



Department
for Business
Innovation & Skills

BIS PERFORMANCE INDICATORS

Private sector share of
population aged 16- 64 and
those over 64 in the labour
market

FEBRUARY 2015

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Indicator definition

As part of the Departmental Business Plan to support the Government's agenda to rebalance the economy across sectors and regions, the Department for Business, Innovation and Skills (BIS) developed an indicator to monitor private sector employment growth in England. This indicator forms part of the performance framework for assessing the impact of the Department's policies and reforms. The indicator shows whether, over time, there has been a rebalancing between public and private sector employment and how this rebalancing varies by region. Data for the indicator are published quarterly¹.

The indicator is formulated as:

Private sector employment (16+) * 100

Private and public sector employment (16+) + Unemployment (16+) + Inactivity (16-64)

In addition to the Indicator, the share of private sector employment and the level of private and public sector employment, unemployment and inactivity are published.

BIS are monitoring the four quarter change in the indicators for two regional groupings in England:

- London, South East and East (Greater South East)
- Rest of England (Rest of England)

The two English groups have been selected to minimise the commuting effect caused by high commuting flows between London, South East and East.

Indicators, workplace employment data, unemployment and inactivity data are also being published for each English region and England.

There are some limitations and caveats that should be understood before the data are used. Full details on the limitations and caveats of these estimates can be found in User guide, Technical Annex and the Statistical First Release available from the link given below.

It is worth noting that a technical change has been made to this indicator since it was first announced to better represent rebalancing of the economy. BIS commissioned

¹ <https://www.gov.uk/government/collections/private-sector-employment-indicator>

the Office for National Statistics (ONS) to undertake methodological work on the precision of the indicator to allow statistically significant changes to be highlighted.

Why is this indicator important?

The Local Growth White Paper (*Local Growth: Realising Every Place's Potential*) recognised that “*over the last decade [to 2010] the UK's economy became unbalanced and too reliant on public spending, unsustainable levels of debt and on one sector of the economy. Too many parts of the country became over-dependent on the public sector. For economic growth to be sustainable in the medium term, it must be based on private sector investment and enterprise.*”

Regional variation is not simply due to the concentration of public sector jobs in particular regions, but also because the regional distribution of jobs created by the private sector has not been balanced. In particular, the Greater South East has benefited greatly from private sector job creation. The indicator shows whether, over time, dependency on the public sector for employment is reducing and how this rebalancing varies by region. Data for the indicator are published quarterly².

How are we performing?

Data released in February 2015¹ suggested that progress has been made with the Indicator for England reaching its highest Quarter 3 level since the series began in 2008; record Quarter 3 levels were also seen in 6 of the 9 regions. For August 2014 to October 2014 (Quarter 3 2014), the proportion of the population aged from 16 to 64 or in employment and aged over 65 who were working in the private sector (the Private Sector Employment Indicator) in England was 61.7 per cent. The indicator was up 0.3 percentage points from Q2 (May to July 2014) and up 1.5 percentage points from a year earlier.

¹ <https://www.gov.uk/government/collections/private-sector-employment-indicator>

Latest data

Private Sector Employment Indicator, England and English regions, Q3 2014			
	Indicator	Quarterly	Annual
	(%)	change(ppts)	change(ppts)
England	61.7	0.3	1.5
Greater South East	64.1	0.1	1.1
Rest of England	59.7	0.5	1.8
North East	54.8	0.9	2.3
North West	58.2	0.6	1.6
Yorkshire & the Humber	59.2	0.6	1.7
East Midlands	61.8	0.7	1.7
West Midlands	58.3	0.0	1.1
East of England	64.1	0.0	0.3
London	63.7	0.0	1.7
South East	64.7	0.0	0.7
South West	64.5	0.4	2.8

Source : BIS, Private Sector Employment Indicator

The interpretation of the values is:

Level – a higher level represents greater private sector employment compared to the total labour force

Change – the higher the change, the greater the shift to private sector employment since Quarter 3 2012. Figures in bold represent statistically significant changes.

What will influence this indicator?

This indicator will measure whether increases in jobs in the private sector compensate for the decline in the number of people employed in the public sector. The growth in private sector jobs will be the key influence on this indicator. However, an increase in the indicator does not necessarily imply improved labour market conditions. For example falling public sector employment is one of the factors that can drive a rise in the indicator. We recommend users read the figures for indicators together with underlying components defining the indicator. The accompanying Statistical Release referred to above also explains the underlying causes for a change in the indicator.

What is BIS's role?

BIS has a responsibility for fostering the conditions for growth and rebalancing throughout England.

BIS influences sub-national growth by supporting Local Enterprise Partnerships (LEPs). LEPs, which are led by local authorities and businesses, provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. LEPs are encouraged to consider transport, housing, planning and business support as part of an integrated approach to local growth and infrastructure delivery. Government provides LEPs with a range of tools to support this objective – such as Growth Deals, Enterprise Zones and Growing Places Fund.

Policies such as the Regional Growth Fund are also in place to assist areas with high concentration of public sector jobs, providing support for projects and programme to promote private sector growth.

Policies such as the Regional Growth Fund are also in place to help those areas most affected by public sector cuts. This fund is targeted at those areas and communities currently dependent on the public sector and provides support for projects and programmes that exploit private sector investment to promote private sector growth.

Further Information

[ONS Public Sector Employment Release](#)²

[ONS Labour Force Survey Release](#)³

Who are our partners?

[Local Enterprise Partnerships](#)⁴

Related indicators

[Offers made from the Regional Growth Fund](#)⁵

² <http://www.ons.gov.uk/ons/rel/pse/public-sector-employment>

³ <http://www.ons.gov.uk/ons/rel/subnational-labour/regional-labour-market-statistics>

⁴ <http://www.lepnetwork.org.uk/>

⁵ <http://www.bis.gov.uk/about/performance-reports/performance-indicators/offers-from-regional-growth-fund>

Status

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