



## DEBATE PACK

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# Recent trends in employment growth

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## Summary

A Westminster Hall debate on recent trends in employment growth is scheduled for Tuesday 8th May 2018 at 11.30am. The Member leading the debate is Michael Tomlinson MP.

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# 1. Background

The purpose of this debate is to discuss recent trends in employment growth.

Over recent years there have been increases in both the number and the proportion of people who are in employment.

32.26 million people were in employment in December 2017 to February 2018. This is the highest level since comparable records began in 1971.

The employment rate was 75.4% in December 2017 to February 2018. This is also the highest rate since comparable records began in 1971.

Further statistics on employment levels are included in the rest of this section, as well as information on youth employment and earnings for different age groups.

## 1.1 Employment levels

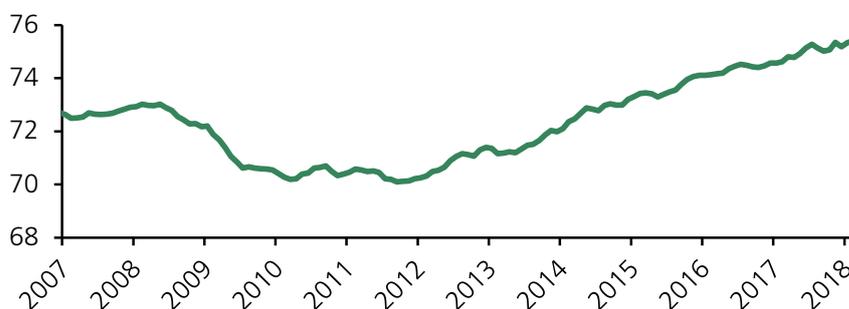
32.26 million people aged 16+ were in employment in December 2017 to February 2018, 427,000 higher than the year before. Employment levels fell to 29.01 million people in January-March 2010 following the 2008 recession.

The employment rate (the proportion of the population aged 16-64 in work) was 75.4%, an increase from 74.6% from a year before. The employment rate fell to 70.1% in July-September 2011 following the 2008 recession.

Both the number of people in employment and the employment rate are at their highest levels since comparable records began in 1971.

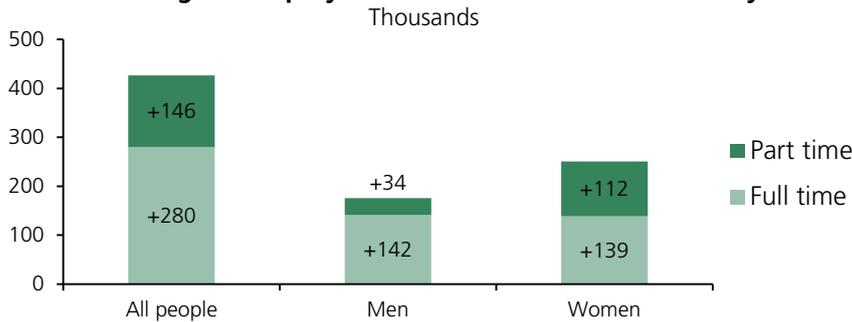
### Employment Rate; UK

%, age 16-64, seasonally adjusted



### By gender

The increase in employment levels over the last year has been mainly due to an increase in the number of women who are in work. 15.17 million women were in work in December 2017 to February 2018, 251,000 more than a year ago. The increase for men was 176,000 with 17.10 million men in work in December 2017 to February 2018.

**Annual change in employment to December 2017-February 2018**

The female employment rate was 71.0% in December 2017 to February 2018, up from 69.9% a year previously and from 65.3% in July-September 2011. Recent increases in the rate are partly due to ongoing changes to the State Pension age for women.

The male employment rate was 79.8%, up from 79.4% from the year before and from 74.9% in July-September 2011.<sup>1</sup>

**By type of work****Full or part time**

The number of people working full-time was 23.68 million in December 2017 to February 2018, 417,000 higher than a year ago. Part-time employment was 146,000 higher than a year ago, at 8.58 million.

Since January-March 2010 the number of people working full-time has increased by 2.44 million (12%) while the number of part-time employees has increased by 804,000 (10%).

**Employees or self-employed**

The number of people working as employees was up 497,000 from a year ago, at 27.34 million, while the number of people who were self-employed decreased by 30,000 to 4.76 million.

Since January-March 2010 the number of people working as employees increased by 2.49 million (10%) and the number of people who are self-employed increased by 801,000 (20%).

There has been a particularly large percentage change in the number of self-employed people who were working part-time since January-March 2010. The increase for this group of workers was 42% (429,000 people), which compared to an increase of 6% for part-time employees (423,000 people). The increase for full-time employees was 11% (2.07 million people) while it was 13% for self-employed people working full-time (372,000 people).

**Temporary work**

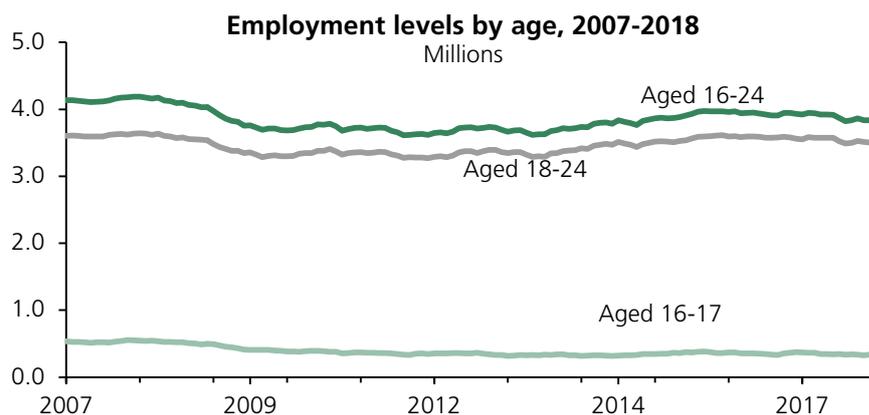
1.56 million people were employed on a temporary basis, down 39,000 from the previous year, but up 82,000 from January-March 2010 (an increase of 6%).

<sup>1</sup> Figures in this pack are taken from ONS Labour Market Statistical Bulletin unless stated otherwise

Estimates for October-December 2017 suggested that around 900,000 people were on zero-hours contracts – representing 2.8% of all people in employment. This was a similar level to the same period a year before.<sup>2</sup>

## 1.2 Employment of young people

3.83 million people aged 16-24 were in employment in July-September 2017. Of these, 3.49 million people were aged 18-24, while the remaining 0.38 million were aged 16 or 17.



In September 2017:

- 54% of people aged 16-24 were in employment.
- A further 32% of those who were not in employment were in full-time education.
- The employment rate for those people aged 16-24 who were not in full-time education was 75%.

The employment rate for people aged 16-24 who were not in full-time education was recently at its highest level since 2001.

### Types of contracts

Young people are more likely to be working part time, more likely to be in temporary employment and more likely to be on a zero-hours contract than older workers.<sup>3</sup>

In January-March 2017, 37% of the people aged 16-24 in employment were in part time work, compared to 26% of all people in employment. 14% of employees aged 16-24 were in temporary employment, compared to 6% of employees aged 16+.

In April-June 2017, around 300,000 people aged 16-24 were in employment on a zero-hours contract, an estimated 8% of people aged 16-24 in employment. This compares to 3% of all people who were in employment.<sup>4</sup>

<sup>2</sup> ONS, *UK Labour Market* bulletin, August 2017, Table EMP17

<sup>3</sup> ONS Labour Force Survey Microdata, Q1 2017

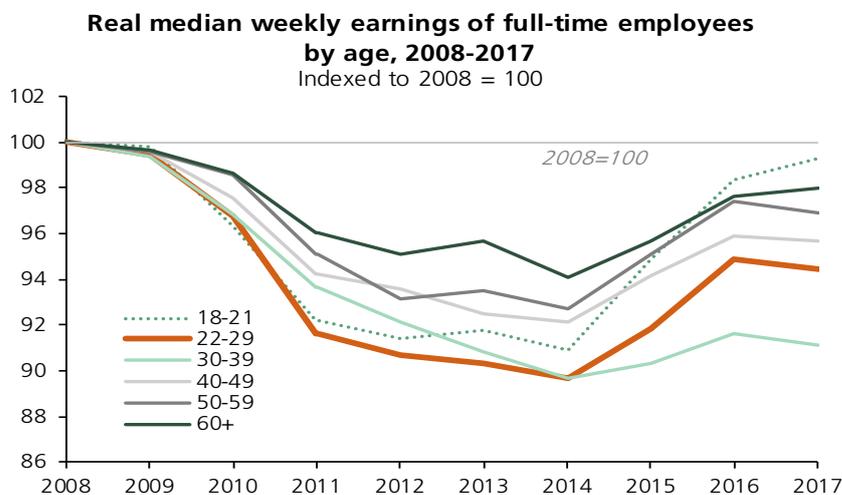
<sup>4</sup> ONS [People in Employment on a Zero Hours contract](#) (EMP17)

## 1.3 Earnings

Real average earnings for all age groups were lower in 2017 than they were immediately before the economic downturn in 2008.

Median weekly earnings for full-time employees aged 22-29 were 5.5% lower in real terms (i.e. adjusted for inflation, as measured by the Consumer Prices Index) in April 2017 compared to 2008. The only age group seeing a larger decrease over this period were people in their thirties: median weekly earnings for full-time employees aged 30-39 decreased by 8.9%.<sup>5</sup> (The median is the point at which half of people earn more, and half earn less.)

By comparison, real median earnings fell by 4.3% and 3.1% for the 40-49 and 50-59 age groups respectively.



Source: ONS *Annual Survey of Hours and Earnings* and ONS *Consumer Price Inflation* dataset

Of course, people move up age groups as they grow older, so these figures do not show change in earnings for a fixed group of individuals. Indeed, the group of people aged 22-29 in 2008 were all aged in their thirties by 2016; furthermore, people may have moved in or out of employment (perhaps multiple times) over this period.

Therefore we can look at what has happened for earnings for people born in different years. Historically, younger cohorts have higher real average earnings than older cohorts did at the same age, because in 'normal' times growth in earnings exceeds inflation. For more recent cohorts, however, this pattern was disrupted by the economic downturn in 2008 and subsequent stagnation in real earnings. Analysis by the Resolution Foundation shows that for people born in 1988, who were starting out in work around the time of the 2008 downturn, median pay at age 22 was below that seen for cohorts born between 1968 and 1983 at the same age.<sup>6</sup>

<sup>5</sup> ONS *Annual Survey of Hours and Earnings*

<sup>6</sup> L Gardiner, *Stagnation Generation*, Resolution Foundation, July 2016, p24

## 2. Further Reading

### 2.1 Parliamentary material

#### Select Committee inquiries

##### **Work and Pensions and Business, Energy and Industrial Strategy Committee: Framework for modern employment**

The Committees question Mr Taylor on his recent report on modern working practices, including how the Government should act to ensure rights and fair pay for gig economy workers.

The Taylor Review examined the implications of new forms of work on the rights and responsibilities of workers and employers, and this session will build on the related work of the previous BEIS Committee's inquiry into the Future World of Work and the Rights of Workers, and the previous Work & Pensions Committee report and inquiry into Self-Employment and the Gig Economy.

- House of Commons Work and Pensions and Business, Energy and Industrial Strategy Committee: [A framework for modern employment](#), Second report of Session 2017-19, November 2017
- [Government response](#), April 2018

##### **Work and Pensions Committee: Brexit and labour market policy**

The Work and Pensions Committee held an evidence session with employers, experts and industry representatives on the potential impact of Britain's exit from the European Union on UK firms' ability to recruit the workers they need.

The inquiry was closed due to the dissolution of Parliament ahead of the General Election 2017.

- Work and Pensions: [Oral evidence](#), March 2017
- Work and Pensions: [Oral evidence](#), January 2017

##### **Work and Pensions Committee: employment opportunities for young people.**

The report's key recommendation was that the then Government's proposed 'Youth Obligation benefit' be separated from the roll-out of Universal Credit, in order that it could be rolled out quicker and targeted at priority areas.

The report also recommended that there be more effective working between Jobcentre Plus offices, employers, schools and apprenticeship providers. The committee also recommended that work needed to be done to improve the Jobcentre Plus image among young people.

- House of Commons Work and Pensions Committee: [Employment opportunities for young people](#), Ninth report of Session 2016-17, March 2017
- House of Commons Work and Pensions Committee: News Story ['Liberate new youth employment programme from Universal Credit'](#), March 2017

## Women and Equalities Committee: Older people and employment

The Women and Equalities Committee has re-opened its inquiry into older people and employment, looking at current Government policies to help people extend their working lives, and considering further steps which could be taken to tackle issues including age discrimination.

- [Terms of reference](#)

## Parliamentary Questions

- [Employment](#)

To ask Her Majesty's Government how they reconcile figures from the Office for National Statistics, in its UK labour market: April 2018 bulletin, showing that the employment rate is "the highest since comparable records began in 1971", with statistics published by the Trussell Trust showing increasing demand for the services provided by food banks over the last two years.

A number of questions have been asked about employment schemes for young people:

- [Employment Schemes: Young People](#)

To ask the Secretary of State for Work and Pensions, how many claimants are on the Youth Obligation by Jobcentre Plus (a) region and (b) office.

- [Employment Schemes: Young People](#)

To ask the Secretary of State for Work and Pensions, how many work coaches have supported claimants on the Youth Obligation to date.

- [Employment Schemes: Young People](#)

To ask the Secretary of State for Work and Pensions, how many young people have been sanctioned whilst receiving support through the Youth Obligation.

- [Employment Schemes: Young People](#)

To ask the Secretary of State for Work and Pensions, what proportion of young people have stopped receiving benefits since beginning the Youth Obligation.

- [Employment Schemes: Young People](#)

To ask the Secretary of State for Work and Pensions, how many young people have received support through the Youth Obligation; and how many of those people have subsequently gone on to (a) an apprenticeship, (b) a traineeship and (c) a work placement.

A number of questions have been asked regarding the Government's action to support people with disabilities into work

- [Employment: Down's Syndrome](#)

To ask the Secretary of State for Work and Pensions, what steps she is taking to ensure that there are employment opportunities for people with Down's Syndrome.

- [Employment: Autism](#)

To ask the Secretary of State for Work and Pensions, what support her Department provides to specifically help people with autism into work.

- [Employment: Learning Disability](#)

To ask the Secretary of State for Work and Pensions, what steps her Department plans to take to help people who have learning difficulties find work.

- [Employment: Disability](#)

What steps the Government is taking to help young people with disabilities into work.

## Library briefing papers

[Labour market statistics: UK regions and countries](#), May 2018

[People claiming unemployment benefits by constituency: March 2018](#), April 2018

[Employment status](#), March 2018

[Employment by Country of Birth and Nationality](#), February 2018

[People with disabilities in employment](#), January 2018

[Employment of other EU nationals in the UK](#), August 2017

## 2.2 Government Documents

### **Good work: the Taylor review of modern working practices**

This independent review considers the implications of new forms of work on worker rights and responsibilities, as well as on employer freedoms and obligations. It sets out 7 principles to address the challenges facing the UK labour market.

- [Full report](#)
- [Ministerial statement](#)
- [Government response](#)

The Government opened four consultations alongside its response to the Taylor review. These were:

- [Employment status](#)
- [Increasing transparency in the labour market](#)
- [Agency workers](#)
- [Enforcement of employment rights](#)

### **Gig economy research: Department for Business, Energy & industrial strategy**

Research on the size of the gig economy, the characteristics of those participating in the gig economy and their experiences within it.

- [The characteristics of individuals in the gig economy](#)
- [The experiences of individuals in the gig economy](#)

## **Improving lives: the future of work, health and disability: Department for Work and Pensions and the Department of Health and Social Care**

This paper sets out plans to transform employment prospects for disabled people and those with long term health conditions over the next 10 years.

- [White Paper home page](#)

## **2.3 Reports**

- ONS, [Statistical bulletin: UK labour market](#), April 2018
- CBI, [Labour market update](#), April 2018
- CIPD, [Labour market outlook surveys](#), February 2018
- ONS, [Trends in self-employment in the UK](#), February 2018
- Office for Budget Responsibility, [Box sets: labour market](#)
- Resolution Foundation, [The kids aren't alright: a new approach to tackle the challenges faced by young people in the UK labour market](#), February 2018
- TUC, [Living on the edge](#), January 2018
- International Labour Organisation, [Global employment trends for youth 2017](#), November 2017
- Sir Jon Cunliffe, [The Phillips curve: lower, flatter or in hiding?](#), November 2017
- Institute for Fiscal Studies, [The UK labour market: where do we stand now?](#) April 2017

## **2.4 Press Articles**

- The Economist, [Britain's era of abysmal productivity growth could be at an end](#), April 2018
- The Guardian, [Some praise our gig economy flexibility. I call it exploitation](#), April 2018
- The Guardian, [UK employment is up – it's just a shame the workers are so miserable](#), February 2018
- Financial Times, [UK employment rate defies expectations to hit record high](#), January 2018
- The Guardian, [Young people warned: economic focus on short-term growth is failing you](#), January 2018
- The Economist, [Britain's labour-force participation has jumped](#), October 2017
- The Economist, [Retirement is out, new portfolio careers are in](#), July 2017
- Financial Times, [Working women drive record employment](#), February 2017

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