

# THE WEAKENING OF THE UK JOBS MARKET PERSISTS

*"The latest labour market update points to further pressure, with unemployment edging up and private sector wage growth slowing as businesses contend with rising costs and weak productivity. Youth unemployment also remains a particular concern, continuing to outpace adult rates."*

*"Yet these challenges reinforce the importance of looking ahead. Through prioritising productivity, investing in skills and ensuring employers have the support they need to create sustainable opportunities, we can help the labour market regain stability and build a stronger, more resilient workforce for the future."*

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

In the three months to October 2025, unemployment and redundancies rose, the employment rate fell, and wage growth remained strong, but was noticeably weaker in the private sector. Vacancies also continued to plateau. The labour market picture is therefore fundamentally the same, but the problem of unemployment is growing, with more people who want to work struggling to find a job.

The UK employment rate (for people aged 16 to 64 years) was estimated at 74.9% in the period between August 2025 and October 2025, which is slightly down on the quarter but unchanged on the year. The UK unemployment rate (for people aged 16 and over) was estimated at 5.1% in the three months to October 2025, representing an increase on the quarter and the year.

The inactivity rate for people aged 16 to 64 years old was estimated at 21.0% in the three months to October 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 November 2025 is 729,000, which is broadly unchanged on the quarter (-2,000) and down on the year (-77,000).

Estimates for payrolled employees in the UK fell by 149,000 (-0.5%) between October 2024 and October 2025 and decreased by 22,000 (-0.1%) between September 2025 and October 2025. The early estimate of payrolled employees for November 2025 decreased by 171,000 (-0.6%) on the year, and by 38,000 (-0.1%) on the month, to 30.3 million. The November 2025 estimate should be treated as a provisional estimate 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 4.6% in the three months to October 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 0.5% and 0.6%, respectively, across the same period.

This month's data reinforces insights from recent months. Wage growth in the private sector has continued to plateau, and vacancies have levelled off after a prolonged period of decline. However, there are also some new stories emerging, including redundancy levels ticking up and the employment rate falling. Together, this suggests that rising business costs and poor productivity growth are having a material impact on firms' ability to create and protect jobs.

Unlocking productivity remains the key to raising living standards, creating jobs, and driving sustainable growth. Moreover, it is imperative that government works with businesses to address the risks posed by different policies. This includes ensuring that new guaranteed hour obligations do not result in job losses by poorly reflecting the overtime that firms can afford to offer on a permanent basis. It also means providing businesses with the information that they need to make informed investment decisions. For example, the specific courses eligible for Growth and Skills Levy funding from April 2026.

*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.*

**Exhibit 1** Vacancies (000s)

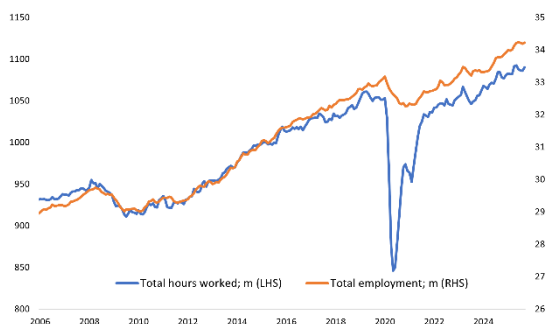


Source: ONS December 2025 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	74.9%	34,226	-16,000 (0.0%)	+448,000 (+1.3%)
Unemployment** (ILO)	5.1%	1,832	+158,000 (+9.4%)	+327,000 (+21.7%)
Youth unemployment (16-24)	16.0%	735	+113,000 (+18.2%)	+127,000 (+20.9%)

Source: ONS December 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 December 2025 labour market statistics

### The fall in the employment rate and plateauing vacancies highlight a slowing jobs market

- Estimated employment levels fell slightly in the three months to October 2025 (-16,000) to 34.2 million, but this is higher than the figure recorded at the same point in 2024 (+448,000). The employment rate is down on the quarter but unchanged on the year, sitting at 74.9%.
- Male employment is down on the quarter (-100,000) but up on the year (+165,000), sitting at 17.5 million. Female employment is estimated at 16.7 million, which represents an increase on the quarter (+84,000) and more markedly the year (+283,000).
- In the quarter to October 2025, employment level changes across age groups were mixed. Employment levels rose the most across people aged 65 and over (+44,000), followed by people aged 50 to 64 (+9,000). Across the same period, the biggest dips in employment levels were recorded across people aged 25 to 34 (-39,000) and 35 to 49 (-20,000). The largest yearly change in employment levels was recorded in people aged 65 and over (+192,000) and 18 to 24 (+156,000).
- The number of employees working full-time fell moderately in the three months to October 2025 (-20,000) but is up on the year (+322,000), sitting at 22.6 million. The number of employees working part-time is estimated at 7.1 million, representing an increase on the quarter (+42,000) and the year (+141,000).
- Across the same period, the number of self-employed people working full-time (2.9 million) decreased on the quarter (-50,000) and the year (-43,000). The 1.5 million self-employed working part-time is slightly down on the quarter (-8,000) but up on the year (+27,000).
- In the three months to October 2025, there were 725,000 vacancies across the economy, which is broadly unchanged on the quarter (+4,000) but down on the year (-97,000).
- Excluding the total services sector, the human health and social work activities sector continued to report the most vacancies in the quarter to November 2025 (121,000). The wholesale and retail trade and repair of motor vehicles and motorcycles sector continues to rank second, reporting 96,000 vacancies across the same period. Vacancy levels in other sectors ranged from 1,000 (mining and quarrying) to 78,000 (professional scientific and technical activities).
- In the three months to November 2025, the highest number of vacancies per 100 employees was reported in the accommodation and food service activities sector, alongside the water supply, sewerage, waste and remediation activities and financial and insurance activities sectors (all 3.0).
- There were an estimated 39,000 working days lost because of labour disputes across the UK in October 2025. This is in line with the figure for September.

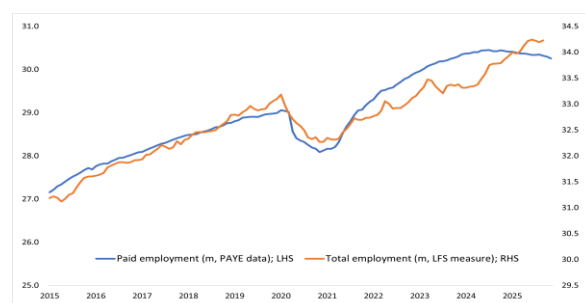
### Unemployment has continued to rise alongside a marked increase in the number of redundancies

- In the quarter to October 2025, unemployment levels increased to 1.83 million (+158,000). The unemployment rate is up on the quarter and to a greater extent the year, sitting at 5.1%. There are 327,000 more unemployed people compared to the same time last year.
- The number of people aged 16 to 24 who are unemployed has increased on the quarter (+113,000) to 735,000. The youth unemployment rate is now 16.0%.
- Across people aged 16 and over, levels of unemployment that last up to 6 months, over 6 months and up to 12 months, and over 12 months have all increased on the quarter and the year.
- Redundancies were estimated at 156,000 in the three months to October 2025. Levels have increased by around half on the quarter (+52,000) and the year (+57,000).
- There were an estimated 9.1 million economically inactive 16 to 64 year olds between August 2025 and October 2025. This represents a decrease on the quarter (-26,000) and to a greater extent the year (-234,000). The inactivity rate is also slightly down on the quarter and to a greater extent the year, sitting at 21.0%.
- Inactivity levels related to different factors have broadly fallen on the year and the quarter. However, inactivity linked to long-term sickness is moderately up on the quarter (+13,000) and the same time twelve months ago (+15,000), sitting at 2.8 million.

### Wage growth remains strong, but continues to be weaker in the private sector

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 4.6% on the year in the three months to October 2025 (the less volatile three-month rolling basis). This follows a series of incremental falls recorded over the course of this year.
- In the quarter to October 2025, nominal annual regular pay growth stood at 3.9% in the private sector, which is down on last month's figure (4.2%). This represents the eighth consecutive fall. In the public sector, nominal annual regular pay growth was estimated at 7.6%, which is up a whole percentage point on last month's figure (6.6%).
- Across different sectors, nominal regular wage growth continues to be strongest in the public sector (excluding financial services) (8.0%), followed by the wholesaling, retailing, hotels and restaurants sector (5.5%). The lowest level of wage growth was again recorded in the finance and business services sector (2.3%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.5% in the quarter to October 2025, in line with last month's figure. Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.6%, which is slightly up on last month's figure (0.5%).

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



Source: ONS December 2025 labour market statistics

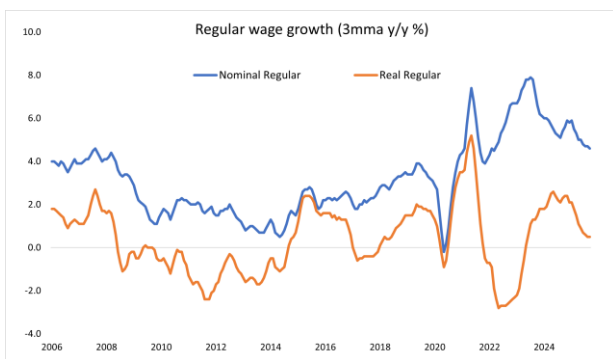
**In the quarter to October 2025, employment changes across the regions and nations were mixed**

- In the three months to October 2025, employment levels increased the most in the North East (+44,000) followed by the North West (+30,000).
- Across the same period, the greatest employment level drop was recorded in London (-92,000).
- Over the quarter, employment levels fell in England (-30,000) and Northern Ireland (-18,000), was broadly unchanged in Wales (-4,000) and rose in Scotland (-36,000).

**Most regions and nations observed an uptick in unemployment levels across the same period**

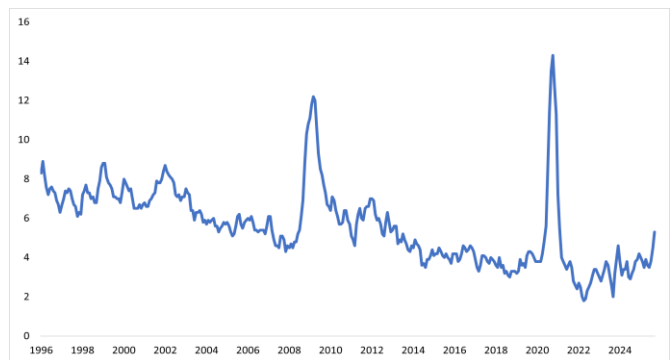
- Between August 2025 and October 2025, unemployment increased in most regions and nations.
- The greatest increase in unemployment was recorded in London (+43,000), followed by the East Midlands (+29,000) and Yorkshire and the Humber (+18,000).
- Across the same period, the North West and West Midlands were the only regions in England to observe a decrease in unemployment levels (-6,000 and -4,000, respectively).
- Unemployment levels rose in England (+123,000), Wales (+23,000) and Scotland (+11,000), but were broadly unchanged in Northern Ireland (+1,000).

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



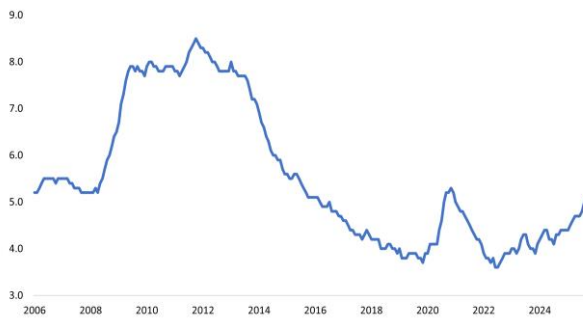
Source: ONS December 2025 labour market statistics

**Exhibit 6** Redundancy rate (%)



Source: ONS December 2025 labour market statistics

**Exhibit 5** Unemployment rate (%)



Source: ONS December 2025 labour market statistics



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**The next Labour Market Update will be published on 20<sup>th</sup> January.**

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