

# MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

## The Importance of Examining Labour Market Flows



### Theme:

- Labour market developments

### Area of Focus:

Over 50s are leaving the labour market in their [droves](#). This piece summarises the complex issues in the UK labour market, and was originally posted in [this blog](#) by City-REDI at the University of Birmingham.

### Key Findings:

Labour markets can be described as a 'leaky bucket' with inflows and outflows. These then have a place-based impact. In summary, the issues facing the UK labour market are:

#### **Inflows**

1. Fertility rates and childcare policies. The number of births in the UK was lower than deaths for the first time in 44 years in 2020. According to [ONS](#) the number of births decreased in 2020, to 683,191.
2. International migration (and emigration). In-migration to the UK has stayed [broadly in line with other high-income countries](#). However migration of EU citizens fell so much that by June 2022 they did not contribute to net migration at all.
3. Student behaviour and trends in employment. The Student in-migration has increased, accounting for [39% of the change in in-migration](#). However with students tending to stay for just a short time, the long-term implications are uncertain.

#### **Outflows**

4. Disability and illness, workforce implications. The [ONS](#) surveyed in 2022 that the 50-54 cohort are more likely than other cohorts to leave due to stress and not feeling supported in their job. This is compounded by post-pandemic illness and job fatigue.
5. Over the 50s and labour market participation The retiring boomer generation is creating a larger cliff-edge as the employment rate for 50–64-year-olds increased from 55.8% in 1984 to 72% in 2020.
6. Legislation and policy impacts. Labour market challenges affect other similar countries. International migration may be a short-term solution but long-term responses would require a focus on the UK birth rate.

### **Midlands Engine Impact:**

There are place-based impacts of changes in inflows and outflows of labour markets. Some of the impacts are global which then land and make a difference in the Midlands.

#### **Place impacts**

- Global Workforce

A decline in populations in [98 \(mainly Western\) countries](#) would result in a challenge for international policy insofar as the extent to which the growth constraints in some countries are tackled through the redistribution of the working-age population moving from other countries.

- Localised effects in the UK

The fertility rate [differs](#) across the Midlands with Sandwell (2.0), Wolverhampton (1.9 children per woman), East Staffordshire (1.9), Walsall (1.8), Nuneaton and Bedworth (1.8), Stoke (1.8) all above the England and Wales average (1.6).

- Sustainability and resource constraints

The outflow of workers also has a regional impact. Over 50s who own property and can afford to sell, or downsize, are choosing to retire early. Meaning those in London or with existing large houses, are better placed for early retirement. [ONS data](#) shows those aged 50 to 54 years were significantly less likely to be debt free, excluding a mortgage (49%), compared with those aged 60 to 65 years (62%). 55% of those aged 60 to 65 were confident or very confident their retirement would meet their needs, compared to 38% of those aged 50 to 54.

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