

WAGE GROWTH REMAINS STRONG AND VACANCIES EDGE CLOSER TO PRE-PANDEMIC LEVELS

"The labour market is showing signs of moderate growth, based on ONS Labour Force Survey. This reported trend signals a return to pre-pandemic hiring levels, whilst businesses navigate economic uncertainty and rising employment costs."

Seasonal hiring remains strong, but there are concerns over regulatory changes which could limit job flexibility and future growth. Partnering with a recruitment specialist can help businesses navigate these challenges by providing access to a wider talent pool and offering expertise in managing workforce fluctuations."

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

In the period between August and October 2024, wage growth across the economy remained strong, employment and unemployment levels both increased, while vacancies and inactivity fell. This follows trends seen in previous months, and suggests while the labour market may be cooling, there is an increasingly finite labour supply that businesses can draw on to grow.

The UK employment rate (for people aged 16 to 64 years) was estimated at 74.9% in August to October 2024, marginally up on the quarter (+0.1%) but unchanged on the year. The UK unemployment rate (for people aged 16 years and over) was estimated at 4.3% in the same period, slightly up on the quarter (+0.1%) and the year (+0.3%).

The UK economic inactivity rate for people aged 16 to 64 years was estimated at 21.8% between August and October 2024, slightly down on the quarter and the year (-0.2%).

The estimated number of vacancies in the UK decreased by 31,000 on the quarter to 818,000 in September to November 2024. Vacancies decreased on the quarter for the 29th consecutive period and are marginally above pre-pandemic levels (817,000).

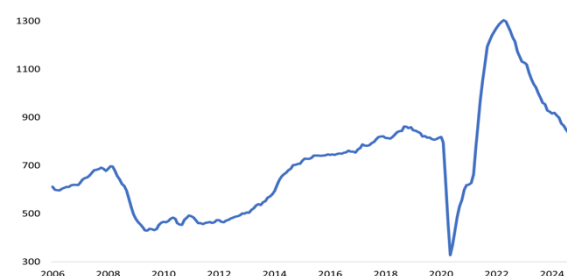
Payrolled employees in the UK increased by 24,000 (+0.1%) between September and October 2024 and rose by 140,000 (+0.5%) between October 2023 and October 2024. The early

estimate of payrolled employees for November 2024 decreased by 35,000 (-0.1%) on the month but increased by 76,000 (+0.3%) on the year, to 30.4 million. The November 2024 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 5.2% in August to October 2024, and annual growth in total earnings (including bonuses) was also 5.2%. 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 were both 2.2% across the same period.

While the reliability of the data continues to be questioned due to sampling issues with the Labour Force Survey (LFS), alternative calculations agree with the main messages that businesses can no longer rely on simply bringing more people into the labour market to drive productivity and grow. It is therefore critical that the Government works with employers to unlock capital so businesses can make productivity-enhancing investments in training, automation and well-being services for employees.

Exhibit 1 Vacancies (000s)

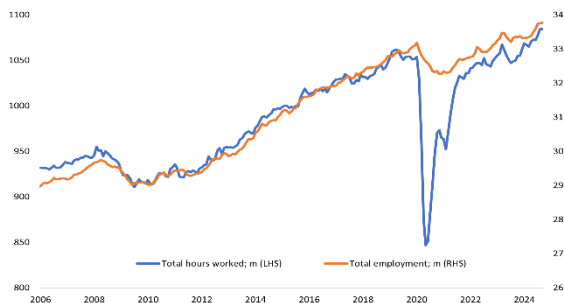


Source: ONS December 2024 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	74.9%	33,770	+173,000 (+0.5%)	+409,000(+1.2%)
Unemployment** (ILO)	4.3%	1,508	+31,000 (+2.1%)	+110,000 (+7.8%)
Youth unemployment (16-24)	13.9%	604	-14,000 (-2.3%)	+78,000 (+14.8%)

Source: ONS December 2024 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 2024 labour market statistics

Employment rate plateaus while vacancies continue to fall...

- The official measure of employment shows an increase of 173,000 in the three months to October 2024, and an increase of 407,000 compared to this time last year. The employment rate is marginally up on the quarter (+0.1%) but unchanged on the year (0.0%), standing at 74.9%.
- Male employment increased by 143,000 on the quarter to October 2024, while female employment increased by 30,000 during the same period. On the year, male employment increased by 165,000 and female employment increased by 244,000. 25-34 year olds were the only age group to see a decrease in employment levels on the quarter (-12,000), while 35-49 year olds observed the largest increase in employment levels on the quarter (+74,000), followed by those aged 65 and over (+43,000) and 50-64 year olds (+36,000).
- The number of employees working full-time and part-time increased on the quarter by 2,000 and 65,000, respectively. The number of self-employed people working full-time rose on the quarter (+66,000). The number of self-employed working part-time also increased, but to a lesser extent (+21,000).
- Estimates for payrolled employees in the UK increased by 24,000 (+0.1%) between September and October 2024 and by 140,000 (+0.5%) between October 2023 and October 2024.
- In the three months to November 2024, there were 818,000 vacancies in the economy, 31,000 fewer than in the previous quarter. There are 136,000 fewer vacancies now compared to this time last year.
- Vacancies continue to be concentrated in the same industries, with human health and social work (143,000) ranking top, followed by the wholesale and retail trade, repair of motor vehicles and motor cycles (95,000) and the accommodation and food service activities (90,000).
- Electricity, gas, steam and air conditioning continues to experience the highest vacancy levels per 100 employees (3.7), followed by accommodation and food services (3.4), while human health and social care and mining and quarrying have overtaken financial service activities as sectors with the third highest vacancies per 100 employees (3.2 versus 3.1, respectively).
- There were 42,000 working days lost because of labour disputes across the UK in October 2024, marginally down on September figures (48,000).

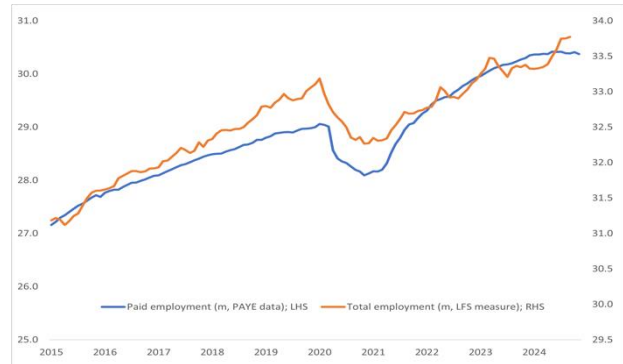
...and there is also a slight uptick in unemployment and downturn in inactivity

- In the three months to October 2024, unemployment levels increased to 1.508 million (+31,000). The unemployment rate also rose slightly (+0.1%) on the last quarter to 4.3%. There are 110,000 more unemployed people compared to this time last year.
- The redundancy rate increased on the quarter to October 2024 by 13,000 to 99,000, and currently stands at 3.4%.
- Economic inactivity decreased by 67,000 on the quarter but is marginally up on levels seen this time last year (+2,000). The inactivity rate is marginally down on the quarter (-0.2%) to 21.7%. The decrease continues to be driven by the decline in economically inactive individuals who have cited caring and family responsibilities (-46,000), temporary and long-term sickness (-20,000 and -35,000, respectively) over the past three months as the reason for inactivity.
- The number of economically inactive individuals who want a job has risen on the quarter (+46,000) and the year (+62,000) to 1.912 million.

Real pay growth remains strong, while nominal pay growth (excluding bonuses) rises for the first time in over a year

- Nominal 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 October 2024 (the less volatile three-month rolling basis). This is marginally up on last month (4.9%) and is the first increase we have seen in over a year.
- In the three months to October, nominal regular pay growth stood at 5.4% in the private sector, marginally up on last month (4.9%). In the public sector, nominal pay growth was 4.3%, down on September's figure (4.7%).
- Across sectors, nominal annual regular pay growth continues to be strongest in manufacturing (6.0%) followed by wholesaling, retailing, hotels and restaurants (5.4%). Nominal annual pay growth was weakest in the public sector excluding financial services (4.3%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) is slightly up (on the less volatile three-month rolling basis) to 2.2%. Real regular pay for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) is 2.8%, the highest level recorded this year, likely owing to the fall in inflation.

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

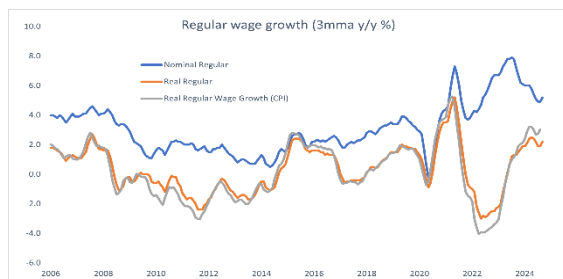


Source: ONS December 2024 labour market statistics

Employment levels continue to vary across the regions and nations...

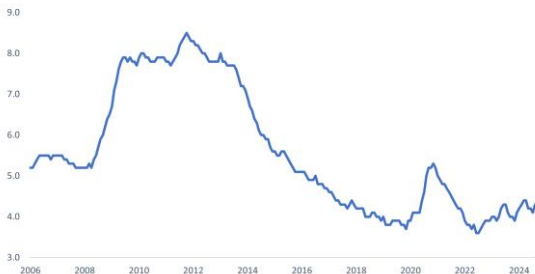
- In the three months to October 2024, employment levels rose the most in the East of England (+70,000), the North West (+51,000) and London (+48,000).
- The three regions in England to experience a fall in employment levels on the quarter were the South East (-15,000), Yorkshire and the Humber (-3,000) and the South West (-1,000).
- Employment decreased on the quarter in Scotland (-29,000) and Northern Ireland (-3,000), but increased in Wales (+12,000).

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



Source: ONS December 2024 labour market statistics

Exhibit 5 Unemployment rate (%)

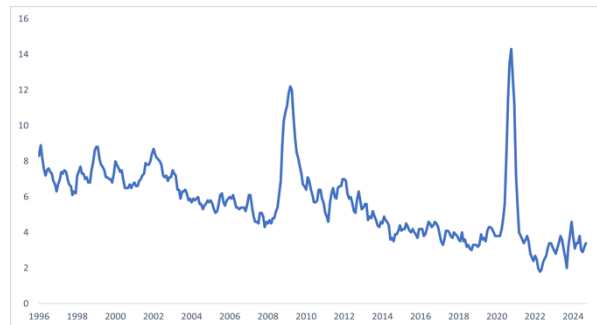


Source: ONS December 2024 labour market statistics

...And several areas experienced a rise in unemployment levels

- In the three months to October 2024, several regions and nations observed increases in unemployment. The region in England that saw the largest increase in unemployment was London (+36,000), followed by the South West (+18,000) and the South East (+17,000).
- The greatest fall in unemployment occurred in the West Midlands (-13,000), closely followed by the North West (-12,000) and the East Midlands (-10,000).

Exhibit 6 Redundancy rate (%)



Source: ONS December 2024 labour market statistics



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