

# UNEMPLOYMENT RISES TO HIGHEST LEVEL IN ALMOST FOUR YEARS, AND THE JOBS MARKET CONTINUES TO SHOW SIGNS OF WEAKENING

*"The labour market shows cautious resilience as wage growth edges up despite rising business cost. Employers remain engaged but are navigating ongoing economic uncertainties. This steady demand reflects underlying strength, though challenges persist in the broader landscape. Partnering with a recruitment specialist helps businesses stay agile, access quality talent quickly and navigate market complexities with confidence."*

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

In the quarter to April 2025, wage growth across the economy remained strong, but is weaker compared to recent months. Unemployment and employment levels both rose (unemployment notably so), and economic inactivity fell, but still sits above 9 million. Therefore, the labour market picture is fundamentally the same despite some new stories emerging, and the challenge of supporting the recruitment and retention of talent remains a top policy priority.

The UK employment rate (for people aged 16 to 64 years) was estimated at 75.1% in the period between February 2025 and April 2025, which is modestly up on the quarter and the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.6% across the same period, also up on the year and the quarter, and the highest level recorded in almost four years.

The UK economic inactivity rate for people aged 16 to 64 years old was 21.3% in the quarter to April 2025, marginally down on the year and the quarter, which is consistent with the trend observed in recent months. The provisional estimate for the number of vacancies in the UK economy in the three months to May 2025 is 736,000, representing a decrease on the quarter (-63,000) and the year (-150,000). This represents the 35<sup>th</sup> consecutive quarterly decline.

Estimates for payrolled employees in the UK decreased by 55,000 (-0.2%) between March and April 2025 and fell by 115,000 (-0.4%) between April 2024 and April 2025. The early estimate of payrolled employees for May 2025 decreased by 109,000 (-0.4%) on the month and decreased by 274,000 (0.9%) on the year to 30.2 million. Early estimates are subject to significant revisions as HMRC receives more data. The earlier timing of the data extract for May 2025 means these estimates are more uncertain than usual and require added caution when interpreting.

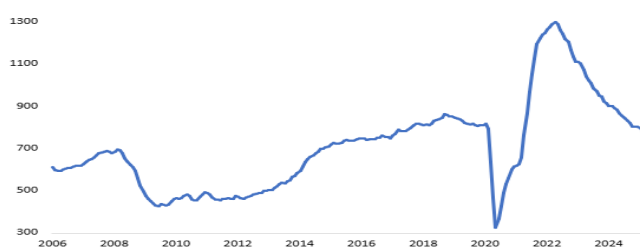
Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 5.2% in the three

months to April 2025, and annual growth in total earnings (including bonuses) was 5.3%. 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 1.4% and 1.5%, respectively, across the same period.

This month's data highlights a similar story to the one noted in previous months, but with some new trends developing. Wage growth remains strong but has weakened, and the rising cost of business, from the NICs rise to the increase in the National Minimum Wage, is feeding through into greater dips in wage growth. Another notable drop in vacancies, coupled with an increase in unemployment and the number of economically inactive individuals who are available and open to work, also indicates that more employers are choosing to scale-back recruitment plans as a way to absorb rising business costs.

Employers will be looking ahead to this week's Spending Review for government to take proactive steps to help address the spiralling cost of employment and increase businesses' financial headroom so that they can invest in workforce development and productivity-led growth. In the skills and workforce space, businesses will particularly be looking for greater clarity on plans for Growth and Skills Levy reform. For example, how much should firms expect to be able to spend on quality, non-apprenticeship training and, critically, when will they be able to do so? Moreover, employers across the economy remain keen to work with government to address the challenges presented by the Employment Rights Bill, including huge administrative costs associated with guaranteed hours contracts for all qualifying low-hours workers (including those who have no interest in accepting or receiving it).

**Exhibit 1** Vacancies (000s)



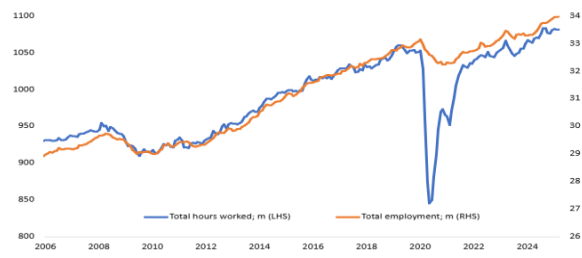
Source: ONS June 2025 labour market statistics

*Please note: Increased volatility of LFS estimates, resulting from smaller achieved sample sizes, means that estimates of quarterly change should be treated with added caution.*

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	34,011	+89,000 (+0.3%)	+667,000(+2.0%)
Unemployment** (ILO)	4.6%	1,640	+94,000 (+6.1%)	+115,000 (+7.6%)
Youth unemployment (16-24)	14.3%	625	-7,000 (-1.1%)	+55,000 (+9.6%)

Source: ONS June 2025 labour market statistics, \*Rate for those aged 16-64 \*\*Rate for those aged 16 and over

**Exhibit 2** Employment vs actual weekly hours worked (millions)



Source: ONS June 2025 labour market statistics

### Employment levels rose and vacancies dipped again, and youth unemployment remains high

- The official measure of employment increased in the three months to April 2025 (+89,000), and is also higher compared to the same time last year (+667,000). The employment rate is slightly up on the year and the quarter, sitting at 75.1%.
- Male employment is moderately down on the quarter (-9,000) but up on the year (+369,000), whereas female employment is up on the quarter (+98,000) and the year (+298,000). In the three months to April 2025, there were 17.5 million and 16.5 million men and women in employment, respectively.
- In the quarter to April 2025, 16 to 17 year olds and 25 to 34 year olds were the only age groups to observe a decrease in net employment levels. The increase in employment levels for other age groups across the same period was modest, ranging from 39,000 in 18-24 year olds, to 1,000 across individuals aged 65 and over.
- In the three months to April 2025, there were 625,000 16 to 24 year olds who were unemployed, representing a decrease on the quarter (-7,000). The 16 to 24 year old unemployment rate currently sits at 14.3%, which is a slight decrease on the quarter (14.5%) but up on the rate seen at the same point last year (13.6%).
- The number of employees working full-time was up on the quarter to April 2025 (+27,000), and the number of employees working part-time also increased (+44,000). The number of self-employed people working part-time rose over the same period (+47,000), whereas the number of self-employed people working full-time fell (-29,000). There are 480,000 more employees working full-time compared to the same point in 2024.
- In the three months to April 2025, there were 760,000 vacancies across the economy, representing a decrease on the quarter (-43,000) and the year (-132,000).
- In the three months to May 2025 and excluding total services, human health and social work activities continued to report the highest level of vacancies across sectors (135,000). The second largest number of vacancies was recorded in the wholesale and retail trade and repair of motor vehicles and motorcycles sector (98,000). Vacancy levels in other sectors ranged between 1,000 (mining and quarrying) and 79,000 (accommodation and food service activities).
- The quarterly change in vacancy levels across different industries remains small, with the largest fluctuation recorded in total services (-45,000), followed by professional scientific and technical activities (-11,000). No sector observed an increase in vacancies in the three months to May 2025, supporting headline vacancy data's suggestion that employer demand for workers is weakening.
- An estimated 47,000 working days lost were lost because of labour disputes across the UK in April 2025.

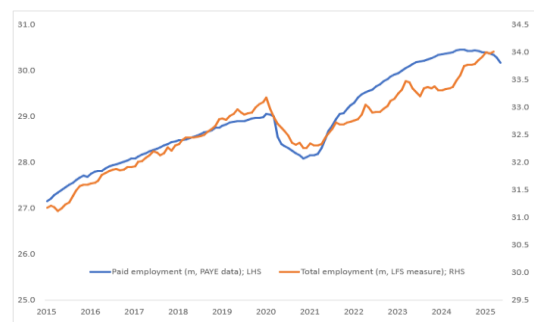
### Highest level of unemployment recorded in over three years, while the number of economically inactive individuals who want a job grows

- In the quarter to April 2025, unemployment levels increased to 1.64 million (+94,000). The unemployment rate is slightly up on the quarter and the year, sitting at 4.6%. This is the highest level recorded since July 2021. There are 115,000 more unemployed people compared to the same time last year.
- Redundancy levels sat at 102,000 in the three months to April 2025, which is down on the quarter (-22,000) but broadly unchanged on levels recorded in the same period twelve months prior (+3,000).
- Inactivity levels are down on the quarter (-80,000) and the year (-303,000), and there are now 9.19 million 16-64 year olds who are unemployed and not listed as actively looking for work. The inactivity rate is marginally down on the quarter and year, sitting at 21.3%.
- Inactivity related to temporary sickness is down on the quarter (-51,000) and the year (-38,000), and cases of inactivity linked to long-term sickness have also decreased on the quarter (-16,000) and the year (-43,000). Sickness and ill-health continues to account for around 1 in every 3 economic inactivity cases.
- There are now 1.988 million 16 to 64 year olds who are economically active and want a job. This is the fourth consecutive quarterly increase, suggesting that the increase is not entirely random, and is indicative of an emerging trend of more economically inactive individuals who would like to find work.

### Wage growth is strong, but continues to plateau

- Nominal regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 5.2% on the year in the three months to April 2025 (the less volatile three-month rolling basis). This is the lowest figure recorded since September 2024.
- In the quarter to April 2025, nominal regular pay growth stood at 5.1% in the private sector, slightly down on the previous month (5.5%). In the public sector, nominal pay growth was 5.6%, which is a slight increase on March's figure (5.5%).
- Across the different sectors, nominal regular wage growth ranked strongest in the wholesaling, retailing, hotels and restaurants sector (7.7%), followed by public sector (excluding financial services) (6.0%) and construction (5.9%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 1.4% in April 2025, which is down on the previous month (1.8%) and less than figure recorded at the same time last year (2.2%). Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.8%, just above half of last month's figure (1.5%), and is the lowest level recorded in over twelve months.

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

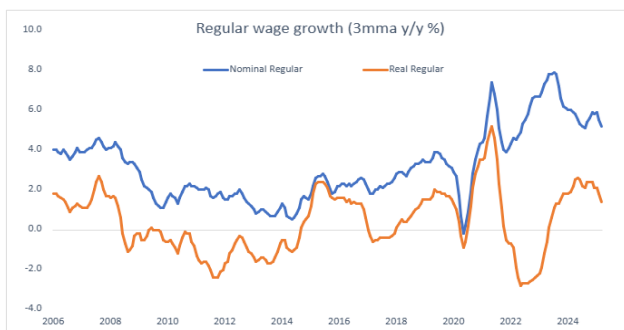


Source: ONS June 2025 labour market statistics

### The labour market continues to paint a mixed picture across the regions and nations...

- In the three months to April 2025, employment levels increased the most in the South East (+66,000), followed by the East of England (+56,000).
- Across the same period, a select number of areas in England observed a decrease in employment levels. The largest decrease in employment was recorded in the West Midlands (-69,000), followed by the North West (-50,000).
- Employment levels rose in Scotland (+53,000) and Wales (+44,000), but fell in England (-7,000) and were unchanged in Northern Ireland.

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



Source: ONS June 2025 labour market statistics

**Exhibit 5** Unemployment rate (%)



Source: ONS June 2025 labour market statistics

### ...and unemployment levels rose in different areas of the UK

- Between February 2025 and April 2025, unemployment levels increased in most regions and nations. The greatest increase in unemployment levels across regions in England occurred in the North West (+22,000) followed by the West Midlands (+19,000).
- Across the nations, unemployment levels observed the largest quarterly change in England (+86,000), followed by Scotland (+14,000), Wales (-9,000) and Northern Ireland (+2,000).

**Exhibit 6** Redundancy rate (%)



Source: ONS June 2025 labour market statistics



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**The next Labour Market Update will be published on 17<sup>th</sup> July.**

June 2025

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