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July 2024



**Pertemps
Network** 

Labour Market Update for Small Business Owners

This report highlights the key trends and figures relevant to small business owners. It's important to keep an eye on these trends to navigate the current job market and plan for the future. This month's labour market update shows the job market is cooling down. Here are the key points:

	Rate	Number (ooo's)	Change on quarter (%change)	Change on year (%change)
Employment (ooos, aged 16 -64)	74.4%	32,999	+19,000 (+0.1%)	-312,000 (-0.9%)
Unemployment (ooos, aged 16+)	4.4%	1,528	+88,000 (+6.1%)	+133,000 (+9.5%)
Economically inactive (ooos, aged 16 to 24)	22.1%	9,383	-21,000 (-0.1%)	+390,000 (+0.8%)
Redundancy Rate (ooo's aged 16+)	3.4%	98	-13,000 (-0.4%)	-4,000 (-0.1%)

Source: Labour Force Survey from the Office for National Statistics

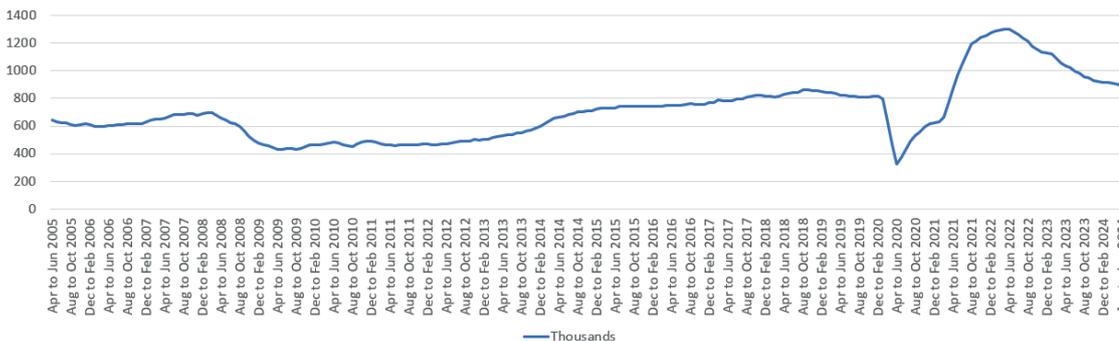
1. Employment and Unemployment:

- The UK employment rate for people aged 16 to 64 is now 74.4%. This is lower than last year and has dropped slightly in the last quarter.
- The unemployment rate for people aged 16 and over is 4.4%. This is higher than last year and has increased in the last quarter.
- The economic inactivity rate for people aged 16 to 64 is 22.1%, higher than last year but slightly down from the last quarter.

2. Vacancies:

The estimated number of vacancies fell on the quarter to 889,000

Number of vacancies in the UK, seasonally adjusted,
April to June 2005 to April to June 2024



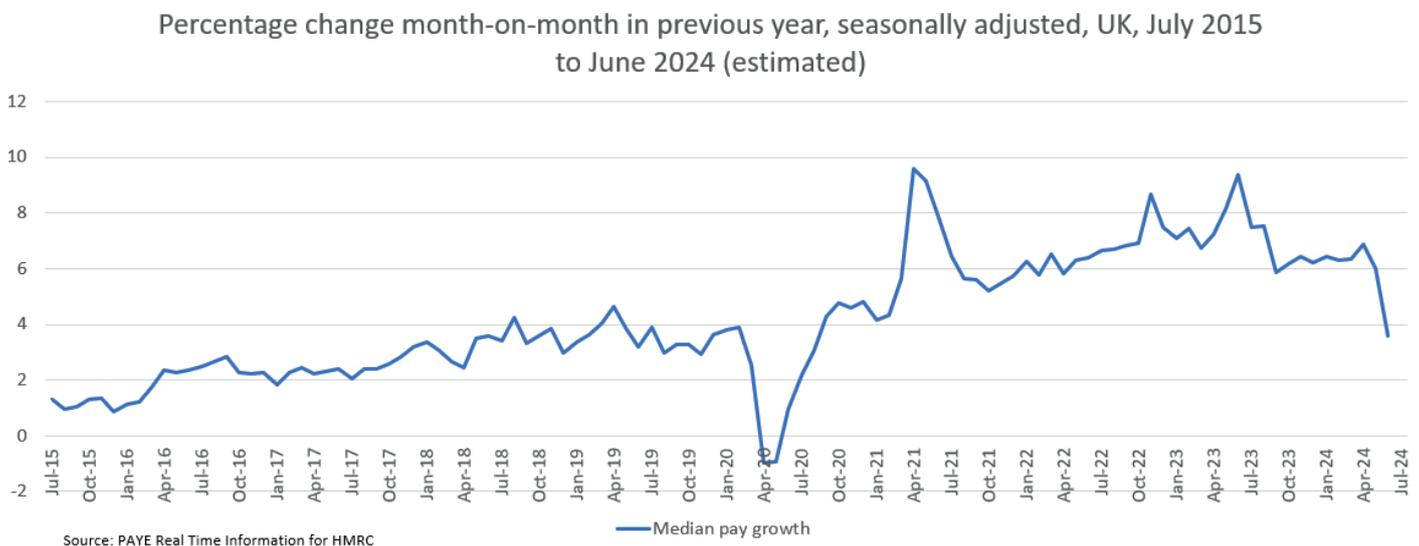
Source: Vacancy Survey from the Office for National Statistics

- There are 889,000 job vacancies, which is 30,000 fewer than the last quarter. This is the 24th consecutive decrease but still above pre-COVID levels.

3. Employee Pay:

- The early provisional estimates for June 2024 shows a slight increase of 16,000 (0.1%) payrolled employees on the month.
- Payrolled employees increased by 54,000 (0.2%) from April to May 2024 and by 265,000 (0.9%) from May 2023 to May 2024.
- Average regular earnings (excluding bonuses) increased by 5.7% from March to May 2024.

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



- When adjusted for CPIH inflation, real pay increased by 2.

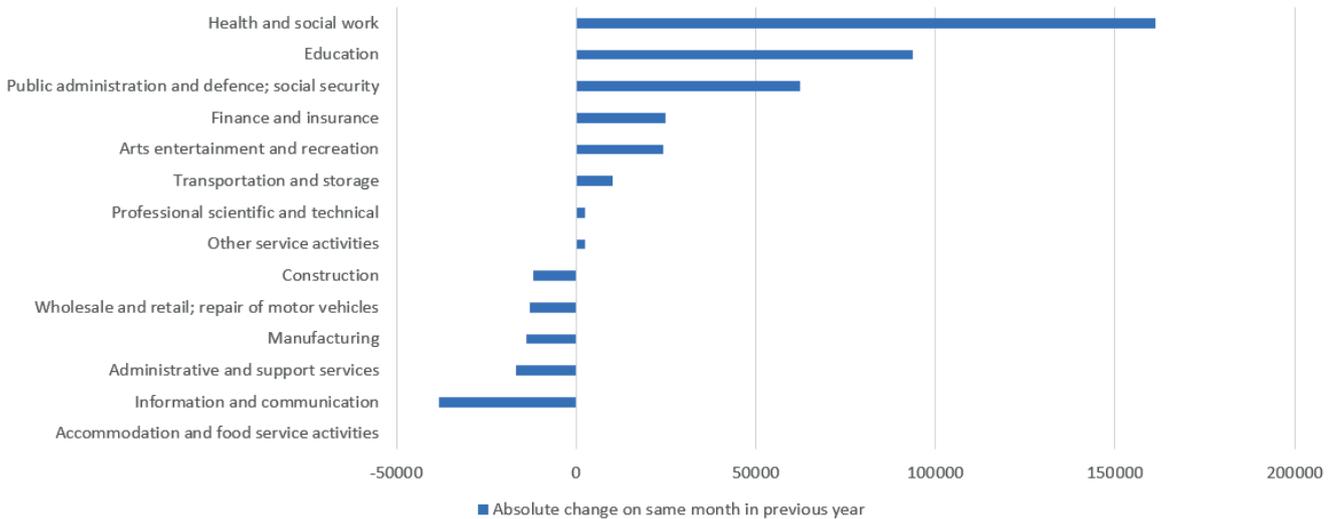
4. Impact on Small Businesses:

- Although **pay growth** is strong, it is easing slightly as the job market cools and inflation expectations fall.
- Businesses need to **invest in productivity** but are constrained by cost pressures.

5. Key Observations:

- Employment increased by 19,000 in the three months to May 2024 but decreased by 312,000 compared to last year. The employment rate is 74.4%
- Full-time employees decreased by 25,000, while part-time employees increased by 23,000.
- Self-employed full-time workers increased by 41,000, while part-time self-employed workers decreased by 27,000.

Sector-Specific Vacancies:



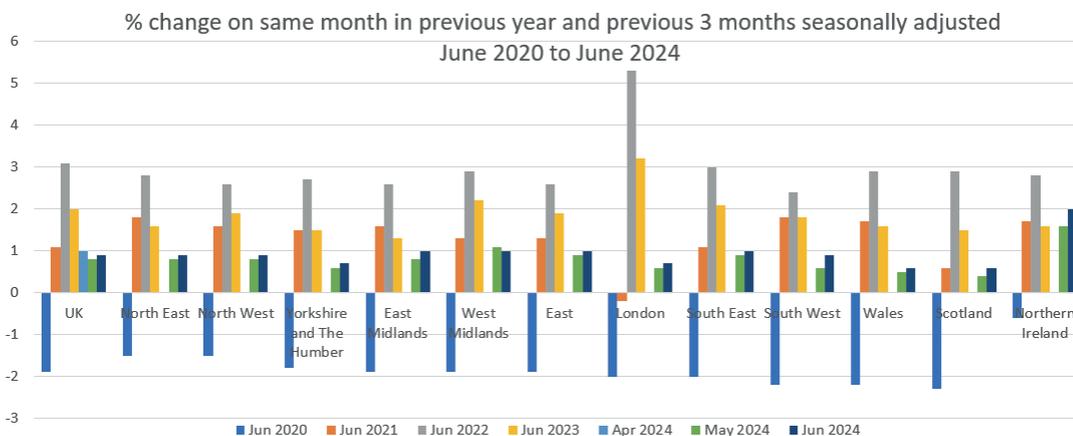
- The largest number of job openings are in Human Health and Social Care (161,201), Education (93,745), and Public Administration & Defence; Social Security (62,497).
- Sectors with the most acute shortages are Energy (4.0 vacancies per 100 employees), Hospitality (3.8), and Health and Social Care (3.6).

Labour Disputes:

- An estimated 49,000 working days were lost due to labour disputes in May 2024.

Regional Employment Variations:

Regional employee growth fell across the UK over 2020 & 2021, but subsequently recovered across all regions.



- Employment increased all regions in June 2024, with a slight easing in the West Midlands
- Unemployment increased in London, Scotland, South West, North East, East, and West Midlands.
- The North West saw a decrease in unemployment.

“The new government has a clear mandate to foster business growth and prosperity. Labour’s industrial strategy should strike a balance between protecting workers and providing flexible work options, supporting economic growth without a one-size-fits-all approach. Adaptable work options are especially crucial in sectors like health, social care, and education.

“By collaborating with public sector employers, unions, and agencies, the government can enhance service efficiency and address procurement challenges,” **said Carmen Watson, Chair of Pertemps Network Group.**

“The labour market is continuing to cool but high wage growth is still bearing down heavily on businesses. Our research shows labour costs are the main external pressure on firms forcing them to put up prices and hold back on investment.

“Our latest survey on recruitment, published earlier this week, shows firms across all industries are facing increased difficulties hiring staff. Better skills planning is crucial to tackling these problems, both for individual firms and the wider economy.

“It was encouraging to see a focus on skills in yesterday’s King’s Speech. Plans to create a national skills plan for England, to underpin an industrial strategy, are welcome. Meanwhile, reforming the apprenticeship levy is long overdue.

“Policymakers across the UK need to prioritise helping more people back into work and making sure they have the skills they need to thrive.” **Said Jane Gratton Deputy Director of Public Policy at the British Chambers of Commerce**



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