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Labour Market Statistics.

Employment Market Research Unit.

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November 1982

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PREM 19/3847

FILE

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A/E/Labour

10 DOWNING STREET

LONDON SW1A 2AA

CC HMT

*From the Private Secretary*

3 March 1992

LABOUR MARKET STATISTICS: ADVANCE BRIEFING

Thank you for your letter of 27 February.

I confirm that I am happy for the additional copies of Labour Market Statistics Press Notices and associated briefing to be sent to the Treasury as requested.

I am copying this letter to Owen Barder (H.M. Treasury).

BARRY H POTTER

Steve Turner, Esq.,
Department of Employment.

chex.ps/ob/3

Treasury Chambers, Parliament Street, SW1P 3AG
071-270 3000

2 March 1992

Barry Potter Esq
Private Secretary to
Prime Minister
10 Downing Street
LONDON
SW1

LABOUR MARKET STATS

Dear Barry,  hp. B.P.?

Thank you for your letter of 28 February attaching a letter from Steve Turner (DOE).

We are quite content with what Steve Turner suggests.

Yours,

Owen.

OWEN BARDER
Assistant Private Secretary

file PMM

(C:\Economic \ Stats)

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

28 February 1992

Dear Owen,

**LABOUR MARKET STATISTICS: ADVANCE BRIEFING**

I attach a gloriously bureaucratic letter from Steve Turner, Department of Employment.

Quite why my approval for these proposals matters is wholly unclear.

What would be helpful, however, is if you could let me know that Margaret O'Mara, Caroline Slocock and Bob Stannard need this material on the Monday, as I suspect. If so, I will write back in that vein.

Yours ever,

Barry

BARRY H. POTTER

Owen Barder, Esq.,
H.M. Treasury.

DTS

**Department of Employment**
Caxton House, Tothill Street, London SW1H 9NF

Telephone 071-273 ......
Telex 915564 Fax 071-273 5803

**Secretary of State**

Barry Potter Esq
Private Secretary
10 Downing Street
London SW1A 2AA

27th February 1992

Dear Barry,

**LABOUR MARKET STATISTICS: ADVANCE BRIEFING**

As you know, draft Labour Market Statistics press notices and associated briefing are circulated to No 10 and selected Departments in advance of the publication date. The circulation of this brief on the Monday before publication is strictly limited on a "personal and confidential" basis, with numbered copies going to recipients in accordance with the directive from the Prime Minister.

Earlier this month, you agreed that we should add Mr C Mowl, a Grade 3 in the Treasury with responsibility for briefing Treasury Ministers on macroeconomic developments, to be added to the Monday circulation list. The Treasury have now asked that Miss M O'Mara, a Grade 5 in their IAE3 Division with responsibility for dealing with the Employment Department, should be added to the list. In addition, Ms C A Slocock and Mr R Stannard, Grade 7s in the IAE3 and EET Divisions, directly concerned with labour market policy, have also asked to receive the brief. We recommend that Miss O'Mara should be added to the Monday briefing list, and that Ms Slocock and Mr Stannard should receive the brief on Thursday, when it is "confidential" and no longer "personal and confidential".

I should be grateful if you would confirm that you are content with these proposals. The next briefing is due to be circulated on Monday 16 March.

Yours

Steve

**STEVE TURNER**
**Private Secretary**

EMPLOYMENT DEPARTMENT GROUP

Employment Service
Health and Safety Executive · ACAS

100% RECYCLED PAPER

Prime Minister!

The unemployment and earnings figures. BHP 11/4

A1 SUMMARY

**PERSONAL AND CONFIDENTIAL UNTIL 11.30AM 12 APRIL THEREAFTER CONFIDENTIAL**

## LABOUR MARKET STATISTICS

### Summary

UK unemployment (seasonally adjusted) fell by 6,800 between February and March and following the smaller fall of about 2,000 in the previous month confirms the considerable slowdown in the downward trend in recent months.

The upward trend in employment since 1983 remains strong but appears to be slowing down. The increase in the workforce in employment of 730,000 in the twelve months to December 1989 was a little lower than for the previous year and was the lowest since the year to September 1987. The services sector remains buoyant. In manufacturing industry, reductions in the number of employees and overtime working and increasing hours lost through short-time working all point to a continuing downward trend.

Vacancies recorded at Jobcentres remain on a downward trend.

As expected, a small rise in average earnings in February 1990 was sufficient to take the annual increase in average earnings up to 9½ per cent, after four consecutive months at 9¼ per cent.

### Unemployment

UK unemployment (seasonally adjusted) fell by 6,800 between February and March to 1,603,600, the lowest level since October 1980. March's level of unemployment represents 5.6 per cent of the workforce.

**PERSONAL AND CONFIDENTIAL UNTIL 11.30AM 12 APRIL THEREAFTER CONFIDENTIAL**

This month's fall, though larger than that seen between January and February, is the second smallest fall since January 1987 and confirms the considerable slowdown in the downward trend seen in recent months. Moreover, there are further signs that the downward trend in unemployment may be coming to an end, with the monthly number of people joining the claimant count now on a clear upward trend although the numbers are not yet large enough to offset the numbers leaving the count.

It does not necessarily follow that total unemployment will rise next month. This will depend crucially upon whether the pattern experienced recently in some southern regions spreads throughout the rest of the country.

**Regional comparisons**

Between February and March unemployment amongst men and women increased in the South East excluding Greater London, East Anglia, and the South West. Male unemployment showed no change over the month in East Midlands. All other regions saw falls in both male and female unemployment, though these were smaller than a few months ago. The largest falls in total unemployment were in the West Midlands, Yorkshire and Humberside and Scotland.

**'Headline total'**

The UK unadjusted unemployment total fell by 29,200 between February and March to 1.647 million.

**PERSONAL AND CONFIDENTIAL UNTIL 11.30AM 12 APRIL THEREAFTER CONFIDENTIAL**

**'April' headline total**

Seasonal influences tend to decrease the unadjusted total between March and April by about 20,000 and so the headline total needs to fall by at least 20,000 if the seasonally adjusted total is not to rise next month.

**Employment**

New figures are available this month for the workforce in employment in the United Kingdom for December 1989 (all industries and services) and for employees in the production industries (manufacturing and energy and water supply) in Great Britain in February 1990. Revisions arising from the receipt of new information have been made to employees in employment and participants in work related government training programmes in June and September 1989. A correction has been made to the seasonally adjusted estimate of employees in employment in manufacturing for January 1990.

The workforce in employment in the United Kingdom in December 1989 is estimated to be 27,077,000, an increase of 152,000 in the quarter. Growth over the year to December 1989 was 730,000. This continues the upward trend of the past six years (there has been an increase of 3,513,000 since March 1983) but is less than the increase of 785,000 in the year to December 1988 and is the lowest annual increase since the year to September 1987 (661,000).

**PERSONAL AND CONFIDENTIAL UNTIL 11.30AM 12 APRIL THEREAFTER CONFIDENTIAL**

The quarterly increase in service sector employees continues the high growth rate seen in this sector since mid-1987. The small quarterly increase in energy and water supply employees was the first since September 1980. Quarterly changes in employees in manufacturing and other industries have been a little erratic but suggest a downward trend from early 1989.

The 12,000 decrease in the fourth quarter of 1989 in the number of participants in work related government training programmes reflects the fall in numbers of participants on Youth Training Scheme (YTS).

The annual increases in both the workforce in employment and in employees in employment are somewhat lower than in the year to December 1988.

During the year to December 1989 full-time employment increased by 485,000 while part-time employment increased by 243,000 (including 46,000 work related government training programme participants).

The regional changes in the employees in employment and civilian workforce in employment over the year to December 1989 show continuing growth in the civilian workforce in employment and employees in employment in all regions of the UK.

**PERSONAL AND CONFIDENTIAL UNTIL 11.30AM 12 APRIL THEREAFTER CONFIDENTIAL**

In February 1990 there were 5,137,000 employees in manufacturing industry in Great Britain, a fall of 16,000 in the month. Despite the rise of 10,000 in January 1990, employment in this sector remains on a downward trend. With the exception of August 1989 and January 1990, the numbers have fallen in every month since February 1989. Over the year to February 1990, employment in manufacturing industry fell by 34,000 compared with a rise of 51,000 in the previous 12 months.

In February 1990 there were 458,000 employees in the energy and water supply industries in Great Britain, 1,000 less than in January 1990. Over the year to February 1990, employment in these industries fell by 18,000. However, there has been little change in employment in these industries over the last five months.

Overtime working by operatives in manufacturing industry rose slightly in the month, to 12.8 million hours in February 1990. However, there are indications of a generally downward trend in these figures since late 1988. The February 1990 figure is 0.9 million hours (6.8 per cent) less than February 1989.

The number of hours lost through short-time working by operatives in manufacturing industries rose in February 1990 to 0.60 million. This is the highest level since October 1986 and arose largely as a result of a number of employees in the motor industry being temporarily laid off. Monthly figures are erratic but the underlying trend shows some increase in hours lost.

The index of average weekly hours worked by operatives in manufacturing industry in Great Britain has now been revised to take account of the revisions made last month to the employees in employment estimates. The index stood at 99.8 in February 1990, the same as January 1990 and somewhat lower than in February 1989 (100.4). These comparisons confirm the generally downward trend seen in manufacturing industry.

**Vacancies**

The stock of vacancies at Jobcentres (UK, seasonally adjusted) fell by 3,100 between February and March to 195,600. This month's fall was spread amongst most regions, though there were small rises in Yorkshire and Humberside, the Northern region and Wales. The number of placings by Jobcentres fell by 5,200 between February and March, though at 153,400 these remain relatively high.

**Average earnings**

The estimate of the underlying increase in average earnings for the whole economy for February 1990 is 9½ per cent, after four consecutive months at 9¼ per cent. There was only a small further rise in earnings in February but this was sufficient to take the rate up to 9½ per cent.

Lower overtime and bonus payments are expected to continue to counter higher settlements in March but in April, a major month for settlements particularly in the services sector, there is the possibility of a further rise of 9¾ per cent.

## Industrial Stoppages

The number of working days lost in February 1990 is provisionally estimated as 492 thousand. This figure includes 204 thousand working days lost in the motor industry and 125 thousand working days lost in medical and health services. The current month's estimate of 492 thousand, whilst being much higher than for February 1989 is approximately half the February average for the 1980's (976,000)

The number of stoppages in progress in 1989 is provisionally estimated at 701. However, this figure will be revised upwards due to late notifications of some stoppages. The final figure should be below the 781 stoppages recorded in 1988 and should be the lowest yearly figure since 1935 (564 stoppages). (As reported last month, the number of working days lost in 1989 was 4.1 million compared with 3.7 million in 1988 and an average of 7.2 million for the 1980's.)

## Next Labour Market figures

The next labour market briefing will be issued on Monday 14 May in advance of the press release on Thursday 17 May.

# KEY FACTS

## UNEMPLOYMENT IN MARCH
### Seasonally adjusted (UK)

Now 1.604 million lowest since October 1980.
Down 6,800 in March.
Rate 5.6%, lowest since Sept 1980
Down 316,900 in 12 months.
Average monthly fall of 14,900 over last 6 months.
44 months continuous fall.
Longest, largest since the war.
Down 1.530 million since July 1986.
Fall of 1.253 million since June 1987 election. 1.354 million since campaign (April 1987). Fall in all UK regions over last year: rates fallen most in North, Wales and Scotland.

### TOTAL (unadjusted) (UK)

Now 1,647 million (5.8%)
Down 29,200 since February.

### Long term unemployment. UK, unadjusted January 1990:

578,000 lowest for 7 years. Fall of 779,000 since April 1986 including a fall of over a half-million in past two years. Fallen faster than total unemployed. Long term unemployed aged 18-24 down 55% in 2 years, over 25s down 45% in same period. Over 5 years unemployed now down by 27 % over the past year.

### Young unemployed (UK)

18 - 24's down by 49% since January 1987. Over 25s down by 45% in the same period. November 1989 under 25's EC unemployment rate for UK is 8.1%, compared to EC average of 17.1%

### Fiddling the figures

Seasonally adjusted unemployment gives a comparable assessment of trends over time: nothing to hide. Only two changes in method of compilation since 1979. Participants in employment and training measures are not unemployed, they are at work or training.

### Labour force survey (GB Spring 1989) ILO/OECD measure of unemployment

Confirms unemployment has been falling sharply. ILO definition has been falling since its introduction in 1984 (down 1.1m since 1984, of which fall since 1987 is 0.9m).

### International Comparisons (Standardised OECD rates)

UK rate fallen faster in past 2 years than any other major industrialised country (also in past year except for Spain). UK unemployment lower than EC average (~~5.6%~~ 5.7%) March 1990 compared to 8.6% February 1990). Unemployment higher in France (9.4%), Italy (10.8%), Canada (7.8%), Belgium (8.6%), Netherlands (9.4%), Spain (16.4%) and Ireland (16.7%).

### Flows out of unemployment

Around 1/3 million per month leave the count. Over 25% of the unemployed leave within the first month; 57% leave within the first 3 months.
Job starts: 7.5 million per year (1987) includes employed and unemployed, equivalent to about 30,000 every working day.

## VACANCIES (Seasonally adjusted, UK)

Unfilled vacancies at Jobcentres 195,600 in March, Down 3,100 since February, down 13% on a year earlier. Only about a third of vacancies reported to Jobcentres.

## INDUSTRIAL STOPPAGES (UK)

Working days lost 4.1 million in 1989 compared to 3.7 million in 1988, the 1989 figure is approximately half the annual average for the 1980s and third of the annual average for the 1970s. Provisional estimate for February 1990 is 492,000 compared to 473,000 in January 1989.
Number of Stoppages 52 in February lowest for any February since 1933 (37). 701 in 1989 lowest yearly total since 1935 (564 stoppages).

## KEY FACTS

EMPLOYMENT (UK seasonally adjusted)

WORKFORCE IN EMPLOYMENT

Workforce in employment in Q4 1989
- now stands at 27,077,000 (highest ever)
- Increase since March 1983 by 3,513,000
- Employment growth of 152,000 in Q4 1989.

TREND - ANNUAL INCREASE
- Increase in year to December 1989 of 730,000,

of which: 216,000 male
514,000 female

491,000 employees
198,000 self employed
47,000 trainees
-7,000 HM Forces

EMPLOYMENT IN MANUFACTURING
- at 5,245,000 in December 1989
- down by 25,000 in year to December
- down 12,000 in Q4.

EMPLOYMENT IN SERVICES
- at 15,936,000 December 1989
- up by 539,000 over the year
- service sector accounts for over two-thirds of employment (incl. self employment)
- the estimates in the third and fourth quarters of 1988 and the first quarter of 1989 have been affected by the run-down in CP.

SELF-EMPLOYMENT
- at an estimated 3,311,000 in December 1989
- up by 198,000 over year to December
- up by 1.4 million since June 1979 (following little change in the seventies).

EMPLOYMENT (GB seasonally adjusted)

EMPLOYMENT IN MANUFACTURING (GB)
- at 5,137,000 in February 1990
- down 16,000 in February
- down 34,000 in year to February

OVERTIME AND SHORT TIME (GB)
- overtime of 12.81 million hours a week worked in February
- short time of 0.60 million hours a week lost in February

PART-TIME EMPLOYMENT (GB)
- at 6,377,000 (24% of workforce in employment) in December 1989
- up by 243,000 over year to December
- up by 1,532,000 since March 1983
- part-time jobs account for 33% of employment growth in year since December 1988
- continuing rise is a sign of increased labour market flexibility good for the economy
- according to 1989 LFS only about 7% of those working part-time did so because they could not find a full-time job and the majority preferred part-time work
- NB. a part-time job can be anything up to 30 hours a week: ie. more than half a full-time job.

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WORK-RELATED GOVERNMENT TRAINING PROGRAMMES
- Participants in programmes and schemes who receive training in the context of a workplace and are not employees or self-employed
- Includes most YTS, NJTS and ET participants.

DOUBLE JOBBING
- increase includes second jobs as employees (but excludes second jobs as self-employed)
- second jobs are still extra jobs, even if held by people already employed.

INTERNATIONAL COMPARISONS
- Rate of growth 83-87 (latest comparable) more than 3 times as great as rest of EC.
- UK proportion of population of working age in employment (68%) much higher than EC average.

A2(iii)

PERSONAL AND CONFIDENTIAL UNTIL 11.30 AM ON THURSDAY 12 APRIL 1990

**KEY FACTS : EARNINGS, SETTLEMENTS, PRODUCTIVITY AND UNIT COSTS:**

## EARNINGS

- underlying increase in average weekly earnings in **February** (provisional).

| Whole Economy | Manufacturing | Services |
|---|---|---|
| $9\frac{1}{2}$% | $8\frac{3}{4}$% | $9\frac{1}{4}$% |

Whole economy and manufacturing are up $\frac{1}{4}$% from January; services unchanged.

- **Whole Economy** has edged up to $9\frac{1}{2}$% after 4 consecutive months at $9\frac{1}{4}$%.

- **Manufacturing** has been in $8\frac{1}{2}$-9% band since January 1988.

- **Services** $\frac{3}{4}$ percentage point higher than 6 months earlier.

- Whole Economy **actual increase** 8.9%, once again deflated by disputes in engineering.

- **International Comparisons**

rates of increase in earnings in manufacturing:

| | |
|---|---|
| UK | $8\frac{3}{4}$% (February) |
| Italy | 6.9% (December) |
| Canada | 6.4% (December) |
| Germany | 4.5% (Q4 89) |
| Japan | 4.1% (January) |
| France | 3.8% (Q3 89) |
| USA | 2.2% (January) |

## SETTLEMENTS

- CBI (provisional averages):
  Manufacturing 1990 Q1 8.5%;
  Private Services 1989 H2 9.2%.

- The following major or noteworthy settlements have been agreed in February and March:

Marks and Spencer (44,000) 26%
Sainsburys (60,000) 11.6%
British Gas Manuals (28,000) 9.6%
Hairdressing WC (136,000) 9.09%
Scottish Teachers (48,500) 8.95%
Lloyds Bank Clerical (57,000) 8.3%
British Home Stores (21,000) 8.3%
Retail Food WC (270,000) 8.27%
Plumbing Industry (25,000) 8.06%
Woolworth (33,000) 8.0%
Abbey National (12,000) 7.5%

February productivity and unit wage cost figures for manufacturing will not be available until Wednesday 18 April. The latest data therefore relate to January.

## PRODUCTIVITY

- **Manufacturing:** 2% annual growth (for 3 months ending January 1990 on 3 months ending January 1989)

From Q3 1988 to Q2 1989 productivity was growing at an annual rate of close to $5\frac{1}{2}$% but slipped to 3% in Q3 1989 and remained at 3% in Q4 1989.

- **Whole Economy:** minus $\frac{1}{4}$% annual growth 1989 Q4 on 1988 Q4 but 0% if allowance is made for oil industry interruptions.

## UNIT WAGE COSTS

- Despite 2% per annum growth in productivity, UK manufacturing unit wage costs rose by 6% in year to January 1990; latest figures:

**Manufacturing:** +6%
3 months ending January 1990 on
3 months ending January 1989

**Whole Economy:** +9%
1989 Q4 on 1988 Q4

- **International Comparisons**

Rates of increase in unit wage costs in manufacturing:

| | | |
|---|---|---|
| Italy | 6.6% | (Q3 89) |
| Canada | 6.5% | (Q3 89) |
| UK | 5.1% | (Q4 89) |
| USA | 2.0% | (Q3 89) |
| Germany | 0.9% | (Q3 89) |
| Japan | 0.0% | (Q3 89) |
| France | -2.2% | (Q3 89) |

COVERING PERSONAL AND CONFIDENTIAL

LMS

PRG
seen by PG.

**Department of Employment**
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 . . 5803
Telex 915564 Fax 01-273 5821

**Secretary of State**

Barry Potter Esq
10 Downing Street
LONDON
SW1A OAA

10 April 1990

Dear Barry

**LABOUR MARKET STATISTICS**

Returned to D. Emp 11-4-90

... I enclose our standard brief on the labour market statistics which are to be issued on Thursday. The brief is of course personal and confidential until 11.30am on 12 April and confidential thereafter.

I am copying this to John Gieve (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), Paul Tucker (Bank of England), Sonia Phippard (Cabinet Office), Martin Stanley (DTI), Sir Peter Gregson (DTI), Jim Gallagher (Scottish Office), Stephen Williams (Welsh Office), Simon Sparrow (Northern Ireland Office) David Fell (Department of Economic Development, Northern Ireland Office), and Andrew Dunlop (No. 10 Policy Unit).

Regards

Andrew McColl

pp **ANNE-MARIE LAWLOR**
Private Secretary
in her absence

Employment Department · Training Agency
Health and Safety Executive · ACAS

COVERING PERSONAL AND CONFIDENTIAL

COVERING PERSONAL AND CONFIDENTIAL UNTIL 11.30 HOURS ON THURSDAY, DECEMBER 14, 1989 AND THEREAFTER CONFIDENTIAL.

BRIEFING NOTE

Mr Sutlieff     Press Officers
Mr Helm         File
Mr Blakeway
Mr Davies

December 14, 1989

LABOUR MARKET STATISTICS

POINTERS

- Seasonally adjusted unemployment fell by 25,200 to 1,649,700 in November, the lowest level for over 9 years. (October 1980: 1,596,400).

- The seasonally adjusted total has fallen for over three and a third years (40 months running) the longest continuous fall on record (since similar records began in 1948).

- There has now been a fall of 1.484 million in the seasonally adjusted total since July 1986 - the largest sustained fall on record.

- Since June 1987, there has been a fall of 1.21 million.

- Over the past 12 months there has been a fall of 455,500.

- Unadjusted unemployment decreased by 23,434 to 1.612 million. (Lowest since June 1980, 1.513 million, but not on comparable basis).

- Unadjusted and seasonally adjusted unemployment rates are 5.7% and 5.8% respectively.

- Employees in Employment in Manufacturing (GB) fell by 9,000 over the month, to 5,096,000 in October.

- Vacancies were down 5,100 in November at 209,500.

- The underlying increase in the Average Earnings Index in (Whole Economy) October was 9 1/4 per cent, 1/4 per cent up on the year to September.

- Overtime in manufacturing industries fell over the month from 13.7 million (September) to 13.1 million hours per week in October which is the lowest figure since June 1988 when 13 million hours per week were worked.

- In the three months ending October 1989, wages and salaries per unit of output in manufacturing industries was 5.7 per cent above the corresponding period a year earlier.

- Manufacturing output per head in the three months to October was 0.6 per cent lower than in the three months ending July and 3.0 per cent higher than in the same period a year earlier.

- The provisional October figure of 155,000 working days lost is higher than the corresponding figure for last year (53,000) which was lower than the October average for the previous 10 years of 843,000.

- The number of stoppages provisionally recorded in progress in October is 58 the lowest October figure since 1934 (53).

**UNEMPLOYMENT** (Tables 1 to 5, pages 4 to 7)

Headline Total

The unadjusted 'headline total' was 1,612,410, 23,434 less than in October, this represents a rate of 5.7% of the workforce. The decrease of 23,434 compares with a decrease of 51,918 in 1988 and 65,801 in 1987, (not directly comparable).

NB: about 1,500 under 18 year olds remained in the count in November.

Headline Total

Total 1,612,410 (5.7%)
{last this low in June 1980
-1,513,000 (5.6%)
Last month 1,635,844 (5.8%)
Change -23,434
(-51,918 in November last year).

A year ago 2,066,944
Change in year -454,534
(not comparable).
Same month: Lowest since 1979
(1,258,700 not comparable)

Lowest since (any month) June 1980 1,513,000)

**Monthly totals (November)**

| | | |
|---|---|---|
| 1979 | 1,258,700 | (4.7%) |
| 1980 | 2,016,000 | (7.5%) |
| 1981 | 2,769,500 | (10.4%) |
| 1982 | 3,063,026 | (11.5%) |
| 1983 | 3,084,416 | (11.6%) |
| 1984 | 3,222,586 | (11.8%) |
| 1985 | 3,258,868 | (11.8%) |
| 1986 | 3,216,767 | (11.6%) |
| 1987 | 2,685,583 | (9.6%) |
| 1988 | 2,066,944 | (7.3%) |
| 1989 | 1,612,410 | (5.7%) |

<u>Seasonally adjusted</u>

Unemployment among those aged 18 or over in November would normally increase by an estimated 1,700 because of seasonal influences, but decreased by 23,500 giving a seasonally adjusted fall of 25,200 to 1,649,700. This is the lowest total since October 1980, (1,596,400 on a consistent basis).

<u>Seasonally adjusted</u>

| | |
|---|---|
| Total | 1,649,700 (5.8%) |
| Last month | 1,674,900 (5.9%)R |
| Change | -25,200 |
| Last month | -19,400(R) |
| A year ago | 2,105,200 |
| Change in year | -455,500 |

The unemployment rate fell to 5.8%, (the lowest since September 1980, 5.6%). The series has now fallen for 40 consecutive months, by 1,483,500 altogether since July 1986, the longest and largest sustained fall since similar records began (current claimant series goes back to 1971, but similar seasonally adjusted figures go back to 1948).

Compares with the 12 month fall of 483,000(R) up to last month.

Since June 1987 (general election) the fall has been 1,207,500 on a consistent basis.

**NOTE: SEASONALLY ADJUSTED MONTHLY FALLS**

November '89, -25,200 (p); October '89, 19,400(R); September '89, -51,000; August '89, -41,900; July '89, -23,100; June '89, -25,500; May '89, -22,200; April '89, -58,600; March '89, -32,100; February '89, -39,100; January '89, -49,600; December '88, -67,800; November '88, -52,700.

Over the past six months to November, the seasonally adjusted total fell by 31,000 per month on average (compares with -30,500(R) last month, revised from -30,700).

(Over the previous six months to May there was an average fall of 44,900 per month).

(Over the three months to November, there was an average fall of 31,900).

(Over the previous three months to August there was a fall of 30,200 a month).

Level

Any month: Lowest since October 1980 (1,596,400)

Same month: lowest since November 1979 (1,045,700)

Three month average
per month -31,900
Comparison: compares with -37,400(R) to October 1989

Six month average -31,000

Compares with -30,500(R) six months to October 1989.

**Monthly totals (November)**

| | | |
|---|---|---|
| 1979 | 1,045,700 | (3.9%) |
| 1980 | 1,706,000 | (6.4%) |
| 1981 | 2,377,400 | (8.9%) |
| 1982 | 2,668,700 | (10%) |
| 1983 | 2,831,200 | (10.6%) |
| 1984 | 2,984,700 | (10.9%) |
| 1985 | 3,052,700 | (11%) |
| 1986 | 3,086,600 | (11.1%) |
| 1987 | 2,604,400 | (9.3%) |
| 1988 | 2,105,200 | (7.5%) |
| 1989 | 1,649,700 | (5.8%) |

**Note on seasonal adjustment for November 1989**

The unadjusted total in November was lower than the seasonally adjusted figure. Unemployment in November is normally around 40,000 below the average for the twelve months of the year.

The unemployment total tends to be below average between May and November and above average between December and April.

Seasonal variations are small by comparison with the total workforce of 28 million but are particularly important when assessing the trend in unemployment. The variations tend to follow a consistent pattern from year to year and can therefore be taken into account by means of seasonal adjustment.

Flows, standardised, not seasonally adjusted, UK

Inflow: Between October and November 273,800 joined the count. The figure was 297,800 a year ago, so there has been a fall of 24,000.

Outflow: Between October and November 299,200 left the count. The figure was 354,000 a year ago, making a decrease of 54,900.

ASSESSMENT

UK unemployment (seasonally adjusted) fell a further 25,200 between October and November to 1,649,700, the lowest level for over 9 years. The continuous fall since July 1986 has now reached 1.484 million, over 40 consecutive months.

This month's fall in unemployment is still consistent with a downward trend of up to 30,000 a month, though there are signs that the downward trend in the South of England has eased further.

The fall in unemployment in the North West, North and Scotland together accounted for a little over a half of the drop in the UK total.

The United Kingdom unemployment rate is now 5.8%, a fall of 1.7 percentage points compared with a year ago. This improvement has been spread across all regions, with the largest regional fall in the rate over the last year in the North, down 2.5 percentage points, followed by Wales, down 2.4 percentage points, Scotland, down 2.1 percentage points and the West Midlands, down 2.0 percentage points.

<u>Other factors to be aware of</u>

Recent changes to the Redundant Mineworkers Payment Scheme (effective from July 23, 1989) continue to affect the figures. It is estimated that about 2,500 mineworkers left the count between October and November (in addition to the 4,000 who left the count between August and September and the 6,500 who left between September and October). [Note: The earlier estimated effects have been revised this month in the light of further information]. These effects are very localised, concentrated this month in particular in Yorkshire and Humberside and East Midlands.

[**Background:** Claimant advisers will be interviewing all mineworkers covered by the scheme about exercising their option to no longer sign on as unemployed. The administration is likely to be spread over a few months. When the full effect is known (and potentially it could lead to 20,000 mineworkers coming off the count) the seasonally adjusted unemployment series will be revised to bring it into line with the current coverage. Until then comparisons over time using the seasonally adjusted figures will be affected by this change.]

Male/Female unemployment see annexes A1 - A3

**OUTLOOK**

The seasonal changes in unemployment in the next few months, subject to revision are as follows. These are broad estimates, not forecasts, and take no account of the trend.

1989

Nov +2,000

Dec +41,000

1990

Jan +74,000

Feb -15,000

NB. These changes relate to those aged 18 and over, although they are now little different from changes in the overall 'headline' total.

ANNEX A1

## REGIONAL UNEMPLOYMENT, SEASONALLY ADJUSTED

| | November 1989 | Change in month since October 1989 | RATE (% of WORKFORCE) November 1989 | Change in month since October 1989 | Change in year since November 1988 |
|---|---|---|---|---|---|
| | | Thousands | | | |
| REGIONS | | | | | |
| South East | 342.0 | -1.2 | 3.7 | -0.0 | -1.0 |
| (Greater London) | (203.2) | (-1.3) | 4.7 | 0.0 | -1.3 |
| East Anglia | 33.4 | -.1 | 3.5 | -0.0 | -1.0 |
| South West | 88.1 | -2.0 | 4.1 | -0.1 | -1.4 |
| West Midlands | 154.2 | -.8 | 6.0 | -0.0 | -2.0 |
| East Midlands | 97.4 | -1.9 | 5.1 | -0.1 | -1.7 |
| Yorks & Humber | 164.0 | -3.3 | 7.0 | -0.1 | -1.9 |
| North West | 240.9 | -4.5 | 7.8 | -0.1 | -1.9 |
| North | 127.2 | -3.4 | 8.9 | -0.2 | -2.5 |
| Wales | 86.4 | -2.3 | 6.9 | -0.2 | -2.4 |
| Scotland | 214.7 | -4.9 | 8.6 | -0.2 | -2.1 |
| **GREAT BRITAIN** | **1548.5** | **-24.1** | **5.6** | -0.1 | -1.7 |
| Northern I. | 101.2 | -1.1 | 14.3 | -0.2 | -1.4 |
| **UNITED KINGDOM** Total | **1649.7** | **-25.2** | **5.8** | -0.1 | -1.7 |
| Male | 1200.5 | -16.1 | 7.3 | -0.1 | -1.8 |
| Female | 449.2 | -9.1 | 3.8 | -0.1 | -1.4 |

* Percentage of whole workforce (wider basis, taking account of self-employed, armed forces and participants on work-related Govt. training programmes)

ANNEX A1

ANNEX A2

# UNADJUSTED UNEMPLOYMENT

ional unemployment figures for November 1989

| MALE | Total | Change since last month | Change since last year | Workforce Rate | Change since last month | Change since last year | N-based Rate |
|---|---|---|---|---|---|---|---|
| South East | 238994 | -1390 | -55361 | 4.5 | 0 | -1.0 | 5.4 |
| Greater London | 143215 | -2439 | -35513 | 5.7 | -.1 | -1.4 | 6.6 |
| East Anglia | 22433 | 703 | -4505 | 4.0 | .1 | -.8 | 5.0 |
| South West | 61247 | 1181 | -15799 | 5.0 | .1 | -1.3 | 6.3 |
| West Midlands | 107101 | -1419 | -31826 | 7.0 | -.1 | -2.1 | 8.3 |
| East Midlands | 66744 | -717 | -21575 | 5.9 | -.1 | -2.0 | 7.1 |
| Yorks & Humber | 117732 | -1165 | -29424 | 8.6 | -.1 | -2.2 | 10.3 |
| North West | 173343 | -2017 | -38089 | 9.7 | -.1 | -2.2 | 11.5 |
| North | 93874 | -1010 | -25023 | 11.1 | -.2 | -3.0 | 12.9 |
| Wales | 63781 | -113 | -19574 | 8.6 | -.1 | -2.7 | 10.6 |
| Scotland | 153759 | -1580 | -35130 | 10.6 | -.2 | -2.5 | 12.5 |
| **Great Britain** | **1099008** | **-7527** | **-276306** | **6.9** | **0** | **-1.7** | **8.3** |
| Northern Ireland | 73681 | -1129 | -5776 | 17.4 | -.3 | -1.4 | 20.8 |
| **United Kingdom** | **1172689** | **-8656** | **-282082** | **7.2** | **0** | **-1.7** | **8.6** |

| FEMALE | Total | Change since last month | Change since last year | Workforce Rate | Change since last month | Change since last year | N-based Rate |
|---|---|---|---|---|---|---|---|
| South East | 93690 | -3173 | -40405 | 2.4 | 0 | -1.0 | 2.5 |
| Greater London | 54932 | -1933 | -19680 | 3.1 | -.1 | -1.1 | 3.2 |
| East Anglia | 9305 | -150 | -5401 | 2.3 | -.1 | -1.4 | 2.6 |
| South West | 27549 | -59 | -14495 | 3.0 | 0 | -1.6 | 3.3 |
| West Midlands | 42705 | -1637 | -19363 | 4.0 | -.2 | -1.9 | 4.4 |
| East Midlands | 26492 | -1327 | -11745 | 3.3 | -.2 | -1.4 | 3.6 |
| Yorks & Humber | 42162 | -1486 | -16144 | 4.3 | -.1 | -1.6 | 4.6 |
| North West | 61432 | -2435 | -21871 | 4.7 | -.2 | -1.7 | 5.1 |
| North | 31035 | -1392 | -11730 | 5.3 | -.2 | -2.0 | 5.7 |
| Wales | 21877 | -743 | -10536 | 4.2 | -.2 | -2.1 | 4.6 |
| Scotland | 57932 | -854 | -16780 | 5.6 | -.1 | -1.6 | 5.9 |
| **Great Britain** | **414179** | **-13256** | **-168470** | **3.6** | **-.1** | **-1.4** | **3.9** |
| Northern Ireland | 25542 | -1522 | -3982 | 9.0 | -.5 | -1.4 | 9.3 |
| **United Kingdom** | **439721** | **-14778** | **-172452** | **3.7** | **-.1** | **-1.5** | **4.0** |

| MALE AND FEMALE | Total | Change since last month | Change since last year | Workforce Rate | Change since last month | Change since last year | N-based Rate |
|---|---|---|---|---|---|---|---|
| South East | 332684 | -4563 | -95766 | 3.6 | 0 | -1 | 4.1 |
| Greater London | 198147 | -4372 | -55193 | 4.6 | -.1 | -1.3 | 5.1 |
| East Anglia | 31738 | 553 | -9906 | 3.3 | .1 | -1 | 3.9 |
| South West | 88796 | 1122 | -30294 | 4.1 | 0 | -1.5 | 4.9 |
| West Midlands | 149806 | -3056 | -51189 | 5.8 | -.1 | -2 | 6.6 |
| East Midlands | 93236 | -2044 | -33320 | 4.8 | -.1 | -1.8 | 5.6 |
| Yorks & Humber | 159894 | -2651 | -45568 | 6.8 | -.1 | -1.9 | 7.8 |
| North West | 234775 | -4452 | -59960 | 7.6 | -.2 | -2 | 8.7 |
| North | 124909 | -2402 | -36753 | 8.7 | -.2 | -2.6 | 9.8 |
| Wales | 85658 | -856 | -30110 | 6.8 | -.1 | -2.4 | 8.0 |
| Scotland | 211691 | -2434 | -51910 | 8.5 | -.1 | -2.1 | 9.6 |
| **Great Britain** | **1513187** | **-20783** | **-444776** | **5.5** | **-.1** | **-1.6** | **6.3** |
| Northern Ireland | 99223 | -2651 | -9758 | 14.0 | -.4 | -1.4 | 15.8 |
| **United Kingdom** | **1612410** | **-23434** | **-454534** | **5.7** | **-.1** | **-1.6** | **6.6** |

ANNEX A2

ANNEX A3

SEASONALLY ADJUSTED FIGURES

| | November 1989 Level | % Wkfc | October 1989 Level | % Wkfc | Change since last month Level | % Wkfc | November 1988 Level | % Wkfc | Change since last year Level | % Wkfc | Scaling |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MALES** | | | | | | | | | | | |
| South East | 246400 | 4.6 | 246800 | 4.6 | -400 | 0 | 303300 | 5.7 | -56900 | -1.1 | 100 |
| (Greater London) | (147100) | 5.8 | (148000) | 5.8 | (-900) | .0 | (183600) | 7.3 | (-36500) | -1.5 | 0 |
| East Anglia | 23700 | 4.2 | 23700 | 4.2 | 0 | 0 | 28300 | 5.0 | -4600 | -.8 | 0 |
| South West | 61400 | 5.0 | 62300 | 5.1 | -900 | -.1 | 77300 | 6.3 | -15900 | -1.3 | 0 |
| West Midlands | 110300 | 7.3 | 110700 | 7.3 | -400 | 0 | 142400 | 9.4 | -32100 | -2.1 | 0 |
| East Midlands | 69700 | 6.2 | 71000 | 6.3 | -1300 | -.1 | 91300 | 8.1 | -21600 | -1.9 | 0 |
| Yorks & Humber | 120500 | 8.8 | 122900 | 9.0 | -2400 | -.2 | 150100 | 11.0 | -29600 | -2.2 | 0 |
| North West | 177600 | 10.0 | 180400 | 10.1 | -2800 | -.1 | 215500 | 12.1 | -37900 | -2.1 | 0 |
| North | 95600 | 11.3 | 98000 | 11.6 | -2400 | -.3 | 120300 | 14.3 | -24700 | -3.0 | 0 |
| Wales | 64300 | 8.7 | 65900 | 8.9 | -1600 | -.2 | 84300 | 11.4 | -20000 | -2.7 | 0 |
| Scotland | 155800 | 10.8 | 159200 | 11.0 | -3400 | -.2 | 191000 | 13.2 | -35200 | -2.4 | 0 |
| Great Britain | 1125500 | 7.1 | 1140900 | 7.2 | -15400 | -.1 | 1404000 | 8.8 | -278500 | -1.7 | - |
| Northern Ireland | 75000 | 17.8 | 75700 | 17.9 | -700 | -.1 | 80600 | 19.1 | -5600 | -1.3 | - |
| United Kingdom | 1200500 | 7.3 | 1216600 | 7.4 | -16100 | -.1 | 1484600 | 9.1 | -284100 | -1.8 | - |
| **FEMALES** | | | | | | | | | | | |
| South East | 95600 | 2.4 | 96400 | 2.4 | -800 | 0 | 136300 | 3.4 | -40700 | -1.0 | -300 |
| (Greater London) | (56100) | 3.1 | (56500) | 3.1 | (-400) | .0 | (76100) | 4.2 | (-20000) | -1.1 | 0 |
| East Anglia | 9700 | 2.4 | 9800 | 2.4 | -100 | 0 | 15000 | 3.7 | -5300 | -1.3 | 0 |
| South West | 26700 | 2.9 | 27800 | 3.0 | -1100 | -.1 | 41000 | 4.5 | -14300 | -1.6 | -100 |
| West Midlands | 43900 | 4.2 | 44300 | 4.2 | -400 | 0 | 63300 | 6.0 | -19400 | -1.8 | -100 |
| East Midlands | 27700 | 3.4 | 28300 | 3.5 | -600 | -.1 | 39300 | 4.9 | -11600 | -1.5 | -100 |
| Yorks & Humber | 43500 | 4.4 | 44400 | 4.5 | -900 | -.1 | 59400 | 6.0 | -15900 | -1.6 | -100 |
| North West | 63300 | 4.9 | 65000 | 5.0 | -1700 | -.1 | 85000 | 6.5 | -21700 | -1.6 | -200 |
| North | 31600 | 5.4 | 32600 | 5.5 | -1000 | -.1 | 43200 | 7.3 | -11600 | -1.9 | -100 |
| Wales | 22100 | 4.3 | 22800 | 4.4 | -700 | -.1 | 32600 | 6.3 | -10500 | -2.0 | -100 |
| Scotland | 58900 | 5.7 | 60400 | 5.8 | -1500 | -.1 | 75500 | 7.3 | -16600 | -1.6 | -200 |
| Great Britain | 423000 | 3.7 | 431700 | 3.7 | -8700 | 0 | 590600 | 5.1 | -167600 | -1.4 | - |
| Northern Ireland | 26200 | 9.2 | 26600 | 9.4 | -400 | -.2 | 30000 | 10.6 | -3800 | -1.4 | - |
| United Kingdom | 449200 | 3.8 | 458300 | 3.9 | -9100 | -.1 | 620600 | 5.2 | -171400 | -1.4 | - |
| **TOTAL** | | | | | | | | | | | |
| South East | 342000 | 3.7 | 343200 | 3.7 | -1200 | -.0 | 439600 | 4.7 | -97600 | -1.0 | -200 |
| (Greater London) | (203200) | 4.7 | (204500) | 4.7 | (-1300) | -.0 | (259700) | 6.0 | (-56500) | -1.3 | 0 |
| East Anglia | 33400 | 3.5 | 33500 | 3.5 | -100 | -.0 | 43300 | 4.5 | -9900 | -1.0 | 0 |
| South West | 88100 | 4.1 | 90100 | 4.2 | -2000 | -.1 | 118300 | 5.5 | -30200 | -1.4 | -100 |
| West Midlands | 154200 | 6.0 | 155000 | 6.0 | -800 | -.0 | 205700 | 8.0 | -51500 | -2.0 | -100 |
| East Midlands | 97400 | 5.1 | 99300 | 5.2 | -1900 | -.1 | 130600 | 6.8 | -33200 | -1.7 | -100 |
| Yorks & Humber | 164000 | 7.0 | 167300 | 7.1 | -3300 | -.1 | 209500 | 8.9 | -45500 | -1.9 | -100 |
| North West | 240900 | 7.8 | 245400 | 8.0 | -4500 | -.1 | 300500 | 9.7 | -59600 | -1.9 | -200 |
| North | 127200 | 8.9 | 130600 | 9.1 | -3400 | -.2 | 163600 | 11.4 | -36300 | -2.5 | -100 |
| Wales | 86400 | 6.9 | 88700 | 7.1 | -2300 | -.2 | 116900 | 9.3 | -30500 | -2.4 | -100 |
| Scotland | 214700 | 8.6 | 219600 | 8.8 | -4900 | -.2 | 266500 | 10.7 | -51800 | -2.1 | -200 |
| Great Britain | 1548500 | 5.6 | 1572600 | 5.7 | -24100 | -.1 | 1994600 | 7.3 | -446100 | -1.7 | - |
| Northern Ireland | 101200 | 14.3 | 102300 | 14.5 | -1100 | -.2 | 110600 | 15.7 | -9400 | -1.4 | - |
| United Kingdom | 1649700 | 5.8 | 1674900 | 5.9 | -25200 | -.1 | 2105200 | 7.5 | -455500 | -1.7 | - |

ANNEX A3

International comparisons: (See annexes A4 & A5 i & ii)

Unemployment rates - See note to Editors A4.
(The 'narrow based' rate 6.6 per cent in November for UK (unadjusted) is given in note to editors A4.)

ANNEX A4

## INTERNATIONAL COMPARISONS OF UNEMPLOYMENT

International standardised unemployment rates are used wherever possible in the following table comparing levels of unemployment. They are more comparable than the figures on national definitions which are subject to greater differences in coverage. OECD standardised rates are used wherever possible. (The latest available national figures are however used in tables C4b and C4c for the purposes of comparing recent changes.)

| | STANDARDISED UNEMPLOYMENT RATES* SEASONALLY ADJUSTED | | |
|---|---|---|---|
| | % rate | Latest month | |
| Ireland | (17.0)* | SEP | |
| Spain | 17.0 | MAY | |
| Italy | (11.0)* | SEP | |
| France | 9.5 | SEP | |
| Netherlands | 9.4 | JAN | |
| Belgium | 8.9 | SEP | |
| Greece | (7.4)* | APR 87 | |
| Denmark | (7.4)* | AUG | |
| Canada | 7.3 | SEP | |
| United Kingdom | 6.0 | SEP | |
| Australia | 6.0 | SEP | |
| Germany | 5.5 | SEP | |
| United States | 5.2 | SEP | |
| Norway | 5.0 | MAY | |
| Portugal | 4.9 | MAY | |
| Austria | [3.9]a | SEP | |
| Finland | 3.4 | AUG | |
| Japan | 2.2 | SEP | |
| Luxembourg | (2.0)* | SEP | |
| Sweden | 1.3 | SEP | |
| Switzerland | [0.6]a | SEP | |
| OECD Total | 6.1 | AUG | (estimated) |
| MAJOR 7** | 5.6 | SEP | (estimated) |
| EC Average | (8.9)* | SEP | |

* NOTE: For those EC countries for which no OECD standardised rates are available, similar harmonised rates compiled by the Statistical Office of European Communities (EUROSTAT) are shown in brackets. These showed the UK rate at 6.3% in September compared with the EC average of 9.1%.

a National definitions. Standardised rates not available for Austria or Switzerland.

** UK, France, Germany, Italy, USA, Japan and Canada.

ANNEX A4

ANNEX A5(i)

The following table shows the changes in unemployment using national definitions, both in terms of percentage increases and, more significantly changes in percentage rates. The latter are recommended for comparisons of trends.

UNEMPLOYMENT,LATEST MONTH COMPARED WITH A YEAR EARLIER

| | Unadjusted unemployment,national definitions | | | |
|---|---|---|---|---|
| | RECOMMENDED | | | |
| | Change in % rate | % Change in total | Change (000s) | Latest month |
| Italy | + 0.2 | NC | - 14 | SEP |
| Portugal | + 0.2 | + 2 | + 7 | SEP |
| Greece | + 0.3 | + 15 | + 13 | OCT |
| Denmark | + 0.6 | + 11 | + 24 | SEP |
| Norway | + 1.0 | + 49 | + 26 | SEP |
| USA | + 1.0 | - 40 | + 2 | OCT |
| Austria | NC | - 4 | - 5 | SEP |
| Sweden | - 0.1 | - 4 | - 3 | APR |
| Netherlands | - 0.1 | - 1 | - 7 | DEC |
| Switzerland | - 0.1 | - 21 | - 4 | SEP |
| Luxembourg | - 0.1 | - 4 | NC | SEP |
| Japan | - 0.2 | - 9 | - 130 | SEP |
| France | - 0.3 | - 1 | - 25 | JUN |
| Canada | - 0.5 | - 6 | - 57 | OCT |
| Finland | - 0.7 | - 18 | - 18 | AUG |
| Germany | - 0.8 | - 11 | - 241 | NOV |
| Australia | - 0.9 | - 10 | - 53 | SEP |
| Ireland | - 1.0 | - 5 | - 13 | NOV |
| Belgium | - 1.3 | - 10 | - 37 | JUN |
| United Kingdom* | - 1.7 | - 22 | - 456 | NOV |
| Spain | - 2.3 | - 12 | - 326 | SEP |

NC No Change
* Seasonally adjusted series consistent with current coverage.
Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc.

ANNEX A5(i)

ANNEX A5 (ii)

When assesssing the change in unemployment in more recent periods than over the past year, seasonally adjusted figures need to be used. The following table compares seasonally adjusted rates for the latest three months with the previous three months.

UNEMPLOYMENT, LATEST 3 MONTHS COMPARED WITH PREVIOUS 3 MONTHS

Seasonally adjusted, national defintions

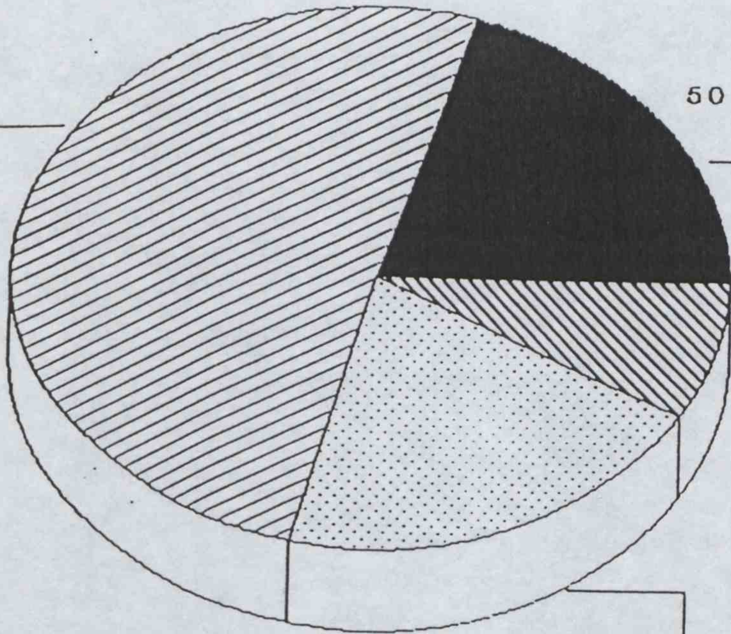
| | RECOMMENDED Change in Percentage rate | Percentage Changes | Change Number (000s) | Latest month |
|---|---|---|---|---|
| Australia | + 0.1 | NC | NC | SEP |
| Luxembourg | + 0.1 | + 4 | NC | SEP |
| Portugal | + 0.1 | + 1 | + 2 | SEP |
| Austria | + 0.2 | + 3 | + 5 | SEP |
| Italy | + 0.2 | + 1 | + 42 | SEP |
| Denmark | + 0.4 | + 4 | + 10 | JUL |
| France | NC | NC | + 11 | AUG |
| United States | NC | + 1 | + 37 | NOV |
| Switzerland | NC | - 2 | - 3 | SEP |
| Germany | NC | - 1 | - 11 | NOV |
| Netherlands | - 0.1 | NC | - 3 | DEC |
| Sweden | - 0.1 | - 5 | - 4 | DEC |
| Canada | - 0.1 | - 1 | - 14 | OCT |
| Japan | - 0.1 | - 2 | - 33 | SEP |
| Norway | - 0.2 | - 2 | - 2 | SEP |
| Finland | - 0.2 | - 6 | - 6 | AUG |
| Ireland | - 0.3 | - 2 | - 4 | NOV |
| Belgium | - 0.3 | - 2 | - 8 | MAY |
| <u>United Kingdom</u> | - 0.4 | - 6 | - 108 | NOV |
| Spain | - 0.5 | - 3 | - 78 | SEP |

Note Seasonally adjusted figures not available for Greece.

NC = No change
Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

ANNEX A5 (ii)

ANNEX 6




U.K. UNEMPLOYMENT BY AGE

OCTOBER 1989

Unemployment by age

| | Number at October 1989 | Change since October 1988* |
|---|---|---|
| 18-19 years | 133 | -45 |
| 20-24 years | 333 | -95 |
| 25-49 years | 830 | -208 |
| 50 and over | 338 | -129 |
| All ages+ | 1636 | (-483)+ |

+ Includes those aged under 18.

* Changes given in brackets are affected by the September 1988 change in benefit regulations for the under 18 year olds. Estimates of changes allowing for these effects are given alongside.

Note: Recent changes in the conditions of the Redundant Mineworkers Payment Scheme, effective from July 1989, have affected the figures for October 1989. An estimated eight and a half thousand men have left the count since August 1989 as a result of these changes.

ANNEX A6

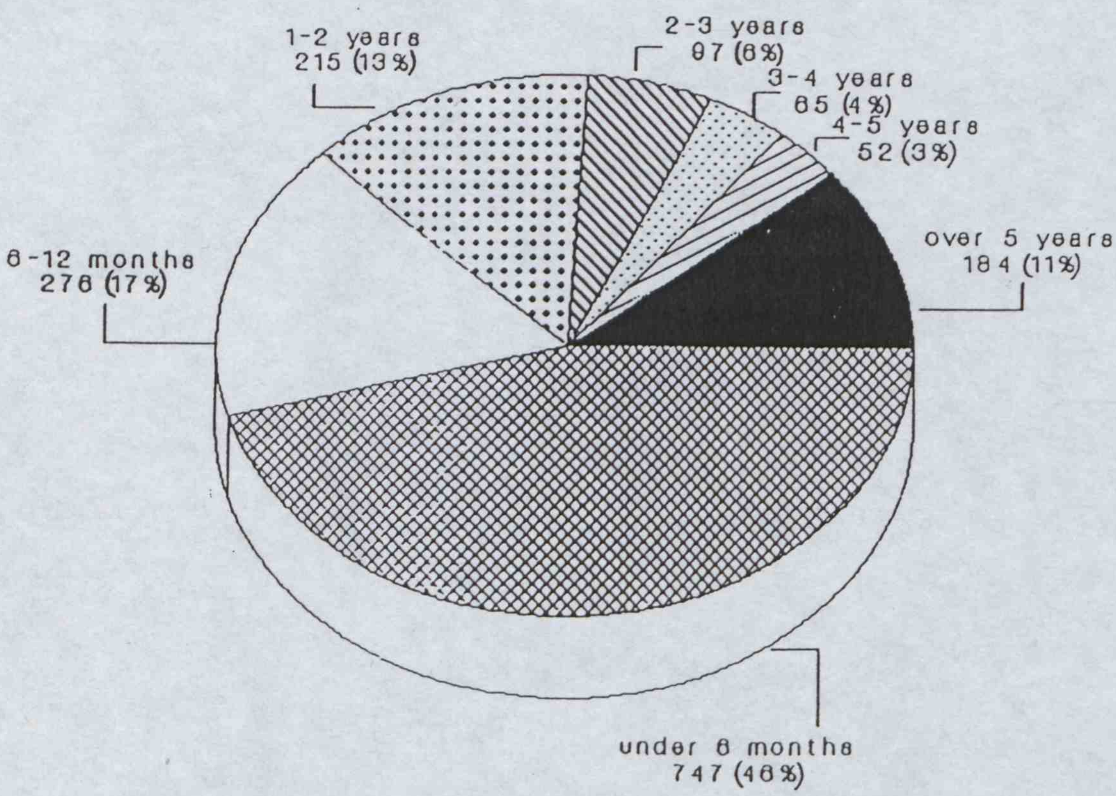
ANNEX A7

UNITED KINGDOM, claimants October 1989

Thousands

Unemployment by duration

| Duration | Number at October 1989 | Change since October 1988* | |
|---|---|---|---|
| All durations | 1636 | (-483) | -478 |
| Over 6 months | 889 | (-357) | -341 |
| Over 1 year | 613 | (-272) | -260 |
| Over 2 years | 398 | (-197) | -193 |
| Over 3 years | 301 | -142 | |
| Over 4 years | 236 | -98 | |
| Over 5 years | 184 | -68 | |
| Up to 6 months | 747 | (-126) | -135 |
| 6 to 12 months | 276 | (-85) | -80 |
| 1 to 2 years | 215 | (-75) | -67 |
| 2 to 3 years | 97 | (-55) | -51 |
| 3 to 4 years | 65 | -44 | |
| 4 to 5 years | 52 | -30 | |
| Over 5 years | 184 | -68 | |




U.K. UNEMPLOYMENT BY DURATION

OCTOBER 1989

ANNEX 7

**TRAINING** (not in press notice)

| | |
|---|---|
| The number training on Employment Training at December 8, 1989 was 212,000 (last month 210,000). {During the first 12 months of ET, over 400,000 people have passed through the programme}. | **ET**<br>212,000 |

(Note: Community Programme (CP), which provided project-based work placement had been completely phased out by 30 June 1989).

**YTS**

The number training on YTS at the end of October was 405,000 down by 6,639 on the month and down by 30,200 on the year.

| **YTS** | |
|---|---|
| Total | 405,000 |
| Last month | 411,639 |
| Change | -6,639 |
| Previous year | 435,200 |
| Change | -30,200 |

(Of the 405,000, 18,500 are on single year places, 204,200 in their first year, and 183,052 are in their second year.)

(The number of unfilled places on YTS at the end of October was approximately 119,800) - September 111,871.

(Unemployment peak was in July 1986 when the seasonally adjusted figures stood at 3,133,200 (11.2%). There were 292,500 people on YTS.)

**Employment Training**

Employment Training (ET) Programme was launched on September 1, 1988 and represents a £1.4 billion annual investment in training for up to about 560,000 long-term unemployed adults a year. It offers training at every level from basic literacy and numeracy to new technology, and is operated by a network of Training Agents and Training Managers. The new programme built on and replaced a range of previous schemes for unemployed adults, and caters for anyone who has been registered unemployed for six months of more, is 18 or over and is not receiving State Retirement Pension.

ET

| | Number in Training |
|---|---|
| 1988 | |
| November | 97,000 |
| December | 108,000 |
| | |
| 1989 | |
| January | 137,000 |
| 10 February | 145,000 |
| 15 March | 168,000 |
| 5 April | 175,000 |
| 5 May | 185,000 |
| 7 June | 187,000 |
| 12 July | 194,000 |
| 9 August | 203,000 |
| 2 September | 204,000 |
| 9 October | 209,000 |
| 10 November | 210,000 |
| 8 December | 212,000 |

YTS

| | Number in Training |
|---|---|
| **1986** | |
| April | 245,400 |
| May | 221,800 |
| June | 269,600 |
| July | 292,500 |
| August | 275,100 |
| September | 333,800 |
| October | 333,400 |
| November | 327,400 |
| December | 324,900 |
| **1987** | |
| January | 320,100 |
| February | 316,500 |
| March | 318,300 |
| April | 301,741 |
| May | 291,496 |
| June | 349,499 |
| July | 378,520 |
| August | 392,270 |
| September | 427,136 |
| October | 420,175 |
| November | 426,086 |
| December | 417,500 |
| **1988** | |
| January | 413,049 |
| February | 402,800 |
| March | 389,200 |
| April | 382,010 |
| May | 370,000 |
| June | 392,500 |

| | |
|---|---|
| July | 418,545 |
| August | 425,900 |
| September | 435,300 |
| October | 435,200 |
| November | 427,900 |
| December | 419,900 |
| <u>1989</u> | |
| January | 413,300 |
| February | 401,500 |
| March | 391,900 |
| April | 386,300 |
| May | 377,800 |
| June | 390,500 |
| July | 413,600 |
| August | 411,000 |
| September | 411,639 |
| October | 405,000 |

**OTHER PROGRAMMES** (Table 9.2, page S64, December, 1989 Gazette)

The GB numbers covered by other schemes (previously described as Employment Measures) in October was around 92,900, down 3,100 from last month. (These measures are Community Industry, EAS, Job Release Scheme, Job Share, and Job Start Allowance.)

| | |
|---|---|
| Numbers other schemes | 92,900 |
| Last month | 96,000 |
| Change | -3,100 |

The numbered covered by Employment Measures in October 1988 was 116,350.

| | |
|---|---|
| Last year | 116,350 |
| Change | -23,450 |

The EAS is continuing its slight fall over recent months. 77,230 were receiving the allowances in October, 2,559 down on last month and 15,770 less than in October 1988 (93,000).

[During the month of October 1989 there were 163,750 Restart interviews. (In the 12 months to March 1989 there were 2,250,000 Restart interviews). So far in the current year there have been 1,228,143 Restart interviews. Almost 85% received a positive offer. More than 71% accepted the offer. Since the start of Restart (1 July 1986) 9,160,893 people have been called for interview and 6,999,373 attended. Restart is not an employment measure]

# OTHER SCHEMES

NUMBERS COVERED

| 1986 | | Community Programme |
|---|---|---|
| July | 359,000 | 278,000 |
| August | 360,000 | 280,000 |
| September | 369,000 | 285,000 |
| October | 380,000 | 290,000 |
| November | 388,000 | 295,000 |
| December | 390,000 | 300,000 |
| **1987** | | |
| January | 395,000 | 300,000 |
| February | 397,000 | 300,000 |
| March | 397,000 | 295,000 |
| April | 385,000 | 290,000 |
| May | 382,000 | 286,000 |
| June | 383,000 | 285,000 |
| July | 377,300 | 280,000 |
| August | 377,500 | 280,000 |
| September | 378,800 | 280,000 |
| October | 373,800 | 280,000 |
| November | 370,800 | 280,000 |
| December | 368,900 | 270,000 |
| **1988** | | |
| January | 365,900 | 270,000 |
| February | 366,900 | 270,000 |
| March | 362,800 | 265,000 |
| April | 357,800 | 265,000 |
| May | 351,700 | 260,000 |
| June | 342,600 | 255,000 |
| July | 335,500 | 245,000 |
| August | 326,500 | 240,000 |
| September | 122,400* | |
| October | 116,350* | |
| November | 113,300* | |
| December | 112,300* | |

<u>1989</u>

| | |
|---|---|
| January | 109,300* |
| February | 108,300* |
| March | 108,300* |
| April | 105,200* |
| May | 103,200* |
| June | 101,200* |
| July | 98,200* |
| August | 98,200* |
| September | 96,000* |

( * With the introduction of Employment Training Programme on 1 Sept 1988, Community Programme ceased to be included in total of 'Other Schemes', previously described as 'Employment Measures')

**EMPLOYMENT** (Tables 6, 7, 8 and 9, Pages 9, 10, 11 and 12)

| | |
|---|---|
| Total WIE | 26,341,000(R) |
| Last Q | 26,263,000(R) |
| Change | +78,000(R) |
| Last Year | 25,864,000 |
| Change | +477,000(R) |

The UK Workforce in Employment (employees in employment, the self-employed, HM Forces and participants in government work related training programmes), in Q2, 1989, was 26,341,000. This figure is a revised estimated increase of 78,000 the smallest quarterly increase seen for two years, over the figure for Q1, 1989 and a revised estimated total increase in the year to June 1989 of some 477,000).

The workforce in employment is still at its highest level on record, even excluding those on work related training schemes. (Under previous Employed Labour Force definitions, this figure would have been 25,861,000).

This continues the upward trend which started in March 1983, since when the workforce in employment is estimated to have increased by a revised total of 2,777,000 (including 479,000 participants on programmes). The WIE has risen 23 out of the last 25 quarters.

The number of employees in employment (UK) in all industries in June 1989 was 22,444,000(R) up by 20,000 on the figure for Q1 1989 (22,424,000(R)), and at its highest level since Q3 1980 (22,689,000). The increase is the 12th consecutive quarterly rise in the series.

GB figures

Of the 474,000 increase in the workforce in employment in Great Britain in the year to June (Note: Northern Ireland figs not available for full and part-time), some 206,000 were in full time employment and some 268,000 were in part time employment (including 135,000 participants on work-related government training programmes). 163,000 of the yearly increase were in male employment. (110,000 part-time) and 311,000 were in female employment (158,000 part-time).

The UK workforce in employment is now made up of 14.9 million men and 11.4 million women).

## Manufacturing

The October 1989 figure for employees in employment in manufacturing (GB seasonally adjusted), at 5,096,000 shows a fall of 9,000 from September and compares with 5,129,000 in October last year. A rise of 18,000 in August, falls of 9,000 in September and October brings the average change over the latest three months to zero. Month-to-month changes can be erratic. It is, therefore, advisable to look at manufacturing trends over a longer time period.

| | |
|---|---|
| Total | 5,096,000 |
| Last month | 5,106,000(R) |
| Change | -9,000 |
| Last year | 5,129,000 |
| Change | -33,000 |

Over the 12 months to October 1989, GB employment in manufacturing industries fell by 33,000 compared with a rise of 48,000 in the previous year. Q3 (Sept 1989) estimate at 5,106,000 was up by 5,000 on Q2 (June 1989) 5,101,000.

| | |
|---|---|
| Q2 1989 | 5,101,000 |
| Q1 1989 | 5,134,000 |
| Change | -33,000 |
| Last year (Q2) | 5,124,000 |
| Change | -24,000 |

UK manufacturing employment in Q2 1989 (5,205,000) shows a decrease of 34,000 since Q1 of 1989 (5,239,000) March.

| | |
|---|---|
| Q2 1989 | 5,205,000 |
| Q1 1989 | 5,239,000 |
| Change | -34,000 |
| Last year (Q2) | 5,230,000 |
| Change | -25,000 |

The number of employees in service industries in June was 15,396,000(R). This is the highest figure ever, although the quarterly increase of 49,000 is the smallest since December 1986 - 14,366,000 - (excluding Q4 1988 when the rundown of CP had a large impact).

(See annex B4 "biggest and best" comparisons for employment and hours).

ANNEX B1

FULL TIME AND PART TIME WORKFORCE IN EMPLOYMENT IN GREAT BRITAIN

(Note: full-time and part-time employment estimates are not collected in Northern Ireland and are therefore not available for the United Kingdom)

In the year to June 1989 the workforce in employment is estimated to have increased by 474,000. This increase comprises 206,000 (44%) full-time jobs and 266,000 (56%) part-time jobs. (a part-time job is one of 30 hours per week or less.)

THE WORKFORCE IN EMPLOYMENT * - TOTAL

Great Britain — Thousands, seasonally adjusted

| | | Males All | Males of which: full time | Males of which: part time* | Females All | Females of which: full time | Females of which: part time* | Persons All | Persons of which: full time | Persons of which: part time* |
|---|---|---|---|---|---|---|---|---|---|---|
| 1983 | March | 13,664 | 12,796 | 868 | 9,335 | 5,358 | 3,977 | 22,999 | 18,154 | 4,845 |
| | June | 13,635 | 12,740 | 895 | 9,411 | 5,379 | 4,032 | 23,047 | 18,119 | 4,928 |
| | Sept | 13,743 | 12,761 | 982 | 9,559 | 5,416 | 4,143 | 23,302 | 18,177 | 5,125 |
| | Dec | 13,801 | 12,762 | 1,039 | 9,672 | 5,458 | 4,214 | 23,472 | 18,220 | 5,253 |
| 1984 | March | 13,832 | 12,802 | 1,030 | 9,736 | 5,496 | 4,240 | 23,568 | 18,298 | 5,270 |
| | June | 13,875 | 12,831 | 1,045 | 9,785 | 5,524 | 4,261 | 23,660 | 18,355 | 5,305 |
| | Sept | 13,928 | 12,880 | 1,048 | 9,853 | 5,556 | 4,297 | 23,781 | 18,436 | 5,345 |
| | Dec | 13,972 | 12,895 | 1,077 | 9,908 | 5,573 | 4,335 | 23,881 | 18,468 | 5,413 |
| 1985 | March | 13,972 | 12,910 | 1,062 | 9,951 | 5,609 | 4,342 | 23,923 | 18,519 | 5,404 |
| | June | 13,963 | 12,878 | 1,085 | 9,990 | 5,628 | 4,363 | 23,954 | 18,506 | 5,448 |
| | Sept | 13,963 | 12,868 | 1,096 | 10,059 | 5,640 | 4,419 | 24,022 | 18,507 | 5,515 |
| | Dec | 13,938 | 12,826 | 1,112 | 10,064 | 5,650 | 4,413 | 24,002 | 18,477 | 5,525 |
| 1986 | March | 13,872 | 12,786 | 1,086 | 10,087 | 5,658 | 4,429 | 23,959 | 18,444 | 5,515 |
| | June | 13,845 | 12,707 | 1,137 | 10,137 | 5,658 | 4,479 | 23,982 | 18,366 | 5,616 |
| | Sept | 13,876 | 12,709 | 1,167 | 10,225 | 5,683 | 4,543 | 24,101 | 18,392 | 5,709 |
| | Dec | 13,865 | 12,667 | 1,198 | 10,293 | 5,720 | 4,573 | 24,158 | 18,386 | 5,771 |
| 1987 | March | 13,876 | 12,676 | 1,200 | 10,344 | 5,740 | 4,604 | 24,219 | 18,416 | 5,804 |
| | June | 14,006 | 12,744 | 1,262 | 10,486 | 5,833 | 4,652 | 24,492 | 18,577 | 5,915 |
| | Sept | 14,150 | 12,853 | 1,297 | 10,606 | 5,916 | 4,690 | 24,757 | 18,769 | 5,987 |
| | Dec | 14,259 | 12,929 | 1,330 | 10,726 | 6,015 | 4,711 | 24,985 | 18,943 | 6,041 |
| 1988 | March | 14,351 | 13,043 | 1,308 | 10,809 | 6,109 | 4,699 | 25,159 | 19,152 | 6,007 |
| | June | 14,406 | 13,089 | 1,317 | 10,877 | 6,166 | 4,710 | 25,283 | 19,256 | 6,027 |
| | Sept | 14,462 | 13,157 | 1,305 | 10,977 | 6,223 | 4,754 | 25,439 | 19,380 | 6,059 |
| | Dec | 14,483 | 13,128 | 1,355 | 11,032 | 6,250 | 4,781 | 25,514 | 19,378 | 6,136 |
| 1989 | March | 14,549 | 13,160 | 1,389 | 11,129 | 6,286 | 4,842 | 25,678 | 19,446 | 6,231 |
| | June | 14,570 | 13,143 | 1,427 | 11,187 | 6,319 | 4,868 | 25,757 | 19,462 | 6,295 |
| Change | | | | | | | | | | |
| Mar 83-Jun 89 | | 906 | 347 | 559 | 1,852 | 961 | 891 | 2,758 | 1,308 | 1,450 |
| Jun 88-Jun 89 | | 163 | 54 | 110 | 311 | 153 | 158 | 474 | 206 | 268 |

* The workforce in employment comprises employees in employment, the self employed, HM Forces and participants in work related government training programmes. In classifying the workforce in employment between full and part time all programme participants are counted as in employment part time.

ANNEX B1

ANNEX B2

Table 2: The Workforce in Employment in Great Britain (1)

Thousands, seasonally adjusted

| | | Employees in Employment (1) | | | | Self Employment (2) | | | | HM Forces | | Work related government training programmes (3)(5) | | Workforce in Employment (4) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Males | | Females | | Males | | Females | | Males | Females | Males | Females | Males | | Females | | Persons | |
| | | All | of which part time* | All | of which part time | All | of which part time | All | of which part time | | | | | All | of which part time* | All | of which part time | All | of which part time* |
| 1983 | March | 11,707 | 745 | 8,824 | 3,714 | 1,651 | 123 | 496 | 264 | 306 | 15 | 0 | 0 | 13,664 | 868 | 9,335 | 3,977 | 22,999 | 4,845 |
| | June | 11,674 | 766 | 8,882 | 3,761 | 1,652 | 126 | 508 | 267 | 306 | 16 | 3 | 5 | 13,635 | 955 | 9,411 | 4,032 | 23,047 | 4,925 |
| | Sept | 11,656 | 772 | 8,952 | 3,801 | 1,702 | 136 | 527 | 278 | 309 | 16 | 74 | 64 | 13,743 | 962 | 9,559 | 4,143 | 23,302 | 5,125 |
| | Dec | 11,645 | 755 | 9,027 | 3,843 | 1,751 | 145 | 547 | 289 | 309 | 16 | 96 | 82 | 13,801 | 1,039 | 9,672 | 4,214 | 23,472 | 5,253 |
| 1984 | March | 11,630 | 784 | 9,077 | 3,863 | 1,801 | 155 | 566 | 299 | 310 | 16 | 91 | 77 | 13,832 | 1,030 | 9,736 | 4,240 | 23,568 | 5,270 |
| | June | 11,625 | 790 | 9,108 | 3,873 | 1,850 | 164 | 566 | 311 | 310 | 16 | 91 | 76 | 13,875 | 1,045 | 9,785 | 4,261 | 23,660 | 5,305 |
| | Sept | 11,636 | 771 | 9,145 | 3,886 | 1,868 | 165 | 596 | 315 | 312 | 16 | 112 | 95 | 13,928 | 1,048 | 9,853 | 4,297 | 23,781 | 5,345 |
| | Dec | 11,666 | 801 | 9,188 | 3,924 | 1,866 | 167 | 606 | 320 | 311 | 16 | 105 | 91 | 13,972 | 1,077 | 9,908 | 4,335 | 23,881 | 5,413 |
| 1985 | March | 11,655 | 792 | 9,235 | 3,937 | 1,905 | 169 | 617 | 325 | 310 | 16 | 101 | 80 | 13,972 | 1,062 | 9,951 | 4,342 | 23,923 | 5,404 |
| | June | 11,637 | 821 | 9,272 | 3,956 | 1,923 | 170 | 626 | 321 | 305 | 16 | 94 | 74 | 13,963 | 1,095 | 9,990 | 4,353 | 23,954 | 5,436 |
| | Sept | 11,607 | 805 | 9,314 | 3,991 | 1,926 | 168 | 628 | 328 | 309 | 16 | 120 | 100 | 13,963 | 1,096 | 10,059 | 4,419 | 24,022 | 5,515 |
| | Dec | 11,587 | 831 | 9,325 | 3,995 | 1,925 | 166 | 625 | 325 | 307 | 16 | 114 | 94 | 13,938 | 1,112 | 10,064 | 4,413 | 24,002 | 5,525 |
| 1986 | March | 11,530 | 819 | 9,361 | 4,027 | 1,933 | 164 | 630 | 322 | 306 | 15 | 103 | 80 | 13,872 | 1,066 | 10,087 | 4,429 | 23,959 | 5,515 |
| | June | 11,481 | 852 | 9,395 | 4,064 | 1,937 | 163 | 630 | 319 | 305 | 16 | 122 | 96 | 13,845 | 1,137 | 10,137 | 4,475 | 23,982 | 5,616 |
| | Sept | 11,442 | 843 | 9,437 | 4,087 | 1,977 | 173 | 648 | 331 | 306 | 16 | 151 | 125 | 13,876 | 1,167 | 10,225 | 4,543 | 24,101 | 5,705 |
| | Dec | 11,394 | 866 | 9,452 | 4,111 | 2,018 | 184 | 665 | 343 | 304 | 16 | 148 | 115 | 13,865 | 1,195 | 10,293 | 4,573 | 24,158 | 5,771 |
| 1987 | March | 11,376 | 866 | 9,536 | 4,141 | 2,059 | 194 | 653 | 355 | 304 | 16 | 136 | 108 | 13,876 | 1,200 | 10,344 | 4,604 | 24,219 | 5,804 |
| | June | 11,433 | 857 | 9,637 | 4,153 | 2,099 | 204 | 701 | 367 | 302 | 16 | 171 | 132 | 14,006 | 1,262 | 10,486 | 4,652 | 24,492 | 5,915 |
| | Sept | 11,506 | 879 | 9,726 | 4,164 | 2,126 | 203 | 706 | 368 | 303 | 16 | 216 | 158 | 14,150 | 1,297 | 10,606 | 4,690 | 24,757 | 5,987 |
| | Dec | 11,597 | 919 | 9,831 | 4,196 | 2,152 | 202 | 711 | 366 | 301 | 16 | 209 | 147 | 14,255 | 1,330 | 10,726 | 4,711 | 24,985 | 6,041 |
| 1988 | March | 11,672 | 905 | 9,941 | 4,196 | 2,176 | 200 | 716 | 368 | 301 | 16 | 199 | 135 | 14,351 | 1,308 | 10,809 | 4,699 | 25,159 | 6,007 |
| | June | 11,703 | 919 | 10,004 | 4,207 | 2,205 | 199 | 721 | 369 | 300 | 16 | 199 | 135 | 14,406 | 1,317 | 10,877 | 4,710 | 25,283 | 6,027 |
| | Sept | 11,724 | 865 | 10,053 | 4,235 | 2,225 | 203 | 732 | 373 | 299 | 16 | 214 | 146 | 14,462 | 1,305 | 10,977 | 4,754 | 25,439 | 6,055 |
| | Dec | 11,696 | 903 | 10,120 | 4,252 | 2,245 | 207 | 743 | 377 | 297 | 16 | 245 | 152 | 14,483 | 1,355 | 11,032 | 4,781 | 25,514 | 6,136 |
| 1989 | March | 11,717 | 901 | 10,201 | 4,301 | 2,265 | 210 | 754 | 382 | 295 | 16 | 278 | 160 | 14,556 | 1,389 | 11,131 | 4,842 | 25,687 | 6,231 |
| | June | 11,717 | 917 | 10,229 | 4,305 | 2,285 | 214 | 765 | 386 | 291 | 16 | 297 | 173 | 14,590 | 1,428 | 11,163 | 4,864 | 25,773 | 6,292 |
| Change | | | | | | | | | | | | | | | | | | | |
| Jun 83-Jun 89 | | 43 | 151 | 1,347 | 544 | 633 | 88 | 257 | 120 | -15 | 0 | 294 | 168 | 955 | 533 | 1,772 | 631 | 2,727 | 1,364 |
| Jun 88-Jun 89 | | 14 | -1 | 225 | 98 | 81 | 15 | 43 | 18 | -9 | 1 | 97 | 38 | 184 | 111 | 307 | 153 | 490 | 264 |

(1) The full and part time female employee estimates are seasonally adjusted variations of those regularly published in table 1.1 of the Labour Market Data section of Employment Gazette. The part-time male employee estimates for dates from September 1984 are those regularly published in table 1.1; because only a short time series is available, these estimates have not been seasonally adjusted. The part time male estimates for dates prior to September 1984 have been derived by interpolation of the proportion of male employees who were part time.

(2) The self employment estimates, separately for males and females, for the June of each year are split between full and part time in the proportions indicated by the Labour Force survey for the year covered. Estimates for other dates are, as for total self employment, calculated by interpolation and extrapolation.

(3) See * table 1 (4) See * table 1

(5) All participants are assumed to work part time

ANNEX B2

ANNEX B3 (i)

ANNEX B XII

CHANGES IN EMPLOYEES IN EMPLOYMENT

United Kingdom

Thousands, not seasonally adju

| Industry | Year ending Jun 1989 Change Absolute | Percent | Region | Year ending Jun 1989 Change Absolute | Percent |
|---|---|---|---|---|---|
| Agriculture forestry and fishing | -14.1 | -4.5 | South East | 117.1 | 1.5 |
| Energy and water supply | -18.6 | -3.8 | (Greater London) | 23.6 | .7 |
| Other mineral and ore extraction etc | -14.1 | -2.1 | East Anglia | 8.2 | 1.1 |
| Metal goods, engineering and vehicles | 2.8 | .1 | South West | 46.0 | 2.8 |
| Other manufacturing industries | -12.5 | -.6 | West Midlands | 1.9 | .1 |
| Construction | 24.4 | 2.3 | East Midlands | 18.5 | 1.2 |
| Distribution, hotels, catering, repairs | 89.8 | 2.0 | Yorks & Humberside | -17.9 | -1.0 |
| Transport & Communication | 18.4 | 1.4 | North West | 22.5 | .9 |
| Banking, finance insurance | 153.7 | 6.2 | North | -7.5 | -.7 |
| Other Services | -5.7 | -.1 | Wales | 18.8 | 2.0 |
| | | | Scotland | 12.8 | .7 |
| All Industries | 223.9 | 1.0 | Great Britain | 221.7 | 1.0 |
| | | | Northern Ireland | 2.1 | .4 |
| | | | United Kingdom | 223.9 | 1.0 |

ANNEX B3 (ii)

ANNEX B3 (ii)

TABLE 8 EMPLOYEES IN EMPLOYMENT IN THE UNITED KINGDOM

Thousand: Seasonally adjusted

| | | | Manufacturing Industries | | Energy & Water Supply Industries | | Service Industries | | Other Industries | | All Industries and Services | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Levels | Changes | Levels | Changes | Levels | Changes | Levels | Changes | Levels | Changes |
| 1983 | March | Q1 | 5,594 | - 75 | 659 | - 8 | 13,363 | + 26 | 1,410 | - 19 | 21,026 | - 76 |
| | June | Q2 | 5,538 | - 56 | 648 | - 11 | 13,463 | + 100 | 1,405 | - 5 | 21,054 | + 28 |
| | September | Q3 | 5,485 | - 53 | 643 | - 6 | 13,570 | + 108 | 1,409 | + 4 | 21,107 | + 53 |
| | December | Q4 | 5,455 | - 30 | 634 | - 8 | 13,673 | + 103 | 1,407 | - 2 | 21,169 | + 62 |
| 1984 | March | Q1 | 5,429 | - 26 | 623 | - 11 | 13,750 | + 77 | 1,402 | - 5 | 21,204 | + 35 |
| | June | Q2 | 5,424 | - 5 | 616 | - 7 | 13,800 | + 49 | 1,389 | - 12 | 21,229 | + 24 |
| | September | Q3 | 5,402 | - 22 | 613 | - 4 | 13,873 | + 73 | 1,394 | + 5 | 21,281 | + 53 |
| | December | Q4 | 5,399 | - 3 | 609 | - 3 | 13,964 | + 91 | 1,391 | - 3 | 21,363 | + 81 |
| 1985 | March | Q1 | 5,387 | - 11 | 603 | - 6 | 14,021 | + 57 | 1,386 | - 5 | 21,397 | + 35 |
| | June | Q2 | 5,377 | - 11 | 591 | - 12 | 14,072 | + 51 | 1,375 | - 12 | 21,414 | + 17 |
| | September | Q3 | 5,371 | - 6 | 581 | - 11 | 14,117 | + 45 | 1,358 | - 16 | 21,427 | + 12 |
| | December | Q4 | 5,339 | - 32 | 571 | - 10 | 14,161 | + 44 | 1,347 | - 12 | 21,418 | - 9 |
| 1986 | March | Q1 | 5,304 | - 35 | 554 | - 17 | 14,203 | + 42 | 1,334 | - 13 | 21,395 | - 23 |
| | June | Q2 | 5,242 | - 62 | 545 | - 10 | 14,263 | + 60 | 1,329 | - 6 | 21,379 | - 17 |
| | September | Q3 | 5,201 | - 42 | 535 | - 10 | 14,322 | + 59 | 1,322 | - 6 | 21,380 | + 1 |
| | December | Q4 | 5,173 | - 28 | 525 | - 10 | 14,366 | + 44 | 1,325 | + 3 | 21,389 | + 9 |
| 1987 | March | Q1 | 5,144 | - 29 | 511 | - 14 | 14,430 | + 65 | 1,330 | + 5 | 21,416 | + 27 |
| | June | Q2 | 5,167 | + 23 | 508 | - 3 | 14,561 | + 131 | 1,339 | + 9 | 21,575 | + 160 |
| | September | Q3 | 5,177 | + 10 | 508 | 0 | 14,703 | + 142 | 1,351 | + 12 | 21,740 | + 164 |
| | December | Q4 | 5,200 | + 23 | 505 | - 3 | 14,893 | + 190 | 1,358 | + 7 | 21,956 | + 216 |
| 1988 | March | Q1 | 5,227 | + 27 | 495 | - 10 | 15,038 | + 145 | 1,366 | + 8 | 22,125 | + 169 |
| | June | Q2 | 5,230 | + 3 | 487 | - 8 | 15,139 | + 101 | 1,365 | - 1 | 22,220 | + 95 |
| | September | Q3 | 5,238 | + 9 | 486 | 0 | 15,242 | + 103 | 1,355 | - 9 | 22,322 | + 102 |
| | December | Q4 | 5,244 | + 6 | 483 | - 3 | 15,247 | + 5 | 1,357 | + 2 | 22,332 | + 10 |
| 1989 | March | Q1 | 5,239 | - 5 | 476 | - 8 | 15,347R | + 100R | 1,363 | + 6 | 22,424R | + 93R |
| | June | Q2 | 5,205 | - 34 | 468R | - 8R | 15,396R | + 49R | 1,375 | + 12 | 22,444R | + 20R |

R=Revised to incorporate late data now available

ANNEX B4

BIGGEST & BEST / LEAST & WORST (Seasonally adjusted estimates)

Tables 6,7 and 8 - UK EMPLOYMENT ESTIMATES

LEVELS

| | |
|---|---|
| Workforce in Employment | 26,341,000 in June 1989, highest ever |
| Employees in employment | 22,444,000 in June 1989, highest since September 1980 (22,689,000) |
| Employees in Manufacturing | 5,205,000 in June 1989, compared with 5,230,000 in June 1988 and 5,167,000 in June 1987. |
| Employees in Services | 15,396,000 in June 1989, highest ever |

CHANGES (quarterly)

| | |
|---|---|
| Workforce in employment | Plus 78,000 in Q2 1989, follows rises of 78,000 in Q4 1988 and 162,000 in Q1 1989 |
| Employees in employment | Plus 20,000 in Q2 1989, follows rises of 10,000 in Q4 1988 and 93,000 in Q1 1989 |
| Employees in Manufacturing | Minus 34,000 in Q2 1989, follows rise of 6,000 in Q4 1988 and fall of 5,000 in Q1 1989. Decrease in year to Q2 1989 of 24,000, follows a decrease of 62,000 in year to Q2 1988 |
| Employees in services | Plus 49,000 in Q2 1989, follows rises of 5,000 in Q4 1988 and 100,000 in Q1 1989 |

Table 9, GB PRODUCTION INDUSTRIES EMPLOYMENT AND HOURS

| | | |
|---|---|---|
| Manufacturing | - levels | 5,096,000 in October 1989. |
| | - changes | Fall of 9,000 in October; follows rise of 18,000 in August 1989 and fall of 9,000 in September 1989. Up by 5,000 in Q3 1989. |
| Energy/Water | - levels | 453,000 in October 1989, lowest ever on SIC 80 definition (since 1971). |
| | - changes | No Change in October 1989, follows no change in August 1989 and a fall of 4,000 in September 1989. |
| Overtime | | 13.09 million hours worked in October 1989; lower than September 1989 (13.65). Lowest since June 1988(13.04). |
| Short-time | | 0.29 million hours in October 1989. |

ANNEX B4

**VACANCIES** (Tables 10, 11, and 12 on pages 13 and 14)

**Vacancies, seasonally adjusted UK**

UK vacancies at Jobcentres, seasonally adjusted, decreased by 5,100 in November to 209,500. (Vacancies are 32,000 down on a year ago, a decrease of 13.3%). Vacancies at Jobcentres account for about 1/3 of vacancies in the economy. (Over the past six months there has been a decrease of 1,700 per month on average).

| | SEASONALLY ADJUSTED | |
|---|---|---|
| Total | 209,500 | |
| Last month | 214,600 | |
| Change | -5,100 | |
| Last year | 241,500 | |
| Change | -32,000 | (-13.3%) |

Normal seasonal changes:
(Unadjusted)

| | |
|---|---|
| Nov | -16,300 |
| Dec | -25,500 |
| 1990 | |
| Jan | -13,400 |

**Vacancies, unadjusted UK**

UK vacancies at Jobcentres, unadjusted, decreased by 21,600 in November to 220,600.

| | UNADJUSTED |
|---|---|
| Total | 220,600 |
| Last month | 242,200 |
| Change | -21,600 |
| Last year | 252,300 |
| Change | -31,700 |

**Vacancy flows and placings seasonally adjusted UK:**

There was a decrease of 8,000 in vacancy inflows in November to 222,200. There was a decrease of 4,900 in vacancy outflows to 231,700 and a decrease of 1,400 in placings to 159,500. Compared with last year inflows are down 9,900, outflows are down by 7,700 and placings are down by 1,900.

**AVERAGE EARNINGS** (Tables 13 and 14 on pages 15 and 16)

[The Average Earnings Index was restructured in October 1989 (ie with publication of the August 1980 Index) to take into account:

(a) an enhanced sample (increased by 1000 firms and now covering parts of services sector not previously covered eg many parts of business services, higher education, research);

(b) re-weighting of industries within the index (in line with the Sept 1987 Census of Employment published last month);

(c) re-basing to 1988=100 (because it is essentially a new index). Data on the new basis are available back to January 1988.]

**Underlying index - whole economy**

The underlying increase in average earnings for the whole economy was 9 1/4 per cent in the year to October, which is an increase of 1/4% on the rate recorded for the year to September.

It was last higher in March 1989 at 9 1/2 per cent.

| Underlying annual increase | |
|---|---|
| October 1989 | 9 1/4% |
| Last month (September) | 9% |
| Last year (October 1988) | 9% |
| Last higher (March 1989) | 9 1/2% |

The actual increase in the same period was 9.8%, up by 0.1% on the percentage for the year to September, and up by 0.9% on the year to October 1988.

| | |
|---|---|
| Actual annual increase | 9.8% |
| Last month (September) | 9.7% |
| Last year (Oct.1988) (old index). | 8.9%* |
| *Seasonally adjusted | 9.0% |

**Actual index - whole economy**

The AEI stood at 111.7 in October, 9.8% above the October 1988 level. The high rate is explained by:

1) Back pay (80% higher than a year ago.

2) Some people receiving two increases within the 12 month period.

| | | |
|---|---|---|
| AEI - October 89 | 111.7 | (112.2) |
| September 89 | 110.7 | (110.9) |
| October 88 | 101.7 | (102.2) |

**Assessment**

Back pay in October was 80 per cent higher than that of a year earlier and about 140 per cent above the recent average level. Three fifths of the arrears of pay were in communications and one sixth in public administration.

Negative adjustments for those who have been paid two annual increases in the last 12 months (such as nurses and midwives, some civil service professionals and some local authority administrators) outweigh positive adjustments for those who have received no annual increase in the last 12 months (such as local authority manuals, Post Office letters and parcels staff and licensed restaurant staff). Adjustments for the timing of bonuses netted out at zero.

The net result of all these adjustments for back pay, timing etc is to place the underlying increase, at 9 1/4%, about 1/2% below the actual increase of 9.8%.

Settlements agreed in October

British Telecom (175,000) due July 9% (last year 7.2%)
In underlying index from October.

Local Authority manuals (1,009,000) due September 8.8% (last year 5.6%). In underlying index from October.

**Settlements** (agreed in November)

Food manuf. JIC (15,000) due June 7.5% (last year 5.8%)
In underlying index from November.

Industrial Civil Servants (73,000) due July 6.7% (last year 4.5%)
In underlying index from November.

British Coal (66,000) due August 6.9% (last year 6%)
In underlying index from November.

NHS Maintenance Grades (15,000) due August 9.3% (last year 5.5%)
In underlying index from November.

Nationwide Anglia (11,600) Last increase was in April 1989. New increase 8.4% (last year 6.5%). In underlying index from November.

Securicor (13,200) due November 6.5% (last year 6.9%)
In underlying index from November.

Austin Rover (30,000) due November (2nd stage of 2 year deal) 6.25% (last year 5.25%). In underlying index from November.

Local Authority Builders etc (66,000) due September 8.8% (last year 5.74%). In underlying index from December.

Clothing Manufacturing WC (110,000) due January (90) 7.5% (last year 6.0)% In underlying index from January (90).

**Manufacturing**

In manufacturing industry the underlying increase for the year to October 1989 at 9%, has risen by 1/4% from the revised increase for the year to September (revised down from 9% to 8 3/4 %). Underlying last higher in June 1984 (9 1/4%). It has shown an 8 1/2% or 8 3/4% growth since January - ie for nine months.

| | | |
|---|---|---|
| **Underlying** | Oct 89 | 9% |
| Last month | Sept 89 | 8 3/4%(R) |
| Last year | Oct 89 | 8 1/2% |

The actual increase in the same period was 8.7%, down by 0.6% on September.

**Actual** annual increase

| | |
|---|---|
| October 89 | 8.7% |
| Last month | 9.3% |
| (S.adj | 9.2% |
| Last year Oct 1988 | 8.3% |
| (old index) (S.adj | 8.2%). |

**Production**

The underlying increase for <u>production</u> industries, over the year to October at 9 1/4% is up 1/4% from the revised increase for the year the year to September (revised down from 9 1/4% to 9%). It was last higher in October 1982 at 9 1/2%.

| | |
|---|---|
| Underlying Oct. 1989 | 9 1/4% |
| Last month (September) | 9%(R) |
| Last year Oct. 1988 | 8 3/4% |

The actual increase in the same period was 9.0%,(seasonally adjusted 9.1%) down by 0.3% on September.

Actual annual increase

| | |
|---|---|
| October 1989 | 9% |
| Last month (Sept) | 9.3% |
| Last year Oct 1988 (old index) | 8.5% |

**Services**

For service industries the underlying increase in the year to October was 9% an increase of 1/2% on September.
It was last higher in April 1989 (9 1/4%); peaked at 9 1/2% in March.
The last 1/2% change in a month was a fall from 9% to 8 1/2% in June 89. The last 1/2% increase was in Nov 87 (8% to 8 1/2%).
[The displacement of the high 1988 nurses settlement was the major cause of the fall between March and June].

| | |
|---|---|
| Underlying Oct 1989 | 9% |
| Last month (Sept) | 8 1/2% |
| Last year Oct 1988 | 9% |

The main increases are - about half of local authority manual employees; the balance of administrative employees in local public administration, education, and health; staged payments to some civil service administrative staff under last April settlement; and British Telecom staff (the largest private sector employer).

The actual increase for the same period was 10.3% (seasonally adjusted 10.2%) up by 1.9% on the percentage for the year to October.

| | |
|---|---|
| Actual Oct 1989 | 10.3% |
| (Seas. adj. | 10.2%) |
| Last month (Sept) | 9.7% |
| (Seas. adj. | 9.8%) |
| Last year Oct 1988 | 8.6% (old index) |

**HOURS OF WORK (MANUFACTURING)** (Table 9 on page 12)

Overtime

In October the number of overtime hours worked in manufacturing (per week, seasonally adjusted) was 13.09 million. This compares with 13.65 million for September 1989 and 13.92 million for October 1988.

| | |
|---|---|
| Overtime | 13.09 million |
| Last month | 13.65 million |
| Change | -0.56 million |
| Last year | 13.92 million |
| Change | -0.83 million |

Short-time

The number of hours lost through short-time working per week in October was 290,000, down by 100,000 on the September figure, and down by 30,000 on October 1988.

| | |
|---|---|
| Short-time | 290,000 |
| Last month | 390,000 |
| Change | -100,000 |
| Last year | 260,000 |
| Change | -30,000 |

Last comparable month June 1988 (300,000). Highest December 1980 8,002,000.

The three month average ending October of 300,000 is the same as in the previous three months (to July) and compares with the same period last year (259,000).

ANNEX C1

INTERNATIONAL COMPARISONS

HOURLY EARNINGS IN MANUFACTURING (Percentage changes on a year earlier)

| | | Latest period available |
|---|---|---|
| Greece | 20.3 | Q1 1989 |
| Portugal (h) | 13.0 | Q1 1989 |
| Spain (e) | 11.3 | Q1 1989 |
| Sweden (g) | 10.7 | AUGUST |
| Finland | 9.6 | Q4 1988 |
| Great Britain (c) | 9 | OCTOBER |
| Italy (b) | 6.3 | SEPTEMBER |
| Norway (d) | 6.0 | Q2 1989 |
| Australia (b) | 5.9 | AUGUST |
| Canada | 5.5 | AUGUST |
| Austria (a)(g) | 4.8 | JUNE |
| Denmark (g) | 4.6 | JUNE |
| Japan (a)(f) | 4.4 | SEPTEMBER |
| Belgium (j) | 4.3 | Q2 1989 |
| New Zealand (i) | 4.1 | Q2 1989 |
| France (b) | 4.0 | Q2 1989 |
| Germany | 3.9 | Q2 1989 |
| United States | 2.9 | SETPEMBER |
| Ireland | 2.7 | Q4 1988 |
| Netherlands (b) | 1.0 | SEPTEMBER |
| OECD | 5.2 | JUNE |
| EEC | 5.9 | JUNE |

Source: OECD Main Economic Indicators: NOVEMBER 1989

(a) Monthly Earnings
(b) Hourly Rates
(c) Weekly Earnings (Underlying)
(d) Males
(e) Not Seasonally Adjusted
(f) 3 month ending
(g) Mining and Manufacturing
(h) Daily Earnings
(i) Weekly Rates; all activities
(j) Mining, manufacturing and transport

ANNEX C1

**Average Hours**

The index of average weekly hours worked in October is 101.3; in September (101.1) and in August (100.4).

| | |
|---|---|
| Average hours | 101.3 |
| Last month (Sept) | 101.1 |
| (Aug) | 100.4 |
| Last year (Oct) | 101.5 |
| Change | -0.2 |

The three months to October average index of 101.3 is up by 0.5 on the three months to July (100.8), and a rise of 0.2 over the equivalent period last year (101.1).

**PRODUCTIVITY** (Output per head Table 16 on page 18).

Manufacturing output per head in the three months to October was marginally lower than in the three months ending July and 3.0 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the second quarter of 1989 was 0.6 per cent lower than in the previous quarter but 0.7 per cent higher than in the same quarter a year earlier.

**Any revisions to Q2 and earlier data resulting from the update of GDP figures will be publicly available at 11.30am on Monday December 18.**

(The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have reduced the increase in whole economy output per head by about 1 percentage point in each of the first two quarters of 1989 and by about 1/2 a percentage point in each of the previous two quarters.

**UNIT WAGE AND SALARY COSTS (TABLE 15 on page 17)**

In the three months ending October 1989, wages and salaries per unit of output in manufacturing industry was 5.7% higher than in the same period a year ago.

In the second quarter of 1989 wages and salaries per unit of output in the whole economy were 8.2% above the corresponding period a year earlier.

**Any revisions to Q2 and earlier data resulting from the update of GDP figures will be publicly available at 11.30am on Monday December 18.**

(The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have added about 1 percentage point to the increase in unit wage costs for the whole economy in Q1 1989 and about 1/2 percentage point in each of the two previous quarters)

ANNEXDI

## INTERNATIONAL COMPARISONS

### WAGES AND SALARIES PER UNIT OF OUTPUT IN MANUFACTURING

Annual Percentage Increases

| | | United Kingdom | Federal Republic of Germany(1) | Japan | United States of America(2) | Canada | Italy(2) | France(2) |
|---|---|---|---|---|---|---|---|---|
| Source: | | | A | A | A | A | B | B |
| 1980 | | 22 | 8 | 3 | 10 | 14 | 12 | 14 |
| 1981 | | 9 | 5 | 6 | 7 | 12 | 18 | 13 |
| 1982 | | 4 | 4 | 5 | 7 | 15 | 15 | 13 |
| 1983 | | 1 | -1 | 2 | -3 | 15 | 15 | 12 |
| 1984 | | 3 | -1 | -5 | -2 | -1 | 11 | 6 |
| 1985 | | 6 | 0 | 2 | 2 | -4 | 4 | 7 |
| 1986 | | 4 | 4 | 4 | 1 | 1 | 7 | 6 |
| 1987 | | 1 | 3 | -3 | -1 | 4 | 3 | 2 |
| 1988 | | 3 | 0 | -3 | 1 | 3 | 4 | 0 |
| Quarterly | | | | | | | | |
| 1984 | Q3 | 3 | -3 | -4 | 0 | -5 | 4 | 7 |
| | Q4 | 5 | -1 | -4 | 0 | -2 | 3 | 8 |
| 1985 | Q1 | 5 | -3 | -1 | 3 | 1 | 6 | 10 |
| | Q2 | 5 | -1 | -1 | 3 | 2 | 5 | 6 |
| | Q3 | 6 | 1 | 1 | 2 | 1 | 8 | 5 |
| | Q4 | 7 | 2 | 5 | 3 | 1 | 8 | 5 |
| 1986 | Q1 | 8 | 4 | 4 | 0 | 3 | 4 | 4 |
| | Q2 | 7 | 3 | 5 | 0 | 3 | 4 | 1 |
| | Q3 | 3 | 4 | 5 | 0 | 4 | 3 | 2 |
| | Q4 | 0 | 4 | 3 | 0 | 6 | 3 | 1 |
| 1987 | Q1 | 1 | 5 | 1 | 1 | 5 | 5 | 1 |
| | Q2 | 0 | 4 | -1 | 0 | 5 | 3 | 1 |
| | Q3 | 1 | 3 | -4 | -1 | 5 | 4 | 0 |
| | Q4 | 3 | 2 | -7 | -1 | 1 | 3 | -2 |
| 1988 | Q1 | 2 | -1 | -8 | -1 | 2 | 3 | -6 |
| | Q2 | 5 | 0 | -6 | 0 | 2 | 3 | -2 |
| | Q3 | 2 | -1 | -4 | 1 | 3 | 3 | -2 |
| | Q4 | 3 | 0 | -2 | 1 | 5 | 4 | -2 |
| 1989 | Q1 | 2 | 0 | -2 | 2 | 5 | 6 | -1 |
| | Q2 | 3 | 1 | -1 | 1 | 5 | 7 | -3 |
| | Q3 | 6 | n/a | n/a | 2 | n/a | n/a | n/a |

n/a - not available
* - estimated

Notes (1) : Manufacturing and mining
(2) : Unit labour costs
These series are in local currency and are not adjusted for exchange rate changes

Source A: OECD Main Economic Indicators (November 1989)
B: International Monetary Fund (November 1989)

ANNEX DI

**INDUSTRIAL STOPPAGES** (Table 17 on page 19)

In October 1989, 155,000 working days were provisionally estimated as lost through industrial disputes; 102,000 higher than last year's figure (53,000) and very much lower than the October average for the ten years to 1988 of 843,000 working days lost. Last month's figure (September) was 67,000 and the corresponding figure for October 1988 was 53,000. [50,000 working days lost in public administration (London borough), 22,000 in education, and 14,000 in engineering.]

| | |
|---|---|
| Days lost | 155,000 |
| Last month | 67,000 |
| Change | +88,000 |
| Last year | 53,000 |
| Change | +102,000 |
| 10 year average | 843,000 |
| Change | -738,000 |

In the year to October 1989, a provisional total of 3.6 million working days were lost through industrial disputes, compared with 3.7 million lost in the previous twelve months, and an average over the previous ten year period of 10 million days lost. The October total also compares with an average of 12.9 million for the 1970s.

The largest element in the 3.6 million total is 2 million working days lost due to the NALGO workers' dispute.

| | |
|---|---|
| 12 months to Oct | 3.6 million |
| Previous 12 months | 3.7 million |
| Change | -0.1 million |
| 10 year average | 10 million |
| Change | -6.4 million |

A provisional total of 58 stoppages were recorded as in progress in October. Subsequent revisions will raise this total. It compares with the September figure of 65 and is the lowest figure for October since 1934 (53).

| | |
|---|---|
| Stoppages | 58(P) |
| Last month | 65(P) |
| Change | -7 |
| Last year | 83 |
| Change | -25 |
| 10 year average | 149 |
| Change | -91 |

In the 12 months to October 1989 a provisional total of 713 stoppages were recorded as in progress, compared with 831 for the previous 12 month period (a reduction of 118). This is the lowest figure for the 12 months ending October since 1935 (536). This compares with a 10 year annual average of 2,631.

| | |
|---|---|
| 12 months to Oct 1989 | 713 |
| 12 months to Oct 1988 | 831 |
| Change | -118 |
| 10 year average | 2,631 |
| Change | -1,918 |

(Comparisons on stoppages should be made with caution because of the difficulty in collecting information on small strikes.)

"WINTER OF DISCONTENT"

| Working days lost | | Stoppages |
|---|---|---|
| **1978** | | **1978** |
| September | 878,000 | 313 |
| October | 1,857,000 | 398 |
| November | 1,918,000 | 369 |
| December | 542,000 | 177 |
| **1979** | | **1979** |
| January | 2,966,000 | 251 |
| February | 2,425,000 | 297 |
| March | 1,333,000 | 314 |
| April | 867,000 | 247 |
| May | 485,000 | 204 |

<u>REDUNDANCIES</u> (not in press notice)

Confirmed redundancies in the three months ending October 1989 are expected to total 20,000 after making an allowance for belated reporting; this compares with 21,656 recorded in the corresponding period a year ago.

The provisional figures for September and October 1989 were 8,000 and 5,000 respectively, compared with 8,200 and 6,300 for the equivalent months last year.

[It is questionable whether the trend is due to economic factors or to lower compliance with reporting requirements]

JOHN PUGH
EVELYN SMITH
VIOLA PANTON

EMPLOYMENT DEPARTMENT

EMPLOYMENT DEPARTMENT GROUP

**Department of Employment**
Caxton House
Tothill Street
London SW1H 9NF
Press Office (24 hrs) **01-273 6950**
Public enquiries **01-273 6969**
Exchange **01-273 3000**

PRESS NOTICE

329/89 14 December 1989

## 1989 : THE THIRD CONSECUTIVE YEAR OF FALLING UNEMPLOYMENT

### STATEMENT BY THE SECRETARY OF STATE FOR EMPLOYMENT
### NORMAN FOWLER

Seasonally adjusted unemployment fell in November by 25,200 to 1.650 million, the lowest level for over nine years. Unemployment has now fallen for 40 consecutive months and is now lower than at any time since October 1980. Unemployment has fallen by over 1.3 million since the 1987 General Election. Long-term unemployment has continued to fall faster than total unemployment and is now at its lowest level since the claimant series began in October 1982.

There is no doubt then that 1989 has been a very good year for employment with a number of notable features:

First, the number of people without jobs has fallen by over 450,000 compared with a year ago. The number of unemployed 18 to 24 year olds has fallen by almost a quarter compared with a year ago and is now well below half a million.

Second, the unemployment rate is down 1.7 percentage points compared with a year ago and now stands at 5.8 per cent. All regions have seen a reduction in unemployment over the past year with the North, Wales and Scotland experiencing the largest falls. The rate of unemployment in the United Kingdom has fallen faster over the past year than in nearly all other major industrialised countries and the unemployment rate is now lower than in France, Italy, Canada, Belgium, the Netherlands, Spain, Denmark, Greece and Ireland. It is also significantly below the European Community average.

Third, we estimate that there are still around 600,000 vacancies in the economy as a whole. A report published this week on the labour market in the West Midlands provides clear evidence that there is scope for bringing more people back into work, including the longer-term unemployed. But success in this depends, in part, on unemployed people taking steps to update their skills, including taking advantage of the opportunities available through Employment Training.

The prospects for 1990 crucially depend on pay. The underlying increase in average earnings rose by a further quarter per cent in October and the increase in growth in our unit wage costs is now out of line with that of our major overseas competitors. Moderation in pay remains a key requirement if we are to remain competitive in world markets and not put next year's employment prospects at risk.

EMPLOYMENT DEPARTMENT

EMPLOYMENT DEPARTMENT GROUP

**Department of Employment**
Caxton House
Tothill Street
London SW1H 9NF

Press Office (24 hrs) **01-273 6950**
Public enquiries **01-273 6969**
Exchange **01-273 3000**

PRESS NOTICE

328/89

**LABOUR MARKET STATISTICS**
**SUMMARY STATISTICS**

14 December 1989

Thousands

| | | Level | Change on previous period | Change on previous year |
|---|---|---|---|---|
| Unemployment (UK) | | | | |
| Total unadjusted (d) | November 9 | 1,612 | - 23 | -455 |
| Seasonally adjusted (a)(b), (d) | November 9 | 1,650 | - 25 | -456 |
| Workforce in employment (UK) (d), (c) | June Q2 1989 | 26,341 | + 78 | +477 |
| Employees in employment (UK) (b) | | | | |
| All industries and Services (UK) | June Q2 1989 | 22,444 | + 20 | +224 |
| Services (UK) | June Q2 1989 | 15,396 | + 49 | +257 |
| Manufacturing (UK) | June Q2 1989 | 5,205 | - 34 | - 24 |
| Manufacturing (GB) | October 1989 | 5,096 | - 9 | - 33 |
| Vacancies (UK) (jobcentres) (b) | November 3 | 210 | - 5 | - 32 |

Index of Average Earnings (GB) (b) (e)

| | | Percentage change on previous year (underlying increase) |
|---|---|---|
| Whole Economy | October | 9¼ |
| Services | October | 9% |
| Manufacturing | October | 9% |

Notes

(a) To maintain a consistent assessment, the seasonally adjusted series relates only to claimants aged 18 and over
(b) All figures seasonally adjusted
(c) The workforce in employment comprises employees, the self-employed, participants on work related government training schemes and HM Forces.
(d) See Note A7.
(e) Based on restructured average earnings index.

prepared by the Government Statistical Service

The latest figures available on developments in the labour market are summarised below.

Summary

Unemployment (UK seasonally adjusted) fell by 25,200 in the month to November. Male unemployment decreased by 16,100 and female unemployment decreased by 9,100. Over the past six months there has been a fall of 31,000 on average compared with a fall of 44,900 per month over the previous six months to May 1989.

The total, unadjusted, decreased in November by 23,434 to 1,612,410.

The workforce in employment in the United Kingdom is estimated to have increased by 78,000 in the second quarter of 1989 contributing to an overall increase of 477,000 in the year to June 1989. This continues the upward trend of the past six years but is the smallest quarterly increase seen for two years.

The number of employees employed in manufacturing industry in Great Britain is estimated to have fallen by 9,000 in October 1989. This followed a drop of 9,000 in September and a rise of 18,000 in August and brings the average monthly change over the 3 months to zero indicating a levelling off in employment in this sector, following the drop seen in the first two quarters. Considering trends over a longer period, in the third quarter of 1989 there was a rise of 5,000 in manufacturing employment, while over the year to October 1989 there was a fall of 33,000.

The stock of Jobcentre vacancies (UK seasonally adjusted) decreased by 5,100 in November to 209,500. Over the past six months there has been a decrease of 1,700 per month on average.

The underlying increase in average earnings for the whole economy in the year to October was 9¼ per cent, a rise of ¼ per cent on the increase in the year to September.

Additional and more detailed information on unemployment, employment, vacancies, average earnings, unit wage costs, hours of work, productivity and industrial disputes is to be found in subsequent sections of the press notice.

# LABOUR MARKET STATISTICS

Index

PERSONAL AND CONFIDENTIAL UNTIL 11.30 ON 14 DECEMBER 1989

UNEMPLOYMENT +

The seasonally adjusted level of unemployment in the United Kingdom decreased by 25,200 to 1.650 million in November, 5.8 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 31,000 per month.

The unadjusted total decreased by 23,434 between October and November to 1,612,410 giving an unemployment rate of 5.7 per cent of the workforce*.

Recent figures are shown in tables 1, 2 and 3.

THOUSAND

TABLE 1 : UNEMPLOYMENT - SEASONALLY ADJUSTED - UNITED KINGDOM

| | | Male | Female | Total | Change since previous month | Average change over past 6 months | Average change over past 3 months | Unemployment rate: Percentage of workforce* |
|---|---|---|---|---|---|---|---|---|
| 1988 | Nov | 1484.6 | 620.6 | 2105.2 | -52.7 | -43.1 | -40.1 | 7.5 |
| | Dec | 1439.4 | 598.0 | 2037.4 | -67.8 | -47.8 | -51.4 | 7.2 |
| 1989 | Jan | 1405.4 | 582.4 | 1987.8 | -49.6 | -46.6 | -56.7 | 7.0 |
| | Feb | 1377.9 | 570.8 | 1948.7 | -39.1 | -46.2 | -52.2 | 6.9 |
| | Mar | 1359.5 | 557.1 | 1916.6 | -32.1 | -45.9 | -40.3 | 6.8 |
| | Apr | 1321.5 | 536.5 | 1858.0 | -58.6 | -50.0 | -43.3 | 6.6 |
| | May | 1309.7 | 526.1 | 1835.8 | -22.2 | -44.9 | -37.6 | 6.5 |
| | Jun | 1296.1 | 514.2 | 1810.3 | -25.5 | -37.9 | -35.4 | 6.4 |
| | Jul | 1284.8 | 502.4 | 1787.2 | -23.1 | -33.4 | -23.6 | 6.3 |
| | Aug | 1262.5 | 482.8 | 1745.3 | -41.9 | -33.9 | -30.2 | 6.2 |
| | +Sep | 1230.3 | 464.0 | 1694.3 | -51.0 | -37.1 | -38.7 | 6.0 |
| | +Oct(r) | 1216.6 | 458.3 | 1674.9 | -19.4 | -30.5 | -37.4 | 5.9 |
| | +Nov(p) | 1200.5 | 449.2 | 1649.7 | -25.2 | -31.0 | -31.9 | 5.8 ** |

** The separate rate for males was 7.3 per cent, and for females 3.8 per cent.
* See note A4.
(p) Provisional and subject to revision (see note A5)
(r) Revised
\+ See note A7.

**TABLE 2: UNEMPLOYMENT SEASONALLY ADJUSTED (P) + - REGIONS November 9 1989**

| | THOUSAND | | | Change since previous month | Unemployment rate | |
|---|---|---|---|---|---|---|
| | Male | Female | Total | | percentage of workforce* | Change since previous month |
| South East | 246.4 | 95.6 | 342.0 | -1.2 | 3.7 | 0.0 |
| (incl. Greater London) | (147.1) | (56.1) | (203.2) | (-1.3) | (4.7) | ( 0.0) |
| East Anglia | 23.7 | 9.7 | 33.4 | -0.1 | 3.5 | 0.0 |
| South West | 61.4 | 26.7 | 88.1 | -2.0 | 4.1 | -0.1 |
| West Midlands | 110.3 | 43.9 | 154.2 | -0.8 | 6.0 | 0.0 |
| East Midlands | 69.7 | 27.7 | 97.4 | -1.9 | 5.1 | -0.1 |
| Yorks and Humberside | 120.5 | 43.5 | 164.0 | -3.3 | 7.0 | -0.1 |
| North West | 177.6 | 63.3 | 240.9 | -4.5 | 7.8 | -0.1 |
| North | 95.6 | 31.6 | 127.2 | -3.4 | 8.9 | -0.2 |
| Wales | 64.3 | 22.1 | 86.4 | -2.3 | 6.9 | -0.2 |
| Scotland | 155.8 | 58.9 | 214.7 | -4.9 | 8.6 | -0.2 |
| **GREAT BRITAIN** | **1,125.5** | **423.0** | **1,548.5** | -24.1 | 5.6 | -0.1 |
| Northern Ireland | 75.0 | 26.2 | 101.2 | -1.1 | 14.3 | -0.2 |
| **UNITED KINGDOM** | **1,200.5** | **449.2** | **1,649.7** | -25.2 | 5.8 | -0.1 |

* See note A4.
(P) Provisional see note A5
\+ See note A7.

PERSONAL AND CONFIDENTIAL UNTIL 11.30 ON 14 DECEMBER 1989

**TABLE 3: UNEMPLOYMENT TOTAL - UNADJUSTED - UNITED KINGDOM**

| | Male | Female | Number | Unemployment rate: percentage of workforce* |
|---|---|---|---|---|
| 1988 Nov | 1,454,771 | 612,173 | 2,066,944 | 7.3 |
| Dec | 1,451,478 | 595,060 | 2,046,538 | 7.3 |
| 1989 Jan | 1,473,163 | 601,149 | 2,074,312 | 7.4 |
| Feb | 1,434,871 | 583,308 | 2,018,179 | 7.2 |
| Mar | 1,399,364 | 560,856 | 1,960,220 | 6.9 |
| Apr | 1,350,793 | 532,788 | 1,883,581 | 6.7 |
| May | 1,297,067 | 505,452 | 1,802,519 | 6.4 |
| Jun | 1,256,572 | 486,569 | 1,743,141 | 6.2 |
| Jul | 1,261,625 | 509,757 | 1,771,382 | 6.3 |
| Aug | 1,238,399 | 502,692 | 1,741,091 | 6.2 |
| +Sep | 1,218,795 | 484,100 | 1,702,895 | 6.0 |
| +Oct | 1,181,345 | 454,499 | 1,635,844 | 5.8 |
| +Nov | 1,172,689 | 439,721 | 1,612,410 | 5.7* |

* The separate rate for males was 7.2 per cent, and for females 3.7 per cent.

TABLE 4: UNEMPLOYMENT TOTAL UNADJUSTED + - REGIONS November 9 1989 THOUSAND

| | Male | Female | Total | Change since previous month | Unemployment rate: percentage of workforce** |
|---|---|---|---|---|---|
| South East | 239.0 | 93.7 | 332.7 | -4.6 | 3.6 |
| (incl. Greater London) | (143.2) | (54.9) | (198.1) | (-4.4) | (4.6) |
| East Anglia | 22.4 | 9.3 | 31.7 | 0.6 | 3.3 |
| South West | 61.2 | 27.5 | 88.8 | 1.1 | 4.1 |
| West Midlands | 107.1 | 42.7 | 149.8 | -3.1 | 5.8 |
| East Midlands | 66.7 | 26.5 | 93.2 | -2.0 | 4.8 |
| Yorks and Humberside | 117.7 | 42.2 | 159.9 | -2.7 | 6.8 |
| North West | 173.3 | 61.4 | 234.8 | -4.5 | 7.6 |
| North | 93.9 | 31.0 | 124.9 | -2.4 | 8.7 |
| Wales | 63.8 | 21.9 | 85.7 | -0.9 | 6.8 |
| Scotland | 153.8 | 57.9 | 211.7 | -2.4 | 8.5 |
| **GREAT BRITAIN** | 1,099.0 | 414.2 | 1,513.2 | -20.8 | 5.5 |
| Northern Ireland | 73.7 | 25.5 | 99.2 | -2.7 | 14.0 |
| **UNITED KINGDOM** | 1,172.7 | 439.7 | 1,612.4 | -23.4 | 5.7 |

** See note A4.
\+ See note A7.

TABLE 5: UNEMPLOYMENT FLOWS x - STANDARDISED, UNADJUSTED UNITED KINGDOM

Thousands

| Month ending | INFLOW Total | INFLOW Change since previous year | OUTFLOW Total | OUTFLOW Change since previous year |
|---|---|---|---|---|
| 1988 Nov | 297.8 | -77.5 | 354.0 | -78.3 |
| Dec | 269.9 | -58.7 | 292.0 | -25.5 |
| 1989 Jan | 269.4 | -74.9 | 245.4 | -76.2 |
| Feb | 290.0 | -55.2 | 350.8 | -55.8 |
| Mar | 264.0 | -49.0 | 326.8 | -65.7 |
| Apr | 247.5 | -76.4 | 313.9 | -58.6 |
| May | 230.8 | -45.9 | 318.6 | -76.3 |
| Jun | 225.0 | -48.8 | 289.3 | -77.7 |
| Jul | 293.8 | -53.7 | 269.3 | -90.4 |
| Aug | 276.8 | -34.7 | 309.6 | -40.4 |
| +Sep | 281.2 | -46.2 | 314.3 | 8.4 |
| +Oct | 281.1 | -38.5 | 353.8 | -132.3 |
| +Nov | 273.8 | -24.0 | 299.2 | -54.9 |

x See note A6
+ See note A7.

## EMPLOYMENT IN THE UNITED KINGDOM

New figures are available this month for employees in manufacturing and production industries in October 1989 in Great Britain. There are also a few small revisions to the estimates of employees in employment in manufacturing in earlier months and to the June 1989 estimates of employees in all industries, affecting the latest estimate of the workforce in employment.

Figures for the workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in the United Kingdom remain essentially as reported in November except for small revisions - reflecting some late data now to hand - for employees in the service sector and energy and water supply industries. The workforce in employment is estimated to have increased by 78,000 in the second quarter of 1989 and by 477,000 in the year to June 1989. This continues the upward trend of the past 6 years but is the smallest quarterly increase seen for two years.

Revised United Kingdom employment figures are set out in Tables 6 to 8.

## EMPLOYMENT AND HOURS WORKED IN MANUFACTURING INDUSTRIES IN GREAT BRITAIN

New figures this month show that in October 1989 the estimated number of employees in employment in manufacturing industries in Great Britain fell by 9,000. This together with an increase of 18,000 in August and a fall of 9,000 in September brings the average change for the latest three months to zero, seeming to indicate a levelling off in employment in this sector at present. However, month to month changes can be erratic and therefore trends in manufacturing employment can best be observed over longer time periods. Over the year to October 1989, employment in manufacturing industries fell by 33,000 compared with a rise of 48,000 in the previous 12 months and a fall of 7,000 in the 12 months to October 1987.

Overtime working by operatives in manufacturing industries fell to 13.1 million hours per week in October, compared with 13.7 million hours in September and is at its lowest level seen since June 1988 when 13.0 million hours per week were worked.

The number of hours lost through short-time working in manufacturing industries fell in October and remains low at 0.29 million hours per week lost. This follows the relatively high level (0.39 million) seen in September.

The index of average weekly hours worked by operatives in manufacturing (which takes account of hours of overtime and short time as well as normal basic hours) stood at 101.3 in October 1989, compared with 101.1 in September 1989 and 101.5 in October 1988.

Recent manufacturing employment and hours figures are set out in Table 9.

Table 6: The Workforce in Employment in the United Kingdom *

Thousands, seasonally adjusted

| | | Employees in Employment | | | Self Employed ** | | | HM Forces | | | Work related government training programmes + | | | Workforce in employment ** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Males | Fem-ales | Total | Males | Fem-ales | Total | Males | Fem-ales | Total | Males | Fem-ales | Total | Males | Females | Total |
| 1983 | March | 11,977 | 9,048 | 21,026 | 1,704 | 504 | 2,209 | 306 | 15 | 321 | 6 | 3 | 9 | 13,993 | 9,571 | 23,564 |
| | June | 11,944 | 9,109 | 21,054 | 1,705 | 516 | 2,221 | 306 | 16 | 322 | 8 | 8 | 16 | 13,964 | 9,649 | 23,613 |
| | Sept | 11,927 | 9,179 | 21,107 | 1,755 | 535 | 2,290 | 309 | 16 | 325 | 79 | 67 | 146 | 14,070 | 9,797 | 23,867 |
| | Dec | 11,914 | 9,255 | 21,169 | 1,804 | 554 | 2,359 | 309 | 16 | 325 | 101 | 86 | 187 | 14,129 | 9,911 | 24,040 |
| 1984 | March | 11,899 | 9,305 | 21,204 | 1,854 | 574 | 2,428 | 310 | 16 | 326 | 96 | 80 | 176 | 14,159 | 9,975 | 24,134 |
| | June | 11,895 | 9,334 | 21,229 | 1,903 | 594 | 2,496 | 310 | 16 | 326 | 95 | 80 | 175 | 14,203 | 10,024 | 24,226 |
| | Sept | 11,907 | 9,374 | 21,281 | 1,921 | 604 | 2,525 | 312 | 16 | 328 | 118 | 98 | 216 | 14,258 | 10,092 | 24,350 |
| | Dec | 11,937 | 9,426 | 21,363 | 1,939 | 614 | 2,554 | 311 | 16 | 327 | 115 | 94 | 209 | 14,302 | 10,150 | 24,452 |
| 1985 | March | 11,926 | 9,471 | 21,397 | 1,958 | 624 | 2,582 | 310 | 16 | 326 | 107 | 83 | 190 | 14,301 | 10,194 | 24,495 |
| | June | 11,908 | 9,506 | 21,414 | 1,975 | 635 | 2,610 | 309 | 16 | 326 | 100 | 76 | 176 | 14,293 | 10,233 | 24,527 |
| | Sept | 11,879 | 9,548 | 21,427 | 1,979 | 636 | 2,615 | 309 | 16 | 326 | 126 | 103 | 229 | 14,293 | 10,303 | 24,596 |
| | Dec | 11,858 | 9,560 | 21,418 | 1,982 | 636 | 2,619 | 307 | 16 | 323 | 120 | 97 | 217 | 14,268 | 10,309 | 24,577 |
| 1986 | March | 11,799 | 9,596 | 21,395 | 1,986 | 637 | 2,623 | 306 | 16 | 323 | 108 | 83 | 191 | 14,199 | 10,332 | 24,531 |
| | June | 11,748 | 9,631 | 21,379 | 1,989 | 637 | 2,627 | 305 | 16 | 322 | 127 | 99 | 226 | 14,170 | 10,383 | 24,553 |
| | Sept | 11,709 | 9,671 | 21,380 | 2,030 | 655 | 2,685 | 306 | 16 | 323 | 157 | 128 | 285 | 14,202 | 10,470 | 24,672 |
| | Dec | 11,661 | 9,728 | 21,389 | 2,071 | 673 | 2,743 | 304 | 16 | 320 | 155 | 123 | 278 | 14,191 | 10,539 | 24,730 |
| 1987 | March | 11,643 | 9,773 | 21,416 | 2,111 | 690 | 2,802 | 304 | 16 | 320 | 143 | 111 | 255 | 14,201 | 10,591 | 24,792 |
| | June | 11,701 | 9,874 | 21,575 | 2,152 | 708 | 2,860 | 302 | 16 | 319 | 177 | 134 | 311 | 14,332 | 10,733 | 25,065 |
| | Sept | 11,774 | 9,966 | 21,740 | 2,178 | 713 | 2,891 | 303 | 16 | 319 | 223 | 161 | 383 | 14,477 | 10,856 | 25,333 |
| | Dec | 11,864 | 10,092 | 21,956 | 2,204 | 719 | 2,923 | 301 | 16 | 317 | 216 | 151 | 366 | 14,585 | 10,977 | 25,562 |
| 1988 | March | 11,942 | 10,183 | 22,125 | 2,231 | 724 | 2,954 | 301 | 16 | 317 | 205 | 138 | 343 | 14,678 | 11,061 | 25,739 |
| | June | 11,973 | 10,247 | 22,220 | 2,257 | 729 | 2,986 | 300 | 16 | 316 | 205 | 138 | 343 | 14,734 | 11,130 | 25,864 |
| | Sept | 11,994 | 10,327 | 22,322 | 2,277 | 739 | 3,017 | 299 | 16 | 315 | 220 | 149 | 369 | 14,790 | 11,232 | 26,022 |
| | Dec | 11,966 | 10,366 | 22,332 | 2,297 | 750 | 3,048 | 297 | 16 | 313 | 252 | 156 | 408 | 14,812 | 11,288 | 26,100 |
| 1989 | March | 11,980R | 10,444R | 22,424R | 2,317 | 761 | 3,079 | 295 | 16 | 312 | 285 | 163 | 448 | 14,878R | 11,385R | 26,263R |
| | June | 11,965R | 10,479R | 22,444R | 2,338 | 772 | 3,110 | 291 | 16 | 308 | 303 | 176 | 479 | 14,897R | 11,444R | 26,341R |

* The workforce in employment comprises employees in employment, the self-employed, HM Forces, and participants in work related government training programmes.

** See notes B4 and B5.

\+ See note B8
Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available

Table 7: Quarterly changes in the Workforce in Employment in the United Kingdom *

Thousands, seasonally adjusted

| | | Employees in Employment | | | Self Employed ** | | | HM Forces | | | Work related government training programmes + | | | Workforce in employment | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Males | Females | Total | Males | Females | Total | Males | Females | Total | Males | Females | Total | Males | Females | Total |
| 1983 | June | -33 | 61 | 28 | 1 | 12 | 12 | 0 | 1 | 1 | 3 | 5 | 7 | -29 | 78 | 49 |
| | Sept | -17 | 70 | 53 | 50 | 19 | 69 | 3 | 0 | 3 | 71 | 59 | 130 | 106 | 148 | 254 |
| | Dec | -13 | 76 | 62 | 49 | 20 | 69 | 0 | 0 | 0 | 22 | 19 | 41 | 59 | 114 | 172 |
| 1984 | March | -15 | 50 | 35 | 50 | 19 | 69 | 1 | 0 | 1 | -5 | -6 | -11 | 30 | 64 | 94 |
| | June | -4 | 29 | 24 | 49 | 20 | 68 | 0 | 0 | 0 | -1 | 0 | -1 | 44 | 49 | 92 |
| | Sept | 12 | 40 | 53 | 18 | 10 | 29 | 2 | 0 | 2 | 22 | 18 | 40 | 55 | 69 | 124 |
| | Dec | 30 | 52 | 81 | 18 | 10 | 29 | -1 | 0 | -1 | -3 | -4 | -7 | 44 | 58 | 102 |
| 1985 | March | -10 | 45 | 35 | 18 | 10 | 29 | -1 | 0 | -1 | -8 | -11 | -19 | -1 | 44 | 43 |
| | June | -18 | 35 | 17 | 18 | 11 | 28 | -1 | 0 | 0 | -7 | -7 | -14 | -8 | 39 | 31 |
| | Sept | -29 | 42 | 12 | 3 | 1 | 4 | 0 | 0 | 0 | 26 | 27 | 53 | 0 | 69 | 69 |
| | Dec | -21 | 12 | -9 | 3 | 1 | 4 | -2 | 0 | -2 | -6 | -6 | -12 | -25 | 6 | -19 |
| 1986 | March | -59 | 36 | -23 | 3 | 1 | 4 | -1 | 0 | -1 | -12 | -14 | -26 | -69 | 23 | -46 |
| | June | -51 | 35 | -17 | 4 | 0 | 4 | -1 | 0 | -1 | 19 | 16 | 35 | -29 | 51 | 22 |
| | Sept | -39 | 41 | 1 | 41 | 18 | 58 | 1 | 0 | 1 | 30 | 30 | 59 | 32 | 88 | 120 |
| | Dec | -47 | 56 | 9 | 41 | 18 | 58 | -2 | 0 | -2 | -2 | -5 | -8 | -11 | 69 | 57 |
| 1987 | March | -18 | 45 | 27 | 41 | 18 | 58 | 0 | 0 | 0 | -11 | -12 | -23 | 11 | 51 | 62 |
| | June | 58 | 102 | 160 | 40 | 18 | 58 | -1 | 0 | -1 | 33 | 23 | 57 | 131 | 143 | 273 |
| | Sept | 73 | 92 | 164 | 26 | 5 | 31 | 1 | 0 | 0 | 46 | 26 | 72 | 145 | 123 | 268 |
| | Dec | 91 | 126 | 216 | 26 | 5 | 31 | -2 | 0 | -2 | -7 | -10 | -17 | 108 | 121 | 229 |
| 1988 | March | 78 | 91 | 169 | 26 | 5 | 31 | 0 | 0 | 0 | -11 | -13 | -24 | 93 | 84 | 177 |
| | June | 31 | 64 | 95 | 26 | 5 | 31 | -1 | 0 | -1 | 0 | 0 | 0 | 56 | 69 | 125 |
| | Sept | 21 | 81 | 102 | 20 | 11 | 31 | -1 | 0 | -1 | 16 | 11 | 26 | 56 | 102 | 158 |
| | Dec | -28 | 38 | 10 | 20 | 11 | 31 | -2 | 0 | -2 | 32 | 7 | 39 | 22 | 57 | 78 |
| 1989 | March | 14R | 78R | 93R | 20 | 11 | 31 | -1 | 0 | -1 | 33 | 7 | 40 | 66R | 97R | 162R |
| | June | -15R | 35R | 20R | 20 | 11 | 31 | -4 | 0 | -4 | 18 | 13 | 31 | 20R | 59R | 78R |

* The workforce in employment comprises employees in employment, the self-employed, HM Forces, and participants in work related government training programmes.

** See notes B5 and B6.

+ See note B9
Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available

TABLE 8 EMPLOYEES IN EMPLOYMENT IN THE UNITED KINGDOM — Thousand: Seasonally adjusted

| | | | Manufacturing Industries | | Energy & Water Supply Industries | | Service Industries | | Other Industries | | All Industries and Services | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Levels | Changes | Levels | Changes | Levels | Changes | Levels | Changes | Levels | Changes |
| 1983 | March | Q1 | 5,594 | - 75 | 659 | - 8 | 13,363 | + 26 | 1,410 | - 19 | 21,026 | - 76 |
| | June | Q2 | 5,538 | - 56 | 648 | - 11 | 13,463 | + 100 | 1,405 | - 5 | 21,054 | + 28 |
| | September | Q3 | 5,485 | - 53 | 643 | - 6 | 13,570 | + 108 | 1,409 | + 4 | 21,107 | + 53 |
| | December | Q4 | 5,455 | - 30 | 634 | - 8 | 13,673 | + 103 | 1,407 | - 2 | 21,169 | + 62 |
| 1984 | March | Q1 | 5,429 | - 26 | 623 | - 11 | 13,750 | + 77 | 1,402 | - 5 | 21,204 | + 35 |
| | June | Q2 | 5,424 | - 5 | 616 | - 7 | 13,800 | + 49 | 1,389 | - 12 | 21,229 | + 24 |
| | September | Q3 | 5,402 | - 22 | 613 | - 4 | 13,873 | + 73 | 1,394 | + 5 | 21,281 | + 53 |
| | December | Q4 | 5,399 | - 3 | 609 | - 3 | 13,964 | + 91 | 1,391 | - 3 | 21,363 | + 81 |
| 1985 | March | Q1 | 5,387 | - 11 | 603 | - 6 | 14,021 | + 57 | 1,386 | - 5 | 21,397 | + 35 |
| | June | Q2 | 5,377 | - 11 | 591 | - 12 | 14,072 | + 51 | 1,375 | - 12 | 21,414 | + 17 |
| | September | Q3 | 5,371 | - 6 | 581 | - 11 | 14,117 | + 45 | 1,358 | - 16 | 21,427 | + 12 |
| | December | Q4 | 5,339 | - 32 | 571 | - 10 | 14,161 | + 44 | 1,347 | - 12 | 21,418 | - 9 |
| 1986 | March | Q1 | 5,304 | - 35 | 554 | - 17 | 14,203 | + 42 | 1,334 | - 13 | 21,395 | - 23 |
| | June | Q2 | 5,242 | - 62 | 545 | - 10 | 14,263 | + 60 | 1,329 | - 6 | 21,379 | - 17 |
| | September | Q3 | 5,201 | - 42 | 535 | - 10 | 14,322 | + 59 | 1,322 | - 6 | 21,380 | + 1 |
| | December | Q4 | 5,173 | - 28 | 525 | - 10 | 14,366 | + 44 | 1,325 | + 3 | 21,389 | + 9 |
| 1987 | March | Q1 | 5,144 | - 29 | 511 | - 14 | 14,430 | + 65 | 1,330 | + 5 | 21,416 | + 27 |
| | June | Q2 | 5,167 | + 23 | 508 | - 3 | 14,561 | + 131 | 1,339 | + 9 | 21,575 | + 160 |
| | September | Q3 | 5,177 | + 10 | 508 | 0 | 14,703 | + 142 | 1,351 | + 12 | 21,740 | + 164 |
| | December | Q4 | 5,200 | + 23 | 505 | - 3 | 14,893 | + 190 | 1,358 | + 7 | 21,956 | + 216 |
| 1988 | March | Q1 | 5,227 | + 27 | 495 | - 10 | 15,038 | + 145 | 1,366 | + 8 | 22,125 | + 169 |
| | June | Q2 | 5,230 | + 3 | 487 | - 8 | 15,139 | + 101 | 1,365 | - 1 | 22,220 | + 95 |
| | September | Q3 | 5,238 | + 9 | 486 | 0 | 15,242 | + 103 | 1,355 | - 9 | 22,322 | + 102 |
| | December | Q4 | 5,244 | + 6 | 483 | - 3 | 15,247 | + 5 | 1,357 | + 2 | 22,332 | + 10 |
| 1989 | March | Q1 | 5,239 | - 5 | 476 | - 8 | 15,347R | + 100R | 1,363 | + 6 | 22,424R | + 93R |
| | June | Q2 | 5,205 | - 34 | 468R | - 8R | 15,396R | + 49R | 1,375 | + 12 | 22,444R | + 20R |

R=Revised to incorporate late data now available

**Table 9: Great Britain**

Employees in Employment in Production Industries

Thousand: Seasonally adjusted

Working Hours of operatives in Manufacturing Industries

Seasonally adjusted

| | | Energy & Water Supply Industries: Levels | Energy & Water: Changes Monthly | Energy & Water: Changes Quarterly | Manufacturing Industries: Levels | Manufacturing: Changes Monthly | Manufacturing: Changes Three* monthly | Manufacturing: Changes Quarterly | Hours of overtime worked (millions) | Hours lost through short-time working (stood off for whole or part of week) (millions) | Index of average weekly hours (average 1985=100) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1987 April | | 496 | - 7 | | 5,036 | - 5 | - 5 | | 12.56 | .40 | 100.3 |
| May | | 496 | + 1 | | 5,048 | + 11 | 0 | | 12.50 | .37 | 100.2 |
| June | Q2 | 499 | + 3 | - 3 | 5,064 | + 16 | + 8 | + 23 | 12.96 | .34 | 100.6 |
| July | | 497 | - 3 | | 5,061 | + 3 | + 8 | | 12.58 | .35 | 100.2 |
| August | | 496 | 0 | | 5,068 | + 7 | + 7 | | 12.82 | .30 | 100.3 |
| September | Q3 | 499 | + 3 | 0 | 5,074 | + 5 | + 3 | + 10 | 13.10 | .27 | 100.9 |
| October | | 498 | - 2 | | 5,082 | + 8 | + 7 | | 13.13 | .25 | 101.1 |
| November | | 497 | 0 | | 5,092 | + 10 | + 8 | | 13.19 | .29 | 100.9 |
| December | Q4 | 497 | + 1 | - 3 | 5,096 | + 4 | + 7 | + 22 | 13.17 | .25 | 100.9 |
| 1988 January | | 495 | - 1 | | 5,110 | + 14 | + 10 | | 13.37 | .24 | 101.4 |
| February | | 491 | - 4 | | 5,119 | + 9 | + 9 | | 13.09 | .26 | 100.9 |
| March | Q1 | 487 | - 5 | - 10 | 5,122 | + 3 | + 9 | + 26 | 13.11 | .22 | 101.0 |
| April | | 480 | - 7 | | 5,124 | + 2 | + 5 | | 12.96 | .21 | 100.9 |
| May | | 479 | 0 | | 5,126 | + 2 | + 2 | | 13.26 | .23 | 101.0 |
| June | Q2 | 479 | + 1 | - 8 | 5,124 | - 2 | + 1 | + 3 | 13.04 | .26 | 100.8 |
| July | | 478 | 0 | | 5,134 | + 9 | + 3 | | 13.57 | .28 | 101.0 |
| August | | 479 | + 1 | | 5,134 | 0 | + 3 | | 13.46 | .26 | 100.8 |
| September | Q3 | 478 | - 1 | 0 | 5,132 | - 2 | + 3 | + 8 | 13.36 | .23 | 101.0 |
| October | | 476 | - 2 | | 5,129 | - 3 | - 1 | | 13.92 | .26 | 101.5 |
| November | | 476 | 0 | | 5,134 | + 5 | 0 | | 13.87 | .23 | 101.4 |
| December | Q4 | 476 | - 1 | - 3 | 5,138 | + 3 | + 2 | + 5 | 14.04 | .25 | 101.4 |
| 1989 January | | 475 | - 1 | | 5,142 | + 4 | + 4 | | 13.87 | .23 | 101.6 |
| February | | 473 | - 2 | | 5,139 | - 3 | + 1 | | 13.75 | .29 | 101.1 |
| March | Q1 | 468 | - 5 | - 8 | 5,134 | - 5 | - 1 | - 4 | 13.43 | .31 | 100.4 |
| April | | 466 | - 2 | | 5,118 | - 15 | - 8 | | 13.64 | .36 | 100.8 |
| May | | 464 | - 2 | | 5,106 | - 12 | - 11 | | 13.35 | .35 | 100.8 |
| June | Q2 | 460R | - 3R | - 8R | 5,101 | - 5 | - 11 | - 33 | 13.31 | .30 | 100.9 |
| July | | 457R | - 3R | | 5,097 | - 4 | - 7 | | 13.18 | .27 | 100.9 |
| August | | 456R | 0R | | 5,115 | + 18 | + 3 | | 13.85 | .22 | 101.4 |
| September | Q3 | 453R | - 4R | - 7R | 5,106 | - 9 | + 2 | + 5 | 13.65 | .39 | 101.1 |
| October | | 453 | 0 | | 5,096 | - 9 | 0 | | 13.09 | .29 | 101.3 |

* = Average monthly change over last three months
R = Revised to incorporate late data now available

## VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted) decreased by 5,100 in the month to November to 209,500. Over the past three months to November, seasonally adjusted vacancies have decreased on average by 3,300 per month.

Unadjusted, there was a decrease of 21,538 unfilled vacancies in the month to 220,632.

The inflow of notified vacancies decreased on average by 2,200 per month in the three months ending November 1989, the outflow increased by 800 per month, and placings increased by 200 per month.

Recent figures are shown in tables 10,11 and 12.

**TABLE 10: UNFILLED VACANCIES - UNITED KINGDOM** THOUSAND

| | | VACANCIES AT JOBCENTRES+ | | | | VACANCIES AT CAREERS OFFICES |
|---|---|---|---|---|---|---|
| | | SEASONALLY ADJUSTED | | | UNADJUSTED | |
| | | Number | Change since previous month | Average change over past 3 months | Number | Unadjusted |
| 1988 | Nov | 241.5 | -3.3 | -1.2 | 252.3 | 26.5 |
| | Dec | 237.8 | -3.7 | -1.5 | 223.3 | 23.4 |
| 1989 | Jan | 230.9 | -6.9 | -4.6 | 203.3 | 21.9 |
| | Feb | 229.9 | -1.0 | -3.9 | 202.0 | 21.8 |
| | Mar | 224.9 | -5.0 | -4.3 | 204.8 | 23.1 |
| | Apr | 223.2 | -1.7 | -2.6 | 216.8 | 25.1 |
| | May | 219.5 | -3.7 | -3.5 | 225.4 | 27.4 |
| | Jun | 224.4 | 4.9 | -0.2 | 240.6 | 35.2 |
| | Jul | 220.6 | -3.8 | -0.9 | 228.2 | 34.3 |
| | Aug | 219.5 | -1.1 | 0.0 | 217.2 | 31.6 |
| | Sep | 220.7 | 1.2 | -1.2 | 238.2 | 30.1 |
| | Oct | 214.6 | -6.1 | -2.0 | 242.2 | 26.9 |
| | Nov | 209.5 | -5.1 | -3.3 | 220.6 | 23.8 |

\+ Vacancies at jobcentres are only about a third of all vacancies in the economy. See note C3.

## TABLE 11: VACANCY FLOWS AT JOBCENTRES - SEASONALLY ADJUSTED

UNITED KINGDOM
THOUSAND

| | | INFLOW | | OUTFLOW | | of which: PLACINGS | |
|---|---|---|---|---|---|---|---|
| | | Level | Average change over 3 Months ending | Level | Average change over 3 Months ending | Level | Average change over 3 Months ending |
| 1988 | Nov | 232.1 | 0.9 | 239.4 | 1.7 | 161.4 | 1.0 |
| | Dec | 230.2 | 0.5 | 231.5 | 0.4 | 157.2 | 0.1 |
| 1989 | Jan | 223.1 | -2.8 | 230.4 | -0.2 | 158.3 | 1.0 |
| | Feb | 231.7 | -0.1 | 236.5 | -1.0 | 164.4 | 1.0 |
| | Mar | 226.5 | -1.2 | 231.7 | 0.1 | 161.1 | 1.3 |
| | Apr | 222.5 | -0.2 | 224.3 | -2.0 | 155.6 | -0.9 |
| | May | 223.0 | -2.9 | 224.6 | -4.0 | 155.3 | -3.0 |
| | Jun | 230.4 | 1.3 | 223.8 | -2.6 | 156.0 | -1.7 |
| | Jul | 228.0 | 1.8 | 229.4 | 1.7 | 158.6 | 1.0 |
| | Aug | 228.7 | 1.9 | 229.3 | 1.6 | 159.0 | 1.2 |
| | Sep | 232.3 | 0.6 | 234.1 | 3.4 | 161.0 | 1.7 |
| | Oct | 230.2 | 0.7 | 236.6 | 2.4 | 160.9 | 0.8 |
| | Nov | 222.2 | -2.2 | 231.7 | 0.8 | 159.5 | 0.2 |

## TABLE 12: UNFILLED VACANCIES* - REGIONS - November 1989 THOUSAND

| | VACANCIES AT JOBCENTRES | | | VACANCIES AT CAREERS OFFICES# |
|---|---|---|---|---|
| | UNADJUSTED | SEASONALLY ADJUSTED | | |
| | TOTAL | Number | Change since previous month | UNADJUSTED |
| South East | 69.5 | 64.1 | -1.6 | 11.5 |
| (incl. Greater London) | (23.5) | (20.0) | (-0.2) | (5.8) |
| East Anglia | 7.8 | 7.6 | -0.4 | 0.9 |
| South West | 16.9 | 17.1 | -0.2 | 1.3 |
| West Midlands | 20.6 | 18.5 | -0.5 | 3.2 |
| East Midlands | 13.1 | 12.4 | -0.3 | 1.3 |
| Yorks and Humberside | 13.4 | 12.3 | -0.7 | 1.1 |
| North West | 26.4 | 25.0 | -1.3 | 1.4 |
| North | 10.4 | 9.6 | -0.5 | 0.5 |
| Wales | 13.9 | 14.1 | -0.6 | 0.3 |
| Scotland | 25.3 | 24.7 | 1.3 | 0.9 |
| **GREAT BRITAIN** | **217.5** | **205.3** | **-4.9** | **22.3** |
| Northern Ireland | 3.1 | 4.1 | -0.3 | 1.5 |
| **UNITED KINGDOM** | **220.6** | **209.5** | **-5.1** | **23.8** |

* The proportion of total vacancies at Jobcentres varies by region. See note C3.
# See note C2.

## AVERAGE EARNINGS

The underlying increase in average weekly earnings in the year to October was about 9 1/4 per cent, a rise of 1/4 per cent from the increase in the year to September. The actual increase in the year to October, at 9.8 per cent, was higher than the underlying increase as arrears of pay were greater in 1989 than in 1988 and some groups of workers have received more than one pay increase in the latest twelve months.

TABLE 13: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN: WHOLE ECONOMY

| | | | Seasonally adjusted | | |
|---|---|---|---|---|---|
| | | Index 1988 = 100 | Index 1988 = 100 | Percentage increase over previous 12 months | Underlying % increase over previous 12 months |
| 1988 | January | 95.4 | 96.5 | | 8 1/2 |
| | February | 95.5 | 96.9 | | 8 1/2 |
| | March | 98.3 | 98.2 | | 8 1/2 |
| | April | 97.8 | 97.9 | | 8 1/2 |
| | May | 98.4 | 98.5 | | 8 1/2 |
| | June | 99.8 | 99.2 | | 8 3/4 |
| | July | 101.3 | 100.2 | | 9 |
| | August | 100.3 | 100.1 | | 9 1/4 |
| | September | 100.9 | 101.1 | | 9 1/4 |
| | October | 101.7 | 102.2 | | 9 |
| | November | 103.7 | 103.3 | | 8 3/4 |
| | December | 106.9 | 105.8 | | 8 3/4 |
| 1989 | January | 104.2 | 105.4 | 9.2 | 9 |
| | February | 104.6 | 106.1 | 9.5 | 9 1/4 |
| | March | 107.3 | 107.3 | 9.3 | 9 1/2 |
| | April | 107.3 | 107.4 | 9.7 | 9 1/4 |
| | May | 107.5 | 107.6 | 9.2 | 9 |
| | June | 109.1 | 108.4 | 9.3 | 8 3/4 |
| | July | 110.3 | 109.1 | 8.9 | 8 3/4 |
| | August | 109.1 | 108.9 | 8.8 | 8 3/4 |
| | September | 110.7 | 110.9 | 9.7 | 9 |
| | October* | 111.7 | 112.2 | 9.8 | 9 1/4 |

* Provisional

R Revised

In production industries, the underlying increase in average weekly earnings in the year to October was about 9 1/4 per cent, a rise of 1/4 per cent on the increase in the in the year to September, which has been revised down to 9 per cent. Within this sector, in manufacturing industries, the underlying increase in the year to October was about 9 per cent, a rise of 1/4 per cent from the increase in the year to September, which has been revised down to 8 3/4 per cent. The actual increases for production and manufacturing industries in the year to October were 8.7 per cent and 9.0 per cent respectively (8.7 per cent and 9.1 per cent seasonally adjusted).

In service industries, the underlying increase in average weekly earnings in the year to October was about 9 per cent, a rise of 1/2 per cent on the increase in the year to September.

TABLE 14: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN: MAIN SECTORS
seasonally adjusted

| | Production industries* | | | Manufacturing industries** | | | Service industries*** | | |
|---|---|---|---|---|---|---|---|---|---|
| | Index 1988=100 | % increases over previous 12 months: seas adj | under-lying | Index 1988=100 | % increases over previous 12 months: seas adj | under-lying | Index 1988=100 | % increases over previous 12 months: seas adj | under-lying |
| 1988 Jul | 100.2 | | 9 | 100.0 | | 9 | 100.0 | | 9 |
| Aug | 100.6 | | 9 | 100.4 | | 8 3/4 | 99.7 | | 9 1/4 |
| Sep | 101.4 | | 8 3/4 | 101.2 | | 8 3/4 | 100.5 | | 9 1/4 |
| Oct | 102.6 | | 8 3/4 | 102.2 | | 8 1/2 | 101.7 | | 9 |
| Nov | 103.1 | | 8 3/4 | 103.1 | | 8 3/4 | 103.7 | | 8 3/4 |
| Dec | 104.6 | | 9 | 104.6 | | 8 3/4 | 106.3 | | 8 3/4 |
| 1989 Jan | 104.6 | 8.8 | 8 3/4 | 104.7 | 8.8 | 8 3/4 | 105.5 | 9.2 | 9 |
| Feb | 105.6 | 10.1 | 8 3/4 | 105.8 | 9.9 | 8 1/2 | 105.6 | 8.8 | 9 1/4 |
| Mar | 105.8 | 8.4 | 8 3/4 | 105.6 | 7.9 | 8 3/4 | 107.8 | 9.3 | 9 1/2 |
| Apr | 108.0 | 9.1 | 8 3/4 | 108.2 | 9.2 | 8 1/2 | 107.3 | 9.9 | 9 1/4 |
| May | 108.5 | 8.6 | 8 3/4 | 107.9 | 8.8 | 8 3/4 | 107.5 | 9.4 | 9 |
| Jun | 108.2 | 9.1 | 8 3/4 | 108.0 | 8.8 | 8 1/2 | 108.7 | 8.9 | 8 1/2 |
| Jul | 109.5 | 9.3 | 9 | 109.2 | 9.2 | 8 1/2 | 108.4 | 8.4 | 8 1/4 |
| Aug | 110.0 | 9.3 | 9 1/4 | 109.3 | 8.9 | 8 3/4 | 107.8 | 8.1 | 8 1/2 |
| Sep | 110.8 | 9.3 | 9 R | 110.5 | 9.2 | 8 3/4 R | 110.3 | 9.8 | 8 1/2 |
| Oct(p) | 111.9 | 9.1 | 9 1/4 | 111.1 | 8.7 | 9 | 112.1 | 10.2 | 9 |

p provisional R revised

* DIVISIONS 1-4 of SIC 1980 covering Energy and water supply and manufacturing.

** DIVISIONS 2-4 of SIC 1980. Included in production industries.

*** DIVISIONS 6-9 of SIC 1980 covering Distribution, hotels and catering, repairs; Transport and communications;Banking, finance, insurance and business services; Other services (including public administration, education, medical and other health services, etc).

## UNIT WAGE AND SALARY COSTS

In the three months ending October 1989, wages and salaries per unit of output in manufacturing industries were 5.7 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing as there was a rise of about 3 per cent in productivity over this period.

WAGES AND SALARIES PER UNIT IN THE WHOLE ECONOMY WILL BE THE SUBJECT OF A SEPARATE PRESS RELEASE ON WEDNESDAY 20 DECEMBER 1989. IT WILL BE AVAILABLE AT CAXTON HOUSE, TOTHILL STREET, LONDON FROM 11.30 AM.

TABLE 15: WAGES AND SALARIES PER UNIT OF OUTPUT seasonally adjusted

| | | Manufacturing | | Whole Economy | |
|---|---|---|---|---|---|
| | | Index 1985 = 100 | Percentage increase on a year earlier | Index 1985 = 100 | Percentage increase on a year earlier |
| 1987 | Q1 | 105.9 | 1.0 | 107.4 | 3.6 |
| | Q2 | 104.7 | -0.1 | 109.0 | 3.6 |
| | Q3 | 105.8 | 1.2 | 110.0 | 3.8 |
| | Q4 | 107.2 | 3.4 | 111.9 | 4.8 |
| 1988 | Q1 | 108.1 | 2.1 | 113.6 | 5.8 |
| | Q2 | 109.5 | 4.6 | 115.4 | 5.9 |
| | Q3 | 107.9 | 2.0 | 116.6 | 6.0 |
| | Q4 | 109.9 | 2.5 | 119.6 | 6.9 |
| 1989 | Q1 | 110.7 | 2.4 | 121.9 | 7.3 |
| | Q2 | 112.5 | 2.7 | 124.8 | 8.2 |
| | Q3 | 114.0 | 5.6 | .. | .. |
| 1989 | May | 111.9 | 2.3 | .. | .. |
| | Jun | 112.2 | 3.7 | .. | .. |
| | Jul | 113.2 | 4.9 | .. | .. |
| | Aug | 113.0 | 4.2 | .. | .. |
| | Sep | 115.8 | 7.6 | .. | .. |
| | Oct | 114.8 | 5.2 | .. | .. |
| 3 months ending | | | | | |
| 1989 | May | 112.0 | 2.3 | .. | .. |
| | Jun | 112.5 | 2.7 | .. | .. |
| | Jul | 112.4 | 3.6 | .. | .. |
| | Aug | 112.8 | 4.3 | .. | .. |
| | Sep | 114.0 | 5.6 | .. | .. |
| | Oct | 114.5 | 5.7 | .. | .. |

Note: The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have added about 1 percentage point to the increase in unit wage costs for the whole economy in each of the first 2 quarters of 1989 and about 1/2 a percentage point in each of the two previous quarters.

## PRODUCTIVITY

**Manufacturing output per head in the three months to October was 0.1 per cent lower than in the three months ending July but 3.0 per cent higher than in the same period a year earlier.**

OUTPUT PER HEAD IN THE WHOLE ECONOMY WILL BE THE SUBJECT OF A SEPARATE PRESS RELEASE ON WEDNESDAY 20 DECEMBER 1989. IT WILL BE AVAILABLE AT CAXTON HOUSE, TOTHILL STREET, LONDON FROM 11.30 AM.

Recent figures are:

TABLE 16: OUTPUT PER HEAD seasonally adjusted

| | | Manufacturing | | Whole Economy | |
|---|---|---|---|---|---|
| | | Index 1985 = 100 | Percentage increase on a year earlier | Index 1985 = 100 | Percentage increase on a year earlier |
| 1987 | Q1 | 106.6 | 6.8 | 104.9 | 3.2 |
| | Q2 | 109.7 | 7.7 | 105.7 | 3.2 |
| | Q3 | 110.9 | 7.1 | 106.6 | 3.2 |
| | Q4 | 112.1 | 4.8 | 107.0 | 2.7 |
| 1988 | Q1 | 113.0 | 6.0 | 107.5 | 2.5 |
| | Q2 | 114.3 | 4.2 | 107.4 | 1.6 |
| | Q3 | 117.5 | 6.0 | 108.2 | 1.5 |
| | Q4 | 118.6 | 5.8 | 108.5 | 1.4 |
| 1989 | Q1 | 120.1 | 6.3 | 108.7 | 1.1 |
| | Q2 | 121.2 | 6.0 | 108.1 | 0.7 |
| | Q3 | 121.4 | 3.3 | .. | .. |
| 1989 | May | 121.7 | 6.3 | .. | .. |
| | Jun | 121.5 | 5.0 | .. | .. |
| | Jul | 121.7 | 4.1 | .. | .. |
| | Aug | 122.0 | 4.4 | .. | .. |
| | Sep | 120.4 | 1.4 | .. | .. |
| | Oct | 122.1 | 3.3 | .. | .. |
| 3 months ending | | | | | |
| 1989 | May | 120.8 | 6.1 | .. | .. |
| | Jun | 121.2 | 6.0 | .. | .. |
| | Jul | 121.6 | 5.1 | .. | .. |
| | Aug | 121.7 | 4.5 | .. | .. |
| | Sep | 121.4 | 3.3 | .. | .. |
| | Oct | 121.5 | 3.0 | .. | .. |

Note: The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have reduced the increase in whole economy output per head by about 1 percentage point in each of the first 2 quarters of 1989 and by about 1/2 a percentage point in each of the previous two quarters.

## Industrial stoppages

**In October 1989, it is provisionally estimated that 155 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 67 thousand in September 1989, 53 thousand in October 1988 and and an average of 843 thousand for October during the ten year period 1979 to 1988. During the twelve months to October 1989 it is provisionally estimated that a total of 3,644 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 713 stoppages have been provisionally recorded as being in progress, involving a total of 841 thousand workers. The comparable figures for the twelve months to October 1988 were 3,667 thousand lost working days, 831 stoppages in progress and 731 thousand workers.**

Table 17. Industrial stoppages in progress in the United Kingdom.

| | Working days lost (thousand) | Number of Stoppages | Workers involved (thousand) |
|---|---|---|---|
| 1988 | | | |
| Oct | 53 | 83 | 33 |
| Nov | 183 | 85 | 152 |
| Dec | 38 | 49 | 18 |
| 1989 | | | |
| Jan(p) | 42 | 61 | 13 |
| Feb(p) | 64 | 92 | 29 |
| Mar(p) | 80 | 75 | 27 |
| Apr(p) | 105 | 74 | 46 |
| May(p) | 182 | 100 | 55 |
| Jun(p) | 254 | 89 | 104 |
| Jul(p) | 2,375 | 82 | 472 |
| Aug(p) | 98 | 58 | 22 |
| Sep(p) | 67 | 65 | 24 |
| Oct(p) | 155 | 58 | 63 |
| **Cumulative totals** | | | |
| **12 months to** October 1988 | 3,667 | 831 | 731 |
| **12 months to** October 1989(p) | 3,644 | 713 | 841 |

**(p) Provisional and subject to revision, normally upwards, see** note H1.

## NOTES TO EDITORS

### GENERAL SYMBOLS

The following symbols are used throughout: .. not available, - nil or negligible, p provisional, r revised. Occasionally, totals may differ from the sum of components because of rounding or separate seasonal adjustments of components.

### UNEMPLOYMENT (Tables 1-5)

A1. The unemployment figures are based on records of those claiming benefits at Unemployment Benefit Offices. The figures therefore include those who claim Unemployment Benefit, Income Support (formerly Supplementary Benefit up to April 1988) or National Insurance credits. The figures include the severely disabled but exclude students seeking vacation work and the temporarily stopped (see below). A full description of the system of compiling the figures appeared in the September 1982 Employment Gazette.

A2. The unemployment figures exclude students who are claiming benefit during a vacation but who intend to return to full-time education when the new term begins. From November 1986 most students have only been eligible for benefits in the summer vacation. On 9 November 1989 students numbered 1,761 in the United Kingdom.

A3. The figures exclude temporarily stopped workers, that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were claiming benefits. On 9 November 1989 these numbered 2,646 in Great Britain and 3,370 in the United Kingdom.

A4. National and regional unemployment rates are calculated by expressing the number of unemployed as a percentage of the estimated total workforce (the sum of employees in employment, unemployed claimants, self-employed, HM Forces and participants on work-related government training programmes) at mid-1988.

The UK narrower rates on 9 November 1989 were 8.6 per cent for males and 4.0 per cent for females, 6.6 per cent in total (unadjusted).

A5. The latest figures for national and regional seasonally adjusted unemployment are provisional and subject to revision, mainly in the following month. The seasonally adjusted series takes account of all past discontinuities to be consistent with the current coverage. However, the figures since September 1989 have been affected by the recent changes in the conditions of the Redundant Mineworkers Payments Scheme. A new consistent series will be produced once the full effect is known, see also note A7. (See the article "Unemployment adjusted for discontinuities and seasonality" in the July 1985 Employment Gazette and also page 422 of the October 1986 edition for the list of previous changes in coverage taken into account). The seasonally adjusted series now relates only to those aged 18 and over in order to maintain a consistent series, allowing for the change in benefit regulations for those aged under 18 from September 1988. For further details see the article 'Unemployment statistics : revisions to the seasonally adjusted series' in the December 1988 issue of Employment Gazette.

A6. The unemployment flows in Table 5 relate to people claiming and ceasing to claim benefit. A seasonally adjusted series cannot yet be estimated. The figures are standardised to a four and one third week month to allow for the varying periods between successive monthly count dates, and may therefore appear not to balance with the monthly changes in unemployment levels.

A7. The changes in the Redundant Mineworkers Payment Scheme from 23rd July mean that these mineworkers have the option to no longer sign on at Unemployment Benefit Offices (UBO's) as unemployed and available for work as a condition of this scheme. The change is being administered via claimant adviser interviews at UBO's where these mineworkers sign on. The option is only exercised after the details of the scheme changes have been explained. It is estimated that around 4,000 people left the count between August and September, 6,500 left between September and October ( both of these figures having been revised in the light of new information) and a further 2,500 left between October and November as a result of this change. It will take some time before the full effect is known, (probably not before Spring 1990) when the necessary discontinuity adjustments will be made and a revised consistent back series produced.

EMPLOYMENT AND HOURS (Tables 6-9)

B1. Information on the number of employees in employment, for most industries is collected quarterly and monthly (for manufacturing in Great Britain only) from sample surveys addressed to individual establishments and for other industries from returns provided by major employers in the industry. These figures are used to calculate rates of change in employment since the last Census of Employment was held, and the rates of change are applied to census results to provide current estimates. The results of the 1987 Census of Employment were incorporated in the press notice released on 14 September 1989 and the resulting revisions to the series are described in an article on page 560 of the October issue of Employment Gazette.

B2. In Great Britain the surveys cover all large establishments and a proportion of small establishments (but none of the smallest employers). 30,000 establishments are surveyed each quarter month (e.g. in March, June etc.), and of these 12,000 are in manufacturing industries. 6,000 of the manufacturing establishments are also surveyed in non-quarter months. Estimates for these months are less reliable than those for quarter months, and the first estimates are subject to revision when the following quarter's figures become available (e.g. January and February estimates are revised in the light of figures for March). As the estimates of employees in employment are derived from employers' reports of the numbers of people they employ, individuals holding two jobs with different employers will be counted twice. Participants in government employment and training schemes are included if they have a contract of employment. HM Forces, homeworkers and private domestic servants are excluded.

B3. The estimates of employees in employment in Great Britain presented in this press notice also take account of the results of the 1985, 1986, 1987 and 1988 sample Labour Force Surveys (LFS). The series include allowances for undercounting in the estimates of the number of employees in employment derived from the sample survey of employers. When the 1988 LFS results were incorporated in March 1989 there was a small change in methodology - see page 201 of the April 1989 issue of Employment Gazette for details.

B4. Collection of employees in employment statistics for Northern Ireland are the responsibility of the Northern Ireland Department of Economic Development, they are also based on similar censuses of employment carried out at the same time as those for Great Britain, but the sample surveys are a little different and the LFS is not used to supplement the data collected from employers.

B5. The self-employed are those who in their main employment work on their own account, whether or not they have any employees. Second occupations classified as self-employed are not included.

B6. Comprehensive estimates of the number of self-employed are taken from the Census of Population, the most recent of which was held in 1981. Estimates for the other years for Great Britain only are made by applying rates of change, derived from the sample Labour Force Survey results, to the census benchmark. In this way self employment is estimated to have increased by 12,800 a quarter between mid-1981 and mid-1983, by 68,800 a quarter between mid-1983 and mid-1984, by 28,800 a quarter between mid-1984 and mid-1985, by 4,100 a quarter between mid-1985 and mid-1986, by 58,500 a quarter between mid-1986 and mid-1987 and by 31,000 a quarter between mid-1987 and mid-1988. Pending the results of the 1989 Labour Force Survey it is assumed that the numbers of self employed are continuing to increase at the rate of 31,000 a quarter observed between 1981, the date of the latest Census of Population which provides a benchmark for the self employment series, and 1988, the date of the latest available Labour Force Survey data. The derivation of recent estimates is described in an article on page 201 of the April edition of the Employment Gazette.

B7. Figures for HM Forces are provided by the Ministry of Defence.

B8. Estimates of numbers on work-related government training programmes consist of those participants in programmes and schemes who in the course of their participation in the programmes receive training in the context of a workplace but are not employees, self-employed or HM Forces. For the period up to September 1988 in Great Britain only it covers most YTS participants without contracts of employment (the small proportion, about 2 per cent, whose training does not include work experience with an employer are excluded) and the participants on the new JTS. Participants in Employment Training (ET) are included in this series from December 1988. For Northern Ireland those on the following schemes are included: Youth Training Programme (excluding second year trainees in further education colleges); Job Training Programme; Attachment Training Scheme and other management training scheme participants training with an employer. The estimates are not seasonally adjusted.

B9. The workforce in employment which comprises employees in employment, the self-employed, HM Forces and participants on work-related government schemes was introduced in the July 1988 issue of this press notice. See page S6 of the August 1988 edition of Employment Gazette for further details.

B10 The hours of overtime and short-time worked by operatives in manufacturing industries are collected by the surveys of individual establishments which are used to collect numbers of employees in manufacturing industries in Great Britain. Figures are collected monthly; those for non-quarter months are based on a smaller sample, and are therefore subject to retrospective revisions in the same way as the employee estimates.

B11. The index of average weekly hours relates to average weekly hours worked by operatives in manufacturing industries. It is based on the normal weekly hours of full time operatives as in national agreements plus average net overtime. The calculation of this index is described on page 240 of Employment Gazette, June 1983.

## VACANCIES (Tables 10-12)

C1. The statistics do not include any vacancies on government programmes (except for vacancies on Enterprise Ulster and Action for Community Employment (ACE) included in the seasonally adjusted figures for Northern Ireland). Previously up to August 1988, unadjusted vacancy figures have additionally been provided including Community Programme vacancies. With the introduction of Employment Training (ET) from September 1988 there are no longer any CP vacancies. ET places are training opportunities determined according to the individual needs of unemployed people and therefore cannot be considered as vacancies or counted as such.
CP vacancies handled by jobcentres have been excluded from the seasonally adjusted series since the coverage was revised in September 1985. The seasonally adjusted series are therefore not affected by the cessation of CP vacancies. Figures on the current basis are available back to 1980. (See Employment Gazette October 1985 page 413 for further details).

C2. Vacancies at Jobcentres are mainly for adults aged 18 or over, but include some vacancies for persons under 18. Vacancies at Careers offices are mainly for young persons under 18 years of age, but include some vacancies suitable for adults. Where the vacancy is notified to both services by an employer, it will be included in both counts; for this reason, and also due to a difference between the timing of the two counts, they should not be added together to give a figure for total vacancies.

C3. The vacancy figures do not represent the total number of vacancies in the economy. Latest estimates suggest that nationally about one third of all vacancies are notified to Jobcentres; and about one quarter of all engagements are made through Jobcentres. Inflow, outflow, and placings figures are collected for four or five week periods between count dates; the figures in this press notice are converted to a standard four and one third week month.

## EARNINGS (Tables 13 and 14)

D1. Indices of average earnings are presented in this press notice for the whole economy and the three main sectors manufacturing, production and services industries. The present series is based on 1988 = 100. Separate indices for 25 industry groups of Standard Industrial Classification (1980) are published in the Employment Gazette.

D2. The average earnings index has been updated from October 1989, incorporating improvements to the associated monthly sample and reweighting of the index to reflect the latest employment structure of the economy, based on the data from the 1987 Census of Employment. At the same time, the index has been rebased to 1988=100. A separate detailed article explaining the changes was published in the November 1989 issue of Employment Gazette (pages 606 - 612).

D3. All the series are based on information obtained from the Department's monthly survey of a representative sample of firms in Great Britain, combined with information supplied by the Ministry of Agriculture Fisheries and Food about agricultural earnings in England and Wales. The survey obtains details of the gross wages and salaries paid to employees, in respect of the last pay week of the month for the weekly paid, and for the calendar month for the monthly paid. The earnings of the latter are converted into a weekly basis. The average earnings are obtained by dividing the total paid by the total number of employees paid, including those employees on strike. The sample of returns contains information relating to some 9 million employees.

D4. The rationale for the measurement of underlying changes in earnings was described in Employment Gazette, November 1989, pages 611 and 612. In brief, the underlying measure adjusts actual earnings for temporary influences such as arrears of pay, variations in the timing of settlements, and industrial disputes. A short description and analysis of the differences between the seasonally adjusted earnings index and the underlying index appears quarterly in the Employment Gazette, the most recent being in the September 1989 issue.

D5. The average earnings index measures the monthly level of EARNINGS. Earnings include payments to employees for hours of overtime worked, bonus payments and shift premia, grading increments and other productivity or incentive payments. Increases in earnings will therefore include increases in these elements of pay and not just increases in basic pay rates. For this reason earnings increases usually exceed SETTLEMENT increases and WAGE CLAIMS. The Employment Department does not produce a settlements index but figures for settlements are produced by other bodies such as the CBI.

D6. Average earnings will also be affected by factors that are not temporary in nature such as changes in the composition of the workforce such as may arise through employing more or fewer part time employees, changes in hours worked, and irregular variations in bonuses, sickness etc on which no information is available.

UNIT WAGE AND SALARY COSTS (Table 15) and PRODUCTIVITY (Table 16)

E1. Wages and Salaries per unit of output in manufacturing in the United Kingdom is compiled using monthly series of average earnings, employment and output; it is described in Employment Gazette, June 1982, page 261.

E2. Index numbers of output per person employed in the United Kingdom are calculated by dividing an index of output by an index of the numbers employed.

E3. In the calculation of the productivity (and hence the unit wage cost) the denominator excludes participants on work related training schemes, and so provides a better indicator of productivity (and wage cost) trends. This is because of the smallness of the scheme participants' contribution to output, the fact that some of the contribution will be excluded from the national accounts measure of output, and practical difficulties in the way of producing an analysis of participants.

INDUSTRIAL STOPPAGES (Table 17)

F1. Statistics of stoppages of work due to industrial disputes in the United Kingdom relate only to disputes connected with terms and conditions of employment. Stoppage involving fewer than 10 workers or lasting less than one day are excluded except where the aggregate of working days lost exceeded 100. However, there are difficulties recording stoppages near the margin of this threshold and consequently greater emphasis should be placed on the figure for working days lost rather than on the number of stoppages. The monthly figures are provisional and subject to revision, normally upwards, to take account of additional or revised information received after going to press.

FROM: D I SPARKES
DATE: 13 APRIL 1989

MR DEANE (EB)

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Monck
Mr Scholar
Mr Burgner
Mr Riley
Mr Peretz
Mr Sedgwick
Mr Burr
Mr Gieve
Mr Pickford
Mr Hibberd
Mr Meyrick
Mr Bush
Mr Darlington
Mr Dyer
Mr O'Brien
Miss Wallace
Mrs Chaplin
Mr Tyrie
Mr Call

Mr Gray - No 10

RA

**COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 13 APRIL**

The Chancellor was grateful for your minute of 12 April concerning the labour market statistics to be published later this morning. He had the following comments:

- The Chancellor noted that employment has now increased by nearly 3 million since March 1983 and that the total increase in the year to December is estimated at 649 thousand of which almost three-quarters is full-time employment. He felt that these points should be made in the positive line to take.

- The defensive line to take on productivity needs to point out that growth in manufacturing productivity, as distinct from full economy productivity, remains high.

- Finally, the Chancellor would be grateful for a short note explaining the marked divergence between the growth in productivity in manufacturing and in the rest of the economy.

2. I would be grateful if in future you would send Mr Gray's copy of your monthly note to him direct at No 10, rather than through this office.

D.S.

DUNCAN SPARKES

## LATEST ECONOMIC STATISTICS

### Good news

- RPI in January down to 3.3% (TPI only 1.4%)
- today's industrial production figures for 1987 Q4 show manufacturing output up 5½% on previous year, with recent growth strongest for investment goods
- retail sales in latest 3 months 6½% up on a year ago
- Thursday's unemployment figures will show further substantial fall in January - 18th successive month. Employment growth of nearly ½ million in latest year - in North as well as South
- PSBR surplus of over £6 billion in January - will almost certainly now have significant surplus for 1987-88 as a whole

### More worrying

- earnings growth creeping up to over 8% year on year increase.
- continuing high bank lending and MO creeping up to 6% upper limit
- current account deficit at annual rate of £6 billion in 1987 Q4

### Moral

- risk is more of over-heating than slow down
- need for cautious monetary and fiscal stance.

COVERING PERSONAL AND CONFIDENTIAL

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-273 5803

Switchboard 01-273 3000 GTN Code 273

Facsimile 01-273 5465 Telex 915564

Paul Gray Esq
10 Downing Street
LONDON SW1A 2AA

16 February 1988

Dear Paul,

**LABOUR MARKET STATISTICS**

... I enclose the December Unit Wage and Productivity cost estimates which are to be issued on Thursday. The brief is of course personal and confidential until 11.30 on 18 February and confidential thereafter.

I am copying this to Allex Allan (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), Mr Footman (Bank of England), Trevor Woolley (Cabinet Office), Alison Brimelow (DTI), Sir Brian Hayes (DTI), David Crawley (Scottish Office), Sir William Fraser (Scottish Office), John Shortridge (Welsh Office), David Watkins (Northern Ireland Office) David Fell (Department of Economic Development, Northern Ireland Office) and Peter Stredder (No 10 Policy Unit).

Yours,

Angela

**ANGELA WILKINS**
Private Secretary

COVERING PERSONAL AND CONFIDENTIAL

CONFIDENTIAL

Rile

o89

cc: BG

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

21 July 1987

Dear John,

LABOUR FORCE SURVEY

The Prime Minister has seen your Secretary of State's minute (undated) which proposed to change from an annual to a quarterly Labour Force Survey. The Prime Minister is content, subject to the views of colleagues and to agreement with the Chief Secretary on the resources which will be needed.

I am copying this letter to Tony Kuczys (HM Treasury), Jill Rutter (Chief Secretary's Office, HM Treasury) and Jeremy Godfrey (Department of Trade and Industry).

Yours,

David.

David Norgrove

John Turner, Esq.,
Department of Employment.

089

CONFIDENTIAL

ps2/37R CONFIDENTIAL

cc BG

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PRIME MINISTER

**LABOUR FORCE SURVEY**

I have seen Norman Fowler's minute to you concerning his proposals to change from an annual to a quarterly Labour Force Survey (LFS).

In principle this is desirable. It would greatly enhance the quality and timeliness of our employment and unemployment statistics. It would reduce the extent to which we have to rely on the "undercounting" adjustments which the Department of Employment now need to make when constructing their quarterly employment figures and would provide us with more frequent and up to date information on self-employment. Moreover, quarterly LFS data would give us a regular estimate of unemployment based on the number of those actively looking for work as opposed to the monthly series which simply measures those claiming benefit, though the conventional measure of unemployment would of course continue to be published and would almost certainly still be regarded as the "main" measure of unemployment.

As regards the Secretary of State's reference to his PES running cost bid I cannot, of course, at this stage pre-empt the outcome of PES discussions. John Major will be discussing bids with Norman alongside other competing priorities as the Survey proceeds and will be considering the scope for reductions elsewhere in running cost baselines.

I am copying this minute to Norman Fowler, David Young and Sir Robert Armstrong.

N.L.

**N.L.**

20 July 1987

MANPOWER

LABOUR MARKET STATS.

11/V2

B I F Monday.

MR NORGROVE

15 July 1987

**LABOUR FORCE SURVEY**

A few comments on Norman Fowler's proposals:

1 Mr Fowler is right to suggest not replacing the monthly claimant count with a regular LFS. The error margin on any survey is such that we would be in danger of having a number that bounced around from month to month as a result of sampling errors, rather than underlying changes. The claimant count is at least a precise number.

2 In principle, however, a quarterly LFS would be a useful supplement. In particular, it would provide an independent source on the trend in unemployment that could help confirm publically that recorded changes in the claimant count were not simply a result of "statistical manipulation". It would clearly also be useful to have more frequent updates on self employment.

3 The estimated cost seems a high price to pay for this information, but is probably a reasonable assessment of what is involved (£5 million running costs for a quarterly survey of 60,000 households amounts to £21 per household). Whether or not this price is worth paying can presumably be left open for PES negotiations.

NRB

NORMAN BLACKWELL

010

Cc BG



SECRETARY OF STATE FOR EMPLOYMENT

PRIME MINISTER

Prime Minister!
Agree a quarterly survey, subject to agreement on the resources needed?

LABOUR FORCE SURVEY

Yes

DRN 21/1

It is important that the Government publishes authoritative and frequent information on unemployment and employment both to help in the creation of policy and inform public debate. I have therefore been considering how the information we have on the labour market can be improved. Like David Young before me I am persuaded that the Labour Force Survey, which we currently publish annually, should be enhanced to provide more regular results.

There are a number of reasons why a more frequent survey should be carried out. The LFS provides important alternative data on the scale of unemployment to that of the monthly unemployment claimant count: LFS information on unemployment comes from questionnaires returned from a sample of households. In recent years the LFS has shown unemployment to be lower than the unemployment claimant count. For example, in Spring 1986, it showed unemployment to be 2.98 million for Great Britain, using a definition of unemployment based on International Labour Organisation guidelines. This was some 190,000 lower than the monthly claimant count of the same period. Of course, current measures should help to reduce the numbers of those currently claiming benefit who are not available for work. It is therefore likely that the two measures of unemployment will come closer together. Nevertheless, the LFS will continue to be an important component of our understanding of unemployment. It cannot be satisfactory for information to be available only annually - and then a year out-of-date. Thus with the present survey we were only able to publish figures for Spring 1986 in Spring 1987.

In addition, the LFS provides a wide range of key data on the labour market, including on self-employment and employment. This is an area in which I believe we are vulnerable to criticism. As we only have survey data annually, we have to rely for the remainder of the year on estimates which can be unreliable. You may recall that we had to announce in the spring of this year that although we had estimated a growth in self-employment of over 120,000 between June 1985 and June 1986, the latest survey showed a growth during this period of only 20,000.

I propose that the LFS should be carried out at quarterly intervals. This will give not only more regular but also more up-to-date data, with each survey giving information on the previous quarter. Development work is likely to take 2½ to 3 years and will cost £5 million. In view of this timescale, I would like officials to go ahead as soon as possible so that any change is implemented well before the next General Election. The cost of a quarterly survey will amount to £2 million in 1990/91 and thereafter, in addition to existing costs which amount to some £3 million. Although there is a case for a monthly survey, I do not believe that the considerably higher costs (a further £8½ million in 1990/91) are justified by the additional information which this would provide. Furthermore, the LFS could not entirely replace the monthly count.

I expect to meet the extra costs for a quarterly survey from within my overall resources and will deal with this in the course of my PES bid. The bulk of the resources will need to be paid over to OPCS who will actually run the survey.

SECRETARY OF STATE FOR EMPLOYMENT

There would be advantage in making an early announcement. It should be possible to put this change across positively as an improvement in the range of the information available in a key area. There is no question of a quarterly survey replacing the monthly claimant count. An enhancement of the LFS would bring us into line with the practice of many other developed countries including, for example, USA, Canada and Australia.

I am copying this minute to the Chancellor, the Chief Secretary and the Secretary of State for Trade and Industry.

N F

File

PA

cc D/Emp

10 DOWNING STREET

THE PRIME MINISTER

25 June 1986

Dear Sir Austin,

Thank you for your two letters of 6 June about the Occupations Study Group's report, "UK Occupation and Employment Trends to 1990".

The report highlights a number of issues which we too see as important in our employment policies.

The emphasis on small firms and self-employment as future sources of jobs growth is reflected in our policies to remove barriers to growth and encourage the development of enterprise.

The recognition by employers of the crucial importance of training accords with our policies on YTS and Adult Training. I am glad that YTS is recognised by employers for its contribution to the training and job prospects of our young people.

One conclusion which I would question is that the size of the employed labour force will show little change over the rest of the decade. I am sure you will share my doubts about whether calculations of this kind can be made with much success. It would be instructive to know whether employers, if asked similar questions in March 1983, would have predicted the nearly a million net new jobs which we have seen since then.

PA

Thank you again for sending me the report. David Young will be writing to you with more detailed comments about its findings.

Yours sincerely

Margaret Thatcher

Sir Austin Bide.

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213................................ 6460

Switchboard 01-213 3000

Mark Addison
10 Downing Street
London SW1

DN.

23 June 1986

Dear Mark,

You asked for a draft reply to Sir Austin Bide's letter of 6 June. I attach a draft which the Secretary of State has approved. I am copying this letter and its enclosure to Michael Stark in Cabinet Office.

Alt flag

Yours sincerely,

Caroline Slocock

CAROLINE SLOCOCK
Private secretary

File

JA

CONFIDENTIAL

# 10 DOWNING STREET

13 June 1986

*From the Private Secretary*

Dear Robert,

## OCCUPATIONS STUDY GROUP

I have seen a copy of your letter to Private Secretaries of 12 June about the handling of the report of the Occupations Study Group.

Some confusion has arisen about this, mainly because Sir Austin Bide sent two separate letters about his report on the same day, which were handled by different people here. One of the letters covered the report itself and was copied to a number of Ministers. The other was a personal letter to the Prime Minister.

The report was not commissioned by Government or addressed to it and there is no need for the Government to make an official reply to it. Accordingly the departmental acknowledgements mentioned in your letter to Private Secretaries should <u>not</u> imply that the Prime Minister will be replying <u>to the Report</u>. Indeed if it is not too late, I suggest that the acknowledgements do not refer to a reply by the Prime Minister.

I expect that the Prime Minister herself will wish to send a fairly short reply to the letters from Sir Austin Bide and I shall be discussing this with Employment Private Office separately.

I am copying this letter to Tony Kuczys (HM Treasury), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Rob Smith (Department of Education and Science), Geoff Dart (Department of Energy), Stephen Boys Smith (Home Office), John Mogg (Department of Trade and Industry) and to Richard Allan (Department of Transport).

Yours sincerely,

David Norgrove.

(DAVID NORGROVE)

Robert Deeks, Esq.,
Department of Employment.

CONFIDENTIAL

JA

cc BS

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

DWS ...

Private Secretary to
The Chancellor of the Exchequer
HM Treasury
Great George Street
London SW1

12 June 1986

Dear Private Secretary

The Chancellor will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
London SW1

12 June 1986

Dear Private Secretary

The Chancellor of the Duchy of Lancaster will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Minister of State for the
Department of Agriculture, Fisheries and Food
Whitehall Place
London SW1

12 June 1986

Dear Private Secretary

Your Minister of State will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Secretary of State for the
Department of Education and Science
Elizabeth House
York Road
London SE1

12 June 1986

Dear Private Secretary

Your Secretary of State will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Secretary of State for the
Department of Energy
Thames House South
Millbank
London SW1

12 June 1986

Dear Private Secretary

Your Secretary of State will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Secretary of State for the
Home Department
50 Queens Anne's Gate
London SW1H 9AT

12 June 1986

Dear Private Secretary

The Home Secretary will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Secretary of State for the
Department of Trade and Industry
1 Victoria Street
London SW1

12 June 1986

Dear Private Secretary

Your Secretary of State will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

SG/D08

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 7409
Switchboard 01-213 3000

Our Ref: PO 1705

Private Secretary to
The Secretary of State for the
Department of Transport
2 Marsham Street
London SW1

12 June 1986

Dear Private Secretary

Your Secretary of State will have recently received a pre-publication copy of the Occupations Study Group Report on "UK Occupations and Employment Trends to 1990".

This Department has been asked by No 10 to co-ordinate a reply for the Prime Minister's signature, and officials here are pursuing this in consultation with interested Departments. We have agreed with No 10 that the most sensible way to handle the other copies of the report would be for each Department to send a simple acknowledgement to Sir Austin Bide, pointing out that the Prime Minister herself will be replying shortly.

If you have any specific points which you feel should be included in the Prime Minister's reply, perhaps you could let me have them by close of play on 18 June?

I am copying this letter to Mark Addison at No. 10.

Yours sincerely

Robert Deeks

ROBERT DEEKS
Private Office

File

08G

Q/t papers

10 DOWNING STREET

*From the Private Secretary*

Ack/ 9 June 1986

I enclose a copy of a letter which the Prime Minister has received from Sir Austin Bide, Chairman of the Occupations Study Group.

I should be grateful if you would let me have a draft reply for the Prime Minister's signature, to reach this office by Monday, 23 June.

BF

I am copying this letter and its enclosure to Michael Stark (Cabinet Office).

Mark Addison

CA

Miss Caroline Slocock,
Department of Employment.

**OCCUPATIONS STUDY GROUP**
3 Curzon Lodge
7-8 Curzon Place
London W1Y 7AA
Telephone: 01-493 3897

**OSG**

Chairman: Sir Austin Bide
Director General: F.W.L. Meredith


6th June, 1986

**PERSONAL**

The Rt. Hon. Mrs. Margaret Thatcher, FRS, MP,
10 Downing Street,
London SW1.

Dear Prime Minister,

It was an essential feature and aim of the OSG exercise to seek and report only the "facts" as employers exposed them, having carefully avoided "leading" their answers by the content and structure of a questionnaire or by the nature of an interview.

It was, however, inevitable in an exercise of this kind that things would emerge to those conducting it, of an impressionistic or deductive kind not properly capable of inclusion in a report satisfying the stated intention, but sufficiently clear, nevertheless, to have some importance.

The purpose of this personal note is to set out a few such points along with a general observation or two that you and your colleagues may find helpful. You will note that I have copied it only to David Young.

1] The "Hassle Factors" such as bureaucratic "red tape" and workforce/union attitudes that were undoubtedly holding back employers' willingness to employ more than the necessary minimum, seem to have gone away. One assumes that this is due to Government action over the past several years. There are, nevertheless, many firms quite content with their current trading level and with no desire to expand. Where exporting is concerned this may be associated with the factors about which I talked to Robert Armstrong in the Autumn of 1985. I enclose a note on the subject and Robert can update if you are interested.

2] We report that firms in the production industries are turning for cost reasons to sub-contractors for componentry. Persistent complaint about the quality of British-made componentry is leading to growing import penetration. Depressingly, we encountered cases of manufacturers of all kinds planning to cease production and become importers/distributors.

3] There was not the expected emphasis on exporting (see also Item [1] above) or on the drive for new products. Many firms are clearly still more pre-occupied with clawing their way out of the effects of the recession, by reorganisation, diminishing their costs and increasing their productivity.

It was also interesting that many firms are emphasising growth by acquisition rather than organically through their own innovation. Whether this has or will have influences in R & D expenditure could be worth enquiry.

4] The report says there will be a deal of "jobless growth" but there will also continue to be - particularly in the manufacturing industries - continued growth of businesses but with continuing job losses. This is an outcome of the process referred to in [3] above, assisted by the increasing use of modern technology. It is, therefore, dangerous to equate growth with automatic job creation.

5] It appears that although the net number of small firms is increasing within the various sectors, they are producing comparatively little organic growth. This is, in large part, because many of them are developing simply as a result of taking work from larger companies; particularly in the production industries, as sub-contractors or by picking up abandoned elements. One of the most disappointing findings was the minimal employment growth in the so-called "sunrise" enterprises.

6] The employment pattern generally for the period 1985-90 seems to be that Government efforts will enable job losses (numbers) to be near enough compensated by job gains, albeit with considerably changed labour utilization of various kinds. The problem for the longer term appears to be that the compensatory cycle will not make much impact on current unemployed numbers without further sustained effort.

7] We report that the number of part-time employees is increasing but we do not have a reportable view on whether average hours worked by part-timers will change. The feeling, however, is that the average of hours worked is unlikely to decrease over the 1985-90 period and may, indeed, increase.

We have not attempted to examine the impact of the forecast changes on the wage packet and, therefore, on levels of discretionary spending that could affect activity in the production and service industries.

These things and many others may well be a fit subject for later and more extensive enquiry.

8] Finally, at the risk of being repetitive, I believe that it is scarcely possible to overstate the importance of education and training in the changing environment.

To conclude, though the news is not all good, it is my personal conviction that the knowledge gained will assist improvement.

With kindest regards.

Sincerely

Austin Bide

Sir Austin Bide
Chairman

c.c. The Lord Young of Graffham

To: Sir Robert Armstrong Autumn 1985

## EXPORTING

I have been thinking for quite some time about an exporting topic on which I would be glad of your advice before deciding if/how to carry the matter further.

It all starts from several beliefs:-

1] that we much increase our export activity if we are to thrive, and

2] that large firms already know how to do it, and

3] that substantial expansion must be sought and come from the efforts of smaller companies with export growth potential (it is at this level that size/employment gearing is most likely to be helpful), and

4] that though the potential may be there, there are some powerful forces working against its being realised, and

5] that there is nevertheless a great deal of such potential, and

6] that there is a tremendous amount of knowledge and experience in the country and with "Brits" abroad (some of them in the FO service) that could be used to our greater advantage if properly organised.

The situation that underlies my observation in [4] above is the realisation that many small firms will not look to export markets spontaneously or as as a result of exhortation when they are already doing well enough in the UK market and see little virtue in straining to deal with the "hassle" of exporting and of employing more people. They realise that exporting can be very risky and do not see the problematical rewards as commensurate with the risk and very hard work. Macmillan, so far as I can discover, was the only one who saw it as fun.

Obviously, such an analysis is no reason for failing to give people incentives or perhaps more to the point, reducing disincentives, but what it spells out to me is the need for a system that brings to bear expertise and knowledge, first to advise and further - if appropriate - to solve the problems of exporting for the small company (and maybe sometimes larger companies with peripheral products) that has an actual desire to export or at any rate a willingness to let someone else size up the situation and maybe pursue it.

There is a great deal to be said for the entrepreneur who will start a business and for the various schemes of government or private origin that will help him to do so. But this, though it helps UK employment, does not necessarily make any contribution to satisfying the export need.

This is precisely the same problem as the Japanese faced and dealt with in earlier years. I have not observed and do not believe that the Japanese are any more entrepreneurial as individuals than we are. What they perceived was the need to establish Japan Ltd. as a national entrepreneur with nationally organised/assisted exporting capability.

Why then should we not examine the possibility of doing the same through a properly (privately) organised national agency or agencies that would on a proper profit orientated approach seek to:-

a] identify export potential in products and markets for those who want it or can be persuaded to use it;

b] using expertise and knowledge not readily available to the individual company;

c] preferably privately funded and assisted (with personnel) by large industry and commerce with

d] assistance from HMG either by direct finance or some kind(s) of tax relief and ECGD support.

Your first reactions on whether the topic is worth pursuing would be much appreciated.

Sir Austin Bide

cc BG (+ ~~report~~) and return.

● OCCUPATIONS STUDY GROUP
3 Curzon Lodge
7-8 Curzon Place
London W1Y 7AA
Telephone: 01-493 3897

OSG

Chairman: Sir Austin Bide
Director General: F.W.L. Meredith

6th June, 1986

STRICTLY PRIVATE AND CONFIDENTIAL

qf?
NO TRACE

The Rt. Hon. Mrs. Margaret Thatcher, FRS, MP,
10 Downing Street,
London SW1.

Dear Prime Minister,

**UK OCCUPATIONS AND EMPLOYMENT TRENDS TO 1990**
**An Employer-based Study of the Trends and Their Underlying Causes**

I wrote to you on 27th July, 1983 (and you replied on 6th September) concerning an idea for collecting and analysing employer-based forecasts about occupations, employment, trends and causes for a period of five years forward (to 1990). You were kind enough to take an interest and offer helpful suggestions.

With the support of a large number of leading industrial and commercial people, I formed the Occupations Study Group for the purpose and the work done has now resulted in a text that will be subject to Press comment on 13th June, 1986, and be available in the bookshops at the end of June.

I enclose a copy of the Report for your information and, for your convenience, a separate copy of the summary which appears at the beginning of the document. I believe that you and your colleagues will find it interesting and, I hope, helpful.

Attached to this letter is a list of other pre-publication recipients with an indication of when it will be released to them - 'in strict confidence'.

With kindest regards.

Sincerely,
Austin Bide

Sir Austin Bide
Chairman

STRICTLY PRIVATE AND CONFIDENTIAL

## OCCUPATIONS STUDY GROUP REPORT

### Pre-publication Recipients

| Name of Recipient | Date of Receipt |
|---|---|
| The Prime Minister | 6.6.86 |
| The Lord President | 6.6.86 |
| The Chancellor of the Exchequer | 6.6.86 |
| The Chancellor of the Duchy of Lancaster | 6.6.86 |
| The Leader of the House of Commons | 6.6.86 |
| The Secretaries of State for:- | |
| Agriculture, Fisheries and Food | 6.6.86 |
| Education and Science | 6.6.86 |
| Employment | 6.6.86 |
| Energy | 6.6.86 |
| Home Department | 6.6.86 |
| Trade and Industry | 6.6.86 |
| Transport | 6.6.86 |
| The Paymaster General | 6.6.86 |

Copies have been supplied today to Sir Robert Armstrong for himself and, on his advice, for the Permanent Secretaries of the:-

Ministry of Agriculture, Fisheries and Food
Department of Education and Science
Department of Employment
Department of Energy
Home Department
Department of Trade and Industry
Department of Transport
Treasury

Other pre-publication copies are to be distributed as follows on a strictly confidential basis:-

| Name of Recipient | Date of Receipt |
|---|---|
| The Rt. Hon. Mr. Neil Kinnock MP | 11.6.86 |
| The Rt. Hon. Mr. David Steel MP | 11.6.86 |
| The Rt. Hon. Dr. David Owen MP | 11.6.86 |
| Chairman, Manpower Services Commission<br>- Mr. B.H. Nicholson | 12.6.86 |
| Director General, Confederation of British Industry<br>- Sir Terence Beckett, CBE | 12.6.86 |
| Director General, National Economic Development Office<br>- Mr. J. Cassels, CB | 12.6.86 |
| Director General, British Institute of Management<br>- Mr. J. Constable | 12.6.86 |
| Director General, Institute of Directors<br>- Sir John Hoskyns | 12.6.86 |
| General Secretary, Trades Union Congress<br>- Mr. N. Willis | 12.6.86 |
| Director General, Institute of Manpower Studies<br>- Mr. K. Graham, OBE | 12.6.86 |

Sir Austin Bide
6.6.86

EMBARGOED UNTIL 00.01 HOURS 13TH JUNE 1986

# THE OCCUPATIONS STUDY GROUP

# OSG

# UK OCCUPATION AND EMPLOYMENT TRENDS TO 1990

## AN EMPLOYER-BASED STUDY OF THE TRENDS AND THEIR UNDERLYING CAUSES


BY

THE INSTITUTE OF MANPOWER STUDIES

FOR

OSG


SUMMARY

JUNE 1986

# Summary

## Introduction

This summary report presents the results of an employer-based study designed to identify the emerging occupational and employment trends over the period 1985-90, with particular reference to the underlying causes. The study was commissioned by the Occupations Study Group (OSG). They were concerned to identify the effect of recent changes in production methods, the use of new technologies and other factors on medium term employment trends in the UK. Their objective was to provide such information to policy makers in industry, education, Government and society, without offering any recommendations.

The study, carried out by the Institute of Manpower Studies (IMS), covers all types of employers in the economy - private and public, large and small. It excludes the 'black economy' and the voluntary sector. The study included in-depth in-company structured interviews with 450 employers; detailed questionnaires from 2,830 employers; an interview survey of 298 small firms; special studies covering agriculture and public services; discussions with 26 trade bodies; and use of secondary data sources. Between them, the employers interviewed and returning questionnaires employed eight million people, half the total workforce of the private sector and nationalised industries.

This information base, draws from employing organisations' plans and expectations along with their associated variabilities. Thus it is wide and varied, and provides a unique and detailed reference source about occupation and employment trends in the UK, as well as their underlying causes.

This summary focuses on four issues:

o How is the workforce, and its sectoral distribution, expected to change over the period 1985-90, and why?

o What kinds of jobs will be created, by whom, for whom, and why?

o What will be the resulting occupational trends, and why?

o What are perceived as key occupations for the future, and why?

The summary below draws on the main report which is in three parts. Part A provides the background to the study; Part B provides an assessment of the main employment trends and their underlying causes in the ten sectors of the economy, and in small firms; Part C brings together the main trends and developments affecting occupational and employment patterns across the whole economy up to 1990. Key occupations and skills are highlighted in the final Chapter.

**Workforce and Sectoral Change to 1990, and the Underlying Causes**

In 1985 the **production industries and agriculture** accounted for one third, and the **service industries** two thirds of the UK workforce. The largest service sector is distributive and financial and business services, with over six million jobs. The engineering and related industries constitute the largest production sector, with 2.5 million jobs.

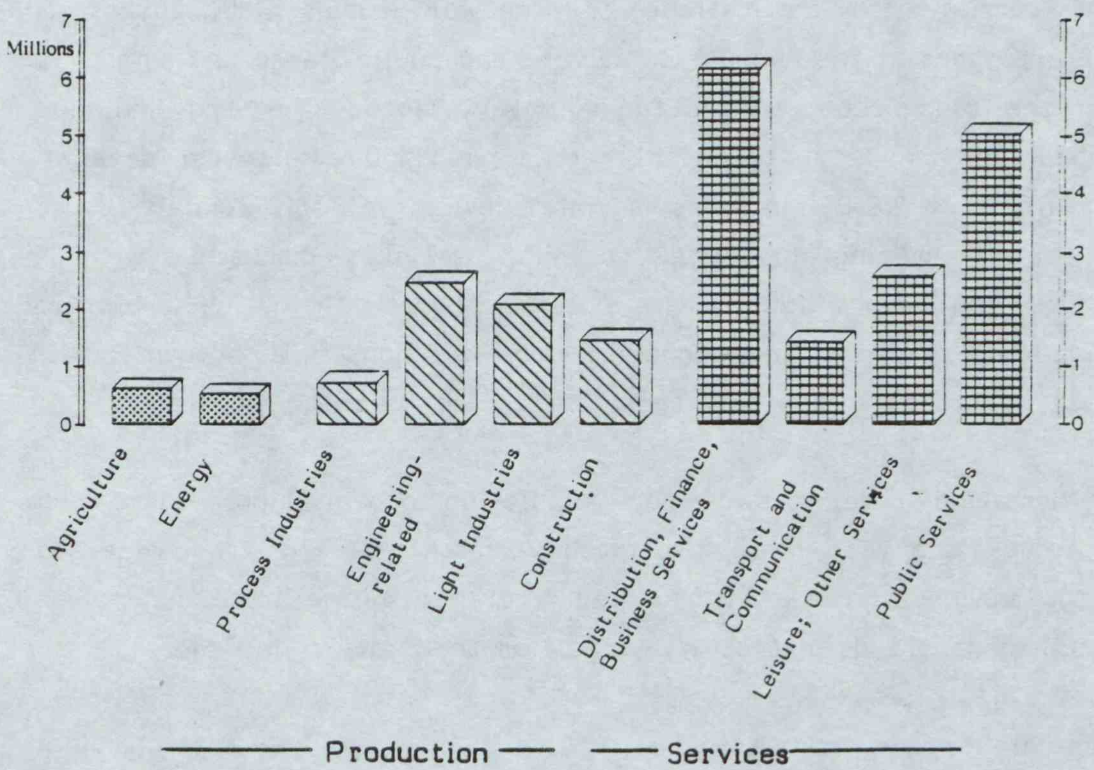
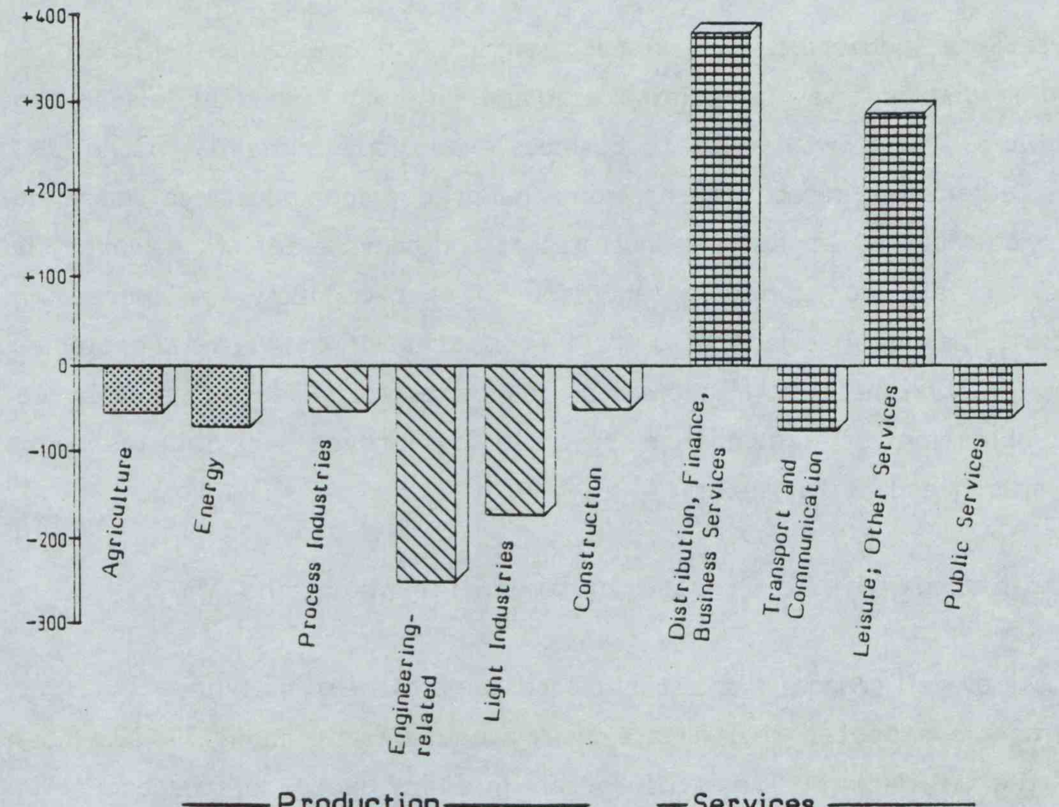



Figure 1 Sectoral Distribution - UK Workforce 1985

Organisations are changing their employment levels as a result of a complex interaction of market factors on the one hand; and changing technologies, working methods, production processes, and organisation structures, on the other. They are not able to quantify the relative impact of each of these factors on their employment or occupational elements.

Overall, the production industries and agriculture are expected to reduce their workforce by eight per cent, equivalent to about 665,000 jobs over the period 1985-90. Up to half of this decline will be due to organisations subcontracting activities to service sector employers. The service industries will increase their workforce by about 540,000 jobs, an overall increase of 3.6 per cent on their 1985 level. The net effect is that the overall workforce in the UK is expected to reduce by about 125,000 and total 23.58 million at the start of 1990. However, this forecast has a variability margin of ±300,000 jobs.




* These are mid point forecasts, the main report shows their variability.

Figure 2 Sectoral Change UK Workforce 1985-90

The major factors causing employment levels to fall across all the **production industries** are a combination of weak home demand, and insufficient international competitiveness. The latter is assisting import penetration and constraining exports. To improve competitiveness and productivity, employers are shedding uneconomic capacity and surplus labour; improving working methods and, particularly in the larger organisations, applying new technologies to both production and support activities. They are also increasing their subcontracting of production and services. The former is leading to the redistribution of jobs to small firms within the production industries; the latter to a growth in jobs in the service industries.

Employers in the production industries are expecting output to grow over the period to 1990. However, because of the factors cited above and consequent rising productivity, it will be jobless growth.

In the **service industries,** by contrast, significant employment growth is expected in distributive, financial and business services; and in leisure and other services. This growth is due to business expansion, primarily in the UK. They will be helped by subcontracting from the production industries and some other service sectors. Employment in transport and communication, however, is expected to fall, to either a reduction in over-capacity, or increasing competition. The latter is leading to the introduction of the new technologies and better working methods. Public sector employment is expected to fall, due to a combination of expenditure restraint, improved working methods, subcontracting and privatisation.

**What Kind of Jobs Will Be Created, by Whom, for Whom, and Why?**

Within these overall changes two categories of employment will grow by 1990. **Small firms** are expected to increase their workforce by about 700,000 jobs, many of them full-time. They will do this in every sector of the economy, except agriculture and energy. This growth will be partly organic, partly due to increased subcontracting by larger firms, and partly due to a competition-induced redistribution between organisations. For similar reasons, **self-employment** is also expected to grow by about 300,000.

A growing proportion of the new jobs will be **part-time,** particularly in medium and large service organisations with fluctuating workloads. The increasing standardisation and fragmentation of many service jobs supported by the application of new technologies will help promote part-time employment, which will rise from 21 per cent of total employment in 1985 to nearly a quarter by 1990.

The majority of the new jobs are expected to be filled by **female employees** for whom service sector and part-time working are expected to continue to be attractive. Overall their share of total employment is expected to rise from 45 per cent in 1985 to nearly half by 1990.

Organisations in all sectors expect to increase the proportion of **young people** (aged under 21) within their employment total. This is because they are perceived as more adaptable and trainable; the latter being assisted, in part, by the Youth Training Scheme.

**What Will Be The Resulting Occupational Trends and Why?**

Operatives form the largest occupational group across all the sectors. Otherwise the **production** and **service industries** have very different occupational structures. Craftsmen are the second largest group in the production industries; sales, clerical and personal service employees are the second largest group in the service sectors. Across all sectors, managers and professionals account for about 15 per cent of all staff.

The continuing shift from production to service-based industries will be a major influence on the changing occupational structure of the workforce. There will be at least three others: new technologies; weakening job demarcations; and organisational changes.

In the production industries growth is expected to favour skill- and knowledge-intensive occupations; particularly **engineers, scientists and technologists,** and multi-functional **craftsmen and technicians.** This is due to the growing use of new technologies; lessening job demarcations; and diversification into the selling of technical expertise.

In the services industries there will be significant growth in **personal and support service** occupations, mainly benefitting part-time staff. There will also be a smaller increase in the number of **professional** staff. This will reflect the expansion in the sector's output, some of which involves a redistribution of jobs from other sectors. In the public sector, **medical and welfare** related occupations are also expected to increase in line with an expansion in service provision.

The projected job gains in established **small firms** will favour the **less skill-intensive** occupations in both production and service activities. The projected job losses amongst larger employers are expected to involve mainly less skill-intensive occupations such as **operatives** and **clerical staff**. This will be due to reductions in surplus mannning, improved working methods, and the use of new technologies.

The overall change in the balance of occupations is shown below.

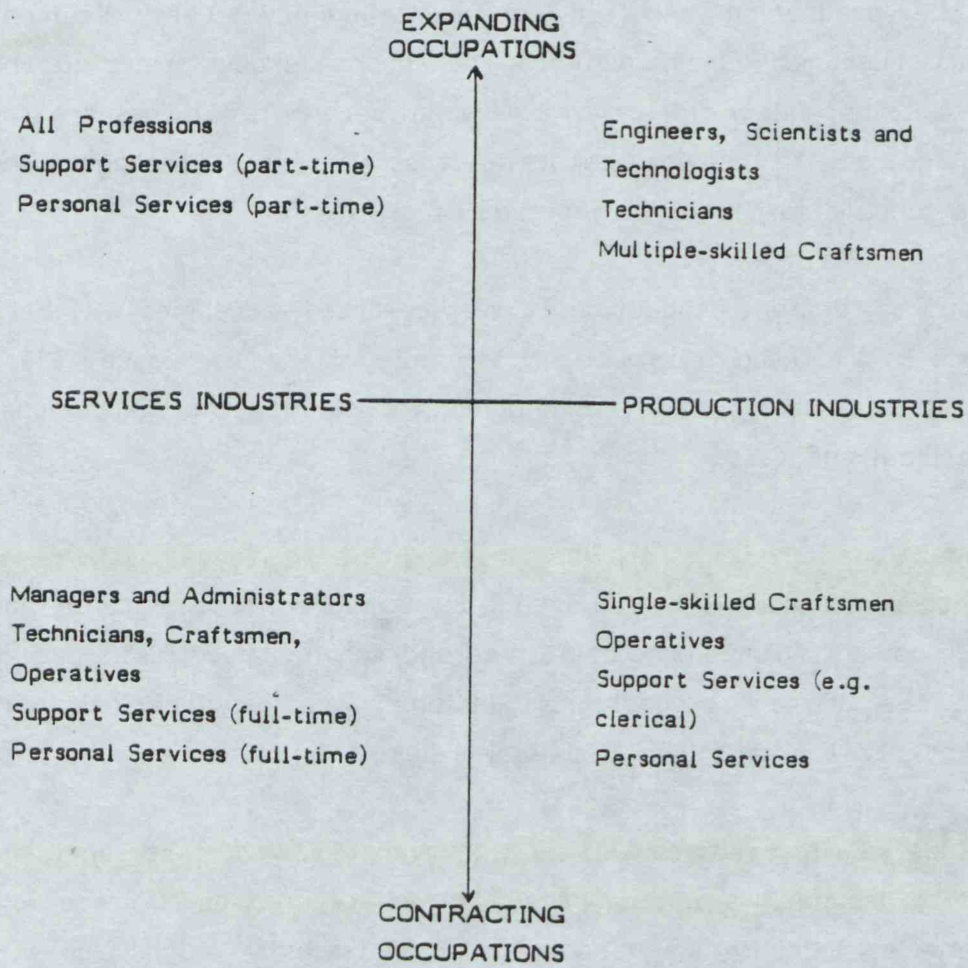



Figure 3 The Changing Occupational Balance

## What Will be the Key Occupations in the Future and Why?

**Managers** are seen to be vital to the future success of all types of organisation. Employers see a need to broaden managers' administrative, planning, commercial and human relations skills in order to achieve rising standards of performance.

The second important group are the **engineers, scientists and technologists**, principally in the production industries. Skill shortages are expected to continue to affect this group, and their numbers are expected to grow. This diverse group is increasingly expected to develop skills to apply information technology in all areas of work; to work across disciplines; and to develop project management and human relations skills.

**Other professionals**, particularly involved in data processing, accountancy and marketing, are also an important group in all types of organisation. They are needed to improve management functions and to improve the marketing of products and services.

A vital group in the production sector is **craftsmen and technicians**; they are increasingly expected to be multi-skilled in response to reducing job demarcations and to the greater use of the new technologies.

In the service industries, **personal and support service staff** in occupations such as retail sales assistants, bank cashiers and waiters are regarded as particularly important. They are increasingly required to develop broader based social, product, diagnostic and entrepreneurial skills to further the organisation's success.

## Conclusion

Over the period to 1990 the size of the workforce is expected to remain broadly unchanged despite, rising output levels. However, there will be marked changes in its sectoral distribution: with a contraction in the production industries and expansion in the service industries. Within this overall assessment small firms and the self-employed will increase their share of the workforce. The number of part-time jobs will increase, particularly in personal and support services. The number of full-time jobs will decrease, particularly in the production industries.

More generally there will be a shift towards occupations with higher knowledge content and/or multiple skills. Across the economy, in all types of organisation, employers see the need to improve and broaden the skills of the workforce and increase their flexibility. This applies particularly to management and professional staff who are viewed as a key to business success in a changing market environment.

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(1) Rajan A, Pearson R (1986), UK Occupation and Employment Trends to 1990, Butterworths.

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PRIME MINISTER

UK OCCUPATIONS AND EMPLOYMENT TRENDS TO 1990

Sir Austin Bide has headed a substantial (in size) study of employment trends to 1990 which will be reported in the press next Friday, though it is not to be available to the public until the end of the month. A number of people, including Mr. Kinnock, will be receiving it in the middle of next week, so there could be questions on Thursday, if not on Tuesday.

The data for the study were derived from sending out questionnaires to large numbers of companies asking for information about past patterns of employment in their firms and about what they expect to happen to levels and composition of employment over the years from 1985 to 1990.

The conclusions are set out in the summary below. Those which seem likely to attract attention are:

(i) an expectation that the overall workforce will have fallen by about 125,000 by the beginning of 1990, with a margin of error of plus or minus 300,000;

(ii) this net change to be made up of a fall of 665,000 jobs in the production industries and agriculture and an increase of 540,000 jobs in services; the fall in production industries is expected to result from a weak home demand and insufficient international competitiveness;

(iii) a growing proportion of the jobs will be part-time, mostly filled by women;

(iv) the number of full-time jobs will decrease.

The report claims that employers assumed growth of 2 - 3 per cent a year.

Some of these conclusions are not surprising. The decline in employment in manufacturing has been continuing since the 1960s and it does not take a genius to foresee falling employment in energy industries or agriculture. Continuing growth in part-time work and the employment of women is also easily predictable.

But it is remarkable that they forecast lower employment in 1990 than now. Growth has averaged around 3 per cent since 1981 and since 1983 employment has risen by nearly 1 million. Why should that relationship suddenly change?

I suspect that careful scrutiny of the report would reveal plenty of material for rubbishing it and more generally it is difficult to believe that companies put much effort into answering questionnaires: as with confidence surveys, horizons were almost certainly very short term. I have asked for briefing for Questions next week, but first instinct suggests that it will be best not to rubbish the report. Instead you could point among other things to the very sharp change in employment performance which the report implies and the implausibility of that, and to the fact that our problems are certainly not due to a lack of demand.

DRN

DAVID NORGROVE

MT

6 June 1986

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# 10 DOWNING STREET

*From the Private Secretary*

24 April 1986

Thank you for your letter of 22 April to Mark Addison abut the proposed changes in the distribution list for advance information on the earnings figures. I am sure the Prime Minister would be content with this.

I should be grateful if advance notices of statistics, inlcuding earnings figures and the retail price index, and correspondenc about them, could in future be addressed to me.

**DAVID NORGROVE**

Christopher Snell, Esq.,
Department of Employment

SRW

NJ/A6

cc BS

010

David Norgrove
when you reply you
might tell DKing that
these are matters for you
not me. MGA 22/4

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1 9NF

Telephone Direct Line 01-213 6460

Switchboard 01-213 3000

Mark Addison Esq
Private Secretary
10 Downing Street
London SW1

22 April 1986

Dear Mark,

In accordance with previously agreed procedures, I am writing to let you know that we intend to make a small change in the distribution list for those receiving advance information on the earnings figures which we publish each month in our new labour market press notice. The change that we propose to make is to add to this list the Secretaries of State for Scotland, Wales and Northern Ireland (and their respective permanent secretaries). These Departments already receive advance information on the (more sensitive) unemployment and employment figures, and it is anomalous that they do not presently also receive the (less sensitive) earnings figures.

Yours etc,

CHRISTOPHER SNELL
Private Secretary

CMSO

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6620/6690
Switchboard 01-213 3000

*Parliamentary Under Secretary of State*

NBPM
dr

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

19 October 1984

Dear Margaret

When I wrote to you on 16 July, I pointed to a new development in the presentation of my Department's unemployment statistics, namely that they would be available for areas defined in terms of local authority wards. I am now pleased to be able to confirm that figures for parliamentary constituencies, local authority districts, counties and travel to work areas for August were published in the September edition of the Employment Gazette, and will be henceforth. Back figures to June 1983 can also be made available.

In addition, the service of providing unemployment data to colleagues has been significantly improved. A computer data-bank of this information has been established and a terminal link is now available in the House of Commons Library. This facility will provide you with a more convenient and speedier access to data previously only available through my Department. In order to provide as up-to-date information as posible the computer system is supplemented by summary data produced for the monthly press notice. It will therefore be possible to obtain the information for your constituency immediately following the publication of the monthly figure.

Our new system is being introduced over a period of time. Until the middle of next year you will only be able to obtain information for Parliamentary constituencies, local authority districts, counties or travel-to-work areas. After the middle of next year, however, it will be possible to obtain information for any area in which you are interested as long as it can be defined in terms of local authority wards. You will be interested to know that the system will not only produce the data but it will also be possible to undertake simple analyses, for instance to rank areas. The terminals will be operated by the library staff at your request.

One consequence of the ready availability of comprehensive unemployment data through the library is that in dealing with written PQs requesting straightforward information, Members will be referred to the library as the source of such statistics, thereby treating the computer data-base on a par with other published sources and extending our current practice in handling written PQs. I should emphasise, though, that where requests are complicated and require expert attention we will, as now, continue to provide the information in the written reply.

The above procedure will lead to a prompter and more comprehensive access to unemployment statistics. I hope you will find the new arrangements welcome.

Yours ever

Alan

ALAN CLARK

MANPOWER: Labour Mkt Stats

Nov '82

P.R.

NBPM AT 20/7

MR TURNBULL 19 July 1984

c Mr Owen

## TRAVEL TO WORK AREAS

You spoke to Nick Owen following Alan Clark's letter of 6 July, with a suspicion that 'there might be more to this than meets the eye'. I am sure you are right. The redefinition of TTWA boundaries might cause constituency reactions; the redrawing of the Assisted Area Map, based on the new TTWA's, certainly will when it appears in the autumn.

The facts are as follows.

TTWAs have been redrawn using 1981 census data. Criteria for defining what constitutes a TTWA have not changed - essentially it remains an area in which at least 70% of the employed population live and work - but changing work patterns and willingness to travel inevitably cause boundary changes. The effect of these changes has been to expand the average TTWA size, and to reduce the number of TTWAs in England, Wales and Scotland from 360 to 322.

A side effect of that is to reduce - by dilution - the apparent rate of unemployment in some TTWAs. This would predictably give rise to Opposition accusations of fiddling the figures. Since Assisted Areas have traditionally been drawn on TTWA boundaries, there will probably be consequential fears in some areas about loss of AA status.

The row between Department of Employment and the Welsh Office over whether TTWAs should straddle the England/Wales border is one you can ignore. Technically, the Welsh argument that the national border should be 'superior' to the TTWA boundary does not stand up, but Department of Employment statisticians were apparently satisfied that giving in would make virtually no difference anyway. (There is no parallel problem with Scotland).

Earlier this week, each Westminster MP was sent a package consisting of:

i. a map of their part of the country showing the relationship between constituency, ward, and TTWA boundaries;

ii. a computer printout giving the same information in words and;

iii. an explanation of the methods of definition of TTWAs.



JMHAAX

Early next week the same information will go to Chief Executives of Local Authorities.

During September, the complete GB map plus population and employment statistics will be published in the 'Employment Gazette'.

In the absence of TTWA employment figures at present, there is no likelihood of a major row over the next couple of weeks, although there could be minor rumblings as MPs perceive the 'dilution' effect of larger TTWAs. Much more will depend on the Assisted Area map later in the year. (I have done some private analysis of the constituency implications of what might happen and have lodged the details with Stephen Sherbourne.)

DoE are not entirely happy with TTWAs as the basis of the AA map. They argue that TTWAS do not distinguish between the need for assistance in the inner urban and the verdant rural areas of the same TTWA. DTI do not have to stick to TTWA boundaries for designating AAs, but it will take them (and Ministers) longer not to do so. I suggest we might return to this topic when the new map is a little more advanced - perhaps early in September.

ROBERT YOUNG



JMHAAX

CSAO

BF with PM advice AT 18/7

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6620/6690
Switchboard 01-213 3000

*Parliamentary Under Secretary of State*

NBPM AT 20/7

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

Dear Prime Minister

**REVIEW OF TRAVEL TO WORK AREAS**

As I expect you know, my Department has been conducting a statistical exercise to revise travel to work areas (TTWAs). I am writing to you, to give you some background to the review and to let you know its outcome for your area.

The review has been carried out using data about travel to work patterns from the 1981 Census of Population. A note explaining the method used is enclosed. Local authorities' comments about any significant changes in travel to work patterns that might have occurred since 1981 have been invited, and taken into account where appropriate, in finalising the new TTWA map.

The main criteria for defining TTWAs are that a high proportion of the employed population living in the area also work there and that a high proportion of those working in the area also live there. TTWAs are thus approximations to self-contained labour markets and are the smallest areas for which we publish unemployment rates.

One significant change is that the new TTWAs are defined as groups of electoral wards rather than employment office areas used in the existing definitions. Where possible they follow local authority district boundaries.

Consequently (and I feel sure you will welcome this) we will also from September, be able to provide information about numbers unemployed for constituencies and local authority areas (as approximated by groupings of 1981 wards)* irrespective of their location in TTWAs terms. An article explaining the review and providing national details of the new areas will be published in the September edition of the "Employment Gazette" when unemployment rates will be published for the new areas.



* NB 1984 in Scotland

... I enclose a map showing the boundaries of the new TTWAs in your area, together with computer printouts listing the wards, as defined in 1981, that constitute the TTWAs which fall wholly or partly within your constituency. We are also sending similar information to local authorities.

I hope you will find this letter and enclosures useful.

Yrs ever

Alan

ALAN CLARK

18 JUL 1984

REVIEW OF TRAVEL TO WORK AREAS

1. The basic requirement for an area to be valid as a travel-to-work area (TTWA) is that most workers living in an area also work there and most people who work in an area also live there; in the conventional jargon the area should be "self-contained". In this way the unemployment rate (unemployed people living in area divided by the sum of the employed people working in the area and the unemployed living in the area) is a valid measure of the mismatch between labour supply and demand in the area. It is also desirable that there should be a substantial number of TTWAs (so that distinct areas are not needlessly combined), that they should cover the whole country, and each should form a contiguous area.

2. The present TTWAs are based on the travel to work patterns observed in the 1971 Census of Population and are aggregates of Employment Office Areas because, until relatively recently, the data necessary to calculate unemployment rates were not available for sub-areas of Employment Office Areas. The ward to ward travel to work patterns observed in the 1981 Census of Population form the basic data for the derivation of the new TTWAs which are defined as aggregates of wards. The Census travel to work patterns have been modified for this exercise to include hypothetical travel patterns for the unemployed calculated on the assumption that the pattern for the unemployed in a particular Socio-Economic Group (SEG) is the same as for the employed in the same SEG. This has been done because a relatively high proportion of the unemployed are in SEGs the employed members of which typically have relatively short journeys to work.

3. To avoid TTWA boundaries changing each time relevant ward boundaries change, to allow local time series of employment and unemployment data to be built up on consistent boundaries, and to facilitate production of Census of Population data for TTWAs, the new TTWA boundaries are defined in terms of 1981 wards (1984 in Scotland).

4. Draft TTWAs were obtained by applying an algorithm, or formula, to the Census of Population data. This algorithm grouped wards together into largely contiguous areas which were sufficiently self-contained to qualify as TTWAs. (In Scotland the algorithm was applied to data for post code sectors - as the relevant Census of Population data were not available for Wards - and the TTWA boundaries derived as aggregates of post code sectors were adjusted to follow ward boundaries.)

5. As there is no one theoretically correct algorithm for grouping areas in this way and the methods used in the past were developed to combine much larger basic building blocks (local authority areas before re-organisation) the algorithm was developed by testing various alternatives and selecting one as the best that could be developed in the time available. In assessing the relative merits of alternative algorithms the factors taken into account included:

(i) the number of areas resulting from a given algorithm;

(ii) the algorithm's ability to subdivide large conglomerate areas - for example some combine Greenock, Paisley and Glasgow;

(iii) simplicity of operation and of description; and

(iv) ability to produce contiguous areas.

6. The basic outline of the algorithm which was developed is as follows:

(i) Identify those wards which are either highly self-contained or have very many more people working in them than they have workers living in them and so may form the focus of a travel to work area. Areas for which the number of people working in them exceeded the number of workers living in them by at least 30 per cent were identified at this stage together with those in which those living and working in the area accounted for at least 55 per cent of all those working in the area.

(ii) Combine together those of the areas identified at 6(i) above which have strong commuting links. The combinations of wards defined in this stage have been termed 'job foci'.

(iii) Group round these foci those wards with which they have significant journey to work, or commuting links; at this stage it was found that more than one focus may have links with the same areas so that a single TTWA may have multiple foci. At this stage the aim was to build up areas which have self-containment ratios of at least 50%. These areas may be called proto travel to work areas.

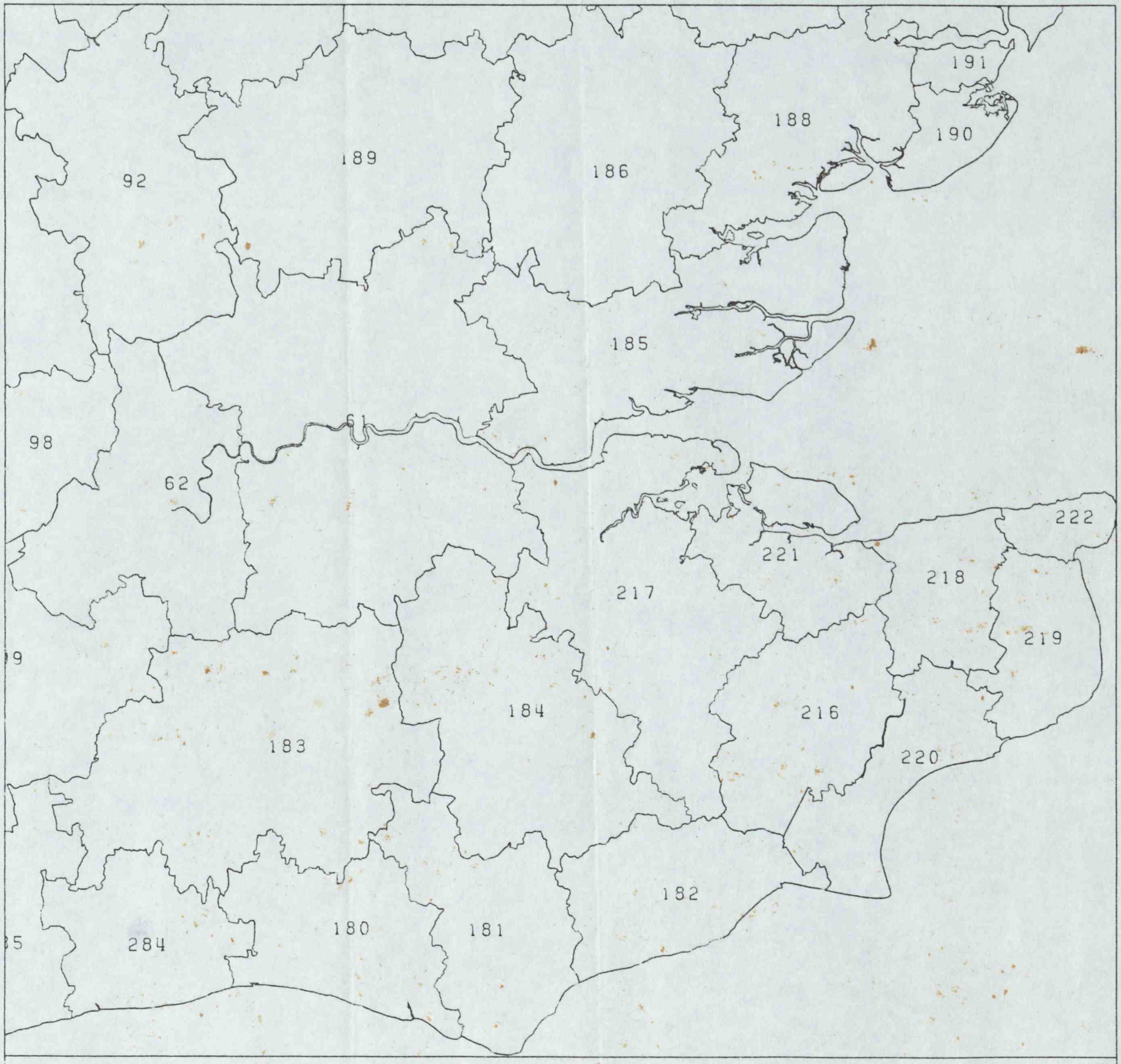
(iv) Consider all the remaining wards in descending order of net commuting outflow and attach them to the proto travel to work area with which they have the strongest commuting links.

(v) The basic criteria used for acceptability as a TTWA was self-containment of 75% (both supply and demand side) and workng population of 3,000; however self-containment as low as 70% was accepted for areas with working population in excess of 20,000. Not all the groups thus created satisfied these criteria. The one furthest from satisfying those criteria was split into its component wards each of which was then re-allocated to the remaining grup with which it had the most significant journey to work links. This process was continued until all remaining groupings qualified as TTWAs.

(vi) The resultant areas were modified as necessary to achieve continuity.

7. Regional offices, of DE, DTI and DoE, and through them local authorities, were invited to comment on the draft boundaries produced in this way. In particular they were asked to indicate areas where the commuting patterns were known to have changes since 1981 in a way which could affect the appropriateness of a proposed TTWA boundary. The comments received were taken into account where appropriate in finalising the new TTWA boundaries.

DEPARTMENT OF EMPLOYMENT
July 1984




Window: SW ( 490000., 95000.) NE ( 640000., 237500.) 22:31:08 on JULY 3, 1984 Dataset is GGA8:ALEXANDRA
Map Scale is 1:625000 *Frame 4 CURDS TTWA Team, Newcastle University

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AAAA | ALDERSGATE |
| AAAB | ALDGATE |
| AAAC | BASSISHAW |
| AAAD | BILLINGSGATE |
| AAAE | BISHOPSGATE |
| AAAF | BREAD STREET |
| AAAG | BRIDGE |
| AAAH | BROAD STREET |
| AAAJ | CANDLEWICK |
| AAAK | CASTLE BAYNARD |
| AAAL | CHEAP |
| AAAM | COLEMAN STREET |
| AAAN | CORDWAINER |
| AAAP | CORNHILL |
| AAAQ | CRIPPLEGATE |
| AAAR | DOWGATE |
| AAAS | FARRINGDON WITHIN |
| AAAT | FARRINGDON WITHOUT |
| AAAU | LANGBOURN |
| AAAW | LIME STREET |
| AAAX | PORTSOKEN |
| AAAY | QUEENHITHE |
| AAAZ | TOWER |
| AABA | VINTRY |
| AABB | WALBROOK |

# DEPARTMENT OF EMPLOYMENT

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| ABAA | ADELAIDE |
| ABAB | BELSIZE |
| ABAC | BLØØMSBURY |
| ABAD | BRUNSWICK |
| ABAE | CAMDEN |
| ABAF | CASTLEHAVEN |
| ABAG | CAVERSHAM |
| ABAH | CHALK FARM |
| ABAJ | FITZJØHNS |
| ABAK | FØRTUNE GREEN |
| ABAL | FRØGNAL |
| ABAM | GØSPEL ØAK |
| ABAN | GRAFTØN |
| ABAP | HAMPSTEAD TØWN |
| ABAQ | HIGHGATE |
| ABAR | HØLBØRN |
| ABAS | KILBURN |
| ABAT | KING'S CRØSS |
| ABAU | PRIØRY |
| ABAW | REGENT'S PARK |
| ABAX | ST.JØHN'S |
| ABAY | ST.PANCRAS |
| ABAZ | SØMERS TØWN |
| ABBA | SØUTH END |
| ABBB | SWISS CØTTAGE |

# D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| ABBC | WEST END |
| ACAA | BRØWNSWØØD |
| ACAB | CHATHAM |
| ACAC | CLISSØLD |
| ACAD | DALSTØN |
| ACAE | DE BEAUVØIR |
| ACAF | EASTDØWN |
| ACAG | HAGGERSTØN |
| ACAH | HØMERTØN |
| ACAJ | KINGS PARK |
| ACAK | LEABRIDGE |
| ACAL | MØØRFIELDS |
| ACAM | NEW RIVER |
| ACAN | NØRTH DEFØE |
| ACAP | NØRTHFIELD |
| ACAQ | NØRTHWØLD |
| ACAR | QUEENSBRIDGE |
| ACAS | RECTØRY |
| ACAT | SØUTH DEFØE |
| ACAU | SPRINGFIELD |
| ACAW | VICTØRIA |
| ACAX | WENLØCK |
| ACAY | WESTDØWN |
| ACAZ | WICK |
| ADAA | ADDISØN |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| ADAB | AVONMORE |
| ADAC | BROADWAY |
| ADAD | BROOK GREEN |
| ADAE | COLEHILL |
| ADAF | COLLEGE PARK & OLD OAK |
| ADAG | CONINGHAM |
| ADAH | CRABTREE |
| ADAJ | EEL BROOK |
| ADAK | GIBBS GREEN |
| ADAL | GROVE |
| ADAM | MARGRAVINE |
| ADAN | NORMAND |
| ADAP | PALACE |
| ADAQ | RAVENSCOURT |
| ADAR | SANDS END |
| ADAS | SHERBROOKE |
| ADAT | STARCH GREEN |
| ADAU | SULIVAN |
| ADAW | TOWN |
| ADAX | WALHAM |
| ADAY | WHITE CITY & SHEPHERDS BUSH |
| ADAZ | WORMHOLT |
| AEAA | ALEXANDRA |
| AEAB | ARCHWAY |
| AEAC | BOWES PARK |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AEAD | BRUCE GROVE |
| AEAE | COLERAINE |
| AEAF | CROUCH END |
| AEAG | FORTIS GREEN |
| AEAH | GREEN LANES |
| AEAJ | HARRINGAY |
| AEAK | HIGH CROSS |
| AEAL | HIGHGATE |
| AEAM | HORNSEY CENTRAL |
| AEAN | HORNSEY VALE |
| AEAP | MUSWELL HILL |
| AEAQ | NOEL PARK |
| AEAR | PARK |
| AEAS | SEVEN SISTERS |
| AEAT | SOUTH HORNSEY |
| AEAU | SOUTH TOTTENHAM |
| AEAW | TOTTENHAM CENTRAL |
| AEAX | WEST GREEN |
| AEAY | WHITE HART LANE |
| AEAZ | WOODSIDE |
| AFAA | BARNSBURY |
| AFAB | BUNHILL |
| AFAC | CANONBURY EAST |
| AFAD | CANONBURY WEST |
| AFAE | CLERKENWELL |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AFAF | GILLESPIE |
| AFAG | HIGHBURY |
| AFAH | HIGHVIEW |
| AFAJ | HILLMARTON |
| AFAK | HILLRISE |
| AFAL | HOLLOWAY |
| AFAM | JUNCTION |
| AFAN | MILDMAY |
| AFAP | QUADRANT |
| AFAQ | ST.GEORGE'S |
| AFAR | ST.MARY |
| AFAS | ST.PETER |
| AFAT | SUSSEX |
| AFAU | THORNHILL |
| AFAW | TOLLINGTON |
| AGAA | ABINGDON |
| AGAB | AVONDALE |
| AGAC | BROMPTON |
| AGAD | CAMPDEN |
| AGAE | CHEYNE |
| AGAF | CHURCH |
| AGAG | COLVILLE |
| AGAH | COURTFIELD |
| AGAJ | EARLS COURT |
| AGAK | GOLBORNE |

# DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AGAL | HANS TOWN |
| AGAM | HOLLAND |
| AGAN | KELFIELD |
| AGAP | NORLAND |
| AGAQ | NORTH STANLEY |
| AGAR | PEMBRIDGE |
| AGAS | QUEENS GATE |
| AGAT | REDCLIFFE |
| AGAU | ROYAL HOSPITAL |
| AGAW | ST.CHARLES |
| AGAX | SOUTH STANLEY |
| AHAA | ANGELL |
| AHAB | BISHOP'S |
| AHAC | CLAPHAM PARK |
| AHAD | CLAPHAM TOWN |
| AHAE | FERNDALE |
| AHAF | GIPSY HILL |
| AHAG | HERNE HILL |
| AHAH | KNIGHT'S HILL |
| AHAJ | LARKHALL |
| AHAK | OVAL |
| AHAL | PRINCE'S |
| AHAM | ST.LEONARD'S |
| AHAN | ST.MARTIN'S |
| AHAP | STOCKWELL |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| AHAQ | STREATHAM HILL |
| AHAR | STREATHAM SØUTH |
| AHAS | STREATHAM WELLS |
| AHAT | THØRNTØN |
| AHAU | THURLØW PARK |
| AHAW | TØWN HALL |
| AHAX | TULSE HILL |
| AHAY | VASSALL |
| AJAA | BELLINGHAM |
| AJAB | BLACKHEATH |
| AJAC | BLYTHE HILL |
| AJAD | CATFØRD |
| AJAE | CHURCHDØWN |
| AJAF | CRØFTØN PARK |
| AJAG | DØWNHAM |
| AJAH | DRAKE |
| AJAJ | EVELYN |
| AJAK | FØREST HILL |
| AJAL | GRINLING GIBBØNS |
| AJAM | GRØVE PARK |
| AJAN | HITHER GREEN |
| AJAP | HØRNIMAN |
| AJAQ | LADYWELL |
| AJAR | MANØR LEE |
| AJAS | MARLØWE |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| AJAT | PEPYS |
| AJAU | PERRY HILL |
| AJAW | RUSHEY GREEN |
| AJAX | ST.ANDREW |
| AJAY | ST.MARGARET |
| AJAZ | ST.MILDRED |
| AJBA | SYDENHAM EAST |
| AJBB | SYDENHAM WEST |
| AJBC | WHITEFØØT |
| AKAA | BECKTØN |
| AKAB | BEMERSYDE |
| AKAC | CANNING TØWN & GRANGE |
| AKAD | CASTLE |
| AKAE | CENTRAL |
| AKAF | CUSTØM HØUSE & SILVERTØWN |
| AKAG | FØREST GATE |
| AKAH | GREATFIELD |
| AKAJ | HUDSØNS |
| AKAK | KENSINGTØN |
| AKAL | LITTLE ILFØRD |
| AKAM | MANØR PARK |
| AKAN | MØNEGA |
| AKAP | NEW TØWN |
| AKAQ | ØRDNANCE |
| AKAR | PARK |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| AKAS | PLAISTØW |
| AKAT | PLASHET |
| AKAU | ST.STEPHENS |
| AKAW | SØUTH |
| AKAX | STRATFØRD |
| AKAY | UPTØN |
| AKAZ | WALL END |
| AKBA | WEST HAM |
| ALAA | ABBEY |
| ALAB | ALLEYN |
| ALAC | BARSET |
| ALAD | BELLENDEN |
| ALAE | BRICKLAYERS |
| ALAF | BRØWNING |
| ALAG | BRUNSWICK |
| ALAH | BURGESS |
| ALAJ | CATHEDRAL |
| ALAK | CHAUCER |
| ALAL | CØLLEGE |
| ALAM | CØNSØRT |
| ALAN | DØCKYARD |
| ALAP | FARADAY |
| ALAQ | FRIARY |
| ALAR | LIDDLE |
| ALAS | LYNDHURST |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| ALAT | NEWINGTØN |
| ALAU | RIVERSIDE |
| ALAW | RØTHERHITHE |
| ALAX | RUSKIN |
| ALAY | RYE |
| ALAZ | ST.GILES |
| ALBA | THE LANE |
| ALBB | WAVERLEY |
| AMAA | BLACKWALL |
| AMAB | BØW |
| AMAC | BRØMLEY |
| AMAD | EAST INDIA |
| AMAE | GRØVE |
| AMAF | HØLY TRINITY |
| AMAG | LANSBURY |
| AMAH | LIMEHØUSE |
| AMAJ | MILLWALL |
| AMAK | PARK |
| AMAL | REDCØAT |
| AMAM | ST.DUNSTAN'S |
| AMAN | ST.JAMES' |
| AMAP | ST.KATHERINE'S |
| AMAQ | ST.MARY'S |
| AMAR | ST.PETER'S |
| AMAS | SHADWELL |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| AMAT | SPITALFIELDS |
| AMAU | WEAVERS |
| ANAA | BALHAM |
| ANAB | BEDFØRD |
| ANAC | EARLSFIELD |
| ANAD | EAST PUTNEY |
| ANAE | FAIRFIELD |
| ANAF | FURZEDØWN |
| ANAG | GRAVENEY |
| ANAH | LATCHMERE |
| ANAJ | NIGHTINGALE |
| ANAK | NØRTHCØTE |
| ANAL | PARKSIDE |
| ANAM | QUEENSTØWN |
| ANAN | RØEHAMPTØN |
| ANAP | ST.JØHN |
| ANAQ | ST.MARY'S PARK |
| ANAR | SHAFTESBURY |
| ANAS | SØUTHFIELD |
| ANAT | SPRINGFIELD |
| ANAU | THAMESFIELD |
| ANAW | TØØTING |
| ANAX | WEST HILL |
| ANAY | WEST PUTNEY |
| APAA | BAKER STREET |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| APAB | BAYSWATER |
| APAC | BELGRAVE |
| APAD | BRYANSTON |
| APAE | CAVENDISH |
| APAF | CHURCHILL |
| APAG | CHURCH STREET |
| APAH | HAMILTON TERRACE |
| APAJ | HARROW ROAD |
| APAK | HYDE PARK |
| APAL | KNIGHTSBRIDGE |
| APAM | LANCASTER GATE |
| APAN | LITTLE VENICE |
| APAP | LORDS |
| APAQ | MAIDA VALE |
| APAR | MILLBANK |
| APAS | QUEEN'S PARK |
| APAT | REGENT'S PARK |
| APAU | ST.GEORGE'S |
| APAW | ST.JAMES |
| APAX | VICTORIA |
| APAY | WESTBOURNE |
| APAZ | WEST END |
| AQAA | ABBEY |
| AQAB | ALIBON |
| AQAC | CAMBELL |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AQAD | CHADWELL HEATH |
| AQAE | EASTBROOK |
| AQAF | EASTBURY |
| AQAG | FANSHAWE |
| AQAH | GASCOIGNE |
| AQAJ | GORESBROOK |
| AQAK | HEATH |
| AQAL | LONGBRIDGE |
| AQAM | MANOR |
| AQAN | MARKS GATE |
| AQAP | PARSLOES |
| AQAQ | RIVER |
| AQAR | THAMES |
| AQAS | TRIPTONS |
| AQAT | VALENCE |
| AQAU | VILLAGE |
| ARAA | ARKLEY |
| ARAB | BRUNSWICK PARK |
| ARAC | BURNT OAK |
| ARAD | CHILDS HILL |
| ARAE | COLINDALE |
| ARAF | EAST BARNET |
| ARAG | EAST FINCHLEY |
| ARAH | EDGWARE |
| ARAJ | FINCHLEY |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CODE | CØNSTITUENT WARDS |
|---|---|
| ARAK | FRIERN BARNET |
| ARAL | GARDEN SUBURB |
| ARAM | GØLDERS GREEN |
| ARAN | HADLEY |
| ARAP | HALE |
| ARAQ | HENDØN |
| ARAR | MILL HILL |
| ARAS | ST.PAULS |
| ARAT | TØTTERIDGE |
| ARAU | WEST HENDØN |
| ARAW | WØØDHØUSE |
| ASAA | BARNEHURST |
| ASAB | BARNEHURST NØRTH |
| ASAC | BELVEDERE |
| ASAD | BLACKFEN |
| ASAE | BLENDØN & PENHILL |
| ASAF | BØSTALL |
| ASAG | BRAMPTØN |
| ASAH | CHRISTCHURCH |
| ASAJ | CRAY |
| ASAK | CRAYFØRD |
| ASAL | DANSØN |
| ASAM | EAST WICKHAM |
| ASAN | ERITH |
| ASAP | FALCØNWØØD |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| ASAQ | LAMORBEY |
| ASAR | NORTH END |
| ASAS | NORTHUMBERLAND HEATH |
| ASAT | ST.MARY'S |
| ASAU | ST.MICHAEL'S |
| ASAW | SIDCUP EAST |
| ASAX | SIDCUP WEST |
| ASAY | THAMESMEAD EAST |
| ASAZ | UPTON |
| ATAA | ALPERTON |
| ATAB | BARHAM |
| ATAC | BARNHILL |
| ATAD | BRENTWATER |
| ATAE | BRONDESBURY PARK |
| ATAF | CARLTON |
| ATAG | CHAMBERLAYNE |
| ATAH | CHURCH END |
| ATAJ | CRICKLEWOOD |
| ATAK | FRYENT |
| ATAL | GLADSTONE |
| ATAM | HARLESDEN |
| ATAN | KENSAL RISE |
| ATAP | KENTON |
| ATAQ | KILBURN |
| ATAR | KINGSBURY |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| ATAS | MANOR |
| ATAT | MAPESBURY |
| ATAU | PRESTON |
| ATAW | QUEENSBURY |
| ATAX | QUEENS PARK |
| ATAY | ROE GREEN |
| ATAZ | ROUNDWOOD |
| ATBA | ST.ANDREW'S |
| ATBB | ST.RAPHAEL'S |
| ATBC | STONEBRIDGE |
| ATBD | SUDBURY |
| ATBE | SUDBURY COURT |
| ATBF | TOKYNGTON |
| ATBG | WEMBLEY CENTRAL |
| ATBH | WILLESDEN GREEN |
| AUAA | ANERLEY |
| AUAB | BICKLEY |
| AUAC | BIGGIN HILL |
| AUAD | BROMLEY COMMON & KESTON |
| AUAE | CHELSFIELD & GODDINGTON |
| AUAF | CHISLEHURST |
| AUAG | CLOCK HOUSE |
| AUAH | COPERS COPE |
| AUAJ | CROFTON |
| AUAK | DARWIN |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AUAL | EDEN PARK |
| AUAM | FARNBOROUGH |
| AUAN | HAYES |
| AUAP | KELSEY PARK |
| AUAQ | LAWRIE PARK & KENT HOUSE |
| AUAR | MARTINS HILL & TOWN |
| AUAS | MOTTINGHAM |
| AUAT | ORPINGTON CENTRAL |
| AUAU | PENGE |
| AUAW | PETTS WOOD & KNOLL |
| AUAX | PLAISTOW & SUNDRIDGE |
| AUAY | ST.MARY CRAY |
| AUAZ | ST.PAUL'S CRAY |
| AUBA | SHORTLANDS |
| AUBB | WEST WICKHAM NORTH |
| AUBC | WEST WICKHAM SOUTH |
| AWAA | ADDISCOMBE |
| AWAB | ASHBURTON |
| AWAC | BENSHAM MANOR |
| AWAD | BEULAH |
| AWAE | BROAD GREEN |
| AWAF | COULSDON EAST |
| AWAG | CROHAM |
| AWAH | FAIRFIELD |
| AWAJ | FIELDWAY |

D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| AWAK | HEATHFIELD |
| AWAL | KENLEY |
| AWAM | MØNKS ØRCHARD |
| AWAN | NEW ADDINGTØN |
| AWAP | NØRBURY |
| AWAQ | PURLEY |
| AWAR | RYLANDS |
| AWAS | SANDERSTEAD |
| AWAT | SELSDØN |
| AWAU | SØUTH NØRWØØD |
| AWAW | SPRING PARK |
| AWAX | THØRNTØN HEATH |
| AWAY | UPPER NØRWØØD |
| AWAZ | WADDØN |
| AWBA | WEST THØRNTØN |
| AWBB | WHITEHØRSE MANØR |
| AWBC | WØØDCØTE & CØULSDØN WEST |
| AWBD | WØØDSIDE |
| AYAA | ANGEL RØAD |
| AYAB | ARNØS |
| AYAC | BØWES |
| AYAD | BULLSMØØR |
| AYAE | BUSH HILL |
| AYAF | BUSH HILL SØUTH |
| AYAG | CAMBRIDGE RØAD |

# DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AYAH | CHASE |
| AYAJ | CHURCH STREET |
| AYAK | COCKFOSTERS |
| AYAL | CRAIG PARK |
| AYAM | ENFIELD WASH |
| AYAN | GRANGE |
| AYAP | GREEN STREET |
| AYAQ | HIGHFIELD |
| AYAR | JUBILEE |
| AYAS | NEW PARK |
| AYAT | OAKWOOD |
| AYAU | ORDNANCE |
| AYAW | PALMERS GREEN |
| AYAX | PONDERS END |
| AYAY | PYMMES |
| AYAZ | ST.ALPHEGE |
| AYBA | ST.PETER'S |
| AYBB | SILVER STREET |
| AYBC | SOUTHGATE GREEN |
| AYBD | TOWN |
| AYBE | WEST |
| AYBF | WILLOW |
| AYBG | WINCHMORE HILL |
| AZAA | ABBEY WOOD |
| AZAB | ARSENAL |

D E P A R T M E N T   O F   E M P L O Y M E N T

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AZAC | AVERY HILL |
| AZAD | BLACKHEATH |
| AZAE | BURRAGE |
| AZAF | CHARLTON |
| AZAG | COLDHARBOUR |
| AZAH | DEANSFIELD |
| AZAJ | ELTHAM PARK |
| AZAK | EYNSHAM |
| AZAL | FERRIER |
| AZAM | GLYNDON |
| AZAN | HERBERT |
| AZAP | HORNFAIR |
| AZAQ | KIDBROOKE |
| AZAR | LAKEDALE |
| AZAS | MIDDLE PARK |
| AZAT | NEW ELTHAM |
| AZAU | NIGHTINGALE |
| AZAW | PALACE |
| AZAX | PLUMSTEAD COMMON |
| AZAY | RECTORY FIELD |
| AZAZ | ST.ALFEGE |
| AZBA | ST.MARY'S |
| AZBB | ST.NICHOLAS |
| AZBC | SHERARD |
| AZBD | SHREWSBURY |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON

: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| AZBE | SLADE |
| AZBF | SUTCLIFFE |
| AZBG | TARN |
| AZBH | THAMESMEAD MOORINGS |
| AZBJ | TRAFALGAR |
| AZBK | VANBRUGH |
| AZBL | WELL HALL |
| AZBM | WEST |
| AZBN | WOOLWICH COMMON |
| BAAA | CANONS |
| BAAB | CENTENARY |
| BAAC | GREENHILL |
| BAAD | HARROW ON THE HILL |
| BAAE | HARROW WEALD |
| BAAF | HATCH END |
| BAAG | HEADSTONE NORTH |
| BAAH | HEADSTONE SOUTH |
| BAAJ | KENTON EAST |
| BAAK | KENTON WEST |
| BAAL | MARLBOROUGH |
| BAAM | PINNER |
| BAAN | PINNER WEST |
| BAAP | RAYNERS LANE |
| BAAQ | RIDGEWAY |
| BAAR | ROXBOURNE |

D E P A R T M E N T   O F   E M P L O Y M E N T

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON

: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| BAAS | ROXETH |
| BAAT | STANMORE PARK |
| BAAU | STANMORE SOUTH |
| BAAW | WEALDSTONE |
| BAAX | WEMBOROUGH |
| BBAA | AIRFIELD |
| BBAB | ARDLEIGH GREEN |
| BBAC | BROOKLANDS |
| BBAD | CHASE CROSS |
| BBAE | COLLIER ROW |
| BBAF | CRANHAM EAST |
| BBAG | CRANHAM WEST |
| BBAH | ELM PARK |
| BBAJ | EMERSON PARK |
| BBAK | GIDEA PARK |
| BBAL | GOOSHAYS |
| BBAM | HACTON |
| BBAN | HAROLD WOOD |
| BBAP | HEATH PARK |
| BBAQ | HEATON |
| BBAR | HILLDENE |
| BBAS | HYLANDS |
| BBAT | MAWNEY |
| BBAU | OLDCHURCH |
| BBAW | RAINHAM |

D E P A R T M E N T   O F   E M P L O Y M E N T

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| BBAX | RISE PARK |
| BBAY | ST.ANDREW'S |
| BBAZ | ST.EDWARD'S |
| BBBA | SOUTH HORNCHURCH |
| BBBB | UPMINSTER |
| BFAA | ABBEY |
| BFAB | CANNON HILL |
| BFAC | COLLIERS WOOD |
| BFAD | DUNDONALD |
| BFAE | DURNSFORD |
| BFAF | FIGGE'S MARSH |
| BFAG | GRAVENEY |
| BFAH | HILLSIDE |
| BFAJ | LAVENDER |
| BFAK | LONGTHORNTON |
| BFAL | LOWER MORDEN |
| BFAM | MERTON PARK |
| BFAN | PHIPPS BRIDGE |
| BFAP | POLLARDS HILL |
| BFAQ | RAVENSBURY |
| BFAR | RAYNES PARK |
| BFAS | ST.HELIER |
| BFAT | TRINITY |
| BFAU | VILLAGE |
| BFAW | WEST BARNES |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| BGAA | ALDBOROUGH |
| BGAB | BARKINGSIDE |
| BGAC | BRIDGE |
| BGAD | CHADWELL |
| BGAE | CHURCH END |
| BGAF | CLAYHALL |
| BGAG | CLEMENTSWOOD |
| BGAH | CRANBROOK |
| BGAJ | FAIRLOP |
| BGAK | FULLWELL |
| BGAL | GOODMAYES |
| BGAM | HAINAULT |
| BGAN | LOXFORD |
| BGAP | MAYFIELD |
| BGAQ | MONKHAMS |
| BGAR | NEWBURY |
| BGAS | RODING |
| BGAT | SEVEN KINGS |
| BGAU | SNARESBROOK |
| BGAW | VALENTINES |
| BGAX | WANSTEAD |
| BHAA | BARNES |
| BJAA | BEDDINGTON NORTH |
| BJAB | BEDDINGTON SOUTH |
| BJAC | BELMONT |

D E P A R T M E N T   O F   E M P L O Y M E N T

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| BJAD | CARSHALTON BEECHES |
| BJAE | CARSHALTON CENTRAL |
| BJAF | CARSHALTON NORTH |
| BJAG | CHEAM SOUTH |
| BJAH | CHEAM WEST |
| BJAJ | CLOCKHOUSE |
| BJAK | NORTH CHEAM |
| BJAL | ROSEHILL |
| BJAM | ST.HELIER NORTH |
| BJAN | ST.HELIER SOUTH |
| BJAP | SUTTON CENTRAL |
| BJAQ | SUTTON COMMON |
| BJAR | SUTTON EAST |
| BJAS | SUTTON SOUTH |
| BJAT | SUTTON WEST |
| BJAU | WALLINGTON NORTH |
| BJAW | WALLINGTON SOUTH |
| BJAX | WANDLE VALLEY |
| BJAY | WOODCOTE |
| BJAZ | WORCESTER PARK NORTH |
| BJBA | WORCESTER PARK SOUTH |
| BJBB | WRYTHE GREEN |
| BKAA | CANN HALL |
| BKAB | CATHALL |
| BKAC | CHAPEL END |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| BKAD | CHINGFORD GREEN |
| BKAE | ENDLEBURY |
| BKAF | FOREST |
| BKAG | GROVE GREEN |
| BKAH | HALE END |
| BKAJ | HATCH LANE |
| BKAK | HIGHAM HILL |
| BKAL | HIGH STREET |
| BKAM | HOE STREET |
| BKAN | LARKSWOOD |
| BKAP | LEA BRIDGE |
| BKAQ | LEYTON |
| BKAR | LEYTONSTONE |
| BKAS | LLOYD PARK |
| BKAT | ST.JAMES STREET |
| BKAU | VALLEY |
| BKAW | WOOD STREET |
| HNAA | BROADWAY |
| HNAB | BUCKHURST HILL EAST |
| HNAC | BUCKHURST HILL WEST |
| HNAD | CHIGWELL ROW |
| HNAE | CHIGWELL VILLAGE |
| HNAF | CHIPPING ONGAR |
| HNAG | DEBDEN GREEN |
| HNAH | EPPING HEMNALL |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| HNAJ | EPPING LINDSEY |
| HNAK | GRANGE HILL |
| HNAL | GREENSTED & MARDEN ASH |
| HNAM | HIGH BEACH |
| HNAP | LAMBOURNE |
| HNAQ | LOUGHTON FOREST |
| HNAR | LOUGHTON RODING |
| HNAS | LOUGHTON ST.JOHN'S |
| HNAT | LOUGHTON ST.MARY'S |
| HNAX | NORTH WEALD BASSETT |
| HNAY | PASSINGFORD |
| HNAZ | PATERNOSTER |
| HNBE | THEYDON BOIS |
| HNBF | WALTHAM ABBEY EAST |
| KCAB | BURY GREEN |
| KFAS | POTTERS BAR WEST |
| LEAA | BEAN |
| LEAB | BRENT |
| LEAC | DARENTH |
| LEAF | GUNDULF |
| LEAG | HEATH |
| LEAH | HORNS CROSS |
| LEAJ | JOYCE GREEN |
| LEAK | LITTLEBROOK |
| LEAL | MAYPOLE |

DEPARTMENT OF EMPLOYMENT

DEFINITION OF REVISED TRAVEL TO WORK AREAS

TRAVEL TO WORK AREA : LONDON
: NO:- 061

| WARD CODE | CONSTITUENT WARDS |
|---|---|
| LEAM | MISKIN |
| LEAN | NEWTOWN |
| LEAP | PRINCES |
| LEAQ | PRIORY |
| LEAS | STONE |
| LEAT | SUTTON-AT-HONE & HAWLEY |
| LEAW | WILMINGTON CENTRAL |
| LEAX | WILMINGTON EAST |
| LEAY | WILMINGTON WEST |
| LLAA | ASH-CUM-RIDLEY |
| LLAD | CROCKENHILL & LULLINGSTONE |
| LLAH | EYNSFORD |
| LLAJ | FARNINGHAM |
| LLAK | FAWKHAM & HARTLEY |
| LLAM | HEXTABLE & SWANLEY VILLAGE |
| LLAN | HORTON KIRBY |
| LLBF | SWANLEY CHRISTCHURCH |
| LLBG | SWANLEY ST.MARY'S |
| LLBH | SWANLEY WHITE OAK |
| LLBK | WEST KINGDOWN |
| RAAG | NONSUCH |
| RDAA | BANSTEAD VILLAGE |
| RDAB | CHIPSTEAD-HOOLEY & WOODMANSTERNE |
| RDAE | KINGSWOOD WITH BURGH HEATH |
| RDAF | NORK |

# D E P A R T M E N T   Ø F   E M P L Ø Y M E N T

DEFINITIØN ØF REVISED TRAVEL TØ WØRK AREAS

TRAVEL TØ WØRK AREA : LØNDØN
: NØ:- 061

| WARD CØDE | CØNSTITUENT WARDS |
|---|---|
| RDAG | PRESTØN |
| RDAS | TADWØRTH & WALTØN |
| RDAT | TATTENHAMS |
| RHAC | CHALDØN |
| RHAD | CHELSHAM & FARLEIGH,TATSFIELD & TITSEY |
| RHAH | HARESTØNE |
| RHAP | PØRTLEY |
| RHAQ | QUEENS PARK |
| RHAR | VALLEY |
| RHAS | WARLINGHAM EAST |
| RHAT | WARLINGHAM WEST |
| RHAU | WESTWAY |
| RHAW | WHYTELEAFE |
| RHAX | WØLDINGHAM |

MANPOWER
Stats.

SP

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CC H.O.

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Andrew Turnbull Esq
Private Secretary to the
Prime Minsiter
10 Downing Street
LONDON SW1

2 March 1984

Dear Andrew,

GOVERNMENT CONSTRAINTS ON THE LABOUR MARKET

Thank you for your letter of 23 February on this subject.

As you will be aware, the subject has been given detailed study by Ministers in recent years, notably by MISC 14 in the course of its consideration of strategic issues, begun in 1980, and subsequently in its discharge of the Cabinet remit of June 1981 to consider ways of further reducing obstacles to employment. Following the 1982 CPRS study of unemployment there has, of course, been the examination of these and other possibilities of promoting employment chaired by the Prime Minister - your letter of 21 December last to John Kerr refers. Constraints on the labour market are relevant also both to the review of competition policy now being undertaken by the Secretary of State for Trade and Industry, and to the NEDC programme of work on "where will the new jobs be?".

My Secretary of State agrees that it will be useful to make an up-to-date survey of relevant areas, and of work done and in progress. He has asked officials here to set discussion in hand immediately with the No 10 Policy Unit. Perhaps you would let me know whom they should contact there?

Yours sincerely

David Normington.

D J NORMINGTON
Principal Private
Secretary

Told D.Emp to contact
J. Redwood with O. Letwin
as alternate

AT
5/3

CONFIDENTIAL

MANPOWER: Labour market Stats: Nov 82

CONFIDENTIAL

File Turnbull

10 DOWNING STREET

*From the Private Secretary* 23 February 1984

GOVERNMENT CONSTRAINTS ON THE LABOUR MARKET

The Prime Minister has commented that the CPRS report on unemployment, produced in September 1982, considered, among other things, the extent to which Government regulations and policies constrained the labour market. She has suggested that your Secretary of State might set up a small ad hoc group of officials to make practical recommendations to Ministers about the ways of reducing such constraints. The Policy Unit would welcome the opportunity to take part in this work.

BF

ANDREW TURNBULL

David Normington, Esq.,
Department of Employment.

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① Agree X?, Mrs M AT 22/2

22 February 1984
Policy Unit

PRIME MINISTER

GOVERNMENTAL CONSTRAINTS ON THE LABOUR MARKET

We recently suggested that Tom King should be approached to set up a small ad hoc group to investigate constraints on the labour market imposed by government. You asked to see what the CPRS had said about this.

The Cabinet Office Registry and some former members of the CPRS tell us there was no paper entitled "Obstacles to Full Employment". The nearest is the attached CPRS report "On Unemployment". This does deal with government restrictions on: (1) labour mobility (pp.54-55) and (2) small firms (pp.58-61).

In this report, the CPRS are mainly concerned with intellectual analysis of the broad questions about employment; they make only a small number of practical recommendations for reducing Government restrictions (cf. pp.55 and 61). You could suggest a group to produce a much more narrowly focussed and practical report, offering Ministers immediate policy options. The Policy Unit would be happy to take part in the work for such a group.

We might, therefore, approach Tom King in something like these terms:

> "You will remember the CPRS report on unemployment, produced in September 1982, which considered (among other things) the extent to which government regulations constrain the labour market. Might it now be sensible to set up a small ad hoc group of officials to make practical recommendations to Ministers about ways of reducing such constraints?"

John Redwood

JOHN REDWOOD

Professor Byatt

DR. J. RICKARD



# CPRS REPORT

# ON

# RESTRICTIVE LABOUR PRACTICES

JANUARY 1980

CONTENTS

INTRODUCTION

At the meeting of MISC 14 on 19 September 1979 and subsequently at E on 23 October, Ministers invited the CPRS to look at options to reduce restrictive labour practices. We have had discussions with officials in Departments with an interest as policy-makers, sponsors or as direct employers. We have taken discreet, informal soundings outside Whitehall talking, for example, to officials in the CBI, TUC and EEF. We also made a few visits to companies to get a feel for the current industrial relations climate. (A complete list of our contacts is at annex 1.)

2. At annex 2 is the summary of a review of the literature and such data as are available, undertaken by economists from the Departments of Industry, Trade, Employment and MAFF. Their full report is available to Departments and could be used as the starting point for any further work Ministers may wish to commission.

3. Our report is focussed on alternative forms of Government action and is not intended to be for publication. We have interpreted our brief narrowly and have not considered wider aspects, for example the general problems of industrial relations or labour efficiency. Our discussions have been primarily in terms of manufacturing and service industries because we assumed that the raison d'etre for our study was concern to improve the UK's industrial performance. But we recognise that the problems also loom large in the public services, local government and among the professions, and some of the options we discuss are applicable to them.

4. Definition of Restrictive Labour Practices

In considering what constitutes a restrictive labour practice, there is a distinction between certain practices which are intrinsically bad (or have bad effects) and other practices which become restrictive if carried out in a restrictive spirit. Insistence on overmanning is an example of the first: work-to-rule an example of the second. Because of problems of this kind, we have not attempted a general definition but have worked from a list of examples given in the table in annex 2, the most important of which are:-

- job demarcation for particular classes of labour or individual workers
- restrictions on number, length and timing of shifts
- late starting, early finishing, time wasting
- unnecessary overtime
- spinning-out work
- resistance to new machinery and new work methods
- resistance to revision of payments schemes
- refusal to undertake certain tasks eg routine maintenance
- insistence on over manning.

We have excluded from consideration practices resulting from legal requirements and safety standards and also actions taken in pursuit of a pay dispute (eg 'blacking'). We leave open the question whether it is possible to tackle restrictive practices which result from a restrictive spirit - often associated with a history of poor labour relations, weak management, indifferent discipline and low motivation.

5. Restrictive Labour Practices and Productivity

The common feature of restrictive practices is that they inhibit the most efficient use of resources, both labour and capital. One would therefore expect a correlation between these practices and poor productivity. However, no relationship has been established in statistical terms perhaps because at the aggregate level there are no meaningful data on the existence of restrictive labour practices. At the individual industry level there have been several studies and these are summarised in annex 2. There are certainly low productivity industries where restrictive labour practices are a serious problem (eg shipbuilding, construction, railways). There are industries with high productivity growth and no known restrictive labour practices (eg retailing). But also there are high growth industries with restrictive labour practices (eg petroleum products) and low growth industries with no restrictive labour practices.

6. The fact is that restrictive labour practices are one, but not the only reason for poor productivity performance in UK industry. Other factors include the quality of capital investment, the length and continuity of production runs, design features and delivery delays. The existence of restrictive labour practices clearly contributes to the dismal picture but it would be wrong to regard their removal as a unique solution to industrial recovery.

7. During our visits, we asked how significant a problem restrictive labour practices were thought to be. Somewhat to our surprise, most at top management level believed that they were not a major problem. At middle management level, there was concern particularly about demarcation, work flexibility and general discipline problems but many of these were not perceived to be restrictive and were accepted as an inescapable fact of life. As a result the most serious effect of these practices is probably an insidious one in that they limit the flexibility with which firms can adjust to changing patterns of demand and to new technology. In some cases, ways are sought to circumvent the worst obstacles though the result is a productivity performance below the optimum (or below that achieved elsewhere, particularly overseas). In other cases where management is less skilful, the result is continuing friction and bad labour relations.

General Observations on Remedies

8. Restrictive labour practices are part of the overall industrial relations structure which, in the UK, seems to be ill-fitted to cope with the changing needs of an advanced technological, industrial economy. The major problems in industrial relations conveyed to us during this exercise were:-

a) the multiplicity of unions;

b) the determination of different groups in the work force to preserve their status, privileges, differentials and numbers of jobs whatever the longer term consequences;

c) the refusal by employees to consider any change in working practices;

d) the entrenched atmosphere of confrontation;

e) poor communications.

Since restrictive labour practices are an integral part of these problems they cannot be remedied in isolation.

9. The fundamental need is to bring about a change of attitude on the part of management and the work force. There seems to be a slow realisation in general of the need to improve productivity and competitiveness to safeguard jobs and living standards in the longer term. But this has not reached all levels. Instead, the dominant attitudes are sectional and short term - particularly the insistence on retaining present employment patterns. In some respects this is understandable. For example, some restrictive practices originate from a desire to protect past investment in a skill: time serving has been the traditional route to craft status and time-served craftsmen may resent the short cut taken by adult trainees. In these circumstances, rhetoric alone is unlikely to change attitudes and bargaining and conciliation are necessary if direct confrontation is to be avoided. Nor are restrictive attitudes confined to employees. Employers and management often collude in maintaining them, sometimes due to ignorance or apathy, sometimes in the hope of avoiding other more serious disruption, at least in the short run.

10. Some people we met argued that an explicit attack by Government on restrictive labour practices could prove counter-productive particularly if it were perceived as a deliberate attack on sectional interests or on the trade union movement generally. In some cases the official trade union organisation is strongly committed to particular practices - printing is a good example. In other cases, the practices are localised and specific to a certain plant and therefore less amenable to influence from the centre. But whatever the official trade union involvement, there is the danger of providing a focal point of opposition. Whether or not such a confrontation would help in the long run to stabilise industrial relations is difficult to judge but, obviously, many fear the short term consequences. For this reason, an approach which tackles productivity generally rather than restrictive labour practices alone, and which recognises that management needs to make changes too, is to be preferred.

11. In contrast it was also put to us that restrictive labour practices should be constrained by law in the same way as restrictive trade practices, that is:-

a) some practices should be made illegal outright;

b) other practices could be rendered illegal following a review by a court.

We do not accept the analogy. We do not think it would be practicable to use the force of law to reduce restrictive labour practices partly because of the difficulty of finding definitions which could make them justiciable and partly because of the lack of appropriate sanctions. Injunctions to desist are likely to leave a vacuum. Fines and imprisonment would be difficult to enforce, and could unite the trade union movement in opposition. And even if the law were to be used only as the last resort, it is unlikely to make the task of mangement easier.

12. We did not explore in detail the possibility of setting up a new public body with specific responsibility for restrictive labour practices. (This idea was raised by Shonfield in a minority section in the Donovan Report in 1968.) We discard it now because it would be at variance with the Government's anti-quango policy, would face the same problems of enforcement as that of the legal approach and would provoke hostility rather than engender co-operation. Also if the main objective is public exposure of certain practices there are other more effective means already available which are discussed below.

13. Despite the apparent intractability of the problems, there is no doubt that because of the lamentable productivity record of UK industry, every possible step must be taken to find remedies. We have tried to piece together a possible programme of action based on the following criteria:-

a) since the problem is often one of ignorance of the adverse effects of these practices in the longer term, we need to remedy the lack of public awareness and seek ways to change attitudes;

b) ultimately the solution must be applied at individual plant level;

c) the most promising route is through negotiation and conciliation to produce benefits visible to all parties;

d) if possible, restrictive practices must be considered in harness with associated questions of efficiency.

List of Policy Options

14. The following are options we think sufficiently feasible to warrant further consideration. They are not mutually exclusive.

A. Publicity

B. NEDC

C. Monopolies and Mergers Commission

D. Productivity bargaining

E. ACAS

F. Training

OPTION A: PUBLICITY

15. At present there is a serious lack of information at official, industrial and public levels on restrictive labour practices and on their effects on productivity and, in turn, on living standards. A conventional response to such a situation is to set up a Royal Commission or Committee of Inquiry with the brief to gather information and explore remedies. All interested parties including academic witnesses would be asked to give evidence. Public exposure of the seriousness of productivity problems should stimulate discussion and help change attitudes. The final report might provide some consensus views on remedies.

16. We do not advocate this approach, however, because:-

a) a commission or committee would take time to set up and carry out its task and this would prevent any other action being taken in the meantime;

b) if the brief were related solely to restrictive labour practices it would provoke hostility and is unlikely to have trade union support - if the brief were made more general this would reduce the possibility of clearly focussed solutions being found;

c) initially a commission is unlikely to get much further than we have been able to in this report and would certainly need to initiate research.

17. An alternative approach would be for the Department of Employment, in consultation with other interested Departments, to undertake a fact finding exercise looking at the major sectors of UK industry

a) to identify the prevalence of restrictive labour practices
b) to estimate their effects on productivity
c) to gather views of both employers and employees on possible remedies
d) to undertake case studies of situations where they have been successfully removed or where failure to remove them has had disastrous consequences.

This would need to be undertaken at a low level of aggregation: the background paper to this report can serve as a useful starting point.

18. The results of such an exercise should be published in order to have an impact on public opinion. We do not accept the argument that such exposure would result either in certain practices being copied elsewhere or in making the attitudes of people concerned even more entrenched.

19. Further impact could be achieved if:-

a) the report served as the basis of a debate in NEDC;

b) the task of fact-finding in an industry where labour practices are particularly troublesome, were undertaken by the Monopolies and Mergers Commission (see Option C below);

c) the interest of the Parliamentary Select Committee on Employment (or possibly Industry) were obtained.

OPTION B: NATIONAL ECONOMIC DEVELOPMENT COUNCIL

20. Prima facie the NEDC's work on productivity (through its tripartite Economic Development Committees and Sector Working Parties) meets the criteria referred to in paragraph 13, namely:-

a) with the NEDO it has the capacity to collect a great deal of information;

b) it recognises the need for change;

c) it is trying to relate its work to the plant level;

d) any consideration of labour productivity is encompassed within a general approach to efficiency;

e) it has the potential for achieving a consensus through its tripartite machinery.

21. During the last two years the SWPs have been pressed to give priority consideration to ways of improving productivity. The techniques used include cost analyses and comparisons, case studies, surveys, dissemination of best production techniques and productivity check-lists. There is no doubt that considerable progress has been made in a few cases: in others the results are disappointing.

22. The most impressive work has been built around comparisons with similar, foreign companies. For instance the Construction Equipment SWP made a study involving comparisons between UK and US plants. Such studies are usually undertaken by a tripartite team and the participation of both management and trade union representatives helps to make the reports generally acceptable. A NEDO member tries to provide some balance in writing the final version. It might be expected that this method would inhibit the treatment of sensitive issues and there are examples where this is clearly the case. However, we were impressed by the hard-hitting way some union members acknowledged the need to improve productivity, drawing attention to overmanning and lack of job flexibility in some UK plants (Iron and Steel and Construction Equipment reports are good examples). Other SWPs have gone on to suggest ways by which attitudes on productivity can be changed (eg Food and Drink Manufacturing).

23. By contrast the work of other SWPs has been disappointing and the material provided by them of little value: for example we thought manufacturing efficiency check-lists were too simplistic to have much effect.

24. Where good work is being undertaken, the problem remains of communicating the SWPs findings and recommendations to the company level and then securing changes in established practices. Of the people we visited, most had no knowledge of the work of NEDC and those who said they had seen something of it, were sceptical that much was being achieved. (But one firm was particularly enthusiastic about its SWP - Construction Equipment - and thought that a recently produced film would be a useful tool in management-union discussions.) NEDO officials admit that there is little evidence of beneficial effects of their work. Many companies still do not believe that their productivity performance is so poor. Many individuals blame others for the problems. Often the proposals for change - particularly to reduce overmanning or to use more advanced technology - are treated with suspicion because of redundancy fears. Thus the impact of the work is small and long term.

25. Since the quality of the work of the SWPs varies so much there is a need for a more critical appraisal of methods used and for the introduction of cost-effectiveness criteria in formulating NEDC's strategy. However we doubt whether very much can be achieved in terms of reducing restrictive labour practices in this way. Whilst the NEDC's work should be encouraged and should form part of an overall programme - and would be important for presentational purposes - it could not be regarded as providing the central contribution to any new government initiative.

## SECTION C: THE MONOPOLIES AND MERGERS COMMISSION

26. References of restrictive labour practices for investigation by the MMC:

a) can be made explicitly under section 79 of the Fair Trading Act 1973 (though never used);

b) can be included in a monopoly reference under Part IV (eg London letter post);

c) are to be possible for nationalised industries under the new Competition Bill (first reference British Rail commuting services already announced).

27. The advantages of using the MMC in this way are as follows:-

- it already has a reputation for objectivity
- a reference can be represented as an even-handed extension of competition policy
- it has already tackled professional practices eg surveyors, architects and vets
- whilst it has not devoted much time to efficiency questions in its monopoly or mergers investigations, its capacity to do so has now been increased by additional staff transferred from similar work in the Price Commission.

28. The disadvantages are:-

- existing powers in section 79 and for monopoly references are not ideally suited and new legislation would be required to change them
- it would be wrong to expect too much from an appointed body and some doubts about their expertise still remain
- by its very nature it is unlikely to make radical findings and in trying to be uncontroversial its reports could be equivocal and even appear to exonerate certain practices.

29. Nevertheless using the MMC is a way of bringing authoritative and impartial judgement to bear, of cutting through the inertia in the current situation and, hopefully, providing recommendations which could be the basis for subsequent negotiation. The current reference of the London letter post will provide a test of the Commission's effectiveness in this area and we suggest that no further references focussed on labour practices should be made until this has been appraised. In the meantime, we recommend that the Department of Trade should examine the adequacy of existing powers under Part IV and section 79.

30. Under **Part IV,** the recent reference of the London letter post includes, among other items, 'the use of resources' which effectively requires the Commission to consider labour practices. This is a new departure. The Commission in the past has not taken upon itself to consider restrictive labour practices and so it is necessary to give guidance. However, normally, monopoly references are made by the Director General of Fair Trading and Ministers have no powers to direct him. Exceptionally the Secretary of State for Trade can make a reference though this device, if used frequently, would be interpreted as reintroducing political bias into competition policy. Thus the Department of Trade should be asked to undertake discussions with the Office of Fair Trading to encourage the use of this power to tackle restrictive labour practices.

31. Section 79 enables Ministers to make an explicit reference of a named restrictive labour practice in either UK industry generally or in a particular industry. This power has never been used though it was originally conceived as a fact finding exercise to expose the problems. As discussed in paragraph 19 it could still be used in this role.

32. However, if this power is to be used with the objective of finding a remedy to the restrictive practices concerned certain changes would be required, for example:-

a) at present the Commission would be excluded from considering other efficiency questions and this could provoke opposition;

b) the Commission cannot be invited to make recommendations and it is not even clear if it is in its power to do so if it wished;

c) there are no follow up powers.

The Department of Trade, in consultation with other Departments should be asked to examine how these deficiencies might be remedied.

33. A further problem is to find suitable candidates for references which offer some prospect of resolution, that is a reasonable chance of a negotiated settlement following an authoritative recommendation. We were surprised to learn that, although section 79 had been on the statute book for six years, no systematic list had been made. The examples prepared during the passage of the bill in 1973 are now out-of-date. The background report lays out the elements of a search procedure and the Department of Trade, in collaboration with other Departments, should be asked to prepare a list of suitable candidates. However we recognise that the problems in doing this may limit the extent to which the power can be used.

OPTION D: PRODUCTIVITY BARGAINING

34. We have already argued that the remedy to restrictive labour practices has to be found at plant level and also that, in most cases, the workers concerned expect to be compensated. Thus 'buying out' restrictive labour practices is a practical way of using market forces to solve the problem: indeed some argue it is the only way.

35. The main problem, however, is to distinguish genuine productivity deals from bogus ones. Genuine porductivity bargaining gained special recognition in the 1960s. Starting with the well documented deal in 1960 at the Fawley oil terminal, the next six years saw a significant number of productivity deals negotiated. The novelty of these deals was to tackle the problems of labour management through the collective bargaining process and to incorporate a long list of changes, affecting all workers in the plant or firm, into a formally agreed package explicitly linking the changes to improvements in pay and conditions. The most common features were increased flexibility between crafts, relaxation of demarcation rules, changes in working hours and improved manning ratios in return for higher earnings. There is little doubt that the deals negotiated during this period helped to raise productivity in the industrial plants and firms concerned, but the proportion of the workforce covered by such deals was small.

36. The next stage of productivity bargaining, 1966-70, was closely connected with incomes policy as this specifically allowed for increased productivity as one of the ways of obtaining a wage increase above the norm. This encouraged the adoption of productivity bargaining, but in many cases the main motive was to obtain the pay increase and only incidentally to raise productivity. The pay policy thus increased the pressure on firms to pursue a bargaining strategy for which many were ill-prepared and in view of the immediacy of worker demands for higher pay, it also generated a desire to curtail the lengthy procedure of planning and negotiation that had characterised the earlier productivity deals. This had an important influence on the content of agreements, a far smaller proportion of the agreements providing for greater flexibility between crafts, changing job practices and the rearrangement of working hours.

37. After 1970 interest in productivity bargaining declined and did not reappear until it was once more used to provide above the norm wage increases during a period of incomes policy. From August 1977 pay policy allowed productivity deals to give above the norm increases, and during the next two years a large number of deals were concluded. However, most of these deals had little in common with the deals concluded during 1960-66. Instead of being concerned with the removal of restrictive practices and changes in work practices, many of these recent deals were based on output growth that would have probably occurred anyway. The impetus behind most schemes was to raise pay, enabling employers to retain, or recruit workers, so that once one firm in a locality introduced a scheme others had to follow. It is doubtful whether many of these schemes themselves enhanced productivity growth.

38. It is possible that these recent deals, negotiated as a means of giving wage increases outside pay policy guidelines, will have again hampered the introduction of genuine productivity bargaining. Some firms argue that their bogus nature will reduce the willingness of workers to negotiate genuine deals, as workers believe that they can obtain pay increases without having to give up anything in return. Nor are they always popular since they appear to reward those who have been unco-operative in the past and, if used regularly, workers may be induced to invent new restrictions to be 'bought-out' next time. Also the greater the 'price' paid, the less the benefit of increased productivity to future investment and the economy generally.

39. The Government can help by:

a) encouraging (as Ministers are already doing) wage negotiators to think of a productivity deal as the root of any real wage increase;

b) providing guidance through the Department of Employment, MSC, ACAS,* NEDC and also the employers' organisations on what constitutes a genuine productivity deal, how employers can set about them and the pitfalls.

The Department of Employment and the Treasury should be asked to examine how such guidance can be formulated and effectively promulgated.

OPTION E: ACAS

40. ACAS was established under the 1975 Employment Protection Act with the general duty to promote the improvement of industrial relations and to encourage the extension and development of collective bargaining. It comprises over 800 staff, located throughout the regions and with about 100 in London.

41. We have already argued in this report that the most practical way of removing restrictive labour practices is through the agreement of those concerned. One might expect that companies should be able to pursue such negotiations by themselves as part of on-going developments in their industrial relations, but we have observed the very considerable inertia in the system - partly because of unwillingness to tackle sensitive issues and partly because of lack of expertise. Several of the companies we visited thought that an advisory service would help. Private management consultants do, of course, offer such a service but it would seem that firms are often reluctant to use them because of the cost and also because of the resistance of trade unions who view such consultants as biased outsiders in the pay of management.

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* We understand that ACAS is preparing a publication on Payments Systems but, whilst it discusses incentive schemes in general, there is no reference to 'buying-out' restrictive practices.

42. It would seem therefore that there is a gap which could be filled by a publically appointed agency which:-

a) is readily accessible
b) has a reputation of impartiality and is likely to produce benefits to /both sides
c) is highly expert
d) has a pioneering mission to remove restrictive labour practices by advice and persuasion.

43. The Manpower and Productivity Service set up in 1969 was designed to meet these requirements though it was short-lived. ACAS exists as the relevant public agency today but, unfortunately, does not fully meet the above criteria. And whilst ACAS continues it would be difficult to create another body - though one day Ministers may wish to consider this possibility. In the meantime, it is worth exploring how far ACAS could be adapted to meet new requirements, though by the intention of the legislation and the current preference of both ACAS and the Department of Employment, ACAS at present operates at arms length from the Government.

44. The duty to improve industrial relations and to encourage collective bargaining leads ACAS

- to maintain a low profile
- to work within the existing structure of union power
- to seek ways of avoiding confrontation
- to be the neutral force in the middle
- to opt for an obtainable bargain rather than seek what would be regarded as the best solution by other criteria.

ACAS has always argued that it needs to ensure its impartiality and this has involved maintaining the goodwill of the trades unions. As a result, in general it prefers to play a passive role - that is, it makes itself available to both parties in a potential dispute rather than seek the initiative to intervene. ACAS usually offers to help only when existing arbitration procedures have been exhausted and can only proceed if both sides agree. This can often be the cause of considerable delay.

45. A further difficulty is that ACAS is staffed by civil servants and others on contract, primarily at the equivalent of lower-middle management level. Whilst this form of staffing may be adequate for its present functions, there must be some doubt as to whether it has the calibre of people to begin to break new ground and to take new initiatives. Moreover the staffing on the advisory side is likely to be cut because of the public expenditure constraints so there is little scope for significant staffing changes within existing budgets.

46. Thus we conclude that ACAS, as presently constituted, is not suited to undertake an initiative to reduce restrictive labour practices in a purposeful manner. This is not to offer criticism of its current work which we think should continue in its present low key at the level of the individual firm.

47. Given the existence of ACAS in its present form, in order to obtain a more effective consultancy service, it would be necessary to set up a new, higher powered body. Whether or not this were done by replacing ACAS, it would entail considerable political difficulties, foremost of which is the almost certain refusal of co-operation by trade unions. Since the other good work of ACAS could then be at risk we do not recommend this course.

48. Instead, we suggest that consideration should be given by the Department of Employment to see:-

a) how the terms of reference of ACAS and its methods of operation might be changed to meet the requirements;

b) whether it is possible to shorten their response time;

c) whether more staff could be made available or re-deployed to strengthen the advisory service.

OPTION F: TRAINING

49. The boundaries between skilled, semi-skilled and unskilled workers are neither clear nor static and the traditional pattern between them is in some cases breaking down. We noted with interest, examples where this system had completely disappeared (usually where firms were starting from scratch, ideally in a new industry), where good mobility agreements were in operation and where inhouse training reflected present day needs. But the traditional pattern often remains and it is not one which conforms to the real requirements of industry or the individual. In particular there is no doubt that some semi-skilled workers could do work that is now being done by some skilled men.

50. Despite some indents into the traditional system, the status of skilled craftsmen (and acceptance as such by the relevant craft union) still comes as a result of serving time (between 3 and 5 years) without a great deal of regard to standards, quality of the training, or appropriateness to industry's current or future needs. The most frequent complaints we heard were

- of time spent on acquiring skills which the apprentice was most unlikely (particularly with changing technology) ever to need;
- of single craft training where a multi-discipline would be both feasible and more useful (the electro-mechanical engineering craftsman was a favourite example);
- of restrictions on entry to skilled status other than through apprenticeship, thus putting a serious impediment in the way of adult training and retraining.

51. The problems and their relation with restrictive labour practices were clearly spelt out* in the Donovan Report in 1968:

> 'In practice precise and rigid boundaries between crafts or between a craft and semi-skilled grades of labour can be settled only on an arbitrary basis. The boundaries are therefore a fruitful source of dispute especially where new work is introduced which does not conform to established limits. Yet the knowledge that they have virtually committed themselves to a craft for life makes men alert to guard what they consider to be their own preserve, and to oppose relaxations in practices which, however desirable and even essential for efficiency, may seem to constitute a threat to their whole way of

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* Donovan Report : paras 330-359

life. The most highly skilled are less endangered because the difficulty of acquiring their expertise protects them. Where the craft is less skilled its boundaries must be fixed on largely artificial lines which may nevertheless be stubbornly defended. Moreover, because the definition of work practices is in Britain often a matter for the work group, the boundaries of a craft vary widely from factory to factory and from area to area, and are not amenable to regulation by the formal processes of industry-wide bargaining. All this is comprehensible from the point of view of the craftsman; but it can be very prejudicial to efficiency and to the needs and aspirations of workers outside the craft.'

52. The Government has a particular interest in that it is directly involved in the provision of adult training through the MSC Skill Centres and Training Opportunities Scheme (TOPS) courses. It is difficult to get a precise measure of resistance to TOPS trainees (the Training Services Division (TSD) have such an exercise currently in hand): but it is quite clear that there are considerable obstacles, varying from one part of the country to another, from one firm to another, from one union to another, to the employment of TOPS trainees (even after on-the-job experience), on the skilled work which they are perfectly capable of doing. To the extent that this is the fault of employers (though they may make unions the scapegoat) who did not acknowledge the adequacy of a TOPS training, it can best be resolved by demonstration, and better tailoring and marketing of the product at a local level. This the TSD are trying to do.

53. It has been put to us that a similar approach is the only answer to the ideological opposition by the unions to dilutees: that is to say, the problem has to be tackled piecemeal, on a very local basis, almost by stealth, since to confront the issue head-on could put at risk those cases where the dilutee has purged himself of his skill-centre tag through transitional employment.

54. We do not feel that this slow rate of progress over the last ten years gives much confidence that the approach will succeed within an acceptable time scale. The inadequacies of the present training system will become increasingly apparent as the shift in the industrial structure accelerates under the impact of new technology.

55. The Donovan Commission made the following recommendations on training which are still valid and desirable, and we recommend that the Government's approach should be based on securing their recognition:-

i) objective standards to be laid down by which qualifications may be judged;

ii) a person who has attained such standards to be universally accepted, on proving that fact, as qualified and eligible to do the work in question;

iii) apart from introductory training and further education for young people, the content and duration of training courses to be determined by what is required to enable trainees to reach the set standards;

iv) no artificially restrictive barriers to be placed against access to training or re-training, for example on grounds of age, sex, colour etc.

56. There is little scope for achieving change by legislative means and the main thrust of the Government's approach must be in a systematic attempt to persuade the Industrial Training Boards (ITBs) to realign their schemes to conform with the Donovan proposals or a suitably updated version.* Industries vary considerably in the extent to which their training practices already conform and in some cases comparatively little change would be needed. The problems are undoubtedly most severe in engineering and related industries. Unfortunately the recent proposals of the Engineering ITB, which went only part way towards them, met substantial although not universal opposition and the board is still finding it difficult to get modified standards agreed. We recommend that every encouragement should be given to the EITB to retain the concepts of qualification by reference to standards and the use of modules to give greater flexibility.

57. In its recent report, Training for Skills, the Manpower Services Commission acknowledged the close connection between the reform of craft training and the maintenance of a flexible, skilled workforce. The MSC's training programme, which came into effect in the autumn of 1979, emphasises the need for apprentice training based on the achievement of standards and provides limited financial support to the ITBs. Whilst experience suggests that dramatic progress will not be made quickly, the MSC should be encouraged to give this work priority.

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*The ITBs are currently the subject of a review and Ministers will have the opportunity to express views publicly when responding to any report.

58. Even so there is a limit to what can be achieved simply by encouragement and exhortation and if these continue to have little impact, consideration should be given to what other steps could be taken. For example the MSC have authority to approve the training plans of ITBs and one possibility might be to give notice that plans will not be approved after a certain date if they do not conform. Alternatively the MSC's contribution towards the administrative expenses of the ITBs could be conditional on progress being made, or funds might be made available specifically for developing new schemes.

59. Lastly the possibility of action to improve the quality of industrial management should not be overlooked as a long term solution to reducing restrictive labour practices. There is considerable evidence that UK managers, particularly at supervisory and first-line management levels, are less effective at promoting efficient production methods than is the case in many other countries. Removing entrenched restrictive practices requires considerable skill, not only in negotiation but also in understanding industrial processes and generating efficient and acceptable alternative methods of working. Such skills can perhaps only be acquired by experience, to which a period of formal training may be a useful supplement. Training would cover the diverse areas of industrial relations, manpower planning, work study and production management and is best provided to those already in employment. Courses in these subjects already exist; the question is what should be done to encourage firms to regard it as normal for front-line management to have the necessary skills. Support for training would be one way of giving emphasis to the importance attached to improving the quality of industrial management.

## SUMMARY OF CONCLUSIONS

60. Surprisingly little is known about restrictive labour practices - either about their pervasiveness or their effects on productivity. Although one would expect that they are a major contributory factor to the poor productivity record of UK industry, not everyone recognises them as such. They form part of a multiplicity of efficiency factors and are not easily distinguishable from them - for example from general industrial relations problems and poor management techniques.

61. As a result any attempt to reduce restrictive labour practices is constrained by the need:-

a) to consider them as part of general efficiency and industrial relations problems;

b) to change behavioural attitudes (especially since in many situations the problem is the restrictive spirit by which practices are operated rather than the practices themselves);

c) in many cases to bargain them away (because confrontation is unlikely to succeed);

d) to seek a solution at the plant level.

62. Some people we met argued that an explicit attack by Government on restrictive labour practices at the present time could prove to be counter-productive especially as there is the risk of uniting the trade union movement in opposition. Certainly we accept that trying to use the force of law to reduce these practices or setting up a new public body specifically for this purpose would not achieve the objectives. However, we feel that there is scope to make greater or more effective use of existing powers and agencies. In anticipation that Ministers may wish to formulate a coherent programme we recommend a number of steps itemised on the following pages.

A. Publicity

The serious lack of information and public awareness of restrictive labour practices should be remedied by asking the Department of Employment to undertake a fact-finding exercise in the main sectors of UK industry:-

a) to identify their prevalence and effects
b) to gather views on remedies
c) to analyse examples of their successful removal.

The results should be published to stimulate public awareness - perhaps accompanied by discussion in NEDC and debate in the Select Committee on Employment.

B. The NEDC

The NEDC should be encouraged to continue with the work of its EDCs and SWPs to seek ways of improving productivity, in particular:-

- to bring the general level of work of the SWPs up to the level of the best
- to find better ways of communicating their findings to plant level.

NEDO should also be more critical of some of the techniques used by SWPs which have little value and which tend to discredit their work as a whole.

C. Monopolies and Mergers Commission

Various powers exist to make references of restrictive labour practices to the MMC. Because of some reservations about using these powers, Ministers may prefer to delay further action until the outcome of the reference of the London letter post (which involves a consideration of labour practices) is appraised. In the meantime, consideration should be given by the Department of Trade:-

a) to using monopoly references to examine restrictive labour practices;
b) to amending the existing powers specifically related to labour practices (under section 79 of the FT Act) to make them more effective;
c) to finding suitable cases for reference.

D. Productivity Bargaining

A way should be sought to promote genuine productivity deals, using them as the starting point of pay negotiations and clearly differentiating them from those more general deals made during years of pay policy (perhaps by example in the public sector). Guidance should be made available on:-

a) what constitutes a genuine productivity deal;
b) how employers can set about them;
c) the pitfalls.

Such guidance should be drawn up by the relevant agencies (eg MSC, ACAS, employers' organisations). The Department of Employment and Treasury should examine how this could be formulated and effectively promulgated.

E. ACAS

There is a need for a national consultancy service: at present the relevant agency is ACAS but, whilst it plays a useful low-key role in industrial relations, it is unsuited to provide a more active part in reducing restrictive labour practices. Setting up a new consultancy service or replacing ACAS would be politically difficult so we suggest that consideration should be given by the Department of Employment to see how the terms of reference and methods of operation of ACAS could be changed to make it more effective in the field of restrictive labour practices.

F. Training

Job demarcation is a widespread problem, and inappropriate and inflexible training for skills is one cause. Every encouragement should be given to the ITBs (especially the Engineering ITB whose proposals were recently rejected by the industry) to make training schemes more flexible and also less dependent on time-serving. Every effort should be made, for example through the MSC, to persuade employers and unions of the need for a new approach. And if the pace of change continues to be inadequate, consideration should be given to see what other inducements could be applied by Government. Lastly, the training of management should be given greater attention, perhaps involving an element of government support.

ANNEX 1

1. Government Departments

Ministry of Agriculture, Fisheries & Food

Department of the Environment and the Property Services Agency

Department of Employment and the Manpower Services Commission

Department of Health & Social Security

Department of Industry

Department of Trade

Ministry of Defence

Treasury

2. Representative Institutions

Confederation of British Industries - CBI

Trades Union Congress - TUC

Engineering Employers Federation

National Economic Development Office

3. Companies

Guest Keen & Nettlefolds Ltd - Warley

Hall Russell & Co Ltd - Aberdeen

Baker Oil Tools - Aberdeen

Ford Motor Co Ltd - Brentwood

George Kent Instruments - Luton

Joseph Woodhead & Sons Ltd - Huddersfield

J H Fenner Ltd - Hull

Hepworths Ltd - Leeds

Rockware Glass Ltd - Doncaster

Priestman Brothers Ltd - Hull

Kirkstall Forge Engineering Ltd - Leeds

CPC (UK) Ltd - Manchester

# RESTRICTIVE LABOUR PRACTICES AND PRODUCTIVITY

## A. WHAT IS MEANT BY 'RESTRICTIVE LABOUR PRACTICES'?

1. The Donovan Commission defined restrictive labour practices (RLPs) as "rules or customs which unduly hinder the efficient use of labour" (Report of the Royal Commission on Trade Unions and Employers' Associations 1965-1968, p 77). The Commission took the view that, while obvious examples of blatant RLPs could be found, it was not usually possible to condemn particular practices without first taking into account the circumstances in which they occurred. All RLPs had or once had some justification, and the reasons for their continuation had to be balanced against the losses they entailed.

2. In our view, there is little to be gained from attempting to refine this definition. As is argued below, productivity comparisons rarely permit inefficiency to be attributed to a specific practice. We would exclude, however, certain types of restrictive practices which have an obvious justification or which involve other labour issues:

- temporary restrictions imposed in furtherance of a trade dispute;
- restrictions on hours, pay or methods of work that derive from legislation;
- limitations imposed by health and safety considerations;
- post-entry closed shops agreed between management and unions.

3. Where RLPs exist, it can be presumed that they have an effect on industrial performance. Losses are not confined to output or profits, but may include the dynamic consequences of a failure to innovate or invest. It remains for further investigations to discover whether specific practices can be isolated as the cause of inefficiency in particular circumstances. In many instances, it would appear that a general spirit of restriction pervades the organisation of work such that no one practice can be identified as the source of the problem.

## B. CHARACTER OF RESTRICTIVE LABOUR PRACTICES

4. In Table 1 we group the range of RLPs under three broad headings and try, for each of the three types of practice, to describe the form, methods of enforcement, results and justifications advanced by workers for their restrictive behaviour.

5. The major types of RLPs are intended to limit management's freedom to hire and fire and to determine the time rate and method of work. They are sometimes enforced at a national level in a formal manner but more commonly by workgroups using formal or informal methods. They result in low levels of productivity manifested by the failure of plants to produce at their rated capacity, overmanning and high levels of overtime working. The most common justifications for RLPs are the protection of employment and the protection or enhancement of pay. There is a clear sense in which workers enforcing restrictions sometimes see them as a justifiable response to capricious or incompetent management.

## C. EXTENT OF RESTRICTIVE LABOUR PRACTICES

6. In the investigation of the extent and effects of RLPs we can refer to evidence from case studies whose main concern was with the broader issues of industrial relations and economic performance, very often in distressed industries or firms in the manufacturing sector. Inevitably this could lead to a bias in our evidence and the results might not fully represent working life in the United Kingdom.

7. Therefore we felt obliged to test for likely bias by establishing under what conditions and in which sectors of the economy RLPs were most likely to flourish. The analysis we conducted for this purpose rested on three propositions about the conditions amongst employees likely to encourage the development of RLPs, namely (a) power to encroach upon managerial control, (b) consciousness of a right to challenge managerial autonomy, and (c) a sense of grievance. None of these conditions can be measured directly but it is possible to choose statistical variables which are likely to be associated with these three propositions, without necessarily being causes in their own right.

8. The choice of statistical variables, their analysis and the problems encountered are described fully in the background report. The main difficulty of the exercise was in obtaining appropriate data across the whole range of activity in the economy. Accepting that deficiencies exist in the analysis the results suggested that, of the 33 sectors considered, 17 showed no evidence of the factors conducive to RLP development. Of the remainder the following 11 were regarded to be particularly prone to RLPs:-

- mining and quarrying
- coal and petroleum products
- shipbuilding
- construction
- port and inland water transport
- rail transport
- metal manufacture (ferrous and non-ferrous)
- electrical engineering
- newspaper printing
- motor vehicles
- other vehicles (including aerospace, tractors)

9. There is a substantial degree of correspondence between the above list and both the selection of case study examples given in Table 1 and the anecdotal evidence on the prevalence of RLPs obtained from Department trawls. On this basis it appears that the industrial coverage of the case studies is not biased. Indeed, the case studies include several additional industries. These are:

- road haulage
- bread manufacture
- parts of mechanical engineering
- domestic electrical appliances
- beer distribution
- Post Office
- NHS
- banking
- plastics

| | FORM | ENFORCEMENT | RESULTS | MOTIVE | EXAMPLES |
|---|---|---|---|---|---|
| Restrictions on employers' freedom to appoint | Jobs reserved for particular classes of labour or for individual workers | Seniority rules<br>Registers of 'eligible' workers<br>Pre-entry closed shops<br>Apprenticeship qualifications for union membership | Inflexible deployment of labour both within and between firms<br>Shortages of labour<br>Excessive overtime<br>Demarcation disputes | Maintenance of standards<br>Promotion structure<br>Rewards for skills obtained by training and experience<br>Higher rewards for scarcity | National newspaper production where union chapels exercise almost complete control<br>Shipbuilding and shiprepairing<br>Scattered throughout manufacturing and public services<br>Large numbers of craftsmen |
| Restrictions on time and pace of work | Restrictions on number, length and timing of shifts<br>Late starting, early finishing and time wasting<br>Demands for regular but unnecessary overtime<br>Spinning out work | Generally informal | Restrictions on output<br>Inefficient use of capital<br>Discontinuous production<br>Missed delivery dates | Maintenance of employment<br>Higher earnings<br>Compensating for low basic rates by overtime | Road haulage<br>Shipbuilding<br>Railways<br>Electrical contracting<br>Gas supply<br>Construction<br>Bread manufacture<br>All branches of engineering<br>The Post Office |
| Restrictions of methods and organisation of work | Resistance to new machinery<br>Resistance to new methods of work<br>Resistance to revision of payments schemes<br>Refusal to undertake certain tasks eg routine machine maintenance | Usually formal at national level<br>Resistance to minor changes often informal at local level | Overmanning<br>Often formally negotiated 'price' for accepting change<br>Slow rate of innovation | Preservation of employment<br>High earnings | Railways<br>National newspaper printing<br>Shipbuilding<br>Television production<br>All branches of engineering<br>Banking |

TABLE 1: RANGE OF RESTRICTIVE LABOUR PRACTICES

ies. The second study, by Pratten (1976), has the distinct advantage that it covers the whole range of manufacturing industry. Pratten tried to quantify the effects of 'economic' and 'behavioural' factors on productivity differentials within international companies. One 'behavioural' characteristic was 'the incidence of strikes and major restrictive practices'. In the particular sample of international companies selected by Pratten, the best informed judgement suggested that strikes and restrictive practices accounted for a very small part of the productivity differential between the UK and Germany and the USA but for none of the differential between the UK and France. It must be noted, however, that 'behavioural' factors as a whole including differences in manning levels and inefficient working were of equal importance as economic factors in explaining productivity differentials between the UK and Germany, about half as important in explaining UK-French differentials and one third as important in explaining UK-US differentials. These ratios overstate the relative effect of RLPs because they include the contribution of management to overmanning and inefficient working.

## E. CONCLUSION

15. Restrictive attitudes manifest themselves in such a bewildering variety of behaviour that defining restrictive practices is itself a difficult task. They undoubtedly exist however, and where they exist they must inhibit economic performance. Beyond this little can be said. The extensiveness and incidence of restrictive behaviour is largely a matter of informed judgement; and its effects on productivity a matter of informed guesswork.

It is worth noting that the combination of both lists embraces a wider range of industries than is covered by our later summary of the evidence of the impact of RLPs on productivity. Thus, whilst we are satisfied that there is no undue bias in our description of RLPs, we are conscious that the evidence we have adduced for their impact on productivity is limited.

10. We have little information about the occupational coverage of RLPs. The available studies tend to concentrate on craft unions such as printing, and to a lesser extent, shipbuilding. Among non-manual workers the evidence suggests that occupational RLPs tend to be concentrated in the main in professions and in groups that aspire to professional status, but because of problems of measuring output, it is not possible to measure the effect of these practices on productivity. Pratten (1976) in a study of international companies, reported overmanning to be higher among indirect workers (such as maintenance staff, cleaners, canteen workers) than among production workers, but did not attempt to allocate the responsibility for this between RLPs and inefficient management.

## D. THE EFFECT ON PRODUCTIVITY

11. We have only the most tenuous evidence to support arguments about the character and extent of RLPs; for the measurement of the effects of these practices on productivity we have almost none.

12. We have some case study material which has the advantage of giving specific detail but the disadvantage of not providing the basis for generalisation. We considered it necessary to look for any association between performance and the incidence of RLPs which may exist at least at the level of broad industry aggregates. To this end we classified 22 industry sectors according to the likely incidence of restrictive practices (as reported above) and according to their performance in terms of productivity growth (1960-1973). No relationship was discerned between these two variables. Given the broad-brush nature of the analysis such a conclusion is not surprising; nor can it be used to argue that no relationship exists at more detailed sectoral level or in specific circumstances. Restrictive behaviour is a phenomenon of particular work-places and work-groups and variations between firms and plants in any one industry are probably as pronounced as variations between industries.

13. At the level of particular industries and firms the evidence is still tenuous. An article in the Department of Employment Gazette (1976) reviewed 25 studies of the causes of low productivity in a range of six industries: textiles, mechanical engineering, printing, chemicals, shipbuilding and motor vehicles. While RLPs were identified as a factor contributing to poor performance in four of these five industries, five studies were made of the textile industry but none found any evidence of RLPs having an effect on productivity. None of the studies attempted to quantify the effects.

14. There are only two studies that attempt to quantify the effects of practices that are clearly the result of restrictions imposed on a reluctant management. One of these was the Royal Commission on the press, which reported in 1977. It estimated the combined effects of union imposed overmanning and resistance to technical change to cause labour costs for a given level of output to be 30% higher than they need be. This figure does not bear any implication for other industr-

CONFIDENTIAL

File

PRIME MINISTER

10 February 1984

GOVERNMENT RESTRICTIONS ON THE LABOUR MARKET

We suggested that Tom King should set up a group to offer practical options for reducing Government restrictions on the labour market. You asked whether the CPRS had already worked on this. We have now looked out the CPRS report; it deals with restrictive labour practices engendered by employees and employers, not with Government regulations.

As the work for the Small Business Speech indicated there is a need to reduce the burden of regulation and make the labour market freer. A huge new bureaucratic apparatus to "investigate" this matter would be undesirable. We suggest only a small *ad hoc* group, specifically aimed at producing practical options for Ministers in a short time.

Do you agree that Tom King should be approached to set up such a group?

John Redwood

JOHN REDWOOD

Prime Minister (2)

This exercise can be seen as a smaller scale version of the privatization and competition exercises, though with no Ministerial group being established.

AT 10/2

I thought CPRS did a report called - Obstacles to Full Employment?

SP

NO

File

dc 55

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Andrew Turnbull Esq
Private Secretary
10 Downing Street
LONDON SW1

9 February 1984

Dear Andrew,

NUMBERS OF EMPLOYEES IN EMPLOYMENT IN MANUFACTURING INDUSTRIES

Calculation of the number of employees in employment in manufacturing industries in December has led to a substantial revision to the estimates for October and November. In contrast to the published estimates which show an increase of 18,000 between September and November, the revised figures - which will be published, in a press release dealing with earnings and employment, on 15 February - will show a slight fall over the same period.

The estimates for the first two months of each quarter are derived from a smaller sample than is used in the third month. Difficulties created by this procedure lead us each quarter to revise the estimates for the first two months in the light of the figures for the third month. This is, however, the first time that revisions have been necessary on such a scale and our statisticians are, of course, attempting to minimise the chance of such substantial revisions again being necessary.

For the fourth quarter as a whole the revised estimates show a reduction of 20,000 in the number of employees in manufacturing. Although this is less favourable than had been expected on the basis of the provisional figures, it is nonetheless the fourth consecutive quarter to show a smaller reduction than the previous quarter.

In view of the impending publication of the revised figures it would not be appropriate for further public attention to be drawn to the increase in manufacturing employment shown by the provisional figures for October and November published in the

SECRETARY OF STATE FOR EMPLOYMENT

January edition of Employment Gazette. I suggest that future statements should refer to the reduction in manufacturing employment slowing down throughout 1983.

I am copying this letter to recipients of the monthly unemployment/employment brief.

Yours sincerely

David Normington.

DAVID NORMINGTON
Principal Private
Secretary

CONFIDENTIAL

6 February 1984
Policy Unit

PRIME MINISTER

RESTRICTIONS ON THE LABOUR MARKET

Industry is still saddled with many restrictions that prevent new jobs being created. If employment is to be increased, the Government should act promptly to reduce these restrictions.

The NEDC have at last begun to discuss this problem; it is mentioned in the latest White Paper on Regional Policy; and the Employment Market Research Unit is investigating relevant academic work. But Ministers need a list of sensible options for rapid action; and no-one is at present charged with preparing this.

We suggest that Tom King should be asked to set up a small official working group, with representatives from the Department of Employment, DTI, the Treasury and the Policy Unit, to do the job. The group should identify restrictions that Ministers might wish to remove, and should set out the likely political and economic effects of removal. In particular, the group should consider Wages Councils, the Dock Labour Scheme, Employment "Protection", and all causes of high youth wages. All of these contain political traps for the unwary, but some changes are vital.

Do you agree that such a group should be set up?

JOHN REDWOOD

Prime Minister (1)

Agree this be put to Mr King? I think it would have to exclude the Agricultural Wages Boards which are the subject of dispute and which will come to E(A) this week.

AT 6/2

I think there was a CPRS paper on this which we considered. Would you check? MT

CONFIDENTIAL

SH

10 DOWNING STREET

THE PRIME MINISTER

6 September 1983

Dear Sir Austin,

Thank you for your letter of 27 July about your proposal for a major study of employment prospects in the context of new technology. I was very interested to hear about it.

These issues are of great significance but, as I am sure you appreciate, it is notoriously difficult to make reliable forecasts. You will have seen that Nigel Lawson has undertaken to produce a paper for the National Economic Development Council on just these points.

I agree that the rapidity of technological change, together with the continuing need for productivity improvements, challenges the ability of manufacturing and service industries to employ as many people in the future, though I think it is still very difficult to assess with any certainty the current pace of technological change and the likely acceleration.

Any analysis must take account of two important factors. Firstly, new technology enables extra income to be created which will be spent on other activities and will further create new demand, new firms and new jobs. (It is significant that recently we have had to revise the employment estimates upwards by half a million because past projections had not accounted for growth in new enterprises). Secondly, future patterns of employment depend not just on the number of people required to produce goods or services but on the level and pattern of demand

/created

JU

created by world trade. I am sure that changing trade structures will continue to affect our employment as they have done in the past, for example in steel and electronics. Such changes could work to our advantage in terms of jobs if we can find and exploit new markets, including the likely demand from developing countries for higher technology manufactured products. All this of course is dependent on the competitiveness of our industry not only in terms of labour costs but also in quality, service and design. There is no doubt that a great deal will depend on the flexibility of the labour market and the supply of skilled labour.

Any detailed prediction based on the expectations of individual firms will, of course, be affected by such factors. Overall I see no reason to assume that continuing change must inevitably lead to a permanent surplus of people looking for work. New demands will be created and new working patterns will develop. Unemployment is not the inevitable consequence of change but the result of inefficiency in adapting to change. I strongly believe that if we do not grasp very firmly the challenge of new technology we shall run the serious risk of losing even more jobs.

I am sure that you will not underestimate the difficulties of designing and interpreting the results of your study, should you go ahead, taking into account the factors outlined. I hope that it will prove useful not only in throwing up information but in encouraging firms to think about their long-term employment needs.

Meanwhile, I know that Professor Alan Peacock has established the Employment Research Centre at the University of Buckingham and while his work may not focus directly on the impact of new technology, you might well find it useful to get in touch with him. Also a number of Government Departments, in particular

/the

the Department of Employment (which has recently set up a new Employment Market Research Unit to study developments in the labour market), will be interested to keep in touch with your work. You might like to contact Mr. David Stanton, the Director of this Unit at the Department.

Yours sincerely

Margaret Thatcher

Sir Austin Bide

SP CONFIDENTIAL

cc FM

MBPM

MUS 30/3

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON SW1

29 March 1983

Dear Michael

LABOUR MARKET INFORMATION AND ANALYSIS

Thank you for your letter of 1 March indicating the Prime Minister's agreement to the proposals in my Secretary of State's minute of 11 February. He agrees the Chancellor's condition on expenditure and manpower arrangements and an announcement of the proposals will be made in due course.

I am sending copies of this letter to Tony Rawsthorne (Home Office), Margaret O'Mara (HM Treasury), Jonathan Spencer (Department of Industry), Steve Godber (Department of Health and Social Security), Mr Sparrow (CPRS) and Richard Hatfield (Cabinet Office).

Yours sincerely

Barnaby Shaw

J B SHAW
Principal Private
Secretary

CONFIDENTIAL

MANPOWER
Labour Mkt Stats
Nov '82

30 MAR 1983

Manpower Stats

10 DOWNING STREET

*From the Private Secretary*

1 March 1983

MANPOWER

LABOUR MARKET INFORMATION AND ANALYSIS

The Prime Minister has seen minutes from your Secretary of State, the Secretary of State for Industry, and the Chancellor of the Exchequer on this subject. The Prime Minister agrees to what is proposed, subject to the expenditure and manpower condition in paragraph 3 of the Chancellor's minute.

I am sending copies of this letter to Tony Rawsthorne (Home Office), Margaret O'Mara (H.M. Treasury), Jonathan Spencer (Department of Industry), David Clark (Department of Health and Social Security), Mr. Sparrow (CPRS) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Barnaby Shaw, Esq.,
Department of Employment.

CONFIDENTIAL

10 DOWNING STREET

1

Prime Minister

Norman Tebbit's proposal for more labour market research, which Ferdie Mount originated, is now accepted by Industry and the Treasury (subject to offsetting savings).

Agree on this basis?

Yes
MT

MCS 28/2

JF2770

Prime Minister

MES 23/2

PRIME MINISTER

LABOUR MARKET INFORMATION AND ANALYSIS

I have seen Norman Tebbit's minute to you of 11 February.

2 I support his proposal to carry out more research into the labour market. The deficiencies in employment statistics revealed recently are embarrassing and a continuous labour market survey should prevent similar problems arising again. It will also provide some additional material of interest to my Department.

3 I also welcome the proposal to extend the range of labour market research with the involvement of other Departments including my own.

4 I am copying to Norman Tebbit and to the recipients of his minute.

PJ

P J

23 February 1983

Department of Industry
Ashdown House
123 Victoria Street
LONDON
SW1A 6RB

Manpower : NOU 82 ?
Labour Market Stats

4.22 CONFIDENTIAL

Prime Minister ②

MCS 23/2

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

**LABOUR MARKET INFORMATION AND ANALYSIS**

I have seen a copy of the minute to you of 11 February from the Secretary of State for Employment, setting out proposals for a continuous labour market survey and an extension of his Department's labour market research task.

2. Officials here have also been expressing disquiet for some time about deficiencies in the information relating to the labour market and therefore there is a general welcome for these proposals.

3. I am glad that Norman Tebbit is proposing a lower public profile for labour market research rather than centring it on a new research unit which would have been considerably more expensive to operate. I understand that the manpower implications of his proposals are minimal and the extra costs will amount to about £0.88 million. He has suggested that we should defer consideration of this until PES, but I don't think that is satisfactory. Given the relatively small sums involved it should be possible to absorb both the additional cost and manpower requirements within the Department's existing planned resources. On condition that that is done, I am content with what Norman proposes.

4. I am sending copies of this minute to the Home Secretary, the Secretaries of State for Employment, Industry and for Social Services and to Mr Sparrow, Mr Mount and Sir Robert Armstrong.

(G.H.)

21 February 1983

Manpower: Nov 82
Labour Market Stats.

22 FEB 1983

Manpower: Labour Market Stats: Nov 1982

CCF.M

Prime Minister ②

To note.

MES 18/2

PRIME MINISTER

LABOUR MARKET INFORMATION AND ANALYSIS

mtg. 07 23/12

1 I was asked to consider, in consultation with your Policy Unit, whether there should be more research into the labour market. I attach a report by officials prepared in consultation with Ferdinand Mount.

2 I have myself discussed the matter with Ferdinand and think we should accept all the recommendations in paragraph 19 of the report. A continuous labour force survey will provide much more timely information about important features of the labour market (eg self-employment, activity rates, the generation of new jobs particularly in the service sector) and fill other gaps in the information now available. The gross extra cost would be about £1.2 million. But as we are in any case likely to be faced with finding an extra £0.7 million for an annual survey to meet new EC requirements next year, the further additional costs of a continuous survey would be £0.5 million. My Department is saving £6 million on a statistical budget of £16 million and I think these additional costs can be fully justified. With an increased contribution from the EC itself, the possibility of further small savings in my statistical budget and likely contributions from other Departments for specific information they need, the net additional cost on my Department's Vote is likely to be no more than £0.75 million beginning in 1984/85. This will be dealt with in the PES later this year.

3 The recommendations (also in paragraph 19) on the conduct of labour market research by my Department will extend the range of the research somewhat and ensure the involvement of others concerned in Whitehall and the provision to them of a useful service of research and analytical surveys. The gross extra cost will be around £200,000, but some will be absorbed in my research budget and the net additional charge to my Department's

SECRETARY OF STATE FOR EMPLOYMENT

Vote is likely to be about £130,000 beginning in 1983-84, when I am confident that I can meet it from within existing provision.

4 I do not favour a high public profile for labour market research, and particularly not centring it on a new research Unit which in any case is operationally unnecessary to achieve our purpose. I propose, however, to arrange for my Department to convene regularly (say three or four times a year) an informal group of people interested in labour market problems (drawn from Whitehall, business and academic life) for discussion of and consultation on research in this area. I believe this could help to secure the benefits that Ferdinand Mount originally saw in an independent Unit - greater freshness of vision and width of perspective - without the overriding disadvantages.

5 I am sending copies of this minute and enclosure to the Home Secretary, the Chancellor, the Secretaries of State for Industry and for Social Services and to Mr Sparrow, Mr Mount and Sir Robert Armstrong.

NT

N T

11 February 1983

## INFORMATION AND ANALYSIS OF THE LABOUR MARKET

Note by Officials

The Secretary of State for Employment was asked to consider further, in consultation with No 10 Policy Unit, whether there should be more research into the labour market, in the light of a more precise definition of the matters to be studied and their cost.

2. This note considers the need for further information and analysis, the scope for undertaking it under existing arrangements and the alternative of setting up a special Unit for this purpose. It has been prepared in consultation with the No 10 Policy Unit, the Treasury, the Central Statistical Office, DI, DHSS, CPRS and the MSC.

### NEED FOR FURTHER INFORMATION AND ANALYSIS

3. Surveys conducted by the Department of Employment have recently revealed - and for the moment helped to remedy - deficiencies in current statistics of the total labour force and its major components. There is clearly a case for conducting such surveys more frequently and the DE are considering an increase in the frequency of the (at present biennial) labour force survey which would meet this and other needs. The gross extra cost of a continuous survey would be about £1.2 million, but this would be nearly halved when account is taken of an increased EC contribution and further savings from DE and elsewhere.

4. There is no clear case for increasing the frequency of other statistical surveys of the labour market or for adding to their number. There are gaps in information about training but these are best filled on a local, rather than a national basis, and the MSC have well-advanced plans to do so. Additional requirements for national statistics which might be needed from time to time could be made good by adding questions to existing surveys, or by other means including special cross-sectional surveys.

5. Economic research into the labour market has been growing and the amount is now very large, emanating from a multiplicity of separate bodies. We refer below to the research conducted by the DE and by the MSC at an annual cost of around £1.2 million and we estimate that the SSRC also deploys some £300,000 of its annual budget on such inquiries.

6. The No 10 Policy Unit sees a need for further work in two respects:

(a) for someone to gather together and analyse all the existing information and to draw out its implications for policy makers and

(b) for further work to be done on the interdependence of the labour market with other markets, particularly financial markets. They believe that

/economists

economists and other professionals from the City and industry could make a contribution to this.

The No 10 Policy Unit has proposed the setting up of an Employment Market Research Unit to undertake this work and the proposal is set out in fuller detail in the Annex.

7. We consider, first, the existing arrangements within Government for undertaking and analysing labour market research for policy purposes; and secondly, the case for establishing a new labour market research institution

EXISTING ARRANGEMENTS

8. The additional statistical information referred to in paragraphs 3-4 above can be handled under the existing arrangements in DE and MSC and no organisational changes would be needed.

9. Monitoring and analysis of labour market research is at present undertaken by the Economic and Social Division within DE. That Division

(a) monitors relevant outside research and produces critical summaries of relevant research on an ad hoc basis. These normally go to policy divisions within DE but occasionally get a wider circulation;

(b) undertakes research work using its own staff and manages a programme of external research (the content of which is subject to Ministerial approval) with a budget of about £500,000 a year. The content of the research programme is determined after extensive consideration of the DE policy needs for the research.

(c) arranges for the results of most of the internal research work and virtually all the externally commissioned work to be published in full. Summaries appear in the DE Employment Gazette.

10. The DE research is coordinated with a major research programme conducted by the MSC and costing about £700,000 a year. This includes research into unemployment, the future structure of the labour force, technology and its effect on employment, the problems of special groups in the labour force and training needs in particular industries and occupations. The results are fed directly into MSC policy and programme development and are also published and disseminated within Government.

11. These DE/MSC research activities are extensive but have a low profile. In particular the Economic and Social Division has not the same public recognition as achieved by the Department's Unit of Manpower Studies in the late 1960s. But there should be no difficulty in altering the arrangements in three ways to meet the stated requirements in paragraph 6 above if Ministers wished.

/12.

12. In the first place, the arrangements for inter-departmental consultation on the scope and content of the DE/MSC labour market research programme could be strengthened to provide better for the needs of policy makers outside the DE. At present the Treasury are sounded informally but the consultation could be widened to the No 10 Policy Unit, CPRS, DHSS, DES and DI, if they wish to participate in suggesting labour market matters to be researched.

13. Secondly, the output of research summaries for policy purposes could be substantially increased by addition of, say, two professionals (with clerical support) possibly recruited by secondment from outside the Government service. The cost would be around £100,000 a year. Brief surveys of research projects in progress or completed could be circulated interdepartmentally to those interested, and analytical conspectuses of work in particular fields could be supplied on request.

14. Thirdly, work on the interdependence of the labour market with other markets could be the subject of an external research project, managed by DE in consultation with other Departments and making use of a mixed team drawn from existing research centres. Some provision for collaborative work of this sort exists under the present DE/MSC contract with the Centre for Labour Economics, but additional financial provision for such a project might prove to be necessary - perhaps around £100,000 a year for, say, three years.

15. If a higher profile were thought to be required for the management of labour market research, the extra staff could be brought together with research staff within the Economic and Social Division (including the remnant of the Unit for Manpower Studies) and retitled the Employment Market Research Unit. There might be an extra staff cost (possibly £40,000) in the form of a Director of the Unit. A Steering Group under DE chairmanship and including the representatives of other interested Departments (and some outsiders) could be constituted.

THE ALTERNATIVE OF AN INDEPENDENT SPECIAL UNIT

16. An alternative proposal is for an employment market research unit established independently of the DE. A Unit operating independently of existing institutions with a staff of say, 5 well qualified professionals and provision for financing publications and commissioning external research might cost around £500,000 a year. This cost could be reduced by the part-time employment of teaching staff from existing academic institutions.

17. Possible advantages of a Unit independent of Government are that

(a) because of its separation from Departmental thinking, it might be more likely to cast fresh light on existing problems and draw the attention of policy-makers to new solutions.

/(b)

(b) it might study problems over a longer time-span than that of a single government whose requirements and research interests are likely to change quite frequently, according to immediate political requirements.

18. On the other hand, there are problems with a Unit independent of Government:

(a) there is no guarantee that it would do the work on policy matters that the Government requires and in the time required. So DE/MSC research programmes would have to continue for operational purposes.

(b) the presentation, timing and publication of the results of the Unit's research would be entirely outside Government control. Research in this area can be politically sensitive since labour market policies tend to be contentious. Potential embarrassments have arisen with the programme under DE control and the Government would just have to put up with them if the Unit were independent. The fact that it is financed by Government would of course add a cachet to the views that it propounds.

RECOMMENDED ACTION

19. Subject to the availability of resources of money and manpower, we recommend that:

(a) the DE should mount a continuous labour force survey to remedy the present deficiences in statistical information at a gross extra cost of about £1.2 million and a net cost of nearly half that figure (paragraph 3);

(b) existing arrangements should be adapted so as to provide for

(i) consultation with other departments on research into, and concerning, the labour market (paragraph 12);

(ii) the production of research surveys and analytical conspectuses for the use of policy-makers throughout Government (paragraph 13);

(iii) the preparation of research proposals concerning the interaction of the labour market with other markets with a view to incorporating an approved project within the DE/MSC research programme (paragraph 14).

The gross extra costs of these proposals would be around £200,000 and the net cost nearer £130,000.

20. On the question of establishing a special research Unit we consider that the advantages of a separate and independent Unit are outweighed by its disadvantages. The above recommendations should meet the substance of the No 10 Policy Unit proposals without requiring the formation of a separate Unit. But if Ministers attach importance to having a publicly visible and identifiable Unit, we recommend that such a Unit should be created within DE under the arrangements and with the possible extra £40,000 cost described in paragraph 15 above.

# PROPOSAL TO SET UP AN EMPLOYMENT MARKET RESEARCH UNIT

## INTRODUCTION

1 The No 10 Policy Unit has proposed the setting up of an employment market research unit. This note describes the functions and objectives envisaged for the unit and discusses alternative ways in which it might be set up.

## FUNCTIONS AND OBJECTIVES

2 The unit would aim to:

(a) draw together and analyse available information about the labour market, including research results produced inside and outside government;

(b) concern itself in particular with the interdependences between the labour market and other markets, including financial markets;

(c) commission outside research work where appropriate;

(d) draw out the policy and other implications of its analyses;

(e) publish its findings; publish substantial conspectuses of information on particular aspects of the labour market; systemise the publication of other research results in the field; and

(f) by these and other means, establish itself as an authoritative and influential source of information and advice on labour market matters.

## RELATIONS WITH GOVERNMENT

3 The possibilities range from a unit which is seen to be firmly under Ministerial control and supervision to one whose constitution guarantees total freedom from Ministerial influence. An example of an intermediate option is the Home Office Research Unit which, though responsible to the Home Secretary, is generally regarded as having a measure of independence from Ministerial influence.

## RELATIONS WITH OTHER INSTITUTIONS AND WITH THE PUBLIC

4 If the unit were Government-funded but outside Government, it might aim either to compete with or complement SSRC-funded and other bodies, such as NIESR and the CLE. The size of its external research and publicity budgets would affect the extent to which it could sponsor and promote the work of other bodies. A range of choices would be available concerning the extent to which the unit should aim to influence academic thinking, policy-formation, and public opinion.

## SIZE AND COMPOSITION

5 The unit is envisaged as having a small but highly respected and qualified staff including economists and statisticians from within DE together with business and labour economists from outside. Its full composition would, however, depend upon the balance of the activities which it would be expected to undertake. It would be set up in the first place for a period of 5 years.

CONFIDENTIAL

22 December 1982

Policy Unit

Prime Minister

May well be raised at tomorrow's meeting — on employment measures.

MCS 22/12

PRIME MINISTER

THE LABOUR MARKET - INFORMATION AND ANALYSIS

We are on the defensive in the propaganda war about the "true size" of unemployment and about the "de-industrialisation of Britain". We must accordingly show a serious determination to find out everything possible about unemployment (a) to counter accusations of a cover-up; (b) to unearth positive information about the growth industries and services, about the self-employed and about the black economy - all of which give a rather less gloomy picture.

You and Norman Tebbit authorised me to explore the idea of an Employment Market Research Unit. After discussions with the Department of Employment, the CBI and others, I think the following points worth considering:

(1) Our information about the labour market is woefully defective. The statisticians at the Department of Employment point out that our quarterly estimates of employees in employment became 500,000 too low during the three year interval between the 1978 and 1981 Census of Employment. Our figures for self-employed showed a previously unrecorded increase of 250,000. The same census revealed that the 'true' count of unemployment was much the same as the published figure, contrary to the claims of our critics.

The statisticians would like to run a quarterly continuously revolving survey of the labour force to improve the quality of our information and supplement the results of a census every two or three years. The European Community is likely to require an annual survey of the sort by 1984.

We could make a virtue of necessity by embracing the quarterly survey which will bring us the best possible information. It will cost £1.6 million as opposed to the present cost of £0.6m. But the statistical division has already saved £5-6 million out of its total Budget of £16-17 million as a result of Rayner recommendations and reckons to offset half the extra £1m by further savings. Rayner recommended that the DE adopt the quarterly survey.

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(2) Analysis I think we need an Employment Market Research Unit to gather together and analyse all the information available about the labour market: sectoral inflows and outflows, labour costs, skill shortages, wage drift and so on. Various institutions - MSC, LSE, Sussex, Warwick, Policy Studies Institute, Henley Centre and so on - do individual studies on an ad hoc basis. But a central government-financed research unit could pull the material together and draw out implications for policy-makers.

It need not be a huge and costly affair - say two or three statisticians and economists from inside the Department and four or five business and labour economists from outside, on secondment for a 5-year period, with an outside chairman.

That would not be excessive for a proper study of some of the most dramatic changes in the labour market since the Industrial Revolution.

Conclusion

I suggest that the Employment Secretary might see whether it would be practicable to include in any announcement about unemployment a "research package" of:

(i) a commitment to a quarterly survey of the labour market;

(ii) the establishment of an Employment Market Research Unit.

I am sending a copy of this note to all those attending the 23 December meeting.

FM

FERDINAND MOUNT

CONFIDENTIAL

Manpower

PM

File

MR MOUNT

LABOUR MARKET STATISTICS

The Prime Minister has agreed to your discussing with Mr Tebbit the idea of an Employment Market Research Unit, as you propose in your minute of 10 November.

M. C. SCHOLAR

12 November, 1982

CONFIDENTIAL

10 November 1982
POLICY UNIT

PRIME MINISTER

LABOUR MARKET STATISTICS

Prime Minister (1)
Agree to Ferdy discussing with Mr Tebbit?
Yes

MCS 10/11

We have found when discussing speeches and other things that the Department of Employment is sadly short of information about the labour market.

At worst, its statistics provide only a crude measure of unemployment. At best, its information about flows in and out of employment and about sectoral growth and decline are patchy. There is no systematic analysis of the barriers to employment and little effort at detailed international comparisons of labour markets, even in the Employment Gazette which does its best.

This is a handicap in political argument. It is also an obstacle to the rational discussion of policy options.

A discussion with Alan Walters, David Wolfson, Alfred Sherman, Ron Fowler (formerly Chief Statistician at the DE) and others, produced the idea that we should approach Norman Tebbit to ask if he would be agreeable to set up or financially support an Employment Market Research Unit - dominated by outsiders such as labour economists (Alan has several names in mind) and people from City and industrial research organisations - to provide an improved system of information about the labour market. I think the exercise would be of benefit to all future governments - including yours.

Meanwhile, quite separately, Alfred intends to set up CPS studies on obstacles to employment.

If the idea of an Employment Market Research Unit appeals to you, would you like me to discuss it with Norman? Or would you prefer to do so yourself?

FM

10 November 1982

FERDINAND MOUNT

CONFIDENTIAL


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