

Supported by



## EMPLOYMENT RATE AT RECORD HIGH, UNEMPLOYMENT UP AND PAY GROWTH STRENGTHENS

Latest data from the ONS showed a mixed picture of the UK labour market. The employment rate is back to a record high, but unemployment has increased. Across the UK, the regions and nations have seen a mixed picture on employment, while unemployment has remained broadly unchanged.

The unemployment rate edged higher and stood at 3.9% in the quarter to June 2019. But even accounting for another decline in vacancies, the labour market remains tight. Further signs of its tightness are the significant increase of part-time workers and the fact that the proportion of temporary employees who couldn't find a permanent job is the lowest since 2005.

In a sign that labour market tightness is feeding through to earnings, nominal pay growth has strengthened in the three months to June, with wage growth almost catching up with pre-crisis norms. But productivity growth continues to disappoint and has been falling on the year for four quarters. The only route to stronger and sustainable pay growth is a revival in productivity. Reinvigorating efforts to boost productivity is critical to living standards and future economic growth.

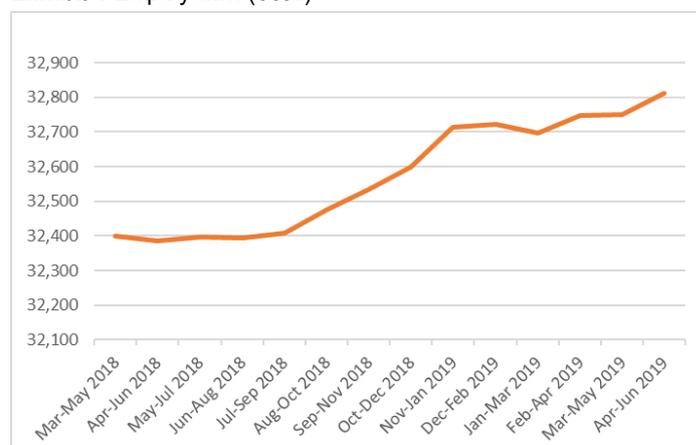
### Employment rate is back to a record high...

The rise in employment in the quarter to June 2019 was mainly driven by those aged 50+ years old.

- Employment increased by 115,000 in the three months to June 2019 and was up by 425,000 compared with the same period a year earlier.
- The employment rate stood at 76.1%, the joint-highest on since comparable record began in 1971.
- Male employment decreased by -12,000 on the quarter, while female employment rose significantly by 127,000. Both groups saw rising employment year-on-year, with male employment rising by 103,000, and female employment by 322,000.

- Employment growth was strongest among those aged 65+ years old (+81,000), those aged 50-64 years old (+54,000) and those aged 25-34 years old (+15,000). Employment remained broadly unchanged for those aged 35-49 years old (-6,000) and decreased among those aged 16-24 years old (-29,000).
- The number of people working full-time remained broadly unchanged (-3,000) over the quarter, while the number of people working part-time increased by 118,000. On a year-on-year basis, the number of people working full-time increased by 262,000, while the number of part-time workers increased by 162,000. The number of employees increased by 76,000 in the three months to June, after two consecutive quarters of decline. The proportion of temporary employees who couldn't find a permanent job hasn't been lower since 2005.
- In the three months to July 2019, the number of vacancies dropped by 20,000 to 820,000 –

Exhibit 1 Employment (000s)



Source: ONS August 2019 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	76.1%	32,811	+115,000 (+0.4%)	+425,000 (+1.3%)
Unemployment** (ILO)	3.9%	1,329	+31,000 (+2.4%)	-33,000 (-2.4%)
Youth unemployment (16-24)	11.3%	502	+36,000 (+7.7%)	-43,000 (-7.9%)

Source: ONS August 2019 labour market statistics, April to June 2019 data \*Rate for those aged 16-64 \*\*Rate for those aged 16 and over

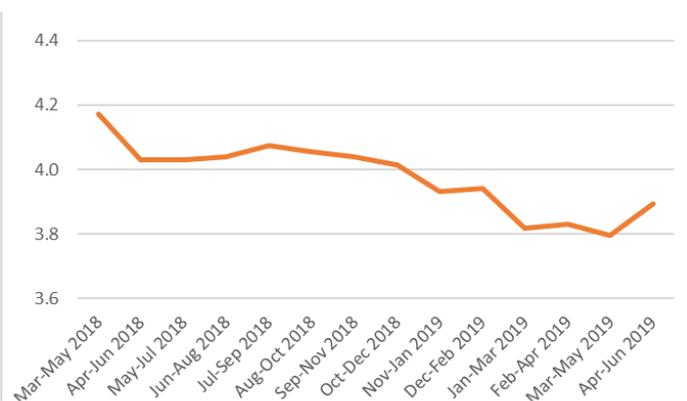
vacancies have been falling for 6 months. The number of unemployed people per vacancy stood at 1.6 job seekers per vacancy in the quarter to June 2019 – up by 0.1% on the quarter from January to March 2019.

**...while unemployment increased**

The unemployment rate has edged higher, but the inactivity rate stood at its joint-lowest .

- In the three months to June 2019, unemployment increased by 31,000 on the quarter to 1.32 million. On a year-on-year basis, the number of unemployed people was down by 33,000.
- The unemployment rate stood at 3.9%, 0.1% points higher than in the period from January to March.
- Male unemployment increased by 40,000 in the three months to June, and female unemployment remained broadly unchanged (-9,000). Male unemployment also increased over the year (+17,000) while female unemployment declined by 51,000.
- The number of those registered as economically inactive (not available and/or not looking for work) declined by 47,000 compared with the previous quarter, and by 176,000 on a year earlier. The decrease in the number of those who are economically inactive was driven by a drop in female inactivity (-46,000), while male inactivity remained broadly unchanged (-1,000).
- The inactivity rate stood at 20.7%, a decrease of 0.1% points on the quarter, and the joint-lowest on record.

**Exhibit 2** Unemployment (%)



Source: ONS August 2019 labour market statistics

**Regions saw a mixed picture on employment...**

The latest quarter saw significant increases and decreases in employment in the regions, with the greatest increase in the South East and the greatest decrease in Yorkshire and The Humber.

- In the three months to June 2019, the largest increases in employment were in the South East (+53,000) followed by the South West (+36,000), the West Midlands (+31,000), the East Midlands (+18,000) and Northern Ireland (+14,000).
- Employment remained broadly unchanged in the North East (-2,000), Wales (-2,000), the North West (+4,000), the East (+4,000) and Scotland (+4,000).
- Employment decreased in Yorkshire and The Humber (-28,000) and London (-17,000).

**... while unemployment remained broadly unchanged**

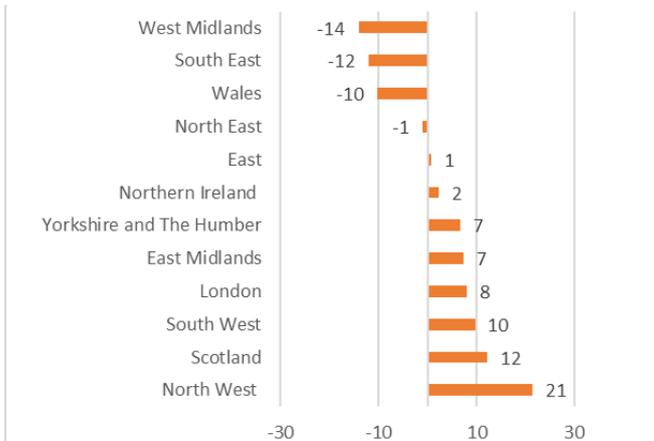
- In the three months to June 2019, employment increased in the North West (+21,000) and Scotland (+12,000).
- Unemployment decreased in the West Midlands (-14,000) and the South East (-12,000).
- Unemployment remained broadly unchanged in: Wales (-10,000), the North East (-1,000), the East (+1,000), Northern Ireland (+2,000), Yorkshire and The Humber (+7,000), the East Midlands (+7,000), London (+8,000) and the South West (+10,000).

**Exhibit 3** Employment change by regions & nations (000s)



Source: ONS August 2019 labour market statistics, shown as quarter on quarter changes

**Exhibit 4** Unemployment change by regions & nations (000s)



Source: ONS August 2019 Labour market statistics, shown as quarter on quarter changes

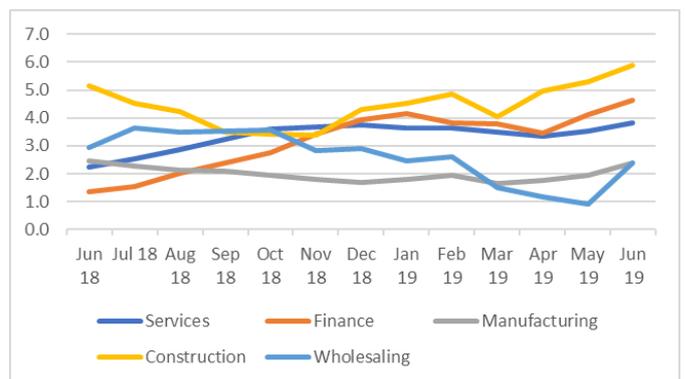
**Pay growth is the strongest in almost four years**

- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) was 3.9% on the year in the three months to June 2019, up by 0.3% points on May, remaining close to its strongest since mid-2008.
- In the three months to June, nominal regular pay grew in the private and in the public sectors and is at 3.9% (up 0.2% points) and at 3.8% (up 0.3% points) respectively.
- Looking across the private sector, pay growth was strongest in construction (+5.2% - up by 0.7% points)

and finance (+4.5% - up by 0.2% points), followed by services (+4.0% - up by 0.3% points), wholesaling, retailing & hospitality (+3.1% - up by 0.5% points) and manufacturing (+2.4% - unchanged).

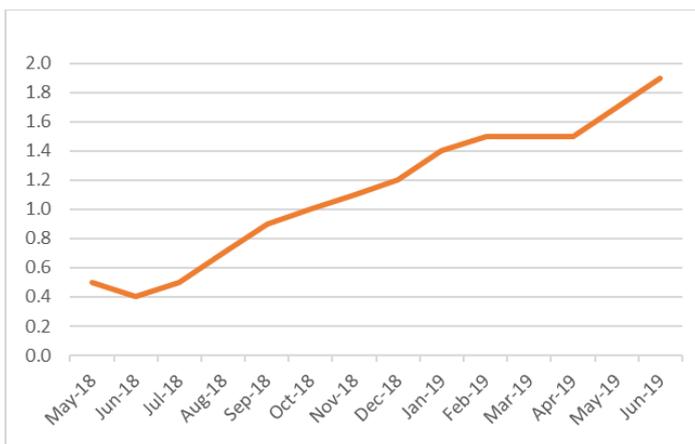
- Real regular pay (excl. bonuses and adjusting for CPIH inflation) increased by 1.9% on a year ago (on the less volatile three-month rolling basis) – the strongest growth in almost four years, and closing on pre-crisis norms.

**Exhibit 6** Nominal regular pay by sector (%)



Source: ONS August 2019 Labour market statistics

**Exhibit 5** Real regular pay growth (%)



Source: ONS August 2019 Labour market statistics

The next labour market update will be published on **10th September 2019**.



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

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

The CBI is the UK's premier lobbying organisation, providing a voice for employers at a national and international level. Our mission is to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all.

To achieve this, we campaign in the UK, the EU and internationally for a competitive business landscape.

[www.cbi.org.uk](http://www.cbi.org.uk)

 [@cbitweets](https://twitter.com/cbitweets)



#### ABOUT THE SPONSOR

“We are finding that businesses remain slightly cautious about hiring in the current environment but, in the main, are continuing to invest in creating permanent and interim opportunities. The jobs market therefore remains stable compared to previous months. The short-term increased by 1% for permanent staff, and by 2% for agency workers, despite concerns raised regarding the UK's economy.”

**Carmen Watson, Chairperson, Pertemps Ltd**

Pertemps Network Group is one of the UK's largest privately owned recruitment agencies. It has a turnover in excess of £800m and offers immediate and strategic solutions to clients across both the public and private sector. It is made up of:

**Pertemps Ltd** – established in 1961 with over 100 branches, operating across a multitude of sectors and supplying diverse roles. The company also specialises in business process outsourcing delivered using a wide range of

solutions such as Master Vendor, Neutral Vendor and Recruitment Process Outsourcing.

**Network Group** – offering expertise across specialist recruitment sectors including IT, legal, finance, healthcare, education, medical, construction, manufacturing and engineering.

For further information about Pertemps Network Group, please contact:

Kevin Cooke  
Head of PR and Communications  
T: 01676 525250  
E: [Kevin.Cooke@pertemps.co.uk](mailto:Kevin.Cooke@pertemps.co.uk)  
W: <http://www.pertemps.co.uk/>