

Saga Employment Report for August 2014

Paul Green, Saga's director of communications said "Thanks in part to the abolition of the default retirement age, many more older people are able to continue in work for as long as they choose to do so, rather than at the whim of their employer. This has led to a pronounced rise of more than 36% in the number of over 65s in work. This shows that employment is not a zero sum game with employment for younger works also increasing over the same period.

"However this good news masks the misery that long term unemployment causes and more needs to be done to help. Recent changes were made by government which removed Employers National Insurance for employing younger workers, by extending this further to encourage employment of those in long term unemployment, could encourage more employers to take a chance on those who have been out of work for some time, but who are desperate to get back into the workplace. We need to stop writing older workers off simply because they have found themselves out of work at an older age; and start making the most of the invaluable skills and experience many have to offer."

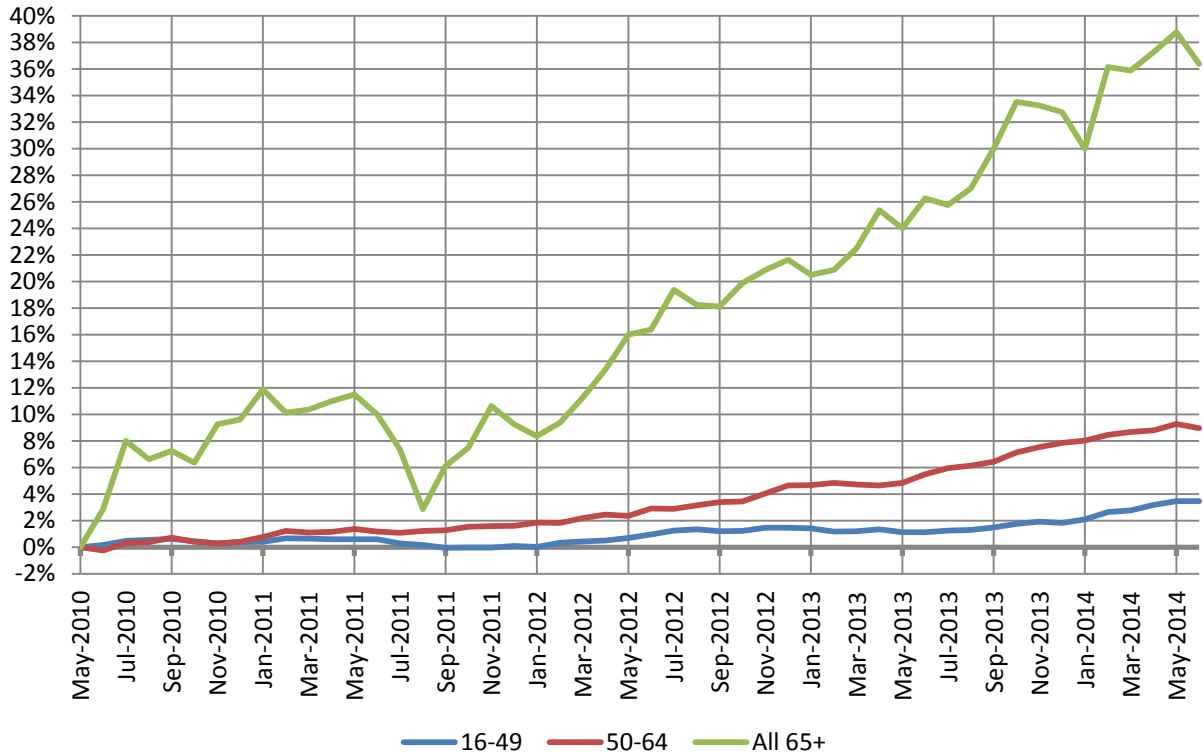
Key points:

- The UK-wide unemployment rate (for persons aged 16 and over) during April– June 2014 was 6.4%, the lowest since October-December 2008.
- Figure 1 illustrates that the contribution of the over 50s to the job market has been steadily rising. The total number of workers in the UK grew by 5.8% between the start of this Parliament in May 2010 and April– June 2014, with employment for the over 50s rising faster than for younger workers. Over this time, the number of workers aged:
 - **65 or older** has risen from 800,000 in three months to May 2010 to 1.091 million over April– June 2014, a very pronounced rise of 36.4% or 291,000 employees.
 - **50-64** has risen from 7.289 million in May 2010 to 7.943 million over April– June 2014, an increase of 9.0% or 654,000 employees.
 - **16-49** has increased by 3.5% or 722,000 employees, from 20.841 million to 21.563 million.
- The number of workers who are **50 or older** has been rising steadily. At the start of the current Parliament in May 2010 some 8.089 million UK workers were 50 or older. That figure had risen to 9.034 million over the three months to June 2014.
- Figure 2 illustrates that the over 50s' share of UK employment is continuing to rise. Over the three months to June 2014, we calculate that:
 - 70.5% of all employed people were **49 or younger**, down from 70.7% one year previously.
 - 26.0% of all employed people were in the **50-64 age bracket**, up from 25.9% one year earlier.
 - 3.6% of all employed people were **65 or older**, up from 3.4% 12 months before.
- Employment is not a zero-sum game and the over 50s have not been squeezing young people out of the job market. The number of employed over 50s is far lower than the number of employed 16-49-year-olds. Over April– June 2014, there were 7.943 million employed 50-64-year-olds, versus 7.689 million one year earlier. This compares to 21.563 million employed 16-49-year-olds over April– June 2014, versus 21.078 million over the same period in 2013.

- Figure 3 shows that economic activity¹ amongst 50-64-year-olds has been gradually trending upward compared to economic activity amongst 18-24-year-olds, which has been generally flat. The economic activity rate amongst 50-64-year-olds is now similar to that of 18-24-year-olds. Over the three months to June 2014, we calculate that:
 - 71.4% of **50-64-year-olds** were economically active.
 - This was just above the 71.0% economic activity rate of people aged **18-24**.
 - 85.9% of those in the **25-34** age bracket were economically active.
 - 87.1% of those in the **35-49** age bracket were economically active.
- Figure 4 presents a more troubling finding, suggesting that the number of unemployed persons aged 50 and above has not declined at a rate comparable with the number of unemployed persons below this age.
 - The number of unemployed people aged **49 or younger** stood at 2.101 million over the three months to May 2010, the start of the current Parliament – falling to the 1.705 million figure recorded over the three months to June 2014. This represents an 18.8% decline in the number of unemployed persons in this 49 or younger age bracket.
 - By contrast, from the start of the current Parliament to April– June 2014 the number of unemployed people in the **50-64 age bracket** has fallen, from 367,300 to 347,888. This represents a 5.3% decline in the number of long-term unemployed persons in this age bracket.

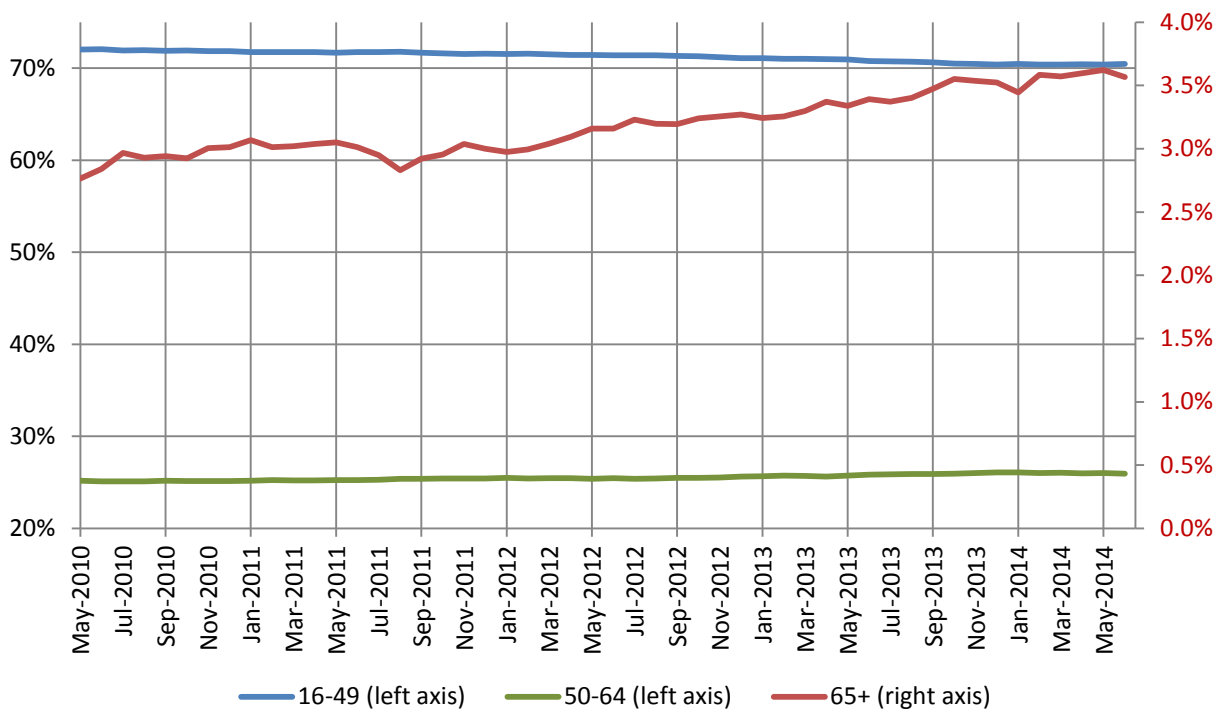
Figure 1: Growth in number of workers by age group since three months to May 2010

¹ A person is classified as economically active if they are in employment; defined as a people who did some paid work in the reference week; those who had a job that they were temporarily away from (eg, on holiday); those on government-supported training and employment programmes, or unemployed; defined as those people without a job who were available to start work in the two weeks following their interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.



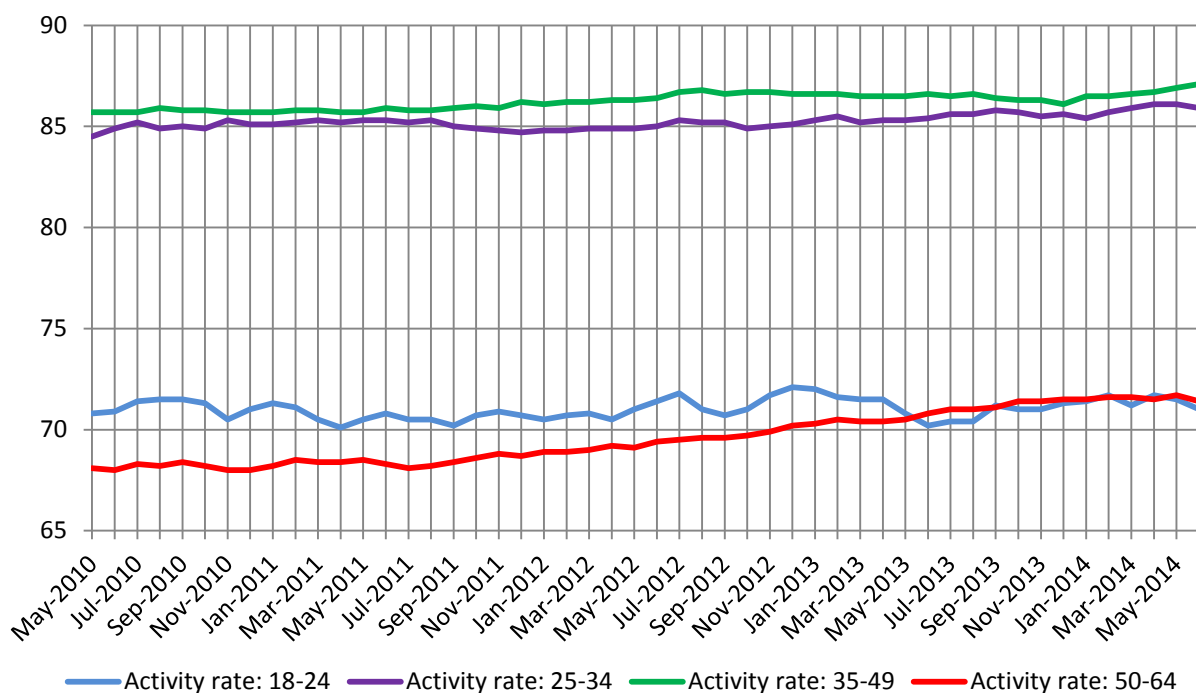
Source: Office for National Statistics, Cebr analysis

Figure 2: Share of total employment for different UK age groups (per-cent)



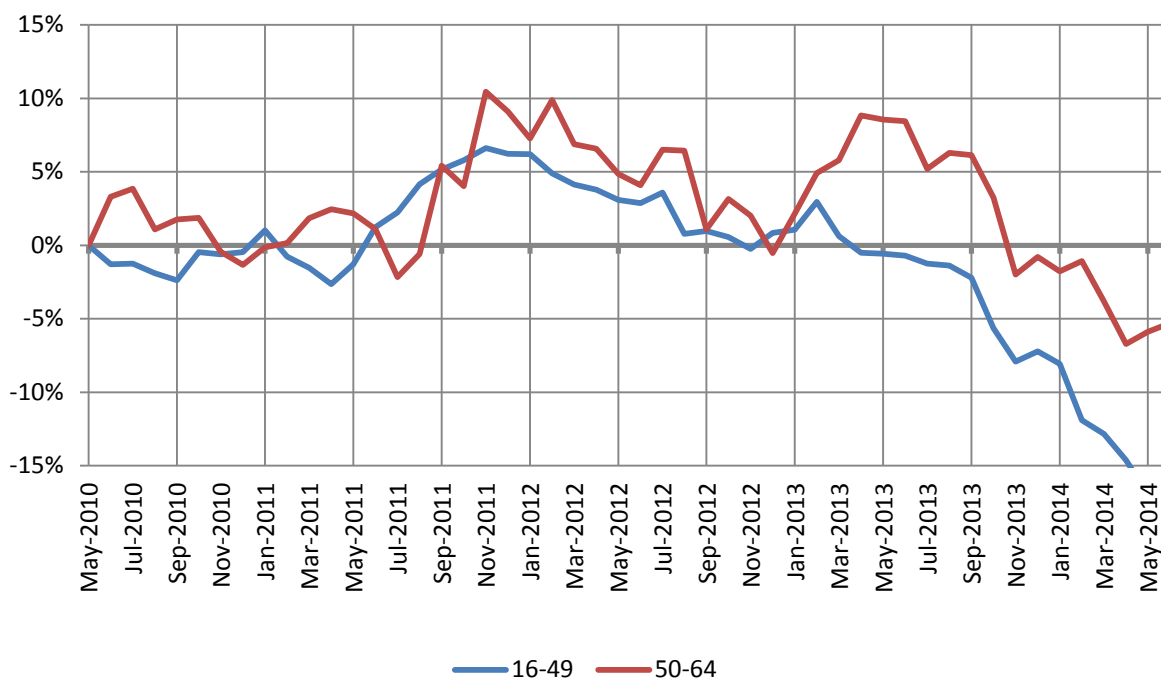
Source: Office for National Statistics, Cebr analysis

Figure 3: Economic activity rate for different UK age groups (per-cent)



Source: Office for National Statistics, Cebr analysis

Figure 4: Percentage growth in number of unemployed, since three months to May 2010



Source: Office for National Statistics, Cebr analysis