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EMPLOYMENT SEES CONTINUED GROWTH

The latest ONS data cover the period from May to July 2021, providing a snapshot of labour market activity during the reopening of the economy.

The latest data show continued signs of recovery in the labour market, with employment increasing, unemployment decreasing, and vacancies at a new record high. Young people who were particularly affected by the pandemic saw a strong increase in the employment rate and decrease in the unemployment and inactivity rates. Real time Pay-As-You-Earn data for August 2021 also showed that the number of payrolled employees increased once again, up by 241,000 in August 2021 to 29.1 million. This means that it has returned to pre-pandemic levels, with all regions except London, Scotland and the South East now being above pre-pandemic levels.

Encouragingly, the redundancy rate has decreased on the quarter and has returned to pre-pandemic levels. However, ongoing supply and labour shortages are impeding further growth, and while businesses accept that a quick fix overnight isn't possible, there are temporary and immediate measures government must take to ease some of these pressures. In the longer-term, an increase in investment in reskilling, automation and improved pay and conditions are key. But these steps take time to have impact, so we need a functional Shortage Occupation List so that firms can temporarily fill the most significant vacancies. Also government needs to immediately begin a review of shortages and accept the Migration Advisory Committee's recommendations from last year to add extra jobs to the list.

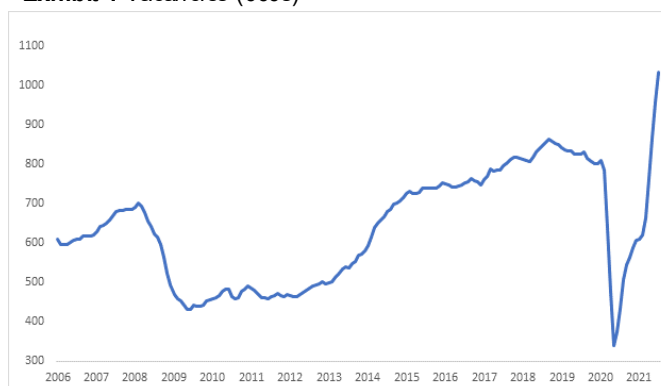
Employment rises and the number of vacancies reaches a new record high...

- The official measure of employment shows a significant increase of 183,000 in the three months to July 2021, compared with the previous quarter, but was 202,000 down on the same period a year ago. The employment rate rose by 0.5% points to 75.2%.
- Male employment increased (+134,000) over the quarter to July, and female employment increased by

48,000 in the same period. On the year, male employment decreased by 187,000 and female employment decreased by 14,000.

- Most age groups saw a rise in employment, with those aged 16 to 24 years old seeing the largest increase (+119,000) over the quarter, followed by those aged 50-64 years old (+50,000). Those aged 25-34 years old saw the biggest decrease in employment (-18,000).
- The number of self-employed increased (+46,000) in the three months to July. The number of people working full time increased (+82,000) on the quarter as well as the number of people working part-time (+100,000).
- Experimental Pay-As-You-Earn (PAYE) data (which do not suffer from distortions arising from the classification of furloughed employees) show that the number of payrolled employees has increased once again and now narrowly exceeds its February 2020 level (by +1000). Payrolls increased by 241,000 in August 2021 to 29.1 million. All regions

Exhibit 1 Vacancies (000s)

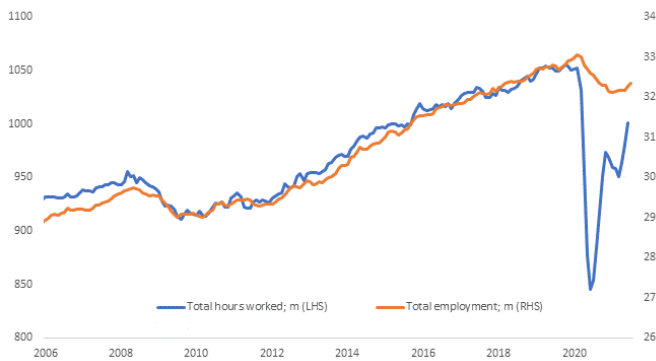


Source: ONS September 2021 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.2%	32,357	+183,000 (+0.6%)	-202,000 (-0.6%)
Unemployment** (ILO)	4.6%	1,550	-86,000 (-5.3%)	+81,000 (+5.5%)
Youth unemployment (16-24)	13.1%	525	-10,000 (-1.8%)	+37,000 (+7.5%)

Source: ONS September 2021 labour market statistics, May to July 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 September 2021 | labour market statistics

except London, Scotland and the South East are now above pre-pandemic levels.

- In a further sign of recovering labour demand, there were an estimated 1,034,000 vacancies in the June-August period, a quarterly increase of 269,300. The number of vacancies is now 249,000 above pre-pandemic levels, and at a new record high. All industry sectors increased their number of vacancies and the majority reached record levels: the largest increase was seen in accommodation and food service activities, which rose by 57,600 to stand at 134,000 (a 75.4% increase on the quarter).

...while unemployment and redundancies fall

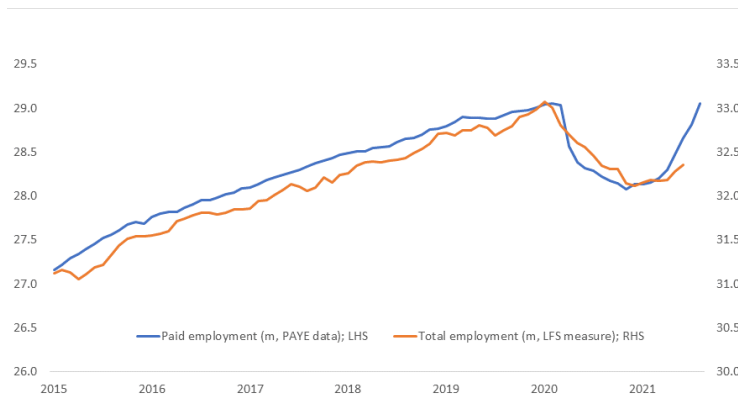
- Official data show that, in the three months to July 2021, unemployment decreased by 86,000 to stand at 1.55 million. The unemployment rate stood at 4.6%, a decrease of 0.3% points on the previous quarter. The number of unemployed people remained 81,000 higher than a year ago.
- Redundancies decreased by 15,000 on the quarter and by 62,000 on the year. This means that the redundancy rate now stands at 3.4 per thousand employees, a return to pre-pandemic levels (this compares to a peak in the redundancy rate of 14.5% towards the end of 2020).
- The number of those who are economically inactive also decreased significantly on the previous quarter (-121,000) but remained up on the year (+75,000).

The inactivity rate stands at 21.1% - down by 0.3% points on the previous quarter.

Pay growth remained high in the three months to July

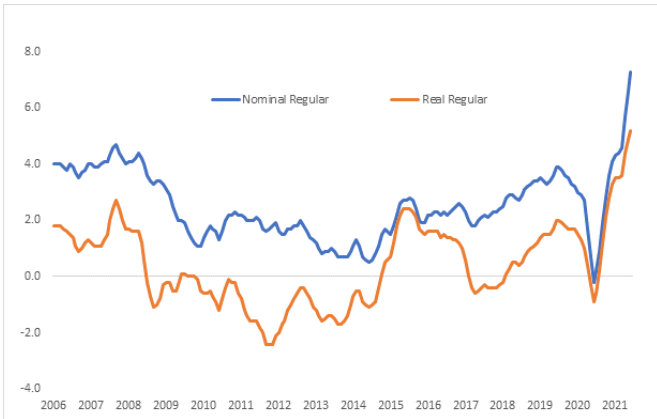
- Annual growth in employee pay increased in July, partly reflecting the compositional effect of a disproportionate fall in the number of lower-paid employee jobs, and base effects from factors that depressed pay growth last year. As a result, underlying pay growth is likely much lower than that outlined below.
- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) stood at 6.8% on the year in the three months to July 2021 (the less volatile three-month rolling basis), down by 0.5% points from June 2021.
- In the three months to July, nominal regular pay growth stood at 7.8% in the private sector (down by 0.6% points on June) and at 2.5% in the public sector (down by 0.2% points on June).
- Across the different sectors, nominal annual regular pay growth was strongest in construction (+10.7% - down by 1.7% points) and finance (+10.0% - down by 0.1% points), followed by wholesaling, retailing & hospitality (+7.5% - down by 1.1% points), services (6.8% - down by 0.5% points) and manufacturing (+5.4% - down by 0.9% points).

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



Source: ONS September 2021 | labour market statistics

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



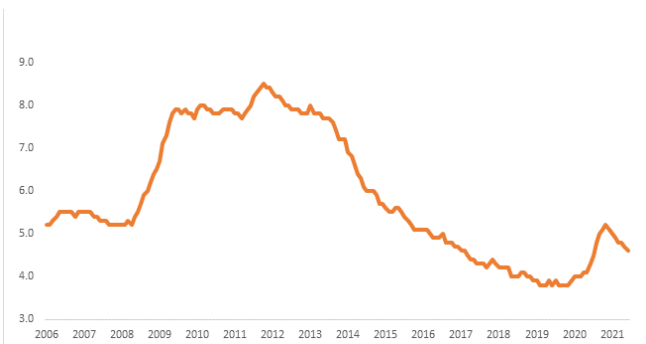
Source: ONS September 2021 labour market statistics

- Real regular pay (excl. bonuses and adjusting for CPIH inflation) increased by 4.5% on a year ago (on the less volatile three-month rolling basis) – down by 0.7% points from June 2021.

Employment increased in most regions and nations...

- In the three months to July 2021, employment increased in the South West (+42,000), the East (+41,000), London (+34,000), the West Midlands (+27,000), the North West (+20,000), Yorkshire and The Humber (+16,000) and Wales (+16,000).

Exhibit 5 Unemployment rate (%)



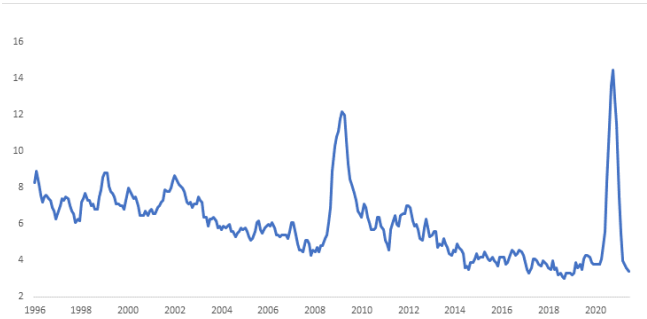
Source: ONS September 2021 labour market statistics

- Employment remained broadly unchanged in the South East (-7,000), Scotland (-6,000), North East (+7,000) and Northern Ireland (+7,000).
- Employment decreased in the East Midlands (-13,000).

...while there was a mixed picture on unemployment

- In the three months to July, unemployment remained broadly unchanged in Yorkshire and The Humber (-8,000), the North West (-7,000), the South West (-7,000), the East (-5,000), Scotland (-3,000), Wales (+1,000), the South East (+10,000) and Northern Ireland (+10,000).
- Unemployment decreased in London (-27,000), the West Midlands (-24,000), the East Midlands (-14,000) and the North East (-12,000).

Exhibit 6 Redundancy rate (%)



Source: ONS September 2021 labour market statistics

The next labour market update will be published on **12th October 2021.**

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“The number of vacancies available across all sectors continue to rise exponentially. As previously reported, the recruitment industry is pivotal to sustaining our economic recovery and it has never been more important for employers to work in partnership, with recruiters like us, to address their total talent management, encompassing workforce planning, investment in skills and training, and engagement with future talent pipelines.

There is a ‘sea change’ in the way job applicants view their opportunities for work nowadays, largely due to the effects of the pandemic, and the specialist recruitment consultants working on your behalf are in a unique position to help you secure the best person for your role.”

Carmen Watson, Chairperson, Pertemps Network Group

Pertemps Network Group is one of the UK's largest privately owned recruitment agencies. It has a turnover in excess of £900m and offers immediate and strategic

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