

Employment Quality and the 2015 General Election

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This working paper takes the ONS' April 2015 '*Labour Market Statistics*' first release to examine the narratives on the state of UK employment presented in the Conservative and Labour Manifestos. Data on total employment levels supports part of the Conservative claim on job creation (an additional 1.8 to 2 million individuals employed since the start of the Parliament), but it is disingenuous to present this in terms of 1,000 jobs per day since May 2010 – as employment fell in a number of quarters between 2010 and 2012. This claim also fails to recognise the fact that the total working age population increased throughout the period, meaning that recovery in the rate of employment (as a proportion of the population aged 16-64) was much more uneven.

Weak earnings growth provide some support for the Labour Party's narrative of a recovery that has been over-reliant on poor quality, low pay employment, although pay growth is now above the rate of general price inflation.

Changes in the structure of employment during the period of recession and initial period of uneven recovery have had significant impacts on the current picture. There are now higher proportions working part-time, self-employed, or on temporary contracts than pre-recession. Responses on reasons for part-time or temporary work demonstrate a significant increase in people in either type of employment because they are unable to find full-time and/or permanent work – rather than by choice.

Finally, trends in employment by occupation suggests a further 'hollowing out' of the skills profile of employment, with increases in the most highly skilled occupations, stability in the lowest-skilled activities, and significant falls in some intermediate occupations. This represents a challenge for the Manifesto pledges made by both parties to increase the number of Apprentices – a level of training that is most likely to lead to employment in an intermediate-skilled occupation.

Further research could disaggregate the impacts of recession and recovery by geography (e.g. region and devolved administration) and demographic group (e.g. age, gender, ethnicity and disability status) and could investigate any changes in subjective job satisfaction, happiness or wellbeing.

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1. Introduction

Each month, the Office for National Statistics (ONS) publish the ‘*Labour Market Statistics*’ (LMS) first release, which includes estimates from the latest available 3 month period of the Labour Force Survey alongside the monthly count of Jobseekers’ Allowance claimants.

This provides us with a snapshot of recent changes in employment, unemployment, earnings and the structure of employment. The data is published on the 2nd or 3rd Wednesday of every month, and frequently fuels questions and responses in Prime Minister’s Questions (PMQs), which takes place from mid-day on Wednesday when Parliament is in session. The data is also scrutinised by the Bank of England’s Monetary Policy Committee (MPC) in their deliberations over interest rates. This makes the LMS a key area of interest in the media.

Alongside data for the latest quarter, each successive LMS includes a long time series (in many cases going back as far as 1992). However, the frequency of these releases means that most coverage in the media, and debate amongst politicians, tends to focus on the very latest, short-term changes. Limited attention is focussed on longer term developments in the nature of UK employment and individual experiences of it.

The latest LMS at the time of writing, published on the 17th of April, will be the last release before the General Election on May 7th. This provides an opportunity to examine key claims and Manifesto commitments made by the main political parties (Conservative and Labour, one of which will form the core of the next Government). This paper will seek to identify and analyse the longer-term structural changes that tend to be absent in the public debate, and will discuss them in the context of the two competing interpretations. The Conservatives have emphasised the strength of the recent recovery in total employment numbers – with David Cameron describing the UK in successive recent speeches as the “jobs capital of Europe”. Although accepting recovery at an aggregate level, Labour identify the long-running weak rates of wage growth (described this as indicative of a “cost of living crisis” prior to inflation falling below 1% on the CPI in December 2014), the uneven geographic nature of recovery and the apparent increase in temporary, low or zero hours employment contracts.

In exploring the latest data, this paper applies the following definitions and has the following limitations in scope:

- Recent trends in both overall employment and the structure of employment are explored at a UK-wide level. There is insufficient time to investigate geographical variations – this could be an avenue for future analysis. Headline regional data is published with the monthly LMS (covering employment, unemployment and economic inactivity) but more detailed data is available in the quarterly Labour Force Survey releases, which include 12 months of Labour Force Survey data (each quarter overlapping with the last by 9 months) and thus much larger sample sizes;
- This paper deals with the working age population in aggregate, and includes only limited analysis by gender. Again, gender and other demographic disaggregations (age, ethnicity, disability or country of birth) could be the focus of later analysis;
- This paper takes the Labour Force Survey period December 2006 to February 2007 as a starting point, before the onset of recession in the UK in 2008, and the latest available data (December 2014 to February 2015) as an end-point. Non-overlapping 3 month periods are

used in the time-series. As the latest period overlaps the end/start of the year, these are not calendar quarters; and

- Where 'employment quality' is discussed, this is explored in a fairly limited, objective context. Subjective questions on 'job satisfaction' are not included in the quarterly Labour Force Survey dataset, nor are questions of task determination and autonomy. Instead, it is assumed in this paper that 'quality employment' should mean full-time, permanent employment for those who want it, in jobs that utilise the level of skill available in the labour force, with rates of pay growth exceeding general price inflation – as these are criteria that can be applied to analysis of the quarterly LFS. Subjective views of quality of employment are investigated in the ESRC-funded '*Skills and Employment Survey*', which is undertaken relatively infrequently (with the latest data applying to 2012). Future analysis of the LFS alongside this data source would provide an important subjective insight into individuals' experience of the UK labour market.

2. Manifesto Commitments

This section looks at both the narratives on the state of employment in the UK and the Manifesto commitments set out by the Conservatives and Labour. In the interests of brevity, this focusses on the two main parties, one of whom will form the core of any government.

The Conservatives interpret the state of employment (and the wider economy) as follows:

“Thanks to the success of our long-term economic plan, Britain is creating more jobs than the 27 other countries of the European Union put together. That means more people with the security of a regular pay packet. Over the past five years, 1.9 million new jobs have been created; 1,000 jobs for every single day that we have been in government.”

(The Conservative Party, May 2015. Page 17.)

The Labour narrative is as follows:

“Over five million people are in low-paid jobs, earning less than the Living Wage. There are 1.8 million zero-hours contracts. 1.3 million are working part-time because they cannot get a full-time job. Half of all those in poverty live in working households. 900,000 people, many of them in work, used food banks last year. This cost-of-living crisis is bad for families, bad for business, and bad for Britain. Lower levels of pay have meant lower tax receipts and higher spending on social security.”

(The Labour Party, May 2015. Page 16.)

Both Manifestos commit to an increase in the National Minimum Wage to £8 (Labour by 2019 and the Conservatives by 2020), with the Conservatives pledging an increase in the Personal Allowance threshold for Income Tax. Both also emphasise reductions in welfare payments in order to incentivise work, with the Conservatives being more specific (or punitive), with their per-household cap on total benefits at £23,000 per annum (which will be monitored and enforced through the single Universal Credit payment). Both parties have made very similar pledges on reducing the disincentives for parents with young children to seek full- or part-time work, with increased childcare entitlements. The Conservatives make ambitious pledges around job generation (“abolishing” unemployment/achieving

“full employment”) through levers mainly related to their Business Review: which will inform further changes to National Insurance and unspecified reductions in employment regulations. Labour identify productivity and employment increases through an improved vocational education system and a programme of infrastructure investment. The Conservatives also identify low productivity as a problem, but advocate incentivising greater R&D activity alongside their wish to further reduce employment regulations. Labour explicitly set out to ban “exploitative” zero hours contracts, whilst the Conservatives limit this to “exclusive” zero hours contracts (i.e. enabling individuals to hold multiple jobs). Finally, the Conservatives have stated their intention to further tighten the criteria for legal strike action – increasing the voting participation threshold for all sectors, and increasing the threshold for the proportion of votes in support of a strike in the public services.

Table 1: Summary of employment-related Manifesto commitments of the two main Parties

	Conservative¹	Labour²
Narrative on the current state of the labour market	Strong growth in the number of jobs, especially compared to elsewhere in Europe (and emphasising higher employment than “ever before”), resulting in improvements in household income. Closely linked to wider strategy of fiscal austerity and resulting confidence of international markets.	An economy and labour market that fails to reward those in work. A shift in the structure of employment from “secure, full-time work, into precarious, badly paid jobs”, including and increase zero-hours contracts.
Manifesto Commitments	<ul style="list-style-type: none"> • Fiscal discipline. • Raising the National Minimum Wage to £6.70 this autumn and £8 by 2020; • Increasing the threshold (Personal Allowance) for Income Tax from £10,600 to £12,500, meaning people paid the Minimum Wage will be taken out of tax; • Emphasis on the current £23,000 cap on benefit payments per household (“making work pay”); • Increase the number of Apprenticeships by 3 million; • Tax-free childcare for all and 30 hours of free childcare a 	<ul style="list-style-type: none"> • Fiscal discipline - a Budget that “cuts the deficit every year”; • Raising the National Minimum Wage to at least £8 by 2019; • Introduce Make Work Pay contracts to provide tax rebates to firms who become Living Wage employers; • Banning “exploitative zero-hours contracts”; • Emphasis on vocational and technical education and training paths for young people; • Encouraging labour market participation for parents with young families by expanding

¹ The Conservative Party, May 2015. ‘Strong Leadership, A Clear Economic Plan, A Brighter, More Secure Future’. URL: <https://www.conservatives.com/manifesto>

² The Labour Party, May 2015. ‘Britain Can Do Better: The Labour Party Manifesto 2015’. URL: <http://www.labour.org.uk/page/-/BritainCanBeBetter-TheLabourPartyManifesto2015.pdf>

	<p>week for working parents of 3-4 year olds;</p> <ul style="list-style-type: none"> • Identifies low productivity and pledges investment in R&D and tax cuts and lighter regulation for business (also creating 2 million jobs, achieving “full employment”). This will be achieved through a major Business Review; • A key element of this will be changes to National Insurance (already abolished for employees under 21, to be extended to Apprentices under 25, and reduced for small business through the Employment Allowance) – described in the Manifesto as a “tax on jobs”; and • Further tightening on strike action, raising the criteria for legal industrial action (a ballot where half the workforce has voted, with a tougher threshold for the public services – which will require a supporting vote of at least 40% of all those entitled to take part). Employers will also be able to hire temporary staff during strike action. 	<p>free childcare from 15 to 25 hours for working parents of 3-4 year olds and doubling paid paternity leave for fathers;</p> <ul style="list-style-type: none"> • No increases to the basic or higher rates of Income Tax, National Insurance or VAT; • Identifies low productivity and pledges investment in transport infrastructure as a key solution.
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3. Trends in Total Employment and the Employment Rate

This section investigates the narrative on employment described by the Conservatives – namely the increasing quantity of employment and extent of labour utilisation (measured by the employment rate). On this, the Conservatives claim an increase in the total number employed that is equivalent to 1,000 jobs for every day of the Parliament since 2010 (equivalent to 1.8 million).

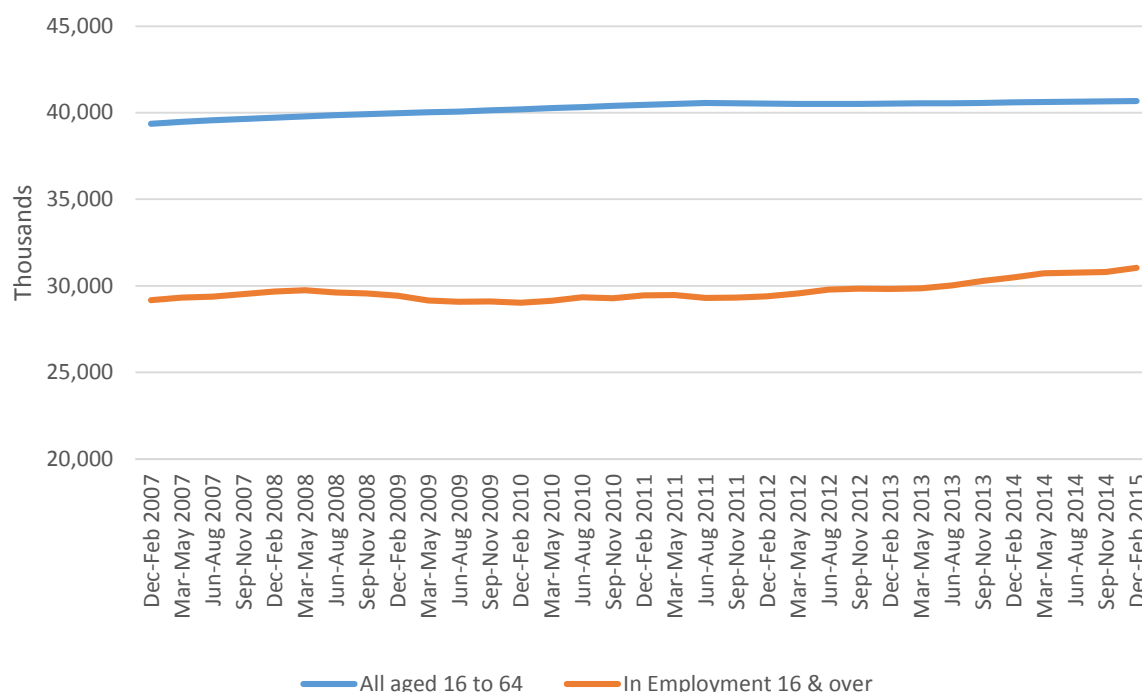
Chart 1 presents quarterly estimates of total employment levels alongside the total working-age population (aged 16-64). This shows that:

- Numbers in employment fell significantly between 2008 and 2009 (by -0.8%), following the onset of recession, and more sharply between 2009 and 2010 (by -1.4%). Employment

recovered between 2010 and 2011 (by 1.4%) but then contracted slightly in the following year. At its lowest point (in December 2009 to February 2010), there were 29.02 million individuals over 16 in employment in the UK, down from 29.18 in the same period in 2007;

- From the end of 2012/start of 2013 (December 2012 to February 2013), the numbers employed have been increasing quarter-on-quarter. Between the period December 2013 to February 2014 and the same period a year earlier, total employment increased by 2.2%. According to the latest available period (December 2013 to February 2015) and the same period a year earlier, total employment increased by 1.8% - to a record 31.05 million individuals; but
- The chart shows that the total size of the working age population (aged 16-64) increased in almost every quarter in the period illustrated. Between 2007 and 2008 it increased by 0.9%, and then by 0.6% in each year until 2011 to 2012, from which point it slowed to 0.2% in every year except 2012-2013 (when the working age population increase was negligible).

Chart 1: Working age population (thousands aged 16-64) and number in employment in the UK (thousands aged 16+), December 2006-February 2007 to December 2014-February 2015 (non-overlapping quarters)



Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

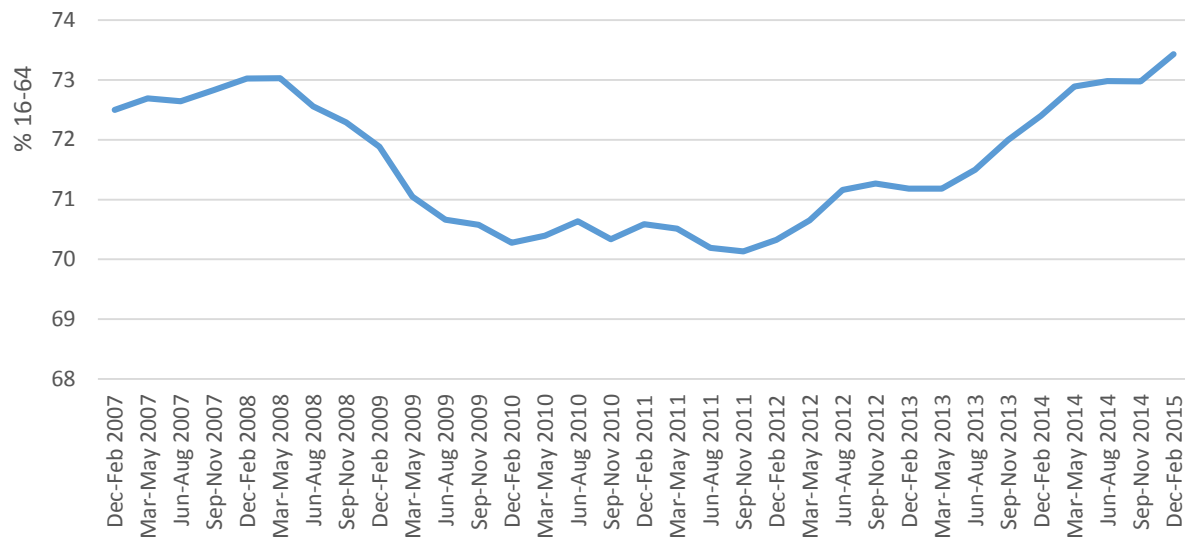
This is equivalent to a total increase of 1.9 million employed between the start of the Parliament (using the period March to May 2010) and the latest available period (December 2014 to February 2015). Because of seasonal variation, it is poor practice to compare inconsistent quarters. A more meaningful comparison would be December 2009-February 2010 and the latest period, which suggests an

increase of 2.0 million employed. However, it is disingenuous for the Conservatives to imply a consistent increase of 1,000 individuals employed per day, as Chart 1 illustrates that there were periods of contraction during the first 2-3 years of the Parliament.

What the Conservative claim does not capture is the slower recovery in the *rate of employment*. As the total size of the working age population increased throughout the period shown in Chart 1, including periods when employment contracted (2008-2009, 2009-2010 and 2011-2012), this therefore deepened the fall in the rate of employment - calculated as the number of employed individuals (16+) as a percentage of the total working age population (16-64). Therefore, Chart 2 shows far sharper falls in the employment rate and also shows a later and more uneven recovery than the trend in total numbers in Chart 1. For several quarters in 2011 and 2012, the increase in the numbers employed failed to significantly exceed the increase in the working age population, resulting in a flat or slightly falling trend in the rate of employment.

From early 2013, the recovery in the numbers of employed began to significantly outpace population growth, leading to an increase in the employment rate in most quarters. The current rate (for December 2014-February 2015) is the highest on record³, at 73.4%. This compares to the lowest point in the time series of 70.1% (for September-November 2011).

Chart 2: UK Employment Rates (% of population aged 16-64), December 2006-February 2007 to December 2014-February 2015 (non-overlapping quarters)



Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

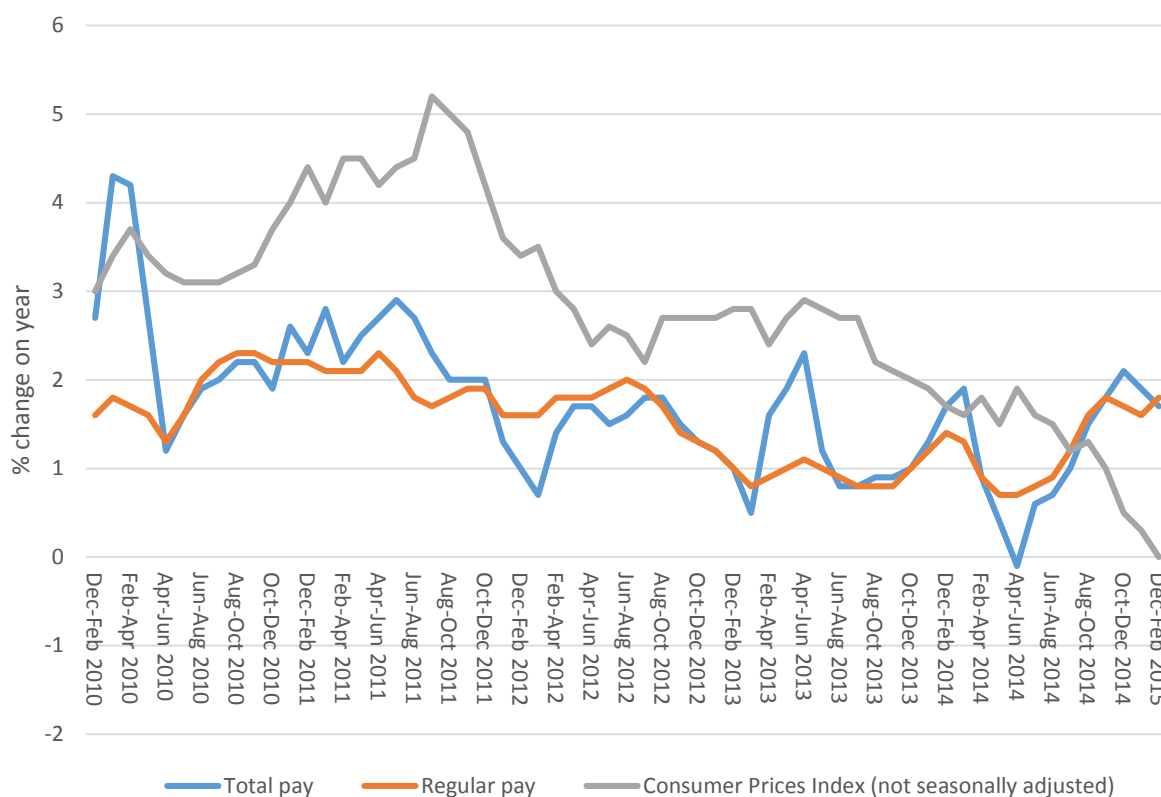
³ Comparable records began in January-March 1971.

4. Trends in Wage Growth and the Structure of Employment

Since sustained recovery in employment rates began in 2013, the Labour Party have drawn particular attention to the low rates of earnings growth. Chart 3 shows that, until late 2014 (with a couple of exceptions due to bonus payments) percentage growth in both total pay (including bonuses) and regular pay (without bonuses) remained lower than the rate of general price inflation. Therefore, in real terms (accounting for inflation) pay growth has been in strongly negative territory for much of the parliament – particularly in 2011, when the rate of inflation on the Consumer Prices Index (CPI) exceeded regular pay growth by more than 3 percentage points. In the period July to September 2011, regular earnings grew by 1.7% on the previous year compared to a rate of inflation of 5.2% - a gap of 3.5 percentage points.

In September 2014, inflation equalled the rate of regular earnings growth (at 1.2% on the previous year). From October 2014, inflation fell below the rate of regular earnings growth, and from December inflation fell below 1%. According to the latest comparable period (the 12 months to February 2015) inflation is at a historic low of 0% on the CPI. However, the chart clearly shows that there has been limited change in growth rates of regular pay, which have remained consistently between 1 and 2% for most of the Parliament. The latest rate of growth in regular pay was 1.8%, which was only 0.4 percentage points higher than growth for the same period one year ago and only 0.2 percentage points higher than at the start of the Parliament in May 2010.

Chart 3: Growth in average earnings and the Consumer Price Index (% change on year), 2010-2015



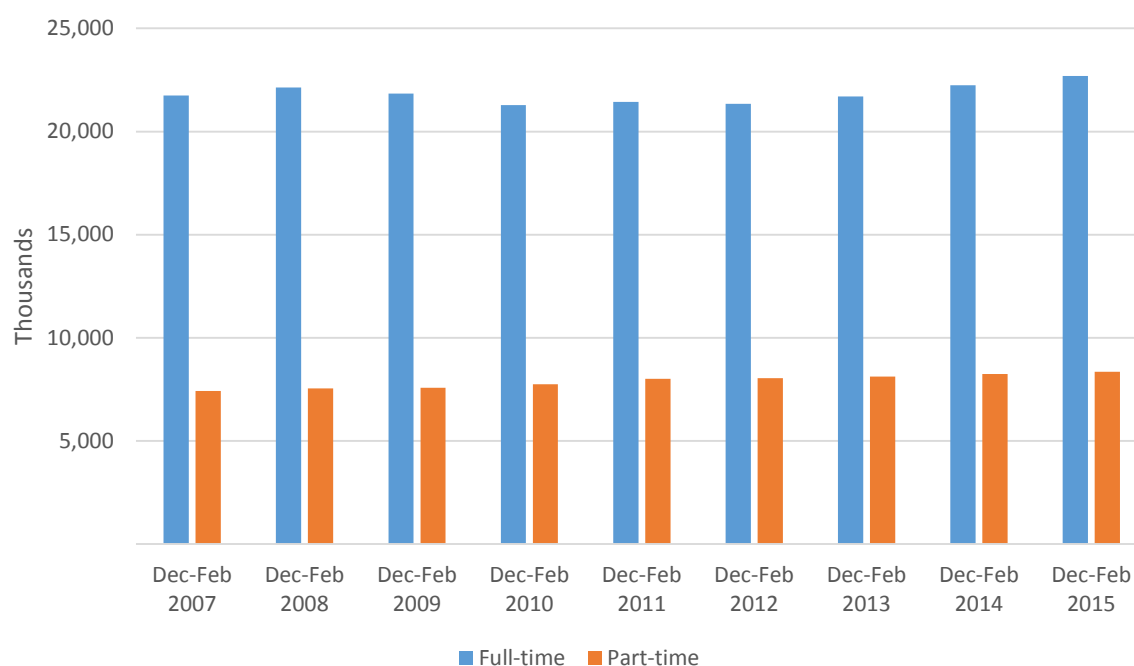
Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

4.1 The Increase in Part-time Working

An analysis of the structure of employment provides some insight into the reasons for weak earnings growth and weak productivity growth (identified in a separate ONS release, *'Labour Productivity, Q4 2014'*, 1st April 2015 – where overall UK labour productivity fell 0.2% on the previous quarter).

A key message in the Labour Party narrative is that the recovery in employment, although positive for the UK overall, has been comparatively over-reliant on part-time, temporary, low-skill and thus lower pay and less productive jobs. This has implications for benefit dependency amongst working households, in-work poverty, and the long-term sustainability of the recovery.

Chart 4: Full-time and Part-time employment (thousands), December 2006-February 2007 to December 2014-February 2015 (non-overlapping quarters)



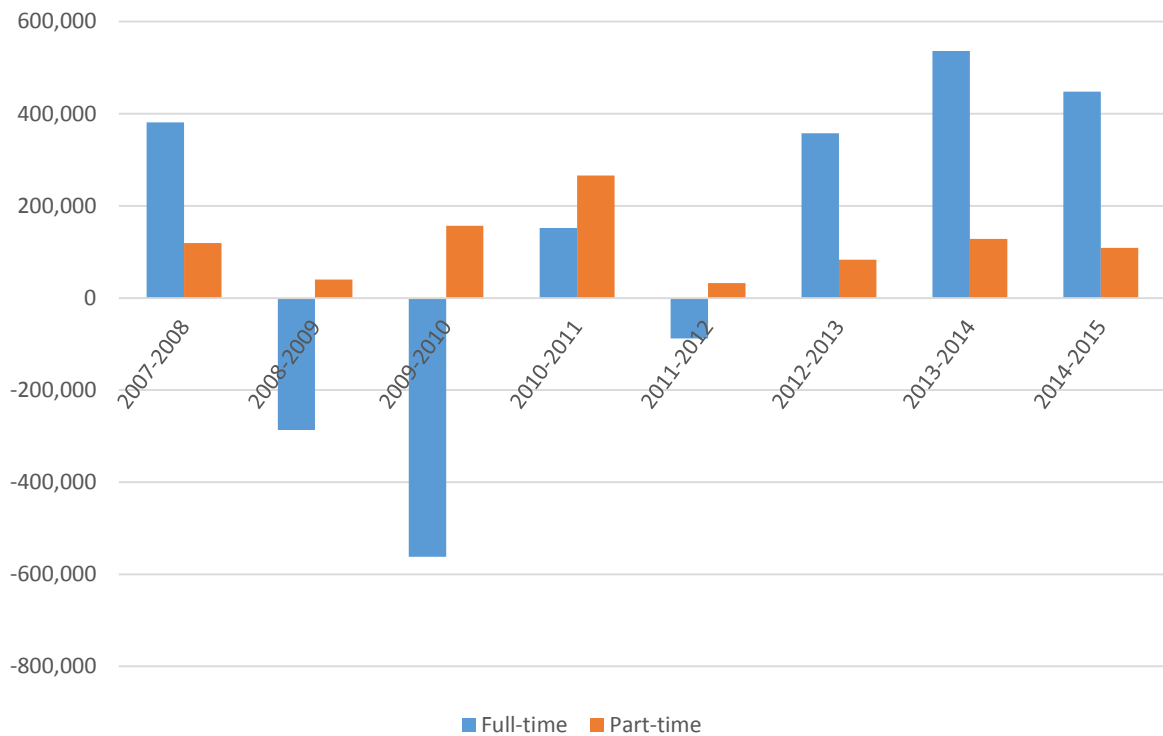
Source: ONS Crown Copyright, 2015. *'Labour Market Statistics, April 2015'*, from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

Chart 4 shows that the total balance between full-time and part-time employment has shifted slightly compared to pre-recession. In the three months to December 2007, 25.%% of the 29.18 million individuals in employment in the UK were working part-time. At the start of the Parliament (the three months to May 2010), this had increased to 27% of 29.14 million. This share increased to a high-point of 27.6% in the three months to August 2012, and then stabilised as full-time employment recovered more strongly – to the current share of 26.9%.

Chart 5 shows why this shift has occurred, with part-time employment increasing whilst full-time employment contracted in 2008 to 2009, 2009 to 2010 and in 2011 to 2012. In 2009 to 2010, full-time employment fell by 562,000 whilst part-time work increased by 157,000. Although full-time employment has been increasing more strongly in the last 3 years, part-time employment has also

increased (although at a slightly slower rate), meaning that the structure of the UK labour market remains different compared to pre-recession.

Chart 5: Change in numbers in Full-time and Part-time employment (3 months to February compared to same quarter a year earlier), 2007-2008 to 2014-2015



Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

The Conservatives have defended the increase in part-time work as evidence of additional choice and flexibility in UK employment, indicating that more parents, students and those with elder care responsibilities are entering the labour force. However, the Labour Force Survey also includes questions on an individual's reasons for self-employment. Prior to the recession (February 2006 to December 2007), only 8.9% of the 7.29 million part-time workers in the UK were working part-time because they were unable to find full-time work. This peaked at 17.9% (of 7.88 million) in the three months to February 2012 and has since fallen to the current proportion of 16.4% who say they have been unable to find full-time work out of a total 8.2 million part-time workers..

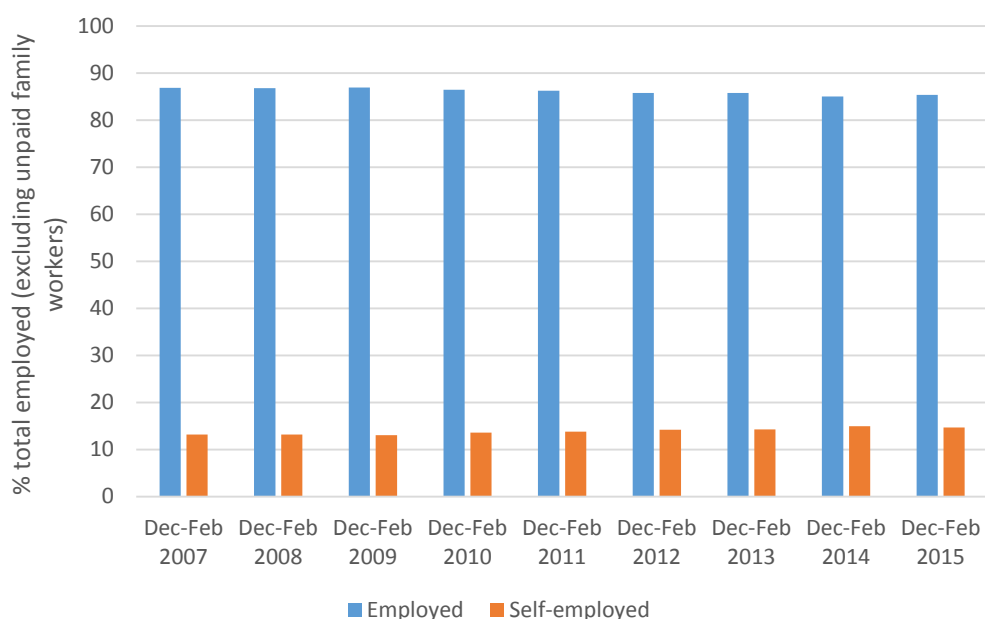
This is equivalent to 1.3 million individuals in the period December 2014 to February 2015, in-line with the statement in the Labour Party Manifesto quoted in Section 2: "1.3 million are working part-time because they cannot get a full-time job."

4.2 The Increase in Self-employment

Charts 6 and 7 illustrate a similar shift in the balance between employee and self-employed jobs in the UK, with a small but significant increase in the proportion of individuals who are self-employed, driven by much larger changes in absolute numbers in 2009 to 2010 and 2011 to 2012. Politically, the Labour

Party have placed less emphasis on this development, whilst the Chancellor, George Osborne, has attempted to present it as a positive increase in entrepreneurialism, that may lead to further job generation as the newly self-employed expand their businesses and recruit staff. Analysis by the ONS suggested that the net increase in self-employment accounted for the largest share of total net employment growth between 2008 and 2014, accounting for 732,000 of the 1.1 million additional jobs in this period. Self-employment reached its highest point since records began (a peak of 4.6 million) in March to May 2014, equivalent to 15% of total employment. However, a large share of this self-employment has been in low skill activities (with the most common roles including taxi driving) and amongst older males. Consequently, average income from self-employment has fallen by 22% since 2008-2009.⁴

Chart 6: Employees and Self-Employment (% of total employment), December 2006-February 2007 to December 2014-February 2015 (non-overlapping quarters)



Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

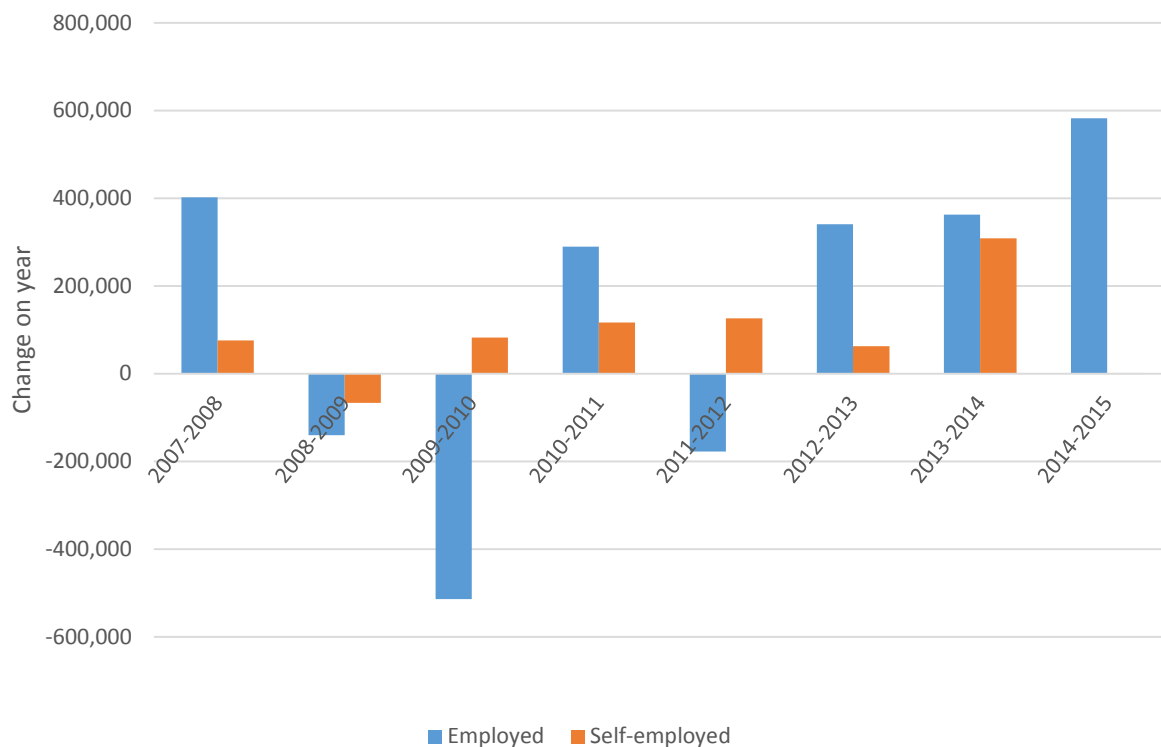
The latest available data, shown in Chart 6, shows that the share of self-employment grew consistently from 2009 to 2014, from 13.1% to 15%, but decreased slightly in the latest time-period (to 14.7% in December 2014 to February 2015, equivalent to 4.5 million individuals).

Chart 7 illustrates why this has happened. Although both the numbers of employees and self-employment fell between 2008 and 2009, self-employment then increased in every year until 2014 to 2015 (where it has fallen very slightly, by 1,066 individuals). The number of employees fell very significantly between 2009 and 2010, by 514,000. As recovery strengthened from 2012 to 2013, the number of employees began increasing consistently – but self-employment made up almost 50% of the increase in total employment in 2013 to 2014.

⁴ ONS Crown Copyright, August 2014. 'Self-employed workers in the UK – 2014', URL: http://www.ons.gov.uk/ons/dcp171776_374941.pdf

Although total self-employment fell slightly in the most recent period, the more detailed data published in the LMS show that the number of self-employed working part time increased strongly, by 5.3% (compared to a contraction of -2.1% for all self-employment and an overall increase in total employment of 1.8%).

Chart 7: Change in numbers in Employees and Self-Employment (3 months to February compared to same quarter a year earlier), 2007-2008 to 2014-2015



Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

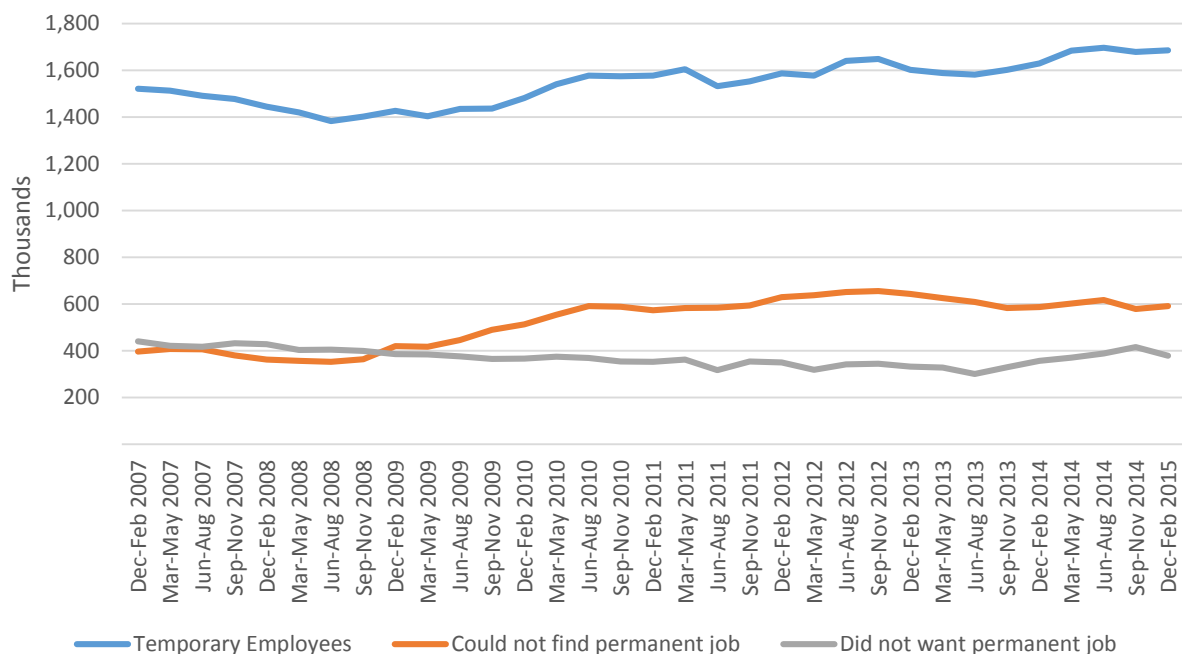
4.3 The Increase in Temporary Employment

Temporary employment (particularly 'zero-hours' contracts with recruitment agencies) has become highly politicised, and is emphasised as a strongly negative development by Labour throughout their Manifesto. The data, shown in Chart 8, is broadly supportive of this concern (although it explicitly does not disaggregate temporary contracts between fixed- and zero-hours). The chart shows two key messages:

- Temporary employment has increased significantly, from 1.52 million temporary employees pre-recession (December 2006 to February 2007); to 1.54 million at the start of the Parliament (March to May 2010); and to 1.69 million according to the latest estimate (December 2014 to February 2015). This is an increase of 3.4% on the previous year, which significantly exceeds the increase in total employment (1.8%). In their share of total employment, temporary workers increased from 6% pre-recession, to 6.2% at the start of the Parliament, to 6.4% in the latest data; and

- Of those on temporary contracts, the number of individuals who could not find a permanent job – previously level with those who were on temporary contracts because they did not want permanent work, at around 400,000 – has grown strongly from 2009. There are now an estimated 591,000 individuals working on temporary contracts because they could not find permanent work, 35% of all temporary employees – significantly higher than the proportion at the start of the time series (26.1%) and significantly exceeding the number of temporary employees who explicitly did not want permanent work (379,000).

Chart 8: Numbers in Temporary Employment and Reasons for Temporary Employment (thousands aged 16+), December 2006-February 2007 to December 2014-February 2015 (non-overlapping quarters)



Source: ONS Crown Copyright, 2015. 'Labour Market Statistics, April 2015', from A01 Labour Market Statistics Summary Data Tables [accessed 22nd April, 2015].

4.4 The Change in the Occupational Structure of Employment

Finally, this sub-section looks at the structure of employment by occupation. This provides a view of the changing skills mix of employment, as the Standard Occupational Classifications (SOCs) used in the Labour Force Survey categorise individuals' jobs by skill level and extent of skills specialisation required. This data is not available in the monthly LMS. Instead, Chart 9 presents data from the latest available quarterly release (which is based on 12 months of data, for the period January to December 2014,

compared to the same period in 2007). This is significantly more robust for this kind of analysis, as it draws from a much larger sample size than the 3-months snap-shop published in the LMS.

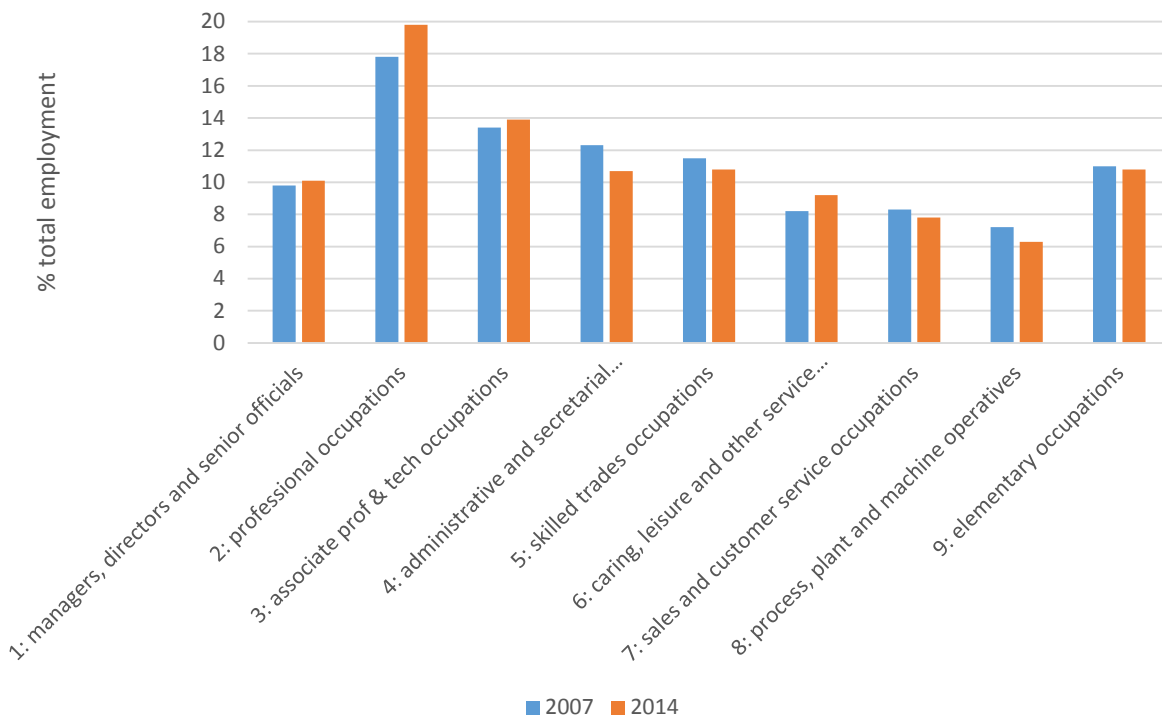
The chart shows that the highest skill occupations grew in both relative and absolute terms, whilst occupations in the middle of the skills hierarchy contracted:

- The proportion employed as Professionals increased by most, from 17.8% of employment to 19.8% between 2007 and 2014. This was an increase of 807,800 individuals, equivalent to an increase of 15.5% in the absolute number of people working in this occupational group;
- The biggest decreases were in Administrative & Secretarial Occupations (from 12.3% to 10.7%, a fall of 344,300 individuals or -9.5%) and Process, Plant & Machine Operatives (from 7.2% to 6.3%, a fall of 192,200 individuals or -9.1%);
- However, one occupation in the centre of the skills hierarchy, Caring, Leisure & Other Service Occupations, increased significantly, from 8.2% to 9.2% of total employment (405,000 more individuals or an increase of 17%). This can be related to the continuing increase in demand for health care workers associated with an ageing population;
- The Skilled Trades, intermediate-skill manual jobs closely related to Manufacturing and Construction, continued in long-term decline, falling from 11.5% to 10.8% of total employment (89,300 fewer individuals or a fall of -2.6% in total numbers); and
- The share of employment in the lowest-skilled occupation in the SOC hierarchy, Elementary Occupations, remained stable at around 11%, whilst numbers employed in this group increased slightly (by 68,600 or 2.1%).

Analysts refer to this trend as the 'hollowing out of the middle' of the occupational structure of employment, or the UK's increasingly 'hour glass' skills profile. Since the onset of recession and subsequent recovery, the biggest increase in employment has been at the highest skill end of the hierarchy, with all three of the most highly skilled groups increasing in both absolute numbers and in share of total employment. The Elementary Occupations demonstrate that demand for jobs that utilise the very lowest level of skill (requiring no education, training or formal qualifications) has remained very stable (and has in fact grown in line with overall employment), whilst several intermediate skill occupations (especially Administrative & Secretarial) have shrunk significantly in both absolute numbers and in share of total employment.

The changes in the middle of the skills hierarchy are highly gendered. The fall in Administrative & Secretarial employment is likely to overwhelmingly affect women, who accounted for 76.6% of employment in this group in 2014. However, women are also likely to be the main beneficiaries of increased employment in Caring, Leisure & Other Service Occupations, accounting for 82.6% of employment in that group. Men are likely to make up the majority of job losses in the Skilled Trades, as 90.7% of employment in this occupational group was male in 2014.

Chart 9: Employment by Major Occupational Group (% of total employment by SOC2010), January-December 2007 and January-December 2014



Source: ONS Crown Copyright, 2015. 'Annual Population Survey', January-December 2007 and January-December 2014. From NOMIS [accessed 27th April, 2015].

5. Conclusions and Notes for Further Research

This analysis of the latest monthly LMS and quarterly LFS has suggested that:

- There is merit in the Conservatives claim of the total increase in UK employment over the five years of the Parliament, with the caveats that the increase has been uneven (with falls in employment early in the Parliament) and failed to consistently keep up with the growth in total population until 2013 (resulting in a slower recovery in the rate of employment); however
- There is also merit in the Labour Party's emphasis on the quality of employment. They are accurate in the increase in part-time work and the increase in the number working part-time because they were unable to find full-time work (rather than by choice). Temporary work has also increased very significantly (driven largely by people working on temporary contracts because they had been unable to find permanent work, rather than by choice). There has been little change in the nominal rate of earnings growth – so the improvement in real earnings is almost entirely down to historically low levels of general price inflation. Labour could place more emphasis on the skills mix of employment, and the implication that the recovery has principally benefited highly skilled workers, whilst demand for intermediate-level occupations has shrunk compared to pre-recession (with the exception of care-related

activities). This has significant implications for the emphasis placed on Apprenticeships by both Parties – as this is a level of education and training most likely to lead to employment in an intermediate-level occupation.

As this working paper has a fairly limited scope, and draws mainly on the data in the monthly LMS, it highlights a number of areas for potential future research, including:

- Trends in unemployment and economic inactivity, including the reasons for economic inactivity and the relationship with key welfare reforms;
- Analysis of the relationship between the change in employment by occupation and sector (industry) and between occupation and level of highest qualification, particularly in identifying potential increases in under/over employment;
- Disaggregation of part-time and self-employment by occupation and sector;
- More detailed analysis of trends in hours worked alongside the ONS estimates of Labour Productivity;
- Analysis of key trends in employment and earnings by gender, age, ethnicity, country of birth and disability status. This could include an investigation into possible under-employment of the very young and of older workers (skills mismatches at either end of the labour market), which could also draw on the *'Skills and Employment Survey'*;
- Disaggregated analysis by geography. The monthly LMS release enables analysis by English region and devolved administration, whilst the quarterly releases (available from NOMIS) enable analysis by Local Authority District, Unitary Authority and Local Enterprise Partnership (LEP) area; and
- An exploration of subjective measures of well-being and job-satisfaction. Task discretion and autonomy can be investigated through the *'Skills and Employment Survey'* whilst the Annual Population Survey (which the Labour Force Survey is part of) includes annual information on happiness, wellbeing and life-satisfaction – which could be matched with individual employment characteristics, such as occupation, hours of work, and type of contract.