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February 2025

**Pertemps
Network** 

 **British
Chambers of
Commerce**

Labour Market Trends: October to December 2024 Overview

Between October and December 2024, wage growth remained strong, unemployment and employment levels both rose, and economic inactivity marginally fell, but remains high. These trends suggest a cooling labour market but the challenge accessing new skills and talent persists.

Key Labour Market Indicators

	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment (000s, aged 16 - 64)	74.9%	33,856	+107,000 (+0.3%)	+479,000 (+1.4%)
Unemployment (000s, aged 16+)	4.4%	1,557	+48,000 (+3.2%)	+213,000 (+15.8%)
Youth Unemployment (000s aged 16 - 24)	14.8%	642	0 (+0.0%)	+161,000 (+33.5%)

Source: Labour Force Survey from the Office for National Statistics

Overall Trends:

- **Market Overview:** Between October and December 2024, wage growth remained strong, unemployment and employment levels both rose, and economic inactivity marginally fell but remains high.
- **Employment rate 74.9% :** The employment rate for ages 16-64 is 74.9%. This is up on the quarter and above estimates from last year.
- **Unemployment rate 4.4%:** The unemployment rate for ages 16+ remains at 4.4%. This is up on the quarter and above estimates from last year.
- **Economic Inactivity 21.5%:** The economic inactivity rate (people of work age not seeking work) slightly decreased to 21.5%, mainly due to fewer individuals citing caring responsibilities or health issues as reasons for inactivity.

1. Employment and Unemployment Rates:

- o The UK employment rate for ages 16-64 is at 74.9%. This is up on the quarter and above estimates from last year.
- o The UK unemployment rate for people aged 16+ remains at **4.4%**. This is up on the quarter and above estimates from last year

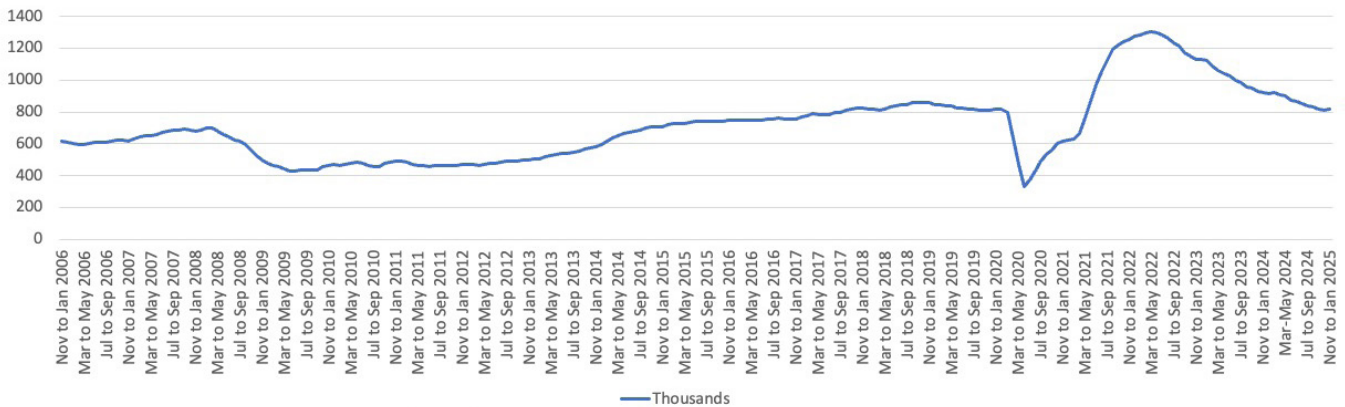
2. Economic Inactivity and Vacancies:

UK economic inactivity rate for people ages 16-64 years was estimated at 21.5% between October to December 2024, slightly down on the quarter and the year.

- o The economic inactivity rate (people not seeking work) slightly decreased to **21.5%**, mainly due to fewer individuals citing caring responsibilities or health issues as reasons for inactivity.
- o Vacancies fell by 9,000 in the last quarter to 819,000, continuing a 31-period trend of declining job openings.

The estimated number of vacancies fell on the quarter, for the 31st consecutive period, to 819,000

Number of vacancies in the UK, seasonally adjusted,
Nov to Jan 2006 to Nov to Jan 2025



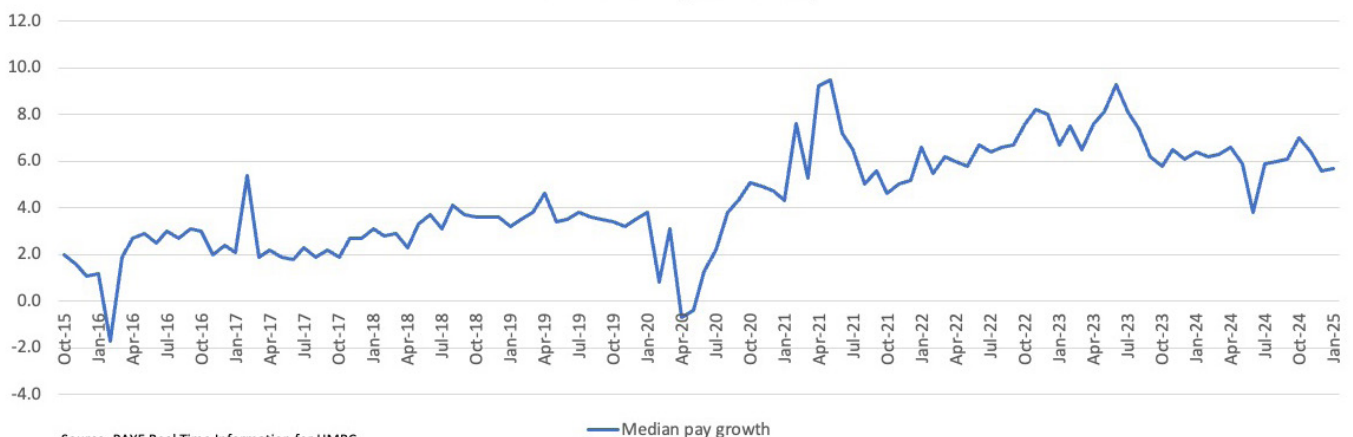
Source: Vacancy Survey from the Office for National Statistics

3. Wage Growth and Inflation Adjustments:

- o Average earnings were **5.9%** annually for regular pay (excluding bonuses), with real term (inflation adjusted) growth at 2.5%.

The rate of growth in Median Pay is lower in 2024 than the high rates seen through 2023

Percentage change month-on-month in previous year, seasonally adjusted, UK, Oct 2015
to Jan 2025 (estimated)

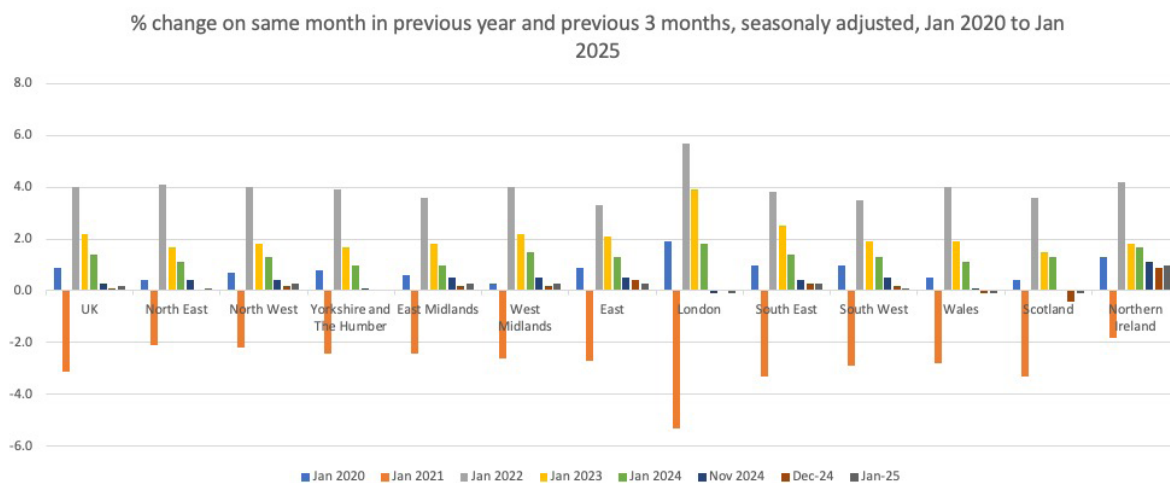


Source: PAYE Real Time Information for HMRC

4. Regional Employment Variations:

- o Employment has continued to increase in the East of England (+52,000), the East Midlands (+41,000) and Yorkshire and Humber (+34,000). Some regions, however, experienced declines, such as London (-95,000) and the North East (-16,000).
- o Unemployment also rose in certain regions. With West Midlands seeing the greatest drop (-8,000). East of England, Yorkshire and Humber, South West and Scotland all saw an increase in unemployment.

Higher growth still seen in Northern Ireland, but employee growth declines in other regions in line with UK average

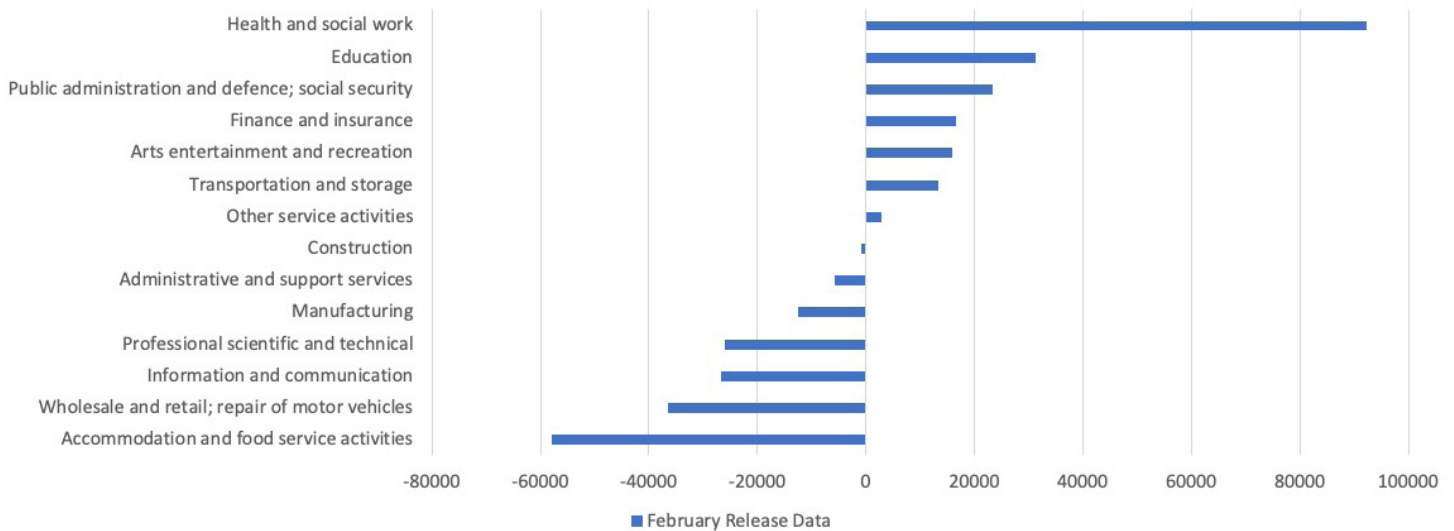


Source: PAYE Real Time Information for HMRC

Sector-Specific Vacancy and Pay Trends:

- **Sector Vacancies:** Sectors with the highest demand include human health and social work (142,000), wholesale and retail and motor trade (93,000), and accommodation and food service activities (87,000).
- **Pay Trends by Sector:** Pay growth was joint highest in wholesaling, retailing, hotels and restaurants (6.6%), followed by construction (6.5%). Meanwhile the public sector, excluding financial services, saw the lowest growth (5.0%).

**Payrolled employees, absolute change on January 2024, seasonally adjusted UK, January
2025**



This streamlined report provides you with actionable insights into the labour market's current state and practical steps to navigate ongoing challenges effectively. By focusing on key indicators and sector-specific insights, should assist you in any strategic decisions that support sustainable growth amid an evolving workforce landscape.

Carmen Watson, Chair of Pertemps Network Group, said: *"While the labour market has experienced a slight rise in unemployment, there has also been a notable increase in average earnings, reflecting the growing demand for skilled talent."*

"This shift stresses the fact that businesses are willing to pay a premium for the right expertise, making it essential for companies to adapt and secure top-tier candidates."

"As the competition for talent intensifies, having a dedicated recruitment partner becomes more crucial than ever."

Reacting to the latest ONS Labour Market data, published by the ONS, **Jane Gratton, British Chambers of Commerce Deputy Director Public Policy**, said: *"There are clear signs of a further loosening in the labour market with fewer vacancies, although they remain just above pre-pandemic levels. However, pervasive skills shortages mean firms are competing for talent and wage growth remains strong."*

"This is supported by BCC research which shows four fifths (79%) of firms cannot easily find the staff they need to fill roles. At the same time, three quarters of businesses say labour costs are the biggest pressure they face to raise prices."

"All of this is a continuing headache for employers and is putting the economy under increasing strain."

"Firms will face even more difficulty in the months ahead with the imminent rise in employment costs, driven by National Insurance and National Living Wage hikes. Many will be reconsidering their recruitment plans as they try to balance the books."

"There is a limit to how much additional cost business can absorb without employment and investment opportunities being damaged. The Government must do all it can to minimise costs for business and ensure they have access to a skilled and healthy workforce."



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Working with a recruitment specialist to supply workers can improve your organisation's efficiency and productivity - and reduce costs.

The rhetoric that agencies cost more is not true in many cases.

We've developed the Pertemps Iceberg Challenge to show that what you pay to direct employees is just the tip of the iceberg, with significant additional employment costs lurking out of sight.

Working with an agency, there are no hidden costs.

Contact us at hello@pertemps.co.uk or **0808 164 1152** to take the Iceberg Challenge and see how Pertemps can start saving you money on your people costs.

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