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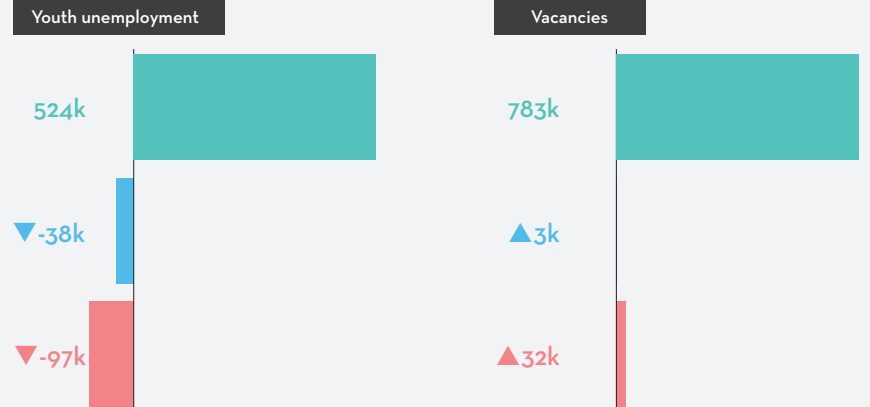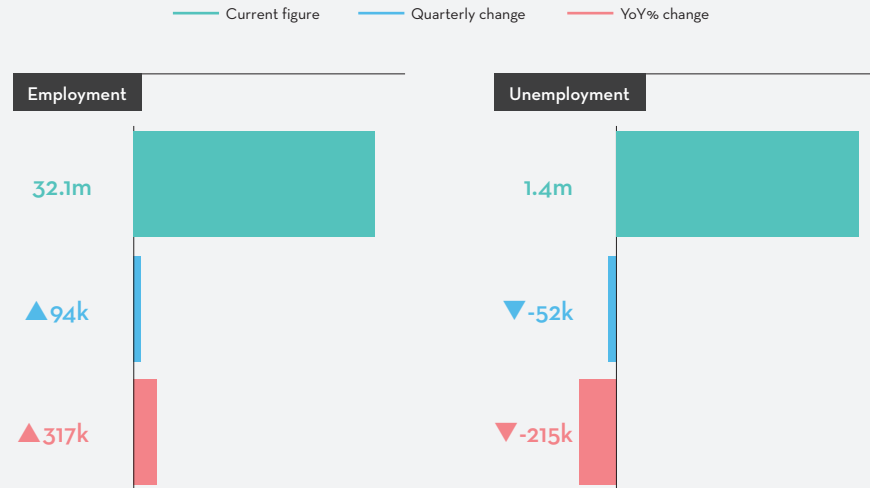# Employment landscape

Q4 2017

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Snapshot

Unemployment falls 52,000 to 1.4 million but leaves the jobless rate unchanged at 4.3%. This keeps it at the lowest rate since the middle of 1975, nearly 40 years. Employment Minister Damian Hinds said: "Our economy is helping to create full-time, permanent jobs which are giving people across the UK the chance of securing a reliable income.
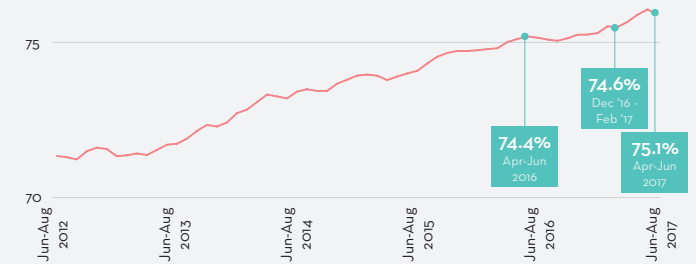
Matt Hughes, a Senior ONS Statistician, said: "Many labour market measures continue to strengthen. Employment growth in the latest three-month period was driven mainly by women, with a corresponding drop in inactivity. Vacancies remain robust, at a near-record level.

At the same time real wages have fallen for the sixth consecutive month and inflation has hit the 3% mark. This fall means that real wages are now at the same level they were at the start of 2006, more than a decade ago.
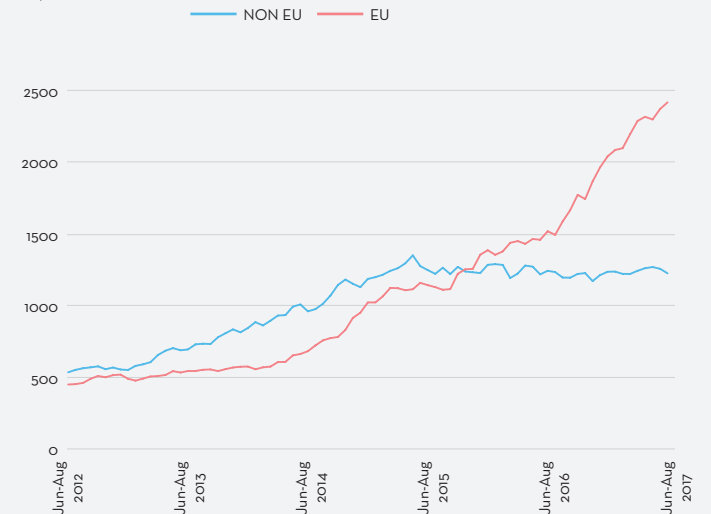
Employment rate for those aged from 16 to 64, seasonally adjusted (per cent)

— Current figure   — Quarterly change   — YoY% change

Employment
32.1m
▲94k
▲317k

Unemployment
1.4m
▼-52k
▼-215k

Youth unemployment
524k
▼-38k
▼-97k

Vacancies
783k
▲3k
▲32k

UK employment rate for those aged from 16 to 64, seasonally adjusted (per cent)

74.4% Apr-Jun 2016
74.6% Dec '16 - Feb '17
75.1% Apr-Jun 2017

75
70

Jun-Aug 2012 | Jun-Aug 2013 | Jun-Aug 2014 | Jun-Aug 2015 | Jun-Aug 2016 | Jun-Aug 2017

Non-UK nationals working in the UK, not seasonally adjusted ('000s)

— NON EU   — EU

2500
2000
1500
1000
500
0

Jun-Aug 2012 | Jun-Aug 2013 | Jun-Aug 2014 | Jun-Aug 2015 | Jun-Aug 2016 | Jun-Aug 2017
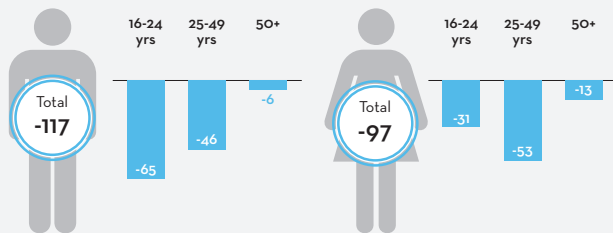
Who

It's always encouraging to see unemployment fall in all age ranges, especially among the young where there is now barely more than half a million unemployed. This is only a few years after that number was threatening the million mark. Especially at a time when European Central Bank President Mario Draghi has said Europe needs to tackle youth unemployment to safeguard democracy and social cohesion.
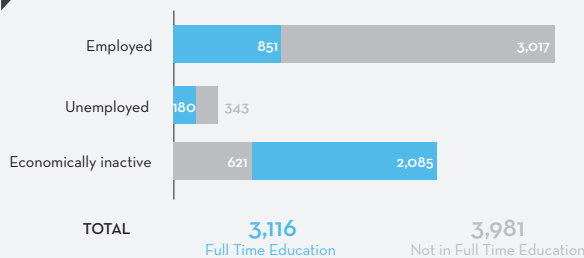
Scotland has the lowest youth unemployment rate of any UK region. They have achieved a target of reducing it by 40% four years ahead of schedule.

More than half of all unemployment is also sat with those that have been out of work for less than six months. This kind of transitional is actually quite natural and fairly positive for the labour market.

Changes in number of unemployed people between June to August 2016 and June to August 2017, seasonally adjusted (thousands of people)
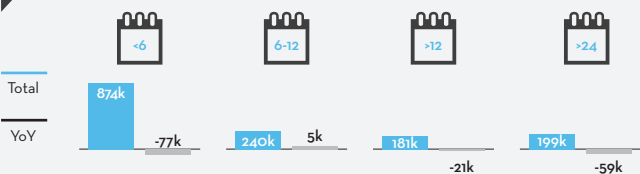
	16-24 yrs	25-49 yrs	50+
Total -117	-65	-46	-6
Total -97	-31	-53	-13

Young people in the labour market (aged 16 to 24) for June to August 2017, seasonally adjusted (thousands of people)

Employed	851	3,017
Unemployed	180	343
Economically inactive	621	2,085

TOTAL	3,116 Full Time Education	3,981 Not in Full Time Education

Most employed people are not in full-time education, most people in full time education are not actually in the labour market.

Unemployment by length (months)

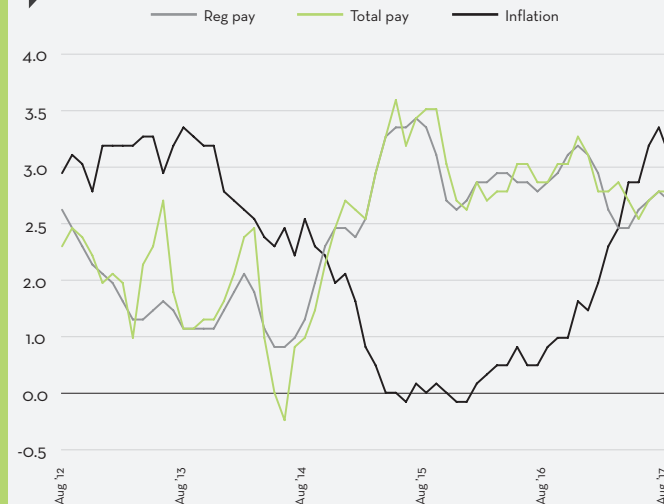|	<6	6-12	>12	>24
Total	874k	240k	181k	199k
YoY	-77k	5k	-21k	-59k

How much

Increasing inflation and a lack of distinct wage growth are not a good combination for the labour force. According to the Office for National Statistics wages effectively fell by 0.4% in the last year.
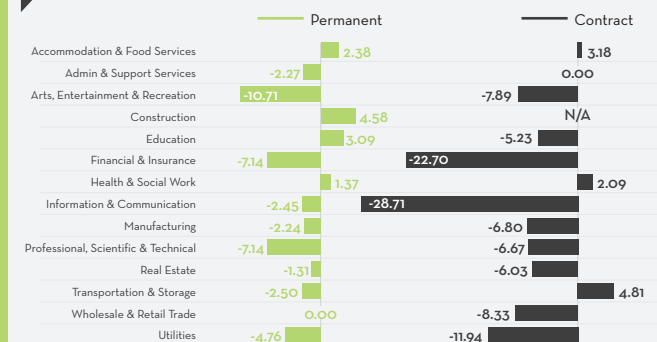
Stephen Clarke, an Economic Analyst at the Resolution Foundation, said: "Today's figures confirm the big picture trend that the UK labour market is great at creating jobs, but terrible at raising people's pay."

This is a confusion state of affairs with low unemployment and rising demand along with constant media stories of skills gaps in the economy. According to Kallum Pickering at Berenberg Bank: "this should underpin a modest acceleration in wage growth over time".

Average weekly earnings annual growth rates, seasonally adjusted (per cent)

Reg pay — Total pay — Inflation

Changes in advertised salaries by sector (per cent) (Q2 2016 - Q2 2017)

	Permanent	Contract
Accommodation & Food Services	2.38	3.18
Admin & Support Services	-2.27	0.00
Arts, Entertainment & Recreation	-10.71	-7.89
Construction	4.58	N/A
Education	3.09	-5.23
Financial & Insurance	-7.14	-22.70
Health & Social Work	1.37	2.09
Information & Communication	-2.45	-28.71
Manufacturing	-2.24	-6.80
Professional, Scientific & Technical	-7.14	-6.67
Real Estate	-1.31	-6.03
Transportation & Storage	-2.50	4.81
Wholesale & Retail Trade	0.00	-8.33
Utilities	-4.76	-11.94

This report covers the data released by the Office for National Statistics (ONS). All statistics relate to the period June to August 2017, unless otherwise stated.
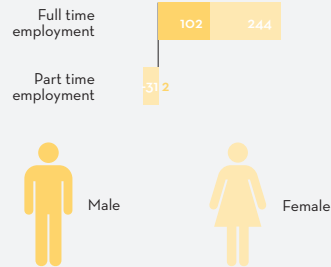
How

The increase in employment of more than 300,000 in the last 12 months has been 100% fueled by full-time employment, in fact 103% as the number of part time workers actually fell and dragged the overall down with it.
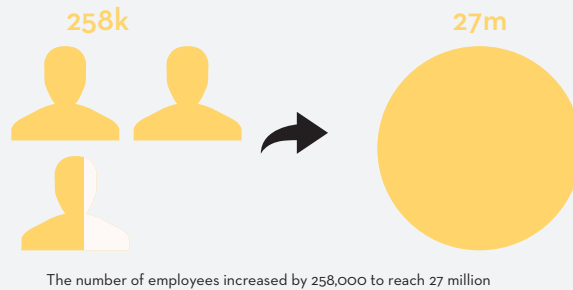
This is slightly misleading, however, as a significant proportion of this continues to be due to an increase in self-employment. There are now 70,000 more self-employed workers in the economy than a year ago, a rise of 1.5% compared to less than 1% for employees. During the economic slowdown this trend was attributed to people starting companies due to a lack of employment options, in this climate it is more likely to be an indicator of the growth of the gig economy.

By no means are all 4.86 million self-employed workers employed in the gig economy but Uber current employs more than a third of all London licensed taxi drivers, 40,000.

Changes in number of people in employment between June to August 2016 and June to August 2017, seasonally adjusted ('000s)

Full time employment: 102 | 244

Part time employment: 31 | 2

Male   Female

Employed vs Self-employed

258k   27m

The number of employees increased by 258,000 to reach 27 million

70k   4.8m

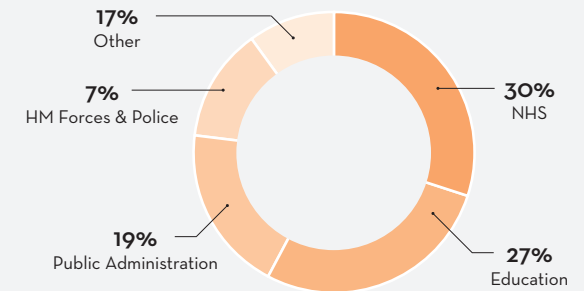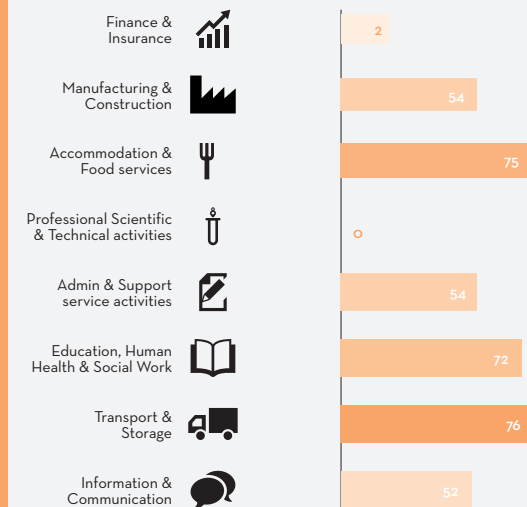The number of self-employed people decreased by 70,000 to reach 4.8 million

What

Financial services continues to demonstrate low hiring intention with only an increase of 2,000 roles in the last year. This is a direct reaction to the uncertainty the sector is facing over Brexit.

At the same time the manufacturing sector is taking advantage of the weak pound to increase production and obviously requires a workforce to do so. This is probably also supporting growth in the transport and storage sector.

Public sector employment by industry for June 2017, seasonally adjusted (thousands of people)

- 17% Other
- 7% HM Forces & Police
- 19% Public Administration
- 30% NHS
- 27% Education

Jobs added per sector between June 2017 and June 2016 (thousands of people)

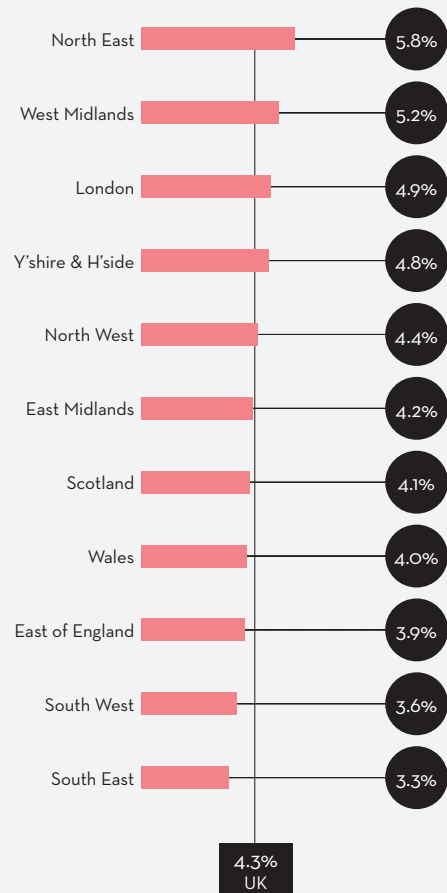| Sector	Value
Finance & Insurance	2
Manufacturing & Construction	54
Accommodation & Food services	75
Professional Scientific & Technical activities	0
Admin & Support service activities	54
Education, Human Health & Social Work	72
Transport & Storage	76
Information & Communication	52

Where

The South of England is seeing the lowest unemployment levels currently but London sits apart from that with a rate that is considerably higher than the UK average – this is despite a fall this month. Uncertainty over Brexit is likely to be a contributor towards this.
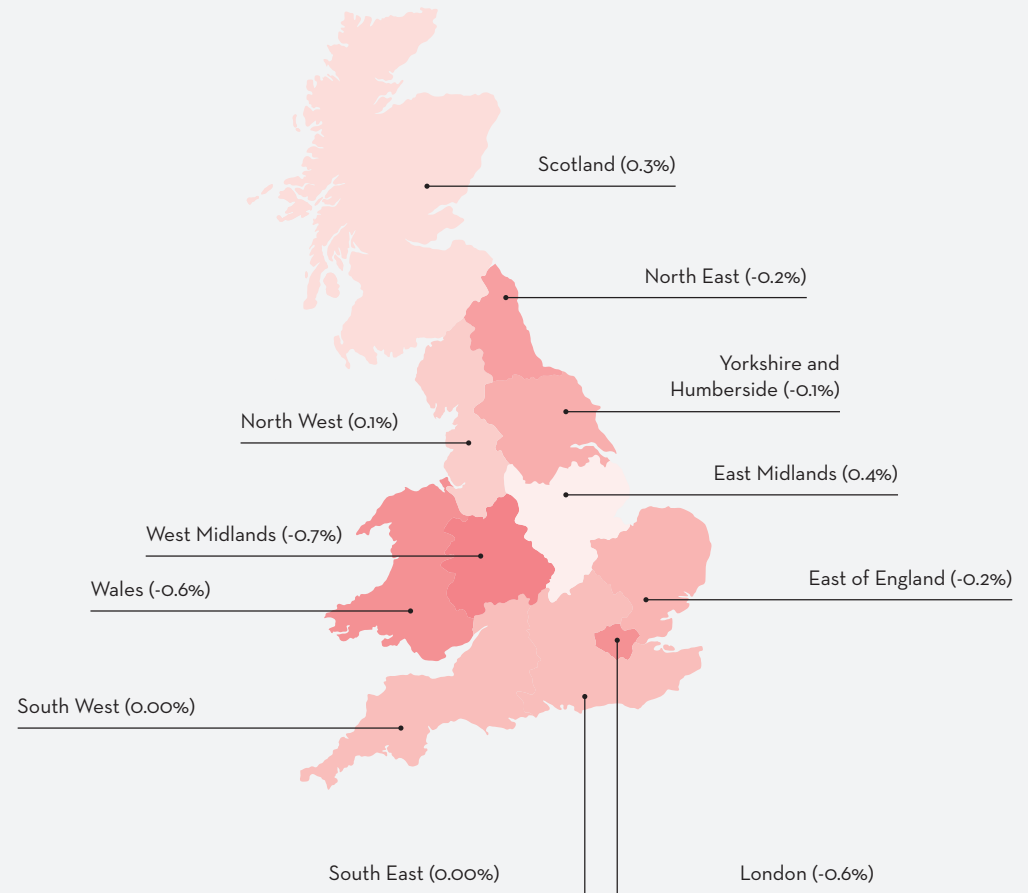
Wales saw a large fall in unemployment to leave the level below the UK average at 4%, this is somewhat misleading as nearly a quarter of the working age population are not classed unemployed as they are not even looking for work according to **Sebastian Burnside, Senior Economist at NatWest.**

"There has been strong job creation in Wales but the headline unemployment number probably overstates the strength of the labour market because we have a lot of people who are inactive," he said.

Regional unemployment rates (seasonally adjusted) for June to August 2017

Region	Rate
North East	5.8%
West Midlands	5.2%
London	4.9%
Y'shire & H'side	4.8%
North West	4.4%
East Midlands	4.2%
Scotland	4.1%
Wales	4.0%
East of England	3.9%
South West	3.6%
South East	3.3%

4.3% UK

Unemployment rates by region, seasonally adjusted, June to August 2017

Scotland (0.3%)
North East (-0.2%)
Yorkshire and Humberside (-0.1%)
North West (0.1%)
East Midlands (0.4%)
West Midlands (-0.7%)
East of England (-0.2%)
Wales (-0.6%)
South West (0.00%)
South East (0.00%)
London (-0.6%)

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