FACT SERVICE

Annual Subscription £100 (£84 for LRD affiliates)

Volume 83, Issue 37, 16 September 2021

Job vacancies pass million to set new record

Job vacancies have risen above one million for the first time since records began in 2001, according to the Office for National Statistics (ONS). Employee numbers were also back at pre-pandemic levels in August, with payrolls showing another monthly increase of 241,00, to 29.1 million.

ONS figures showed that in June to August 2021 there were 1,034,000 vacancies, 249,000 above the pre-Covid level. Growth on the quarter was 269,300 (35.2%), with all industry sectors increasing their number of vacancies, and the majority reaching record levels. The largest increase was accommodation and food services, which rose by 57,600 (75.4%).

According to the ONS, the total number of workforce jobs in the UK in June 2021 was an estimated 34.8 million, down by 856,000 from December 2019; both employee jobs and self-employment jobs showed upward movement to increase the overall workforce jobs figure by 293,000 on the quarter, the highest quarterly increase since March 2014.

However, the recovery is not evenly distributed, with London, Scotland and the South East having fewer payrolled employees than before the start of the pandemic; London is the furthest behind its pre-pandemic levels but saw the largest increase between July and August.

The ONS says that May to July estimates "show a continuing recovery in the labour market, with a quarterly increase in the employment rate, while the unemployment and economic inactivity rates decreased ... total hours worked increased on the quarter with the relaxation of many coronavirus restrictions".

It estimates the UK employment rate at 75.2%, 1.3 percentage points lower than before the coronavirus pandemic, but 0.5 percentage points higher than the previous quarter.

The UK unemployment rate was estimated at 4.6%, 0.6 percentage points higher than before the pandemic, but 0.3 percentage points lower than the previous quarter. The UK economic inactivity rate was 21.1%, 0.9 percentage points higher than be-

LABOUR RESEARCH DEPARTMENT
Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 www.lrd.org.uk

fore the pandemic, but 0.3 percentage points lower than the previous quarter.

The TUC noted that, while the figures show payrolls returning to pre-pandemic levels, they also reveal a fall of 370,000 jobs across the hardest-hit sectors – and the end of the furlough scheme is approaching. Its general secretary, Frances O'Grady, stated: "While it's good news that more people are back in work, many working families are facing an uncertain autumn with the end of the furlough scheme – still supporting 1.6 million jobs – and a £20 cut to the weekly budgets of two million low-paid workers.

"The chancellor needs a plan to support jobs and family incomes. That means stopping the universal credit cut and extending the furlough scheme in hard hit sectors for as long as is needed to protect jobs and livelihoods."

And HR institute the CIPD warned of skills shortages and that many of the vacancies are temporary. Gerwyn Davies, its senior labour market adviser, noted that "a closer look at the figures shows that virtually all the extra jobs since the onset of the pandemic have been for temporary staff (up by 136,000 or 9%).

"Candidates want more than a job; they also want some level of security after such an uncertain period. Rather than sitting on the fence, we need employers to bite the bullet and make more permanent hires where they can, to give candidates confidence and to fill the huge number of vacancies out there.

"As well as creating more permanent roles, employers should consider a range of tactics to make their roles more attractive to candidates. For example, through improved pay and working conditions and flexible working options."

He concluded: "The imminent closure of the furlough scheme also offers a timely reminder to employers that they need to be prepared to train new recruits who have been furloughed to ensure people who might not have been working for many months have the skills and confidence for their new jobs. This will also be particularly important for younger workers who have been adversely affected by the pandemic and need early chances to get their working lives off on the right foot."

Think tank the Resolution Foundation said that, despite the increase in employee jobs to above pre-pandemic levels, the labour market remains some way off a full bill of health, "with up to one million employees likely to still be on furlough when the scheme closes, there is a risk that not all of these workers will be able to return to employment straight away, and we should be prepared for a fresh rise in unemployment this autumn".

Stephen Evans, chief executive of the Learning and Work Institute, commented: "We've reached a milestone moment, with payroll employment back at pre-pandemic levels and more than one million vacancies. This is undoubtedly positive but scratch below the surface and you see months if not years of recovery still ahead.

"With more than a million people still furloughed ahead of the scheme's closure, we need to ramp up support for people to find work. This is particularly true of both young people, who were more likely to lose their jobs during the pandemic, and older people, who are now more likely to still be furloughed."

Regionally, the ONS found that:

- for the three months ending July 2021, the highest employment rate estimate in the UK was in the East of England (78.7%) and the lowest was in Northern Ireland (71.2%); both the East of England and Wales now have employment rates above pre-pandemic levels;
- for the same period the highest unemployment rate estimate in the UK was in London (6%) and the lowest was in the South West (3.3%); Wales and Northern Ireland saw the largest increases compared with the previous year;
- the highest economic inactivity rate estimate in the UK was in Northern Ireland (25.7%) and the lowest was in the East of England (18.3%); Wales saw the largest decrease in the economic inactivity rate compared with last year, at 1.7 percentage points, with the rate of 22% being the lowest since April to June 2019;
- for the 12 months ending March 2021, average weekly hours worked varied between London, with 30.2 million hours, and the North East, with 27.3 million hours; all regions saw a decrease in the average weekly hours worked compared with the same period last year; and
- between March and June 2021, workforce jobs increased in most regions of the UK, with the largest increase of 75,000 being in London; Northern Ireland and the South East were the only regions to see decreases in workforce jobs; of 6,000 and 5,000 respectively; London has the highest proportion of service-based jobs, at 91.9%, while the highest proportion of production sector jobs is in the East Midlands, at 12.3%.

On earnings the ONS said that growth in average total pay (including bonuses) was 8.3% and regular pay (excluding bonuses) was 6.8% among employees for the three months May to July 2021. However, it once again issued a caveat, noting that "annual growth in average employee pay is being affected by temporary factors that have inflated the increase in the headline growth rate; base effects where the latest months are now compared with low base periods when earnings were first affected by the coronavirus pandemic; and compositional effects where there has been a fall in the number and proportion of lower-paid employee jobs, therefore increasing average earnings".

https://www.ons.gov.uk/releases/uklabourmarketseptember2021

https://www.ons.gov.uk/releases/labourmarketintheregionsoftheukseptember2021

https://www.tuc.org.uk/news/tuc-chancellor-must-stop-universal-credit-cut-and-extend-furlough

https://www.cipd.co.uk/about/media/press/140921sharp-rise-involuntary-temporary-employment

https://www.resolutionfoundation.org/press-releases/labour-market-defies-summer-slowdown-in-economy-as-employee-job-levels-surpass-pre-pandemic-levels

https://learningandwork.org.uk/what-we-do/employment-and-social-security/labour-market-analysis/september-2021

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/september2021

Lowest paid 'bore brunt of pandemic'

The coronavirus was "a tale of two pandemics" the TUC has said, as it published a poll showing how low paid workers bore the brunt of the pandemic with little or no option to work from home, no or low sick pay and reduced living standards.

According to the TUC, its polling shows that:

- low-paid workers (those earning less than £15,000) are almost twice as likely as high-paid workers (those earning more than £50,000) to say they have cut back on spending since the pandemic began (28% compared to 16%);
- high earners are more than three times likelier than low-paid workers to expect to receive a pay rise in the next 12 months (37% compared to 12%);
- low-paid workers are four times more likely than high-paid workers to say they cannot afford to take time off work when sick (24% compared to 6%); and
- only a third (35%) of low-paid workers say they get full pay when off sick.

This lack of decent sick pay is compounded by the fact that low-paid workers are more than three times more likely than high-paid workers to say they their job means they can only work outside the home (74% compared to 20%).

The TUC says its analysis also shows that the three industries furthest away from a jobs recovery – arts and entertainment, accommodation and food, and other services – are all low paid ones. They are also the three industries with the highest furlough rates according to HMRC statistics.

The TUC says its analysis and poll findings paint a picture of stark inequality further entrenched through the coronavirus crisis, and show that the country needs an urgent post-pandemic "economic reset" that involves:

- extending the furlough scheme for as long as needed to protect jobs and livelihoods and putting in place a permanent short-time working scheme to protect workers at times of economic change;
- cancelling the planned £20 cut to Universal Credit;
- banning zero hours contracts;
- raising the minimum wage immediately to at least £10;
- increasing statutory sick pay to a real Living Wage and making it available to all; and
- introducing new rights for workers to bargain for better pay and conditions through their unions.

https://www.tuc.org.uk/news/tale-two-pandemics-tuc-calls-urgent-economic-reset-tackle-huge-covid-class-divide

Union calls for new deal for foster carers

The Unite general union is calling for a new deal for 10,000 Shared Lives foster carers who look after around 14,000 vulnerable adults in their homes in the UK.

According to the union, many of the foster carers, who are employed under self-employed contracts by 150 different councils, as well as NHS trusts and charities, cannot take paid holidays or respite care, and that many of them have not had a pay rise in over a decade. It adds that some have been victimised for criticising their poor pay and employment conditions.

The new deal that Unite wants would include: £315 a week minimum for care and support; £100 a week for food and utilities expenses; housing benefit to be paid in full to carers; and an end to victimisation.

Unite regional officer Richard Stanforth said: "Many Shared Lives carers cannot take paid or unpaid holiday, as some councils refuse to provide respite care, and many of them have not had a rise in more than a decade, which is disgraceful considering the soaring cost of living in recent times.

"Most of the people they care for have learning difficulties, but the schemes have expanded the types of people they will host to include people with mental health difficulties and victims of trafficking.

"Our members are leaving the profession, which is a false economy, as research by not-for-profit consultancy Social Finance has shown that Shared Lives carers save councils £26,000 a year for every individual they host at home rather than being in a care home. On top of that, a friendly home environment is obviously much better for the people they care for."

https://www.unitetheunion.org/news-events/news/2021/september/new-deal-for-shared-lives-foster-carers-looking-after-14-000-vulnerable-adults-called-for-by-unite

GDP still below pre-Covid levels

ONS figures show that UK gross domestic product (GDP) grew by 0.1% in July and remains 2.1% below its pre-pandemic level. Production output increased by 1.2% in that month and was the main contributor to GDP growth.

Construction contracted for a fourth consecutive month, with output down by 1.6%, and is now 1.8% below its pre-pandemic level. Services output remained broadly flat in July 2021, and remains 2.1% below its pre-pandemic level.

Arts, entertainment and recreation activities grew by 9%, reflecting the easing of restrictions on social distancing. Output in consumer-facing services fell by 0.3%, its first fall since January, mainly because of a 2.5% drop in retail sales.

Commenting on the figures, TUC general secretary Frances O'Grady said: "The recovery is still very uncertain. To protect it, the government must continue supporting workers and businesses in hard-hit industries.

"This should include a permanent short-time working scheme. And at the spending review, the chancellor must bolster demand by making sure all key workers get the proper pay rise they have earned."

https://www.ons.gov.uk/releases/gdpmonthlyestimateukjuly2021

https://www.tuc.org.uk/news/gdp-chancellor-must-support-recovery-instead-stressing-it-universal-credit-cuts

Boxing Day 'thank you' for workers

Sainsbury's is the latest retail giant – following Morrisons, Waitrose and Marks & Spencer – to announce all its stores and petrol stations, as well as the Argos and Habitat chains, will remain shut on Boxing Day, as a "thank you" to its workers for their service during the pandemic.

The move was welcomed by shopworkers' union Usdaw, whose general secretary, Paddy Lillis, said: "Key workers have done so much this year and we don't think it is too much to ask to give them the longest possible break over the festive season. We now hope that other retailers will follow Sainsbury's lead, by closing their stores on 26 December to help workers enjoy their Christmas, give them a well-deserved breather and make Boxing Day special again."

https://www.about.sainsburys.co.uk/news/latest-news/2021/13-09-2021-sainsburys-to-close-all-stores-this-boxing-day

https://www.usdaw.org.uk/About-Us/News/2021/Sep/Sainsburys-to-close-all-stores-this-Boxing-Day-Usd

Record jump in inflation

Inflation jumped from 2% CPI (consumer prices index) in July to 3.2% in August – the largest single month rise since records began in 1997 according to the ONS. This takes it well above the Bank of England's 2% inflation target. RPI (retail prices index) inflation jumped from 3.8% to 4.8%.

CPIH, the consumer prices index including owner occupiers' housing costs, rose by 3% in the 12 months to August 2021, the largest increase since figures began in 2006. "However," the ONS said, "this is likely to be a temporary change".

It said that the change is largely because of discounted restaurant and café prices in August 2020 during the Eat Out to Help Out scheme and, to a lesser extent, reductions in VAT across the same sector. The largest upward contribution to the CPIH 12-month inflation rate came from transport, followed by restaurants and hotels, housing and household services, and recreation and culture.

https://www.ons.gov.uk/releases/consumerpriceinflationukaugust2021

Designed and printed by RAP Spiderweb Limited, Clowes Street, Hollinwood, Oldham OL9 7LY Telephone 0161 947 3700