



## Private Sector Employment Indicator, Quarter 1 2015 (February 2015 to April 2015)

### 1. Introduction

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. The indicator:

- forms part of the [performance framework](#) for assessing the impact of the Department's policies and reforms; and.
- shows whether, over time, dependency on the private sector for employment is increasing and how this rebalancing varies by region<sup>1</sup>.

Since 2008, a number of bodies employing large numbers of people have moved between the public and private sectors. The aim of the Private Sector Employment Indicator (PSEI) is to monitor the underlying growth in private sector employment excluding the effects of these major reclassifications, so this publication classifies the employment of bodies subject to major reclassifications over the series as private sector for the entire reporting period<sup>2</sup>.

The figures published in this release are seasonally adjusted unless otherwise stated.

### 2. Key Points

For February to April 2015 (Quarter 1 2015):

- 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 62.3%. The indicator was up 0.3 percentage points from Q4

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<sup>1</sup> BIS monitors the change in the indicator and its components of Private Sector and Public Sector Employment for England and the two regional groupings of the Greater South East (London, South East and East) and the Rest of England (North, Midlands and West); data are also published for all English regions.

<sup>2</sup> See the Reclassifications section of the Background Note on page 14 for more details.

2014 (November 2014 to January 2015) and up 1.0 percentage points from a year earlier;

- Sub-nationally, the Private Sector Employment Indicator for the Greater South East (London, South East and East) stayed constant since Q4 2014 at 64.5%. This was underpinned by a decrease in London of 0.2 percentage points to 64.0%, and small increases in the East of England and South East (up 0.2 and 0.3 percentage points respectively);
- The indicator for the Rest of England was 60.6%, an increase of 0.3 percentage points from Q4 2014. This increase in the Rest of England is mainly due to an increase of 0.5 percentage points in the North West; however there were small quarter-on-quarter decreases in the North East and Yorkshire and Humber (falls of 0.2 and 0.3, respectively);
- The Private Sector Employment Indicator increased in six out of the nine English regions on the previous quarter, and it was above the Quarter 1 (February – April) 2008 levels in all regions except the South East.

**Table 1: Private Sector Employment Indicator, England and English regions, Q1 2015**

	Indicator	Quarterly change(ppts)	Annual change(ppts)
England	62.3	0.3	<b>1.0</b>
Greater South East	64.5	0.0	0.6
Rest of England	60.6	0.3	<b>1.2</b>
North East	55.4	-0.2	0.8
North West	59.7	0.5	<b>2.2</b>
Yorkshire & the Humber	59.2	-0.3	0.2
East Midlands	62.3	0.3	1.5
West Midlands	59.4	0.0	1.2
East of England	64.2	0.2	0.7
London	64.0	-0.2	0.6
South East	65.2	0.3	0.6
South West	65.6	1.1	1.3

#### Notes

1. Since yearly data remove seasonal effect, in Table 1, the significant changes are based on a 95% confidence level on non-seasonally adjusted data. Significant changes are highlighted in bold font.
2. Greater South East includes London, South East and East of England.
3. The Rest of England includes North East, North West, Yorkshire and the Humber, East Midlands, West Midlands and South West.
4. Quarter 1 corresponds to February – April, Quarter 2 corresponds to May – July, Quarter 3 corresponds to August - October, and Quarter 4 corresponds to November – January.

### 3. England and Sub-National indicator

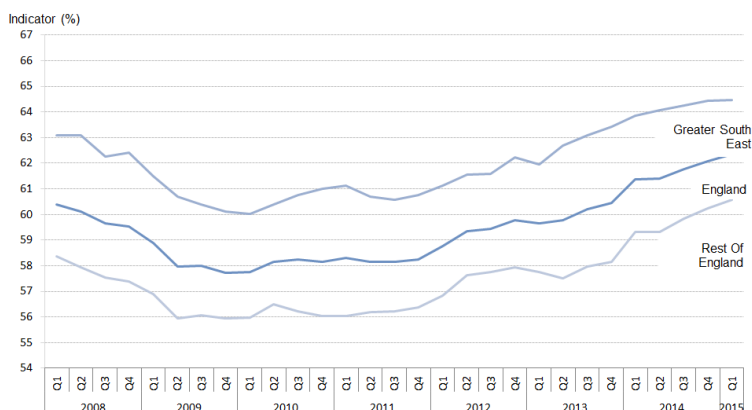
The indicator in England increased by percentage points on the same quarter a year ago, to 62.3%. This increase was a result of rising private sector employment (+440 thousand), declining public sector employment (-34 thousand), unemployment (-323 thousand) and inactivity (+81 thousand). The number of people in private sector employment reached an estimated 21.8 million, the highest recorded level of employment since the series for England began in 2008.

The indicator for England was up 0.3 percentage points on the previous quarter. Private sector employment increased by 10 thousand, while public sector employment was 6 thousand lower than the previous quarter.

The indicator for the Greater South East reached 64.5%, a rise of 0.6 percentage points on the same quarter a year ago and unchanged from the previous quarter. There were an estimated 11.7 million people employed in the Greater South East, of which the private sector employed 9.9 million. Since Q1 2014, employment in the private sector rose by 112 thousand and in the public sector fell by 1 thousand. Over the same period, unemployment fell by 127 thousand and inactivity rose by 46 thousand.

The indicator for the Rest of England increased to 60.6%, an increase of 1.2 percentage points on the same period a year ago, and of 0.3 percentage points on the previous quarter. Employment in the Rest of England stood at 14.3 million for Q1 2015, of which the private sector employed an estimated 11.8 million people. Since the Q1 2014, private sector employment rose (+328 thousand) whilst public sector employment declined (-33 thousand). Over the same period unemployment fell (-195 thousand) and Inactivity rose (+35 thousand). The difference between the Greater South East and Rest of England indicator is it at its smallest for two years (3.9 percentage points).

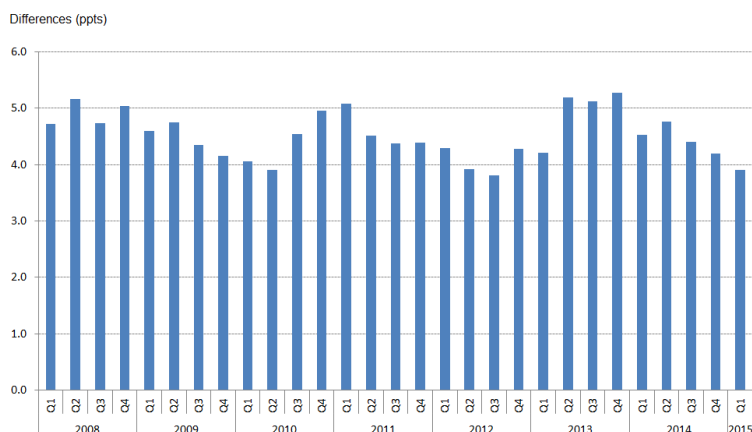
**Figure 1: Private Sector Employment Indicator, England, Greater South East and Rest of England, Quarter 1 2008 to Quarter 1 2015, seasonally adjusted**



**Notes:**

1. Workplace based employment includes both part-time and full-time employment and self-employment. It excludes those working outside of the UK and some respondents who do not give a region of workplace.
2. Unemployment and inactivity are residence based.
3. Greater South East includes London, South East and East of England.
4. The Rest of England includes North East, North West, Yorkshire and the Humber, East Midlands, West Midlands and South West. Quarter 1 corresponds to February – April, Quarter 3 corresponds to May – July, Quarter 4 corresponds to August - October, and Quarter 4 corresponds to November – January.

**Figure 2: Private Sector Employment Indicator, differences between Greater South East and Rest of England, Quarter 1 2008 to Quarter 1 2015, seasonally adjusted**



**Notes**

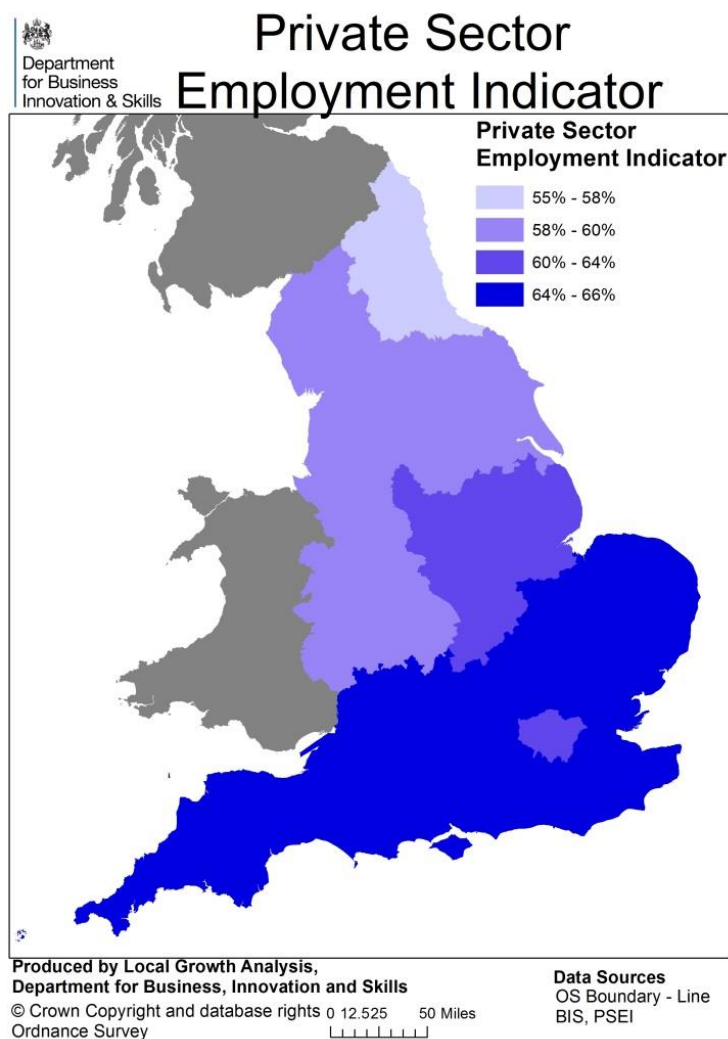
1. A positive value indicates that the Greater South East value is greater than that of the Rest of England.
2. Employment is workplace based, and includes both part-time and full-time employment and self-employment. It excludes those working outside of the UK and some respondents who do not give a region of workplace.
3. Unemployment and inactivity are residence based.
4. Greater South East consists of London, South East and East of England.
5. The Rest of England includes North East, North West, Yorkshire and the Humber, East Midlands, West Midlands and South West.
6. Quarter 1 corresponds to February – April, Quarter 2 corresponds to May – July, Quarter 3 corresponds to August - October, and Quarter 4 corresponds to November – January.

**4. English Regions indicator**

From Quarter 4 2014 to Quarter 1 2015, the indicator increased in six out of the nine English regions. The largest increases were in the North West (0.5 percentage points), East Midlands and South East (both 0.3 percentage points). Yorkshire & Humber experienced a slight decrease of 0.3 percentage points, and the North East and London both experienced falls of 0.2 percentage points.

Between Quarter 1 2014 and Quarter 1 2015, the indicator only increased significantly in the North West. The largest increases were in the North West and East Midlands; up by 2.2 and 1.5 percentage points, respectively. The indicator reached or surpassed, the Quarter 1 2008 indicator level all English regions with the exception of the South East.

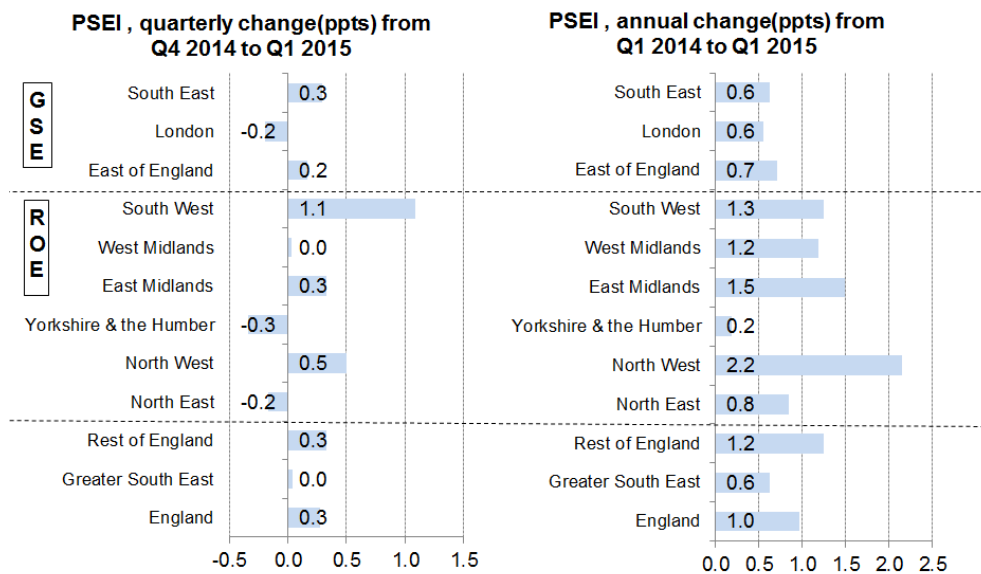
**Figure 3: Private Sector Employment Indicator, English regions, Quarter 1 2015, Non-seasonally adjusted**



Comparing the indicator for the regions within the Greater South East (London, South East and East), London has consistently been the lowest, and the South East has consistently been the highest. During 2012 there was convergence between the three regions, partly driven by rapid increases in the indicator in London. This trend continued into 2015, although London fell away slightly in Q1 2015.

There have been some signs of convergence between the regions within the Rest of England, with the gap between the top performing region (South West) and worst performing (North East) narrowing. Over the length of the series, the South West and the East Midlands have had the highest indicator values of regions in the Rest of England; in contrast the North East has had the lowest indicator values.

**Figure 4: Private Sector Employment Indicator Quarterly and Annual Changes, England and English regions, Quarter 1 2015, seasonally adjusted**



**Notes**

1. GSE = Greater South East; ROE = Rest of England
2. Workplace based employment includes both part-time and full-time employment and self-employment. It excludes those working outside of the UK and some respondents who do not give a region of workplace.
3. Unemployment and inactivity are residence based.
4. Greater South East includes London, South East and East of England.
5. The Rest of England includes North East, North West, Yorkshire and the Humber, East Midlands, West Midlands and South West.

## 5. Economic Context in Quarter 1 2015

This section provides contextual information on economic performance over Quarter 1 2015 (February to April 2015) and in the preceding months to help the user to interpret the statistics.

Official statistics indicate an improving outlook for the economy.

GDP in volume terms increased by 0.3% in Quarter 1 (Jan to Mar) 2015 and by 2.4% when compared to the corresponding quarter of the previous year. GDP, between 2013 and 2014, increased by 2.8%; this was the highest annual rate of growth since 2006, when there was an increase of 3.0%.<sup>3</sup>

The Consumer Prices Index (CPI) rose by 0.1% in the year to May 2015, compared with a 0.1% fall in the year to April. The largest upward contribution to the change came from transport services, notably air fares with the timing of Easter in April a likely factor in the movement. There were also significant upward effects from food and motor fuels.<sup>4</sup>

Comparing February to April 2015 with the 3 months to January 2015, the number of people in employment increased by 114,000 (to reach 31.05 million), the number of unemployed people fell by 43,000 (to reach 1.81 million) and the number of people not in the labour force (economically inactive) aged from 16 to 64 fell by 10,000 (to reach 9.02 million). The proportion of the economically active population who were unemployed (the unemployment rate) was 5.5%, lower than for the 3 months to January 2015 (5.7%) and for a year earlier (6.6%). Economically active people are those in work plus those seeking and available to work.<sup>5</sup>

Continuing a sustained period of year-on-year growth, the volume of retail sales in May 2015 are estimated to have increased by 4.6% compared with May 2014. This was the 26th consecutive month of year-on-year growth, the longest period of sustained growth since May 2008 when there were 31 periods of growth. The underlying pattern in the data, as suggested by the 3 month on 3 month movement in the quantity bought, continued to show growth for the 27th consecutive month, increasing by 0.6%. This is the longest period of sustained growth since consistent records began in June 1996.<sup>6</sup>

Total production output is estimated to have increased by 1.2% in April 2015 compared with April 2014. There were increases in all 4 main sectors, with the largest contribution coming from mining & quarrying, which increased by 6.2%. Manufacturing output increased by 0.2% in April 2015 compared with April 2014. The largest contribution to the increase came from the manufacture of transport equipment.<sup>7</sup>

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<sup>3</sup> <http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q1-2015/sum.html>

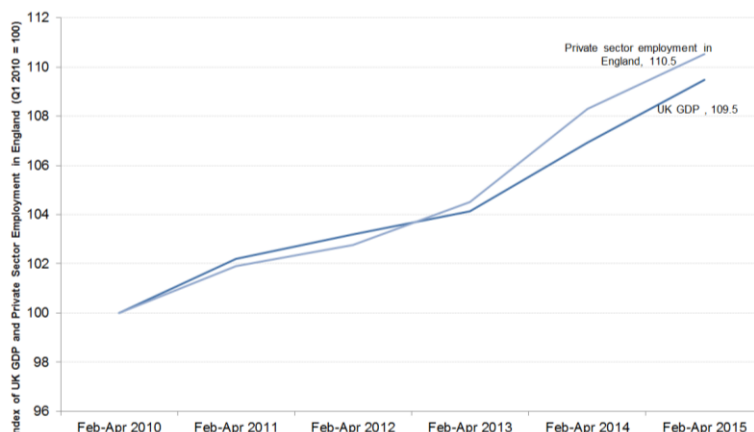
<sup>4</sup> <http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/may-2015/index.html>

<sup>5</sup> <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/june-2015/statistical-bulletin.html#tab-Main-points-for-February-to-April-2015>

<sup>6</sup> <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/may-2015/index.html>

<sup>7</sup> <http://www.ons.gov.uk/ons/rel/iop/index-of-production/april-2015/stb-iop-april-2015.html>

**Figure 5: Index showing growth in private sector employment in England and real growth in UK Gross Domestic Product, Quarter 4 2008 to Quarter 1 2015**

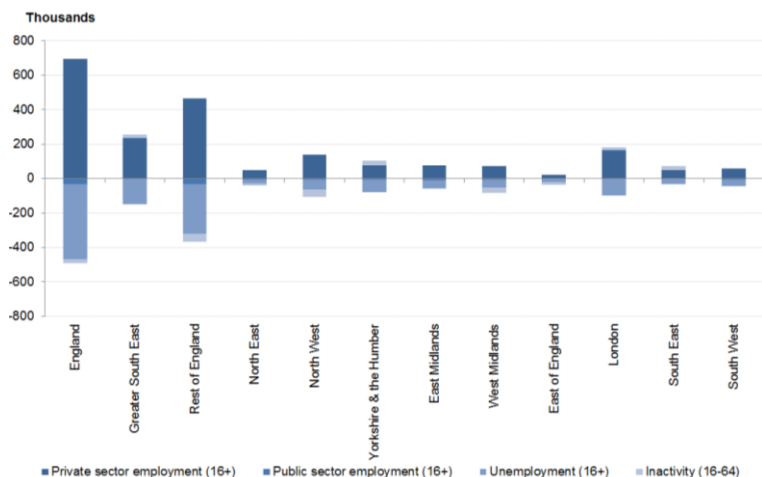


Sources: Quarterly ABMI GDP series and private sector employment, ONS

### Notes

1. Data are indexed to Quarter 1 2010.
2. The time periods of the two data series are slightly different: GDP data are based on calendar quarters, while employment data relates to the following periods: Quarter 1 (Feb to April), Quarter 2 (May to July), Quarter 3 (Aug to Oct) and Quarter 4 (Nov to Jan).
3. GDP data are for the UK rather than England. However, England accounts for the majority of the UK's economy – ONS' Regional Accounts indicate that England accounted for 84.8 % of the UK's Gross Value Added in 2012.
4. ONS GDP chained volume measure ABMI series.

**Figure 6: Annual Changes in Employment, Unemployment and Inactivity by regions, Quarter 1 2015, not seasonally adjusted**



### Notes

1. Changes are relative to the same quarter in the previous year.
2. Employment is workplace based, and includes both part-time and full-time employment and self-employment. It excludes those working outside of the UK and some respondents who do not give a region of workplace.
3. Unemployment and inactivity are residence based.
4. Greater South East includes London, South East and East of England.
5. The Rest of England includes North East, North West, Yorkshire and the Humber, East Midlands, West Midlands and South West.



**Table 2: Employment, unemployment and inactivity, Non-seasonally Adjusted, Quarter 1 2015**

	Private Sector Employment Indicator				Private sector employment (16+)			Public sector employment (16+)		Unemployment (16+)		Inactivity (16-64)		Total	
	Indicator	95% CI	Change <sup>1</sup>	95% CI	Level	Change <sup>1</sup>	95% CI <sup>2</sup>	Level	Change <sup>1</sup>	Level	Change <sup>1</sup>	Level	Change <sup>1</sup>	Level	Change <sup>1</sup>
		(ppts) <sup>2</sup>	(PPTs)	(ppts) <sup>2</sup>											
England	62.1	0.4	<b>1.0</b>	0.6	21,752	<b>440</b>	204	4,221	-34	1,463	-323	7,619	81	35,055	164
London, South East & East (GSE)	64.3	0.6	0.6	0.9	9,927	112	137	1,732	-1	589	-127	3,191	46	15,440	29
Rest of England (RoE)	60.3	0.5	<b>1.3</b>	0.8	11,824	<b>328</b>	151	2,489	-33	874	-195	4,427	35	19,615	135
North East	55.2	1.9	0.8	2.6	919	<b>32</b>	44	232	-6	95	-31	419	38	1,664	33
North West	59.5	1.1	<b>2.2</b>	1.6	2,741	<b>111</b>	72	587	-7	201	-62	1,077	-24	4,606	18
Yorkshire & the Humber	58.6	1.3	0.2	1.8	2,030	30	61	461	-5	179	-28	792	44	3,462	41
East Midlands	62.0	1.4	1.5	2.0	1,769	<b>59</b>	56	333	-8	111	-27	639	2	2,851	26
West Midlands	59.2	1.4	1.2	1.8	2,135	<b>53</b>	66	441	-3	173	-30	855	-2	3,605	18
East of England	64.0	1.2	0.7	1.8	2,269	-3	65	408	-4	131	-32	737	-4	3,545	-43
London	64.0	1.0	0.5	1.4	4,127	71	90	700	1	271	-61	1,354	46	6,451	56
South East	64.9	1.0	0.6	1.5	3,532	44	81	624	1	187	-34	1,101	5	5,443	16
South West	65.1	1.2	1.3	1.9	2,231	43	66	435	-4	115	-17	645	-22	3,427	-1

Sources: Labour Force Survey and Private Sector Employment (ONS), and Private Sector Employment Indicator (BIS)

**Notes**

1. Changes are relative to the same quarter in the previous year.
2. Significant changes are highlighted in bold and are based on a 95% confidence level. As an example, suppose the indicator in the North East increased by 2.4 ppts in Q3 2014 compared to Q3 2013. We can work out the CI at 95% level for the indicator change in the North East region as (-0.1ppts, 4.9ppts), where the lower limit = 2.4 - 2.5 = -0.1ppts, and the upper limit = 2.4 + 2.5 = 4.9ppts.
3. Employment is workplace based, and includes part-time and full-time employment and self-employment. It excludes those working outside of the UK and some respondents who do not give a region of workplace.
4. Unemployment and inactivity are residence based.
5. Greater South East includes London, South East and East of England.
6. The Rest of England includes North East, North West, Yorkshire and the Humber, East Midlands, West Midlands and South West.
7. Tables may not sum due to rounding.

## 6. Historical Analysis

All areas experienced a decline in the indicator between Q4 2008 and Q4 2009, mainly due to the impact of the 2008/09 recession. England and six of the nine regions began a sustained recovery in Q4 2009. This however began later in Yorkshire and the Humber, the East Midlands and the West Midlands. The indicator declined for five of the nine regions between Q4 2010 and Q4 2011 and then increased in all regions between Q1 2014 and Q1 2015.

The following gives a brief overview of the series from Q1 2010 to Q1 2015. All the comparisons are based on quarterly changes.

**England** – The indicator increased steadily between 2010 and 2013, with the exception of the period between May 2011 and July 2011 where the indicator fell by 0.2 percentage points and between February 2013 and April 2013 when it fell by 0.1 percentage points. The decrease between May 2011 and July 2011 was due to a decrease in the indicator for the West Midlands, South West and the Greater South East regions and the decrease between February 2013 and April 2013 was due to a decrease in four of the English regions. Q1 2015 (February 2015 to April 2015) was the 8<sup>th</sup> quarter of consecutive increases in the PSEI.

**Greater South East** – The indicator increased steadily between 2010 and 2013, with the exception of the two quarters between May 2011 and October 2011 where the indicator fell by a cumulative 0.5 percentage points, and the quarter between February and April 2013 where the indicator fell by 0.1 percentage points. All regions in the Greater South East declined between May 2011 and July 2011, while the decrease was only in the East of England between August 2011 and October 2011. Q1 2015 (February 2015 to April 2015) was the 8<sup>th</sup> quarter of consecutive increases in the PSEI.

**Rest of England** – The indicator increased steadily between 2010 and 2013, with the exception of the quarter between August 2010 and October 2010 where the indicator fell 0.3 percentage points and the two quarters between February 2013 and July 2013 where the indicator fell by a cumulative 0.4 percentage points. In the first of these periods only South West experienced an increase and in the second period only Yorkshire and the Humber did so. Q1 2015 (February 2015 to April 2015) was the 7<sup>th</sup> quarter of consecutive increases in the PSEI.

## 7. Background Note

### Official Statistics

This publication is produced by statisticians working in the Local Growth Analysis Team in the Department for Business, Innovation and Skills (BIS). These data are experimental official statistics working towards full compliance with the [Code of Practice for Official Statistics](#).

## Seasonal adjustment

All estimates discussed in this statistical release are seasonally adjusted except where otherwise stated. Like many economic indicators, the indicator is affected by factors that tend to occur at around the same time every year; for example school leavers entering the labour market in July and whether Easter falls in March or April. In order to compare movements other than annual changes in the indicator, such as since the previous quarter, the data are seasonally adjusted to remove the effects of seasonal factors and the arrangement of the calendar. Seasonal adjustment is performed quarterly and will be reviewed yearly, using the standard and widely used software X-12-ARIMA.

## Revisions Policy

It is BIS's policy to be open and transparent with users about the reasons for revisions and how they are handled.

Revisions will be mainly due to changes in methodologies and source data. The indicators are derived from surveys and administrative data sources. Changes to the underlying methods will cause revisions. These include changes in statistical methods, definitions, classifications and geographic coverage.

If revisions arising from changes to methodologies and source data are found to be insignificant, they will be published in the next planned publication. However, if these revisions are expected to have a large impact, then they will be introduced and published more quickly. A note will be added to the release to explain the revision and its impact.

Although robust procedures are in place to minimise errors in producing the statistics, errors may occasionally occur. When errors are found after the publication, their impact will be assessed. If these changes are significant, a correction notice will be issued as soon as practicable, while minor corrections will be included in the next planned release. In all cases a full explanation will be included as part of the next release.

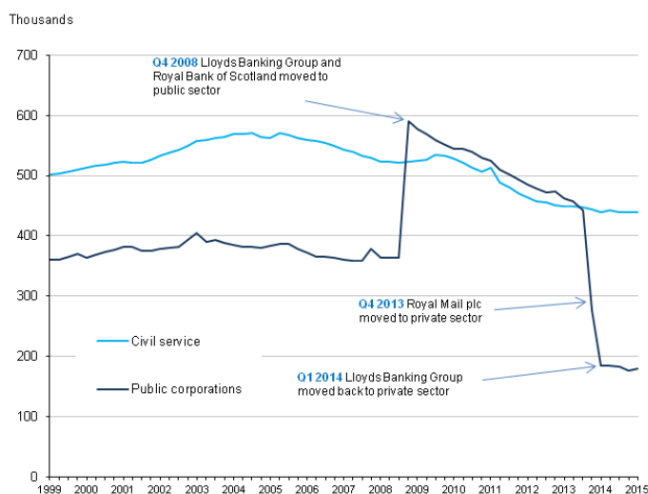
## Latest revisions

Public sector employment statistics have previously been published for all periods from 1999 up to and including Q4 2014. In line with the ONS [revisions policy for public sector employment statistics](#), the statistics have been revised, to take account of late information from respondents. However, the effect of the revision on the Quarter 4 2014 indicator (the most recent indicator published by BIS prior to this publication) is a decrease of less than 0.1 percentage points. The revision does not have a noticeable effect on any region.

## Reclassifications

Since 2008, a number of bodies employing large numbers of people have moved between the public and private sectors. The aim of the Private Sector Employment Indicator is to monitor the underlying growth in private sector employment excluding the effects of these major reclassifications, and so the methodology used in this publication classifies the employment of bodies subject to major reclassifications over the series as private sector for the entire reporting period.

**Figure 8: UK public sector employment in Civil Service and public corporations, Q1 1999 to Q1 2015, seasonally adjusted**



Source: Quarterly Public Sector Employment Survey - Office for National Statistics

The major reclassifications are as follows:

1. Further Education corporations and Sixth Form College corporations in England are included in the private sector from Q2 2012 but in the public sector for earlier time periods.
2. Royal Mail plc is included in the private sector from Q4 2013 but in the public sector for earlier time periods.
3. Lloyds Banking Group plc is included in the public sector from Q4 2008 to Q4 2013 but in the private sector for earlier and subsequent periods.
4. Royal Bank of Scotland plc is included in the public sector from Q4 2008 but in the private sector for earlier time periods.
5. Network Rail is included in the private sector before Q4 2002. From Q4 2002 onwards it is included in the public sector (except for the period from Q2 2003 to Q1 2004, when it is included in the private sector).
6. Northern Rock is included in the public sector from Q4 2007 until Q4 2011 but in the private sector for earlier and later time periods.
7. Bradford and Bingley is included in the public sector from Q3 2008 but in the private sector for earlier time periods.
8. English further education colleges and English sixth form college corporations classified to the public sector from 1993 to 31 March 2012. They are therefore included in public sector estimates from 1993 to Q1 2012, and to the private sector thereafter.

## Methodology

The Private Sector Employment Indicator is an experimental statistic that shows whether, over time, dependency on the private sector for employment is increasing and how this rebalancing varies by region and is published as a series of indices covering the English regions.

### Private Sector Employment Indicator Calculation

The indicator is formulated as follows:

Private sector employment (including employment in major bodies which have moved between private and public sectors) (Aged 16+) \*100

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

### Limitations of the methodology used

Though effort and care have been applied when developing an appropriate indicator, the method has limitations arising from underlying data sources and the definition used:

- Falling public sector employment is one of the factors that may cause a rise in the indicator, and therefore an increasing indicator does not necessarily reflect improved labour market conditions in all cases. Users should read the figures for the indicator together with underlying components. The statistical release will explain the underlying causes for a change in the indicator, highlighting any caveats.
- Whether a change is significant is determined by the magnitude of the change and the underlying sampling variances. The latter is also affected by the sample size. An area like England tends to have a large sample, leading to a relatively small sample variation compared to regions like North England. So a small change is more likely to be identified as significant compared to a region with a small sample size.

### Confidence interval method

Confidence intervals have been produced to allow significant changes in the indicator to be identified. Normally a 95% confidence interval would be used, which means that in 19 out of 20 different samples we would expect the true (population) level or rate considered to be within the 95% confidence interval for the sample estimate.

Having obtained a 95% confidence interval (CI) for a change in the indicator between two quarters, we can identify a significant difference by checking whether the confidence interval contains zero. A change will be regarded as a significant one if the value zero does not fall in the interval.

As an example, suppose the indicator in the North East increased by 3.5 ppts in Q4 2011 compared to Q4 2010. We can work out the CI at 95% level for the indicator change in the North East region as (0.5ppts, 6.1ppts), where the lower limit =  $3.5 - 2.6 = 0.5$ ppts, and the upper limit =  $3.5 + 2.6 = 6.1$ ppts. As the CI doesn't contain a zero, the change in the indicator

for the region compared to the same quarter a year ago is regarded as significant and shaded accordingly.

For more details, refer to the [user guide](#).

## Data sources

Data are published for England and each English region; however, changes in the indicator are also monitored for two regional groups in England:

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

The two English groups have been selected to minimise the distortions due to high levels of commuting between London, South East and East.

<p><b>Data sources</b></p>	<p>The indicator is compiled from a mix of administrative and survey data. The data time series start from Q1 2008.</p> <p>Public sector employment data are sourced from the administrative data that are used to compile the <a href="#">Public Sector Employment Statistics</a>. Estimates of private sector employment are derived as the difference between Labour Force Survey estimates of employment in the whole economy and the public sector estimates collected from public sector organisations. Both the private sector and public sector employment data are workplace based, providing a consistent basis for calculating the indicator.</p> <p>Unemployment and inactivity data are sourced from the ONS quarterly Labour Force Survey.</p> <p>To ensure that the data, as closely as possible, covers the same population:</p> <ul style="list-style-type: none"> <li>• Employment and unemployment figures are derived for all aged 16+.</li> <li>• Inactivity is limited to those aged 16 to 64 to exclude people who are over 64 and are inactive.</li> </ul> <p>This coverage means that changes in employment, unemployment and inactivity can be affected by migration; movements of 15 year olds into the work force (mainly in education and classified as inactive) and movements of those aged over 64 from employment or unemployment into inactivity.</p> <p>Private sector employment used for this publication includes both part-time and full-time employment and self-employment.</p>
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<p><b>Reference Period</b></p>	<p>To ensure the periods to which the data relate are as closely aligned as possible, the data used in this publication align as summarised below and in Table 4.</p> <ul style="list-style-type: none"> <li>Public Sector Employment (PSE) data are used for the months of March, June, September and December. Annual estimates use Q2 estimates in accordance with the producer’s estimates.</li> <li>Labour Force Survey (LFS) estimates for Total Workplace Employment, Unemployment and Inactivity are based on quarterly averages for the periods: February to April; May to July; August to October; and November to January. Annual estimates are based on 4 quarter averages.</li> </ul> <p><b>Table 3: Reference Period of Data Sources</b></p> <table border="1"> <thead> <tr> <th>Data Source</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>LFS</td> <td>Feb-Apr</td> <td>May-July</td> <td>Aug-Oct</td> <td>Nov- Jan (following year)</td> </tr> <tr> <td>PSE</td> <td>March</td> <td>June</td> <td>September</td> <td>December</td> </tr> </tbody> </table>	Data Source	Q1	Q2	Q3	Q4	LFS	Feb-Apr	May-July	Aug-Oct	Nov- Jan (following year)	PSE	March	June	September	December
Data Source	Q1	Q2	Q3	Q4												
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<p><b>Limitations of the data used</b></p>	<p>Public Sector Employment statistics are mainly derived from a census of public sector organisations, so are not subject to sampling errors. However there is a potential small amount of non-response error. The Labour Force Survey is a household survey with sampling errors. Confidence intervals for the indicators have been provided to enable significant changes to be identified given the methodology used to compile the data and the time period considered.</p> <p>More information on quality of the Public Sector Employment statistics and Labour Force Survey can be found at:</p> <p><a href="http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/labour-market/index.html">http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/labour-market/index.html</a></p> <p>There are some limitations that should be understood before the data are used.</p> <ul style="list-style-type: none"> <li>Employment and Public Sector Employment data used to derive the indicator are workplace based, whereas unemployment and inactivity data are residency based. Differences between regional workplace and residency based employment are more pronounced in some regions due to commuting and travel to work patterns. For example, many workers in London reside outside of London, giving rise to a high commuting flow between London and those regions. <b>Due to the different basis (workplace or residence), a loss of jobs in one region may lead to an increase in unemployment in another, as a person might reside in a different region from where they worked.</b></li> <li>Regional Workplace Employment is derived by ONS from the LFS and directly supplied to BIS each quarter. Private Workplace Employment is derived as the difference between Total Workplace Employment and Public Sector Employment. <b>Workplace based employment excludes those working</b></li> </ul>															



	<p><b>outside the UK and some respondents who do not give a workplace address.</b></p> <ul style="list-style-type: none"> <li>• Data can be affected by reclassifications of businesses from the public to the private sector. For example, the Royal Bank of Scotland and Lloyds Banking group were reclassified in October 2008 from the private to the public sector. This gave a small increase in the public sector employment compared to the period prior to the reclassification. These changes caused discontinuities in the time series. When large reclassifications occur these are highlighted in the footnotes accompanying the data.</li> </ul>
<b>Alternative data sources available</b>	<ul style="list-style-type: none"> <li>• Business Register Employment Survey, which provides annual estimates of regional private and public sector employment. This data are not suitable for regular monitoring as they are only available annually.</li> <li>• The Labour Market Statistics release provides quarterly estimates of employment in both the private and the public sectors, but this information is not available for UK countries or English regions.</li> </ul>

## About this publication

The publication is available through the BIS statistics website and the Publication Hub. Statistical First Releases, data tables and supporting documentation for the indicator can be found on the BIS website: <https://www.gov.uk/government/collections/private-sector-employment-indicator>

## Statistical contacts

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