



Public sector employment in local authorities

A TUC analysis

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This analysis considers levels of public sector employment in local authorities across Great Britain.¹ It is based on data employment data the Annual Business Enquiry (ABI)² and claimant count data from Jobcentre Plus. It shows that the across Great Britain around 26.9 per cent of the workforce are employed in the public sector, but in many local areas the proportions are far higher. For example in Castle Morpeth 52.9 per cent of employee jobs are in the public sector, as are 46.9 per cent of employee jobs in Durham and 42.2 per cent in Hastings. The 25 local authorities with the highest proportions of public sector jobs are shown below.³ A full list of the proportions of public sector jobs by local authority can be downloaded here: <http://www.tuc.org.uk/extras/localauthorityjobs.xls>.

25 local authorities (Great Britain) with largest proportions of public sector jobs in local workforce, 2007

Local authority (Great Britain)	Public administration, education and health employee jobs (Great Britain)	% of total employee jobs
Castle Morpeth	11,500	52.9
Durham	22,600	46.9
Oxford	47,500	46.6
Wansbeck	6,900	45.9
Cambridge	37,100	43.8
Denbighshire	16,400	43.1
Hastings	12,300	42.2
West Dunbartonshire	14,200	42.1
Stafford	26,000	42
Rushcliffe	18,500	42
Sefton	38,200	39.9
Canterbury	24,000	39.9
Middlesbrough	26,200	39.7
Torfaen	13,800	39.5
Eilean Siar	4,700	39.2
Liverpool	88,500	39.1
Ceredigion	9,800	38.9
Lewisham	23,900	38.8
Inverclyde	11,800	38.8
Swansea	39,900	38.5
Redbridge	25,700	38.3
Taunton Deane	20,500	38.1
Argyll & Bute	14,600	38
Carrick	18,500	37.8
Eastbourne	14,300	37.6
GB	7,163,500	26.9

We have also looked at which areas have the largest overall numbers of public sector jobs. Birmingham has the largest number of posts, with 149,800 people employed in public sector positions, followed by Glasgow (125,300 jobs) and Leeds (107,800 jobs). The 25 local authorities with the highest numbers of public sector jobs are shown below.

25 local authorities (Great Britain) with largest numbers of public sector jobs, 2007

Local authority (Great Britain)	Public administration, education and health employee jobs (Great Britain)	% of total employee jobs
Birmingham	149,800	31.2
Glasgow City	125,300	31.7
Leeds	107,800	26.4
Westminster, City of	105,000	18.2
Edinburgh, City of	94,200	30.5
Manchester	91,100	29.4
Liverpool	88,500	39.1
Sheffield	80,600	32.4
Newcastle-upon-Tyne	65,500	37.4
Bristol	64,200	28.3
Bradford	60,900	30.9
Cardiff	59,800	31
Camden	58,900	22.4
Leicester City	55,200	34.1
Nottingham	55,000	29.8
Oxford	47,500	46.6
Aberdeen City	45,500	26.4
Lambeth	43,000	36.3
Fife	43,000	31.8
Kirklees	42,300	27.3
Coventry	41,400	29.8
Swansea	39,900	38.5
Wakefield	39,400	27.6
Plymouth	38,400	35.7
Sefton	38,200	39.9
GB	7163500	26.9

The impact of job cuts

In addition, our analysis considers how many jobs would be lost if 10 per cent of public sector positions were cut, as many commentators have recently suggested that 10 per cent job cuts could be implemented after an election. Overall this level of cut would the loss of over 700,000 public sector positions.

Our analysis shows that a cut of this magnitude would have devastating impacts for areas that already have very high unemployment rates. Out of the 25 local authorities that already have the highest claimant count rates nationally, 20 also have rates of public sector employment that are above the national average. Cuts in public sector posts would therefore serve to significantly increase claimant levels in these areas, and could lead to sharp rises in local unemployment rates.

For example, Blaenau Gwent would lose 590 jobs, and see a 18 per cent increase in its claimant level; Wolverhampton could see a loss of 3250 jobs, with a 29 per cent increase in claimant levels and Kingston upon Hull would lose 3490 jobs and see claimant levels rise by 27 per cent. The impact of such sweeping cuts could also be a short-term increase in costs as councils and other local employers experienced increased expenditure on redundancy payments and the organisational costs of re-structuring. The 25 local authorities that currently have the highest claimant count rates are shown below.

25 local authorities (Great Britain) with highest claimant count rates⁴ (proportion of working age population, July 2009)

Local authority (Great Britain)	% of total employee jobs	10% cut in jobs	Claimant rates (proportion working age population)	Proportional increase in claimant count if public sector workers who lost their posts claimed JSA
Blaenau Gwent	30.6	590	7.9	18%
Wolverhampton	30.1	3250	7.9	29%
Kingston upon Hull	29.6	3490	7.9	27%
Birmingham	31.2	14980	7.8	30%
Liverpool	39.1	8850	7.6	41%
Sandwell	22.7	2890	7.4	22%
Middlesbrough	39.7	2620	7.2	42%
Walsall	26	2690	7.2	25%
Merthyr Tydfil	36.9	840	7.1	35%
South Tyneside	33.8	1400	6.9	22%
Tower Hamlets	16.6	3300	6.9	31%
Knowsley	34.2	1930	6.8	30%
Hartlepool	33.5	1060	6.7	28%
Hackney	27.3	2230	6.7	23%
Leicester City	34.1	5520	6.5	44%
Corby	11	330	6.4	15%

North Ayrshire	30	1220	6.3	23%
Wansbeck	45.9	690	6.2	29%
Wear Valley	35.3	710	6.2	30%
Newham	36.1	2620	6.1	26%
North East Lincolnshire	30.2	2050	6.1	35%
Haringey	29.1	1790	6.1	19%
Halton	19.7	1070	6.1	23%
West Dunbartonshire	42.1	1420	6.0	42%
Redcar and Cleveland	32.6	1330	6.0	26%
GB	26.9	716350	4.1	47%

Public spending – the impact on the private sector

Treasury data⁵ make it possible to consider public service expenditure by economic category. The data show that the amount of public sector money that is spent in the private sector⁶ is greater than the amount that is spent on public sector pay – in 2007-2008 £167,971,000,000 of public sector money went directly to the private sector compared to £151,002,000,000 on public sector pay. This means that 28.8 per cent of total public sector expenditure is provided to the private sector, compared to 25.9 per cent which is spent on public sector pay. It is clear that sweeping cuts would therefore have a significant impact on private as well as public sector jobs. These figures can be seen in more detail in the following table.

Public sector expenditure on services by economic category, 2004-05 to 2007-08, £millions, nominal and real terms⁷

	2004-05	2005-06	2006-07	2007-08	Increase from 2004-05 – 2007-08
Pay (nominal, millions)	133,124	141,816	147,018	151,002	17,878
Net current procurement (nominal, millions)	106,540	113,354	119,182	127,334	20,794
Subsidies (nominal, millions)	8,889	9,022	9,014	9,483	594
Net capital procurement (nominal, millions)	21,911	25,542	27,128	31,154	9,243
Private sector total (nominal, millions)	137,340	147,918	155,324	167,971	30,631
Total public sector pay (real terms)	143,494	150,063	151,097	151,002	7,508
Total private sector (real terms)	148,038	156,520	159,634	167,971	19,933

¹ The analysis is based on pre-2009 local authorities to ensure that ABI and claimant count data are comparable.

² The Annual Business Inquiry (ABI) is an employer survey conducted in December of each year. The ABI records the total number of jobs held by employees (a measure which excludes self-employed, government-supported trainees and HM Forces). The ABI is the only means to provide estimates of public sector employment at a local authority level. However, it provides estimates of jobs by industry rather than public sector some private sector workers who are contracted to provide service to the public sector are included. We do not consider this a problem for this analysis, as the jobs of both directly employed and contracted workers would be at risk from job cuts.

³ Different areas would clearly experience varied impacts from spending cuts depending on the types of public sector employment in the local authority. For example, Oxford and Cambridge have high levels of employment in universities which are likely to have external sources of funding, so may not be as badly affected by cuts as local authorities where employment is completely dependent upon public sector funds.

⁴ It is important to note that these rates are not comparable with the national claimant count rate that ONS provides in its monthly labour market releases. The claimant rates used in our analysis show the number of claimants as a proportion of the total resident population of working age, and are the only rates that are available at a local level. The national rate published by ONS shows the number of claimants as a proportion of the economically active population (calculated by considering the number of claimants as a proportion of the total number of workforce jobs + the total claimant count).

⁵ HMT (2009) Public Expenditure Statistical Analyses (PESA) London: HMT.

⁶ It is impossible to determine exactly how much public sector spending is spent on UK companies. Imports account for around 30 per cent of GDP, so this is a good basis for estimating the amount that the public sector would spend on imports – meaning that it is likely that around 70 per cent of public sector spending in the private sector is spent on UK companies.

⁷ Real terms figures are the nominal figures adjusted to 2007-08 price levels using GDP deflators, calculated from the latest data from the Office for National Statistics (released 30 June 2009).