



Employment: Statistics and Government Policy Debate on 6 June 2019

Introduction

On 6 June 2019, the House of Lords is scheduled to debate a motion moved by Lord Leigh of Hurley (Conservative) on the “latest employment figures and the steps being taken by Her Majesty’s Government to increase employment rates”. This House of Lords Library Briefing provides a brief overview of recent employment statistics and government employment policy, before recommending a selection of further material that may be of assistance to Members preparing for the debate.

UK Employment: Key Statistics

The Office for National Statistics (ONS) published its most recent set of employment statistics on 14 May 2019.¹ The release included the following key estimates for the first quarter of the year (January to March):

- The employment rate of those aged 16–64 was 76.1%. This was up from 75.8% in the final quarter of 2018 and represents the joint-highest employment rate estimate since comparable records began in 1971.²
- The male employment rate was 80.3%, slightly higher than for a year earlier when it was 80.0%.³
- The female employment rate was 71.8%, the joint-highest on record. The ONS has attributed the increase in the employment rate for women in recent years in part to “changes to the state pension age for women, resulting in fewer women retiring between the ages of 60 and 65 years [of age]”.⁴
- The highest employment rate of those aged between 16 and 64 was for those in the 35–49 age group, at 85.2%.
- 32.7 million people aged 16 and over were in employment in the first quarter of this year. This is the highest quarterly figure since records began in 1971 and 354,000 more than were estimated to be in employment a year before.⁵
- Of these, 27.6 million were paid employees (84.4% of all people in employment)—168,000 more than a year earlier. Meanwhile, 4.9 million were self-employed (15.1% of all people in employment)—180,000 more than a year earlier.
- In addition, 28.9 million of those in employment were UK nationals, 2.4 million were EU nationals and 1.3 million were non-EU nationals.
- The UK unemployment rate was estimated at 3.8%. This is the lowest level since October to December 1974.
- The UK economic inactivity rate—which the ONS defines as a measure of people without a job but who are not classed as unemployed because they have not been actively seeking work within the last four weeks and/or are unable to start work within the next two weeks—was estimated at 20.8%, lower than for a year earlier (21.1%) and “close to a record low”.⁶

The figures above are derived from the Labour Force Survey, so are estimates based on a large sample rather than definitive values. The next set of ONS employment statistics are expected to be published on 11 June 2019.⁷

In its most recent *Economic and Fiscal Outlook* report, published in March 2019, the Office for Budget Responsibility forecast that the number of people in employment would continue to rise in the years ahead—reaching 33.2 million in 2023.⁸

Government Policy

Labour Market Review

The Conservative Party manifesto published ahead of the 2017 general election stated that a Conservative administration would “continue to strive for full employment”.⁹ As part of these efforts, the document stated that a Conservative Government would incentivise employers to take on individuals from groups “who have in the past found it difficult to get employment”, such as former wards of the care system; those with disabilities or chronic mental health problems; those who had committed a crime but who had repaid their debt to society; and the long-term unemployed. The manifesto also undertook to “provide targeted support for young people between the ages of 18 and 24 so that everyone, no matter what their start in life, is given the very best chance of getting into work”. In addition to these measures focused on boosting the number of people in work, the manifesto also included an undertaking to review the changing UK labour market in the context of an increase in those working in the so-called ‘gig’ economy.¹⁰

In October 2016, the Government had commissioned Matthew Taylor, chief executive of the Royal Society of Arts, to lead an independent review into the changing labour market.¹¹ The Independent Review of Employment Practices in the Modern Economy considered six broad themes as part of its work:

- security, pay and rights;
- progression and training;
- the balance of rights and responsibilities;
- representation;
- opportunities for under-represented groups; and
- new business models.¹²

The review published its final report, *Good Work: The Taylor Review of Modern Working Practices*, following the 2017 general election—on 11 July 2017. The report stated that the UK was “good at creating jobs” but cautioned that there were a “number of persistent weaknesses in the UK labour market, particularly real wage growth and productivity performance”.¹³ In addition, the report argued for equal importance to be attached to the quality of work available as well as the quantity:

High employment rates are rightly considered a success and at the moment, employment rates have never been higher. This is a very good thing; the UK is not facing some of the challenges of structural unemployment that are present in other countries. However, as we have seen, behind this headline there are problems that threaten to trap millions of people in work that is neither fulfilling nor offers routes to progress. On the basis that ‘what gets measured gets done’ greater efforts should be made to measure the quality of work in the labour market.¹⁴

The report made 53 recommendations on the future of work and proposed a seven-point plan, which recommended that a British national strategy for work “should be explicitly directed toward the goal of good work for all”.¹⁵

Government Response

The Government published its response, *Good Work: A Response to the Taylor Review of Modern Working Practices*, in February 2018.¹⁶ In it, the Government accepted the “vast majority” of the review’s recommendations.¹⁷ Speaking at the time, Greg Clark, Secretary of State for Business, Energy and Industrial Strategy, summarised the Government’s approach to future employment policy as follows:

The Taylor Review said that the current approach to employment is successful but that we should build on that success, in preparing for future opportunities. We want to embrace new ways of working, and to do so we will be one of the first countries to prepare our employment rules to reflect the new challenges. We will take forward Matthew Taylor’s recommendations and commit to pursuing the quality of work as well as number of jobs.¹⁸

Alongside this response, the Government launched four consultations on how to implement the independent review’s recommendations. These covered the following areas:

- employment status;
- agency worker recommendations;
- increasing transparency in the labour market; and
- enforcement of employment rights recommendations.¹⁹

After considering the responses to these consultations, the Government published its *Good Work Plan* on 17 December 2018.²⁰ This document set out how the Government would implement the independent review’s recommendations, including via legislation where appropriate. It also emphasised the Government’s undertaking to place equal importance on both the quality and quantity of work.²¹

On the day of the document’s publication, Greg Clark set out the Government’s case for the *Good Work Plan* in a statement to the House of Commons:

The *Good Work Plan* I am publishing today sets out a programme for ensuring the UK labour market continues to thrive in the future. The UK labour market has a very positive record in recent years. Since 2010 we have higher employment and lower unemployment in every region and every nation of the United Kingdom, and wages are now growing at their fastest pace in almost a decade. This success has been underpinned by an employment law and policy framework that combines flexibility with protections for workers [...]

The *Good Work Plan* sets out a vision for the future of the UK labour market—a labour market that rewards people for hard work, that celebrates good employers and that is ambitious about boosting productivity and the potential for everyone in the UK to improve their earnings.²²

Responding on behalf of the Labour Party, Rebecca Long Bailey, Shadow Secretary of State for Business, Energy and Industrial Strategy, argued that behind Mr Clark’s summary of employment statistics lay a

“dark truth”. She continued:

Nearly 4 million people are in insecure work, with 1.1 million working in the gig economy. At a time of low wages, stagnating productivity and endemic financial insecurity across the UK, I had hoped for something big today. I was hoping for proposals that would not only make our workforce feel secure but ensure that their human capital was genuinely valued as the linchpin of Britain’s industrial strategy. Proposals for a labour inspectorate, the abolition of the Swedish derogation [that allowed work seekers to opt out of equal pay entitlements] and ensuring that workers keep their tips were among Labour’s policies to transform our labour market, so I am pleased that, after a hard-fought campaign by Labour Members and our trade unions, these points have finally made an appearance in the Government’s *Good Work Plan*. However, as the TUC stated today, despite these small victories, the remaining “reforms as a whole won’t shift the balance of power in the gig economy”.²³

Responding to the Government’s plans earlier that day, Frances O’Grady, general secretary of the TUC, had contended that the proposals would not stop employment abuses by platform companies. She stated:

Unless unions get the right to organise and bargain for workers in places like Uber and Amazon, too many working people will continue to be treated like disposable labour. The right to request guaranteed working hours is no right all. Zero hours contract workers will have no more leverage than *Oliver Twist*. And the Government’s plans to introduce new laws on employment status risk unpicking important legal victories for workers and letting platform companies off the hook.²⁴

The Confederation of British Industry welcomed the Government’s undertaking to consult and/or seek guidance on issues such as employment status and defining and measuring job quality, but cautioned that “changes here could have unintended and undesirable consequences”.²⁵

Recent Developments

On 9 May 2019, in response to a written parliamentary question on the subject, Kelly Tolhurst, Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy, set out the measures the Government had undertaken to date in connection with implementing its *Good Work Plan*:

Since publishing the *Good Work Plan*, we have passed legislation that means:

- all workers receive a day one statement of rights setting out leave entitlements and pay;
- a maximum additional penalty that Employment Tribunals can use quadrupling from £5,000 to £20,000, helping ensure workers are protected from employers who show malice, spite or gross oversight;
- the ending of the Swedish Derogation, the legal loophole that enables some firms to pay agency workers on less than permanent staff, which will benefit up to 120,000 agency workers;
- new agency workers will receive a key facts page before signing up with an agency, providing them with greater clarity, particularly around their pay; and
- the threshold for an information and consultation request being reduced from 10% to 2% of employees, meaning a stronger voice in the workplace.²⁶

On 22 May 2019, Prime Minister Theresa May made a statement on Brexit to the House of Commons in which she stated that the Government would introduce a “new workers’ rights bill” designed to “guarantee that the rights enjoyed by British workers can be no less favourable than those of their counterparts in the EU—both now and in the future”.²⁷ However, the status of this proposal and the future direction of the Government’s Brexit policy in general is currently uncertain following Mrs May’s recent announcement that she intends to step down as leader of the Conservative Party on 7 June 2019.

Key Documents

- Office for National Statistics, [Employment in the UK: May 2019](#), 14 May 2019
- House of Commons Library, [Key Economic Indicators: Employment](#), 14 May 2019
- HM Government, [Good Work Plan](#), December 2018, Cm 9755, pp 1–10
- [Statement on the ‘Good Work Plan’](#), HC *Hansard*, 17 December 2018, cols 572–87
- [Statement on the ‘Good Work Plan’](#), HL *Hansard*, 18 December 2018, cols 1783–93
- Department for Work and Pensions, [‘Government Continues to Protect the Most Vulnerable and Supports People into Work’](#), 8 April 2019
- Department for Work and Pensions, [‘Amber Rudd Speech: The Future of the Labour Market’](#), 9 May 2019
- Department for Work and Pensions, [‘Record Employment is Not Enough—Jobseekers Need the Chance of Better Work’](#), 9 May 2019
- Department for Work and Pensions, [‘UK Employment Rate at Joint Record High’](#), 14 May 2019

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- ¹ Office for National Statistics, '[Employment in the UK: May 2019](#)', 14 May 2019.
- ² See also '[Employment Rate \(Aged 16 to 64, Seasonally Adjusted\)](#)', 14 May 2019.
- ³ See also '[Male Employment Rate \(Aged 16 to 64, Seasonally Adjusted\)](#)', 14 May 2019.
- ⁴ See also '[Female Employment Rate \(Aged 16 to 64, Seasonally Adjusted\)](#)', 14 May 2019.
- ⁵ See also '[Number of People in Employment \(Aged 16 and Over, Seasonally Adjusted\)](#)', 14 May 2019.
- ⁶ Office for National Statistics, '[Employment in the UK: May 2019](#)', 14 May 2019.
- ⁷ Office for National Statistics, '[Employment and Employee Types](#)', accessed 28 May 2019.
- ⁸ Office for Budget Responsibility, '[Economic and Fiscal Outlook](#)', March 2019, CP 50, p 11.
- ⁹ Conservative Party, '[Conservative Party Manifesto 2017](#)', May 2017, p 54.
- ¹⁰ *ibid*, p 16.
- ¹¹ *ibid*; and GOV.UK, '[Employment Practices in the Modern Economy](#)', accessed 28 May 2019..
- ¹² GOV.UK, '[Employment Practices in the Modern Economy](#)', accessed 28 May 2019. See also Royal Society of Arts, '[Matthew Taylor to Lead Independent Review of Employment Practices in the Modern Economy](#)', 1 October 2016.
- ¹³ Independent Review of Employment Practices in the Modern Economy, '[Good Work: The Taylor Review of Modern Working Practices](#)', July 2017, p 18.
- ¹⁴ *ibid*, p 103.
- ¹⁵ *ibid*, p 110. See also Department for Business, Energy and Industrial Strategy, '[Government Response to the Taylor Review of Modern Working Practices](#)', accessed 28 May 2019.
- ¹⁶ HM Government, '[Good Work: A Response to the Taylor Review of Modern Working Practices](#)', February 2018. See also Prime Minister's Office and Department for Business, Energy and Industrial Strategy, '[Millions to Benefit from Enhanced Rights as Government Responds to Taylor Review of Modern Working Practices](#)', 7 February 2018.
- ¹⁷ Department for Business, Energy and Industrial Strategy, '[Good Work Plan](#)', accessed 28 May 2019.
- ¹⁸ Prime Minister's Office and Department for Business, Energy and Industrial Strategy, '[Millions to Benefit from Enhanced Rights as Government Responds to Taylor Review of Modern Working Practices](#)', 7 February 2018.
- ¹⁹ Department for Business, Energy and Industrial Strategy, '[Good Work Plan](#)', accessed 28 May 2019.
- ²⁰ HM Government, '[Good Work Plan](#)', December 2018, Cm 9755.
- ²¹ *ibid*, p 12.
- ²² [HC Hansard, 17 December 2018, col 572](#).
- ²³ *ibid*, col 574.
- ²⁴ Trades Union Congress, '[New Plans for Workers Rights Won't Shift Balance of Power in the Gig Economy, Says TUC](#)', 17 December 2018.
- ²⁵ Confederation of British Industry, '[The CBI Engages on the Recommendations Brought Forward in the Taylor Review. Making the Case for Business at All Levels of Government](#)', 10 January 2019.
- ²⁶ House of Commons, '[Written Question: Conditions of Employment](#)', 9 May 2019, 249272.
- ²⁷ [Statement on 'Leaving the European Union'](#), *HC Hansard*, 22 May 2019, col 732.

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