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EMPLOYMENT AT RECORD HIGH, UNEMPLOYMENT AT RECORD LOW, AND PAY GROWTH STRENGTHENS

According to the ONS, the UK labour market continues to defy gravity, outperforming the rest of the economy.

The employment rate remains at a record high, with the unemployment rate at a record low. At the same time, however, the number of employees saw the sharpest fall since the beginning of 2014 which could be a further sign of vulnerability in the economy. Across the UK, the regions and nations have seen a mixed picture on employment, while unemployment has remained broadly unchanged.

The unemployment rate stood at 3.8% in the quarter to April 2019. But although the number of job seekers per vacancy (1.6) remains close to record low, the overall number of vacancies has decreased in the latest data. So the labour market remains tight.

Nominal pay growth has strengthened in the three months to April, but wage growth remains below pre-crisis norms. The only route to stronger and sustainable pay growth remains a revival in productivity, rather than the fits and starts that we've seen since the financial crisis.

The economy remains highly vulnerable to political developments: ongoing uncertainty continues to push companies to delay investment decisions and shift production outside the UK. It remains crucial for Parliament to finally agree a Brexit deal, in order to give businesses the confidence to invest, rather than simply stockpile, in the UK.

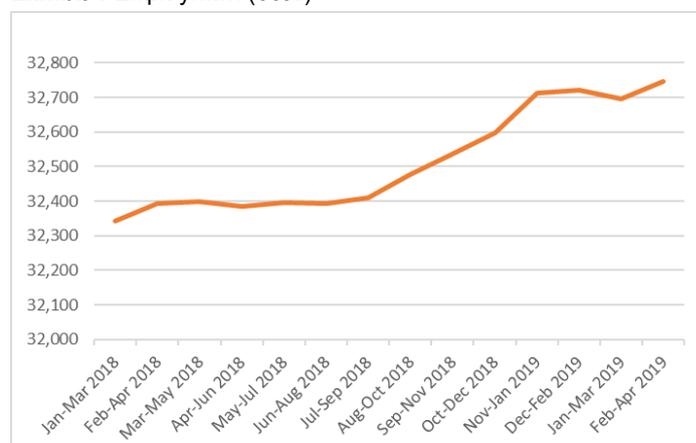
Employment rate remains at a record high...

The rise in employment in the quarter to April 2019 was mainly driven by those aged 50-64 years old and those 25-34 years old.

- Employment increased by 32,000 in the three months to April 2019 and was up by 357,000 compared with the same period a year earlier.
- The employment rate remained unchanged at 76.1%, and the joint-highest since comparable estimates began in 1971.

- Male employment decreased by 27,000 on the quarter, while female employment rose by 60,000. Both groups saw rising employment year-on-year, with male employment rising by 162,000, and female employment by 195,000.
- Employment growth was strongest among those aged 50-64 years old (+59,000) and those aged 25-34 years old (+29,000). Employment also rose slightly among those aged 65+ years old (+15,000). It decreased significantly among those aged 16-24 years old (-49,000) and among those aged 35-49 years old (-21,000).
- The number of people working full-time increased by 32,000 over the quarter, while the number of people working part-time remained broadly unchanged (+1,000). On a year-on-year basis, the number of people working full-time increased by 402,000, while the number of part-time workers has dropped by 45,000. Meanwhile, the number of employees fell by 38,000 in the three months to April, the sharpest fall since the beginning of 2014.

Exhibit 1 Employment (000s)



Source: ONS June 2019 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	76.1%	32,746	+32,000 (+0.1%)	+357,000 (+1.1%)
Unemployment** (ILO)	3.8%	1,304	-34,000 (-2.6%)	- 112,000 (-7.9%)
Youth unemployment (16-24)	11.3%	480	-20,000 (-4.0%)	- 80,000 (-14.2%)

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

- In the three months to May 2019, the number of vacancies dropped by -12,000 to 837,000. The number of unemployed people per vacancy remained close to record high of 1.6 job seekers per vacancy in the quarter to April 2019.

...while unemployment remained at a record low

The unemployment rate remains at its joint-lowest since 1975, with the inactivity rate close to the record low figures seen over the past months.

- In the three months to April 2019, unemployment decreased by 34,000 on the quarter to 1.3 million. On a year-on-year basis, the number of unemployed people was down by 112,000.
- The unemployment rate was 3.8%, 0.1% points lower than in the period from November to January and is at its joint-lowest since 1974.
- Male unemployment remained broadly unchanged (-9,000) in the three months to April, while female unemployment dropped by 25,000. Both groups also saw unemployment fall over the year: female unemployment declined by 63,000, and male unemployment by 48,000.
- The number of those registered as economically inactive (not available and/or not looking for work) rose by 32,000 compared with the previous quarter, but dropped by 87,000 on a year earlier. The increase in the number of those who are economically inactive was driven by an increase in male inactivity (+51,000), while female inactivity decreased by 19,000.
- The inactivity rate increased to 20.8%, an increase of 0.1% points on the quarter but close to the record low figures seen over the past months.

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 East Midlands and the greatest decrease in London.

- In the three months to April 2019, the largest increases in employment were in the East Midlands (+32,000) followed by the South East (+28,000), Scotland (+26,000), the South West (+23,000) and the East (+17,000).
- Employment remained broadly unchanged in the North West (-2,000) and Northern Ireland (+7,000).
- Employment decreased in London (-25,000), Wales (-22,000), the North East (-20,000), Yorkshire and The Humber (-20,000) and the West Midlands (-11,000).

... while unemployment remained broadly unchanged

- There was no significant change in unemployment at a regional level in: Yorkshire and The Humber (-10,000), the East Midlands (-8,000), the East (-7,000), the South West (-6,000), the South East (-5,000), the West Midlands (-4,000), Scotland (-3,000), Northern Ireland (-3,000), Wales (+1,000), London (+2,000), the North West (+2,000) and the North East (+7,000).

Pay growth is the strongest in two and a half years

- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) was 3.4% on the year in the three months to April 2019, up by 0.1% points on March, remaining close to its strongest since the end of 2008.

Exhibit 2 Unemployment (%)



Source: ONS June 2019 labour market statistics

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



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

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



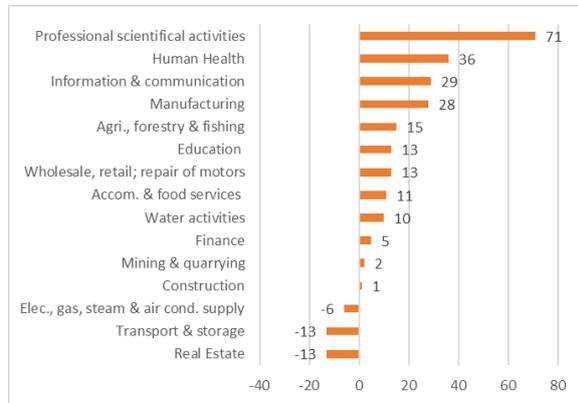
Source: ONS June 2019 labour market statistics, shown as quarter on quarter changes

- In the three months to April, nominal regular pay remained broadly unchanged in the private sector at 3.5%, but picked up in the public sector to 2.8% (up 0.5% points).
- Looking across the private sector, pay growth was strongest in construction (+4.1% - up by 0.1% points) and finance (+3.9% - down by 0.2% points), followed by services (+3.4% - down by 0.1% points), wholesaling, retailing & hospitality (2.4% - down by 0.1% points) and manufacturing (+2.2% - unchanged).
- Real regular pay (excl. bonuses and adjusting for CPIH inflation) increased by 1.5% on a year ago (on the less volatile three-month rolling basis) – with growth remaining at its strongest in two and a half years, but still weaker than pre-crisis norms.

Jobs growth was concentrated in a few industries in the first quarter of 2019

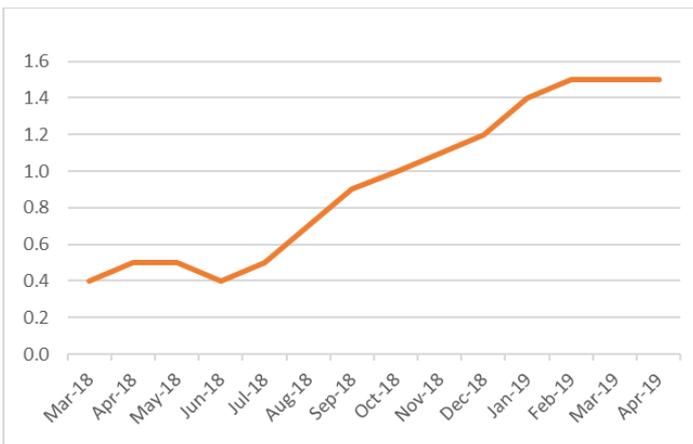
- Professional scientific activities (+71,000), human health (+36,000) and information and communication (+29,000) registered the largest increase in workforce jobs in the three months to March 2019.
- Jobs in transport & storage and real estate each saw the greatest decline (-13,000) on the quarter.
- Looking at the change in jobs compared to a year ago, professional scientific activities (+149,000), information & communication (+86,000), and human health (+86,000) have seen substantial increases. Agriculture, forestry & fishing (-40,000) and real estate (-19,000) saw the largest decreases in workforce jobs on a year ago.

Exhibit 6 Change in workforce jobs by industry (%)



Source: ONS June 2019 labour market statistics

Exhibit 5 Real regular pay growth (%)



Source: ONS June 2019 labour market statistics

The next labour market update will be published on **16th July 2019.**

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“Although this year has started with political and economic uncertainty, the recruitment industry has seen some impressive results including an 11 per cent increase in total industry turnover. The labour market remains strong and recruiters are upping their endeavours to find the right staff for employers despite skills shortages.”

Carmen Watson, Chairperson, Pertemps Ltd

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