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LABOUR MARKET SHOWS FURTHER SIGNS OF RECOVERY

The latest ONS data covers the period from February to April 2021, providing a snapshot of labour market activity during the gradual (and partial) reopening of the economy out of lockdown. The latest data shows further signs of recovery with employment increasing, unemployment decreasing, and vacancies nearly reaching pre-pandemic levels. At the same time, businesses are reporting that recruiting is becoming increasingly difficult, particularly in sectors like hospitality and food manufacturing and for jobs like HGV drivers and workers with digital skills, so government support for skills and retraining is essential.

While the delay to stage four of the roadmap was a blow to those in the hardest hit sectors still facing restrictions, ONS survey data reports that 9 out of 10 businesses are open and operational as of late May. Real time Pay-As-You-Earn data for April 2021 indicates the number of payroll employees has increased for the sixth consecutive month, up by 197,000 in May 2021 to 28.5 million. Payrolls remain, however, 553,000 below levels seen before the pandemic. Redundancies continue to fall, showing that furlough has been successful in limiting job losses during the pandemic.

- With the relaxation of many coronavirus restrictions, total hours worked increased on the quarter, but still remain below pre-pandemic levels.
- Experimental Pay-As-You-Earn (PAYE) data shows that the number of payroll employees has increased for the sixth consecutive month. Payrolls increased by 197,000 in May 2021 to 28.5 million, but are still 553,000 below levels seen before the pandemic. Since February 2020, the largest falls in payroll employment have been in the accommodation and food services sector, people aged under 25 years, and people living in London. These three groups have seen the largest monthly increases but are still well below pre-pandemic levels.
- The number of self-employed decreased by 20,000 in the three months to April. The number of people working part-time fell significantly, by 131,000 on the quarter.
- For March to May 2021, there were an estimated 758,000 vacancies, a quarterly increase of 147,000.

Employment rises in further sign of recovery...

- The official measure of employment shows an increase of 113,000 in the three months to April 2021, compared with the previous quarter, but was 353,000 down on the same period a year earlier. The employment rate rose by 0.2% points to stand at 75.2%.
- Male employment increased (+25,000) over the quarter to April, while female employment increased by 87,000. On the year, male employment decreased by 272,000 while female employment decreased by 81,000.
- All age groups saw a rise in employment, with those aged 35 to 49 years old seeing the largest increase (+71,000) over the quarter, followed by those aged 65+ years old (+18,000).

Exhibit 1 Vacancies (000s)

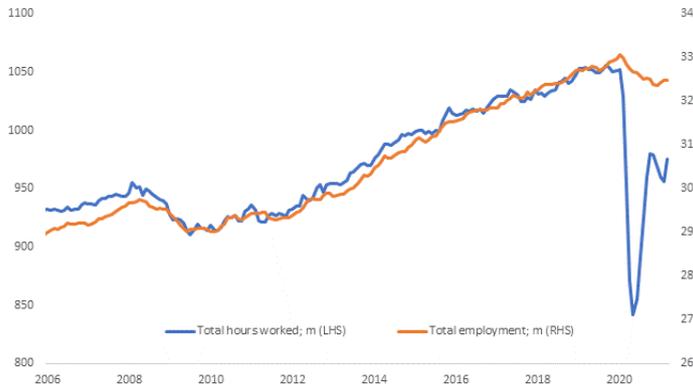


Source: ONS June 2021 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.2%	32,487	+113,000 (+0.3%)	-353,000 (-1.1%)
Unemployment** (ILO)	4.7%	1,613	-90,000 (-5.3%)	+246,000 (+18.0%)
Youth unemployment (16-24)	13.3%	530	-51,000 (-8.7%)	+50,000 (+10.0%)

Source: ONS June 2021 labour market statistics, February to April 2021 data *Rate for those aged 16-64 **Rate for those aged 16 and over

Exhibit 2 Employment vs actual weekly hours worked (millions)



Source: ONS June 2021 labour market statistics

The number of vacancies is now only 27,000 below pre-pandemic levels. Most industries have recovered to post vacancies above pre-pandemic levels. The strongest quarterly increase was in accommodation and food services.

...while unemployment and redundancies fall

- Official data shows that, in the three months to April 2021, unemployment decreased significantly by 90,000 and stood at 1.61 million. On a year-on-year basis, the number of unemployed people increased by 246,000. The unemployment rate stood at 4.7%, a decrease of 0.3% points on the previous quarter.
- Redundancies decreased by 197,000 on the quarter but remained broadly unchanged on the year (+4,000). This means that the redundancy rate now stands at 4 per thousand, which is similar to pre-pandemic levels.
- The number of those who are economically inactive has increased on the previous quarter (+17,000) and on the year (+144,000). The inactivity rate now stands at 21% - largely unchanged on the previous quarter.

Pay growth picked up further in the three months to April

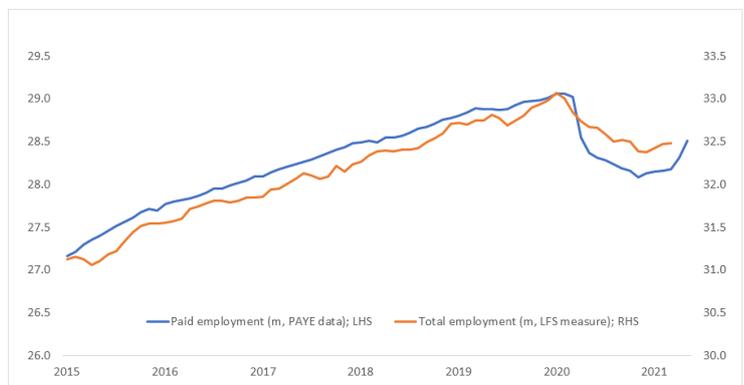
- Annual growth in employee pay increased in April, partly reflecting the compositional effect of a fall in the number and proportion of lower-paid employee jobs and base effects from last year.

- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) stood at 5.6% on the year in the three months to April 2021 (the less volatile three-month rolling basis), up by 1.0% points from March 2021.
- In the three months to April, nominal regular pay growth stood at 5.6% in the private sector (up by 1.4% points on March) and at 4.9% in the public sector (down by 0.6% points on March).
- Across the different sectors, nominal annual regular pay growth was strongest in finance (+7.8% - up by 0.7% points) and services (+5.9% - up by 0.7% points), followed by wholesaling, retailing & hospitality (+4.8% - up by 2.5% points), construction (4.8% - up by 3.5% points) and manufacturing (+3.7% - up by 1.6% points).
- Real regular pay (excl. bonuses and adjusting for CPIH inflation) increased by 4.4% on a year ago (on the less volatile three-month rolling basis) – up by 0.8% points from March 2021.

Most regions and nations saw an increase in employment...

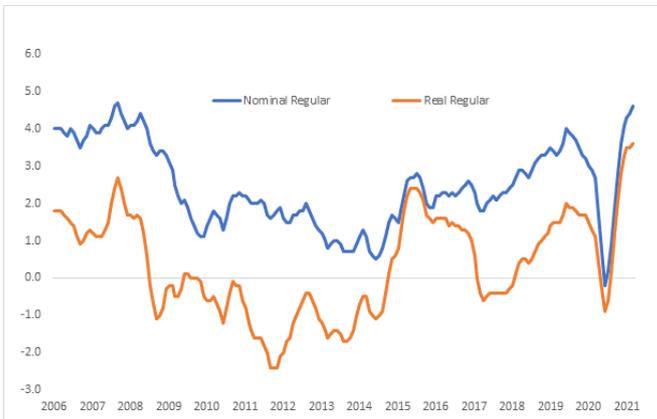
- In the three months to April 2021, employment increased in Wales (+28,000), London (+26,000), Yorkshire and The Humber (+26,000), the West Midlands (20,000), the South East (+16,000) and the East (+12,000).
- Employment remained broadly unchanged in the North West (-7,000), Northern Ireland (+1,000), Scotland

Exhibit 3 PAYE real time data vs official employment data (millions)



Source: ONS June 2021 labour market statistics

Exhibit 4 Real regular pay and nominal regular pay growth (%)



Source: ONS June 2021 labour market statistics

(+1,000), the East Midlands (+2,000) and the North East (+2,000).

- Employment decreased in the South West (-16,000).

...with a mixed picture in unemployment

- In the three months to April 2021, unemployment increased in the South East (+20,000).
- Unemployment remained broadly unchanged in the North West (-10,000), Yorkshire and The Humber (-

Exhibit 5 Unemployment rate (%)

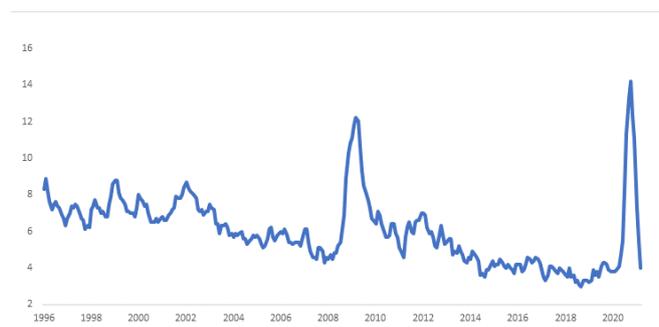


Source: ONS June 2021 labour market statistics

10,000), the East Midlands (-10,000), the West Midlands (-8,000), the East (-6,000), Northern Ireland (-5,000), the North East (-4,000), Wales (-1,000) and Scotland (+3,000).

- Unemployment decreased in London (-38,000) and the South West (-21,000).

Exhibit 6 Redundancy rate (%)



Source: ONS June 2021 labour market statistics

The next labour market update will be published on 15th July 2021.



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ABOUT THE SPONSOR

"The jobs market continues to increase significantly in both permanent and contingent vacancies. In particular, the hospitality industry is looking more positive. We are, however, evidencing a sea change in candidate's career choices, as a result of the pandemic, and it's therefore helpful for employers to liaise with recruiters who can match the right skills for their roles.

An on-going concern is the economic inactivity rate of young people and we would urge employers to consider greater use of apprenticeships and traineeships to grow our future talent."

Carmen Watson, Chairperson, Pertemps Ltd

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