

ANGUS COUNCIL

ECONOMIC DEVELOPMENT COMMITTEE

27 FEBRUARY 1997

**SUBJECT: UNEMPLOYMENT STATISTICS AND
THE FUTURE OF TRAVEL TO WORK AREAS**

REPORT BY DIRECTOR OF PLANNING, TRANSPORT & ECONOMIC DEVELOPMENT

Abstract: This report deals with the consultation exercise launched by the Office for National Statistics to review Travel-to-Work Areas and sets out terms of the suggested response by Angus Council.

1 RECOMMENDATION

It is recommended that the Committee agrees to the contents of this report as the basis for the response to the Office for National Statistics consultation exercise regarding areas for which unemployment statistics are required and the methodology to be used.

2 INTRODUCTION

2.1 The Office for National Statistics (ONS) has launched a consultation exercise.

2.2 The objectives of the review are twofold:-

- To establish customers requirements and views about the appropriate definition of small area unemployment rates and the areas for which these rates might be provided - including whether there is a need for updated Travel-to-Work Areas (TTWA's);
- Where a demand is identified, ONS will consider how customers needs can be most effectively met.

2.3 A response is required by ONS before 28 February 1997.

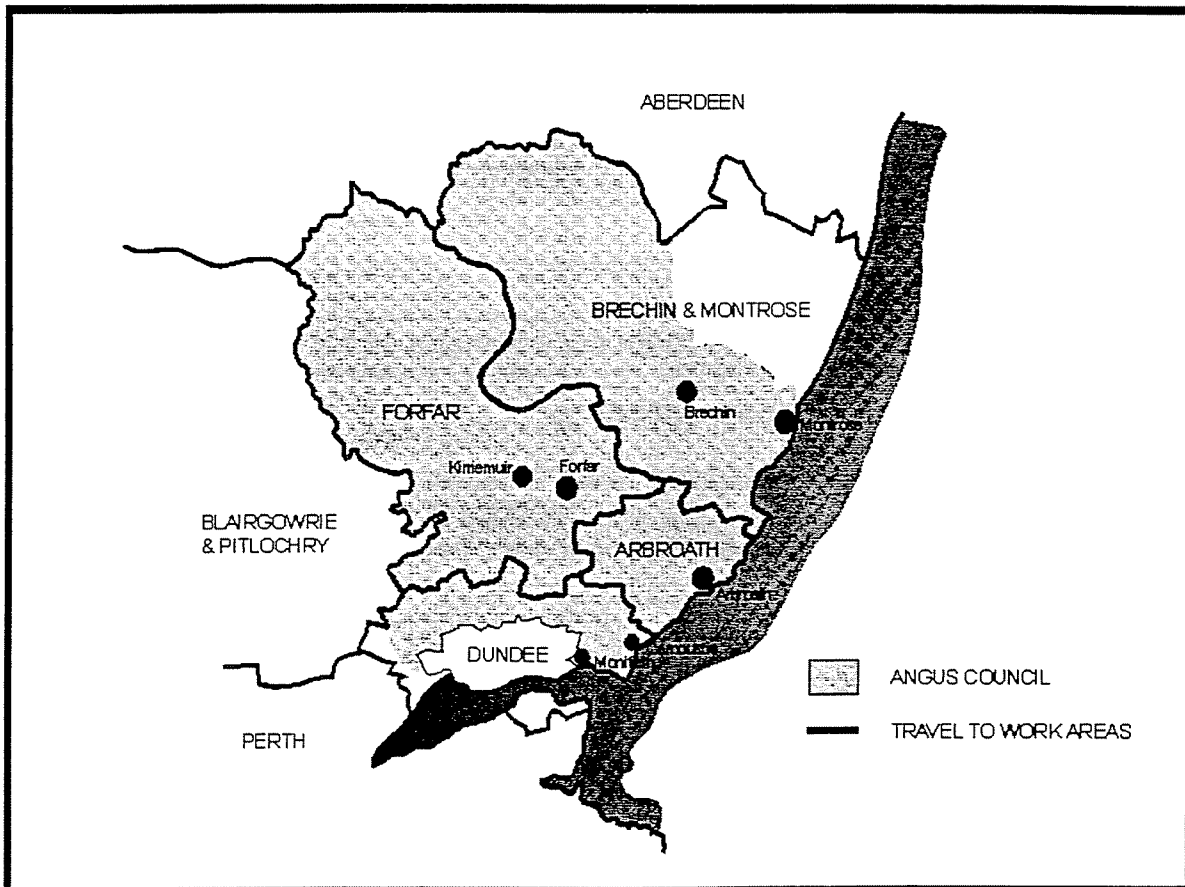
3 BACKGROUND

3.1 TTWA's are approximations of self-contained labour market areas. This definition depends upon at least 75% containment of commuting to work, a minimum working population of 3500 and are contiguous. They were developed from 1981 Census of Population results and defined using electoral ward boundaries current at 1984. TTWA's were created to allow the calculation of an unemployment rate and are the smallest area for which an official rate is available.

3.2 The main considerations are:-

TTWA's (see map overleaf):-

- offer valuable time series data;
- provide comparable rates across the U.K;
- can even out localised unemployment problems for regional/national strategies;
- can form useful geographic basis for Assisted Area status or E.U. priority areas;
- are based on obsolete wards;
- are derived from 1981 journey to work patterns;
- have little or no relationship to "community" areas;
- can conceal small area blackspots;
- may represent out-of-date labour market areas;
- were originally dictated by the need to calculate a statistic based on workforce - other options are now available;
- do not provide consistent geographic coverage of urban and rural areas in some parts of Scotland.



4 UNEMPLOYMENT RATES

- 4.1 The official unemployment rate is a measure of unemployment which is intended to reflect consistent and comparable data over various geographic areas of the UK. The smallest area for which rates are available are TTWA's. As this valuable information for economic analysis and monitoring is available across the country and over time caution should be urged before contemplating the need for update.

- 4.2 While the TTWA data has a role largely at national/regional level and as a time series, at the local level there is a need for unemployment data at individual settlement and current electoral ward area. There is also from time to time a need for data for ad hoc areas and a base building block as small as is practical for these areas to be created as required.

5 CONCLUSION

- 5.1 The present TTWA system and the resulting calculation of the unemployment rate may be increasingly out-dated but caution should be urged before updating this relatively comprehensive and consistent approach. Whilst it remains vital to compare rates for labour market areas across the UK, there is an increasing demand for rates at localised levels. It would seem that a multi-level approach may be useful to provide rates for (a) Labour market areas, Council areas, regions and nationally to reflect economic indicators and (b) rates for towns, ward, community or ad hoc local areas to reflect social measures. ONS should consider the appropriate methodologies to satisfy the demand for unemployment rates for these areas.

NOTE

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing this Report:-

- Papers from COSLA Conference 29 January 1997;
 - The Future of TTWA's;
 - TTWA's & Local Unemployment Statistics
 - A Glasgow View
 - A Rural Perspective
- A. Morton
D. Webster
A. Campbell

AA/TM/KW/IAL
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CALCULATION OF UNEMPLOYMENT RATES

Current Methods of Calculating Unemployment Rates

(a) Workforce-Based Rate - the numerator is the number of claimants living within the area and the denominator is an estimate of the workforce. The geography of the latter is mainly based on workplace rather than residency and comprises five parts:-

- unemployed - based on residency;
- employees in employment - based on workplace;
- self-employed - based on residency;
- armed forces - based on workplace - distributed pro-rata to TTWA's;
- number on Government Training Schemes - based on where registered for Scheme.

For a rate to be meaningful the area covered by an unemployment rate with a workforce based denominator needs to be relatively self-contained. This is because the numerator is based on residency and the denominator largely on place of work. There are also issues relating to robustness of the estimates of the denominators at say Local Authority level.

(b) Narrow-Based Rate - this is a simplified version of the above, with a denominator consisting solely of unemployed and employed.

(c) LFS Estimate of the Unemployment Rate - the numerator would be an ILO estimate of the number of unemployed and the denominator the number of economically active residing in the area. A major strength of this approach is the consistency between numerator and denominator but both are estimates. There are issues concerning the sample limitations and therefore the size of an area for which a rate could be accurately calculated. LFS relies on a sample survey which may require considerable expansion to fulfil rate calculations even for Unitary Authority areas.

Possible Option for Calculating Unemployment Rates

(a) Unemployment as a Proportion of the Number of Residents - this can be considered a social measure of unemployment i.e. an indicator of social stress or deprivation. It is based on the number of claimants living in an area (known) as a proportion of the total number of people of working age living in the area (estimate). A further option could be to use the total number of residents as a denominator or economically active residents.