

The PRIME Initiative



BRIEFING PAPER

IMPACT OF THE RECESSION ON OVER 50s EMPLOYMENT

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3rd March 2010
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INTRODUCTION

This paper summarises the ways in which the recession has impacted on the older (50+) workforce, comparing ONS data for different age cohorts since August 2008 – the point where the UK was entering recession and marked differences in the impact on these age cohorts started to appear.

The data is drawn from ONS Labour Market Statistical Bulletins from October 2008 to February 2010, which provides figures from August 2008 to January 2010.

1 UNEMPLOYMENT

Between August 2008 and December 2010, the number of unemployed people aged over 18 rose by 655,000, representing 137,000 people aged 50 to SPA, and 518,000 aged 18 to 49.

Over 50s were impacted harder, as the number rose by 53.1% as compared with 33.8% for the 18-49 year olds (Chart 1).

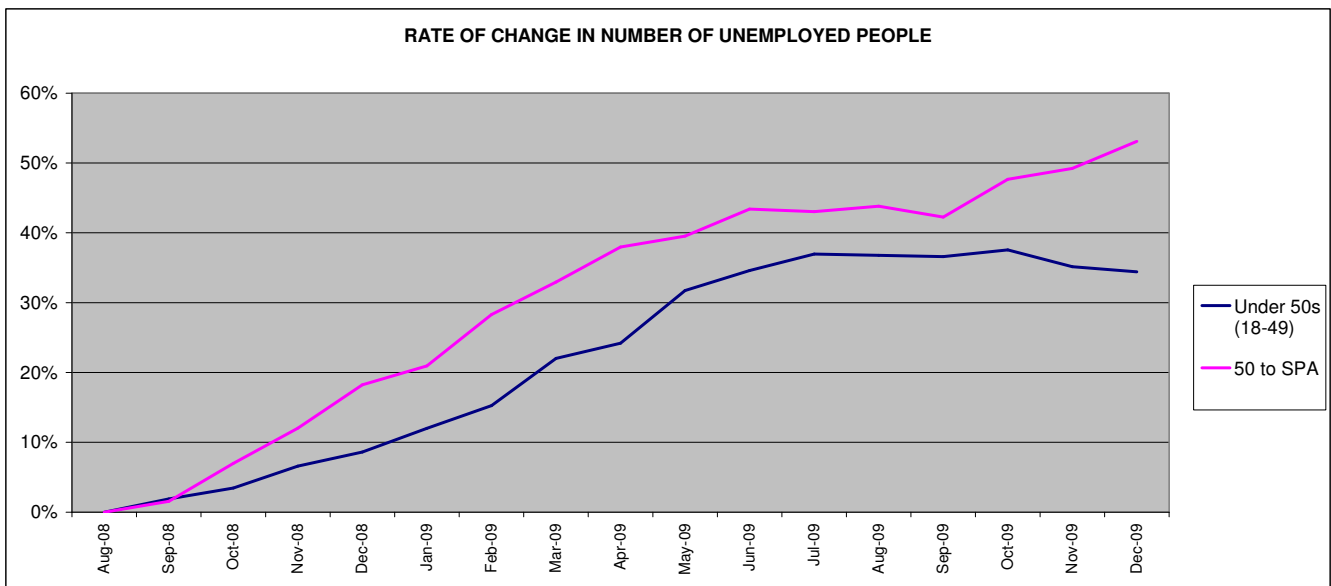


CHART 1

As a percentage of the unemployed, the over 50s now represent 16.08% as compared with 14.4% in August 2008, an increase of 1.7%.

The higher year-on-year increase in unemployment experienced by the over 50s can be clearly seen in Chart 2.

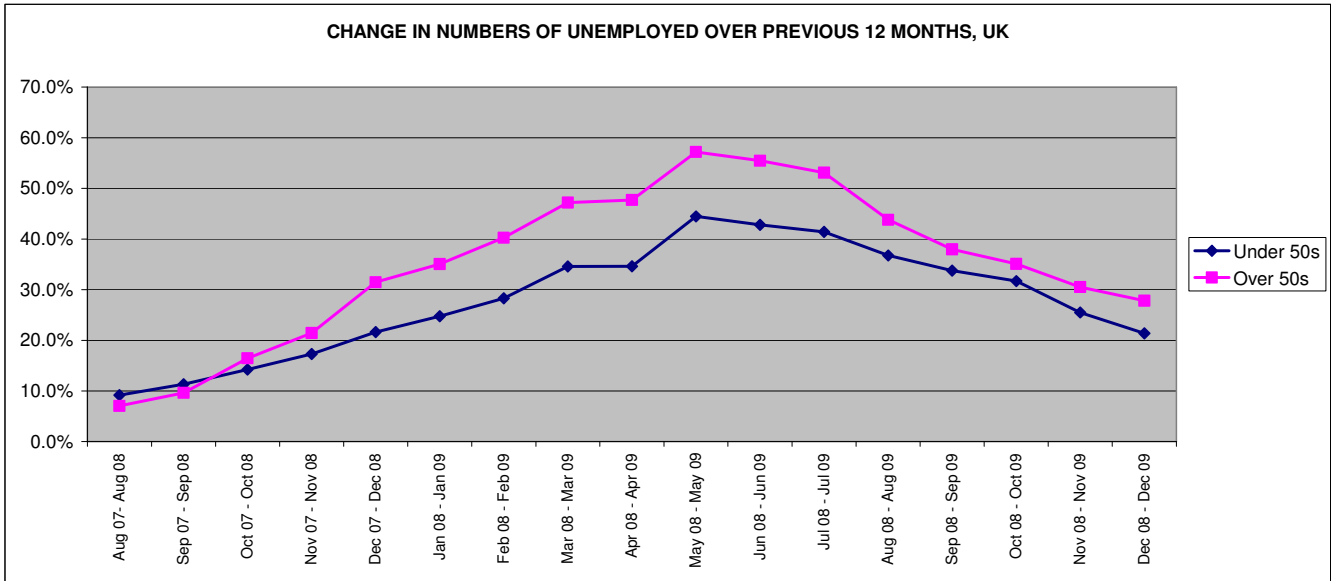


CHART 2

2 JSA CLAIMANT COUNT

One impact of the recession is an increase in the proportion of JSA claims that become long term, and there has been a huge increase in the proportion of claims longer than **12 months** by the over 50s. Between September 2008 and December 2009, the number of 12-months+ claims by the over 50s rose from 24,200 to 52,300 - an increase of 27%; by comparison the rise in 12-months+ claims by the under 50s was 18%.

For the over 50s, the percentage of claims over **6 months** duration dropped from 33.6% in September 2008 to 29.7% in February 2009, and has been rising steadily since then, reaching 44.1% in January 2010. The proportion of JSA claims that is long-term has remained consistently higher for the over 50s (Chart 3).

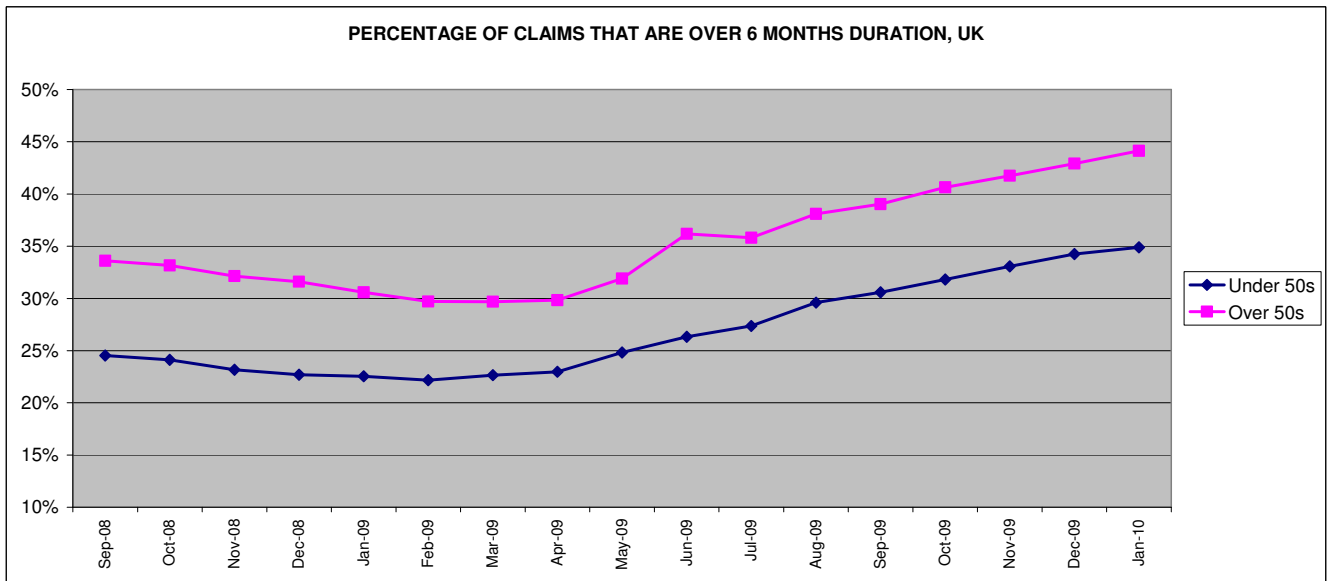


CHART 3

In addition, the gap* between the number of unemployed and those claiming JSA, has grown for the over 50s. This gap has historically been greater for the over 50s, and in November 2008 stood at 138,000 or 48% (ie 52% were claiming JSA); the equivalent gap for the under 50s was 41.5%.

During the recession, a higher proportion of unemployed have been claiming JSA, with the result that the percentage of under 50s not claiming JSA has fallen to 26.4%, and that of the over 50s to 37.7% (Chart 4).

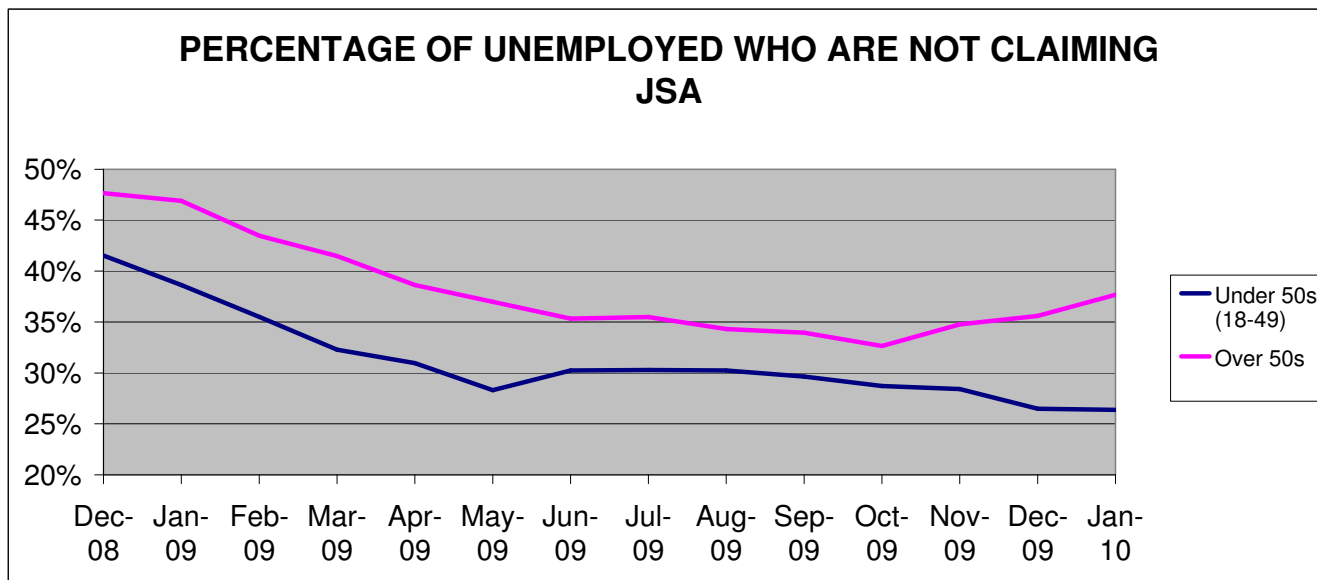


CHART 4

*difference between quarterly average of Unemployed, and quarterly average of JSA Claimants.

3 WORKLESSNESS

As of December 2009, worklessness (aggregate of Economically Inactive and Unemployed) stood at 29.5% for people aged 50-SPA, and 27.2% for the under 50s (16-49), an apparently small differential of 2.3%. However, if we exclude students from the figures the differential is much wider.

Over the period of this analysis, the number of Economically Inactive students has grown to 2.258 million - the highest since comparative records began in 1993. Subtracting these from the workless figures produces new figures showing that the number of workless over 50s has increased from 2.48m to 2.6m, and the number of workless under 50s has increased from 5.20 to 5.68m. Based on these figures, the real rates of worklessness are 28% for the over 50s, and 19.8% for the under 50s, and the differential between 50+ and under 50s worklessness is actually just over 8%.

4 PEOPLE AGED OVER STATE PENSION AGE

As our working age population gets older, those aged over 50 are already playing an increasingly vital role in the UK' economy.

During the recession, the number of economically active people aged over SPA has increased by 85,000 people, the only age cohort to show any significant growth (Chart 5).

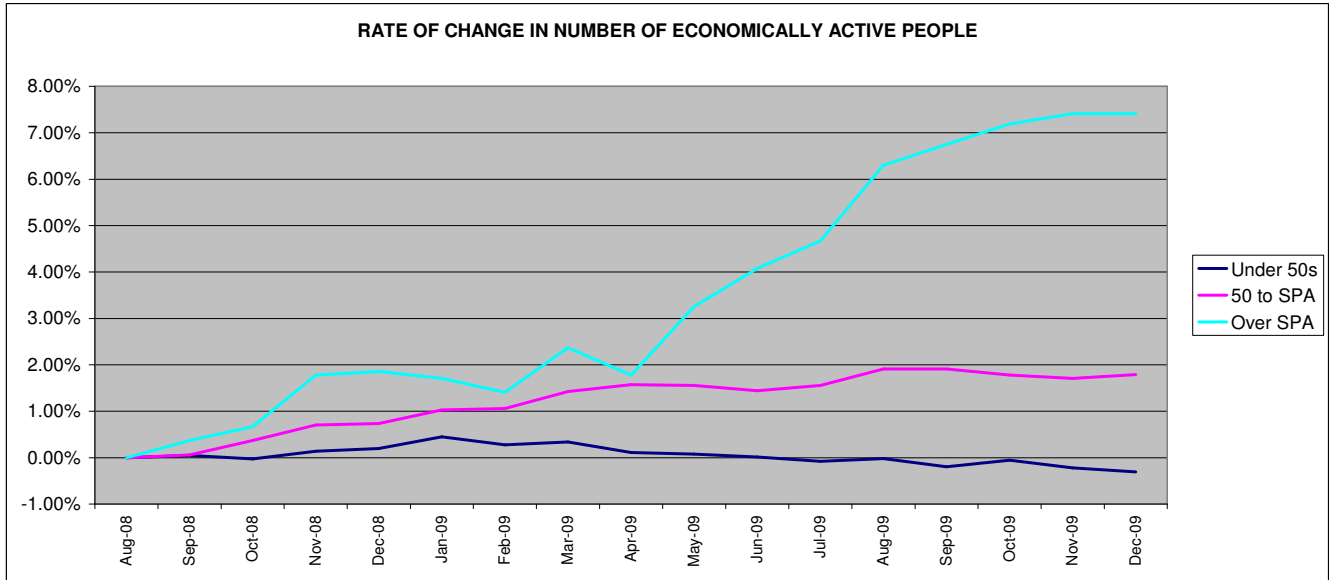


CHART 5

Whilst not impacted by the recession, we have observed a gradual rise in the UK's Old Age Dependency ratio, from 30.0% in August 2008 to 30.6% in December 2009. This is accompanied by a small rise from 24.26% to 24.38% in the percentage of the workforce that is aged 50-SPA.

ONS projections show that through a combination of demographic change and the equalisation of State Pension Ages, this percentage is set to increase rapidly from this year until it reaches 31% by the year 2023, representing an additional 3.8million workers aged 50-SPA. If measures are not taken to address the higher levels of 50+ worklessness and long-term unemployment, the cost will rise from £70bn to £103bn per annum.

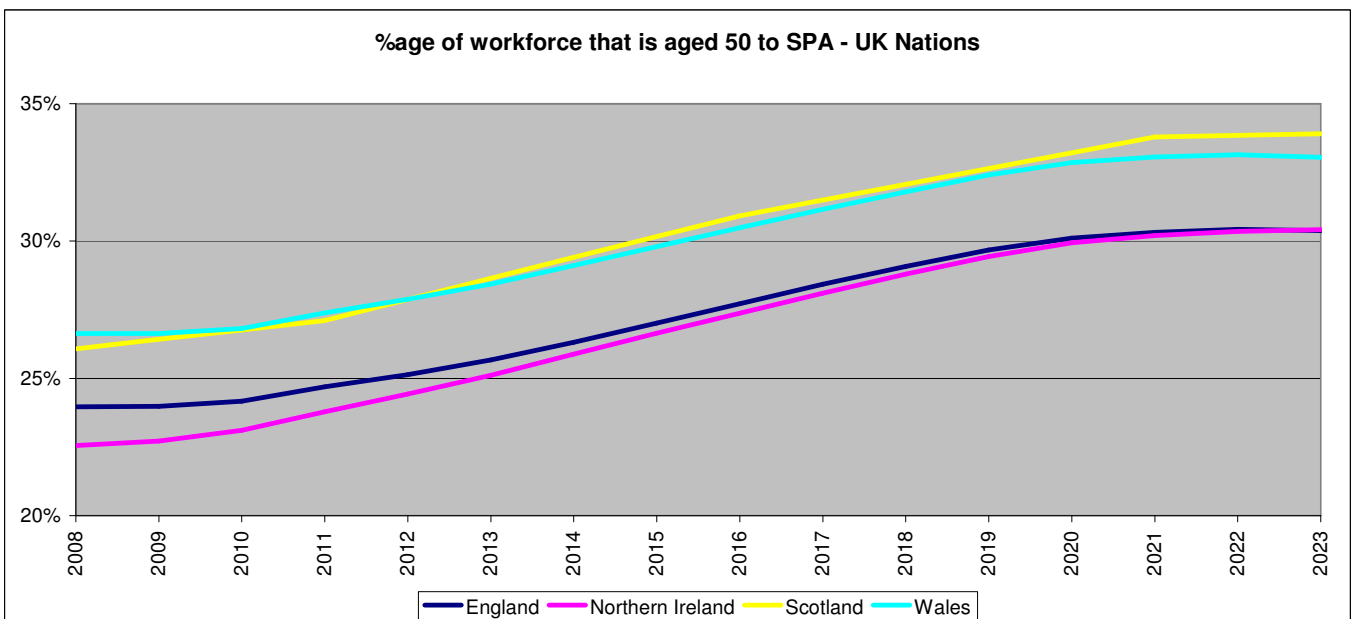


CHART 6