

# UK LABOUR MARKET PROFILE

## AUGUST 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 May to July 2021<sup>1</sup>.

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

The number of payrolled employees showed another monthly increase, up 182,000 to 28.9 million in July 2021. However, it remains 201,000 below pre-coronavirus (COVID-19) pandemic levels.

Since the end of 2020, both employment and unemployment levels have shown signs of recovery.

With the relaxation of many coronavirus restrictions, total hours worked increased on the quarter, however, it is still below pre-pandemic levels. The redundancy rate decreased on the quarter and has returned to pre-pandemic levels.

There were an estimated 953,000 job vacancies in May to July 2021, a record high (168,000 more than its pre-pandemic level (January to March 2020)).

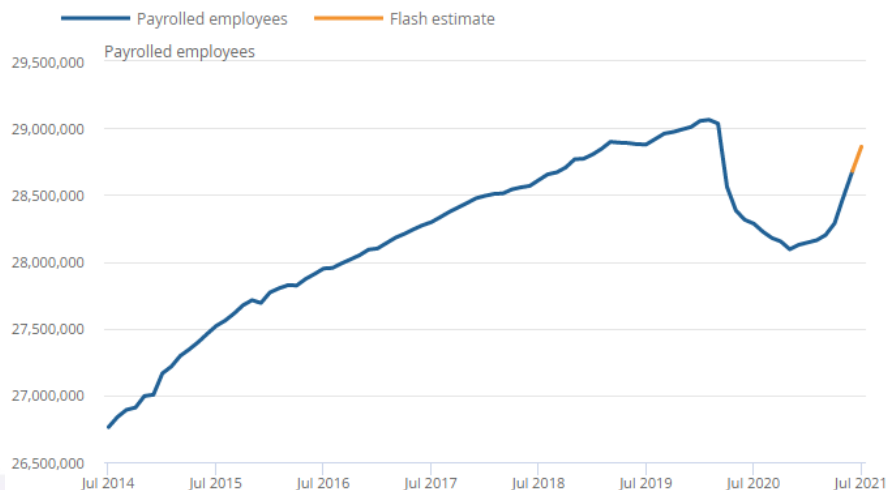
Growth in average total pay (including bonuses) was 8.8% and regular pay (excluding bonuses) was 7.4%. However, annual growth in average pay is being affected by temporary factors that have inflated the increase. After taking into account the impact of the pandemic on lower paid employment – and therefore earnings – we estimate an underlying regular earnings growth rate of between 3.5% and 4.9%

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

<sup>1</sup> Labour market overview, UK: August 2021. The next update will be published on 14 September 2021.

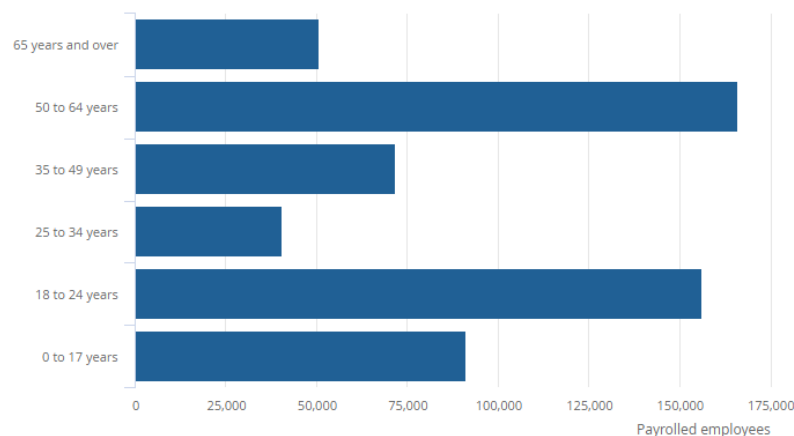
## Payrolled Employees

- 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 August 2021 was 28.9million
  - Up 576,000 over the previous year
  - Up 182,000 over the previous month



- Since July 2020, annual employee growth has risen to positive 0.6% for those aged 25 to 34 years, and positive 0.8% for those aged 35 to 49 years. Those aged under 18 years saw a rise in employee growth to 28.0% during this period.

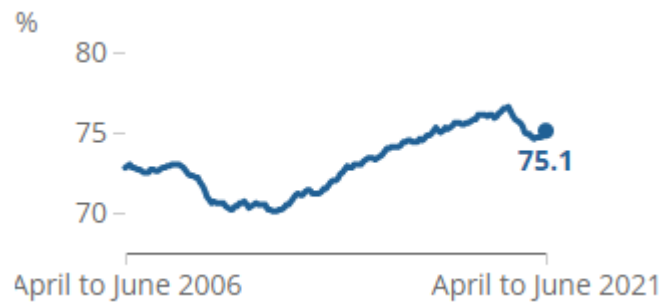
Payrolled employees, absolute change on July 2020, seasonally adjusted, UK, July 2021



- 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

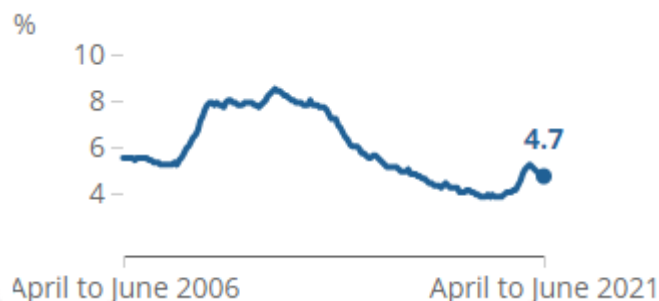
## Employment rate

- **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 75.1%
  - Down 0.7 percentage points over the previous year
  - Up 0.3 percentage points over the previous quarter



## Unemployment rate

- **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 4.7%
  - Up 0.6 percentage points over the previous year
  - Down 0.2 percentage points over the previous quarter



- The quarterly decrease in unemployment was driven by those unemployed for up to 12 months (i.e. short-term unemployed)

## Economic inactivity rate

- **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 21.1%
  - Up 0.2 percentage points over the previous year
  - Down 0.2 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 this has decreased slightly in the latest period)
  - 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

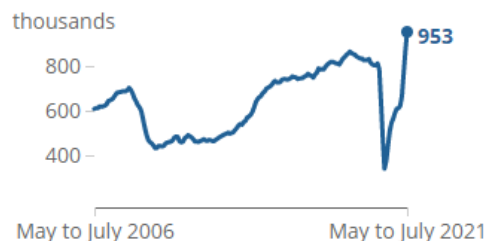
## Redundancies

- **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 3.6 redundancies per thousand employees
  - A decrease of 1.3 per thousand employees over the previous year
  - A decrease of 1.9 per thousand employees over the previous quarter



## Vacancies

- Between May and July 2021 there were an estimated 953,000 vacancies<sup>2</sup> - a new record high
  - Up 578,000 (+254%) over the previous year
  - Up 290,000 (+44%) vacancies over the previous quarter
- Within **Electricity & Gas**, the number of vacancies was up 150% on the previous year and up 9% on the previous quarter
- Within **Water supply, sewerage, waste & remediation activities**, the number of vacancies was up 229% on the previous year and up 61% on the previous quarter
- There were 1.7 unemployed people per vacancy – down 2.2 over the previous year, and down 0.8 on the previous quarter<sup>3</sup>
- There were 3.2 vacancies per 100 employees – up 1.9 on the previous year, and up 1.0 on the previous quarter<sup>2</sup>
  - Within **Electricity & Gas** there were 4.4 vacancies per 100 employees (the highest ratio ever recorded since records began in 2001)
    - Up 2.6 on the previous year, and up 0.4 on the previous quarter
  - Within **Water supply, sewerage, waste & remediation activities**, there were 3.4 vacancies per 100 employees (the highest ratio ever recorded since records began in 2001)
    - Up 2.4 on the previous year, and up 1.3 on the previous quarter
- In the month of July 2021, there were 801,078 on-line job postings – up 80% on the same month last year, but down slightly (-6%) on the previous month<sup>4</sup>



<sup>2</sup> VACS02: Vacancies by industry, ONS.

<sup>3</sup> VACS01: Vacancies and unemployment, ONS.

<sup>4</sup> Burning Glass Technologies.

## Hours worked

- The total actual weekly hours worked in the UK during the quarter was 1,001.3 million
  - Up 156 million on the previous year
  - Up 51 million hours on the previous quarter



## Earnings

- During the quarter:
  - Total *nominal* pay increased by 8.8%
  - Regular *nominal* pay increased by 7.4%

However, since these high levels of growth are a reflection of where earnings were 12 months ago (during the middle of the pandemic), this data should be interpreted with caution.



- Total *real* pay increased by 6.6%
- Regular *real* pay increased by 5.2%
- After taking into account the impact of the pandemic on lower paid employment – and therefore earnings – we estimate an underlying regular earnings growth rate of between 3.5% and 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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