

UNEMPLOYMENT LEVELS CREEP UP AGAIN WHILE PRIVATE SECTOR WAGE GROWTH FALLS

"The labour market is continuing to show signs of cooling, with unemployment edging higher and inactivity remaining stubbornly high. While private sector wage growth remains relatively strong, it is easing as employers contend with rising costs and weak productivity, and youth unemployment continues to outpace adult rates.

"These trends reinforce the need to look ahead. Through prioritising productivity, investing in skills and supporting employers to adapt and grow, we can build a more resilient labour market and create sustainable opportunities for the future."

**Carmen Watson, Chairperson,
Pertemps Network Group**

In the quarter to November 2025, unemployment and redundancy levels rose, the employment rate held, and strong private sector wage growth has continued to show signs of easing. The number of vacancies across the economy was also broadly unchanged and inactivity remains stubbornly high. Therefore, the UK labour market picture is fundamentally the same, with cooling conditions increasingly being driven by business cost pressures.

The UK employment rate (for people aged 16 to 64 years old) was estimated at 75.1% in the period between September 2025 and November 2025, which is unchanged on the quarter but slightly up on the year. The UK unemployment rate (for people aged 16 and over) was estimated at 5.1% in the three months to November 2025, representing an increase on the quarter and the year.

The inactivity rate for people aged 16 to 64 years old was estimated at 20.8% in the three months to November 2025, which is slightly down on the quarter and to a greater extent, the year. The provisional estimate for the number of vacancies in the UK economy in the three months to December 2025 is 734,000, representing a slight increase on the quarter (+10,000) and fall on the year (-69,000).

Estimates for payrolled employees based on administrative data from HMRC in the UK fell by 155,000 (-0.5%) between November 2024 and November 2025, and decreased by 33,000 (-0.1%) between October 2025 and November 2025. The early estimate of payrolled employees for December 2025 decreased by 184,000 (-0.6%) on the year, and by 43,000 (-0.1%) on the month, to 30.2 million. The December

2025 estimate should be treated as provisional and is likely to be revised when more data is received next month.

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 4.5% in the three months to November 2025, and annual growth in total earnings (including bonuses) was 4.7%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)), for regular pay and total pay stood at 0.6% and 0.8%, respectively, across the same period.

This month's release highlights that recent labour market trends continued into the Autumn Budget. Private sector wage growth remained strong but fell for the ninth consecutive month, highlighting how rising business costs and stagnant productivity are continuing to limit the salary increases that firms can afford. Creeping unemployment and redundancy levels and plateauing vacancies also indicate ongoing barriers to job creation and job security.

The recent unfair dismissal amendment to the Employment Rights Act (ERA) is a clear example of how tripartite discussions can support meaningful (labour market) policy change. It is important that this approach to policymaking continues moving forward. In the short to medium-term, it is also critical that government works with businesses to tackle rising pressures on firms' cost base. Failure to do so will ultimately prevent businesses from being able to protect jobs, raise productivity and grow.

Please note: The ONS continues to advise that increased volatility of Labour Force Survey estimates, resulting from smaller achieved sample sizes. Estimates of quarterly change should be treated with additional caution.

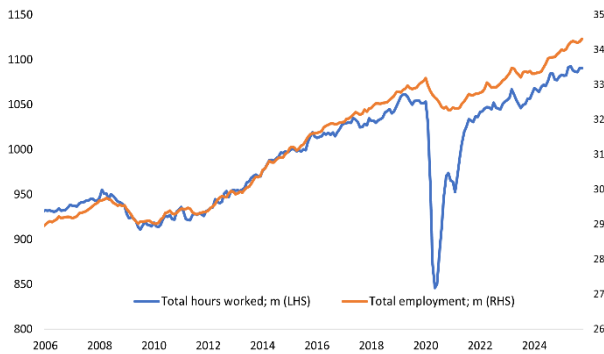
Exhibit 1 Vacancies (000s)



Source: ONS January 2026 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	34,303	+82,000 (+0.2%)	+513,000 (+1.5%)
Unemployment** (ILO)	5.1%	1,840	+103,000 (+5.9%)	+280,000 (+17.9%)
Youth unemployment (16-24)	15.9%	729	+73,000 (+11.3%)	+103,000 (+16.5%)

Exhibit 2 Employment vs actual weekly hours worked (millions)



Source: ONS January 2026 labour market statistics

Employment levels rose slightly while vacancies plateaued

- Estimated employment levels increased moderately in the three months to November 2025 (+82,000) to 34.3 million, and employment levels are higher than the figure recorded at the same point in 2024 (+513,000). The employment rate is unchanged on the quarter but slightly up on the year, sitting at 75.1%.
- Male employment is marginally down on the quarter (-24,000) but up on the year (+129,000), sitting at 17.6 million. Female employment is estimated at 16.7 million, which represents an increase on the quarter (+106,000) and to a greater extent the year (+385,000).
- In the quarter to November 2025, employment level changes across age groups continued to be mixed. Employment levels rose the most across people aged 35 to 49 and 25 to 34 years old (+54,000 and +45,000, respectively). The largest quarterly decrease was recorded across people aged 16 to 17 years old (-29,000). The largest yearly change in employment levels was recorded across 18 to 24 year olds (+183,000) and people aged 65 and over (+163,000).
- The number of employees working full-time is up on the quarter (+53,000) and to a greater extent the year (+261,000), sitting at 22.6 million in the quarter to November 2025. The number of employees working part-time is estimated at 7.1 million, representing a similar increase on the quarter and the year (+52,000 and +264,000, respectively).
- Across the same period, the number of self-employed people working full-time (2.9 million) fell on the quarter (-79,000) and the year (-97,000). Meanwhile, the number of self-employed working part-time (1.5 million) rose on the quarter (+53,000) and the year (+86,000).
- In the three months to November 2025, there were 728,000 vacancies across the economy, which is broadly unchanged on the quarter (-3,000) but down on the year (-79,000).
- Provisional estimates of vacancy levels in the quarter to December 2025 indicate that, excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (120,000). In line with recent months, the wholesaling and retail trade and repair of motor vehicles and motorcycles sector ranked second (92,000 vacancies).
- Provisional estimates for the quarter to December 2025 indicate that the financial and insurance activities sector reported the highest number of vacancies per 100 employees (3.2) followed by the accommodation and food service activities sector (3.0).
- There were an estimated 155,000 working days lost because of labour disputes across the UK in November 2025. This is the highest number of working days lost since January 2024, with over half of working days lost in the health and social work sector because of the doctors' strikes in England.

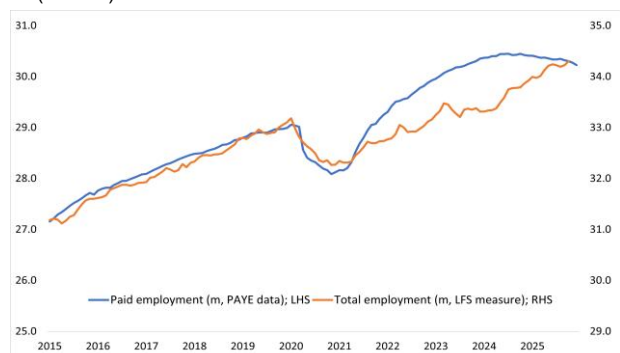
There was another uptick in unemployment and redundancies

- In the quarter to November 2025, unemployment levels increased to 1.84 million (+103,000). The unemployment rate is up on the quarter and to a greater extent the year, sitting at 5.1%. There are 280,000 more unemployed people compared to the same time last year.
- The number of unemployed 16 to 24 year olds increased on the quarter to 729,000 (+73,000). The youth unemployment rate is now 15.9%.
- Redundancy levels were estimated at 145,000 in the three months to November 2025, representing an increase on the quarter (+32,000) and the year (+34,000). This means that on the quarter and the year, the number of redundancies is up by around one third.
- There were an estimated 9.0 million economically inactive 16 to 64 year olds between September 2025 and November 2025. This represents a decrease on the quarter (-94,000) and to a greater extent the year (-286,000). The inactivity rate is also slightly down on the quarter and the year, sitting at 20.8%.
- Inactivity levels related to different factors have broadly fallen on the year. There have been small changes in levels recorded on the quarter, with the biggest change visible in inactivity linked to studying (+67,000). There are 2.1 million economically inactive 16 to 64 year olds who want a job.

Strong wage growth in the private sector has continued to plateau

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 4.5% in the three months to November 2025 (the less volatile three-month rolling basis). This builds on a series of incremental falls recorded over the past twelve months.
- In the quarter to November 2025, nominal annual regular pay growth stood at 3.6% in the private sector, which is down on last month's figure (3.9%). This represents the ninth consecutive fall. In the public sector, nominal annual regular pay growth was estimated at 7.9%, representing the fourth consecutive increase.
- Across different sectors, nominal regular wage growth continues to be strongest in the public sector (excluding financial services) (8.2%), followed by the wholesaling, retailing, hotels and restaurants sector (5.1%). The lowest level of wage growth was again recorded in the finance and business services sector (2.2%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.6% in the quarter to November 2025, in line with last month's revised figure. Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.7%, which is slightly up on last month (0.6%).

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



Source: ONS January 2026 labour market statistics

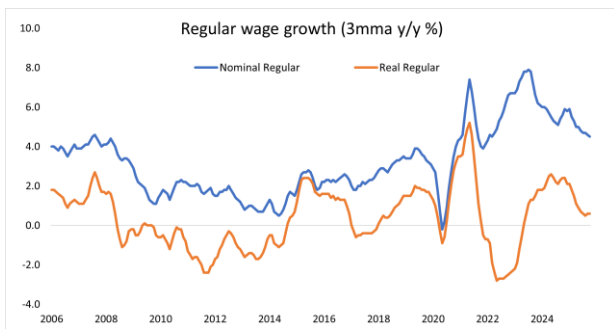
In the quarter to November 2025, employment level changes across the regions and nations were mixed...

- In the three months to November 2025, employment levels increased the most in the North West (+52,000) followed by the East of England (+50,000).
- Across the same period, the greatest employment level drop was again recorded in London (-65,000).
- Over the quarter, employment levels rose in England (+48,000), Scotland (+23,000) and, to a lesser extent, Northern Ireland (+10,000). Levels were unchanged in Wales.
- In England, the biggest yearly change in employment levels was recorded in the South East (+134,000), followed by Yorkshire and the Humber (+78,000).

... As were changes in unemployment levels

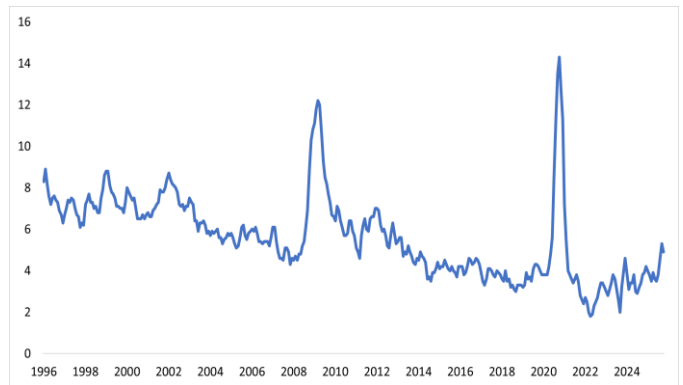
- Between September 2025 and November 2025, unemployment changes varied across the regions and nations.
- The greatest increase in unemployment was recorded in London (+60,000), followed by the East Midlands (+41,000).
- Across the same period, falls in unemployment levels were fairly modest, with the largest decline recorded in the East of England (-18,000).
- In the three months to November 2025, unemployment levels rose in England (+103,000), but were broadly unchanged in Wales (+9,000), Scotland (-4,000) and Northern Ireland (-4,000).
- Across the regions in England, unemployment levels rose on the year in the quarter to November 2025. This is with the exception of the South West (-11,000).

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



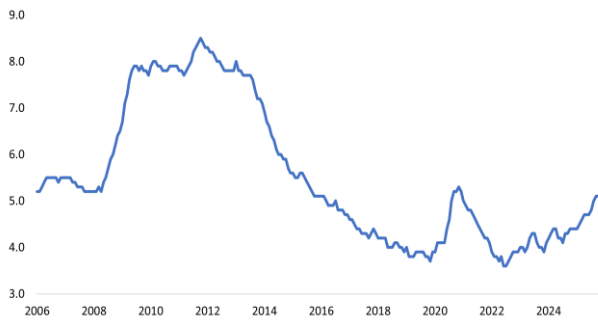
Source: ONS January 2026 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS January 2026 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS January 2026 labour market statistics



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