	1,877	4.7	974	2.4	2,851	3.6
Rugby	906	2.8	525	1.7	1,431	2.2
Stratford-on-Avon	471	1.3	285	0.8	756	0.9
Warwick	987	2.1	485	1.1	1,472	1.6
Warwickshire	4,759	2.7	2,575	1.5	7,334	2.1
West Midlands	98,409	5.5	53,220	3.0	151,629	4.3
England and Wales	807,233	4.5	438,199	2.4	1,245,432	3.4

Source: Claimant Count, National Statistics (www.nomisweb.co.uk)

Notes: Rates are calculated using the resident working-age population (16-64) as denominators are consistent with those published by the Office for National Statistics.

Unemployment

Figure 2.5 shows how long claimants have been receiving JSA across Warwickshire and its districts. Although the unemployment rate in Warwickshire has fallen over the past twelve months, the number of people who have been unemployed for more than twelve months has increased from 995 claimants in 2011, to 1,695 in 2012 and 1,760 in 2013. The rise in long-term unemployed since 2009 is evident in Figure 2.6.

Figure 2.5: Claimant count by duration, June 2013

AREA	UP TO 6 MONTHS		OVER 6, UP TO 12 MONTHS		OVER 12 MONTHS		TOTAL
	NUMBER	%	NUMBER	%	NUMBER	%	
North Warwickshire	525	64	120	14.5	180	21.8	825
Nuneaton & Bedworth	1,525	54	540	18.9	785	27.5	2,850
Rugby	910	64	240	16.8	280	19.6	1,430
Stratford-on-Avon	545	72	105	13.9	105	13.9	755
Warwick	845	57	250	16.9	380	25.8	1,475
Warwickshire	4,345	59	1,255	17.1	1,730	23.6	7,330
West Midlands	72,905	48	30,505	20.1	48,135	31.8	151,545
England and Wales	624,030	50	249,750	20.1	369,530	29.7	1,243,310

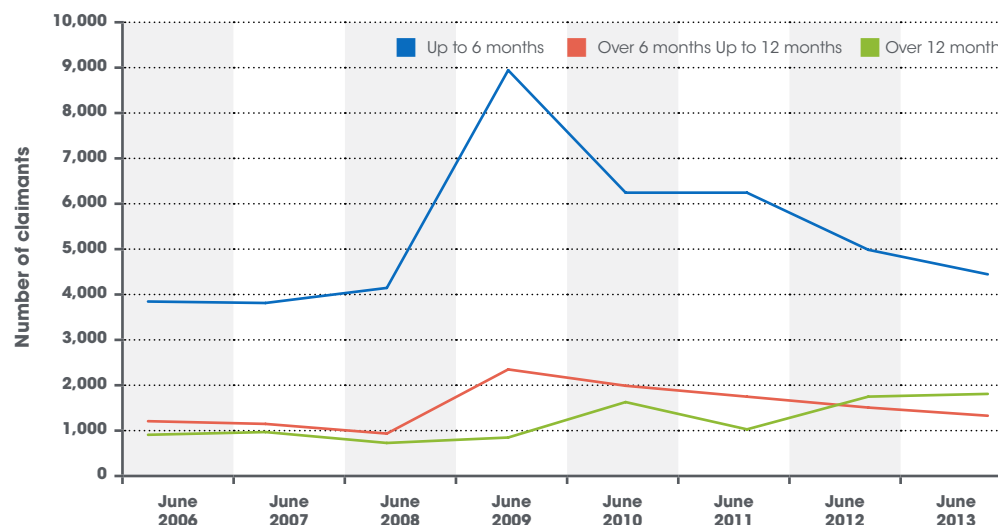
Source: Claimant Count, National Statistics ([nomisweb.co.uk](http://www.nomisweb.co.uk))

Notes: Data is rounded to the nearest five because of disclosure controls. Figures may not sum to previous totals due to rounding.

Just under three in five (59%) people claim JSA on a short term basis (for up to six months). However, as Figure 2.6 highlights, those who were claiming for less than six months saw a considerable decline in numbers between 2009 and 2010. The peak in those claiming JSA in 2009 on a short term basis is likely to reflect the economic downturn as individuals claimed unemployment benefit until they found employment.

The number of residents unemployed for more than twelve months has increased from 840 to 1,730 between 2006 and 2013. As a proportion of all unemployed residents, long term unemployment now accounts for nearly a quarter (24%) of all unemployment, compared to 14.6% in 2006. Long term unemployment appears to be the most significant in Nuneaton & Bedworth Borough, where 28% of unemployed people have been claiming JSA for over twelve months. Despite this, long term unemployment in Warwickshire remains below the regional and national average.

Figure 2.6: Claimant count, by duration, 2006 - 2013



Source: Claimant Count, National Statistics (www.nomisweb.co.uk)

Data on JSA claimants is also available for Lower Super Output Areas (LSOAs) in Warwickshire, allowing a more localised understanding of unemployment. Figure 2.7 shows the five LSOAs in the county with the highest and lowest numbers of claimants in June 2013.

Unemployment



Figure 2.7: Claimant Count Numbers and Rates for the highest and lowest Lower Super Output Areas, June 2013

LSOA	DISTRICT	NUMBER	RATE (%)
Highest Claimants			
Bar Pool North & Crescents	Nuneaton & Bedworth	110	12.9
Abbey Town Centre	Nuneaton & Bedworth	106	11.1
Camp Hill Village Centre	Nuneaton & Bedworth	95	11.7
Abbey North	Nuneaton & Bedworth	91	8.9
Lillington East	Warwick	90	9.4
Brownsover South Lake District North	Rugby	90	9.3
Lowest Claimants			
Abbey Fields	Warwick	3	0.3
Hampton-on-the-Hill	Warwick	3	0.3
Newbold-on-Stour, Illmington East & Whitchurch	Stratford-on-Avon	3	0.4
Castle Green & Malthouse	Warwick	3	0.4
Leek Wootton, Guys Cliffe & Beausale	Warwick	3	0.4
Glass House & Windy Arbour	Warwick	3	0.4

Source: Claimant Count, National Statistics (nomisweb.co.uk)

Notes: Rates are calculated using the resident working-age population (16-64) as denominators are consistent with those published by the Office for National Statistics.

There is significant variation in claimant numbers at LSOA level. Bar Pool North & Crescents LSOA in Nuneaton & Bedworth Borough has over 36 times as many claimants as the areas with the lowest numbers of claimants identified in Figure 2.7.



Outlook

In the last year, significant reductions have been seen in the overall numbers claiming JSA benefits in Warwickshire. However, over the same period those who have been unemployed for over twelve months has risen. Generally speaking, those who have been out of work for longer periods of time will find it more difficult to get a job, as well as potentially having a negative impact on their health and well-being. This means that as the job market improves, the long-term unemployed will find it harder to compete with other jobseekers.

In June 2011, the UK Government introduced the Work Programme in an attempt to help provide personalised support for the long-term unemployed. In Warwickshire, the programme we need to tackle a growing number of long-term unemployed people.

Since July 2013, a benefits cap has been introduced which will affect Job Seekers' Allowance claimants. The benefit cap sets a limit on welfare payments, limiting the total amount of benefits received to a maximum amount of £500 per week for single parents and couples with children and £350 per week for single households. The early impact of welfare reform is considered further in the Deprivation and Need section of this year's report. However, it is likely that the cap will have an impact on JSA claimants in the county and moreover, as Universal Credit comes into effect from October 2013, there will be a transition period up to 2017 where those who are unemployed may be claiming JSA or Universal Credit. As a result we may not have an accurate picture of unemployment in the county over the next few years.

Further Information

- A monthly analysis of the latest claimant count trends in Warwickshire is available from the Observatory's blog <http://warksobservatory.wordpress.com>
- Office For Budget Responsibility – 'Economic and Fiscal Outlook' - <http://bit.ly/18dw4Dp>
- Government Work Programme – 'The Work Programme: The First Year' - <http://bit.ly/1cxl8Es>
- For further details email research@warwickshire.gov.uk or telephone 01926 412775

Youth Unemployment



Description

Youth unemployment was highlighted as an issue as part of the wider unemployment indicator in last year's Quality of Life report. However, it warrants further analysis at a local level and is considered as a standalone indicator in this year's report.

At a national level, youth unemployment is concerning; levels are increasing and the resulting impact of this rise should be considered both in terms of the immediate and long-term effects on the economy. Long term unemployment is a particular concern with this age group, as many young people will be seeking their first job. The longer it takes to make that first step into the workforce, the more difficult it becomes. In a period of economic weakness, it may also be the case that young people who do find work may be paid lower salaries or work in lower skilled jobs than they otherwise would do in a growing economy.

The potential causes of youth unemployment are often debated but some include;

- Lack of qualifications/skills – young people achieving poor attainment including GCSE results or not having the right skills for a role
- Fewer opportunities available – for example, a reduction in the number of graduates being recruited due to the economic climate both in the public and private sectors
- Those in the labour market staying on longer – older workers working for longer either due to economic circumstances or through the rise in pension age
- Lack of experience – recruiters are lowering their 'risks' by recruiting more experienced staff.

Performance

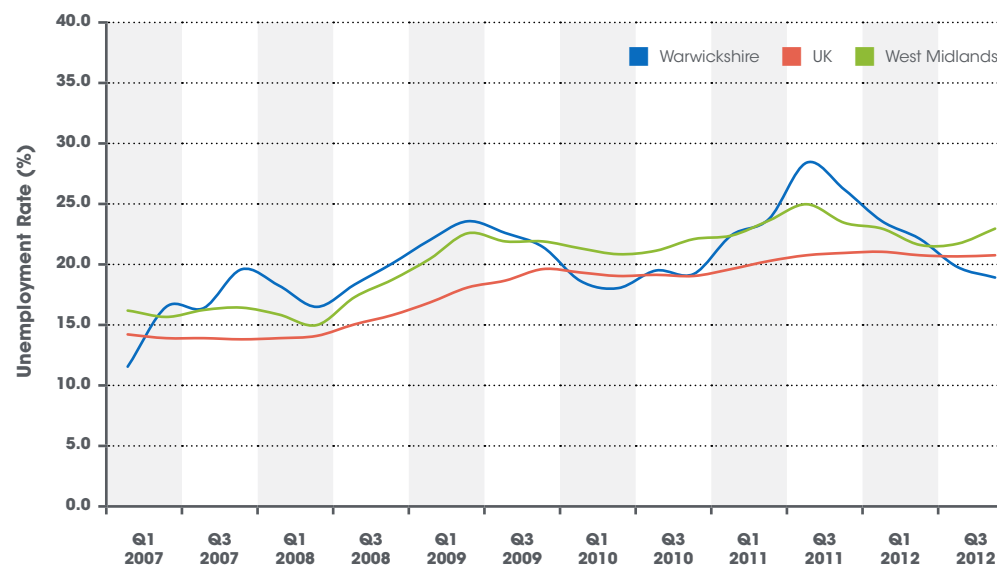
ILO Unemployment

There are two measures of unemployment. The first of these is the official estimate of unemployment using the International Labour Organisation (ILO) definition, produced by the Office for National Statistics. Under this definition people aged 16 or over are unemployed if they are:

- Out of work, want a job and have actively sought work in the last four weeks and are able to start work in the next two weeks; or are
- Out of work, have found a job and are waiting to start it in the next two weeks.

The ILO defines unemployment as a count of jobless people who want to work, are available to work and are actively seeking employment. The Annual Population Survey collects figures on unemployment levels using the ILO definition, and this is the only internationally comparable measure of unemployment in the UK. As some unemployed people are not entitled to claim benefits, or choose not to do so, the number of ILO unemployed people will usually be higher than the claimant count. The Warwickshire ILO unemployment rate for those aged 16 to 24 years was 19% (7,600 people) in the twelve months to March 2013. This can be compared to a rate of 21% for the UK and 23% for the West Midlands. Figure 2.8 shows the increasing trend of youth unemployment since 2007 with the peak in 2011 at a rate of 28.8% of 16-24 year olds.

Figure 2.8: ILO Unemployment Rate, 16 to 24 year olds, 2007 to 2013



Sources: Annual Population Survey (Labour Force Survey), National Statistics (www.nomisweb.co.uk) © Crown Copyright 2013

Notes: 95% confidence intervals apply to the data.

Youth Unemployment



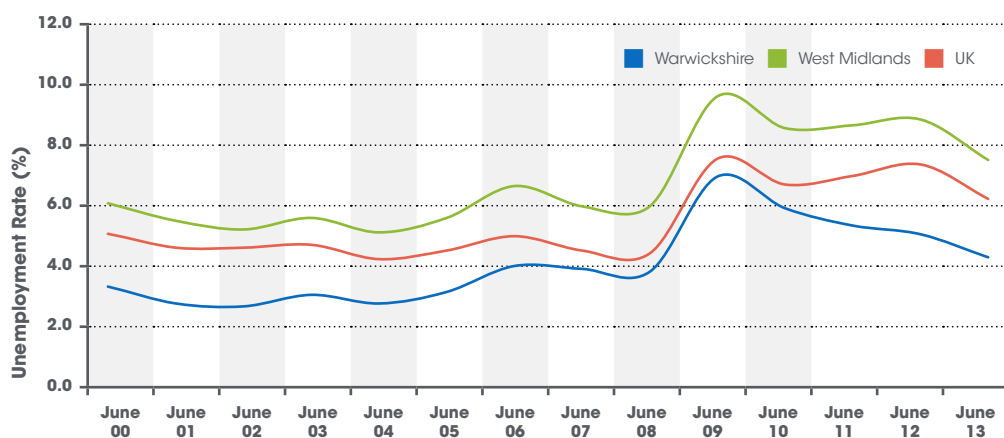
Claimant Count

The second measure is the claimant count. This measures those people claiming Jobseekers' Allowance benefit (JSA) and focuses on young people aged 18 to 24 years. The claimant count is normally the lower measure of the two because some unemployed people are not entitled to claim unemployment-related benefits, or choose not to do so. However, claimant count figures have the advantage of being both more timely and reliable, especially at the local level.

Between 2000 and 2008 the JSA claimant count for 18 to 24 year olds in Warwickshire remained fairly steady, with an average rate of 3.1%. Shortly afterwards, levels peaked in June 2009 at 7.0% (3,050 claimants) but then continued to decline each year, falling to 4.2% in June 2013 (1,890 claimants). At its peak there were over three thousand young people aged 18 to 24 years claiming JSA in Warwickshire however now levels have almost halved.

Warwickshire still reports a rate below both the national and regional level rates. In June 2013 Warwickshire reported a rate of 4.2% of 18-24 years old claiming JSA as a proportion of the resident population, this can be compared to a UK rate of 6.2% and a much higher rate of 7.5% in the West Midlands region.

Figure 2.9: Warwickshire Claimant Count (18 to 24 year olds), 2000 - 2013



Sources: National Statistics (www.nomisweb.co.uk) Crown Copyright, 2013
Notes: Claimant count figures do not yet include claimants of Universal Credit.

At a district level, in June 2013, the proportion of 18-24 year olds claiming JSA benefits ranges from 1.8% in Stratford-on-Avon to 8% in Nuneaton & Bedworth Borough. Nuneaton & Bedworth is the only district in the county which has a rate above both the national and regional equivalents for youth unemployment.

All of the districts have experienced a reduction in claimants over the past year, with the largest reduction being seen in Stratford-on-Avon District (39.6%). The smallest reduction was experienced in Nuneaton & Bedworth Borough (5.7%).

Figure 2.10: Change in the Claimant Count (18 to 24 year olds), by district, June 2012 – June 2013

	JUNE 2012		JUNE 2013		YEAR ON YEAR
	NUMBER	RATE (%)	NUMBER	RATE (%)	% CHANGE
North Warwickshire	315	6.8	240	5.2	- 23.8%
Nuneaton & Bedworth	880	8.5	830	8.0	- 5.7%
Rugby	395	5.4	345	4.7	- 12.7%
Stratford-on-Avon	240	3.1	145	1.8	- 39.6%
Warwick	420	2.8	335	2.2	- 20.2%
Warwickshire	2,255	5.0	1,890	4.2	- 16.2%
West Midlands	162,407	4.6%	151,629	4.3%	- 6.6%
England and Wales	1,564,156	3.8%	1,439,782	3.5%	- 8.0%

Source: National Statistics (www.nomisweb.co.uk) Crown Copyright, 2013

In Warwickshire, the JSA rate among females (2.9%) is much lower than that for males (5.3%). In Nuneaton & Bedworth Borough it is less than half, with a rate of 11% for males and 5.1% for females. There are 1,250 young males claiming JSA compared to 645 females in Warwickshire.

Youth Unemployment

Figure 2.11: Claimant Count (18 to 24 year olds) by gender and by district, June 2013

	MALE		FEMALE		PERSONS	
	NUMBER	RATE (%)	NUMBER	RATE (%)	NUMBER	RATE (%)
North Warwickshire	160	6.7	80	3.6	240	5.2
Nuneaton & Bedworth	565	11.0	265	5.1	830	8.0
Rugby	220	5.7	125	3.5	345	4.7
Stratford-on-Avon	90	2.3	55	1.4	145	1.8
Warwick	220	2.7	115	1.6	335	2.2
Warwickshire	1,250	5.3	645	2.9	1,890	4.2

Source: National Statistics (www.nomisweb.co.uk) Crown Copyright, 2013

One of the concerns around unemployment is that although the numbers of claimants are reducing, the proportion of young people in long-term unemployment is increasing. As a proportion of all unemployed 18 to 24 year old residents, long-term unemployment (those claiming JSA for over 12 months) now makes up 17% of all unemployment. This is an increase of fourteen percentage points since 2011 when the proportion was just 3% and increased to 13% in 2012.

At district level, Nuneaton & Bedworth Borough and Warwick District have the highest proportion of long-term youth unemployment at 21% and 18% respectively. Nuneaton & Bedworth Borough have seen long term youth unemployment increase from 8% in 2010 to 14% in 2012 and then to 20% in 2013. Warwick District has also experienced a large increase, from 8% in 2010 to 13% in 2012 and then to 18% in 2013. Stratford-on-Avon District has the lowest proportion of long-term youth unemployment at 10%.

Figure 2.12: Claimant Count (18 to 24 year olds) by duration, June 2013

	UP TO 6 MONTHS		OVER 6 MONTHS, UP TO 12 MONTHS		OVER 12 MONTHS		TOTAL
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER
North Warwickshire	170	70.8%	35	14.6%	35	14.6%	240
Nuneaton & Bedworth	510	61.4%	150	18.1%	170	20.5%	830
Rugby	240	70.0%	55	15.9%	45	13.0%	345
Stratford-on-Avon	110	75.9%	20	13.8%	15	10.3%	145
Warwick	205	61.2%	70	20.9%	60	17.9%	335
Warwickshire	1,240	65.6%	330	17.5%	325	17.2%	1,890
West Midlands	22,865	56.9%	8,725	21.7%	8,580	21.4%	40,170
England and Wales	189,995	59.5%	66,945	21.0%	62,420	19.5%	319,360

Source: National Statistics (www.nomisweb.co.uk) Crown Copyright, 2013

Note: Figures may not sum due to rounding

Unemployment claimant counts are available for geographic units called Lower Super Output Areas (LSOAs). LSOAs are typically smaller than electoral wards and contain around 1,500 residents; there are 333 LSOAs in Warwickshire. Examining the unemployment claimant count for 18 to 24 year olds at this level allows for the identification of pockets of unemployment that may otherwise be hidden in ward level statistics.

Focusing on the top ten LSOAs with the highest claimant rates for 18 to 24 year olds, the top nine areas are all in Nuneaton & Bedworth Borough. The LSOA with the highest rate is Camp Hill West and Quarry with a rate of 23%. There are a further three LSOAs with rates over 20%; Abbey Town Centre (22.6%), Poplar Nicholas Chamberlain (21.3%) and Bar Pool North and Crescents (21.1%). The area in North Warwickshire Borough which features in the top ten is Ansley Common and Birchley Heath with a rate of 14%.

Youth Unemployment



Outlook

Youth unemployment levels peaked in Warwickshire in 2011 with overall levels declining over the last year. However, the proportion of young people unemployed for longer than twelve months has risen over the same period.

Unfortunately the early figures released by Department for Work and Pensions (DWP) for their 'Youth Contract' scheme reveal that the scheme has not had the success that was intended. The scheme was designed to help more than 50,000 young people find work every year by offering subsidies to prospective employers, yet for year one incentives were paid for less than 5,000 young people.

The Government has recently announced a new effort to tackle youth unemployment with the launch of a £50 million fund targeted at helping young people find jobs in England's largest cities. Unfortunately this is unlikely to affect Warwickshire's young people. Locally, developing the skills of Warwickshire's residents is set out as a target for both the Coventry and Warwickshire Local Enterprise Partnership, who are currently working on developing a skills strategy for the sub-region and Warwickshire County Council. The 2013/14 Corporate Business Plan for Warwickshire County Council, also aims to increase the opportunities for people to improve their work related skills to support a thriving business community in Warwickshire.

Further Information

- A monthly analysis of the overall claimant count trends in Warwickshire is available from the Observatory's blog: <http://warksobservatory.wordpress.com/>
- Warwickshire County Council Business Plan 2013/14: <http://bit.ly/17T1SNF>
- For further details email research@warwickshire.gov.uk or telephone 01926 418645

Worklessness

Description

Worklessness is a less familiar term than unemployment. While there is no official definition for worklessness, the term often describes people of working age who are unemployed and claiming an out of work benefit. This indicator examines the number of people claiming benefits where lack of work is the primary factor in determining eligibility; these benefits include Jobseekers Allowance (JSA), Employment and Support Allowance (ESA), Incapacity Benefit (IB), and Income Support (IS).

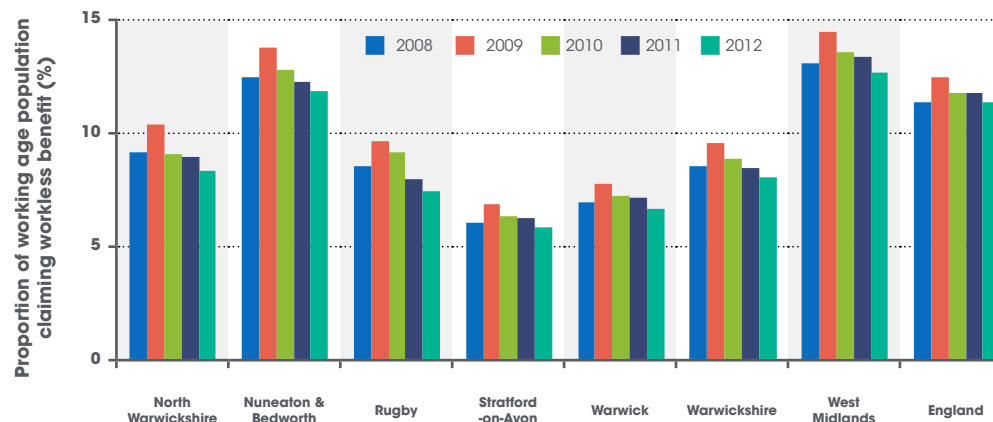
The proportion of working age people claiming workless benefits provides an indication of the health and economic activity levels of residents. National research conducted in 2010 by the Department for Work and Pensions (DWP) found that over half (51%) of all children in workless households were also considered to be in relative poverty. This compares to just 13% of children in households where families are working.

Performance

Continuing the trend seen in workless data over recent years, the proportion of working age residents claiming workless benefits in Warwickshire has fallen by 1,600 claimants over the last year, from 8.4% in 2011, to 8.0% in 2012. In November 2011, 29,370 working age people were in receipt of at least one out of work benefit in Warwickshire. By November 2012, this had reduced to 27,730. This follows a reduction of 3,780 claimants from 2009 to 2011. While this fall is in line with national trends, the county continues to have significantly lower proportions of residents claiming workless benefits compared to the West Midlands region (12.6%) and England (11.3%).

The proportion of working age residents who are workless in Nuneaton & Bedworth Borough (11.8%) is around one and a half times that of the county average (8.0%). However, this compares favourably to the rate for the West Midlands region. Since 2008, all of the five districts have followed the national trend with the rate of worklessness peaking during the height of the recession in 2008 before steadily declining from 2010 onwards. Figure 2.13 illustrates how the proportion of residents claiming out of work benefits has changed in the last five years.

Figure 2.13: Proportion of workless residents by district, 2008-2012



Source: Department for Work and Pensions (DWP)

Notes: Data refers to November of each year.

The fall in total out of work claimants is predominantly due to a reduction in Jobseeker's Allowance (JSA) claimants, where the numbers of claimants has reduced by almost 800 in Warwickshire since 2011. Employment and Support Allowance (ESA) and Incapacity Benefit (IB) claimants form the largest proportion of claimants on out of work benefits across the county however, the numbers claiming this benefit has fallen at a slower rate since 2011. The breakdown of the four benefit groups that make up out of work benefits is shown in Figure 2.14.

Worklessness

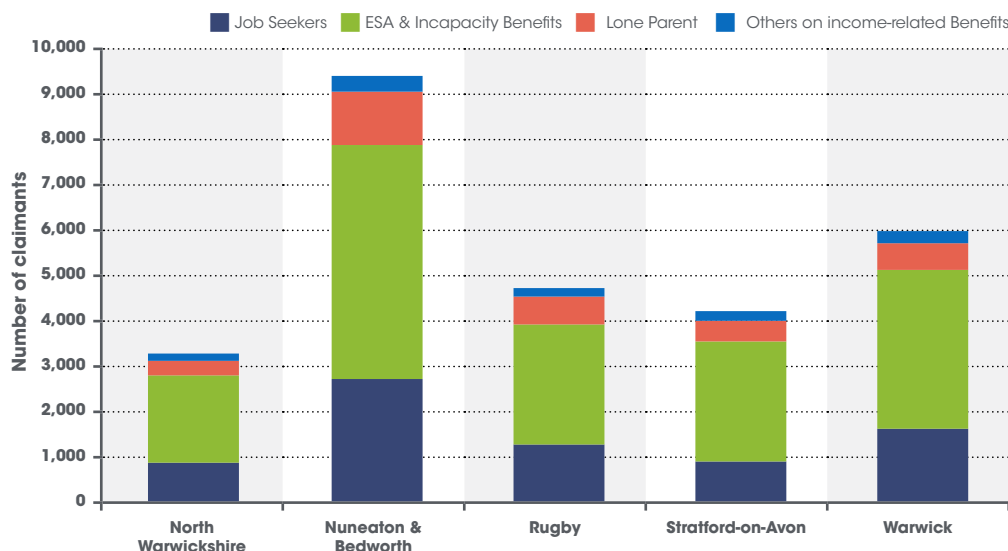
Figure 2.14: Breakdown of worklessness by benefit type in Warwickshire, November 2011 and November 2012

BENEFIT	NOV 2011	NOV 2012	% CHANGE
Jobseekers (claiming JSA)	8,120	7,330	-9.7%
Incapacity Benefits & ESA (claiming ESA or IB)	16,310	15,965	-2.1%
Lone Parents (claimants with a child under 16 & no partner)	3,620	3,195	-11.7%
Other income-related benefit (not included above)	1,320	1,280	-3.0%
Total Out of Work Benefits	29,370	27,770	-5.5%

Source: Department for Work and Pensions, © Crown Copyright 2013

Figure 2.15 shows the data broken down by district and illustrates how the benefits claimed changes in different parts of the county.

Figure 2.15: Breakdown of worklessness by benefit type by district in Warwickshire, November 2012



Source: Department for Work and Pensions, © Crown Copyright 2013

While the total numbers of claimants for each benefit are different between districts, the proportions are broadly similar. Around twice as many benefit claimants claim Incapacity Benefit and Employment Support Allowance compared with Job Seekers' Allowance across all five of the districts. Those claiming Lone Parent benefit and other income related benefits represent a small percentage of the overall total.

Counts of the number of people claiming workless benefits are available at Output Area (OA) level for 2012. OAs are the smallest statistical geography available and contain approximately 200 to 400 people. Examining the worklessness rate at this geography allows for the identification of small pockets of worklessness that may otherwise be hidden in higher level statistics. This allows relevant agencies to make more local, targeted interventions in the areas of greatest need.

In the last Quality of Life report Lower Super Output Areas (collections of several OAs) were examined, with the highest areas having approximately a third of residents claiming out of work benefits. Much higher levels of worklessness exist at the smaller Output Area geography. In a number of areas, over 50% of residents are claiming out of work benefits. Six of the top ten output areas are located in Nuneaton and Bedworth Borough, however, there are areas in Lillington in Warwick District and Rugby Town in the top ten output areas in the county. It is worth noting that although a small number of areas have very high levels of worklessness, over nine out of ten (92%) Output Areas have a worklessness rate below 20%.



CLICK ON THE INTERACTIVE MAP
to view worklessness statistics in Warwickshire at ward, LSOA and OA level



Outlook

Tackling worklessness is a key priority for Central and Local Government. The '21st Century Welfare Consultation Report' outlines further structural changes to the existing welfare arrangements to reform the benefits and tax credit system to help make work pay. These are captured in the Government White Paper 'Universal credit: welfare that works.' The introduction of a single Universal Credit to replace the current range of employment-related benefits and housing benefit is currently being trialled in four selected areas. From October 2013, six more Job Centres, including Rugby, will be transferred to Universal Credit for new claimants. Furthermore, the programme of transitioning claimants from Incapacity Benefit to Employment Support Allowance continues and is expected to be completed in spring 2014.

Further Information

- 21st Century Welfare Consultation Report: <http://bit.ly/cf6Z7n>
- Government White Paper 'Universal Credit: Welfare that Works': <http://bit.ly/9X3tdW>
- Statistics on benefit claimant numbers are available from the labour market website NOMIS: www.nomisweb.co.uk.
- The Output Area worklessness data is available at: <http://bit.ly/1bcN2Hm>
- Alternatively, contact the Observatory on 01926 412775 or email research@warwickshire.gov.uk

Description

Levels of earnings are an important economic indicator and help to identify areas of relative deprivation and affluence. The Annual Survey of Hours and Earnings (ASHE) provides information about the earnings of employees living and working in an area, excluding the self-employed. Residence-based earnings figures for Warwickshire include the earnings of all Warwickshire residents irrespective of whether they work outside the county. Workplace-based earnings data represent the wages of those working in the county, whether they live in the county or outside, and reflect the profile of the types of jobs in the area rather than the jobs held by its residents.

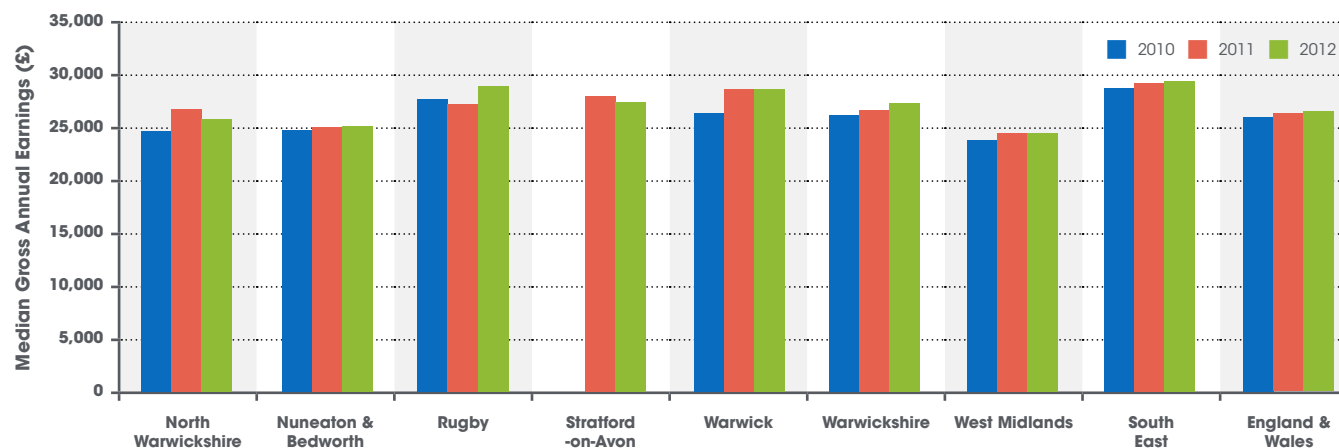
The statistics presented here use the median (the value below which 50% of employees fall) rather than the mean; the median is less influenced by extreme values, particularly relevant here due to the skewed distribution of earnings data. The median indicates the amount earned by a 'typical' worker.

Performance

In 2012, the median gross annual earnings (before tax) for a full-time worker living in Warwickshire was £27,414, representing an increase of £614 or 2% from 2011. Warwickshire's increase in earnings over the past year is higher than the equivalent regional and national increases (£565 and £424 respectively).

Residents in Rugby Borough had the highest median earnings in 2012 of £29,064 and also saw the highest percentage increase at 6% from the previous year. Despite having the highest percentage increase in earnings between 2010 and 2012, North Warwickshire Borough saw a 3% fall in earnings between 2011 and 2012. Residents of Nuneaton & Bedworth Borough continue to have the lowest annual median earnings of £25,229 in 2012.

Figure 2.16: Median Gross Annual Earnings (by district of residence), 2010-2012



Source: Annual Survey of Hours and Earnings (ASHE) National Statistics (www.statistic.gov.uk)

Between 2010 and 2012, all areas in Warwickshire had a higher median earnings figure than the regional average. However, when comparing Warwickshire's earnings to England and Wales, the north of the county (Nuneaton & Bedworth Borough and North Warwickshire Borough), had lower earnings than the national average in 2012.

It is also important to consider inflation when assessing earnings figures as inflation represents increases in general prices throughout the UK. Therefore if earnings increase at a slower rate than inflation that year, households are, in theory, worse off. According to data compiled by the Department for Communities and Local Government, Rugby Borough is the only district in the county to see an increase in median earnings higher than the UK inflation rate of 2%. Overall, Warwickshire saw a 2% rise in earnings since 2011, which falls in line with UK inflation.

Earnings

The mobility of well qualified individuals can be reflected by the difference between workplace based and residence based earnings. As indicated in Figure 2.17, residents of Warwickshire tend to earn more than those who work in the county by approximately £1,106. This is an increase of £530 from last year's differential in Warwickshire. Conversely, individuals working in neighbouring Coventry had higher earnings than those living in the city in 2012.

Figure 2.17: Comparison of workplace-based planning and residence-based earnings, 2012

AREA	WORKPLACE-BASED EARNINGS (£)	RESIDENCE-BASED EARNINGS (£)	DIFFERENCE (£)
Warwickshire	£26,308	£27,414	+£1,106
Coventry	£26,876	£24,779	-£2,097
Solihull	£28,782	£29,671	+£889
West Midlands	£24,600	£24,617	+£17
South East	£28,181	£29,491	+£1,310
England & Wales	£26,611	£26,632	+£21

Source: Annual Survey of Hours and Earnings 2012 (ASHE), National statistics (www.statistics.gov.uk)

Figure 2.18 displays the median earnings in Warwickshire along with those for England and Wales and the West Midlands, indicating levels of change from the previous year. In Warwickshire, Nuneaton & Bedworth Borough had both the lowest workplace based earnings (£22,612) and residence based earnings (£25,229) in the county. Conversely, in 2012 Rugby Borough had the highest workplace based earnings (£27,456) and residence based earnings (£29,064) across Warwickshire.

Figure 2.18: Typical gross annual earnings, full time workers, 2012

AREA	WORKPLACE-BASED EARNINGS (£)		RESIDENCE-BASED EARNINGS (£)	
	EARNINGS	% CHANGE FROM 2011	EARNINGS	% CHANGE FROM 2011
North Warwickshire	£25,227	-6.2%	£25,933	-3.5%
Nuneaton & Bedworth	£22,612	+2.9%	£25,229	+0.4%
Rugby	£27,456	-3.1%	£29,064	+6.3%
Stratford-on-Avon	£26,948	+5.5%	£27,547	-2.0%
Warwick	£26,989	-0.1%	£28,755	-0.2%
Warwickshire	£26,308	+0.3%	£27,414	+2.3%
West Midlands	£24,600	+0.2%	£24,617	+0.2%
England & Wales	£26,611	+0.7%	£26,632	+0.7%

Source: Annual Survey of Hours and Earnings 2012 (ASHE), National statistics (www.statistics.gov.uk)

Although the data has highlighted variations in earnings in Warwickshire, the survey is based on a relatively small sample size, meaning the district level figures should be treated with caution due to the confidence intervals associated with the results. However, a possible explanation for the differences of earnings in each district could be related to the types of jobs available. For instance, areas that have a high level of distribution and manufacturing sectors may have lower levels of workplace based earnings than those with a greater level of knowledge intensive service enterprises.

Outlook

The Office for Budget Responsibility forecasts that wages are expected to grow by 2.2% in 2013, rising gradually to reach 4% by 2016. However, elevated price inflation suggests weak annual real wage growth in 2013 before settling at around 2% in 2016. In terms of earnings, Warwickshire is performing above the national and regional equivalent (albeit with variation at a district level) but all districts in the county (with the exception of Rugby Borough) have experienced increases in earnings that are lower than the year's inflation figure (2%). This weak earnings growth combined with above target inflation effectively means an earnings cut from the previous year for most Warwickshire residents, impacting on spending and family budgets by reducing purchasing power.

Further Information

- Details of the Annual Survey of Hours and Earnings is available on <http://bit.ly/LlmPmO>
- Office for Budget Responsibility – Economic and Fiscal Outlook - <http://bit.ly/SxH2N7>
- Alternatively, contact the Observatory on **01926 418049** or email research@warwickshire.gov.uk

Economic Performance and Productivity



Description

Productivity acts as a key indicator of economic performance, measuring the amount of output produced by a unit of input. Measuring productivity is vital in understanding an economy and how it changes and helps define the competitiveness of an economy. Despite its importance, measuring productivity in practice is difficult. Productivity estimates tend to use gross value added (GVA) as a measure of output. GVA measures the total monetary value of all goods and services produced in a local economy, minus the costs that were involved in their production. For example, a company sells £100 of goods and spends £50 on items to make the goods and £40 on wages, leaving £10 of profit. The GVA generated by this is £50 (wages + profit). In other words, the value is what has been added to the local area through the economic process.

GVA data is published by the Office for National Statistics on an annual basis and in April 2013, the ONS released two measures of labour productivity (GVA per hour worked and GVA per filled job) at a county level. GVA per hour worked is a more comprehensive indicator of labour productivity and the preferred measure at a subnational level and will be considered in this indicator.

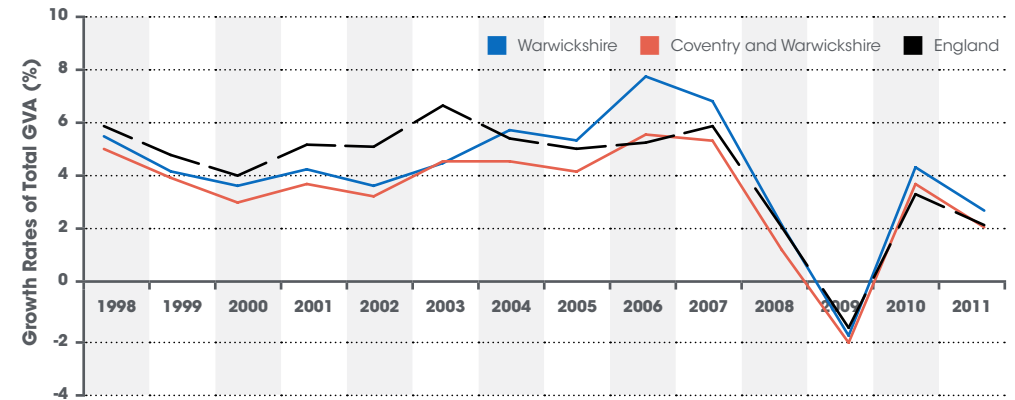
Performance

Gross Value Added (GVA)

The latest GVA data available for Warwickshire is for 2011. In total, the Warwickshire economy generated total GVA of £11.3 billion in 2011. During the ten years from 1997 to 2007, GVA in the county increased by nearly two thirds (66%) from £6.3 billion to £10.4 billion. This compares to a sub-regional (Coventry and Warwickshire) and regional (West Midlands) growth rate of 54% and national growth rate of 69% suggesting that Warwickshire as a county was performing in line with national figures and above regional figures in terms of GVA. The growth rates from 2008 onwards reflect the impact of the recession as growth rates fall significantly and result in negative growth in 2009 before making a partial recovery in 2010, albeit not to the same extent as growth rates pre-recession.

GVA growth rates between 2010 and 2011 fell across the board indicating that although GVA has increased over the past year, the rate at which it is growing has fallen from the previous year. Figure 2.19 shows that growth rates in Warwickshire have been consistently above the national average since 2004. This is further illustrated in Figure 2.20 as the gap between Warwickshire and the national GVA per head figures have narrowed in recent years.

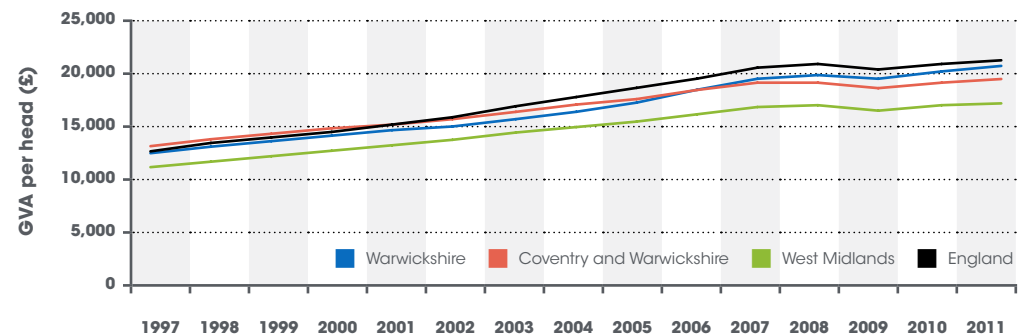
Figure 2.19: Annual growth rates of GVA, 1997-2011



Source: Office for National Statistics (<http://bit.ly/19fp5e8>)

To compare levels of wealth and prosperity in local economies, GVA per head of population (i.e. total GVA divided by the number of people living in that area) can be used. This figure is calculated by dividing the total GVA by the number of people living in that area.

Figure 2.20: GVA per head, 1997-2011



Source: Office for National Statistics (<http://bit.ly/19fp5e8>)

Economic Performance and Productivity



In 2011, Warwickshire had a GVA per head figure of £20,955. This is a 3% increase from the previous year and a 65% increase from 1997. Although this figure is below the national average of £21,349, it is substantially above the regional equivalent for the West Midlands (£17,486). Before 2006, Coventry and Warwickshire had a higher GVA per head figure than Warwickshire, however, since 2006 Warwickshire has maintained slightly higher GVA per head figures.

However, GVA per head figures have their limitations when considering the economic performance of an area. Firstly, by including all the residential population and not just those who are in employment, the denominator includes residents who are not directly contributing to GVA. GVA per head is therefore understated in areas with high percentages of young people and pensioners. Secondly, the GVA per head is dividing a workplace-based numerator (GVA) by a residence-based denominator (residential population). This means that this measure does not account for people commuting into and out of a region.

The GVA per hour worked is considered a more appropriate measure of sub-regional productivity. These figures released by the ONS are experimental statistics and allow for comparison over time. Figure 2.21 shows the GVA per hour worked for Warwickshire over time and highlights how the county performs compared to the UK average (100). When looking at changes over time, it is important to keep in mind that the productivity data is presented as indices. A fall over time in the productivity index of an area does not necessarily mean that its productivity has decreased in actual terms; it means that the area has performed relatively worse than the rest of the UK over the period. In other words, its actual productivity level may have improved, but at a slower rate than the UK overall, thus worsening its performance in terms of the index. Similarly, an increase in the productivity index means that an area has performed better relatively well compared to the rest of the UK.

Figure 2.21: Labour Productivity, GVA per hour worked, 2011

AREA	UK = 100		
	2004	2008	2011
Warwickshire	88.0	95.2	90.6
Coventry	103.3	93.8	86.4
West Midlands	89.9	88.5	88.8
South East	106.6	105.8	107.3

Source: Office for National Statistics (<http://bit.ly/19fp5e8>)

In 2011, Warwickshire was 9% less productive than the national average. This 'productivity gap' effectively means if the employees of Warwickshire created as much output as the national average, the Warwickshire economy would have generated additional output, equivalent to extra 'wealth' for every resident of the county. Warwickshire is often referred to as 'mid-table' on measures of overall economic performance with the strong performing south of the county and the generally weaker north. This is reaffirmed in the productivity dataset. In 2011, Warwickshire occupied the middle (median) position of all areas nationally in terms of its productivity ranking, with a GVA per hour worked of 91% the UK average; that is a productivity level that was 9% below the UK mean average. In other words, half of the areas in the UK had a higher productivity level than Warwickshire, while the other half had a lower productivity level.

Of perhaps greater concern is productivity levels in Warwickshire over time. When compared with the UK, Warwickshire's productivity have been falling over the past few years, continuing from the downward trend identified in previous Quality of Life reports. The latest data shows that since 2007, Warwickshire has seen a growing and sustained productivity gap compared to the national average.

The key factors that have been identified as key contributors to this low and falling productivity (Coventry and Warwickshire Local Economic Assessment, 2010) are:

- Lack of growing businesses in the area, particularly in those areas that have high new start-up rates. Warwickshire businesses seem to remain small, and may lack the aspiration or ability to achieve growth.
- Lack of utilisation of our significant innovation assets by our business community and a weak innovation ecosystem in the area.
- Low skill levels within the workforce, particularly in the north of the sub-region and in Coventry.
- Weak agglomeration effects of Coventry and the surrounding urban area, particularly as a result of poor north/south transport links reducing the effective density of the area.



Outlook

Although GVA growth nationally continues to be below pre-recession levels, Warwickshire outperforms the equivalent regional and national growth rates as GVA grows consistently at a faster rate across the county. However, there is significant variation in economic performance across Warwickshire which complicates the picture. This disparity makes Warwickshire fairly 'mid-table' on measures of overall economic performance further highlighted by the productivity measures recently released by the ONS.

The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and Warwickshire County Council have commissioned Cambridge Econometrics to produce a set of economic forecasts for the sub-region and SQW to further understand the productivity puzzle across Coventry and Warwickshire. This research will draw out the potential reasons behind the productivity gap bearing in mind the advantages the sub-region has in terms of: the range of world class businesses', the skills base, a good proportion of high-tech and knowledge intensive industries, good business start-up rates and considerable research assets.

The CWLEP's broad strategic approach to growing the local economy is focused around building on the areas strengths (particularly niche sectoral strengths and innovation assets), addressing the key drivers to growth (including innovation), promoting the area as the centre for Advanced Manufacturing & Engineering and raising Coventry & Warwickshire's profile on the global market, supporting the growth of existing businesses, improving infrastructure provision to maximise agglomeration effects and improving the skills base in line with business needs. Added to this, the Rural Growth Network focuses on helping to grow Warwickshire's considerable micro/small business base and support rural businesses across the county.

The City Deal proposal will enable partners to work with Government to help drive forward a key element of this strategic approach – developing and growing Coventry & Warwickshire's Advanced Manufacturing and Engineering sector to make us a global lead in this area.

Further Information

- For more information on the CWLEP, please visit: <http://www.cwlep.com/>
- For more information on the Rural Growth Network, visit: www.warwickshire.gov.uk/ruralgrowthnetwork
- Alternatively, contact the Observatory on **01926 4181049** or email research@warwickshire.gov.uk