

Lord Bridges of Headley  
Chair, Economic Affairs Committee  
House of Lords  
SW1A 0PW

23 May 2024

Dear Lord Bridges,

Firstly, David and I wanted to thank you for the opportunity to discuss labour market statistics with the Committee on 23 April. During the session we promised to follow-up on several areas of interest to the Committee.

### **How household composition has changed since before COVID-19**

During our discussion, we said that we would revert with further information we have on how household composition has changed since the start of the COVID-19 pandemic. This was in response to a point raised by Lord Blackwell who asked if there is any evidence that more young people are living at home with their parents since the start of the pandemic.

The ONS produces a report called Families and Households in the UK<sup>1</sup>. This release includes tables looking at the prevalence of different types of households, including the number of households with dependent children and households that have non-dependent children only. This report does not show a significant change in the mix of households by type or size since the start of the pandemic. There has been a recent change in family type between couples being married or not married when there are no dependent children in the family, with unmarried cohabiting couples slowly on the increase when there are no dependent children. However, this does not affect the household composition relating to non-dependent children. Longer term trends can also be found in analysis comparing the 2021 Census with the 2011 Census<sup>2</sup>.

### **Economic inactivity in Scotland**

Whilst discussing how inactivity varied between the nations of the UK, Baroness Liddell asked for some further information on the economic inactivity picture in Scotland specifically.

The ONS publishes information on the comparative labour market situation in each of the regions and countries of the UK in its monthly report, Labour market in the

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<sup>1</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2023>

<sup>2</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/moreadultslivingwiththeirparents/2023-05-10>

regions of the UK<sup>3</sup>. The proportion of people aged 16 to 64 years in Scotland who are economically inactive, tends to be one or two percentage points higher than the UK average, but generally moves in the same ways.

Of those who are economically inactive, Scotland tends to have a higher proportion than the UK of those who consider their main reason for inactivity to be long-term sickness or disability. Conversely, Scotland tends to have a lower proportion economically inactive because they are looking after the family or home. Scotland also has a higher proportion of the economically inactive who consider themselves to be retired. Scotland also has a lower proportion of men who are economically inactive due to being students than the UK as a whole, although the proportion of women is comparable.

### **International comparisons of economic inactivity**

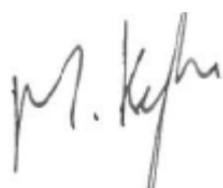
Baroness Wolf raised whether the United Kingdom could be considered an “international outlier” when it comes to economic inactivity. I wanted to provide some further detail on this point.

Even though the UK maintained relatively strong employment throughout the pandemic, the UK is the only country within the G7 with employment rates below pre-pandemic levels and economic inactivity rates above pre-pandemic levels.

The economic inactivity rates for France, Germany and Italy are well below pre-pandemic levels as well as those of Canada and the US. Further information is contained in the annex to this letter.

Please do let us know if any other questions, and if we can help the Committee further on either this topic or any of its other inquiries.

Yours sincerely,



**Mike Keoghan**

Deputy National Statistician for Economic, Social and Environmental Statistics

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<sup>3</sup><https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/may2024>

## **ANNEX**

### **International Summary**

The UK maintains relatively strong employment within the G7 and all countries in the OECD dataset throughout 2021 and 2022. However, the UK remains the only G7 country with employment rates still below pre-pandemic levels (down 1.1%).

While the UK has seen unemployment rates above pre-pandemic levels for prolonged periods, it is now largely unchanged compared with pre-pandemic levels. Recently, the UK had seen the highest rise in unemployment since before the pandemic out of the G7 countries, however now we are down in 4<sup>th</sup>, with Japan, the United States and Canada all above their pre-pandemic levels. The other G7 countries are below their pre-pandemic unemployment rates.

Pre-pandemic, the UK had relatively low economic inactivity rates compared with other countries. It is now the only G7 country where the economic inactivity rate is still above pre-pandemic levels (1.1 percentage points above pre-pandemic rates).

Looking at it more broadly, the OECD members collectively have generally seen a growth in employment rate, and a decrease in unemployment and inactivity rates since the pandemic; with the UK performing in mostly the opposite direction to its fellow members.

### **OECD employment, unemployment and economic inactivity rates**

Country	Employment			Unemployment			Economic Inactivity		
	Pre-pandemic Rate (Q4 2019)	Q1 2024*	Change	Pre-pandemic Rate (Q4 2019)	Q1 2024*	Change	Pre-pandemic Rate (Q4 2019)	Q1 2024*	Change
Canada	74.6	75.0	0.5	5.7	5.9	0.2	20.8	20.0*	-0.8
France	66.7	68.3*	1.6	8.2	7.5*	-0.7	27.3	26.0*	-1.3
Germany	75.8	77.3*	1.6	3.2	3.1*	-0.1	22.1	20.1*	-1.9
Italy	59.0	62.1*	3.1	9.6	7.3*	-2.3	34.6	32.9*	-1.7
Japan	78.1	79.1	1.0	2.3	2.5	0.2	20.0	18.7	-1.3
United Kingdom	76.1	75.0*	-1.1	3.9	3.8*	0.0	20.8	21.9*	1.1

United States	71.7	72.0	0.3	3.6	3.8	0.2	25.6	25.1	-0.5
EU Average	68.0	70.6*	2.6	6.6	6.0*	-0.6	27.0	24.8*	-2.3

\*Where Q1 2024 figures are unavailable, Q4 2023 figures have been used.

For comparability UK data shown here are sourced from the OECD and may differ from ONS published data as OECD do their own seasonal adjustment

Data are sourced from OECD - Employment is 15-64 (UK/USA is 16-64) and Unemployment is 15+ (UK/USA is 16+)