

UK LABOUR MARKET PROFILE

MARCH 2021

This summary of the UK labour market uses data produced by the Office for National Statistics every month. This update covers the period from November 2020 to January 2021¹.

The latest three months recorded small increases in the number of payroll employees, although since February 2020, the number of payroll employees has fallen by 693,000 with the largest falls seen at the start of the coronavirus pandemic. Analysis by age band shows that under 25s contributed over 60% of the fall seen since February 2020.

The unemployment rate continued to increase, though the increase is smaller than in recent periods, while the employment rate continued to fall. There was an increase for people who are economically inactive, largely driven by people who are inactive because they are students.

Although total hours worked continued to increase from the low levels in the previous quarter, this increase slowed in the latest quarter.

The number of job vacancies was 27% lower than a year ago. This is an improvement on the position in summer 2020 when vacancies were down by nearly 60% year on year, but the rate of improvement has slowed in the past few months.

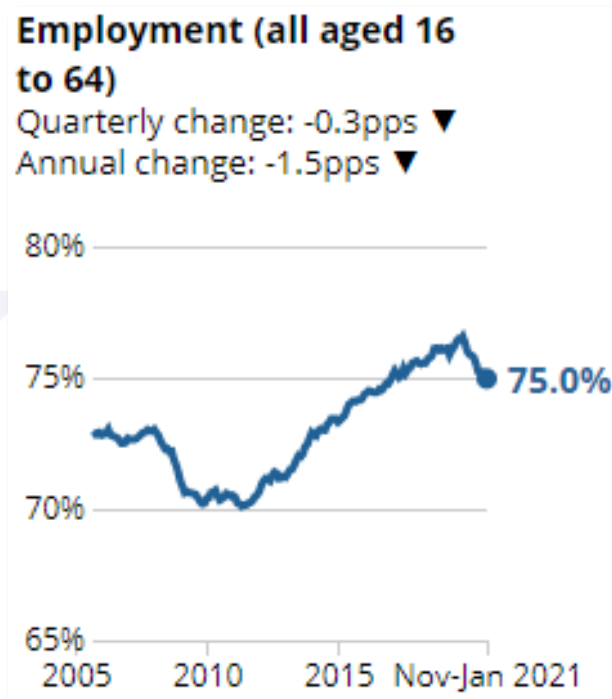
Annual growth in average employee pay continued to strengthen, the growth is driven in part by compositional effects of a fall in the number and proportion of lower-paid employee jobs and by increased bonuses, which had been postponed earlier in the year.

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

¹ Labour market overview, UK: March 2021. The next update will be published on 20 April 2021.

Employment levels

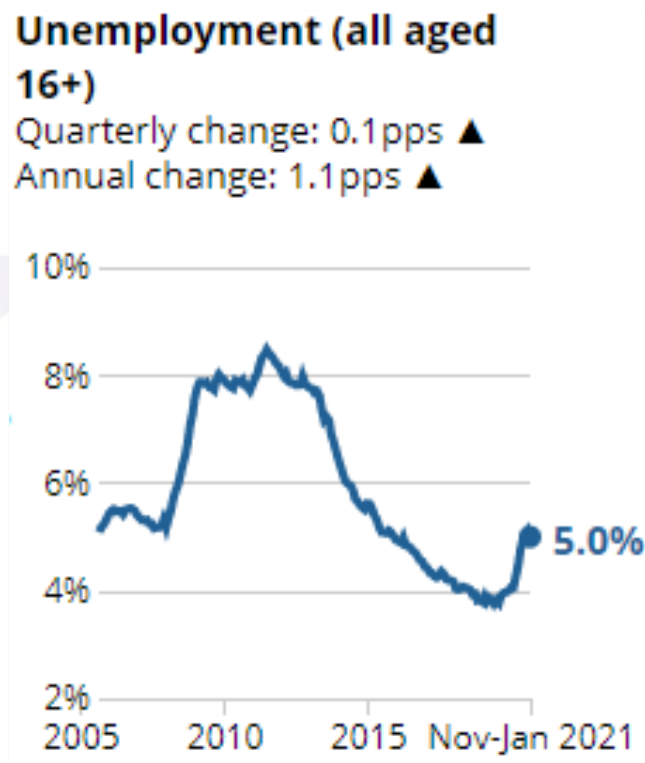
- **Employment measures the number of people aged 16 years and over in paid work and those who had a job that they were temporarily away from (to which they are expecting to return)**
- **The employment rate is the proportion of people aged between 16 and 64 years who are in employment**
- The estimated employment rate for all people was 75.0%
 - Down 1.5 percentage points over the previous year
 - Down 0.3 percentage points over the previous quarter
- The estimates show 32.37 million people aged 16 years and over in employment
 - Down 611,000 over the previous year
 - Down 147,000 over the previous quarter



- Between 30 November 2020 and 14 January 2021, the proportion of the workforce on furlough rose consistently each fortnight, from 10.8% to 18.3% respectively

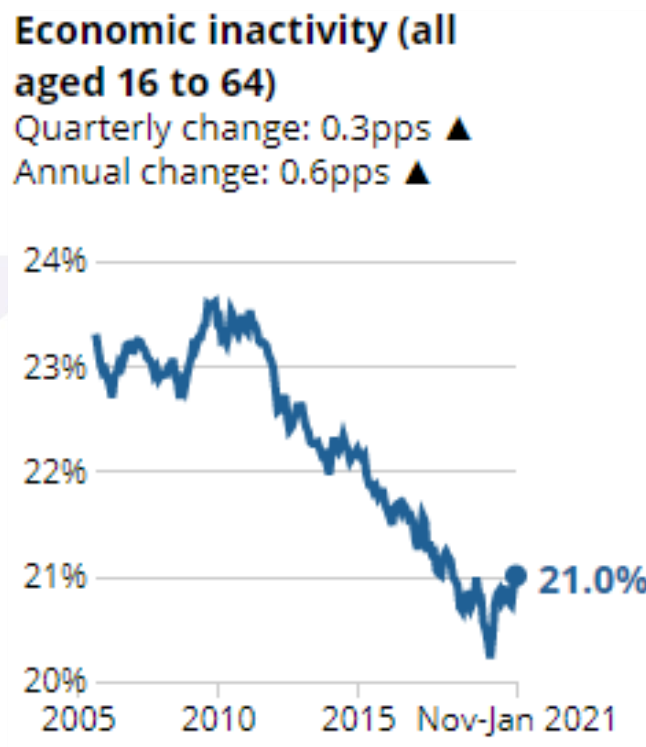
Unemployment levels

- 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 5.0%
 - Up 1.1 percentage points over the previous year
 - Up 0.1 percentage points over the previous quarter
- There were an estimated 1.70 million unemployed people
 - Up 360,000 over the previous year
 - Up 11,000 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 21.0%
 - Up 0.6 percentage points over the previous year – the largest annual increase since February to April 2010
 - Up 0.3 percentage points over the previous quarter
- The estimates show 8.71 million people aged between 16 and 64 not in the active labour force
 - Up 279,000 over the previous year
 - Up 108,000 over the previous quarter



Vacancies

- There were an estimated 601,000 vacancies
 - Down 220,000 over the previous year
 - Up 44,000 vacancies over the quarter
 - Within *Electricity & Gas*, the number of vacancies was up 36% over the previous year and up 20% on the previous quarter
 - Within *Water supply, sewerage, waste & remediation activities*, the number of vacancies was down 3% from the previous year and down 3% on the previous quarter
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- There were 2.9 unemployed people per vacancy – up 1.1 over the previous year, but down 0.3 on the previous quarter²
 - There were 2.0 vacancies per 100 employees – down 0.7 over the previous year, but up 0.1 on the previous quarter³
 - Within *Electricity & Gas* there were 3.1 vacancies per 100 employees – up 0.8 over the previous year and up 0.5 over the previous quarter
 - Within *Water supply, sewerage, waste & remediation activities*, there were 1.3 vacancies per 100 employees – unchanged over the previous year and quarter
 - In the week prior to 12 March 2021, the total volume of online job adverts was down 1% on this time last year⁴
 - Energy/ oil & gas = down 5% on this time last year
 - Engineering = up 2% on this time last year
 - Construction = up 56% on this time last year
 - Across the regions:
 - London – down 15% on this time last year
 - Northern Ireland – up 40% on this time last year
 - The CIPD's winter 2020 to 2021 Labour Market Outlook estimated the net employment balance, the difference between firms' intentions to recruit or lose workers, to be positive (+11.0) for the period January to March 2021 – this is the first time that the balance was positive since the beginning of the coronavirus pandemic, indicating that business confidence has improved

² VACS01: Vacancies and unemployment, ONS.

³ VACS02: Vacancies by industry, ONS.

⁴ Online job advert estimates, ONS.

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 11.0 redundancies per thousand employees
 - Up by 7.2 per thousand over the previous year
 - Down by 2.3 per thousand over the previous quarter



- The number of people reporting redundancy in the three months prior to interview had been increasing since June 2020 and peaked in September
- The numbers have gradually decreased since then, but in January 2021 are still at a higher level than before the start of the coronavirus pandemic in March 2020

Hours worked

- During October to December 2020, the total actual weekly hours worked in the UK was 968 million
 - Down 83 million on the previous year
 - Up 8 million hours on the previous quarter
- Average actual weekly hours worked saw an increase of 1.8 hours on the quarter, to 30.2 hours



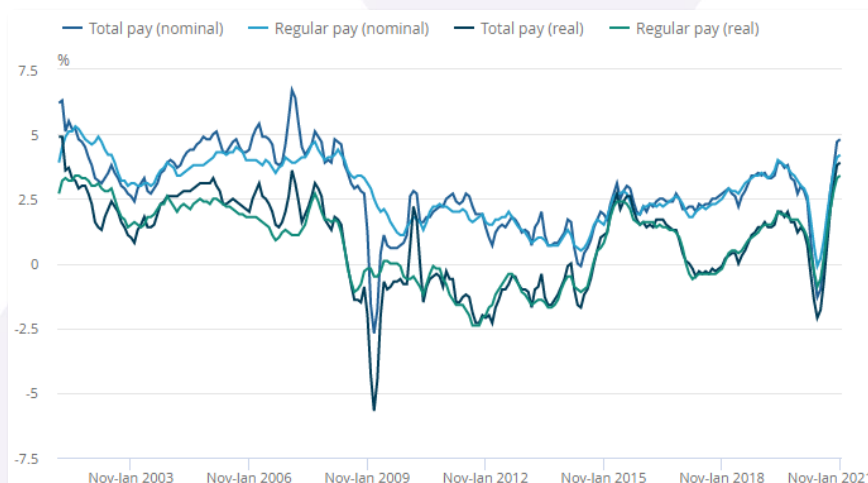
Earnings

- For the three months to December 2020:
 - Total nominal pay increased by 4.8%
 - Regular nominal pay increased by 4.2%

Average pay growth rates have been affected upwards by a fall in the number and proportion of lower-paid jobs compared with before the coronavirus pandemic

Therefore, it is estimated the net impact of recent job losses is to increase the estimate of average pay by approximately 1.6% – suggesting an underlying wage growth of around 3% for total pay and around 2.5% for regular pay

- Total real pay increased by 3.9%
- Regular real pay increased by 3.4%



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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