

# EMPLOYMENT AND UNEMPLOYMENT LEVELS CONTINUE TO RISE, WHILE VACANCIES FALL TO LOWEST LEVEL IN ALMOST FOUR YEARS

*"Businesses continue to face persistent recruitment challenges, with rising labour costs – including the recent minimum wage increase – adding further strain. While some are maintaining or increasing investment in staff, overall growth remains subdued. In a tight and competitive labour market, finding the right talent is more complex than ever. That's why businesses should use a trusted recruitment partner – to save time, reduce risk and secure the skills they need to succeed."*

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

In the three months to February 2025, wage growth across the economy showed signs of plateauing but remains strong, unemployment and employment levels both increased, while inactivity fell but is still stubbornly high. The labour market picture is therefore broadly the same, and addressing labour market challenges and barriers continues to be imperative.

The UK employment rate (for people aged 16 to 64 years) was estimated at 75.1% in the period between December 2024 and February 2025, which is slightly up on the quarter and the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.4% in the three months to February 2025, which is unchanged on the quarter and slightly up on the year.

The UK economic inactivity rate for people aged 16 to 64 years was 21.4% in the quarter to February 2025, marginally down on the year and the quarter. The estimated number of vacancies in the UK decreased by 26,000 to 781,000 in the period between January and March 2025. Following the revision of the initial estimate for December 2024 to February 2025, this was the 33rd consecutive quarterly decline. According to ONS' estimates, this is the lowest level recorded since March to May 2021.

Estimates for payrolled employees in the UK decreased by 8,000 (0.0%) between January and February 2025 but rose by 35,000 (0.1%) between February 2024 and February 2025. The early estimate of payrolled employees for March 2025 decreased by 78,000 (0.3%) on the month and decreased by 70,000 (0.2%) on the year to 30.3 million. The March 2025 estimate should be treated as a provisional estimate and is likely to be revised when more data is received next month.

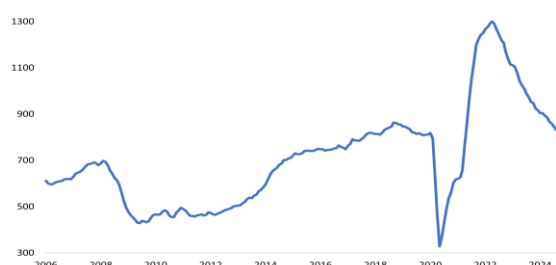
Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 5.9% in the three

months to February 2025, and annual growth in total earnings (including bonuses) was 5.6%. 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 both stood at 2.1% and 1.9%, respectively, across the same period.

Some of the labour market changes that have been observed in recent months, including rising wage growth, are showing signs of abating. Other stories, such as creeping levels of youth unemployment and simultaneous increases in employment and unemployment levels, have continued. There are also new stories emerging, such as the drop in vacancies which has occurred against the backdrop of an approaching National Insurance Contributions' (NICs) rise. But the core policy message is unchanged: businesses and policymakers must work together to address the labour market challenges that threaten employers' ability to develop their workforce and deliver productivity-led growth. Positively, the Government can act now to support businesses' ability to retain and recruit new talent and adjust to the new labour market model which will be defined by a smaller workforce. This includes working through the unintended consequences presented by the Employment Rights Bill to avoid high compliance costs crowding out key business investments in technology and training, as well as creating a long-term strategy for Growth and Skills Levy reform which allows businesses to spend their full Levy pots while protecting SME provision.

*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)

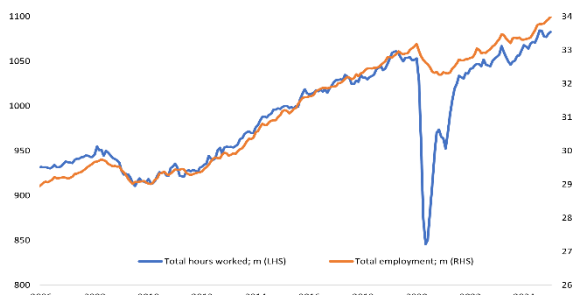


Source: ONS April 2025 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	33,996	+206,000 (+0.6%)	+683,000(+2.1%)
Unemployment** (ILO)	4.4%	1,574	+14,000 (+0.9%)	+114,000 (+7.8%)
Youth unemployment (16-24)	14.6%	643	+17,000 (+2.7%)	+121,000 (+23.2%)

Source: ONS April 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



Source: ONS April 2025 labour market statistics

### Employment levels are up on the year and the quarter, while vacancies fell

- The official measure of employment increased in the three months to February 2025 (+206,000), and is also higher compared to this time last year (+683,000). The employment rate is marginally up on the quarter and the year, sitting at 75.1%.
- Male employment increased by 104,000 on the quarter to February 2025, and female employment levels observed a similar increase across the same period (+102,000). On the year, male and female employment increased by 380,000 and 303,000, respectively.
- In the quarter to February 2025 and consistent with previous months, 16-17 year olds were the only age group to observe a decline in employment levels (-7,000). There are now 643,000 16-24 year olds who are unemployed which is an increase on the quarter (+17,000) and the year (+121,000). The 16-24 unemployment rate is 14.6% and close to peak levels recorded during the pandemic.
- Between December 2024 and February 2025, the number of employees working full-time and part-time rose by 82,000 and 93,000, respectively. The number of self-employed people working full-time increased on the quarter (+27,000) as did the number of self-employed working part-time, albeit to a lesser extent (+3,000).
- In the three months to March 2025, there were 781,000 vacancies across the economy, which is down on the quarter (-26,000). There are 125,000 fewer vacancies now compared to a year ago.
- Consistent with findings from previous months, provisional estimates of industry vacancies in the three months to March 2025 indicate that vacancies are continuing to concentrate in a certain number of sectors. Human health and social work activities continue to report the most vacancies (135,000), followed by wholesale and retail trade and repair of motor vehicles (100,000) and accommodation and food service activities (84,000). The quarterly change in vacancy levels remains small across different industries, with the largest fluctuation recorded in manufacturing and human health and social care sectors (-5,000).
- Most sectors are continuing to report between 2 and 3 vacancies per 100 employee jobs. The exceptions to this are mining and quarrying (3.3), accommodation and food service activities (3.3), public, defence and compulsory social security (1.9) and education (1.8).
- An estimated 52,000 working days lost were lost because of labour disputes across the UK in February 2025.

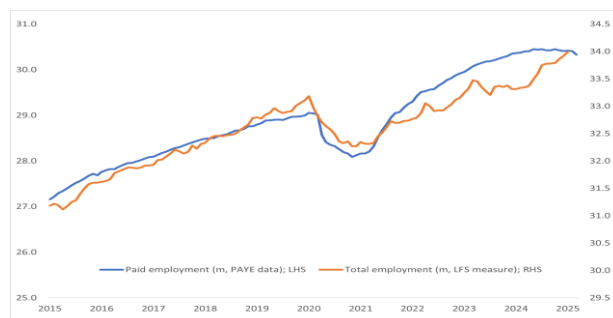
### Unemployment increased marginally, and inactivity continues to drop but remains stubbornly high

- In the quarter to February 2025, unemployment levels marginally increased to 1.574 million (+14,000). The unemployment rate was unchanged on the quarter and slightly up on the year, sitting at 4.4%. There are 114,000 more unemployed people compared to the same time last year.
- Redundancy levels increased on the quarter to 117,000 (+6,000), and the redundancy rate also rose from 3.8% to 4.0% over the same period.
- Inactivity levels fell on the quarter (-82,000) and the year (-230,000), and there are now 9.22 million 16-64 year olds who are unemployed and not listed as actively looking for work. The inactivity rate has marginally fallen on the quarter and year, sitting at 21.4%.
- Inactivity related to temporary sickness is down on the quarter (-17,000) and the year (-11,000), and levels of inactivity linked to long-term sickness has also decreased on the quarter (-31,000) and the year (-49,000). Sickness continues to account for around one third of all UK cases of economic inactivity.
- There are now 2.03 million 16 to 64 year olds who are economically active and want a job, which is 317,000 higher than the level recorded this time twelve months ago.

### Regular wage growth remains strong, but is continuing to show signs of plateauing

- Nominal pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 5.9% on the year in the three months to February 2025 (the less volatile three-month rolling basis).
- In the quarter to February 2025, nominal regular pay growth stood at 5.9% in the private sector, unchanged on the previous month. In the public sector, nominal pay growth was 5.7%, up from the revised January 2025 figure (5.2%). This growth in public sector wages is due to previous pay awards feeding through into headline figures.
- Across the different sectors, nominal regular wage growth was strongest in wholesaling, retailing, hotels and restaurants (6.8%). Contrary to previous months, the public sector (excluding financial services) observed relatively strong rates of wage growth (6.2%) compared to other sectors, joint-second with construction.
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 2.1% in February 2025, in line with January's recording. Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 2.0%, slightly up from last month (1.9%).

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



Source: ONS April 2025 labour market statistics

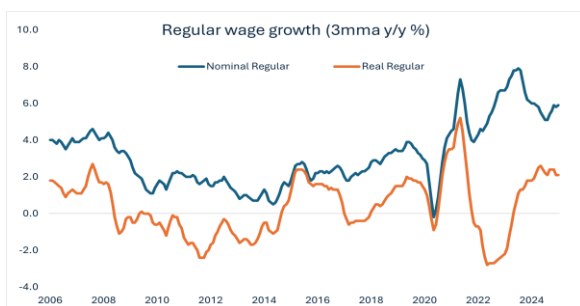
### Employment levels continue to vary across the regions and nations, and a handful of areas observed a dip in the number of people in employment ...

- In the three months to February 2025, employment levels increased the most in the South West (+101,000), followed by the South East (+59,000) and North West (+53,000).
- Across the period, several areas observed a decrease in employment levels. The greater decrease in employment levels was recorded in London (-47,000), followed by the East Midlands (-38,000) and the North East (-17,000).
- Employment levels rose in Scotland (+26,000) and Wales (+23,000), but fell in Northern Ireland (-10,000).

### ...And quarterly changes in unemployment levels were mixed

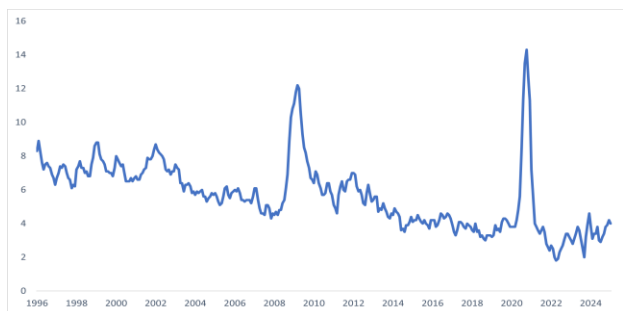
- Between December 2024 and February 2025, unemployment levels increased in several regions and nations. The greatest increase in unemployment levels was observed in the East of England (+27,000), followed by the East Midlands (+16,000) and London (+13,000).
- The largest drop in unemployment occurred in the South West (-18,000), followed by Wales (-12,000), the North West (-11,000), the West Midlands (-8,000) and the North East (-8,000).

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



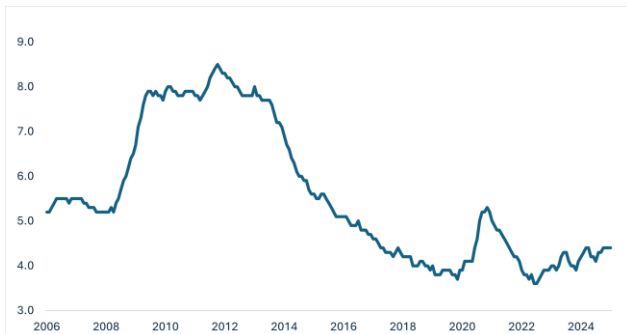
Source: ONS April 2025 labour market statistics

**Exhibit 6** Redundancy rate (%)



Source: ONS April 2025 labour market statistics

**Exhibit 5** Unemployment rate (%)



Source: ONS April 2025 labour market statistics



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**The next Labour Market Update will be published on 13<sup>th</sup> May.**

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