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LABOUR MARKET SEES FURTHER FALL IN EMPLOYMENT, BUT REMAINS RELATIVELY RESILIENT

The latest ONS data covers the period from December 2020 to February 2021, providing a snapshot of labour market activity during a period of renewed restrictions and lockdowns. The latest data shows a further decrease in employment, with young people aged 16-24 years old being hit hardest. And with the reintroduction of more restrictions, total hours worked decreased on the quarter. However, further deterioration in the labour market was relatively modest, particularly in light of the much larger economic hit from the pandemic so far. This is in large part due to the Job Retention Scheme, which continues to support people in work and limit the impact of Coronavirus on the labour market.

Real time Pay-As-You-Earn data shows that by March 2021, 813,000 people had left company payrolls compared with February 2020 (i.e. prior to the pandemic) – and payroll numbers themselves dropped slightly according to early estimated figures for March 2021. Growth in the number of vacancies has slowed this quarter although experimental single-month statistics indicate a strong increase in March ahead of the easing of restrictions. But vacancies remain far below the levels seen before the coronavirus pandemic.

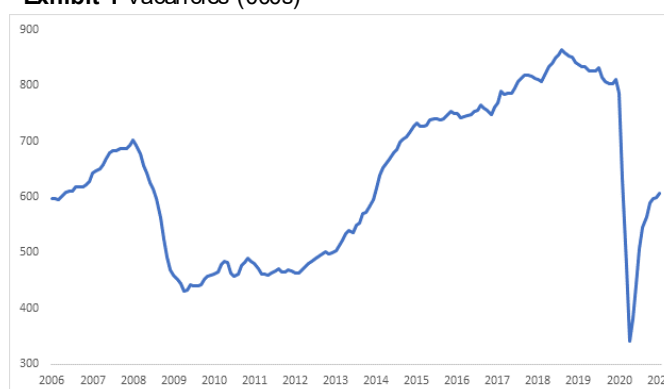
Support for jobs and training will be vital to making the UK's economic recovery inclusive. With young people being impacted the most by the economic fallout of the pandemic, government should confirm that the extra lockdown at the beginning of the year means that the Kickstart Scheme will remain open for longer to allow businesses the time to deliver opportunities for young people.

Employment continues to fall...

- The official measure of employment shows a fall of 73,000 in the three months to February 2021, compared with the previous quarter, and was 643,000 down on the same period a year earlier. The employment rate fell by 0.1% points to stand at 75.1%.

- Male employment fell by 84,000 over the quarter to February, while female employment increased by 11,000. On the year male employment decreased by 471,000 while female employment decreased by 172,000.
- Almost all age groups saw a decline in employment, with those aged 16 to 24 years old (-105,000) and those aged 65+ years old (-58,000) seeing the largest drop over the quarter.
- ONS estimates that in December 2020 to February 2021 total actual weekly hours worked in the UK decreased by 20.1 million, or 2.1%, from the previous quarter, coinciding with the introduction of further coronavirus lockdown measures, which has stalled the recent recovery in total hours.
- The ONS estimates that the number of people temporarily away from work has fallen since its peak in April and May 2020, although it has still not dropped below 10%, and increased in November and December 2020 as a result of further national lockdowns. It remained elevated and averaged

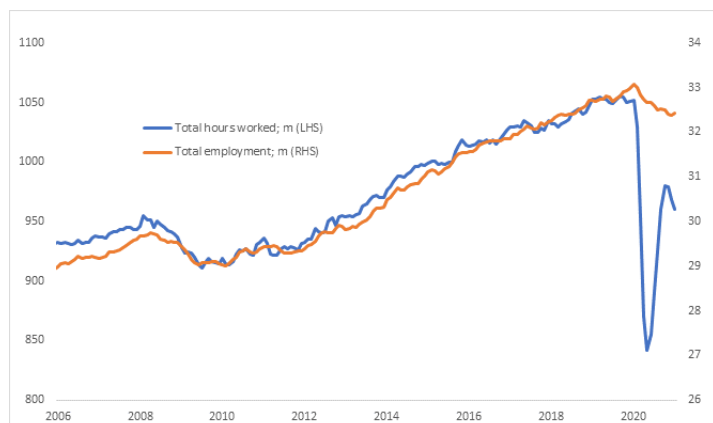
Exhibit 1 Vacancies (000s)



Source: ONS April 2021 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	32,430	-73,000 (-0.2%)	-643,000 (-1.9%)
Unemployment** (ILO)	4.9%	1,675	-50,000 (-2.9%)	+311,000 (+22.8%)
Youth unemployment (16-24)	14.3%	574	-17,000 (-2.9%)	+82,000 (+16.7%)

Source: ONS April 2021 labour market statistics, December 2020 to February 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 April 2021 labour market statistics

around 15% in the first two months of 2021. There were also around 300,000 people away from work because of the pandemic and receiving no pay in January 2021. This represents a decrease from the peak of about half a million in April and May 2020.

- Experimental Pay-As-You-Earn (PAYE) data shows that in February the number of employees in the UK on payrolls was down by 813,000 compared with February 2020. This figure does not capture the 300,000 people who identified themselves as being employed, but temporarily away from their jobs because of the pandemic, but who were receiving no pay.
- The number of self-employed decreased sharply by 178,000 in the three months to February. Also, the number of people working part-time fell significantly, by 161,000 on the quarter. These were the main drivers of falling employment on the quarter.
- For January to March 2021, there were an estimated 607,000 vacancies, which is a quarterly increase of 17,000 vacancies, but 178,000 fewer than a year ago. Despite the increase, the recovery of vacancies has slowed and remains far below the pre-coronavirus pandemic levels. The number of job vacancies in January to March 2021 was 22.7% lower than a year ago.

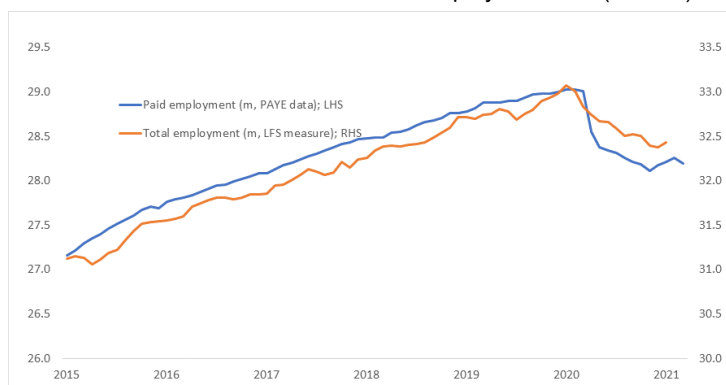
...while unemployment and redundancies stabilise

- Official data shows that in the three months to February 2021 unemployment decreased by 50,000, the first quarterly decrease since October to December 2019, and stood at 1.67 million. On a year-on-year basis, the number of unemployed people increased by 311,000. The unemployment rate stood at 4.9%, a decrease of 0.1% points on the previous quarter.

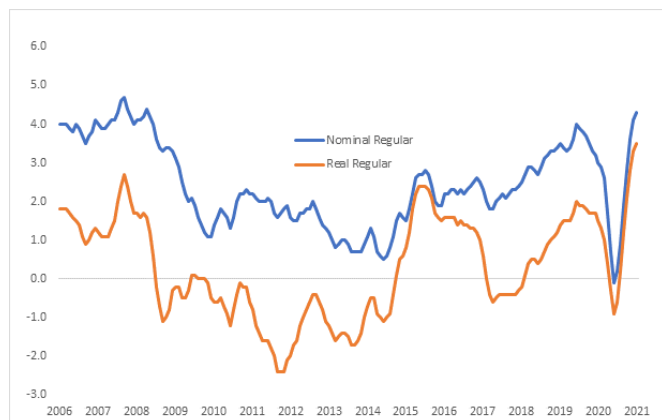
- Redundancies decreased by 191,000 on the quarter but increased by 98,000 on the year. This means that the redundancy rate now stands at 7.3 per thousand, which is substantially lower than the record high of 14.2 per thousand in September to November 2020.
- The number of those who are economically inactive has increased by 80,000 on the previous quarter and on the year (+303,000). The inactivity rate now stands at 20.9%.

Pay growth slowed slightly in the three months to February

- Annual growth in employee pay increased slightly in February, reflecting the introduction of stricter lockdown measures and the composition effect from more people being put on furlough.
- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) stood at 4.4% on the year in the three months to February 2021 (the less volatile three-month rolling basis), up by 0.1% points from January 2021.
- In the three months to February, nominal regular pay growth stood at 4.1% in the private sector (no change from January) and at 5.2% in the public sector (up by 0.5% points on January).
- Across the different sectors, nominal annual regular pay growth was strongest in finance (+6.6% - up by 0.4% points) and services (+5.0% - up by 0.1% points), followed by wholesaling, retailing & hospitality (+2.6% - down by 0.3% points), manufacturing (2.0% - up by 0.1% points) and construction (+1.8% - up by 0.2% points).
- Real regular pay (excl. bonuses and adjusting for CPIH inflation) increased by 3.6% on a year ago (on the less volatile three-month rolling basis) - up by 0.1% points from January 2021.

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

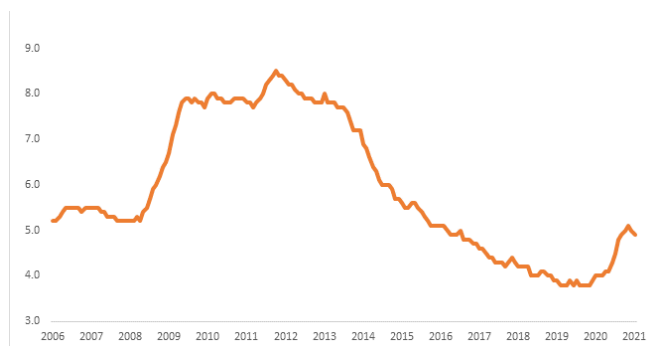
Source: ONS April 2021 labour market statistics

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

Source: ONS April 2021 labour market statistics

Regions and nations saw a mixed picture in employment...

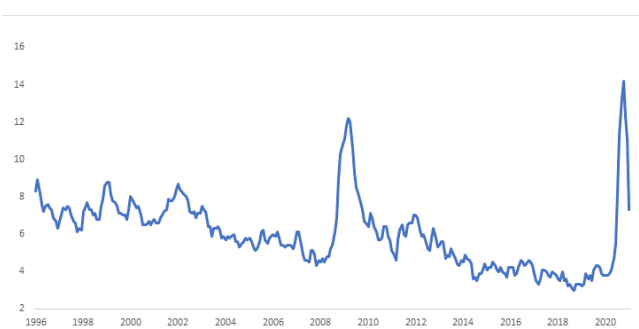
- In the three months to February 2021, employment increased in the East Midlands (+25,000), the East (+18,000), Wales (+12,000) and the North East (+11,000).
- Employment remained broadly unchanged in the West Midlands (-2,000) and Scotland (+5,000).
- Employment decreased in London (-42,000), Yorkshire and The Humber (-35,000), Northern Ireland (-24,000), the South West (-15,000), the North West (-14,000) and the South East (-12,000).

Exhibit 5 Unemployment rate (%)

Source: ONS April 2021 labour market statistics

... and in unemployment

- In the three months to February 2021, unemployment increased in the North West (+22,000) and London (+11,000).
- Unemployment remained broadly unchanged in the North East (-9,000), Yorkshire and The Humber (-6,000), the South West (-1,000), Scotland (-1,000), Wales (+3,000) and Northern Ireland (+4,000).
- Unemployment decreased in the South East (-16,000) and the West Midlands (-15,000) and East Midlands (-11,000).

Exhibit 6 Redundancy rate (%)

Source: ONS April 2021 labour market statistics

The next labour market update will be published on **18th May 2021**.



For further information or a copy in large text format, please contact:

Anna Koch
Senior Policy Adviser
T: 44 (0)20 7395 8107
E: anna.koch@cbi.org.uk

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Carmen Watson, Chairperson, Pertemps Ltd

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For further information about Pertemps Network Group, please contact:

Charlotte Durham
PR & Communications Executive
T: 01676 525250
E: Charlotte.Durham@pertemps.co.uk
W: <http://www.pertemps.co.uk/>