

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 24 AUGUST 2004

UNEMPLOYMENT AND ECONOMIC PERFORMANCE IN EAST AYRSHIRE

Report by the Executive Director of Development and Property Services

1. PURPOSE OF REPORT

- 1.1** To inform the Committee of changes to the unemployment figures that will be used to report to Committee.
- 1.2** To suggest the annual submission to Committee of an additional report covering wider economic issues.

2. BACKGROUND

- 2.1** The current method of reporting unemployment statistics to Committee has two main problems:
 - The headline East Ayrshire figure is calculated differently from Local Area Committee and ward level, making comparisons impossible, and
 - The headline East Ayrshire figure (based on the "workforce") can be is inconsistent, due to the disproportionate effect commuting has on the calculation. Since more people currently travel outside East Ayrshire than travel into the area to work, the workforce rate shows a higher level of unemployment than would be considered a true reflection of the situation.
- 2.2** The Council accesses unemployment data from SLIMS, a "not-for-profit" company that provides labour market information to all councils in the West of Scotland, Local Enterprise Companies, and other member organisations. SLIMS also supplies information to organisations applying for European funding in the Western Scotland Programme Area under contract to the Strathclyde European Partnership and the Scottish Objective 3 Team.

3. RESIDENT BASED UNEMPLOYMENT

- 3.2** An alternative to the workforce figure is a residence-based calculation using the claimant count as the numerator and number of "economically active residents" as the denominator, regardless of where they work. The economically active residents figure includes all those in work or actively seeking work who live in East Ayrshire. It excludes people such as those who are disabled and cannot work, are long-term sick, who have taken early retirement, and who are students. Since it only includes people who live in East Ayrshire, it eliminates the commuting effect.

4. PROPOSED CHANGES

4.1 While the rate described above is not perfect (not least because the claimant count does not include people who are unemployed but not claiming benefits), on balance it is proposed that future unemployment reports will use the Claimant Count / Economically Active rate, as the most "true" indication of unemployment.

This rate will deliver:

- comparisons between East Ayrshire and all other council areas, the West of Scotland, Scotland and the UK,
- the production of data down to ward level (on request),
- consistency between ward figures and the East Ayrshire headline figure, and,
- trend information for all levels, although ward data is only available from February 2004.

4.2 It should be noted that use of the Claimant Count / Economically Active resident rate will show an immediate decrease in East Ayrshire's unemployment rate in comparison with the previous figures used. This is due to removing the impact of the commuter effect as mentioned above. However trends (probably the most valuable indication of economic performance in the area) will still be available, as SLIMS will produce the new rate retrospectively to 1996 (wards excepted).

4.3 It is further proposed that these figures will be presented to Committee four times per year, will include comparisons between the current and previous twelve month period, and 3-year trends for the Council area as a whole compared with the West of Scotland, Scotland and the UK. The first reporting to June 2004 can be found below.

4.5 It is also proposed that a more comprehensive economic report is submitted annually based on the annual Labour Market Survey produced by SLIMS. This report will provide more detailed analysis on issues such as:

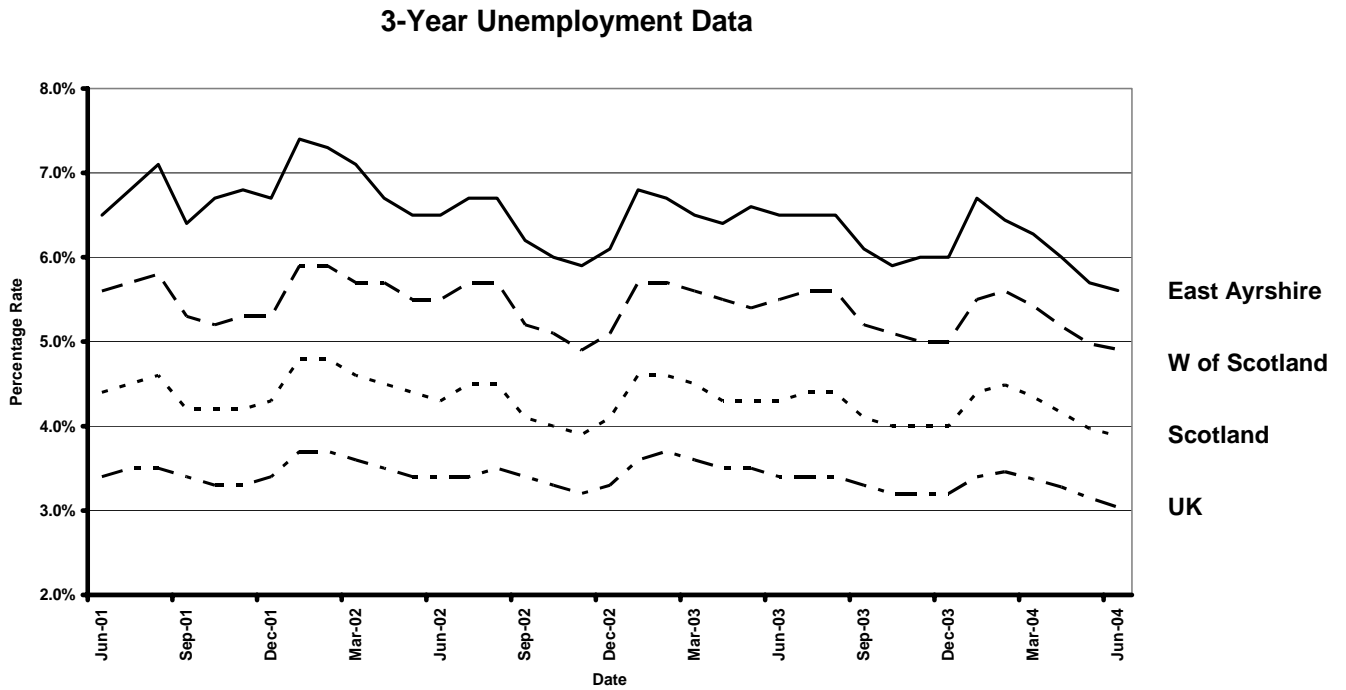
- Population trends
- Employment
- Unemployment
- Earnings
- Social Inclusion
- Qualifications and Learning
- The Business Base

5. UNEMPLOYMENT

5.1 The following table shows the most recent year's unemployment rates in comparison with the preceding twelve months.

Period	Jun 04	May 04	Apr 04	Mar 04	Feb 04	Jan 04	Dec 03	Nov 03	Oct 03	Sep 03	Aug 03	Jul 03
Current Twelve Months	5.6	5.7	6.0	6.3	6.4	6.7	6.0	6.0	5.9	6.1	6.5	6.5
Period	Jun 03	May 03	Apr 03	Mar 03	Feb 03	Jan 03	Dec 02	Nov 02	Oct 02	Sep 02	Aug 02	Jul 02
Previous Twelve Months	6.5	6.6	6.4	6.5	6.7	6.8	6.1	5.9	6.0	6.2	6.7	6.7

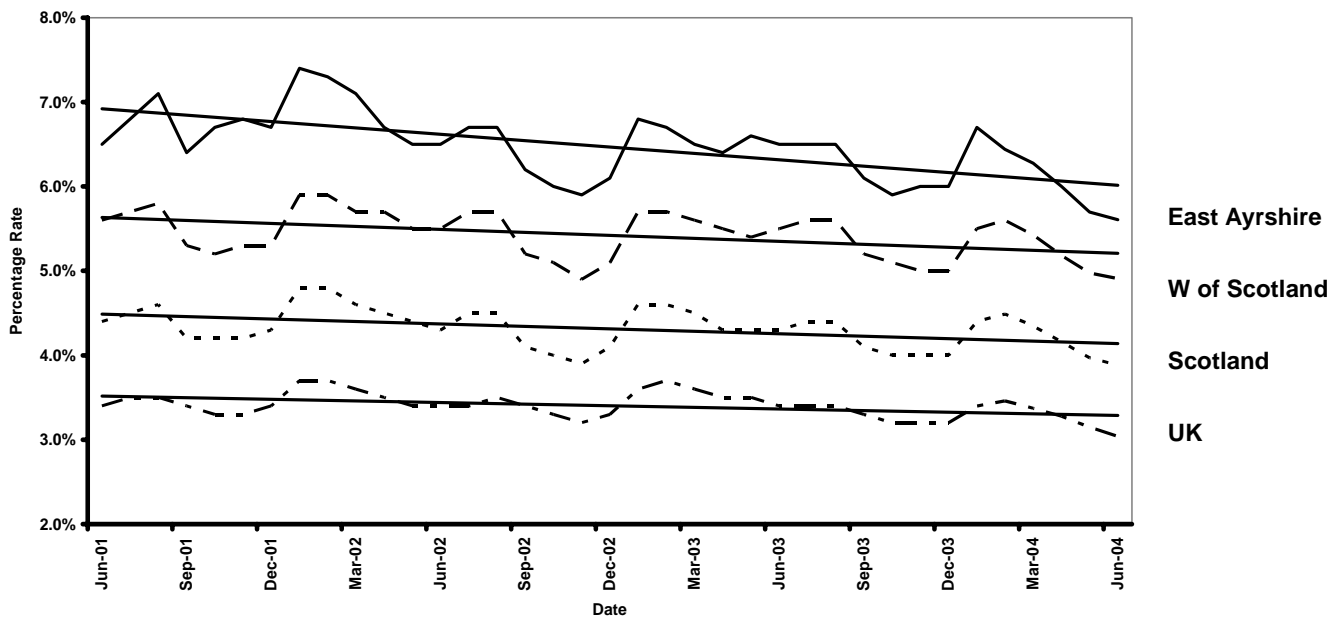
5.2 The following graph shows comparative unemployment figures for the last three years.



6. UNEMPLOYMENT TRENDS

6.1 The following shows the same graph as above, but with a linear trendline added for each geography.

3-Year Unemployment with Trendlines



6.2 As part of a performance information portfolio developed by Economic Development, a key objective is to reduce the unemployment rates in East Ayrshire to the Scottish average by the year 2010. The Council is three years into this programme, and, as can be seen from the above graph, has made considerable progress. Between June 2001 and June 2004, the unemployment trends for the three areas are as follows:

Area	Rate at Trendline June 2001 (%)	Rate at Trendline June 2004 (%)	Percentage movement
East Ayrshire	7.0	6.2	- 11.42
W of Scotland	5.6	5.2	- 7.14
Scotland	4.5	4.1	- 8.88
UK	3.5	3.3	- 5.71

7. POLICY, FINANCIAL, AND LEGAL IMPLICATIONS

7.1 There are no implications for the Council

8. COMMUNITY PLAN IMPLICATIONS

8.1 As a key indicator of performance against Community Plan targets, this change in unemployment reporting will allow the Council to measure progress in a robust fashion, and will enable analysis to be carried out on a geographical basis.

9. RECOMMENDATIONS

9.1 It is recommended that the Committee agrees the changes to unemployment and economic reporting.

James Lavery
Executive Director of Development and Property Services
30 July 2004
(JL/JF)

BACKGROUND PAPERS

1. SLIMS Briefing Note - Changes to Official Unemployment Statistics, 2003

For further information on the contents of this report contact Jim Farrell. Tel 01563 576144.

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