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EMPLOYMENT BACK TO RECORD HIGH WHILE PAY GROWTH IS STABLE

Latest data from the ONS once again shows a familiar picture of the UK labour market. The employment rate stood at a record high, with the unemployment rate remaining close to record low. And there was the strongest employment growth in 10 months with more than two thirds of the growth driven by women. Creating a labour market that supports more women in jobs is critical to achieving a fairer, thriving economy. The number of self-employed people has pushed above 5 million for the first time, showing the increasing importance of different flexible working arrangements. For this to continue, there must be the right digital infrastructure in place, with the roll out of full fibre for every home and business.

Vacancies have declined again on the quarter—continuing a trend that we have seen for the past year. But the labour market remains tight overall. This was accompanied by an increase in the proportion of temporary employees who couldn't find a permanent job and in the proportion of those working part-time who couldn't find a full-time job.

This tightness of the labour market has also been feeding through to earnings over the past months, with nominal regular pay growth remaining close to its recent summer 2019 peak. But the only route to stronger and sustainable pay growth is a revival in productivity, which continues to disappoint. Reinvigorating efforts to boost productivity is critical to living standards and future economic growth.

Across the UK, most regions and nations have seen an increase in employment, with unemployment broadly remaining unchanged.

The employment rate returns to a record high...

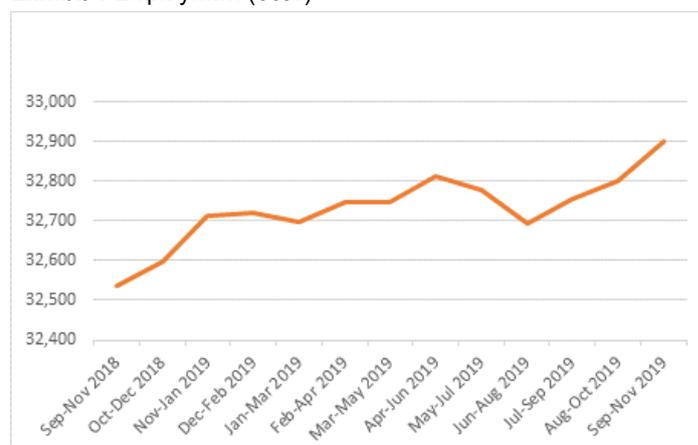
The increase in employment in the quarter to November 2019 was mainly driven by significantly more women in employment—more than double the number of male employment growth.

- Employment increased by 208,000 in the three months to November 2019, compared with the previous

quarter, and is 359,000 higher than during the same period a year earlier.

- The employment rate increased by 0.5% points and now stands at a record high of 76.3%.
- Male employment increased by 60,000, while female employment increased by 148,000 on the quarter. Both groups saw rising employment year-on-year, with male employment rising by 47,000, and female employment by 317,000.
- Employment grew among almost all age groups. Over the quarter growth was strongest among those aged 25-34 years old (+64,000), those aged 16-24 years old (+61,000), those aged 50-64 years old (+49,000) and those aged 35-49 years old (+40,000). It remained broadly unchanged among those aged 65+ years old (-4,000).
- The number of people working full-time increased by 197,000 over the quarter, while the number of people working part-time increased by 12,000. On a

Exhibit 1 Employment (000s)



Source: ONS January 2020 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	76.3%	32,901	+208,000 (+0.6%)	+359,000 (+1.1%)
Unemployment** (ILO)	3.8%	1,306	-7,000 (-0.6%)	-64,000 (-4.6%)
Youth unemployment (16-24)	11.3%	482	-12,000 (-2.42%)	-53,000 (-9.9%)

Source: ONS January 2020 labour market statistics, September to November 2020 data *Rate for those aged 16-64 **Rate for those aged 16 and over

year-on-year basis, the number of people working full-time increased by 349,000, while the number of part-time workers remained broadly unchanged (+10,000). The number of employees increased (+135,000) in the three months to November and now stands at 27.7 million – the highest it has been in almost a year. The proportion of temporary employees who couldn't find a permanent job has increased significantly on the quarter (+38,000). The number of people in self-employment has increased by 71,000 and now stands at over 5 million for the first time.

- In the three months to December 2019, the number of vacancies dropped further by 11,000 to 805,000 – continuing the decline since the beginning of 2019. The number of unemployed people per vacancy stood at 1.6 job seekers per vacancy in the quarter to November 2019 – unchanged on the quarter from June - August 2019. A decreasing number of vacancies signals a tight labour market.

...with the unemployment rate remaining close to a record low

The unemployment rate has remained broadly unchanged on the previous quarter, while the inactivity rate has dropped.

- In the three months to November 2019, unemployment remained broadly unchanged (-7,000) on the quarter and stood at 1.3 million. On a year-on-year basis, the number of unemployed people was down by 64,000.
- The unemployment rate was broadly unchanged and stood at 3.8%.
- Both male and female unemployment remained broadly unchanged (+2,000) and (-9,000) in the three months to November. Male unemployment remained

broadly unchanged (-10,000), while female unemployment decreased (-54,000) on the year.

- The number of those registered as economically inactive (not available and/or not looking for work) has decreased significantly (-171,000) compared with the previous quarter, and decreased by 145,000 on a year earlier.
- The inactivity rate decreased by 0.4% points and stood at 20.6%.

Employment grew in most regions...

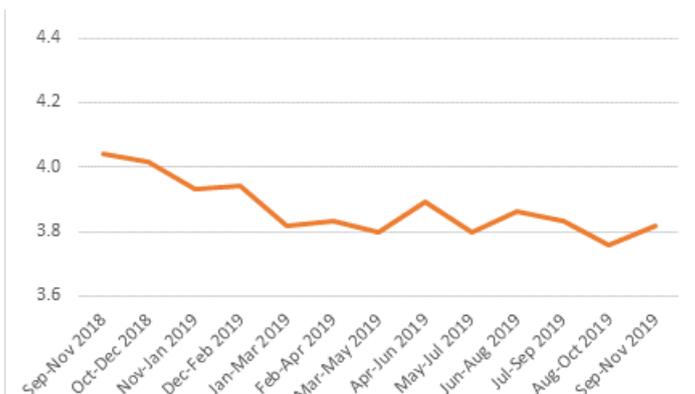
In the last quarter employment has grown in most of the regions and nations.

- In the three months to November 2019, employment increased in London (+106,000) and the North West (+76,000), Wales (+21,000), Scotland (+18,000), Northern Ireland (+18,000), the East (+14,000) and the South East (+12,000).
- Employment remained broadly unchanged in Yorkshire and The Humber (-8,000), the North East (-2,000), the East Midlands (+4,000) and the West Midlands (+10,000).
- Employment decreased significantly in the South West (-67,000).

... while unemployment remained broadly unchanged in most regions

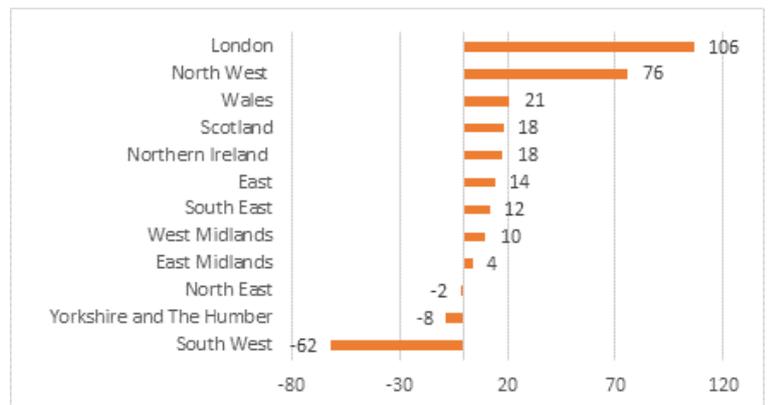
- In the three months to November 2019, unemployment increased in the South West (+12,000) and the West Midlands (+11,000).
- Unemployment remained broadly unchanged in Scotland (-7,000), Northern Ireland (-5,000), the East (-2,000), the North East (+5,000), the North West

Exhibit 2 Unemployment (%)



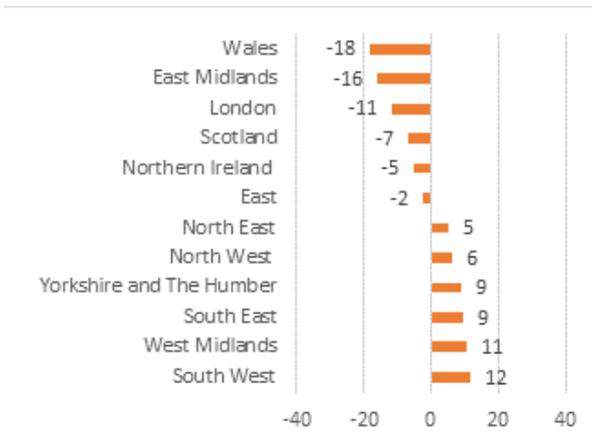
Source: ONS January 2020 labour market statistics

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



Source: ONS January 2020 labour market statistics, shown as quarter on quarter changes

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



Source: ONS January 2020 labour market statistics, shown as quarter on quarter changes

(+6,000), Yorkshire and The Humber (+9,000), the South East (+9,000).

- Unemployment decreased in the Wales (-18,000), the East Midlands (-16,000) and London (-11,000).

Pay growth remains stable

- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) was 3.4% on the year in the three months to November 2019, down by 0.1% points on October, but still close to its strongest since mid-2008 (3.9% in June/July).
- In the three months to November, nominal regular

- pay growth slowed in the private sector (down by 0.1% points) and stood at 3.4%, and increased in the public sector to 3.4% (up by 0.1% points).
- Looking across the private sector, pay growth was strongest in construction (+4.6% - down by 0.8% points) and finance and business services (+4.5% - down by 0.1% points), followed by services (+3.4% - down by 0.1% points), manufacturing (+2.7% - down by 0.1% points) and wholesaling, retailing & hospitality (+2.1% - down by 0.4% points).
- Real regular pay (excl. bonuses and adjusting for CPIH inflation) increased by 1.8% on a year ago (on the less volatile three-month rolling basis) – unchanged on October.

Productivity growth remains weak

- Data published earlier this month showed that productivity growth in Q3 has risen by 0.1% compared with the same quarter in the previous year. This follows four previous quarters of contraction. It also remained well below the growth rates seen prior to 2008.
- Productivity growth also varied across industries. Services saw a rise in labour productivity of 0.1% compared with the same quarter in the previous year; in contrast, manufacturing saw a 1.9% decrease.

Exhibit 5 Real regular pay growth (%)



Source: ONS January 2020 labour market statistics

The next labour market update will be published on 18th February 2020.



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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

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