

UK LABOUR MARKET PROFILE

JULY 2021

This summary of the UK labour market uses data produced by the Office for National Statistics every month. Unless indicated otherwise, this update covers the period from March 2021 to May 2021¹.

The most recent data show the labour market continuing to recover.

The number of payroll employees showed another monthly increase, up 356,000 in June 2021 to 28.9 million. However, it remains 206,000 below COVID-19 pandemic levels (February 2020). For the first time since the beginning of the pandemic, some regions are now above pre-pandemic levels, including the North East, North West, East Midlands and Northern Ireland.

Since the end of 2020 both employment and unemployment have shown signs of recovery. In the latest period there was an increase in the employment rate of 0.1 percentage points and a decrease in the unemployment rate of 0.2 percentage points.

With the relaxation of many coronavirus restrictions, total hours worked increased on the quarter, although it is still below pre-pandemic levels, and the redundancy rate decreased on the quarter and has returned to pre-pandemic levels. There were 862,000 job vacancies in April to June 2021 – 77,500 above its pre-pandemic level in January to March 2020. The number of online job postings now surpasses pre-pandemic levels.

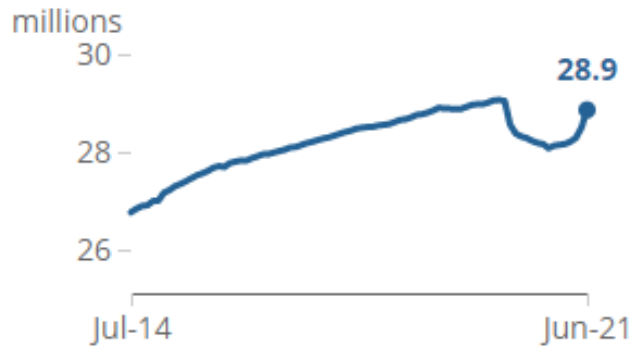
Growth in average total pay (including bonuses) was 7.3% and regular pay (excluding bonuses) was 6.6%. However, annual growth in average employee pay is being affected by temporary factors that have inflated the increase in the headline growth rate (e.g. the fall in the number and proportion of lower-paid employee jobs).

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

¹ Labour market overview, UK: July 2021. The next update will be published on 17 August 2021.

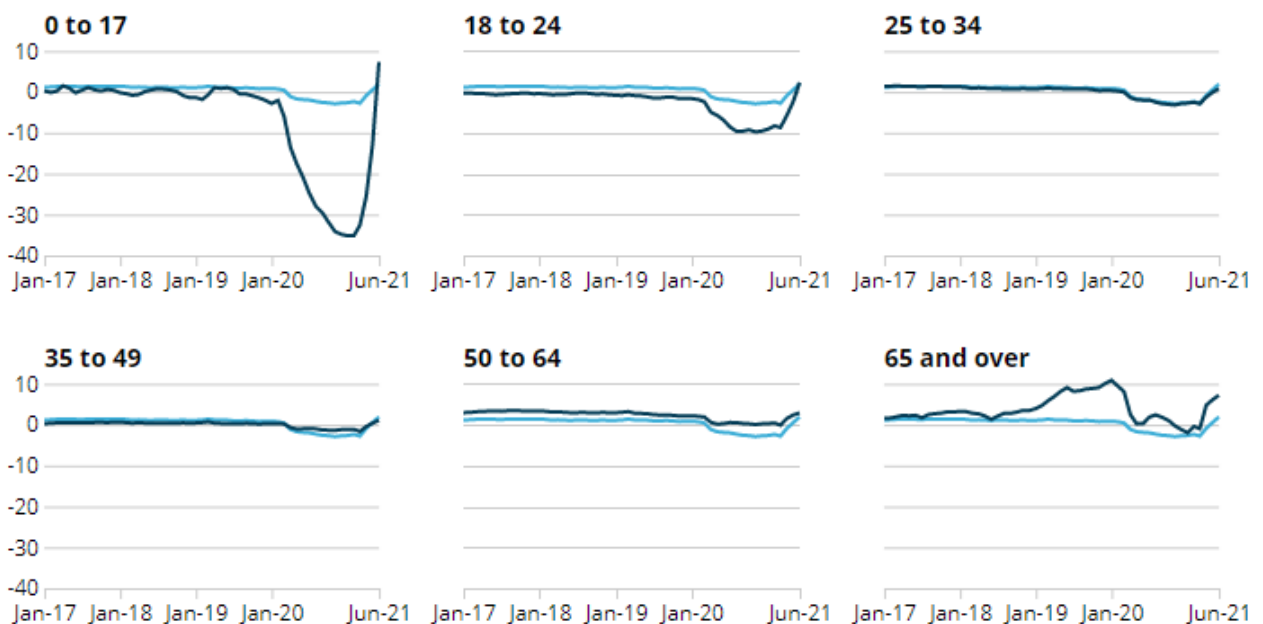
Payrolled Employees

- Estimates of payrolled employees are based on the number of people who are employed in at least one job and are paid through the Pay As You Earn (PAYE) system
- Employees who are furloughed as part of the Coronavirus Job Retention Scheme (CJRS) programme are included in these data
- The number of payrolled employees in June 2021 was 28.9million
 - Up 541,000 over the previous year
 - Up 356,000 over the previous month



- The number of payrolled employees aged 50 years+ has increased at faster rates than the UK as a whole, this is particularly true for those aged 65 years+ (peaking at +10.5% in January 2020)
- This has coincided with the phased increase in State Pension age between March 2019 and September 2020, from 65 to 66 years for both men and women
- Since June 2020, annual employee growth has risen to +0.8% for those aged 25 to 34 years, and +1.0% for those aged 35 to 49 years
- Employee growth for those aged 65 years+ fell sharply, but recovered somewhat
- Those aged under 18 years saw a rise in employee growth to 7.3% during this period

— Named age group — All ages



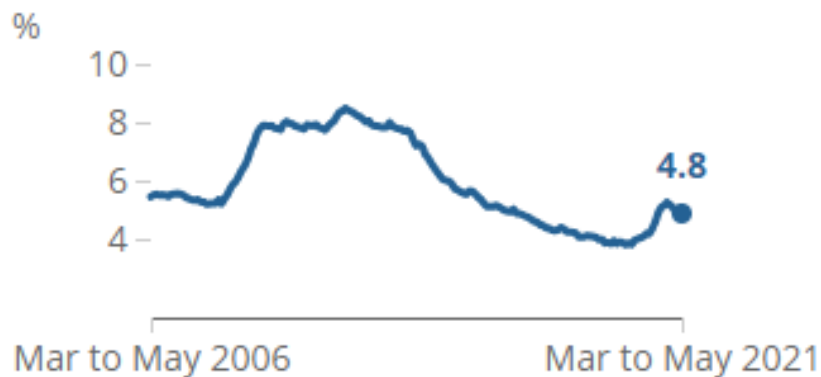
Employment levels

- **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 74.8%
 - Down 1.0 percentage points over the previous year
 - Up 0.1 percentage points over the previous quarter



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 4.8%
 - Up 0.7 percentage points over the previous year
 - Down 0.2 percentage points over the previous 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 21.3%
 - Up 0.5 percentage points over the previous year
 - Up 0.1 percentage points over the previous quarter



- In terms of reasons for economic inactivity, the increase since the start of the pandemic (December 2019 to February 2020) was largely driven by:
 - those who are economically inactive because they are students (although the increase now shows signs of easing)
 - those who are economically inactive because of "other" reasons (although this has decreased slightly since early 2021)
- This increase was offset somewhat by the large decrease in people who were economically inactive because they were looking after family/home, although this did increase slightly in the latest quarter

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**
- During the quarter there were 3.8 redundancies per thousand employees
 - A decrease of 0.3 per thousand employees over the previous year
 - A decrease of 1.7 per thousand employees over the previous quarter



Vacancies

- Between March and May 2021 there were an estimated 862,000 vacancies²
 - Up 522,000 (+154%) over the previous year
 - Up 241,000 (+39%) vacancies over the previous quarter
- Within **Electricity & Gas**, the number of vacancies was up 186% over the previous year and up 18% on the previous quarter
- Within **Water supply, sewerage, waste & remediation activities**, the number of vacancies was up 159% from the previous year and up 43% on the previous quarter
- There were 1.9 unemployed people per vacancy – down 2.2 over the previous year, and down 0.8 on the previous quarter³
- There were 2.9 vacancies per 100 employees – up 1.7 over the previous year, and up 0.8 on the previous quarter²
 - Within **Electricity & Gas** there were 4.4 vacancies per 100 employees (the highest ratio ever recorded since records began in 2001)
 - Up 2.8 over the previous year, and up 0.7 over the previous quarter
 - Within **Water supply, sewerage, waste & remediation activities**, there were 2.8 vacancies per 100 employees (the highest ratio ever recorded since records began in 2001)
 - Up 1.7 over the previous year, and up 0.8 over the previous quarter
- In the month of June 2021, there were 854,251 online job postings – up 115% on the same month last year and up 4% on the previous month⁴



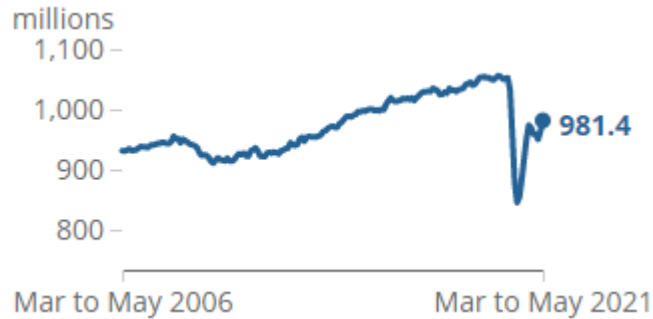
² VACS02: Vacancies by industry, ONS.

³ VACS01: Vacancies and unemployment, ONS.

⁴ Burning Glass Technologies.

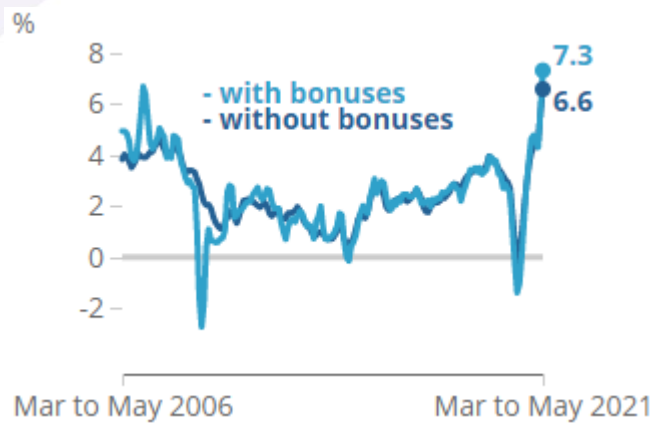
Hours worked

- The total actual weekly hours worked in the UK during the quarter was 981 million
 - Up 1.4 million on the previous year
 - Up 23 million hours on the previous quarter



Earnings

- During the quarter:
 - Total *nominal* pay increased by 7.3%
 - Regular *nominal* pay increased by 6.6%



- Total *real* pay increased by 5.6%
- Regular *real* pay increased by 4.9%

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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