

Supported by



LABOUR MARKET CONTINUES TO CREATE JOBS BUT PAY GROWTH FAILS TO KEEP UP WITH INFLATION

The latest ONS data covers the period from December 2021 to February 2022, providing a snapshot of labour market activity during a period in which the Omicron variant meant work-from-home guidance was reinstated.

The latest data show a labour market that continues to tighten, with employment figures largely unchanged, unemployment decreasing, and vacancies at a new record high. Real time Pay-As-You-Earn data for March 2022 showed that the number of payrolled employees saw a small increase, up by 35,000 to a record 29.6 million, in part due to an increase in full time employees. However, due to an increase in the rate of those who are economically inactive, the total number of workers in the labour market has decreased overall.

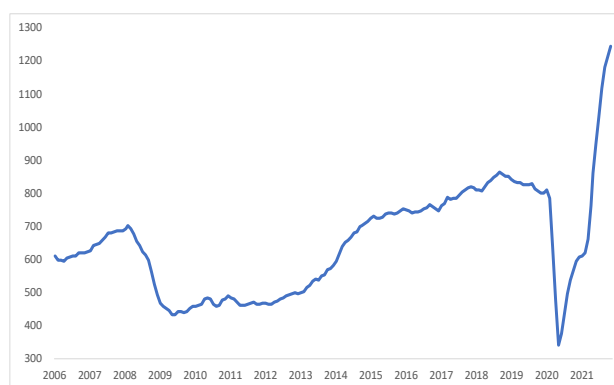
Furthermore, real pay growth continues to fall. Ongoing supply chain issues, skills and labour shortages and record high vacancies are putting a break on growth, highlighted by this month's GDP growth figures of 0.1%. Persistent skills and labour shortages, alongside rising costs, is putting a strain on households and dampening business optimism for the months ahead. To break this cycle and deliver sustainably rising living standards, the UK requires bold action. Replacing the apprenticeship levy for a new Skills Challenge Fund to fund high-quality training in areas of future demand can unlock growth.

The number of vacancies reaches a new record high...

- The official measure of employment shows an increase of 10,000 in the three months to February 2022, compared with the previous quarter, and an increase of 330,000 on the same period a year ago. The employment rate remained the same as the previous quarter and stays at 75.5%.

- Male employment increased slightly (+16,000) over the quarter to February, while female employment remained largely the same (-6,000). On the year, male employment increased by 238,000 and female employment increased by 92,000.
- Those aged 16 to 24 years old saw an increase in employment (+34,000) over the quarter, as did the 25–34-year-old age bracket (+16,000).
- Those aged 50-64 saw the largest decline in employment levels (-63,000), while those aged 35-49 years old also saw a significant decrease (-37,000).
- The number of people working full-time increased overall by +53,000, but this was offset by the total number of employees working part-time decreasing (-43,000).
- The number of self-employed people working full time remained largely the same (+11,000), as did the total number of self-employed people working part-time (+4,000).

Exhibit 1 Vacancies (000s)



Source: ONS April 2022 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.5%	32,485	+10,000 (0.0%)	+330,000 (+1.0%)
Unemployment** (ILO)	3.8%	1,296	-86,000 (-6.2%)	-408,000 (-23.1%)
Youth unemployment (16-24)	12.7%	467,000	+16,000 (+1.7%)	-106,000 (-22.7%)

Source: ONS April 2022 labour market statistics, December 2021 to February 2022 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 2022 labour market statistics

- Pay-As-You-Earn (PAYE) data show that the number of payrolled employees has increased once again by 35,000 and is now at a record high at 29.6 million.
- In a further sign of a tightening labour demand, there were an estimated 1.28 million vacancies in the three months from January 2022 to March 2022, the smallest quarterly increase since April 2021 (+50,000), but remains a record high. This is the eighth consecutive month that the three-month vacancy average stands at over one million.
- 10 of the 18 industry sectors are showing record high vacancies, but the rate of growth in vacancy numbers continues to slow. The largest number of jobs available are in Human health and social care (216,000) and the Wholesale and Retail trade (170,000).
- The total number of hours worked increased on the quarter to 1.037 million, a 0.5% increase on the quarter and still up on the year by 4.7%.

...while unemployment and redundancy rate continue to fall

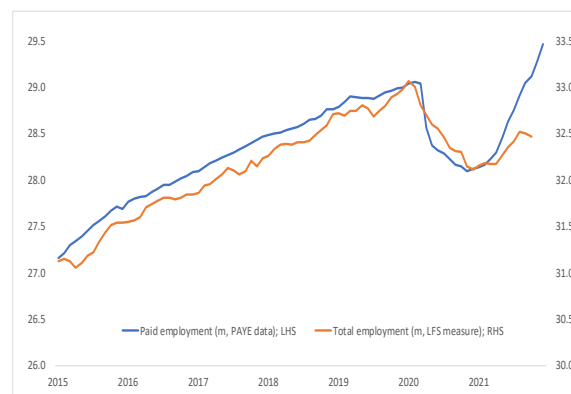
- Official data show that, in the three months to February 2022, unemployment decreased by 86,000 to stand at 1.3 million. The unemployment rate stood at 3.8%, a decrease of 0.2% points on the previous quarter. There are 408,000 fewer unemployed people than in the same period a year ago.
- Redundancies remain unchanged on the previous quarter (-3,000) and is down by 134,000 on the year. This means that the redundancy rate is at 2.7 per thousand employees, a lower rate than pre-pandemic levels
- The number of those who are economically inactive increased by 76,000 compared to the previous quarter, with 88,000 more people economically inactive now than the same time last year. The inactivity rate slightly increased for the fifth quarter in a row to at 21.4% - up by 0.2% points on the previous quarter. This has been driven mainly by

people who have caring responsibilities, retired or have long-term illnesses.

Wage growth continues to fall behind inflation

- Nominal regular pay growth (excl. bonuses and before adjusting for inflation) stood at 4.0% on the year in the three months to February 2022 (the less volatile three-month rolling basis), up by 0.2% points from January 2022.
- In the three months to February, nominal regular pay growth stood at 4.5% in the private sector (up by 0.3% points on January) and at 2.1% in the public sector, (down by 0.3% points on January).
- Across the different sectors, nominal annual regular pay growth was strongest in finance (+6.0% - down by 0.2% points), followed by wholesaling, retailing & hospitality (+5.6% - up by 0.6% points) and services (up +4.3% - up 0.1% points on the previous quarter). Construction (+3.0% - up by 0.6% points) and manufacturing (+2.4% - up by 0.1% points) also showed growth in nominal annual regular pay.
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) dropped by -0.1% on the quarter (on the less volatile three-month rolling basis) – and is now at -1.0% on the year and the lowest since July 2014.
- Real regular pay for single-month changes year on

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



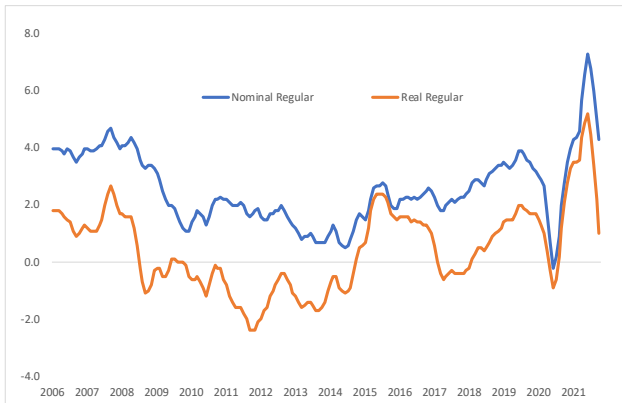
Source: ONS April 2022 labour market statistics

year (excl. bonuses and adjusting for CPIH inflation) dropped to -1.3%, down from 0.6% in January.

The regions and nations saw a mixed bag in employment levels...

- In the three months to February 2022, employment increased in the East Midlands (+43,000), London (+35,000), the West Midlands (+26,000) and in the South East (+25,000).
- Employment remained broadly unchanged in Northern Ireland (+7,000) and the North East (+2,000).

Exhibit 4 Real regular pay and nominal regular pay growth (%) 3-month average



Source: ONS April 2022 labour market statistics

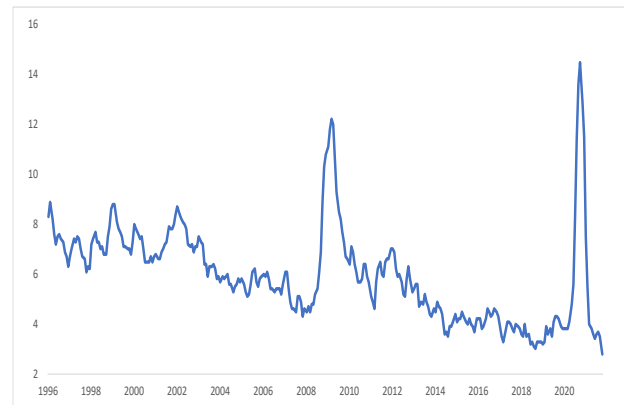
- The regions or nations that saw a drop in employment level were the East (-38,000), Yorkshire and the Humber (-23,000), the North West (-22,000), the South West (-18,000), Scotland (-16,000) and Wales (-11,000).

Exhibit 5 Unemployment rate (%)



Source: ONS April 2022 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS April 2022 labour market statistics

...while unemployment decreased in most regions and nations

- In the three months to February 2022, unemployment decreased in London (-39,000), the South East (-34,000) the East Midlands (-15,000), and Wales (-11,000) and the North West (+14,000).
- Unemployment levels remained broadly unchanged in Scotland (-3,000), the South West (-4,000), Northern Ireland (-5,000), the North East (-5,000) and Wales (-6,000).
- Unemployment levels increased in the West Midlands (+15,000), the East (+13,000) and Yorkshire and the Humber (+11,000).

The next labour market update will be published on **17 May 2022.**



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

Yusuf Ali-Hassan
Policy Adviser
M: 44 (0)7469 155238
E: Yusuf.Ali-Hassan@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

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



ABOUT THE SPONSOR

"Despite a few busy months, we are beginning to see the jobs market stabilise, but there's still a high demand for skilled occupations.

"Businesses need to consult recruitment experts about their approach, if they wish to broaden their talent search, create more attractive adverts, while ensuring they are offering flexibility and other benefits."

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 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, security and engineering.

For further information about Pertemps Network Group, please contact:

James Wilde
PR and Communications Manager
T: 01676 525250
E: james.wilde@pertemps.co.uk
W: www.pertemps.co.uk