

Item 8 Employment Support – Evidence Deep Dive

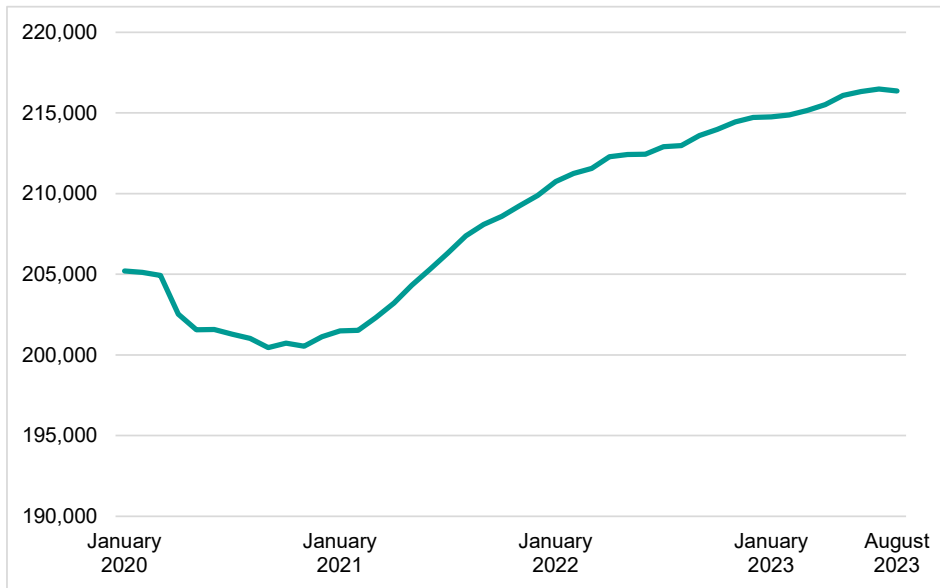
Report to:	Employment & Skills Committee
Date:	19 October 2023
Subject:	Employment Support
Director:	Felix Kumi-Ampofo, Director Inclusive Economy, Skills & Culture
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EMPLOYMENT SUPPORT EVIDENCE DEEP DIVE

Labour market conditions in West Yorkshire are showing signs of softening, reflecting the national position and the impact of interest rate rises and slow growth in the economy. Employment growth has levelled-off in recent months, whilst the average level of pay is starting to decline. The claimant count has been growing since late 2022, albeit at a modest rate. The region also faces structural challenges arising out of high levels of economic inactivity, particularly for groups who are disadvantaged in the labour market. These issues were examined in the employment support [paper](#) prepared for the July meeting of the Committee

Real-time information on the count of payrolled employees in West Yorkshire shows that the level of employment in the region has remained largely unchanged between April and August 2023, following a period of sustained growth from early 2021 onwards.

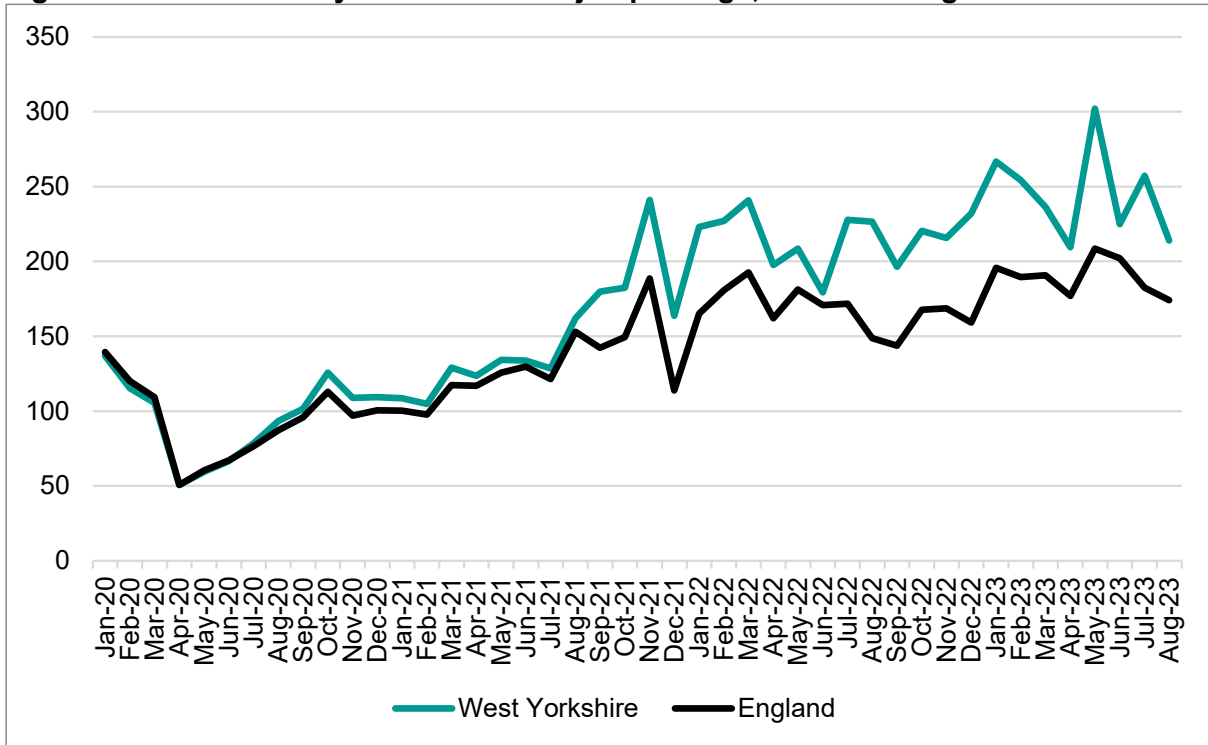
Figure: Count of payroll employees from PAYE Real-time information (seasonally adjusted)



Source: HMRC

Recruitment demand in West Yorkshire has been stronger than nationally since the pandemic. The monthly volume of online job postings in West Yorkshire in August 2023 was 114% higher than the average for 2019, whereas the equivalent national growth figure was only 74%. The monthly count of postings, although volatile, has remained at elevated levels throughout 2023. There is no clear evidence of decline at this stage – the average monthly count of postings in the 3 months to August 2023 was 10% higher than the same period in 2022.

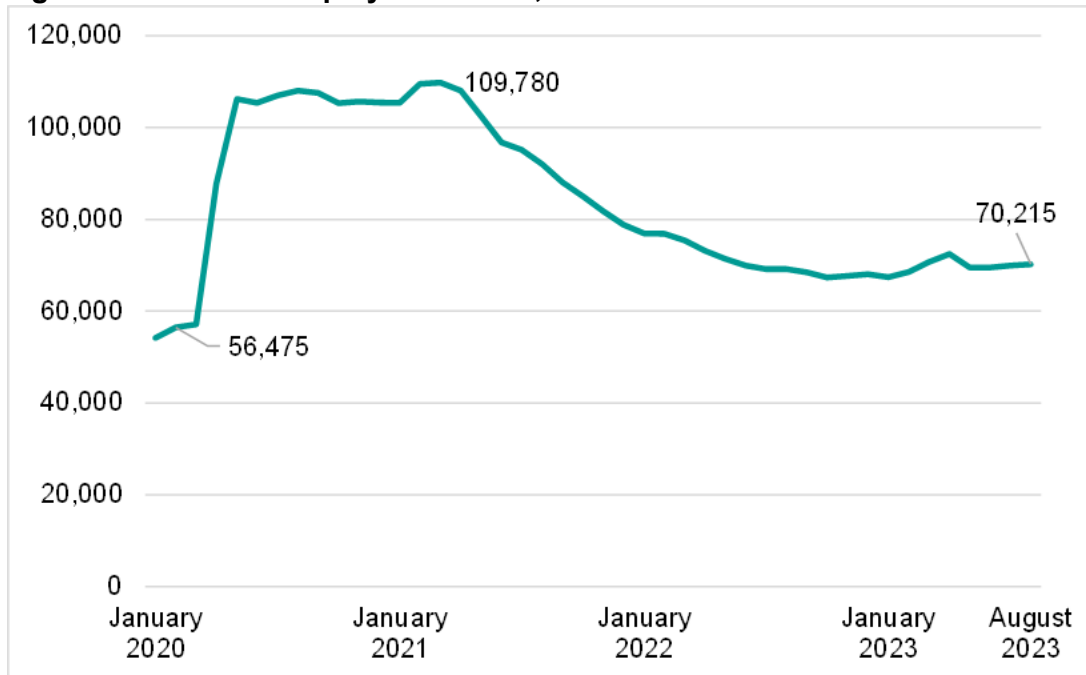
Figure: Trend in monthly count of online job postings; Index: average of 2019=100



Source: Lightcast

The claimant count – the official count of people who are claiming benefits primarily because they are unemployed - has been on an upward trend in West Yorkshire and nationally since October 2022. This growth has been modest: West Yorkshire’s count has grown by 4% or around 2,900 during the period from October 2022 to August 2023. This follows a long period of steady decline starting in early 2021 coinciding with the lifting of lockdown restrictions. The level of claimant unemployment in West Yorkshire is now (as of August 2023) 70,215, 24% higher than pre-pandemic level (February 2020). The claimant rate (claimant count as a percentage of the working age population) is higher in West Yorkshire than nationally, at 4.7% versus 3.8%. At local authority level the rate ranges from 3.5% in Wakefield to 6.5% in Bradford.

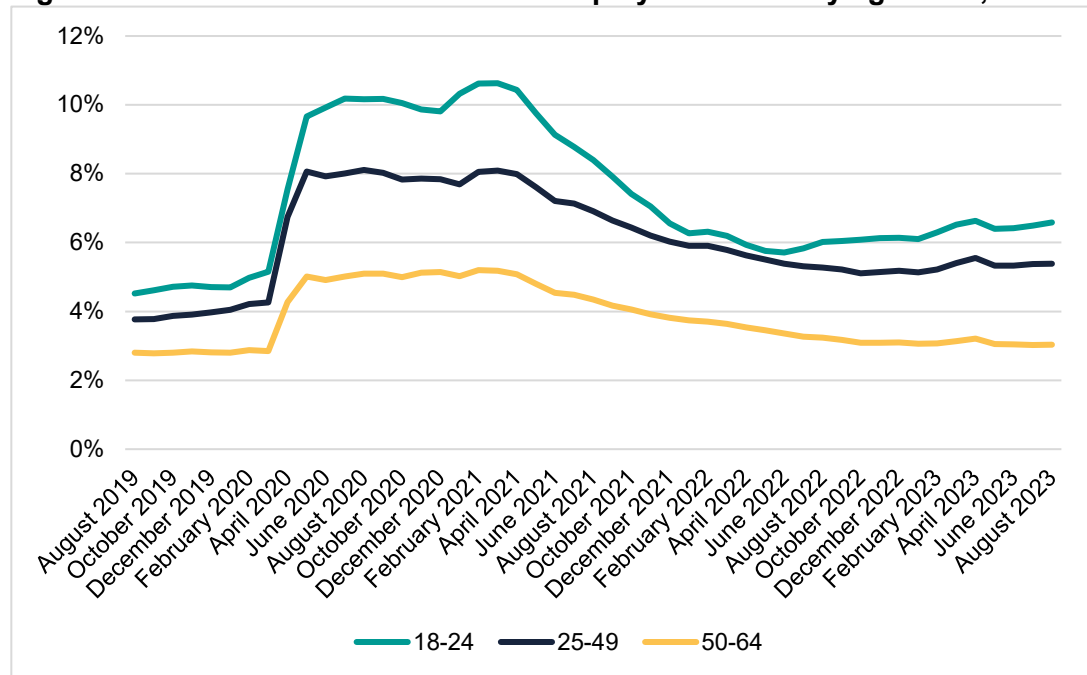
Figure: Claimant unemployment trend, West Yorkshire



Source: NOMIS

According to the latest figures for West Yorkshire, young people aged 16-24 account for 14,300 claimants, around 20% of the total, with 60% being people aged 25-49 and 19% people aged 50-64. Official claimant rates by age are not published but the following chart shows claimants expressed as a proportion of the population in each age band. It indicates that the claimant rate for young people aged 18-24 (16-17 year olds are excluded from the rate calculations because they are typically not eligible for the relevant benefits) started to grow in the summer of 2022, in advance of the 25-49 age group. The estimated rate for 18-24 year olds is the highest of the broad age groups at 6.6%, compared with an overall rate for people aged 16+ of 3.8%.

Figure: Trend in estimated claimant unemployment rates by age band, West Yorkshire



Source: NOMIS

Recent labour market statistics indicate that employment rates amongst young people continue to fall. Economic activity also continues to rise amongst younger age groups. This may, in part, be attributable to instances of ill-health, with long-term sickness rising across all age groups.

[Analysis](#) by the Resolution Foundation finds that economic inactivity due to ill health among 18-24 year-olds has nearly doubled nationally over the past decade, and is heavily concentrated among those with low levels of skills, with four-in-five young people who are too ill to work having only qualifications at GCSE-level or below. Young people in areas dominated by small towns and villages are more likely to be workless due to ill health than those living in large cities. Around 2.5% of young people in West Yorkshire are not working due to ill health, slightly below the national average of 2.9%.

Specific groups of young people face significant levels of disadvantage when attempting to access the labour market. 41% of care leavers nationally aged between 19-21 are not in education, employment or training, and are likely to experience barriers related to supported accommodation costs that may disincentivise regular work. 31.2% of Youth Offenders reoffended within one year of caution, conviction or release. The national employment rate gap for disabled people aged 18-24 sits at almost 20%. Sustained and well-paid employment plays a key role in encouraging social mobility, but barriers to accessing the labour market are significant and often leave individuals requiring additional support in conjunction with employment-related provision.

Almost all Jobcentre Plus districts across West Yorkshire have experienced an increase in Intensive Work Search (IWS) caseloads amongst the 18-24 age bracket, contributing to an overall rise in claimant count. Those designated as being within the IWS are expected to find and move into work as soon as possible.

Figures show that there are around 3,500 young people in West Yorkshire that are not in education, employment or training (NEET), or whose labour market status would be considered 'unknown'. There is a higher prevalence of NEETs in West Yorkshire (6.2% of total 16-17 year old cohort) than nationally (5.2%). 2022/23 saw an increase (for the second successive year) in the number and proportion of young NEETs/not-knowns in West Yorkshire, with an increase of 14%.

Targeted and bespoke provision is required to meet the needs of groups that face disadvantage within the labour market. An enhanced employment support system can provide tailored solutions that take a place-based approach to removing barriers that individuals may face to accessing and retaining employment. The West Yorkshire Employment Support Blueprint will outline how further devolved powers and funding can allow for an employment support ecosystem that best supports our residents and businesses.