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At least 2020 before UK employment rate returns to pre-2008 recession peak, with 2.8 million extra private sector jobs needed

In its latest **Jobs Audit** report, published today, The Jobs Economist looks at what's happened to employment rates for various demographic groups, regions and nations of the UK since the pre-2008 recession peak and assesses how long it will take to eliminate the subsequent jobs shortfall.

- The **UK employment rate** fell sharply between 2008 and 2010, stabilized between 2010 and 2011 but despite subsequent improvement **remains 1.8 percentage points below the pre-2008 recession peak of 60.3%**. The **overall decline in the employment rate is about two and a half times greater for men (down from 79% to 76.5%) than for women (down from 67.1% to 66.1%)**, though men have seen a bigger improvement since the trough in 2010, the female employment rate having remained broadly stable.
- Without any further rise in population, the total number of people in work would have to increase by 950,000 for the employment rate to return to the 2008 peak. However, **on current official population projections a return to the 2008 peak employment rate will require a net increase in employment of 2.2 million in order to offset the effect of population growth.**

- Adjusting for the projection of the Office for Budget Responsibility (OBR) that public sector employment will fall by a further 600,000 between the start of 2013 and the start of 2018 **the estimated number of jobs needed to restore the 2008 employment rate implies a required net increase in private sector employment of 2.8 million.** With a normal pace of employment growth this is **unlikely to be achieved before 2020** even if the economy avoids further shocks before the end of the decade.
- **Employment rates for the under-25s are still much lower than before the 2008-recession but are already higher for the over-50s.** For older people the jobs challenge is to raise employment rates still higher so that the economy adapts better to population ageing, though in the short-run this will further increase the net job creation requirement for the economy as a whole.
- **The working age employment rate for people born in the UK remains well below the 2008 peak while the rate for foreign born people has returned to the previous peak. However, while the employment rate for people born in the so-called A8 central and eastern European countries that joined the EU in 2004 is relatively high, it has fallen substantially from 84% to 80% since 2008.** By contrast, employment rates have increased for people born in India or Pakistan/Bangladesh. **The employment rate for Pakistani/Bangladeshi born people, while still very low, has now for the first time risen above 50%.**
- **Working age employment rates remain lower than in 2008 in each of the regions and nations of the UK.** Those experiencing the biggest falls tend to be those where employment rates are relatively high, probably because these areas are most attractive to migrant workers. However, **the biggest employment rate reductions are in regions/nations which have also seen the largest net falls in the number of people in work: Scotland (down 4 percentage points), South East England (down 3 percentage points) and the East Midlands (down 2.6 percentage points).**

Dr John Philpott, Director of The Jobs Economist, comments:

“Constant talk of the UK’s ‘record number of people in work’ glosses over the fact that the true measure of a country’s employment performance is its employment rate, the proportion of people in work, which takes account of population. On this measure we’re still well short of the pre-2008 recession record rate, need 2.8 million extra private sector jobs simply to match it given the impact of continued population growth and public sector job cuts, and aren’t likely to see it again before 2020 even if the economy avoids further shocks.

“In simple arithmetical terms the continuing jobs shortfall could be eased by much tighter controls on inward migration which would help slow the pace of population growth. However, this would probably have negative consequences for the overall dynamism of the UK economy and diminish future employment growth prospects. A far better course is to ensure that non-migrants are better equipped and incentivized to fill job vacancies as they arise so as to reduce over dependence on migrant workers. This requires policy action by government but also a renewed effort on the part of those employers who see hiring migrant workers, rather than investment in skills training or offering higher pay, as a quick fix to staffing difficulties.”

Notes to Editors:

John Philpott is available for interview

A copy of ***UK employment rates since 2008*** is available on request

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