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March 2025

**Pertemps
Network** 

 **British
Chambers of
Commerce**

Labour Market Trends: November 2024 to January 2025 Overview

Between November 2024 and January 2025, 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 with 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)	75.0%	33,922	+144,000 (+0.4%)	+608,000 (+1.8%)
Unemployment (000s, aged 16+)	4.4%	1,545	+40,000 (+2.7%)	+132,000 (+9.3%)
Youth Unemployment (000s aged 16-24)	14.5%	633	+26,000 (+4.3%)	+131,000 (+26.1%)

Source: Labour Force Survey from the Office for National Statistics

Overall Trends:

- **Market Overview:** Between November 2024 and January 2025, 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 with accessing new skills and talent persists.
- **Employment rate 75%:** The employment rate for ages 16-64 is at 75%. This is up on the quarter and above estimates from last year.
- **Unemployment rate 4.4%:** The unemployment rate for people aged 16+ years 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 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 **75%**. 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

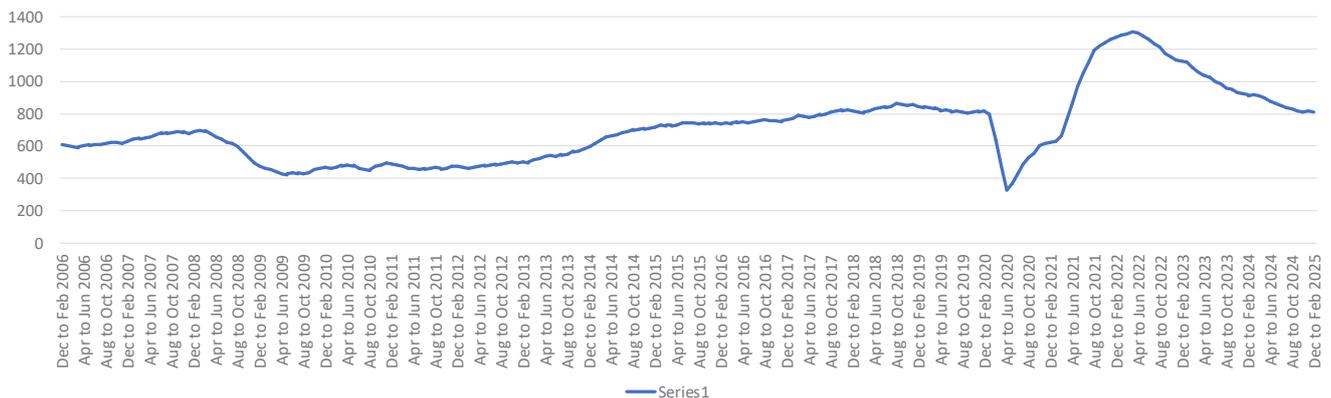
2. Economic Inactivity and Vacancies:

UK economic inactivity rate for people aged 16-64 years was estimated at 21.5% from November 2024 to January 2025. This is 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 increased by 1,000 in the last quarter to 816,000, yet there are 98,000 fewer vacancies than this time last year.

The estimated number of vacancies is broadly unchanged from the previous quarter at 816,000

Number of vacancies in the UK, seasonally adjusted,
Dec to Feb 2006 to Dec to Feb 2025



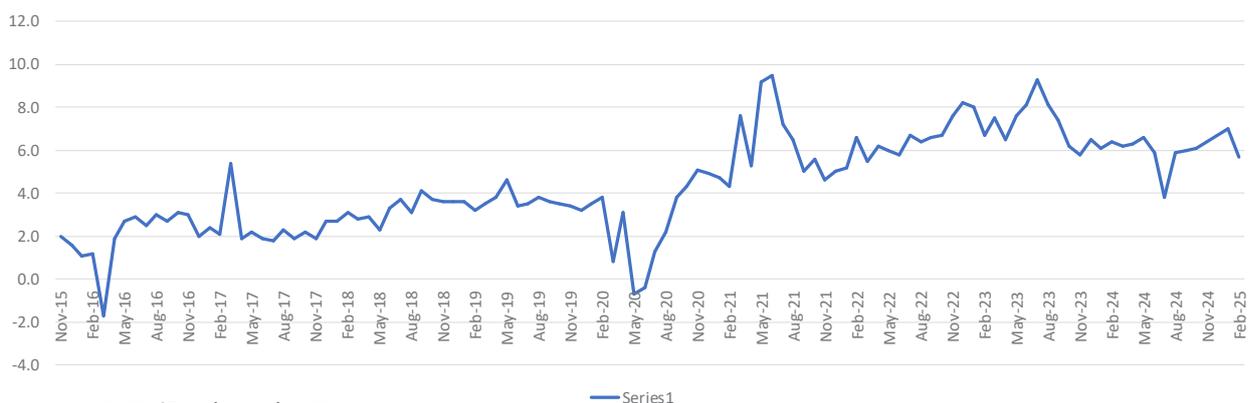
Source: Vacancy Survey from the Office for National Statistics

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 2.2%.

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

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

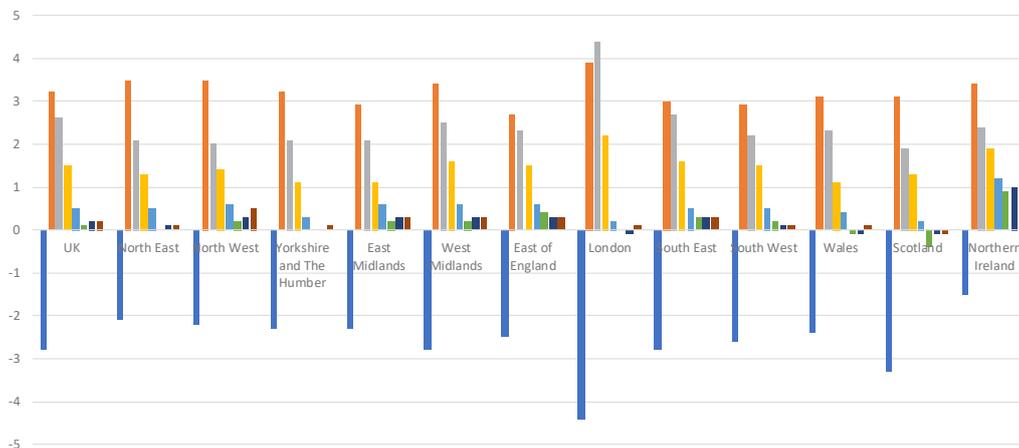


Source: PAYE Real Time Information for HMRC

4. Regional Employment Variations:

- o Employment has continued to increase in the South East (+60,000), the South West (+48,000) and North West (+47,000). London, however, was the only region that experienced a decline.
- o However, unemployment also rose in certain regions, with the South West seeing the greatest drop (-15,000). East of England, Yorkshire and Humber 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



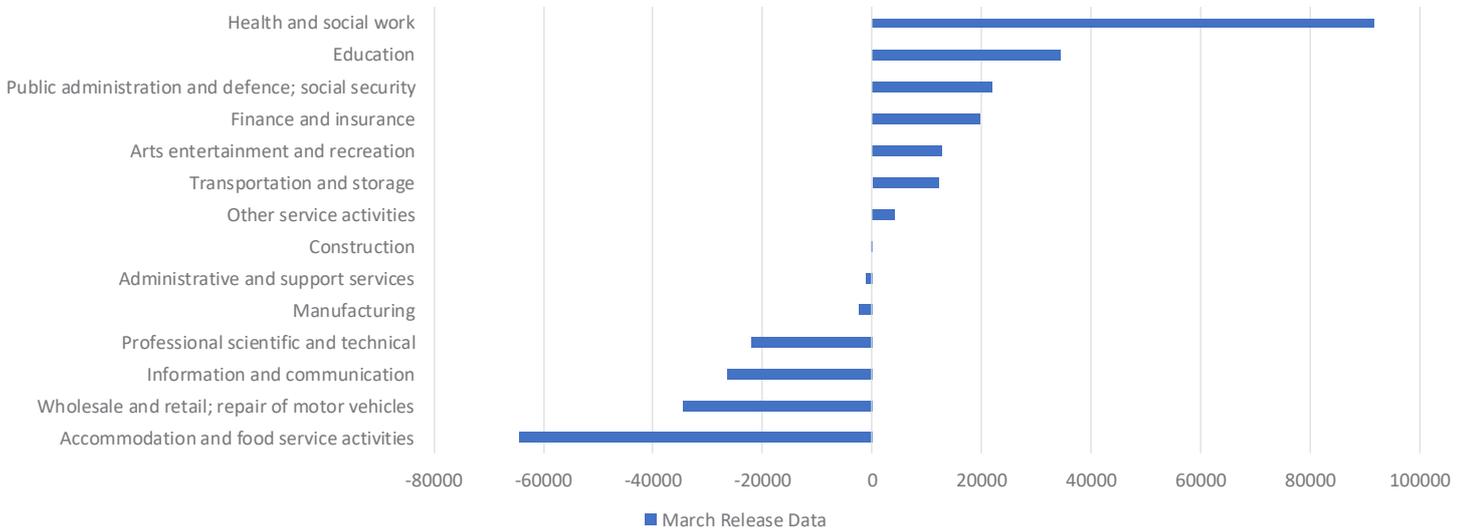
Source: PAYE Real Time Information for HMRC

■ Oct-20 ■ Oct-21 ■ Oct-22 ■ Oct-23 ■ Oct-24 ■ Dec-24 ■ Jan-25 ■ Feb-25

5. Sector-Specific Vacancy and Pay Trends:

- **Sector Vacancies:** Sectors with the highest demand include human health and social worker (139,000), wholesale and retail and motor trade (96,000) and accommodation and food service activities (85,000)
- **Pay Trends by Sector:** Pay growth was joint highest in wholesaling, retailing, hotels and restaurants (6.3%), followed by construction (6.2%). While the public sector, excluding financial services, saw the lowest growth (5.7%).

Payrolled employees, absolute change on February 2024, seasonally adjusted UK, February 2025



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

Carmen Watson, Chair of Pertemps Network Group, said: *“Businesses are adapting to a challenging environment, with rising costs and uncertainty influencing hiring decisions. While some sectors are seeing growth, stability remains fragile in the face of shifting policies and global challenges. To unlock the full potential of demand, partnerships are key to closing skills gaps and driving innovation.*

“A strong recruitment partner can help businesses navigate this landscape and secure the talent needed for success.”

Reacting to the latest ONS Labour Market data, **Jane Gratton, Deputy Director of Public Policy at the British Chambers of Commerce**, said: *“The labour market remains a significant challenge for employers who are struggling with skills shortages, higher wage costs and the imminent hike in employment taxes.*

“While the rise in average earnings is slowing, it continues to add huge cost pressures to business, underlining the competition between firms to attract and retain the right talent.

“All this is forcing firms to rethink recruitment and staffing plans. Unemployment is currently stable, but our latest research suggests this is likely to change in the months ahead. Firms will need time to plan and adapt to the imminent impact of the NICs increase in particular. The full effect may not be seen until later in the year.

“The government must act now to minimise costs for businesses and tackle the ongoing skills crisis – giving firms the tools they need to invest, recruit and grow.”



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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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