

ONS Labour Force Projections, 2006 to 2020

In January 2006, ONS published *Projections of the UK Labour Force, 2006 to 2020* in *Labour Market Trends*. These projections update the GB Labour Force projections to 2011 produced in 1998. Since then, a number of population revisions have taken place including a full reweighting of the Labour Force Survey (LFS). The revisions led to an inconsistency between the projections and the current LFS series, however, these new projections are fully consistent with the LFS back to 1971.

There are two factors in the labour force projections. Firstly, the demographic component: the projected population for the UK, calculated using the GAD 2004-based population projections and adjusted to exclude the communal establishment population since the LFS only covers household residents (with the exception of nurses in NHS accommodation and students in halls of residence). The non-demographic component of the projections relates to the econometric modelling of economic activity rates by sex, age and full-time student status.

These labour force projections cover only the number and per cent of people who are economically active; ie those people aged over 16 who are either employed, or unemployed using the International Labour Organisation (ILO) definition¹. Separate projections of employment and unemployment are not produced by ONS.

By 2020, the total number of economically active persons in the UK is projected to be 32.13million, comprising 17.12 million men and 15.01 women. This represents an increase of just over 3 million people (10.3%) since 2001. Overall, and for men, the economic activity rate is projected to decrease – down by 1.0 per cent all persons and by 3.9 per cent for men – while the economic activity rate for women is projected to rise by 1.5 per cent between 2001 and 2020.

Analysis of only the 16+ population gives an incomplete picture, since the number of people who are considered to be economically active past the state pension age drastically reduces. In order to get a fuller understanding, the change in the economic activity of the working age population must also be considered. Currently the state pension age is 65 for men and 60 for women, however by 2020 the state pension age for women will increase to 65, to be equal to that of men. This will be phased in between 2010 and 2020. More details on this change are available on the Pension Service website: <http://www.thepensionerservice.gov.uk/pdf/np46/np46apr05.pdf>

The number of economically active working age persons, on the current definition, is projected to rise after 2001 by 2.22 million (7.9%) to 30.51 million by 2020. This constitutes a rise in the rate from 78.5% in 2001 to 79.8% in 2020. While there is still expected to be fewer economically active women than men in 2020, the number of economically active women is expected to rise by 1.18 million to 13.88 million compared with an increase of 1.04 million men. Similar to the 16 population, the economic activity rate for men is projected to fall, while the rate for women will rise – the rate for men falling by 0.8 per cent compared with a 3.4 per cent rise for women. By 2020 the rate for men will be 7.1% higher than of women, down from 11.3% higher in 2001.

On the future definition of working age, the number of economically active people is projected to rise by 2.66 million to 31.35 million, driven by a rise of 1.62 million women. The rate will rise by 1.5 per cent to 78.1 per cent for all persons, while the rate for women is projected to rise from 69.2 per cent to 73.1 per cent. This is somewhat artificial since until 2010 women will not be expected to work beyond 60, and after 2010 the extension of the state pension age to 65 will be

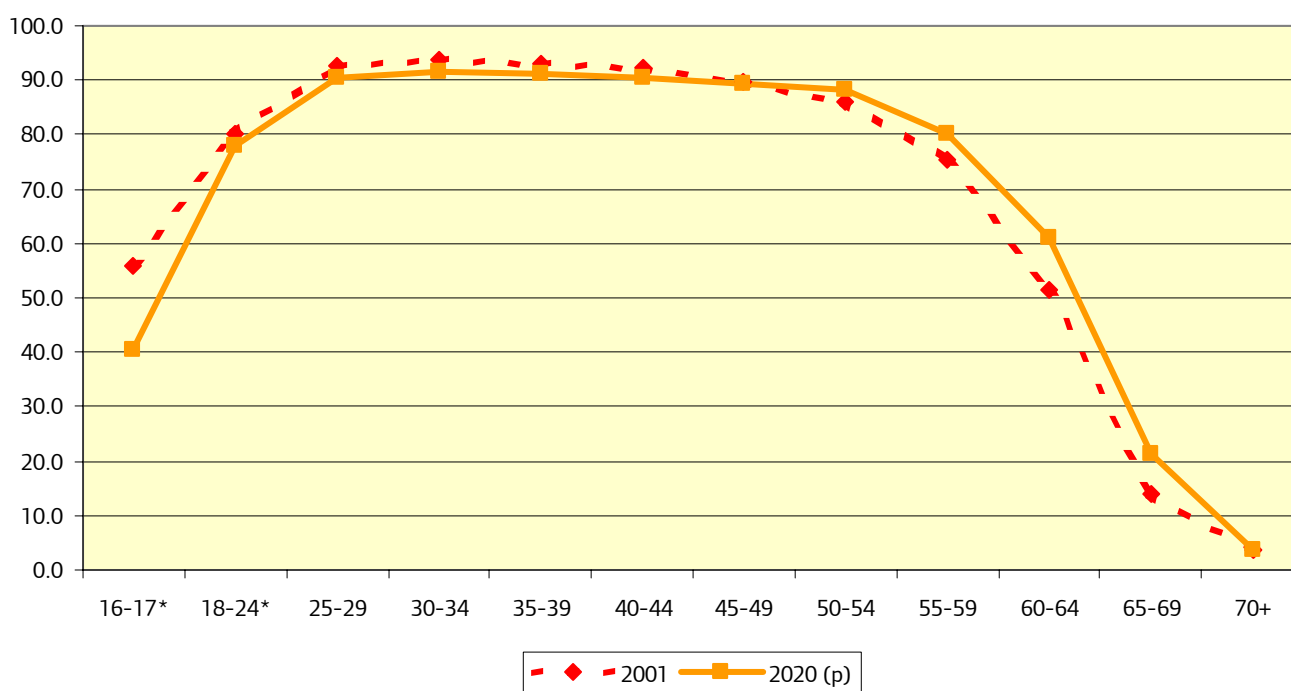
¹ Under the ILO definition, a person is unemployed if they are without a job, are available to start work and are actively seeking a job, or are waiting to start a job already obtained.

gradual. Table 1 presents the economic activity rates from 2001 to 2020 for the 16+ population and both definitions of working age, by gender.

The following charts show the change in the economic activity rates by age between 2001 and 2020. For both male and female the economic activity rate for 16-17 is projected to fall, by more than 15 percentage points (pcps) for men and just under 10 pcps for women. For all other age groups the rate for women is projected to rise, however small falls - between 2.2 and 0.3 pcps - are projected for men in all age groups up to 45-49.

With the exception of the 65-69 year olds, the increase in the economic activity rate is greater for women than for men for all ages. In spite of this, by 2020, in all age groups other than the 16-17 year olds the economic activity rate for men is projected to remain higher than that for women. On the whole, the difference in the rates is projected to decline.

Chart 1: UK Economic Activity rates by age, male, per cent



In both 2001 and 2020, the highest male economic activity rate is seen in the 30-34 year olds, however this age group is projected to have the largest fall, 2.2 pcps. The largest rise in male economic activity rates is expected in the 60-64 year olds, a rise of 9.6 pcps. The lowest rate is projected to be in the over 70s, with the lowest rate among the working ages in the 16-17 year olds.

The 16-17 age group is also expected to see the largest rise in female economic activity rates, a rise of 16.4 pcps. The rises in the rates are relatively small for women under 50, however rises of 9.5 pcps and 14.4 pcps are projected for 50-54 and 55-59 year olds respectively.

In 2001, the highest economic activity rate for women was 79.3 per cent in the 40-44 year olds, however by 2020 the highest rate is projected in the 50-54 year olds - a rate of 82.5 per cent. The lowest rate is in the over 70s, however the rate for 16-17 year olds is projected to be slightly higher, by 1.3 per cent, than the rate for the 60-64 year olds.

* ONS published economic activity rates for 16-17 and 18-24 year olds split into those in full-time education and those not in full-time education, but not a total for these ages. Total rates were calculated for this *Update* using the data ONS made available via the National Statistics website (the link to the data is available at the end of this *Update*).

Chart 2: UK Economic Activity rates by age, female, per cent

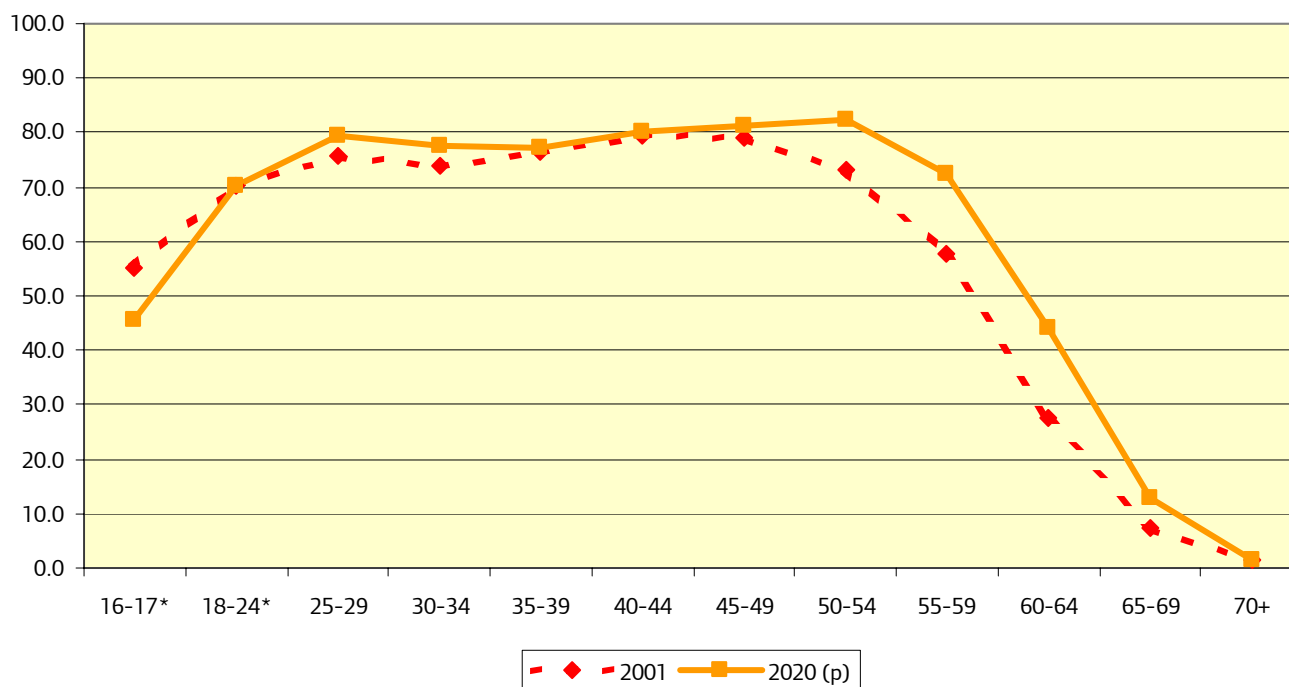
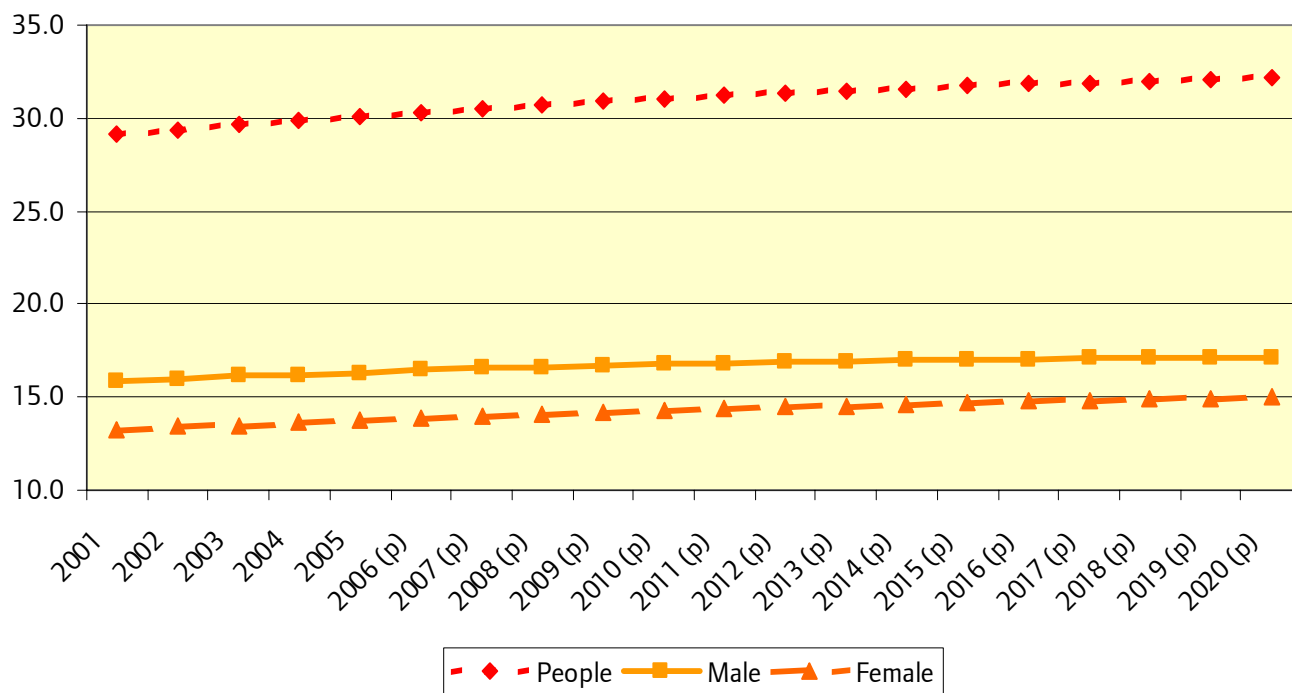


Table 1: UK Economic Activity rates by broad age bands

	People, 16+	People, 16-59/64	People, 16-64	Men, 16+	Men, 16-64	Women, 16+	Women, 16-59	Women, 16-64
2001	62.7	78.5	76.6	70.9	84.0	55.1	72.7	69.2
2002	62.9	78.6	76.7	70.8	83.9	55.6	73.0	69.6
2003	63.1	78.7	76.7	71.1	84.1	55.5	73.0	69.5
2004	63.0	78.6	76.7	70.7	83.7	55.9	73.2	69.8
2005	63.1	78.5	76.6	70.5	83.4	56.1	73.4	69.9
2006 (p)	63.0	78.6	76.6	70.4	83.4	56.1	73.5	69.9
2007 (p)	63.0	78.7	76.6	70.2	83.3	56.1	73.8	69.9
2008 (p)	62.9	78.8	76.5	70.0	83.2	56.2	74.0	70.0
2009 (p)	62.8	78.9	76.6	69.8	83.2	56.2	74.2	70.2
2010 (p)	62.8	79.0	76.7	69.6	83.2	56.3	74.4	70.4
2011 (p)	62.7	79.1	76.9	69.4	83.2	56.4	74.6	70.6
2012 (p)	62.6	79.2	77.1	69.1	83.3	56.5	74.8	71.1
2013 (p)	62.5	79.3	77.3	68.8	83.3	56.5	75.0	71.4
2014 (p)	62.4	79.4	77.5	68.5	83.4	56.5	75.1	71.7
2015 (p)	62.3	79.5	77.7	68.3	83.4	56.6	75.3	72.0
2016 (p)	62.2	79.6	77.8	68.1	83.4	56.6	75.5	72.3
2017 (p)	62.1	79.7	77.9	67.8	83.4	56.7	75.7	72.5
2018 (p)	62.0	79.8	78.0	67.6	83.4	56.7	75.9	72.8
2019 (p)	61.9	79.8	78.1	67.3	83.3	56.6	76.0	72.9
2020 (p)	61.7	79.8	78.1	67.0	83.2	56.6	76.1	73.1

Historical estimates are consistent with published National Statistics in the Integrated First Release. Figures refer to the spring quarter of each year (March to May) and are seasonally adjusted.
Source: © Office for National Statistics

Chart 3: UK 16+ Economically Active population, millions



The trends in the detailed national economic activity rates will be used by the GLA to convert the GLA Scenario 8.07 demographic projections to borough level resident labour force projections. A *DMAG Briefing* describing the calculations and results will shortly be available.

The data tables - presenting the number of economically active people, economic activity rates and household population by age and gender for 1971 to 2020 - on which this *Update* is based are available through the ONS website:

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1945>

This also links to the full report with methodology and the Labour Market Trends article.

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