

# Jobs in the Public Sector Mid-2003

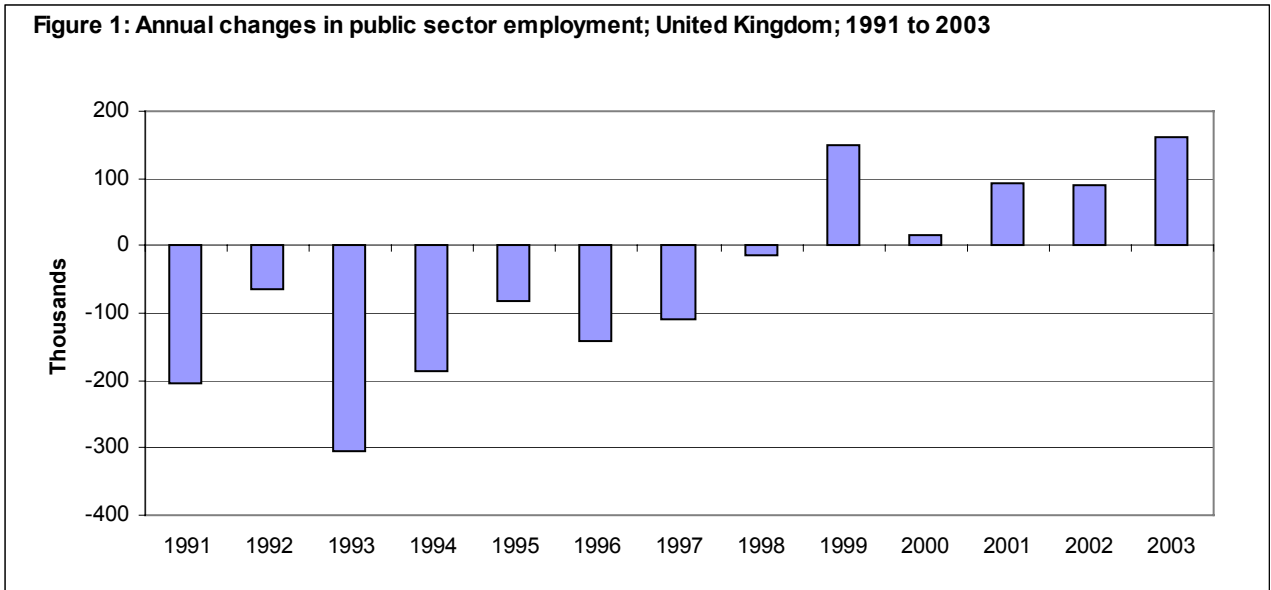
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## Key points

- 162,000 new jobs were created in the public sector in the year to June 2003, considerably more than the 89,000 for the previous year. Employment in the public sector is now 10 per cent higher than in 1998, due to the creation of an additional 509,000 jobs.
- The fastest growing areas of public sector employment are where there has been the largest additional public spending. Education and health had the bulk of the job gains in 2003, with 88,000 in education and 63,000 in health. Other central government employment and police added 22,000 and 9,000 respectively.
- Job growth in the economy as a whole continued last year, despite the fact that the economy was only beginning to recover from a period of below trend growth. Most of these job gains were in the public sector, as the market sector had experienced most of the economic slowdown.
- Private sector jobs grew by 98,000 in the year to June; a much more rapid gain than over the previous twelve months. However, the increase in the number of self-employed (of over 200,000) in the year to mid-2003 indicates that the number of employee jobs in the private sector would have fallen over this period.
- Despite the recent job gains in the public sector, the private sector still accounts for nearly 80 per cent of employee jobs. The private sector is the dominant employer in production and construction and in many services. In contrast, the public sector is the dominant employer in health, education and public administration.
- The composition of public sector employment has changed dramatically over the last two decades. In the earlier part of this period, jobs had been transferred to the private sector as a result of privatisation and jobs were lost with the slimming down of the Armed Services and cutbacks in the Civil Service. In contrast, in more recent years employment in education and health has gone up.
- Together, education and health now account for just under sixty per cent of total public sector employment compared with around forty per cent twenty years ago.

## Introduction

This is the latest in a series of annual articles on jobs in the public and private sectors. This article updates the figures to June 2003. Data for most employment categories are now available for that date although a few minor categories have had to be estimated (Appendix 1 contains details of the latest employment data available for each area of government). The article first looks at both the latest figures for public sector jobs and their historic context. It then goes on to look at relative movements in public and private sector jobs.



Source: Table 1

### Developments in public sector employment

The data in this article are derived from administrative sources and a survey of local authorities. More detail on these sources, including an explanatory table, is provided in Appendix 1. Appendix 2 gives a detailed definition of the public sector. A new table, Table 2, has also been included, providing recent information on the number of Civil Service Jobs.

Table 1 summarises the history of UK public sector employment over the past 40 years and its current composition. The data for total public sector jobs in the table are for the UK as a whole. Many functions that are carried out by local authorities in Great Britain are classified to central government in Northern Ireland. In previous articles NHS employment was split between central government employees and employees of NHS trusts, which were classified as public corporations. Now NHS trusts have been reclassified as part of central government, see link

[http://www.statistics.gov.uk/about/Methodology\\_by\\_theme/NHS\\_Foundation\\_Trusts/default.asp](http://www.statistics.gov.uk/about/Methodology_by_theme/NHS_Foundation_Trusts/default.asp)

The data for the Civil Service in Table 1 is supplied by the Cabinet Office and relate to Great Britain only. Northern Ireland civil servants are, however, included in the total public sector estimates. Civil servants work primarily in central government but some would also be in public corporations such as the Royal Mint.

Table 1  
UK public sector employment 1963-2003 by major categories: headcounts, midyear, not seasonally adjusted <sup>1</sup>

Thousands

Headcount	General government														
	Central government				Local government										
	National Health Service		Other central government	Total central government	Education <sup>2,4,5</sup>	Social services <sup>5</sup>	Construction <sup>5</sup>	Police (incl. civilians) <sup>5</sup>	Other local government	Local authorities community programme <sup>3</sup>	Total local government	Total general government	Total public corporations	Total of which:	
	HM Forces	Service & Trusts	FHBR	FHBS										FHBT	FHBU
CGYN	FHBR	FHBS	FHBT	FHBU	FHBV	FHBW	FHBX	FHBY	CUKE	DYBG	FHCA	DYBH	FHCE	CGXU	
1963	427	612	749	1788	870	188	117	115	719	..	2009	3797	2136	5933	703
1973	361	848	815	2024	1436	315	130	162	848	..	2891	4915	1890	6805	709
1979	314	1152	921	2387	1539	344	156	176	782	..	2997	5384	2065	7449	739
1982	324	1227	849	2400	1434	352	132	186	761	..	2865	5265	1756	7021	672
1983	322	1227	835	2384	1433	360	130	187	768	27	2905	5289	1663	6952	654
1984	326	1223	810	2359	1430	368	126	187	773	58	2942	5301	1599	6900	630
1985	326	1223	811	2360	1429	376	125	187	774	67	2958	5318	1251	6569	608
1986	322	1215	800	2337	1452	387	125	188	770	88	3010	5347	1187	6534	610
1987	319	1212	781	2312	1486	398	128	191	763	96	3062	5374	985	6359	599
1988	316	1228	778	2322	1504	405	125	194	764	89	3081	5403	912	6315	593
1989	308	1226	781	2315	1442	411	119	195	771	..	2938	5253	831	6084	586
1990	303	1221	776	2300	1431	417	114	199	806	..	2967	5267	785	6052	579
1991	297	1222	783	2302	1416	414	106	202	809	..	2947	5249	599	5848	576
1992	290	1231	801	2322	1391	410	97	204	797	..	2899	5221	562	5783	592
1993	271	1205	792	2268	1201	398	90	207	783	..	2679	4947	530	5477	579
1994	250	1177	758	2185	1176	408	87	206	768	..	2645	4830	462	5292	553
1995	230	1182	708	2120	1188	412	83	207	749	..	2639	4759	452	5211	554
1996	221	1186	612	2019	1191	406	76	206	744	..	2623	4642	426	5068	535
1997	210	1203	582	1995	1193	403	65	206	726	..	2593	4588	370	4958	516
1998	210	1201	581	1992	1204	395	61	207	712	..	2579	4571	374	4945	502
1999	208	1222	584	2014	1322	388	59	206	728	..	2703	4717	377	5094	498
2000	207	1251	586	2044	1301	386	59	204	732	..	2682	4726	385	5111	510
2001	204	1286	596	2086	1351	377	57	209	742	..	2736	4822	381	5203	519
2002	204	1356	606	2166	1362	367	47	217	749	..	2742	4908	384	5292	529
2003	206	1419	628	2253	1450	351	45	226	743	..	2815	5068	386	5454	553

1 Appendix 2 gives details of the definitions and coverage of sectors

2 Polytechnics were transferred to the private sector in April 1989.

3 Community Programme employees were transferred to the Employment Training Scheme (i.e. out of the public sector) during the third quarter of 1988.

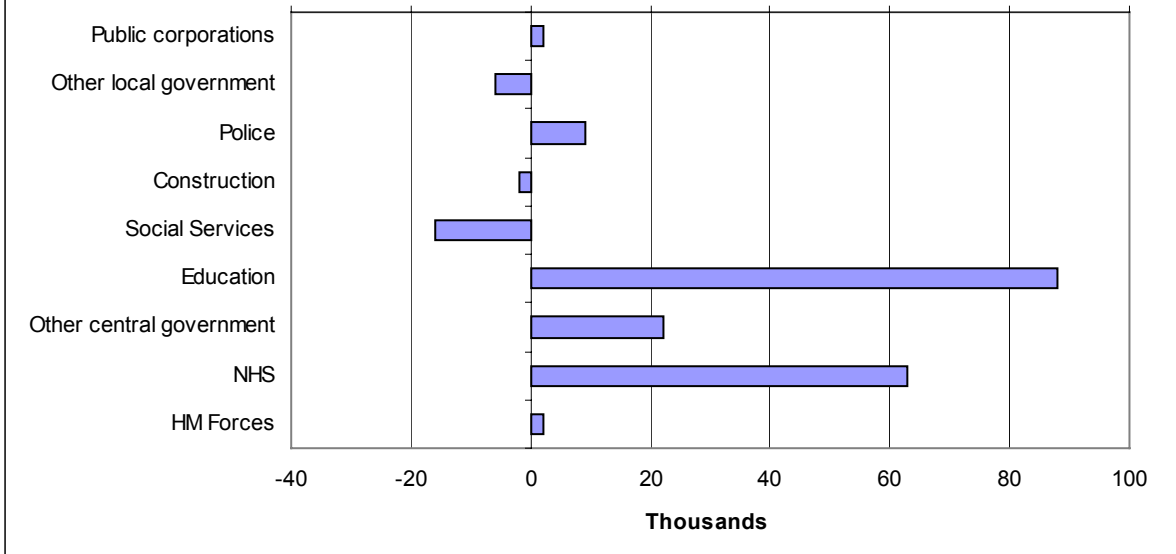
4 FE colleges and 6th-form school employees were transferred to the private sector from April 1993

5 Great Britain only.

162,000 new jobs were created in the public sector last year, an increase on the 89,000 for the previous year. Employment in the public sector is now 10 per cent higher than in 1998, due to the creation of an additional 509,000 jobs. The growth in the last five years is a clear break from the trend of the immediately preceding period when jobs in this sector had fallen for over fifteen years in a row. This increase in employment in recent years is in line with the faster rate of growth in public spending.

The fastest growing areas of public sector employment are where there has been the largest additional public spending. Education and health again had the bulk of the job gains in 2003, with 88,000 in education and 63,000 in health. Other central government employment and police added 22,000 and 9,000 respectively. It should be noted that about 3,000 of the 22,000 rise in other central government is due to Northern Ireland education. Areas of the public sector which saw jobs disappear last year include social services and local authority construction. A fall in the latter category has occurred in most years over the last decade or so and reflects a policy change under recent governments to move from directly employed construction staff to buying services from the private sector.

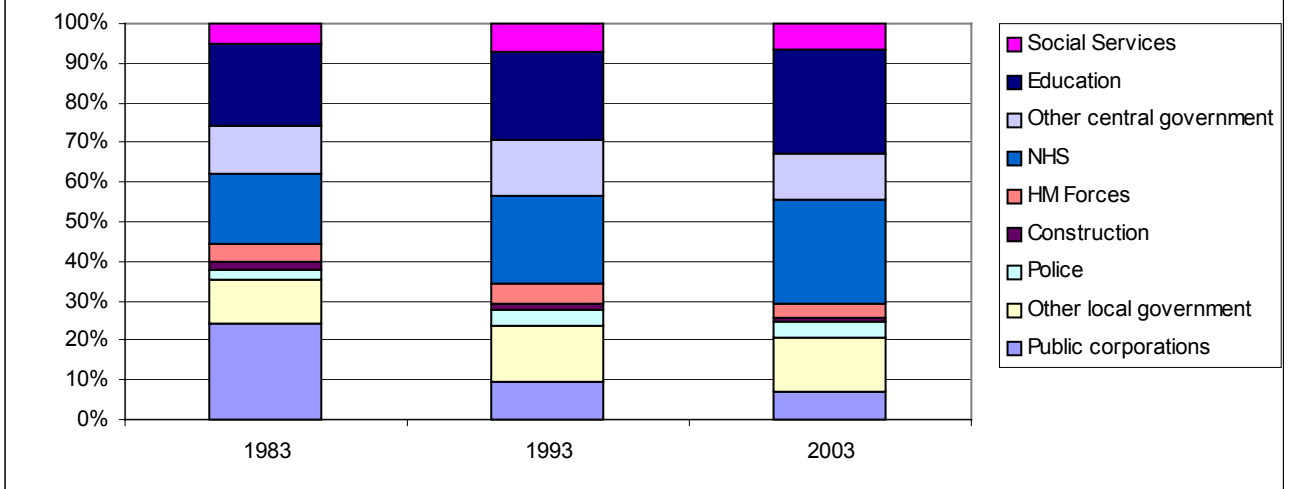
**Figure 2: Public sector job changes; United Kingdom; year to mid-2003**



Source: Table 1

Despite the fact that the number of public sector jobs has increased in recent years, the current totals are still well below the levels seen in the 1970s and 1980s. However, care has to be taken in making such long-term comparisons, as moves are sometimes a result of definitional changes. For example, the biggest single cause of the fall over that period was the reclassification of corporations following privatisation. But at the same time employment in the Civil Service has fallen significantly in the last two decades and the number of service personnel has fallen by over 100,000 jobs since the end of the Cold War. Employment in health has been much steadier, while employment in education, after falling in the early 1990s, has steadily rise in more recent years. Together, these two now account for just under sixty per cent of total public sector employment compared with around forty per cent twenty years ago.

**Figure 3: Composition of public sector jobs; United Kingdom; 1983, 1993, 2003**



Source: Table 1

Table 2, which is included for the first time, provides a more detailed breakdown of civil service jobs. The numbers are for Great Britain only and are supplied by the Cabinet Office. The number of civil service jobs in October 2003 was up by 19,000 when compared with the same month in 2002.

	Total Civil Service	Department of Social Security and Employment Service	Department for Work and Pensions	Inland Revenue/ Customs and Excise	Home Office incl. Prison service	Ministry of Defence <sup>1</sup>	Thousands	Other
April-99	498	127	0	90	53	105		124
October-99	504	126	0	95	53	104		125
April-00	510	127	0	95	56	104		128
October-00	516	128	0	95	61	103		130
April-01	519	128	0	95	62	102		131
October-01	519	0	130	96	64	93		135
April-02	529	0	137	97	64	93		139
October-02	539	0	140	99	66	92		141
April-03	553	0	140	106	69	95		143
October-03	558	0	142	106	72	93		145

<sup>1</sup> Ministry of Defence data are affected by the reclassification of 8,000 staff to the public corporations sector in October 2001

### Public and private sector jobs – across the whole economy

The best measure of the number of jobs in the economy as a whole is that provided by the Labour Force Survey (LFS), which is a survey of households. An alternative measure, known as workforce jobs (WFJ), derived from surveys of businesses, provides the best estimate of the industrial composition of jobs. Neither the LFS, nor WFJ, however, provides a satisfactory estimate of public sector jobs, or of the allocation of total jobs between public and private sectors.

The LFS over-estimates the number of public sector jobs because of errors in self-classification by households. Errors occur for example when employees of publicly funded bodies, such as universities, incorrectly classify themselves as public sector. Universities are, in fact, part of the private sector in the National Accounts. Similarly, employees of private sector companies providing contracted out services to the public sector can incorrectly classify themselves as public sector employees. As part of the National Statistics Quality Review of Employment and Jobs, a pilot project to link LFS responses to the Inter-departmental Business Register was initiated in spring 2004. Initial fieldwork has been completed and analysis of the results is ongoing. If successful, the linking project should reduce the extent of sectoral mis-classification in the LFS.

The WFJ series is not disaggregated between public and private sectors but is analysed by industrial category. One category covers public administration, defence and compulsory social security, which should be assumed to be wholly public sector. Two other categories are health and education, but these include both public and private sector jobs.

In these circumstances the only satisfactory method of estimating the number of private sector jobs is as the difference between the number of jobs in the economy as a whole and the number of public sector jobs estimated independently, as in this article. We concentrate initially on private sector jobs calculated as the difference between public sector jobs and the total number of jobs measured by the LFS - ONS's preferred measure of aggregate employment. This is discussed later in the article in the context of jobs by industry. This methodology was first employed in last year's article but earlier articles in this series considered private sector jobs as the difference between directly measured public sector jobs and total WFJ.

Thousands, June, not seasonally adjusted <sup>1</sup>						
	Total (all aged 16 and over)		Public Sector		Private Sector	
	Labour Force	Increase over Survey Jobs <sup>2</sup>	Level <sup>3</sup>	Increase over year	Level <sup>4</sup>	Increase over year
Headcount						
1992	26,571		5,783		20,788	
1993	26,296	-275	5,477	-306	20,819	31
1994	26,567	271	5,292	-185	21,275	456
1995	27,152	585	5,211	-81	21,941	666
1996	27,337	185	5,068	-143	22,269	328
1997	27,786	449	4,958	-110	22,828	559
1998	28,028	242	4,945	-13	23,083	255
1999	28,415	387	5,094	149	23,321	238
2000	28,684	269	5,111	17	23,573	252
2001	28,862	178	5,203	92	23,659	86
2002	28,995	133	5,292	89	23,703	44
2003	29,255	260	5,454	162	23,801	98

Notes

1. LFS data refer to March-May for the years 1992 - 1994 and May-July for 1995 to 2003
2. LFS jobs equals LFS employment data plus the additional jobs of workers with second jobs
3. Administrative data used in this article
4. Estimated as the difference between LFS total employment and the administrative estimate of public sector jobs

Table 3 gives the figures for the whole economy derived from the Labour Force Survey (LFS) and the estimates of public sector jobs reported in this article for the period up until the middle of 2003. The number of jobs in the economy as a whole grew over this period, despite the fact that output was only beginning to recover from a period of below trend growth. During the year to mid-2003 the total number of jobs grew by 260,000. The bulk of these job gains were accounted for by the 162,000 rise in public sector jobs while, in contrast, private sector jobs grew by 98,000. Nevertheless, this growth in private sector job growth exceeded the 44,000 recorded in the previous year. However, given that the number of self-employed went up by over 200,000 in the year to mid-2003, the number of employee jobs in the private sector would have fallen over this period.

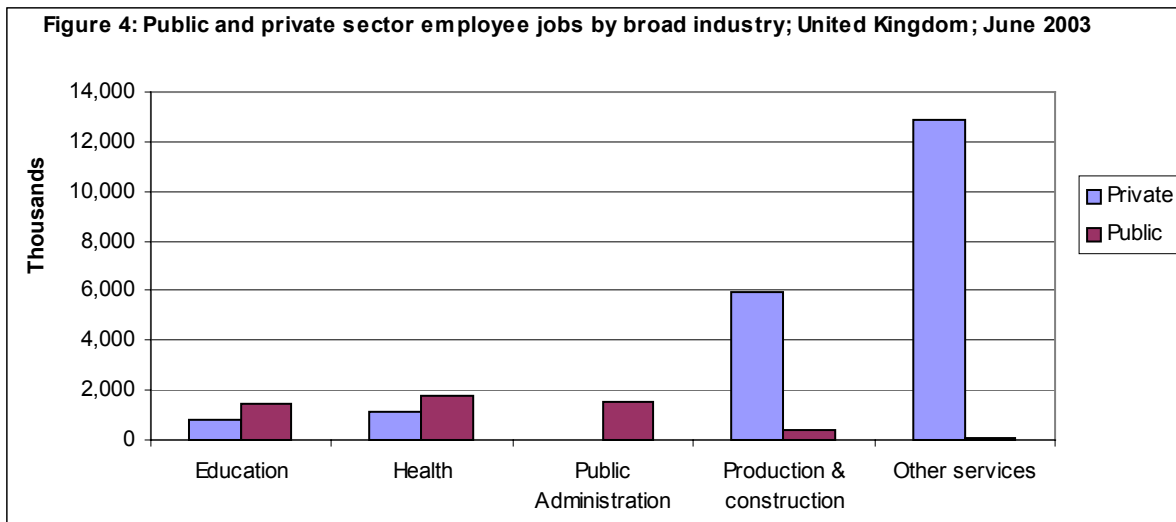
## **Public and private sector jobs – by industry**

Table 4 presents an analysis of the industrial make up of public and private sector jobs, based on the workforce jobs (WFJ) data source, which provides more reliable industry detail than the LFS. This table derives total employee jobs as WFJ less the self-employed, HM Forces and Government-supported trainees. The total number of employee jobs (column 5 of Table 4) is then subdivided in the next eleven columns by industry, giving the breakdown between private and public sector employment for each.

The yearly movements in private sector jobs shown by Table 4 differ from those shown in Table 3, in which the LFS is used as the source of total jobs across the economy. This is because the two data sources do not always move together in the short term. For example WFJ shows faster jobs growth across the whole economy than the LFS in 2003, after showing slower jobs growth in 2002. On a longer time scale, however, the two series are much more consistent.



As Figure 4 shows, despite the recent job gains in the public sector, the private sector still accounts for almost 80 per cent of employee jobs. The composition of the two sectors in 2003 is, not surprisingly, very similar to that in 2002. The private sector is the dominant employer in production and construction and in 'other' - the category that contains the bulk of private sector service jobs. In contrast, the public sector is the dominant employer in health, education and public administration. It is worth noting that in the area of health, employment increased in both the private and public sectors last year. In contrast, while the number of public sector education jobs went up sharply last year, the number of jobs in this area in the private sector fell. However, this particular estimate does seem to be particularly volatile from year to year.



Source: Table 4

### Revisions from last year's article

The revisions to public sector jobs since last year's article are shown in Table 5. The revisions are relatively small, and largely reflect additional quality assurance. The column showing Civil Service jobs has been revised for 1995 and later years to include casual staff, to be consistent with earlier data. These were already included in total public sector jobs and so do not affect the overall total. Revisions to workforce jobs were published in April 2004 and are explained in this link to the ONS website. <http://www.statistics.gov.uk/cci/nugget.asp?id=892> Earlier revisions to self-employed figures are shown in this link <http://www.statistics.gov.uk/cci/nugget.asp?id=207>

Table 5

UK public sector employment revisions since last year's article by major categories: headcounts, midyear, not seasonally adjusted

	General government														
	Central government				Local government										
	National Health Service HM Forces CGYN	Other central government FHBR	Total central government FHBS	Total central government FHBT	Education FHBU	Social services FHBV	Construction FHBW	Police (incl. civilians) FHBX	Other local government FHBY	Local authorities community programme CUKE	Total local government DYBG	Total general government FHCA	Total public corporations DYBH	Total public sector FHCE	of which: Civil Service CGXU
1979	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1982	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22
1996	0	0	0	0	0	0	0	-1	0	0	-1	-1	0	-1	23
1997	0	4	0	4	0	0	0	0	0	0	0	4	0	4	23
1998	0	1	0	1	0	0	0	0	0	0	0	1	0	1	18
1999	0	2	-1	1	0	0	0	-1	0	0	-1	0	0	0	17
2000	0	4	13	17	0	0	0	0	0	0	0	17	0	17	12
2001	0	-13	2	-11	0	0	0	1	0	0	1	-10	1	-9	13
2002	0	-4	-8	-12	0	0	0	-1	2	0	1	-11	5	-6	13

## APPENDIX 1

### How do we measure public sector employment?

The public sector numbers that are reported in this article are derived from the relevant administrative departments plus a comprehensive inquiry of all 443 local authorities in England and Wales. This is consequently the most comprehensive source available to us, although unfortunately some of the data is only available with a considerable lag. Local authorities supply a single figure for all non-police staff. This is then broken down into the categories of education, social services, construction, police and other local government by using the Inter-departmental Business Register local unit information. Subtracting the public sector figures from the employment totals obtained from the Labour Force Survey (LFS) and workforce jobs (WFJ) derives the estimates for private sector employment that are used here.

Table 6 reports the data source and the date of the latest data available. Column 4 records the figure used in the article to calculate the public sector jobs total as of June 2003. It can be seen that in few cases the latest data available was for a date before that point but these areas constitute only a very small part of the overall total.

The ONS is currently investigating how more timely estimates of public sector employment could best be obtained.

**Table 6: Sources of public sector data**

	Area	Main Source	Latest Data	Estimate at June 2003 (thousands)
<b>Central Government:</b>				
HM Forces	UK	Ministry of Defence	December 2003	206
NHS (inc NHS Trusts)	England	Department of Health	September 2003	1133
	Wales	Welsh Assembly Government	September 2002	81
	Scotland	NHS in Scotland Common Services Agency	September 2003	141
	Northern Ireland	Northern Ireland Office (DETI)	December 2003	65
Other Central Government	GB	Cabinet Office	October 2003	519
	Northern Ireland	Northern Ireland Office (DETI) - includes education and police	December 2003	109

<b>Local Government:</b>				
Education	England and Wales	Quarterly Local Authority Inquiry	December 2003	1343
	Scotland	Joint Staffing Watch	December 2002	107
Social Services	England and Wales	Quarterly Local Authority Inquiry	December 2003	299
	Scotland	Joint Staffing Watch	December 2002	52
Construction	England and Wales	Quarterly Local Authority Inquiry	December 2003	35
	Scotland	Joint Staffing Watch (housing)	December 2002	10
Police	England and Wales	Home Office	September 2003	206
	Scotland	Joint Staffing Watch	December 2002	21
Other Local Government	England and Wales	Quarterly Local Authority Inquiry	December 2003	613
	Scotland	Joint Staffing Watch (excluding transport)	December 2002	103
	Northern Ireland	District and Parish Councils employment	December 2003	27
<b>Public Corporations:</b>				
Public Corporations	UK	Returns from the "Public Bodies" publication (Annual)	March 2003	386

More than one source of total UK employment data is available. The concept can be measured in more than one way. For example, it can be measured by directly surveying employees or by surveying employers. Conceptually, this paper looks at the number of jobs rather than the number of employed people as only jobs can be allocated to a sector. The two main job series produced by ONS are Workforce Jobs and the series derived from the Labour Force Survey. The former estimate combines the public sector jobs with quarterly and monthly short-term employment surveys of businesses. The results for businesses are updated every December as a result of the much more comprehensive Annual Business Inquiry (ABI). In contrast, the Labour Force Survey is a continuous household survey. This survey does ask respondents to classify the sector of their employers, but in the past such self-classification has proven to be less reliable because respondents often do not know the correct classification of their employer.

By collecting job data from both employees and employers we get a much more rounded picture of economic developments but there is also a disadvantage, at least in the short term, in that the process results in two different measures of the level of employment. Indeed sometimes, the two surveys can even send out different messages about the direction of recent employment moves. Following recommendations from the National Statistics Quality Review of Employment and Jobs, an exercise is underway to identify and then quantify as far as possible the difference between the two jobs measures.

This reconciliation considers differences relating to coverage, survey structure, definitions and estimation, both at national and government office region level and also over time. The current position of ONS is that our preferred estimate of total employment is the one derived from the LFS, while workforce jobs is most useful as a measure of industrial detail. (A

detailed breakdown of the various data categories can be obtained at the following web site <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=7163>).

## APPENDIX 2

### Definition of the public sector

The domestic economy features units, which can be described as being either public or private sector units. The **public sector** comprises central government, local government and **public corporations** as defined for the UK national accounts.

**Central government** includes all administrative departments of government and other central agencies and most Non Departmental Public Bodies. City Academies, the first three of which were opened in 2002, are also classified to central government.

**Local government** includes all government units with a local remit. The sub sector includes all areas of administrative authorities including parish councils and local authorities with special functions. It includes magistrates courts, the probation service in England and Wales and police forces and their civilian staff. All functions of local authorities are classified to the sub sector, although trading activities which produce market output (for example, housing and municipally owned markets) are regarded as quasi-corporations and appear under public corporations.

Local Education Authorities (LEAs) are part of local government, as are voluntary aided schools, county schools and, from September 1999, grant maintained schools (which were reclassified from central government).

Polytechnics and Higher Education colleges were transferred from local authority control in April 1989, as were Further Education and sixth form colleges from April 1993. Like universities, these institutions are part of the private sector and classified as non-profit institutions serving households.

**Public corporations** are companies or quasi-corporations (organisations which behave like corporations) controlled by government. Examples include BNFL and Royal Mail. These companies receive more than half their income from the sales of goods or services into the market place.

Lists of central and local government units and public corporations are shown in the Sector Classification Guide on the ONS's website (reference below).

## References:

*Civil Service Statistics 2002* published on the Internet:

[www.civil-service.gov.uk/statistics](http://www.civil-service.gov.uk/statistics)

Enquiries to: Personnel Statistics Branch, Cabinet Office, Room G06 Admiralty Arch, The Mall, LONDON, SW1A 2WH.

Tel. 020 7276 1532 or Fax 020 7276 1679, E-mail: [psb@cabinet-office.x.gsi.gov.uk](mailto:psb@cabinet-office.x.gsi.gov.uk)

*Public Bodies 2003* published on the Internet:

[www.cabinet-office.gov.uk/agencies-publicbodies/](http://www.cabinet-office.gov.uk/agencies-publicbodies/)

Enquiries to: Agencies and Public Bodies Team, Corporate Development Group, Cabinet Office, 1.15 Admiralty Arch, The Mall, LONDON SW1A 2WH Tel. 020 7276 2040

Email: [apbt@cabinet-office.x.gsi.gov.uk](mailto:apbt@cabinet-office.x.gsi.gov.uk)

*The United Kingdom National Accounts Sector Classification Guide* can be downloaded at:

[www.statistics.gov.uk/downloads/theme\\_economy/MA23.xls](http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls)

*United Kingdom National Accounts Concepts, Sources and Methods* – a PDF file can be viewed at:

[www.statistics.gov.uk/downloads/theme\\_economy/Concepts\\_Sources\\_&\\_Methods.pdf](http://www.statistics.gov.uk/downloads/theme_economy/Concepts_Sources_&_Methods.pdf)

Customer Enquiry Centre: Local Rate 0845 601 3034 or E-mail: [info@statistics.gov.uk](mailto:info@statistics.gov.uk)

The ONS can also be contacted via the National Statistics Website: [www.statistics.gov.uk](http://www.statistics.gov.uk)