

Press Release

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Public sector workforce shrinking fast: further reductions could be up to 30-40% outside of education and NHS

The Office for Budget Responsibility (OBR) forecasts that general government employment will fall by 1.1 million (19%) by 2018–19 compared with 2010–11. If delivered, these cuts would be the largest recorded over the past fifty years: almost three times larger than the reductions in the early 1990s. A buoyant private sector labour market, though, means that up to now private sector employment has risen by more in every region than public employment has fallen.

With schools and NHS budgets currently protected from cuts the long run shift in the composition of the public workforce will continue. Already 57% of public sector workers are employed in these two sectors, up from 42% in 1991. This proportion could reach over 70% by 2018 if education and health were protected from future workforce cuts.

These are amongst the main findings of a new research, published today by the Institute for Fiscal Studies (IFS) and funded by the Joseph Rowntree Foundation, with support from the ESRC through the Centre for the Microeconomic Analysis of Public Policy at IFS. This study provides, for the first time, a consistent picture of how the size and composition of the public sector workforce has changed over the past fifty years.

Key findings:

Delivering the falls in general government employment forecast by the OBR would dramatically change the nature of the UK labour market. The general government workforce stood at 5.4 million in mid-2013, and made up less than 19% of total employment in the UK, already a lower proportion than at any point in at least the last forty years. Since 2010–11, general government employment has fallen by 240,000. If the total forecast falls in general government employment (of 1.1 million by 2018–19) are delivered, they would dwarf the fall of 350,000 seen in the 1990s and more than undo the increase of over 600,000 seen during the 2000s. It would also leave the share of the workforce working in general government at about 15% compared with around 20% during the late 1990s and 2000s.

Delivering these falls without reducing the numbers working in health and education would be very challenging. At the extreme, if there were no reductions to the education and NHS workforces between mid-2013 and 2018–19, the OBR's forecasts could only be borne out if the rest of the general government workforce were to shrink by 40% (from 2.2 to 1.3 million) between mid-2013 and 2018–19. Even if the education and the NHS workforces were reduced by 200,000 over the next five years (a fall of 6%), the reductions in other areas of general government employment would still need to be about 30%.

Since the mid 1990s there have been big increases in the number of private sector employees delivering services historically dominated by the public sector. For instance, much of the expansion in nursery care has

Embargo

Until 0.01 am
Fri 14 February 2014

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been driven by the private or not-for-profit sector. In the mid 1990s, private sector nursery nurses and assistants accounted for around 40% of the nursery workforce, but increased to more than 70% by 2010. For personal care, a similar story can be told. The number of care sector workers in the public sector has been largely flat since the mid 1990s, whilst numbers in the private sector have more than doubled since the mid 1990s and accounted for around three quarters of care sector workers by 2010.

Other key findings include:

- Women now make up two-thirds of the public sector workforce, a proportion which has been growing over time. This is likely to continue to increase as within the public sector women are more likely than men to work in areas where the budget is being relatively protected from cuts (such as health and education).
- The percentage of workforce in the public sector varies across **regions and countries** of the UK. It is largest in Wales and smallest in London. It also varies across smaller geographical areas, with the public sector workforce making up the largest share of the workforce in areas of rural Wales and Scotland, and the smallest in areas of rural England and the M4 corridor.
- Private sector employment has risen in each region by more than public employment has fallen between 2010Q1 and 2013Q2. However, regions with the largest falls in public employment are not seeing the strongest growth in private sector employment.

Jonathan Cribb, Research Economist at IFS and an author of the report, said, “The public sector workforce grew by over 600,000 over the 2000s. Even so the scale of the reductions expected over the next few years looks challenging. If delivered, the 1.1 million drop in general government employment forecast by the OBR between 2010–11 and 2018–19 would be almost three times larger than the previous drop during the early 1990s.

The workforce is a useful prism through which to look at the effects of cutting total spending whilst protecting the NHS and schools budgets from cuts. With limited falls in the health and education workforces the number of public sector workers in other areas could fall by 30-40% over the next five years.”

ENDS

Notes to Editors:

1. For embargoed copies of the briefing note “The public sector workforce: past, present and future” or other queries, contact:
Bonnie Brimstone, bonnie_b@ifs.org.uk at IFS: 020 7291 4800
2. This work forms part of a larger project funded by the Joseph Rowntree Foundation, to whom we are grateful. In the future, this project will provide further evidence on public sector pay, benefits and the mobility of workers across occupations and areas of the country
3. JRF is a funder of research for social change in the UK. They aim to reduce poverty and strengthen communities for all generations. For more information visit www.jrf.org.uk. JRF is on Twitter - keep up to date with news and comments @jrf_uk. For press releases, blogs and responses follow @jrfmedia.