

# Jobcentre Plus notified vacancy series

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## Key points

- Publication of Jobcentre vacancy statistics since May 2001 was deferred due to distortions in the data.
- Publication of some notified vacancy statistics (inflows), on an unadjusted basis, was resumed from June 2002, though not as National Statistics.
- The figures from June 2002 onwards are not comparable with the original series due to changes in vacancy-taking practices. The introduction of Employer Direct caused an increase of around 20 per cent in recorded notifications.
- A previously unpublished series of notified orders (the number of job descriptions advertised, rather than the number of posts available) is unaffected by the changes to vacancy-taking procedures.
- A back series of notified vacancies can be estimated, using a proxy for notified vacancies comparable with the notified vacancy series from June 2002 onwards, with the aim of providing a consistent indicator of economic activity over time.
- There are, however, drawbacks to even the best method found for creating a proxy.
- Future changes to Jobcentre Plus operations and objectives are likely to impact on the Jobcentre Plus vacancy statistics. Users will be kept informed as changes occur.
- Further work is necessary before stock and outflow figures can be made available.

**This article gives the background to the deferral of publication of Jobcentre vacancy statistics and the methodology for creating a proxy for data before June 2002.**

## Introduction

IN SEPTEMBER 2001 ONS, with the agreement of the Department for Work and Pensions, deferred the publication of Jobcentre Plus vacancy statistics due to distortions of the data from May 2001 onwards. (See p463, *Labour Market Trends*, October 2001.) In September 2002 publication of notified vacancies (inflows) was resumed on Nomis<sup>®</sup>,<sup>1</sup> on an unadjusted basis with back data from June 2002 onwards. (See p455, *Labour Market Trends*, September 2002.) These figures do not currently have National Statistics status (this issue is under review), and are therefore not included in the regular tables of Labour Market Trends or in the labour market statistics First Release. For the intervening months from May 2001 to May 2002 (inclusive) data are not currently available, although efforts are being made to extend the series back to

February 2002. The original series (to April 2001) is not comparable with figures from June 2002 onwards due to changes in vacancy-taking practices. This article explains the vacancy-taking processes underlying the statistics, and details the changes that have taken place. It goes on to explore possible ways of adjusting for the discontinuity. Finally, it explains some of the known new developments that will be taking place in the future and their potential effect on the Jobcentre Plus vacancy statistics.

## Background

### Vacancy-taking procedures

Until March 2001 an employer would tell the Employment Service (now Jobcentre Plus) about a vacancy by contacting their local Jobcentre, either

Figure | Number of Jobcentre vacancies and orders;<sup>a</sup> Great Britain; November 1998 to February 2003



Source: Jobcentre Plus administrative system

a Figures standardised to 4.333 week month.

by telephone, fax or letter. From March 2001 Employer Direct was introduced: a new system whereby employers ring a single local rate telephone number and the vacancy is processed by staff in one of 11 regional contact centres. Employer Direct was rolled out gradually across the country, with all Jobcentres within a district converting to the new system at the same time, and being connected to one of the contact centres. The last districts converted in January 2002.

Before Employer Direct was introduced, Jobcentre staff entered the vacancy details onto the Labour Market System (LMS), the Jobcentre Plus computer system. Under Employer Direct, this is done by staff at the contact centre. If the employer is recruiting for more than one identical post at the same time, these are entered onto LMS as one record, known as an order. It may be that an employer changes their mind about how many individual vacancies there are on a given order. Extra vacancies can be added at any stage, or vacancies can be withdrawn if the employer wants to stop recruiting without filling them all.

Historically, Jobcentres were encouraged to try and fill as many of the vacancies notified to them as possible. There was a common practice in some areas to only record as many vacancies as

the Jobcentre thought they could fill, even if the employer asked for more. Staff used local knowledge of the labour market to help them decide how many vacancies to put on the system. If most of the vacancies were subsequently filled, extra ones could be notified at a later stage. This therefore had no detrimental effect on the service provided to either employers or Jobseekers, but meant that the statistics showed fewer notified vacancies than the employer had asked for. This practice was discouraged in later years but still prevailed in many areas.

Under Employer Direct, contact centre staff are instructed to record the number of vacancies that the employer requests. This has led to an increase in the number of notifications, and to a corresponding increase in the number of vacancies that are withdrawn without being filled. The statistics are therefore a more accurate representation of employers' requirements.

Either of the above procedures for taking vacancies, applied consistently, gives rise to statistics that can be used to compare changes over time or between geographical areas. The problem arises at the point where the system itself changes. Investigations have shown that Employer Direct and the ensuing changes in the vacancy-taking process caused around a 20 per cent increase to the level of recorded notifications.

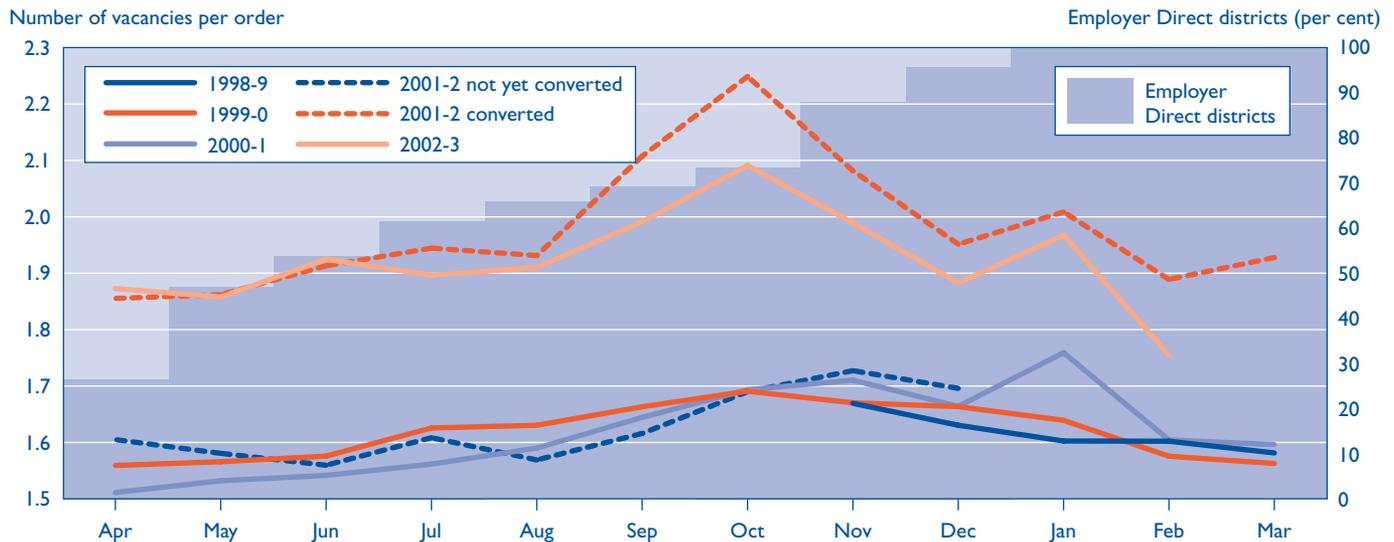
## Uses of notified vacancy statistics

The Jobcentre Plus notified vacancy statistics have traditionally served three purposes:

- at a macro level, as a proxy for economic activity over time;
- at the micro level; for example, snapshot information on vacancy levels in a particular location and for specific occupations;
- within Jobcentre Plus as a measure of business and performance matters, particularly as business focus shifts and Jobcentre Plus impacts on new markets (i.e. 'inactive' client groups – people who are not actively seeking work or claiming JSA – and a broader range of occupations).

It should be noted, however, that the use as an economic indicator (at macro- or micro-level) requires assumptions to be made about the market share of Jobcentre Plus. Jobcentre Plus only handles a certain proportion of vacancies in the economy. This proportion varies over time, according to the occupation and industry of the vacancies, and according to geographical location. Measures of Jobcentre Plus market share will always be inexact but recent estimates from surveys<sup>2</sup> suggest that it is between about one-third and a half nationally.

**Figure 2** Number of vacancies per Jobcentre order (November 1998 to February 2003), and proportion of districts converted to Employer Direct (April 2001 to March 2002); Great Britain



Source: Jobcentre Plus administrative system

For the second and third purposes described above, it is possible to use recent figures, i.e. notified vacancies from June 2002 onwards as published on Nomis®. However, for observing economic activity over time it is necessary to consider a longer time series in order to derive meaning from the figures. This is not possible from the figures published on Nomis®: figures from the old and new vacancy handling systems are not directly comparable and in any case there is a 13-month gap during which the conversion to the new procedures was only partial, which makes the raw series misleading.

## Investigations

### Currently available data

Figure 1 shows the series of notified orders and vacancies from November 1998 onwards. It can be seen that while the vacancies series rose after the introduction of Employer Direct, the orders series was unaffected.

Figure 2 shows the average number of vacancies per order by month for each year from November 1998 onwards. For the period April 2001 to March 2002 two different averages are given: those districts that had not yet converted to Employer Direct from April to December 2001 (a decreasing number of districts every month); and those districts

that had converted to Employer Direct, from April 2001 onwards (an increasing number of districts every month, with all districts converted by January 2002). The percentage of districts converted to Employer Direct in each month of the year 2001-2 is also shown in the figure, on the right hand axis.

It can be seen that the relationship between vacancies and orders as illustrated by the vacancy:order ratio in Figure 2 varies seasonally. It is likely that it also depends in part on the state of the economy – in an economic downturn employers might notify fewer orders but may also have fewer vacancies per order. However, data on orders is not available prior to November 1998 and the average number of vacancies per order appears to be stable from November 1998 up to the introduction of Employer Direct.

Figure 2 also shows that the increase in the vacancy to order ratio over time during the period April 2001 to March 2002 was confined to districts where the vacancy-taking procedure had converted to Employer Direct.

Further investigations have shown that the number of vacancies per order varies depending on the district, due to differences in economic factors and in previous vacancy-taking procedures. The size of the change when Employer Direct was introduced also varied

considerably by district, depending for example on local administrative practices (e.g. the extent to which vacancy-taking was already centralised) as well as local labour market conditions. In each district, the change in number of vacancies per order occurred as soon as the conversion to Employer Direct took place. By one month after conversion the vacancy:order ratio had settled to its new level.

### Methodology for creating a consistent back series

A back series has been created as a proxy for notified vacancies over the period November 1998 to May 2002 with the aim of providing a consistent indicator of economic activity over time. This is the earliest point in time for which orders data are available from Jobcentre Plus computer systems.

There are many ways in which such a proxy series could be constructed, from the very simple to the very complex. A number of methods have been investigated in detail and one has been selected as the best available.

The chosen method is detailed in Box 1. This method is a two-stage process.

- Stage 1 – initial estimate: to obtain initial district level estimates of notified vacancies on the post-

Employer Direct basis, using the assumption of stable vacancies per order during the transitional period of introducing Employer Direct (in each district concerned) and in the immediately preceding period. This adjusts for the step change in the vacancy:order ratio due to the introduction of Employer Direct.

- Stage 2 – scaling up the original series: to use the ratio between these initial estimates and the original series for each district concerned for the two years prior to Employer Direct being introduced, as a means of scaling the original series from November 1998 onwards. This preserves irregularities, such as a specific recruitment by a large employer in a certain month, but allows for the general change in vacancies per order as calculated in Stage 1. District level figures are then combined to form regional and national figures.

This method preserves irregular and seasonal variations in the vacancy (and vacancy:order ratio) series, which may help in seasonally adjusting the new series. However, the overall level is set under assumptions 1 to 3 as described in *Box 1*. In particular, these suggest that the vacancy figures would have followed the same pattern (scaled up by a constant amount) whether or not Employer Direct had been in place over the whole period. This may not be the case. The Employer Direct processes could potentially have changed the nature of the seasonal and irregular variations. However, it is impossible to measure whether this has happened or to separate Employer Direct-related effects from any other unrelated changes over time.

*Table 1* shows monthly notified orders and the scaled up notified vacancy series (as a proxy for notified vacancies, bearing in mind the reservations described in the previous paragraph). In addition it shows speculative placing figures. Speculative placings arise when a jobseeker is put in touch with an employer (perhaps because of a Jobcentre Plus programme such as New Deal) and is taken on as an employee without the employer ever having notified a vacancy to Jobcentre Plus in the normal way. Speculative

## Box 1 Construction of proxy series

### Stage 1 Initial estimate

**Assumption 1:** the orders series in each district is unaffected by Employer Direct.

**Assumption 2:** the ratio of vacancies to orders is affected only by seasonality and the introduction of Employer Direct during the period of introduction of Employer Direct and immediately beforehand.

Using the above assumptions, a new vacancy series is created for each district by:

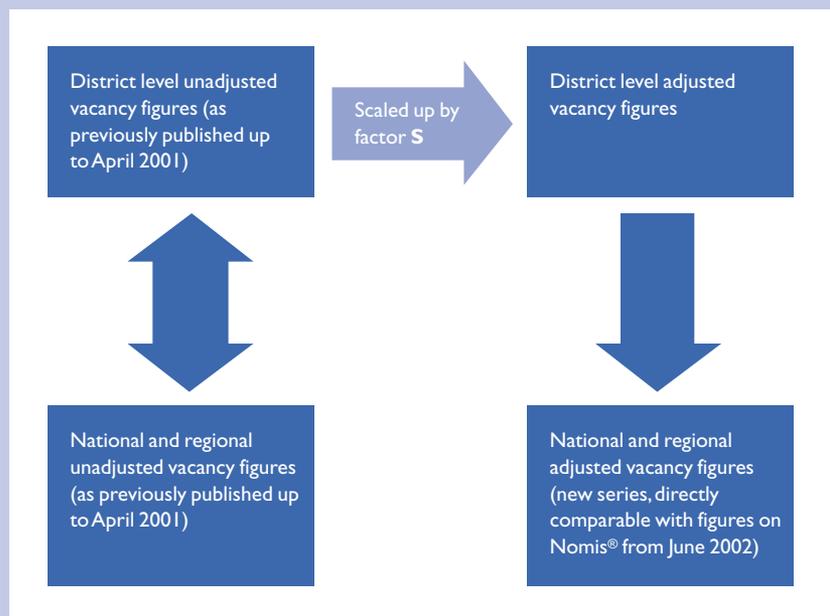
- creating a new vacancy to order ratio figure for each month of the year (in the period prior to the introduction of Employer Direct) which is the number of vacancies per order in that month in the period after the introduction of Employer Direct. In certain months, two years' worth of data is available (that is, year 1 and year 2 after introduction of Employer Direct). In this case an average of the two years is used to construct that month's vacancy per order ratio. Otherwise only one year's data is used.
- multiplying each point in the orders series by the relevant month's new vacancy:order figure.

### Stage 2 Scaling up the original series

**Assumption 3:** the difference between the new and original series (for each district) is proportionate and stable over time.

The scaling factor **S** is calculated by:

- finding the percentage difference between the initial estimate and the original unadjusted series for each month separately;
- averaging these percentage differences over the two-year period prior to the introduction of Employer Direct, weighting by the number of vacancies (unadjusted) in the district. This average percentage difference is **S**, the scaling factor.



placings are included in the published notified vacancy statistics on Nomis®, and are included here so that they can also be added to the scaled up vacancy series (final column), so that these

proxy figures can be as closely comparable to the previously published notified vacancy figures as possible.

*Figure 3* shows the actual and proxy notified vacancy series, from November

Table | Orders, proxy for notified vacancies, speculative placings and proxy for Nomis® figures;<sup>a</sup> Great Britain; November 1998 to May 2002

	Orders	Proxy for notified vacancies	Speculative placings	Thousands Proxy for Nomis® figures <sup>b</sup>
November 1998	141.2	285.5	6.2	291.8
December 1998	125.6	247.8	6.6	254.5
January 1999	80.1	155.1	4.0	159.1
February 1999	136.6	264.3	6.3	270.7
March 1999	137.8	262.2	7.1	269.2
April 1999	135.2	253.7	6.6	260.3
May 1999	136.1	255.7	6.3	262.0
June 1999	141.8	268.2	6.9	275.1
July 1999	139.2	271.5	7.3	278.9
August 1999	139.8	273.5	7.3	280.8
September 1999	145.3	289.5	7.4	296.9
October 1999	161.6	327.5	8.0	335.6
November 1999	150.7	302.5	8.3	310.8
December 1999	135.2	270.8	7.8	278.7
January 2000	75.3	148.3	4.4	152.6
February 2000	142.3	269.2	6.1	275.2
March 2000	145.2	272.5	6.8	279.3
April 2000	150.4	273.3	6.8	280.1
May 2000	121.8	223.8	6.2	230.0
June 2000	143.0	264.7	6.7	271.4
July 2000	137.8	258.5	7.3	265.8
August 2000	133.1	253.9	7.2	261.1
September 2000	144.2	283.9	8.4	292.3
October 2000	149.7	304.3	11.1	315.4
November 2000	136.4	280.6	10.2	290.8
December 2000	126.0	252.6	10.1	262.7
January 2001	68.6	145.0	5.9	150.9
February 2001	141.2	272.3	9.2	281.4
March 2001	143.1	274.5	9.6	284.2
April 2001	145.6	283.0	9.8	292.8
May 2001	130.4	249.1	8.6	257.7
June 2001	136.4	261.5	7.8	269.3
July 2001	138.2	269.8	8.3	278.0
August 2001	135.9	262.2	8.3	270.5
September 2001	140.7	289.0	9.0	298.0
October 2001	150.8	328.9	11.2	340.0
November 2001	135.8	282.0	11.1	293.2
December 2001	121.9	237.3	14.7	252.0
January 2002	61.9	124.4	6.9	131.3
February 2002	132.6	249.6	12.3	261.8
March 2002	138.7	266.6	14.0	280.6
April 2002	126.0	236.0	12.9	248.9
May 2002	143.4	266.4	16.0	282.4

Source: Jobcentre Plus administrative system

a Figures standardised to 4.333 week month.

b The sum of proxy for notified vacancies and speculative placings.

Note: These estimates are not National Statistics.

1998 to May 2002, plus the figures from June 2002 onwards as published on Nomis®. (Speculative placing figures have been added to the proxy and previously unpublished vacancy series, so that they are directly comparable with the Nomis® figures.)

## Next Steps

### Handling future changes

The Jobcentre Plus notified vacancy data is the product of an administrative system and is always going to be affected by changes to that system, which exists to serve changing customer needs rather than constant statistical purposes. The continuing drive to modernise and improve government services means that further changes are inevitable, and it is quite possible that these changes will have an effect on the statistics.

Some of the changes are operational and will affect either the IT systems and the way in which data are recorded and processed, or the procedures followed by Jobcentre Plus staff, and therefore the data which are entered on to the system. Others affect the relationship between Jobcentre Plus and its customers, changing and expanding the customer-base and therefore changing the nature of the business that Jobcentre Plus does.

Known planned changes include:

- the introduction in June 2003 of Employer Direct Online: the ability for some employers to advertise vacancies to Jobcentre Plus directly via the Internet, without the intervention of any Jobcentre Plus staff; making the most of new technology and reducing the resource needed by Jobcentre Plus.
- raising the profile of Jobcentre Plus so that it is seen by employers as the recruitment agency of choice in chosen accounts and sectors. Steps towards achieving this include setting targets for customer service (including speed of vacancy filling), and more active marketing of Jobcentre Plus services in certain sectors with the intent of increasing market share.

It may not be possible to adjust the notified vacancy series in any way to

Figure 3 Number of actual and proxy notified vacancies, and Nomis® figures (from June 2002);<sup>a</sup> Great Britain; November 1998 to February 2003



Sources: Jobcentre Plus administrative system; NOMIS®

<sup>a</sup> Figures standardised to 4.333 week month.

take account of these future changes. The changes that occurred when Employer Direct was introduced were a special case, with vacancies transferring to the new system at set points in time, and a clear distinction between old and new practices. It is likely that future changes will either affect the way in which some vacancies are handled (for example, vacancies input directly by certain individual employers, making adjustment difficult), or affect Jobcentre Plus market share, in which case adjustment may be inappropriate.

### Other vacancy data

Work is underway to publish – on Nomis® – notified vacancy data back to February 2002 (four months earlier than the current series which starts from June

2002). This, linked to the need to evaluate the impact of Employer Direct On-Line and Jobcentre Plus’s targeted marketing strategy, means that on current plans the National Statistics status of the series will be considered around spring 2004.

Data are also published on Nomis® for stocks of unfilled Jobcentre vacancies and for vacancy outflows up to April 2001. Employer Direct had a considerable effect on the level of stocks and outflows, as well as on notifications, and stock and outflow figures have not yet been reinstated. Work is in hand to find a way to restore some figures, although this will be on a different basis to previously published figures. Any new series may differentiate between live and

suspended unfilled vacancies, and consider publication of live vacancy figures by duration band.

In particular, recorded stock figures have risen to around 160 per cent of pre-Employer Direct levels. This is believed to be because of increases in the amount of time it takes for information on whether the vacancy has been filled to be recorded on the system. An increase of only a few days can have a substantial and permanent effect on recorded stock levels. It is likely to be 2004 before a decision is reached as to whether vacancy stock figures should be made available on Nomis®, and then only from the point in time of reinstatement. Until that point, stock figures will only be released if they are deemed suitable for the purpose of any request.

### Notes

- 1 On-line labour market statistics database, at [www.nomisweb.co.uk](http://www.nomisweb.co.uk).
- 2 ONS Vacancy Survey (see pp 349-362); Jobcentre Plus employer surveys.

#### Further information

For further information, contact:  
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