

Knowsley Labour Market Bulletin

August 2014

Knowsley labour market headlines

- The Knowsley Job Seeker Allowance (JSA) Claimant rate remains above Regional and National levels, but the gap is decreasing
- JSA figures for Knowsley are the lowest since November 2007
- Both Male and Female JSA Claimant rates remain above Regional and National levels, but the gap is decreasing
- Long-term JSA Claimant rate remains above Regional and National levels, but the gap relative to the National level is levelling out at 0.6%
- Over 27% of JSA claimants are aged under 25 compared with 24% in Great Britain
- Despite rising by 20% since 2013, Knowsley resident earnings remain around £40/week lower than the national average
- 15% of all Knowsley adults have no qualification compared with 9% nationally

National Economic Position

UNEMPLOYMENT moved closer to its lowest level in six years, dropping from 6.5% during the three months to the end of May, to 6.4% in the quarter to June. This equates to 132,000 fewer unemployed people, leaving 2.08 million jobless in total. As the supply of available labour falls, employers will at some point have to pay more to hire skilled people, and pass on these costs in the form of higher prices. If inflation accelerates, it will add pressure to raise interest rates to slow the economy.

EARNINGS represent the price of labour. When unemployment falls, earnings should start to grow, as employers have to pay more for increasingly scarce skilled labour. But, even though unemployment is falling, wages are not yet showing a significant rise. Average wages in the year to June, excluding bonuses, rose by only 0.6% - the slowest rise since records began in 2001. The Governor of the Bank of England has said that low average wage inflation is likely to have a bearing on the timing of interest rate rises.

INFLATION represents the price of goods and services. Following the unexpected rise in the Consumer Prices Index (CPI) to 1.9% in June, it fell more than expected in July to 1.6%. However, it is still significantly higher than average wages, and continues to create real cost of living pressures, also easing pressure to raise interest rates.

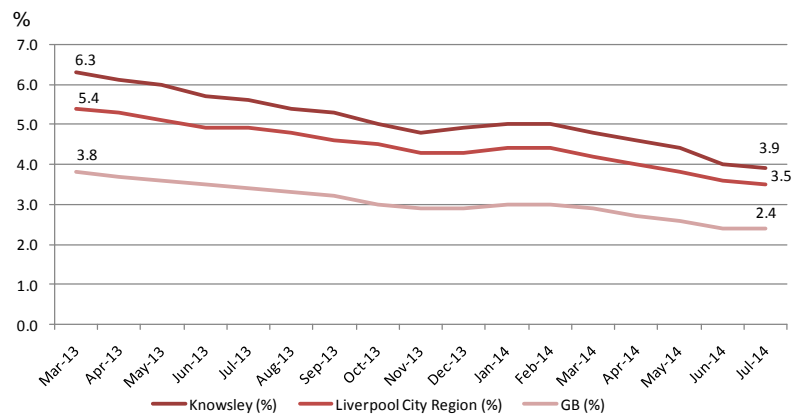
INTEREST RATES represent the price of borrowing money. The Bank of England continues to hold the Bank Rate at 0.5%. Lower unemployment fuels the call for higher interest rates, but falling prices and slow wage growth have the opposite effect. There is no clear sign yet that interest rates are likely to rise before the early 2015.

Job Seekers Allowance Claims

Total JSA claimants (% rate)

Knowsley has 3,625 JSA claimants within a working age population of 93,700. This equates to a claimant rate of 3.9%.

- **Trend:** Knowsley saw a 1.1% point decrease in the proportion of its working age population claiming JSA, between Feb 2014 & July 2014; this is continuing the trend of an overall decline of 2.4% since March 2013.
- **Gap:** There is currently a 1.5% point (and decreasing) gap between the Knowsley JSA claimant rate and the National level. Closing the gap would require 1,374 fewer claimants.



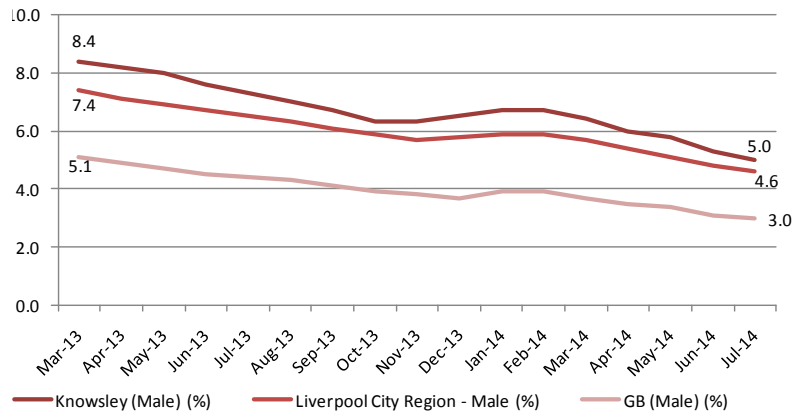
Job Seekers Allowance Claims

Male and Female JSA claimants (% rate)

Knowsley has 2,220 Male and 1,405 Female JSA claimants within working age populations of 44,400 (Male) and 49,200 (Female). This equates to claimant rates of 5.0% and 2.9% respectively.

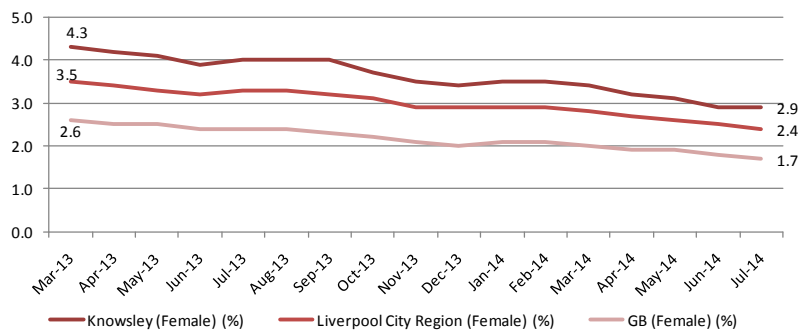
Trend: Knowsley saw a 1.7% point decrease in the proportion of its **Male** JSA claimants between Feb 2014 & July 2014, a bigger fall than in both the Liverpool City Region (1.3% points) and GB (0.9% points).

Gap: There is currently a 2.0% gap between the Knowsley **Male** JSA claimant rate and the National level. Closing the gap would require 885 fewer male claimants.



Trend: Knowsley saw a 0.6% point decrease in the proportion of its **Female** JSA claimants between Feb 2014 & July 2014, a bigger fall than in both the Liverpool City Region (0.5% points) and GB (0.4% points)

Gap: There is currently a 1.2% gap between the Knowsley **Female** JSA claimant rate and the National level. Closing the gap would require 569 fewer female claimants.



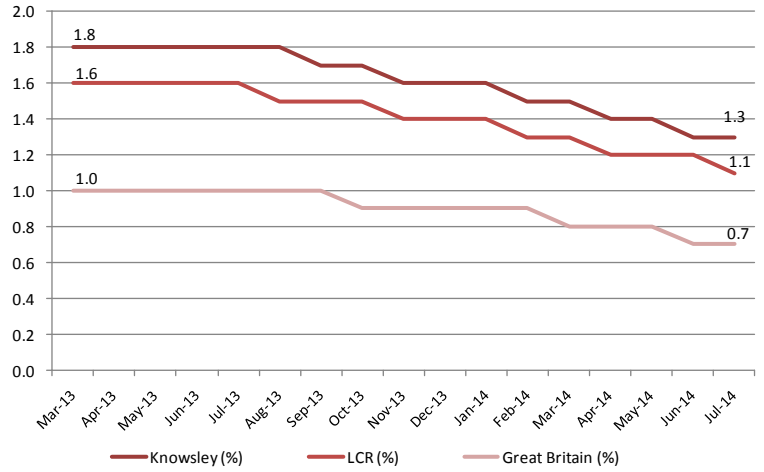
Job Seekers Allowance Claims

Long-term JSA claimants (% of people claiming for over 1 year)

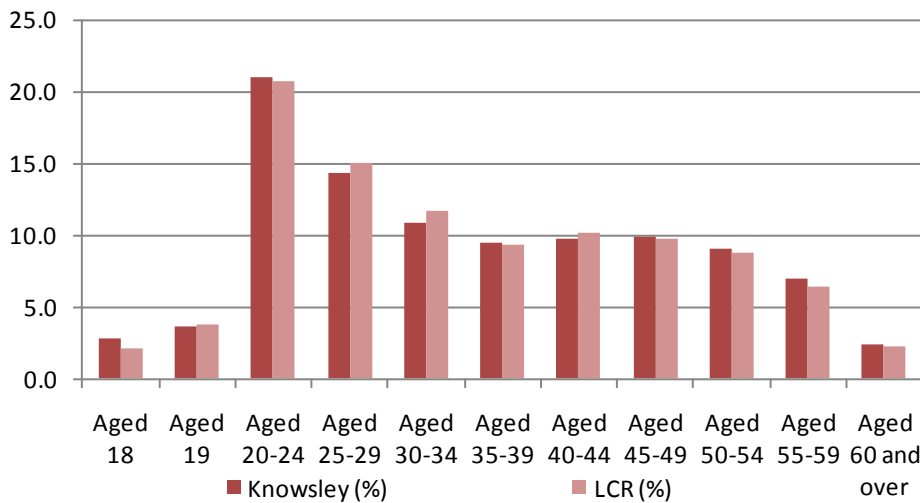
Knowsley has 1,210 **Long-term** JSA claimants within a working age population of 93,700. This equates to a claimant rate of 1.3%.

Trend: Knowsley has seen a 0.5% point decrease in the proportion of its **Long-term** JSA claimants, between March 2013 & July 2014. This decrease matches the LCR and exceeds that of GB (0.3%)

Gap: There is currently a 0.6% point decreasing gap between Knowsley's current **Long-term** JSA claimant rate and the National level. Closing the gap would require 554 fewer claimants.



Age of JSA claimants



27.4% of JSA Claimants are aged under 25 years. This is 0.8% points more than the LCR.

Knowsley also has a higher level of claimants aged 50+ (18.3%) which is higher than the LCR level of 17.5%.

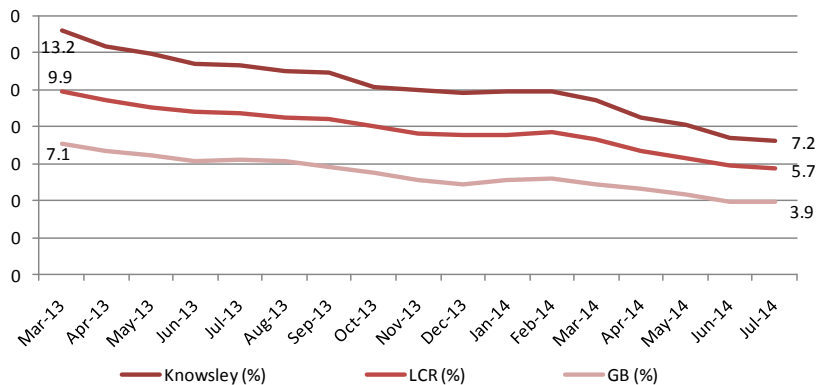
Job Seekers Allowance Claims

Youth unemployment (JSA claimants aged 18-24 years) - % rate

Knowsley has 990 **Youth** JSA claimants within a resident population of 13,791. This equates to a claimant rate of 7.2%.

Trend: Knowsley saw a 2.7% point decrease in the proportion of its **Youth** JSA claimants, between Feb 2014 & July 2014, a bigger fall than in both the Liverpool City Region and GB

Gap: There is currently a 3.3% point decreasing gap between Knowsley's current **Youth** JSA claimant rate and the National level. Closing the gap would require 452 fewer claimants.



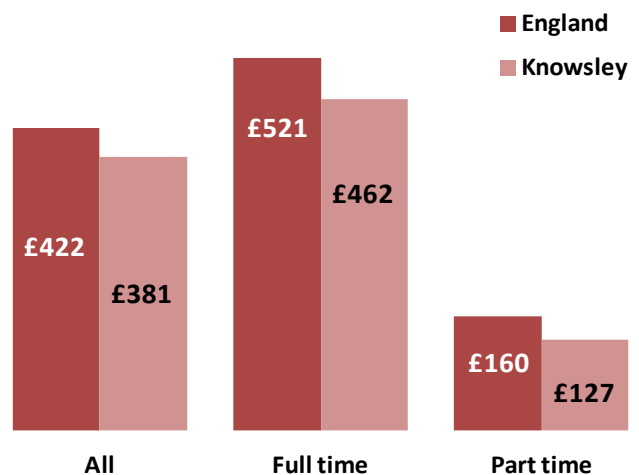
Earnings

Gross weekly median earnings for Knowsley residents (2013)

A Knowsley resident earns approx £380/wk, compared to national average of £420 – despite increases over the last few years

Bigger gap amongst full time workers than part time workers

Knowsley males earn on average £180/wk more than females



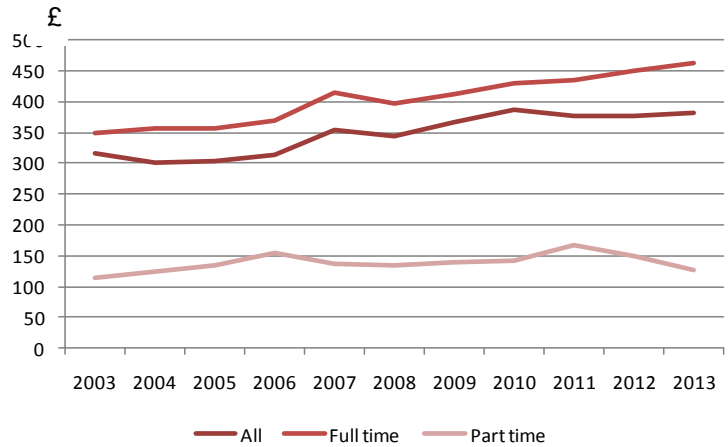
Earnings

Trend in Knowsley residents earnings (2003-2013)

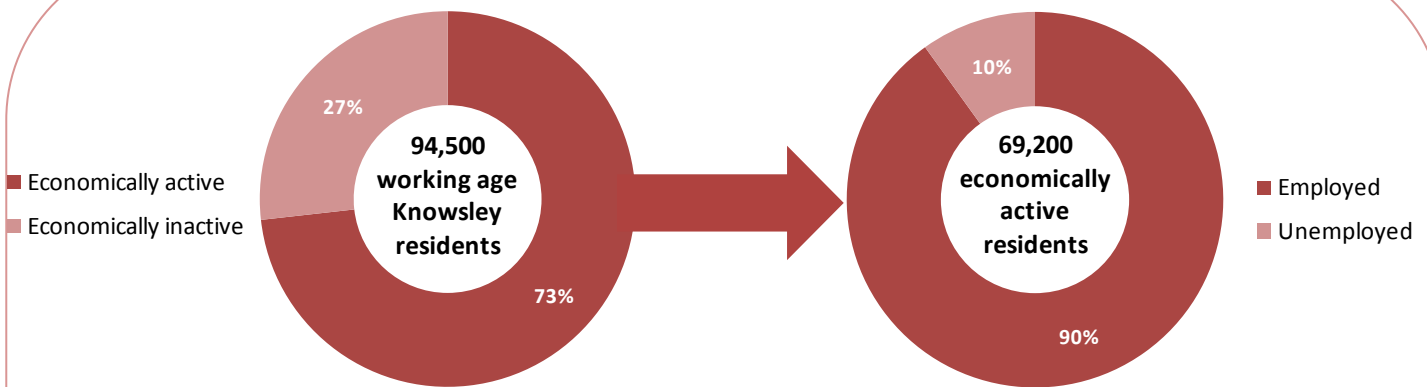
Knowsley earnings have increased by 20% since 2003, slightly lower than the national increase of 23%.

Average part time earnings have fallen, whilst full time earnings have increased, and are not far above their 2003 level.

Male earnings have increased by £88/week - five times more than the increase in female



Employment



	Knowsley		Liverpool City Region	
	Apr 2013-Mar 2014 (%)	Jan 2013-Dec 2013 (%)	Apr 2013-Mar 2014 (%)	Jan 2013-Dec 2013 (%)
Economically active	73.3	72.1	74.1	74.1
In employment	66.0	65.1	66.8	66.8
Employees	59.1	58.5	58.9	59.0
Self employed	6.7	6.4	7.3	7.3
Unemployed	7.3	7.0	7.3	7.3

(Unemployed = 7.3% of working age population, but 10% of economically active population)

The proportion of economically active residents has increased since the last quarter, though this increase is split equally between an increase in both those in employment and those unemployed.

Employment

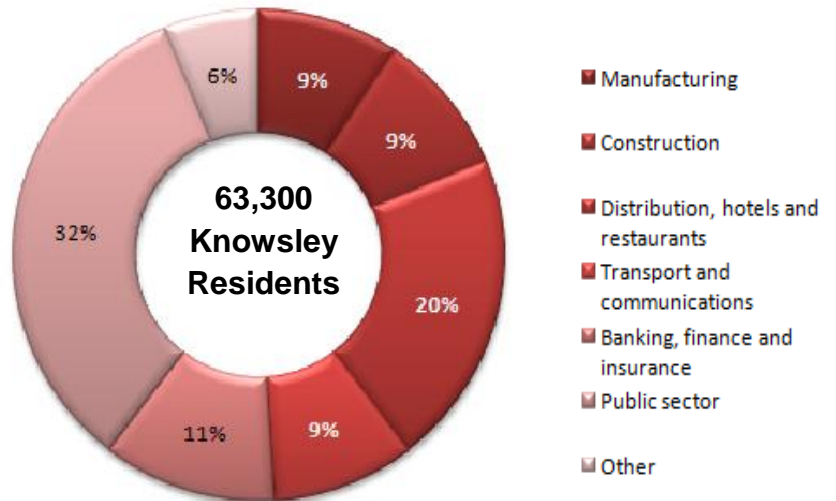
Resident Employment by Industry (SIC 2013)

20% of residents work in distribution, hotels & restaurants

11% of residents are employed in banking, finance & insurance

9% of residents work within manufacturing

Further demonstrating the importance of the Liverpool City Region growth sectors, (e.g. Visitor Economy, Advanced Manufacturing) to Knowsley residents



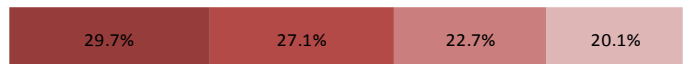
Resident Employment by Occupation (SOC 2004 – 2013 comparison)

There is a slight shift away from process/elementary job roles, and towards service-based jobs

Approximately 43% of working residents are still employed in lower-skilled/paid jobs compared to the national rate of 34%

Resident employment in both managerial/professional and administrative/skilled job types has remained broadly static

2014



2004



■ SOC 1-3 ■ SOC 4-5 ■ SOC 6-7 ■ SOC 8-9

Occupation type

SOC 1-3: Managerial and professional

SOC 4-5: Administrative and skilled

SOC 6-7: Service occupations

SOC 8-9: Process and elementary

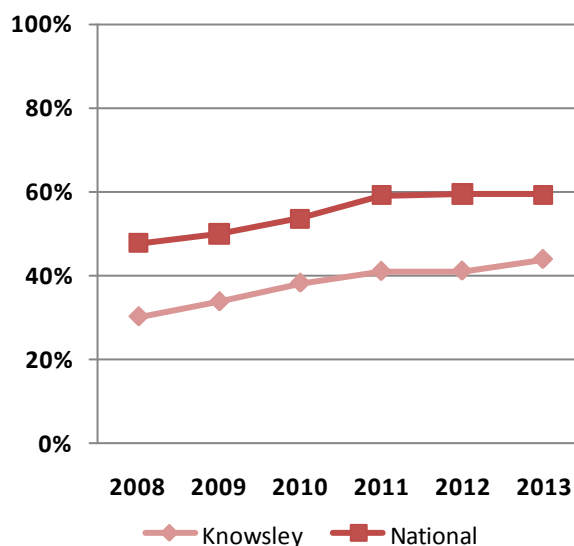
Skills and Qualifications*

(*Latest provisional GCSE results had only just been published at the time of writing. Analysis of these has yet to be completed)

KS4 attainment (Secondary school at age 16)

Trend: With 43.7% of local school GCSE students achieving the 5ACEM standard in 2013, results have climbed steadily over the last five years. In 2008 only 29.9% of pupils achieved the measure, a rise of 13.8 percentage points.

Gap: There is currently a 15 percentage point gap between the performance of local schools and the England average of 59%. During the five year period the National average has risen approximately 9 percentage points, closing the gap would mean an additional 125 Knowsley pupils achieving 5ACEM in 2013.



Qualifications (Skills-Based)

- 19.6% of Adults with NVQ 4+ qualifications - 35.2% Nationally
- 41.6% of Adults with NVQ 3+ qualifications - 55.8% Nationally
- 64% of Adults with NVQ 2+ qualifications - 72.5% Nationally
- 78% of Adults with NVQ 1+ qualifications - 84% Nationally

Skills and Qualifications

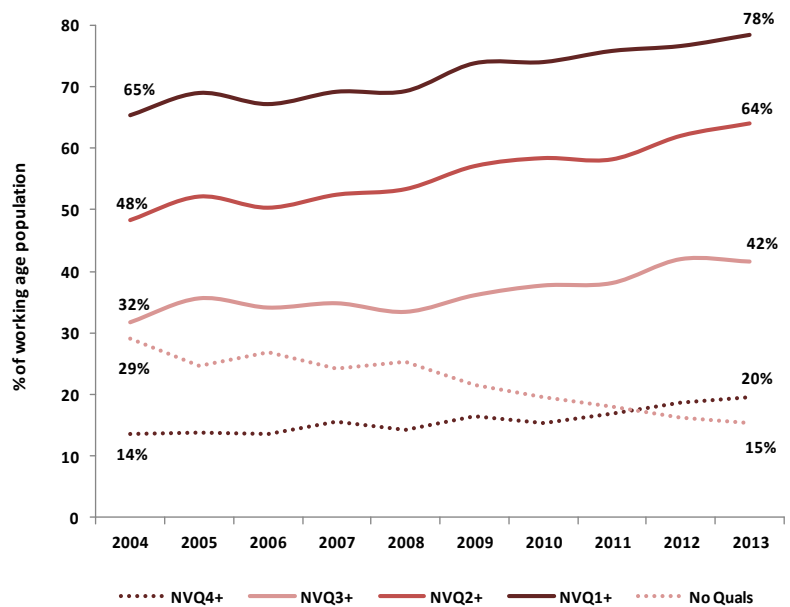
Improvement of Adult skill levels

Trend: Since 2004, skill levels have improved across each NVQ level as follows:

- NVQ1+ - 13% points
- NVQ2+ - 16% points
- NVQ3+ - 10% points
- NVQ4+ - 6% points

Gap: However, despite the improvement in skill levels, the current levels remain significantly lower than that of those across the wider Liverpool City Region. In order to close the skills gap, the Borough would need:

- 7,170 more residents with NVQ Level 4+
- 4,620 more residents with NVQ Level 2+
- 4,050 more residents with NVQ Level 1+
- 2,940 fewer residents without any qualifications



Further analysis of the skills gap shows that younger Knowsley residents are much more likely to be qualified than adults above 40 years of age and, therefore, are better equipped (in regards to qualifications) to effectively compete in the Liverpool City Region labour market.