



UK 2017 Country Report Labour Market, Social Policies, Skills & Education

Sean Murphy,

European Commission – DG EMPL

Unit F4 – Hungary, UK, Ireland, Portugal



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For each MS...DG EMPL with colleagues in other DGs composes a text which seeks to....

- *Analyse headline and sub-headline statistics*
- *Monitor policy reforms*
- *Point early on to challenges that Member States should address*
- *All viewed through overarching prism of boosting sustainable jobs & growth*



UK Labour Market-related CSR 2016

UK 2016

'CSR 3: Address skills mismatches and provide for skills progression, including by strengthening the quality of apprenticeships. Further improve the availability of affordable, high-quality, full-time childcare.'

2017 Country Report judges 'some progress' across these issues.



Headline Employment/Unemployment Figures

Quarter 4 2016

*Employment rate age **20-64***

UK 77.8%

***(Only SE and DE higher, 81% & 79.1%
respectively. EU 28 rate Q4 2016 71.4%)***

Scotland in 2016, 76.3%



Headline Employment/Unemployment Figures

Quarter 4 2016

*Unemployment rate age **20-64***

UK 4.0%

(Fourth Lowest in EU28, only Czech Republic, Malta & Germany lower. EU 28 rate Q4 2016 8.1%) Scotland in 2016, 4.6%

Long Term Unemployment Rate

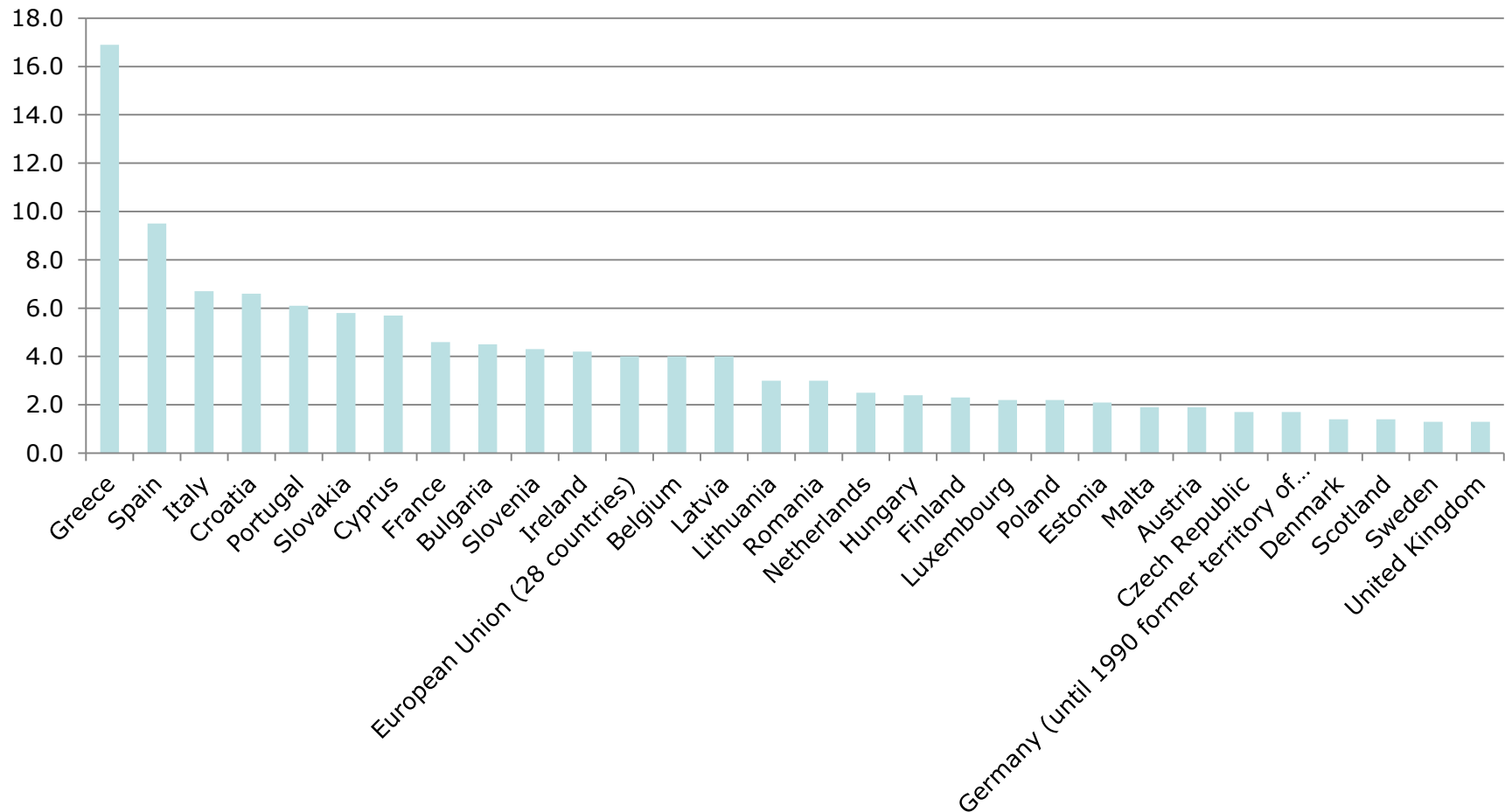
2016

1.3%

Scotland in 2016, 1.4%

EU 28 4.0%

Long-term unemployment (12 months and more) 2016



Youth Unemployment/NEET rate/Youth long-term unemployment rate

2016

13.0%

10.9%

2.2%

ALL BELOW THE EU28 RATES

All good headline figures....

But.....

- *While headline labour market indicators remain robust, there are continuing skills and social challenges.*
- *High inactivity and part-time working persist.*
- *Earnings growth remains modest, linked to weak productivity.*
- *Thus, the headline picture masks challenges for some groups.*
- *Inactivity has not changed significantly and the cohort of more than nine million inactive working age people represents a substantial potential resource.*

Female Labour Market Participation

- *For workers aged 20-64, the proportion working part time is four times higher among women (**39.7 %**) than men (**9.7 %**) and the female part-time employment rate in the UK is **8.1 pps.** higher than the EU average.*
- *The percentage of inactivity among working age women that is due to looking after children or incapacitated adults (**29.5 %**), and of part-time work that is for the same reasons (**40.1 %**), remained high in 2015. This leads to diminished career opportunities, lower pay and earnings, lower prospective pensions and underutilised human capital. At **20.9 %** in 2014, the unadjusted gender pay gap is well above the EU average of **16.7 %**. The overall gender earnings gap of **45.7 %** is above the EU average of **39.8 %**, and the gender pension gap is **39.5 %**.*

And....as instanced by the person commissioned by the PM to examine the current situation of the UK Labour Market (Matthew Taylor)..there is an issue with quality of work...

"We have been great as a country at creating jobs, but not enough of those jobs are good jobs that provide people with opportunities to grow and to develop."

"Bad work is bad for productivity, so it's bad for our economy."

"We need to provide them routes forward"

Leading to Skills trends & Issues...

- ***Skills Shortages/Skills Gaps still an issue***
- *Skills utilisation presents challenges for the UK and may contribute to low productivity. ONS says up to one third over or under-qualified.*
- ***But, lack of a single authoritative source on skills forecasting is an ongoing problem..***
(Skills policy is largely devolved to Scotland, Northern Ireland and Wales, and there is little scope to reflect differentiation in this report.)

More Skills trends & Issues...

- Routes to access, provide and avail of the expansion and simplification of vocational training which is underway will be important***
- Major reforms of skills and apprenticeship policies have been announced. The UK is focusing its efforts on apprenticeships to address the upskilling and reskilling needs of most cohorts across all ages. Other routes to upskilling may also have a role.***

Other Skills issues

- Large Employers should be very motivated to recoup the Apprenticeship levy via provision of suitable apprenticeships***
- UK unusual in having so many older(over25) and/or already in employment apprentices***
 - On skills and apprenticeships the high proportion of people who obtain only low-level qualifications remains an issue, both for labour market needs and for progression potential for individuals.***

Other Skills issues

- While the employment rate of low-skilled workers is relatively high by EU standards, their employment rate (55.9 %) is still nearly 30 pps. lower than that of the high skilled (84.7 %).***
- The large disability employment gap in the UK (33.7 pps. vs. the EU average of 23.8 pps. based on EU-SILC 2014) is also at odds with positive aggregate labour market indicators***

Social Policy Issues

"As a result of previously announced reforms and cutbacks, in particular to in-work support, social policy outcomes may come under pressure in the near-to-medium term, particularly when conflated with a spike in inflation."

- Most notable may be the number of working families affected by poverty

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Social Policy Issues

- Inequality before taxes and transfers remains relatively high....

The tax-benefit system currently performs quite well in alleviating inequality

- in-work progression and conditionality an important new area compared to regime on tax credits.

Social Policy Issues

Child poverty

- Cumulative Welfare changes likely to negatively affect child poverty rates.

- "The cumulative effect of welfare reforms and cutbacks will continue to mount for a number of years. The Institute for Fiscal Studies predicts that the share of children at risk of poverty will rise from 17.8 % in 2015-16 to 25.7 % in 2020-21, increasing the number of children experiencing poverty by 1.2 million"

Childcare

- Roll-out of expanded provision will require pace and coherence

- Supply side concerns still an issue

-The 2017 Childcare Survey confirms that sufficient supply remains an issue, reporting that half of Councils in England do not have enough childcare provision for parents working full time. The figures for Scotland (75%) and Wales (80%) are worse.



Thank you & Contact details...

- sean.murphy@ec.europa.eu