



United Kingdom: Forecast highlights up to 2025

Between now and 2025:

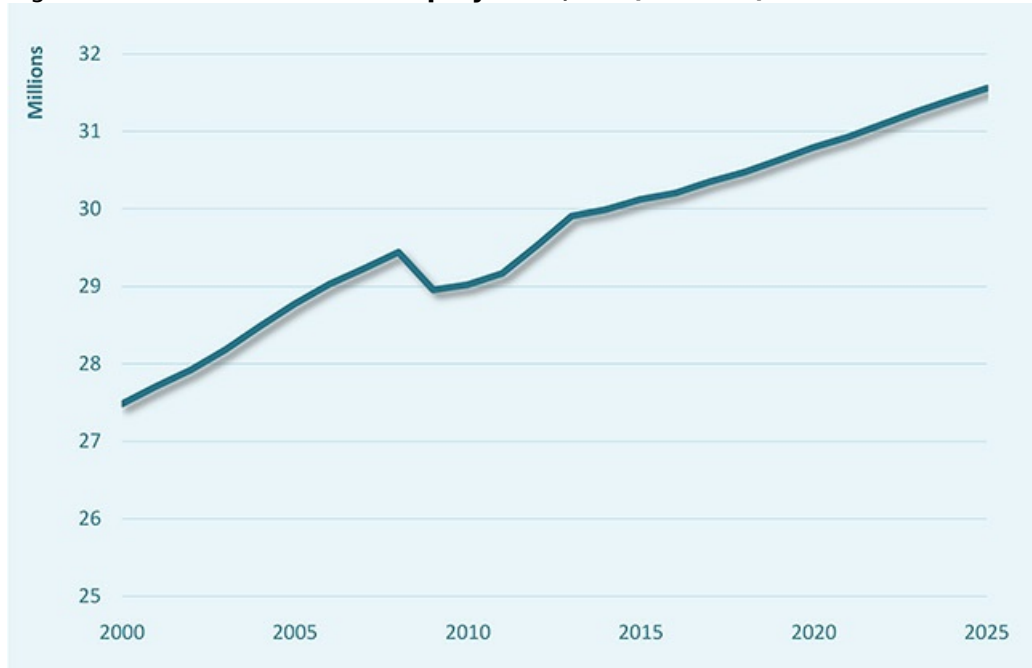
- Employment passed its 2008 pre-crisis level in 2013-14 and is forecast to continue to increase.
- Most employment growth will be in the construction, and business and other services.
- Most job opportunities, around 25%, will be for professionals.
- Around 49% of the labour force will have high-level qualifications about the same proportion as in 2013.

Following the economic crisis in 2008, the UK's GDP started to recover in 2011. In 2013, the UK's unemployment rate was 7.5%, well below the EU average of 11%. The European Commission forecasts GDP growth for the UK of around 2.7% in 2015 and 2.5 % in 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts ([see scenario assumptions](#)) economic growth is expected to have positive effects on job growth and employment in the UK, which passed its 2008 pre-crisis level in 2013-14. This is much faster than employment growth forecast for the EU as a whole, where average employment is expected to reach its pre-crisis level in 2020.

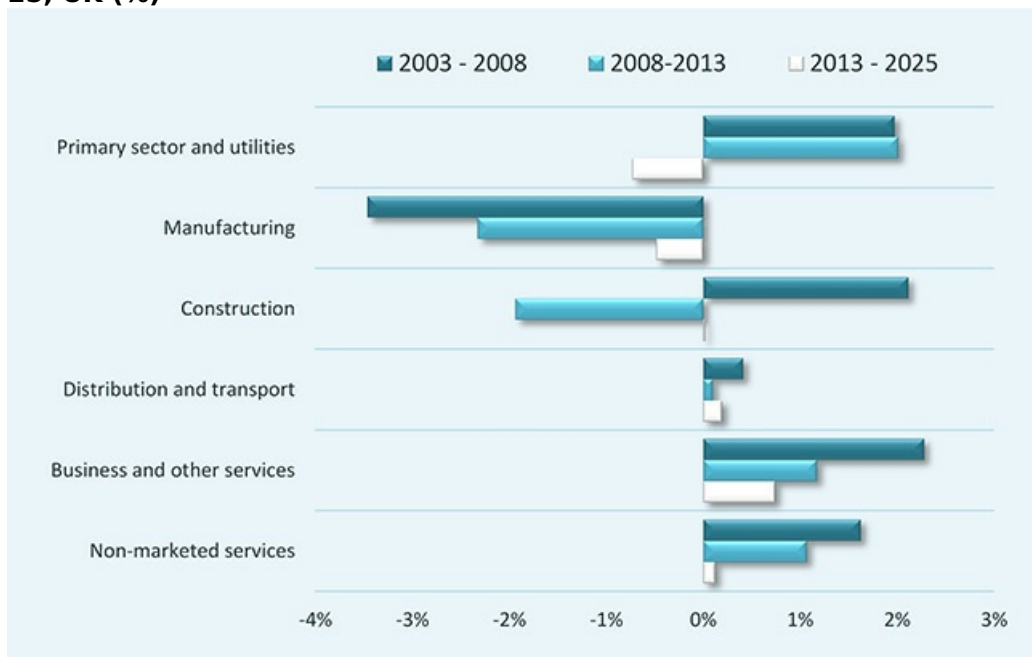
Figure 1 **Past and forecast employment, UK (millions)**



Sector developments

The effects of the economic crisis on the employment in the UK were relatively mild compared to other EU Member States. Between 2008 and 2013 there were heavy job losses in construction and manufacturing, (however, between 2003 and 2008 the fall in manufacturing employment was bigger). Between 2008 and 2013 employment increased in the primary sector, business and other services and non-marketed (manly public sector) services (Figure 2). The future job growth in the UK will be concentrated mainly in construction and the business and other services sectors. However, in the primary sector employment is forecast to fall.

Figure 2 **Employment trends by sector, average annual growth rate 2003-25, UK (%)**



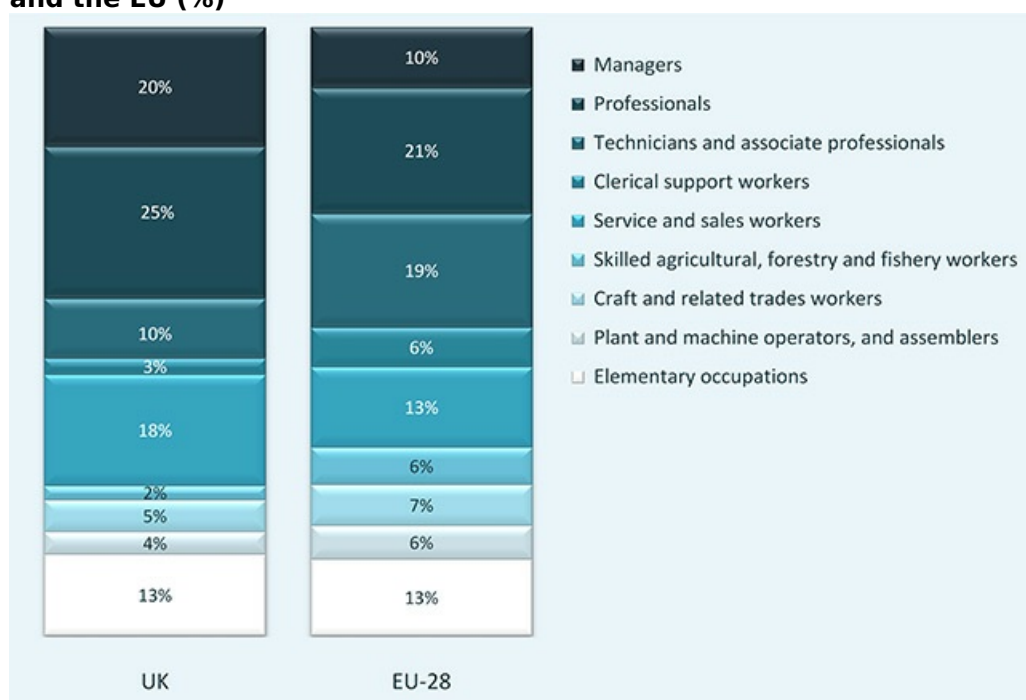
Source: Cedefop skills forecasts (2015)

Occupations and qualifications prospects

Cedefop's forecasts give insights on job opportunities between now and 2025. Total job opportunities are the sum of newly created jobs (expansion demand) and job opportunities arising because of the need to replace people who either go on to other jobs or leave the labour market, for example due to retirement (replacement demand). Often, replacement demand provides more job opportunities than expansion demand, which means that there will still be job opportunities even if the overall level of employment falls. Given its ageing labour force and relatively low unemployment rate between now and 2025, replacement demand in UK is forecast to provide more than eight times more job opportunities than expansion demand.

In the UK, most job opportunities, around 25%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by managers, around (20%). These shares of job opportunities are higher than the EU averages of 24% and 9% respectively for these occupations (Figure 3). The share of job opportunities for service and sales workers, around 18%, in the UK is also above the EU average of 16% for this occupational group.

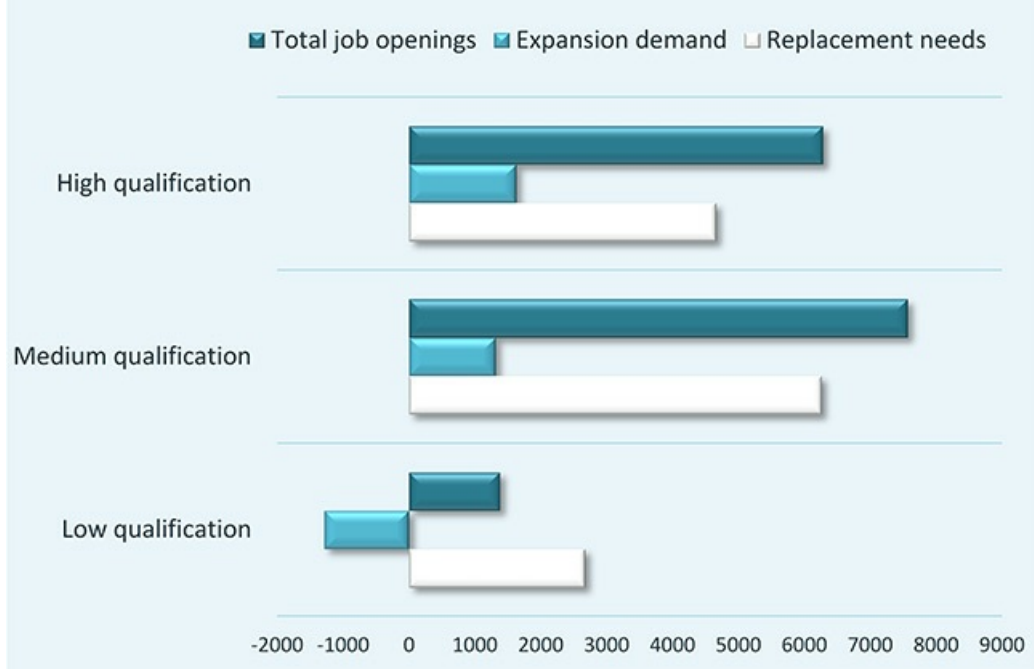
Figure 3 **Distribution of total job opportunities by occupation, 2013-25, UK and the EU (%)**



Source: Cedefop skills forecasts (2015)

Most job opportunities in the UK will require medium-level qualifications (ISCED 97 levels 3 and 4) (Figure 4). However, there will also be significant numbers of job opportunities requiring high-level qualifications (ISCED 97 levels 5 and 6).

Figure 4 **Total job opportunities by qualification, 2013-25, UK (thousands)**



Source: Cedefop skills forecasts (2015)

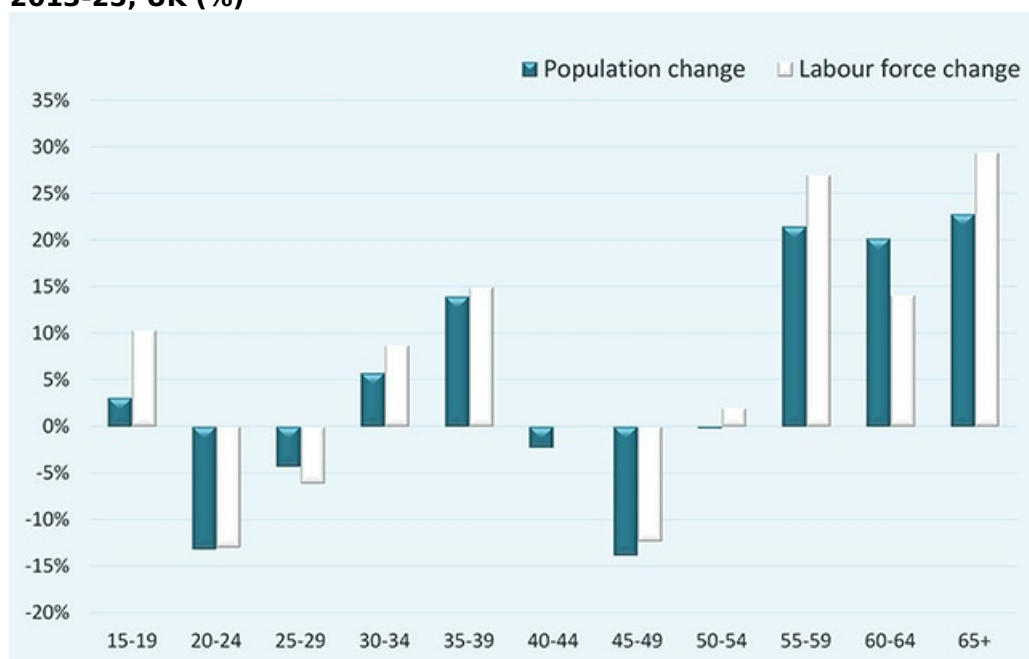
Labour force trends

Future labour supply trends depend mainly on demographics and the size of the working-age population (defined in the forecasts as people over 15 years old), participation in the labour force (people in the working-age population either in or actively seeking work) and how quickly people acquire formal qualifications.

Eurostat's latest population projection (Europop 2013) for the UK reflects the current trends in fertility rates and net migration flows. The UK's working-age population is forecast to grow by about 6.5 % between now and 2025. However, labour market participation in the UK is expected to fall from 55.2% to 53.7% below the EU forecast average of 55.5%.

Following the EU demographic trend, the UK's population is getting older (Figure 5). Between now and 2025, there will be an increase in numbers of people in the labour force between 30 and 39 years-old, but a much larger increase of people aged over 55.

Figure 5 **Changes in working-age population and labour force by age, 2013-25, UK (%)**

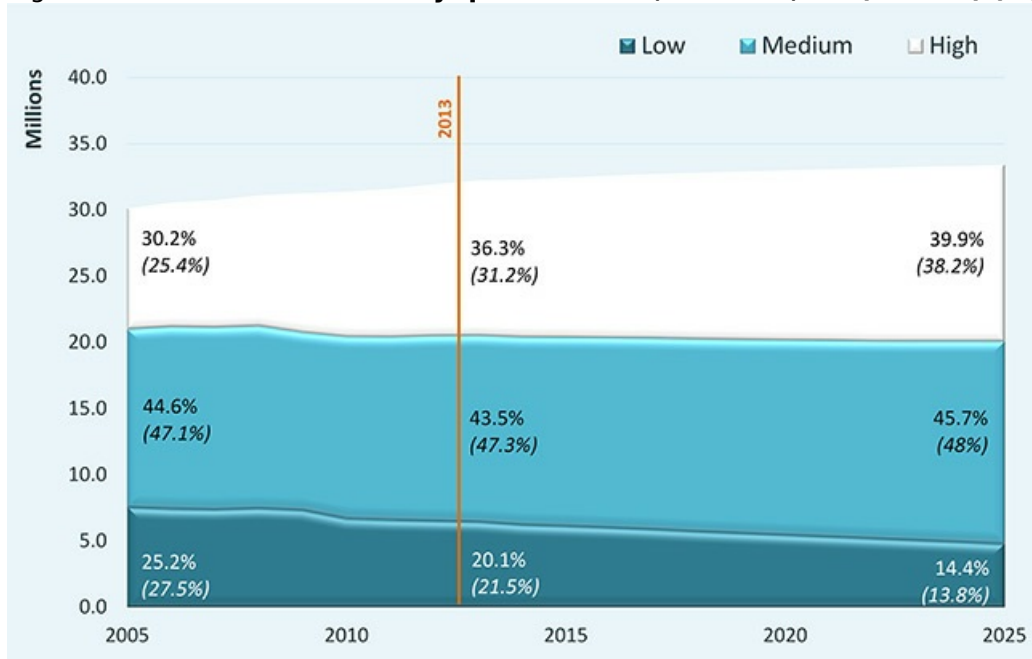


Source: Cedefop skills forecasts (2015)

Although older, the UK's labour force is becoming more highly qualified (Figure 6). This is explained by older less-qualified people leaving and younger more highly-educated people entering the labour market. By 2025, the share of labour force with high-level qualifications should rise to 39.9% compared to 36.3% in 2013 and 30.2% in 2005. People with medium-level qualifications in 2025 will account for 45.7% of the labour force, compared to 43.5% in 2013. The share with low-level or no qualifications is forecast to fall from 20.1% in 2013 to 14.4% in 2025.

According to Cedefop's forecasts, by 2020, around 42 % of 30 to 34 year olds will have high level qualifications, just above the EU's educational attainment benchmark of 40% by 2020. On current trends the proportion of 30-34 year olds with high-level qualifications will remain stable at around 42% up to 2025.

Figure 6 Labour force trends by qualifications, 2005-25, UK (and EU) (%)



Note: Numbers in brackets represents the data for EU 28

Source: Cedefop skills forecasts (2015)

In 2013, in the UK, 12.4% of young people left the education and training system with low-level qualifications compared to 11.9% in the EU as a whole. Both the UK and the EU have a benchmark of no more than 10% of young people leaving the education and training system with low-level qualifications by 2020.

Experts' view

*Cedefop's forecasts and their assumptions are regularly discussed with national experts. **Professor Rob Wilson, at the Institute for Employment Research, University of Warwick** considers the forecasts' underlying assumptions and its results plausible.*

He adds that national population projections are in line with Europop 2013. On the other hand he sees slight discrepancies between the national economic forecasts and those of the European Commission. The main differences may lie in the different vintages of the forecasts and more up-to-date data in the European Commission's forecast. However, he regards these differences as marginal and not affecting general trends.

Cedefop skills supply and demand forecasts' scenario

Cedefop skills supply and demand forecasts take account of global economic developments up to October 2014. Despite significant differences between countries, the forecasts generally assume that a modest economic recovery will slowly increase confidence in the EU, increasing investment, consumer spending and exports. Inflation stays in target range and interest rates low, while higher tax revenues help governments reduce debt.

The assumptions reflect the latest Eurostat population forecast (Europop 2013, published in spring 2014) and the short-term macroeconomic forecast produced by the European Commission in November 2014.

Cedefop's forecasts use harmonised data and methodology for all countries covered to allow cross-country comparisons. They do not substitute national forecasts. Total employment data correspond to those reported in national accounts.

Cedefop's latest skills demand and supply forecasts up to 2025 cover 28 EU Member States plus Iceland, Norway and Switzerland. Results are regularly updated and together with key assumptions and methodological developments are reviewed by national experts.

For the latest update and more detailed skills forecast data visit: www.cedefop.europa.eu/forecast

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