

Article

Worker movements and economic inactivity in the UK: 2018 to 2022

Commentary on UK worker movements and increased inactivity during the coronavirus (COVID-19) pandemic compared with other countries.

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1 . Main points

- There are 565,000 more people in economic inactivity than prior to the coronavirus pandemic, which has been concentrated amongst those who aged over 50 years and those who have become long-term sick.
- People aged 50 years and over are more likely to be inactive, but the coronavirus pandemic has made it more likely that those aged 65 years and over will be inactive.
- Those people who have indicated poor or very poor health continue to be associated with an increased likelihood of being inactive compared with younger people and people indicating good or very good quality of health.
- There was an increase in inactivity rates for all 37 advanced OECD economies in the first half of 2020 but only around a fifth of these countries still have a higher inactivity rate relative to prior to the coronavirus pandemic, including the UK.
- The UK is one of four of these 37 advanced economies where the fall in the employment rate relative to prior to the pandemic is driven by a rise in the rate of economic inactivity rather than an increase in unemployment.

2 . Background

One of the features of the coronavirus pandemic has been the ‘participation puzzle’ of the UK labour market. This increase in economic inactivity – those who are not working but also not actively seeking a job – in the initial stages of the pandemic has been the fastest on record. However, it has lasted longer than expected. This helps to explain why there is little spare capacity in the labour market today, as there has been a fall in the active population. If it continues to persist, it will also have an impact on the supply potential of the UK economy.

The UK is one of the few advanced economies that is still experiencing this ‘participation puzzle’, which might be indicative of health concerns of workers having more of an impact on labour force participation in the UK. We look at the role of age and health in their ability to predict inactivity, including whether this has changed over the course of the pandemic.

3 . The participation puzzle

The persistence of a lower labour force participation has been a puzzle, particularly given that there was a record increase in labour demand in response to re-opening of the economy. It was expected that those workers who had become discouraged to look for work at the time of lockdown restrictions would then return to being active in the hope that there would be jobs to be found.

Despite the level of UK gross domestic product (GDP) having recovered to around pre-coronavirus (COVID-19) pandemic levels, labour force participation has remained notably below where it was prior to the pandemic. This is unlike the 2008 financial crisis, where there was less of an impact on participation, even though it took five years for UK GDP to recover to its pre-financial crisis levels.

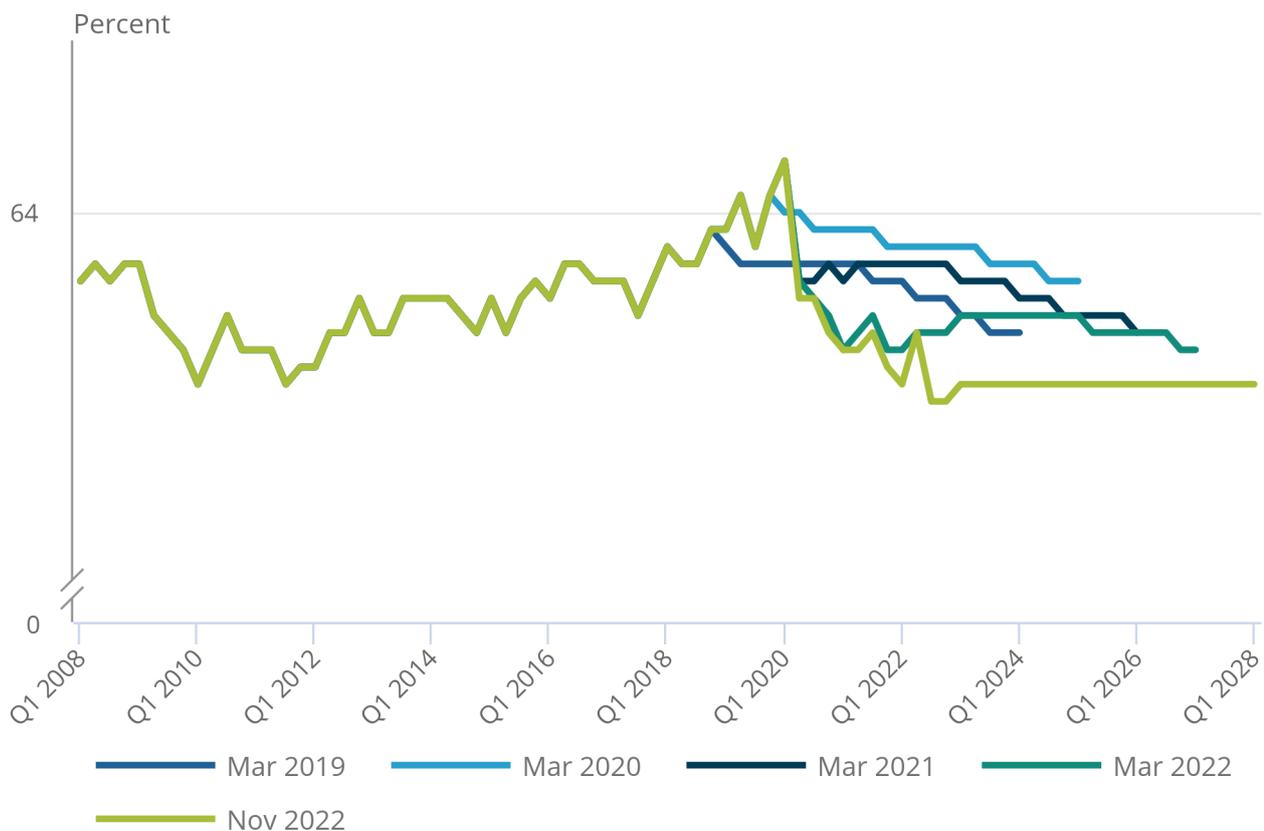
Real-time forecasts capture how judgements around labour force participation have changed in recent years, particularly the unexpected persistence of a lower participation rate (Figure 1). This might reflect that the impacts of the pandemic have had some structural impact on the ability and/or willingness of workers to work, such as the health conditions of the workforce.

Figure 1: Real-time forecasts highlight how the fall in labour force participation has been more persistent than expected

Participation rate forecasts, over 16 years, UK

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Participation rate forecasts, over 16 years, UK



Source: Office for National Statistics, Office for Budget Responsibility

A considerable number of people have left the workforce over the course of the coronavirus pandemic, many of which have not yet returned. Labour market flows show that this has primarily reflected higher rates of inflows into inactivity, particularly from unemployment. There was a record increase from unemployment into inactivity in Quarter 2 (April to June) 2020, where the first nationwide lockdown restrictions would have limited the ability and willingness of those not in employment to seek a job. However, these flows to inactivity remain elevated by their historical standards, even as restrictions are no longer in place. This could indicate some change in the behaviours of these people.

There are 565,000 more people in inactivity than prior to the coronavirus pandemic. Figure 2 shows that this change in inactivity in recent years primarily reflects the higher prevalence of long-term sickness as the main reason for inactivity. Our [recent analysis](#) shows that while this increase in long-term sickness had taken place before the coronavirus pandemic, it has picked up more quickly following the pandemic. There has been a higher incidence of other health problems, which would cover similar conditions to long COVID and mental illness over this period.

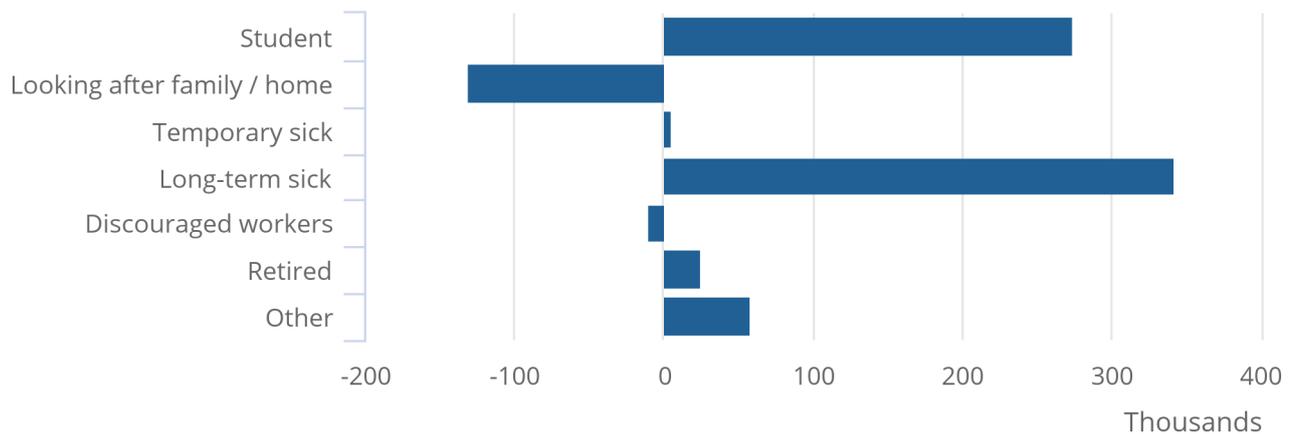
There is also some evidence that these individuals have become even more discouraged from labour market participation over the course of the coronavirus pandemic. For instance, of those who are inactive because of long-term sickness, there has been decline in those who want a job. This would have implications for how we consider the tightness of the labour market, as broader measures of [labour market availability](#) do not include those who are sick on the basis that these individuals are considered less likely to re-enter the labour market, especially the long-term sick. This will be further reinforced if these individuals do not want a job either.

Figure 2: There has been a sustained increase in those who are economically inactive compared to prior to the pandemic, primarily reflecting the increase in long-term sickness

Economic inactivity by reason, thousands, from December to February 2020 to August to October 2022

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Economic inactivity by reason, thousands, from December to February 2020 to August to October 2022



Source: Office for National Statistics

Notes:

1. Another reason for the increase in inactivity in recent years has been an increase in those studying, particularly in the early stages of the pandemic. This likely reflected an increase in those who chose to study rather than look for work because of the pandemic, or some of the cohort of students who were unable to find a job at the same time of studying.

This implies that health reasons help explain the recent change in inactivity. Retirements also explain some of the increase in inactivity and there is [some evidence](#) in Europe that there had been a bringing forward of retirements for older workers, particularly for those who had health concerns. This might reflect that the pandemic has been a particular threat to the health conditions of those who are older. It might also reflect the financial wealth effect of higher house prices and equity prices, which would help enable early retirement for some people.

There are around [2.2 million people](#) who are experiencing long COVID, which has an impact on the ability and willingness to work of some of these individuals. It might also be that fear of being exposed to COVID-19 through contact could be reducing the willingness of some to be active in the labour market. [Recent analysis](#) shows that working-age people are less likely to participate in the labour market after developing long COVID symptoms than they were before being infected, particularly amongst those people aged 50 years and over. The pandemic has also had wider impacts on the National Health Service and is likely to have had some effect on the treatment for other health conditions and the ability and willingness to look for work. One of the uncertainties is whether those who have become long-term sick over this period will return to the labour market.

4 . Identifying predictors of economic activity

We have developed a “logistic regression” model to understand the factors that have predicted whether an individual is inactive or not in recent years, covering the pre-coronavirus pandemic period of April 2018 to March 2019, the period of April 2020 to March 2021 in which coronavirus restrictions had primarily been in place, and the period of April 2021 to March 2022. This allows us to look at the drivers of inactivity through the course of the coronavirus pandemic, including whether there has been an impact of factors like age and health.

We show “forest plots” with odds ratios to capture how individual characteristics predict inactivity. These show the change in likelihood that a characteristic predicts inactivity compared with a baseline category. An odds ratio of less than 1 indicates a relatively lower likelihood of inactivity, whereas an odds ratio of more than 1 indicates a relatively higher likelihood of inactivity. Given the nature of the ‘participation puzzle’, we focus on age and health.

5 . Age is a strong predictor of inactivity in workers aged 50 and over

Workers aged 50 and over are more likely to be inactive. In the year April 2021 to March 2022, 15.8% of people aged 50 to 54 years were inactive, 24.1% of those aged 55 to 59 years, 43.4% of people aged 60 to 64 years, and 89.3% of people aged 65 years and over. This is broadly unchanged from before the pandemic. When controlling for health, age was still found to significantly predict the likelihood that a person aged 50 or over is inactive. The likelihood that a person will be inactive increases with each age band.

However, there is some evidence that the coronavirus pandemic has had an impact on how likely an older person is to become inactive, particularly those aged 65 and over. For example, Figure 3 shows that men who are aged 65 years and over were over five times more likely to be inactive before the pandemic than those aged 50 to 54 years. This has increased to nearly seven times more likely since the start of the pandemic. Similarly, women aged 65 years and over were 7.5 more than times more likely to be inactive than those aged 50 to 54 years before the pandemic, and this rose to eight times more likely since the start of the pandemic.

Figure 3: Men who are aged 65 years and over are now nearly seven times more likely to be inactive than those aged 50 to 54 years, which is an increase from prior to the pandemic

Odds ratios showing the likelihood of males and females aged 50 years and over being inactive, by year, 2019 to 2022

Notes:

1. Estimates are based on the unweighted sample of participants who responded to the Annual Population Survey in the periods April 2018 to March 2019, April 2020 to March 2021, and April 2021 to March 2022.
2. The regression model fit was restricted by the variables available on the Annual Population Survey for both inactive and employed/unemployed people.
3. The horizontal bars represent error bars or 95% confidence intervals.

Download the data

[.xlsx](#)

6 . Health remains a strong predictor of inactivity in workers aged 50 and over

The number of people aged 16 and over out of work due to long-term sickness has increased since the pandemic. In the year April 2021 to March 2022, 26.3% of people aged 16 to 29 years, 31.2% of people aged 30 to 49 years, and 46.6% of people aged 50 years and over had a health condition last 12 months or longer. This is up from the year to March 2019 for people aged 16 to 29 years and 30 to 49 years.

For all ages, people indicating poor or very poor health were associated with an increased likelihood of being inactive compared with people indicating good or very good quality of health. However, the highest odds ratios were seen in men aged 50 years and under. Odds ratios were higher for men than women, indicating that men with poor or very poor health were associated with stronger likelihood of inactivity compared to those with good or very good health than women (Figure 4).

However, the coronavirus pandemic has not had an impact on how likely health conditions predict inactivity, but it has had an impact on the number of people who have had a health condition. New research in our [Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022](#) article shows that those who have returned to work since leaving their previous job during the pandemic were overall less likely to have health conditions or illness.

Figure 4: For all ages, people indicating poor or very poor health were more likely to be inactive, although the coronavirus pandemic has not had an impact on how likely health conditions predict inactivity

Odds ratios showing the likelihood of males and females with fair or poor or very poor health being inactive, by year, 2019 to 2022

Notes:

1. Estimates are based on the unweighted sample of participants who responded to the Annual Population Survey in the periods April 2018 to March 2019, April 2020 to March 2021, and April 2021 to March 2022.
2. The regression model fit was restricted by the variables available on the Annual Population Survey for both inactive and employed/unemployed people.
3. The horizontal bars represent error bars or 95% confidence intervals.

Download the data

[.xlsx](#)

Progressive and other illnesses, which may include long COVID, have become a slightly stronger predictor since the start of the coronavirus pandemic (Figure 5). This is particularly the case for people aged 30 to 49 years. For men aged 30 to 49 years with a progressive and other illness, there was an increase from being 1.8 times more likely to be inactive than men in the same age band with no health conditions in 2019 to 2.3 times more likely in 2022. For women there was an increase from 1.2 in 2019 to 1.4 times in 2022.

Chest, breathing, and digestive problems were associated with higher likelihood of inactivity than not having a health condition for men aged 50 years and over for all three years. For women, these were only associated with higher likelihood of inactivity in 2019. For men and women aged 16 to 29 years, these health problems were associated with a lower likelihood of inactivity than men and women of the same age with no health conditions in 2022. Mental illness or learning problems are consistently associated with inactivity across all ages for men and women.

Figure 5: Progressive and other illnesses, which might include instances of long COVID, has become a slightly stronger predictor of inactivity since the start of the pandemic

Odds ratios showing the likelihood of males and females with different health conditions being inactive, by year, 2019 – 2022

Notes:

1. Estimates are based on the unweighted sample of participants who responded to the Annual Population Survey in the periods April 2018 to March 2019, April 2020 to March 2021, and April 2021 to March 2022.
2. The regression model fit was restricted by the variables available on the Annual Population Survey for both inactive and employed/unemployed people.
3. The horizontal bars represent error bars or 95% confidence intervals.

Download the data

[.xlsx](#)

We have also looked at whether owning a home outright was a significant predictor of inactivity for those aged 50 and over, as an indicator of personal finances. Men aged 50 years and over who own a home outright were 1.8 times more likely to be inactive than men in the same age band who rent their home. Similarly, women aged 50 years and over who own a home outright were 1.6 times more likely to be inactive than women in the same age band who rent. The coronavirus pandemic has not had a clear additional impact on the likelihood of home ownership as a predictor of inactivity. However, it implies that personal finances of those aged 50 years and over might have been a consideration for those who chose to no longer be active in the labour market. This complements new findings in our [Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022](#) article that show “among those considering returning to work, those who owned their home outright were more likely to have reported leaving their previous job by choice”.

7 . Global trends in economic inactivity

As global economies initially imposed lockdown restrictions, there was an increase in inactivity rates for all 37 countries. Figure 6 shows the peak increase in inactivity for all 37 advanced economies that are covered by the Organisation for Economic Co-operation and Development (OECD) countries, which mainly took place in Quarter 2 (April to June) 2020 at the peak of the coronavirus pandemic. The median change in the inactivity rate was an increase of 1.3 percentage points.

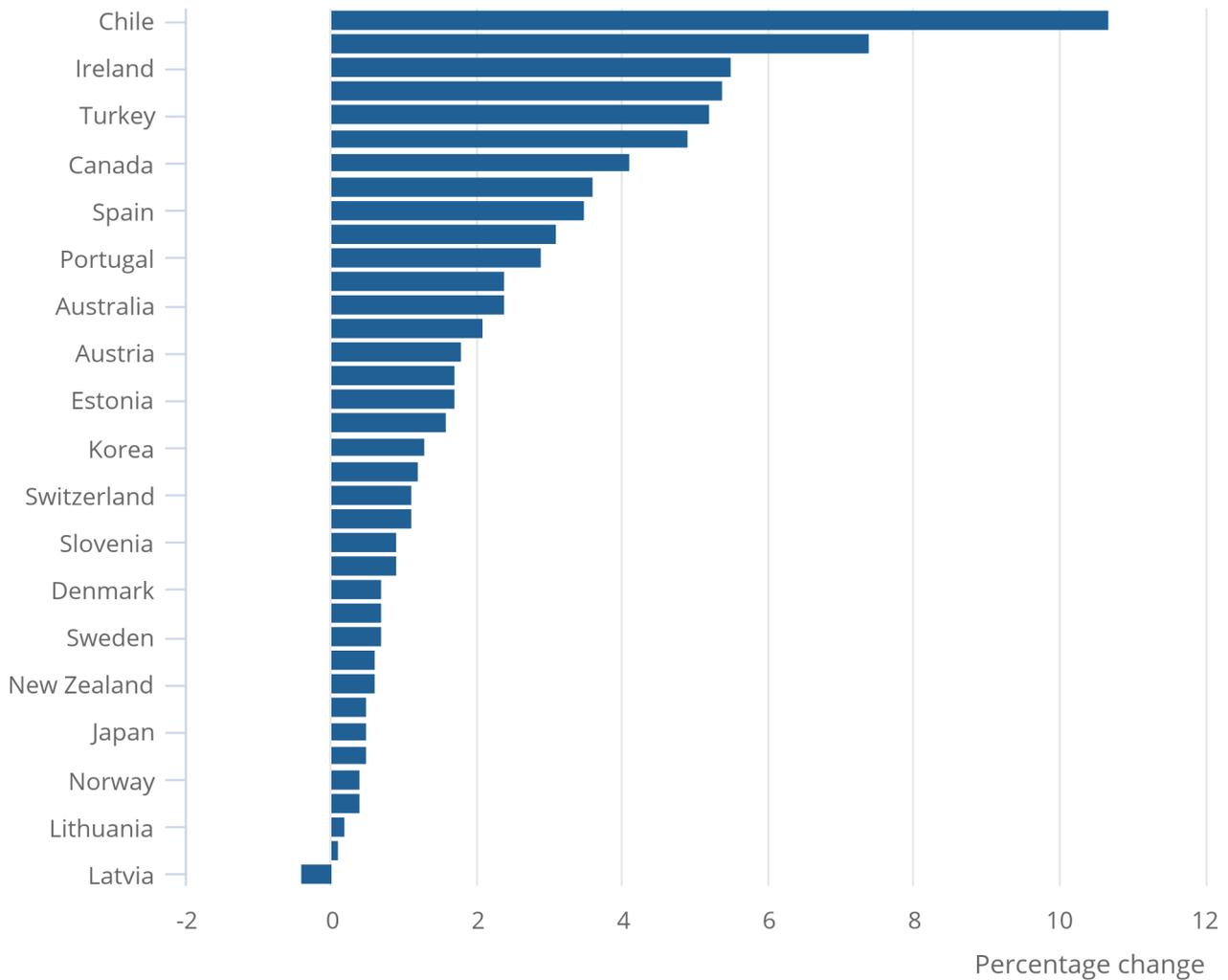
The high prevalence of the virus meant people would have been unable to work at that time. Fear of the virus itself was also likely to have been at its highest at this time, given vaccinations had not yet been in place. This may have led to a lower willingness to work at that time. There might have been some changes in work-life considerations, including an increase in caring responsibilities at the time of restrictions, while some took early retirement in those circumstances.

Figure 6: There was a broad-based increase in the inactivity rate for Organisation for Economic Co-operation and Development (OECD) countries in 2020

Change in inactivity rate, Quarter 4 (October to December) 2019 vs post-pandemic peak, OECD countries

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Change in inactivity rate, Quarter 4 (October to December) 2019 vs post-pandemic peak, OECD countries



Source: Organisation for Economic Co-operation and Development

Notes:

1. Most of these 37 OECD countries experienced their peak in inactivity rates in Quarter 2 (April to June) 2020, though this is not the case for all countries. This includes Iceland, Israel, Latvia, Lithuania, Luxembourg, Mexico, Slovak Republic, Slovenia, Switzerland, Turkey, United Kingdom, and the United States.
2. All international figures correct as of 6 December 2022.

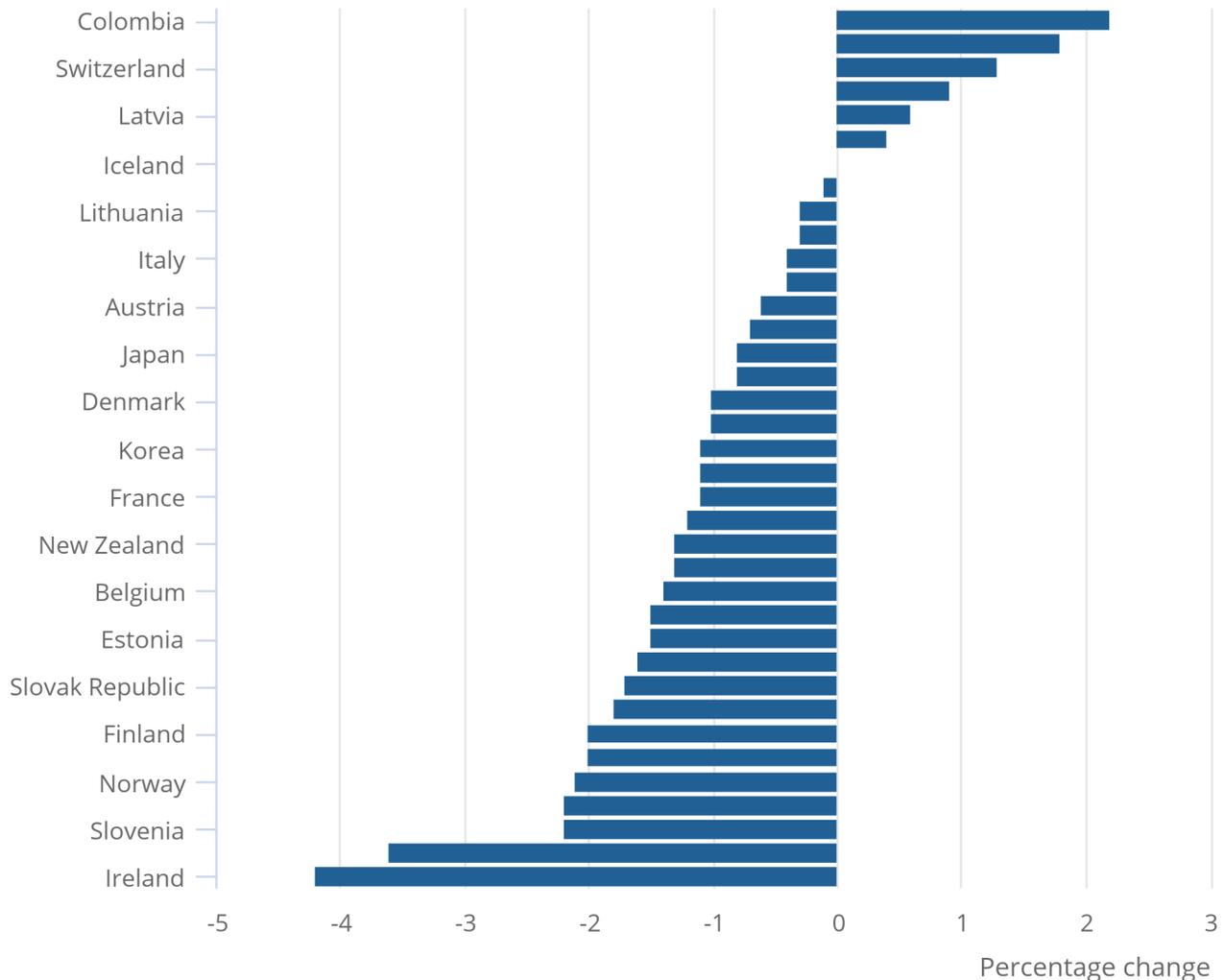
However, the persistence of this impact on economic inactivity has not been the same for all OECD countries. Figure 7 shows the latest change in inactivity rates for these 37 OECD countries relative to Quarter 4 (October to December) 2019. Only seven of these countries still have a higher inactivity rate relative to prior to the pandemic, highlighting that many of those who became inactive returned to the labour force for most OECD economies. The change in the inactivity rate over this period for the median of these 37 countries was for a fall in inactivity rate of 1.1 percentage points. Only Columbia, Chile and Switzerland have seen a larger increase than the UK.

Figure 7: The UK has experienced one of the largest increases in its inactivity rate over the course of the pandemic

Change in inactivity rate, Quarter 4 (October to December) 2019 vs Quarter 2 (April to June) 2022, Organisation for Economic Co-operation and Development (OECD) countries

Figure 7: The UK has experienced one of the largest increases in its inactivity rate over the course of the pandemic

Change in inactivity rate, Quarter 4 (October to December) 2019 vs Quarter 2 (April to June) 2022, Organisation for Economic Co-operation and Development (OECD) countries



Source: Organisation for Economic Co-operation and Development

Notes:

1. All international figures correct as of 6 December 2022.

The evidence so far implies that some of the behavioural changes of workers in their ability and willingness to work have been more specific to the UK. The challenge of a lower active population would not appear to be a global phenomenon, highlighting that the UK may have specific challenges if these inactive workers do not return to the labour force. There are still uncertainties as to whether this effect on participation will be a permanent feature of the pandemic, though this UK participation puzzle remains a challenge for policymakers.

It is important to consider how these labour markets would have evolved in the absence of the pandemic. For example, Quarter 4 2019 levels might not necessarily be the best representation, given the underlying trend in previous years and expected changes to come in the years ahead. For example, in the UK, labour force participation had been at a high in Quarter 4 2019, in part reflecting the effects of a higher State Pension Age and improvements in female participation rates. Pre-coronavirus pandemic forecasts had expected a fall in the participation rate was expected regardless of the pandemic, in response to an ageing population and expected lower net immigration. However, there has still been an apparent effect of the pandemic on the UK labour market if those pre-pandemic forecasts are considered.

It is possible to show whether the change in employment since Quarter 4 2019 reflects changes in the working age population, unemployment, or inactivity. Figure 8 shows that 28 of these 37 OECD countries have experienced an increase in the employment levels relative to Quarter 4 2019. However, the UK is one of the nine countries where its employment is lower than where it was prior to the pandemic. The UK is also one of only four where the fall in the employment is driven by a rise in economic inactivity, rather than an increase in unemployment.

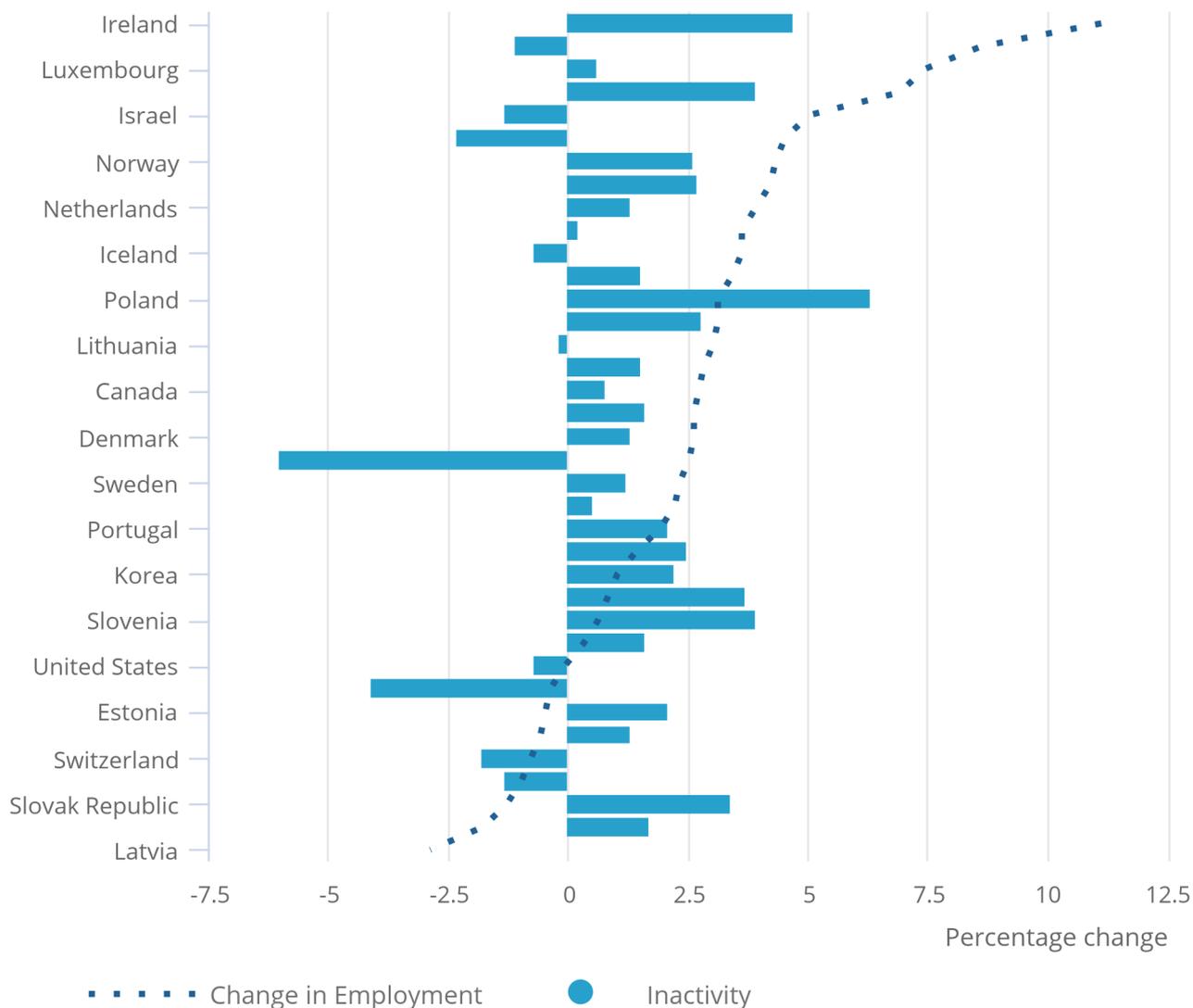
This highlights that low unemployment in the UK reflects the increase in inactivity, not an increase in employment. It also reinforces the challenge of the UK economy, where the tightness in the labour market reflects that labour demand is above pre-coronavirus levels and that labour supply is below pre-coronavirus levels.

Figure 8: The UK is one of only four countries where the fall in the employment rate over this period is driven by a rise in the rate of economic inactivity

Change in employment levels, aged 15 to 64 years, (%) and contributions from inactivity, from Quarter 4 (October to December) 2019 to Quarter 2 (April to June) 2022, Organisation for Economic Co-operation and Development (OECD)

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Source: Organisation for Economic Co-operation and Development

Notes:

1. All international figures correct as of 6 December 2022.

8 . Conclusions

[Recent analysis](#) shows that the UK labour market is also historically tight, even if incorporating those marginally attached to the labour force and the underemployed. However, the low unemployment rate in the UK reflects this fall in labour force participation. One of the main uncertainties is the extent to which labour force participation will return to its pre-pandemic levels.

A recent [workers aged 50 years and over Lifestyle Study](#) looked at those aged 50 to 65 years that had left or lost their job since the pandemic and had not returned. It found that 65% of those aged 50 to 59 years would consider returning to work for financial reasons, so it might be that the expected hit to real disposable incomes over the next two years will see some workers return to the active labour market. New findings in our [Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022](#) article show those considering returning to the labour force appeared to be less financially resilient. However, 18% were still on an NHS waiting list for medical treatment, while 35% for those who left their previous job for a health condition. It might be that this proves to be a barrier for returning to the labour market.

9 . Related links

[Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic](#)

Article | Released 27 September 2022

Motivations of those aged 50 to 65 years leaving work during the coronavirus (COVID-19) pandemic in Great Britain from March 2020, why they left and whether or not they intend to return. Main findings from wave 2 of the Over 50s Lifestyle Study.

[Half a million more people are out of the labour force because of long-term sickness](#)

Digital Content | 10 November 2022

Between June and August 2022, around 2.5 million people reported long-term sickness as the main reason for economic inactivity, up from around 2 million in 2019.

[Self-reported long COVID and labour market outcomes, UK: 2022](#)

Bulletin | 5 December 2022

Estimates of associations between self-reported long COVID and labour market outcomes, using UK Coronavirus (COVID-19) Infection Survey data. Experimental Statistics.

[International comparisons of labour markets over the coronavirus \(COVID-19\) pandemic](#)

Article | 10 November 2022

Comparing the impact of the coronavirus (COVID-19) pandemic on labour markets across the group of G7 countries.

[Alternative measures of underutilisation in the UK labour market](#)

Article | 5 September 2022

Considering broader measures of labour market availability – or underutilisation of the labour market – and indicators of mismatch between unemployment and vacancies across industries.

[Returning to the workplace – the motivations and barriers for adults aged 50 years and over, Great Britain: August 2022](#)

Article | 19 December 2022

The characteristics and motivations associated with adults aged 50 years and over considering returning to the labour market after leaving their previous job since the start of the coronavirus (COVID-19) pandemic. Experimental statistics.

10 . Cite this article

Office for National Statistics (ONS), released 19 December 2022, ONS website, [Worker movements and economic inactivity in the UK: 2018 to 2022](#)