

UK Labour Market Trails Europe in Recovery

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The United Kingdom's labour market continues to underperform compared to much of Europe, with productivity levels still lagging and workforce participation yet to rebound to pre-pandemic levels. Official figures show a significant rise in long-term economic inactivity, particularly among working-age adults facing chronic health issues.

Data from the Office for National Statistics (ONS) confirms that over 400,000 working-age individuals are no longer in employment or seeking work due to prolonged illness. This

marks a substantial increase since before the COVID-19 pandemic and reflects mounting strain on both the workforce and wider economy.

Countries such as Germany and Sweden have recovered more robustly, having restored employment rates and labour participation to pre-2020 levels. Analysts point to a number of persistent domestic challenges holding the UK back, including the pressure on the National Health Service, declining output per hour worked, and reduced working hours across key sectors.

The NHS continues to struggle with a growing backlog, with long waiting lists for both routine and specialist care. The delays are impacting workforce availability, as untreated health problems prevent people from returning to work. Business groups warn that the lack of access to timely treatment is limiting productivity and placing further burdens on employers.

Absenteeism has risen sharply across sectors such as healthcare, manufacturing, and education, where staff shortages are disrupting day-to-day operations. Many firms have been forced to make costly adjustments due to inconsistent staffing levels.

Despite recognising the broader economic implications of declining health in its post-pandemic planning, the government has yet to introduce targeted solutions to ease NHS pressures or address the nation's flagging productivity.

Productivity in the UK remains lower than in several European economies, compounding existing fiscal challenges during a period of weak economic growth. Economists have stressed the need for long-term labour market reforms to help boost output and support business resilience in the years ahead.