

UK LABOUR MARKET PROFILE

DECEMBER 2020

This summary of the UK labour market uses data produced by the Office for National Statistics every month. This update covers the period from August to October 2020¹.

The employment rate continues to decrease, while the unemployment rate is now rising sharply.

Redundancies have reached a record high, and total hours worked, while still low, continue to show signs of recovery.

The number of people temporarily away from work has fallen since its peak in April and May 2020. There are also fewer people away from work because of the pandemic and receiving no pay.

Vacancies have continued to recover in the latest period but are still below the levels seen before the impact of the coronavirus pandemic.

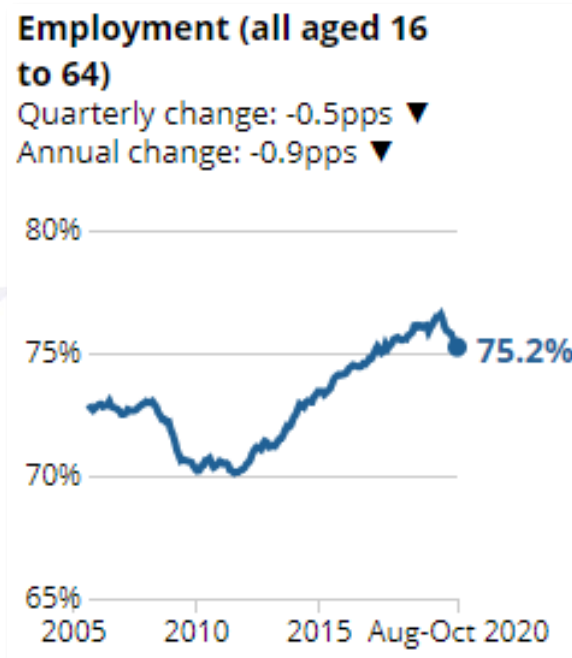
Annual growth in employee pay continued to strengthen as more employees returned to work from furlough, but the estimated growth in average pay is also impacted by a fall in the number and proportion of lower-paid employee jobs.

Indicator	Quarterly change	Annual change
Employment	↓	↓
Unemployment	↑	↑
Economic inactivity	→	↓
Vacancies	↑	↓
Redundancies	↑	↑
Hours worked	↑	↓
Earnings (<i>Total real pay</i>)	↑	↑

¹ Labour market overview, UK: December 2020. The next update will be published on 26th January 2021.

Employment levels

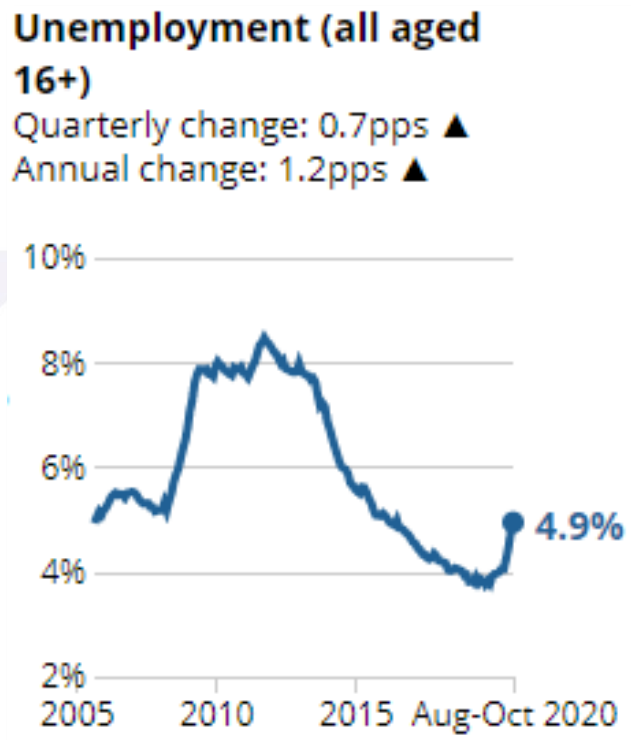
- **Employment measures the number of people aged 16 years and over in paid work and those who had a job that they were temporarily away from (to which they are expecting to return)**
- **The employment rate is the proportion of people aged between 16 and 64 years who are in employment**
- The estimated employment rate for all people was 75.2%
 - Down 0.9 percentage points over the previous year
 - Down 0.5 percentage points over the previous quarter
- The estimates show 32.52 million people aged 16 years and over in employment
 - Down 280,000 over the previous year – the largest annual decrease since March 2010
 - Down 144,000 over the previous quarter



- Prior to the coronavirus (COVID-19) pandemic there were on average 2 to 2.5 million people temporarily away from work
- Estimates of the number of people temporarily away from work rose to around 7.9 million people in April 2020, but has fallen to around 3.7 million people in October 2020
- There were also around 211,000 people away from work because of the pandemic and receiving no pay in October 2020; this has fallen from around 658,000 in April 2020

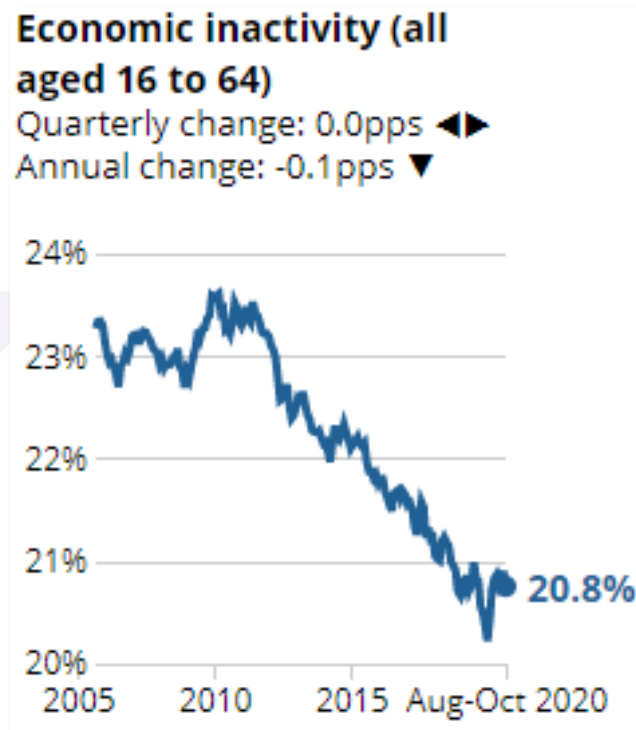
Unemployment levels

- Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks
- The unemployment rate is not the proportion of the total population who are unemployed, it is the proportion of the economically active population (those in work plus those seeking and available to work) who are unemployed
- The estimated UK unemployment rate for all people was 4.9%
 - Up 1.2 percentage points over the previous year
 - Up 0.7 percentage points over the previous quarter
- There were an estimated 1.69 million unemployed people
 - Up 411,000 over the previous year
 - Up 241,000 over the quarter



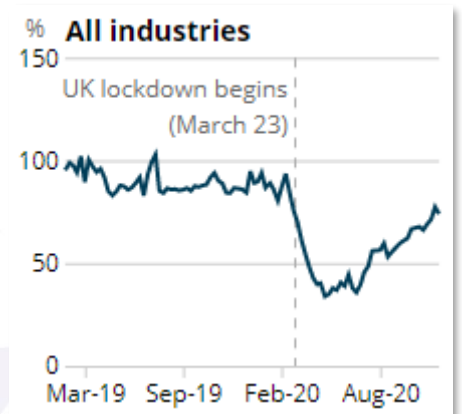
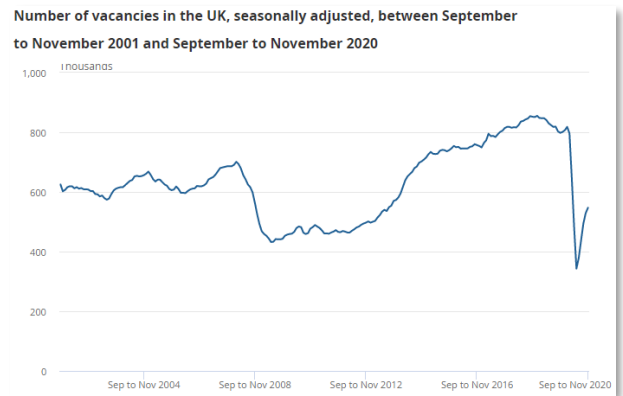
Economic inactivity

- **Economic inactivity measures people without a job but who are not classed as unemployed because they have not been actively seeking work within the last four weeks and/or they are unable to start work within the next two weeks**
- **The headline measure is based on those aged between 16 and 64**
- The estimated economic inactivity rate for people aged between 16 and 64 was 20.9%
 - Down 0.1 percentage points over the previous year
 - Unchanged over the previous quarter
- The estimates show 8.60 million people aged between 16 and 64 not in the active labour force
 - Down 4,000 over the previous year
 - Down 2,000 over the previous quarter



Vacancies

- There were an estimated 547,000 vacancies
 - Up 110,000 vacancies over the quarter
 - Despite this increase, vacancies remain below the pre-coronavirus pandemic levels and are 251,000 (31.5%) less than a year ago
- The number of vacancies per 100 employees increased to 1.8 – down 0.8 over the previous year, but up 0.4 on the previous quarter (up from the record low of 1.1 in June 2020)²
- The number of unemployed people per vacancy was 3.1 – down 0.4 on the previous quarter (down from the recent high of 4.0 in June 2020)³
- Within *Electricity & Gas*, vacancies were up 12.9% on the year, and up 25.0% on the quarter
 - There were 2.6 vacancies per 100 employees – up 0.5 from the previous year, and up 0.3 on the previous quarter
- Within *Water supply, sewerage, waste & remediation activities*, vacancies were down 13.5% from the previous year, but up 28.0% on the previous quarter
 - There were 1.4 vacancies per 100 employees – down 0.2 from the previous year, but up 0.3 on the previous quarter
- In the week prior to 4th December 2020, the total volume of online job adverts was 71.7% of its 2019 average⁴
 - Energy/ oil & gas = 74.8% of its 2019 average
 - Engineering = 87.8% of its 2019 average
 - Construction = 86.6% of its 2019 average
- Across the regions⁵:
 - London has reached only 58% of its 2019 average
 - East Midlands has reached 92.5% of its 2019 average



² VACS02: Vacancies by industry, ONS, 15th September 2020.

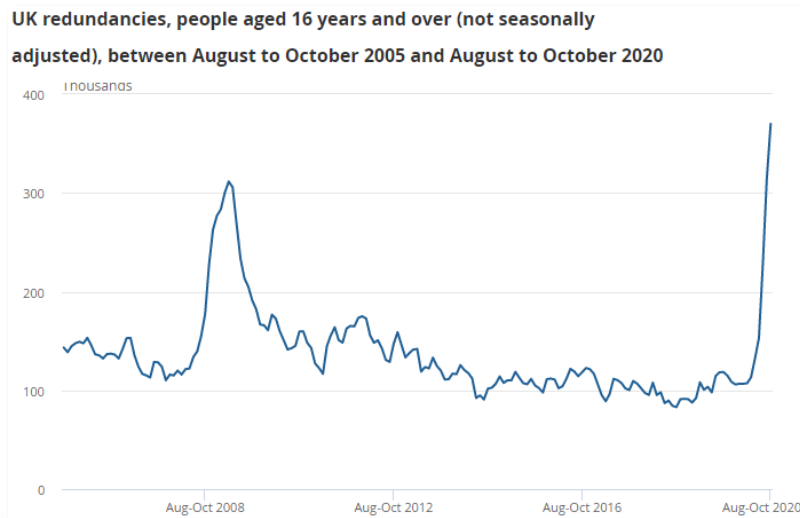
³ VACS01: Vacancies and unemployment, ONS, 15th September 2020.

⁴ Coronavirus and the latest indicators for the UK economy and society: 5 November, ONS.

⁵ Online job advert estimates, ONS, 17th December 2020.

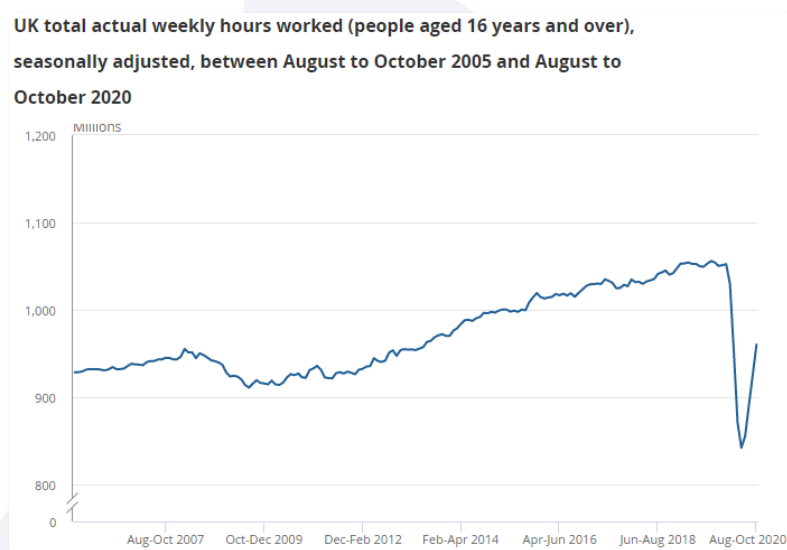
Redundancies

- Redundancy estimates measure the number of people who were made redundant or who took voluntary redundancy in the three months before the Labour Force Survey (LFS) interviews; it does not take into consideration planned redundancies
- There were 370,000 redundancies during the quarter – a new record high
 - Up 251,000 over the previous year – a record annual increase
 - Up 217,000 over the previous quarter – a record quarterly increase



Hours worked

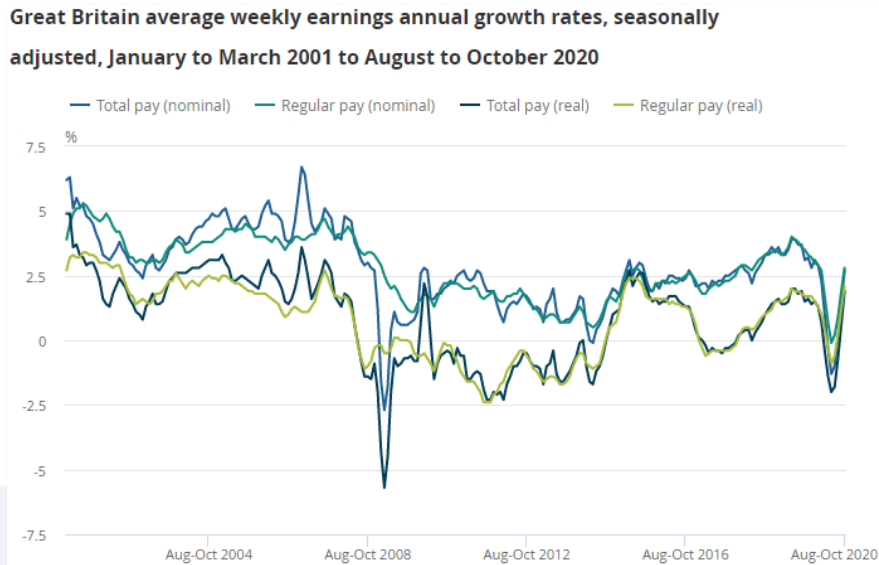
- Total actual weekly hours worked in the UK was 960 million
 - A record quarterly increase of 104.9 million (up 12.3%)
- Average actual weekly hours worked saw a record increase of 3.3 hours on the quarter, to 29.5 hours



Earnings

- For the three months to October 2020:
 - Total nominal pay increased by 2.7%
 - Regular nominal pay increased by 2.8%

 - Total real pay increased by 1.9%
 - Regular real pay increased by 2.1%



- Compared to a year ago, total pay was down 2.2% in the construction sector

Additional labour market resources

- A range of labour market and skills-related resources are freely available on our website at:
<https://www.euskills.co.uk/our-services/skills-solutions/sector-skills-research-and-market-intelligence/>
- Member companies of the Energy & Utility Skills group can access additional resources here:
<https://www.euskills.co.uk/membership/members-area/sector-insights/>
- For further information on the data contained in this summary, or to discuss how the labour market may affect your organisation's talent attraction and retention strategies, please contact:

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