

VACANCIES CONTINUE TO DECLINE WHILE INACTIVITY MARGINALLY FALLS

"The recent Autumn Budget may have influenced employer sentiment as businesses assess impacts on inflation, taxation, and public spending.

"Hiring activity is subdued as employers await clearer economic signals before increasing recruitment. This cautious approach highlights the challenges of navigating an uncertain economic landscape.

"In this context, a recruitment partner can support businesses by efficiently connecting them with skilled candidates, ready to streamline hiring when expansion is possible."

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

In the period between July and September 2024, wage growth across the economy remained strong, employment and unemployment levels both increased, while vacancies and inactivity both fell. The data continues to paint a mixed picture of the labour market, with conditions cooling but limited labour pool hindering business's ability to grow.

The UK employment rate (for people aged 16 to 64 years) was estimated at 74.8% in July and September 2024, up on the latest quarter but largely unchanged on the year. The UK unemployment rate (for people aged 16 years and over) was estimated at 4.3% in July and September 2024, above estimates of a year ago (+0.2%) and on the quarter (+0.1%).

The UK economic inactivity rate for people aged 16 to 64 years was estimated at 21.8% between July and September 2024, slightly down on the quarter and the year.

In July to September 2024, the estimated number of vacancies in the UK decreased by 35,000 on the quarter to 831,000. Vacancies decreased on the quarter for the 28th consecutive period and are currently 14,000 above pre-pandemic levels. Based on current trends, vacancies should reach pre-pandemic levels (817,000) next month.

Payrolled employees in the UK decreased by 9,000 (0.0%) between August and September 2024 but rose by 136,000

(+0.4%) between September 2023 and September 2024.

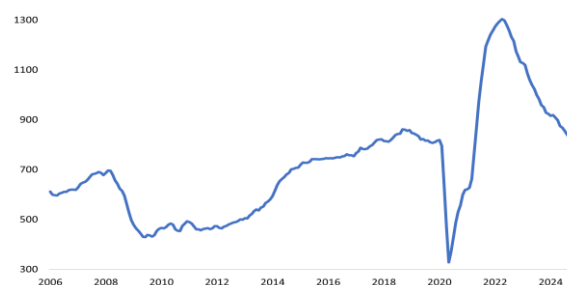
The early estimate of payrolled employees for October 2024 decreased by 5,000 (0.0%) on the month but increased by 95,000 (+0.3%) on the year, to 30.4 million. The October 2024 estimate should be treated as a provisional estimate and is likely to be revised when more data is received next month.

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 4.8% in July to September 2024, and annual growth in total earnings (including bonuses) was 4.3%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)) for regular pay was 1.9% in July to September 2024, and for total pay, 1.4%.

The decision to raise National Insurance Contributions (NICs) at the Autumn Budget means it is more important than ever that government partners with businesses to address investment barriers and the top challenge of spiralling employment costs. This includes working through the unintended consequences of the Employment Rights Bill and delivering immediate flexibility of the Apprenticeship Levy to reflect industry's need for a wider range of accredited and modular non-apprenticeship training.

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)

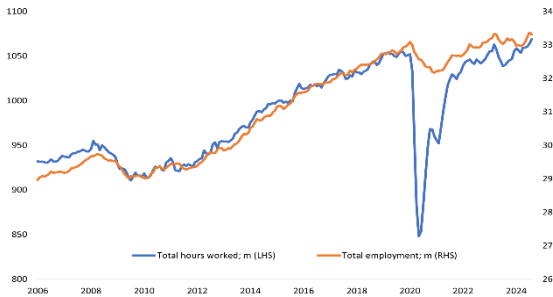


Source: ONS November 2024 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	74.8%	33,313	+220,000 (+0.7%)	+211,000(+0.6%)
Unemployment** (ILO)	4.3%	1,486	+50,000 (+3.5%)	+79,000 (+5.6%)
Youth unemployment (16-24)	14.8%	627	+68,000 (+12.0%)	+128,000 (+25.7%)

Source: ONS November 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 November 2024 labour market statistics

Employment rate increases and vacancies continue to fall...

- The official measure of employment shows an increase of 220,000 in the three months to September 2024, and an increase of 211,000 relative to the same period a year ago. The employment rate is marginally up on the quarter (+0.3%) but unchanged on the year (0.0%), standing at 74.8%.
- Male employment increased by 101,000 on the quarter to August 2024, while female employment increased by 119,000 in the same period. On the year, male employment increased by 17,000 and female employment increased by 194,000. The only age groups to see a decrease in employment levels on the quarter were those aged 18-24 (-29,000) and 25-34 year olds (-4,000) while those aged 16-17, 50-64 and 65+ all saw an increase (+9,000, +45,000 and +66,000 respectively). Similarly to last month, the largest quarterly increase in employment level by age group was across 35-49 year-olds (+132,000).
- The number of employees working full-time and part-time increased on the quarter by 116,000 and 61,000, respectively. The number of self-employed people working full-time fell on the quarter (-20,000) while the number of self-employed working part-time increased (+34,000).
- Estimates for payrolled employees in the UK decreased by 9,000 (0.0%) between August and September 2024, but rose by 136,000 (+0.4%) between September 2023 and September 2024.
- In the three months to October 2024, there were 831,000 vacancies in the economy, 35,000 (-4%) fewer than in the previous quarter. There are 130,000 (-13.6%) fewer vacancies now than a year ago.
- Vacancies continue to concentrate in a small number of sectors. The largest number of vacancies are in Human Health and Social Care sector (144,000), the Wholesale and Retail trade, repair of motor vehicles and cycles sector (100,000) and the Accommodation and Food service activities sector (94,000).
- Electricity and gas continues to experience the highest vacancy levels per 100 employees (3.8), followed by accommodation and food services (3.5) and financial and insurance activities (3.3).
- There were 48,000 working days lost because of labour disputes across the UK in September 2024.

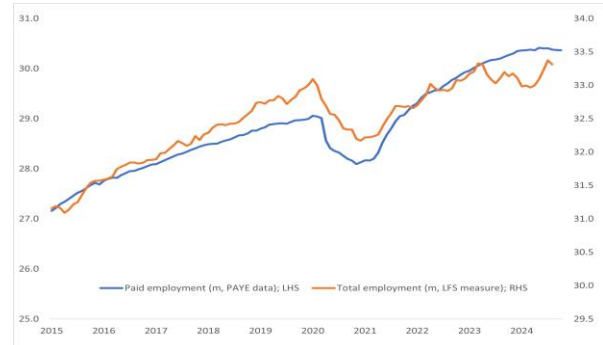
...and there is also a slight uptick in unemployment and downturn in inactivity

- In the three months to September 2024, unemployment levels increased to 1.486 million (+50,000). The unemployment rate also rose slightly (+0.1%) on the last quarter to 4.3%. There are 79,000 more unemployed people compared to the same period in 2023.
- The redundancy rate decreased on the quarter to September 2024 and currently stands at 3.8% (-0.7%).
- Economic inactivity figures decreased by 162,000 on the quarter and is also marginally down on levels seen this time last year (-7,000). The inactivity rate is marginally down on the quarter from 22.2% to 21.8%. The decrease is partly driven by the decline in economically inactive individuals who have cited caring and family responsibilities (-93,000), studying (-86,000) and temporary and long-term sickness (-20,000 and -29,000, respectively) as the primary reason for inactivity over the past three months.
- The number of economically inactive individuals who want a job has increased on the quarter (+5.5%) and the year (+5.2%) to 1.896 million.

Pay growth remains strong but continues to plateau

- Nominal pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 4.8% on the year in the three months to September 2024 (the less volatile three-month rolling basis). This is marginally down from 4.9% last month and continues the gradual decline we have seen since the Summer.
- In the three months to September, nominal regular pay growth stood at 4.8% in the private sector, directly in line with last month. In the public sector, nominal pay growth declined from 5.2% in August to 4.7% in September.
- Across the different sectors, nominal annual regular pay growth was strongest in manufacturing (+6.0%) followed by wholesaling, retailing, hotels and restaurants (+5.1%) Nominal annual pay growth was weakest in finance and business services (+4.3%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) is the same (on the less volatile three-month rolling basis) and sits at 1.9%. Real regular pay for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) is 2.2%.

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



Source: ONS November 2024 labour market statistics

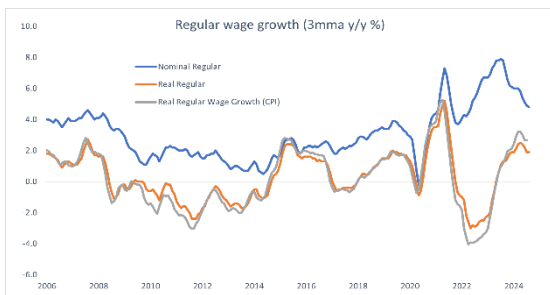
Employment levels continue to be mixed across the regions and nations...

- In the three months to September 2024, employment levels observed the largest increases in London (+59,000), the East of England (+58,000) and the West Midlands (+56,000).
- The only two regions in England to experience a decline in employment levels were the South East (-37,000) and Yorkshire and the Humber (-28,000).
- Employment increased in Scotland (+17,000) and Wales (+3,000) and decreased in Northern Ireland (-12,000).

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

- In the three months to September 2024, several regions and nations observed increases in unemployment. There was a rise in unemployment in England (+56,000), which was largely driven by the increase observed in London (+40,000).
- The greatest decreases in unemployment occurred in the Scotland (-30,000), East Midlands (-14,000) and West Midlands (-10,000).

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



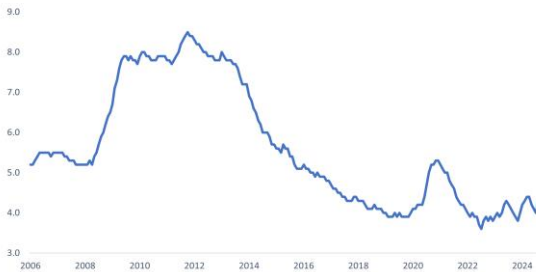
Source: ONS November 2024 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS November 2024 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS November 2024 labour market statistics



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.

About the Sponsor

Pertemps Network Group is the largest privately owned recruitment agency. It has a turnover in excess of £1bn and offers immediate and strategic solutions to clients across both the public and private sector.

It is made up of:

Pertemps Ltd – established in 1961 with over 100 branches, operating across a multitude of sectors and supplying diverse roles. The company also specialises in business process outsourcing delivered using a wide range of solutions such as Master Vendor, Neutral Vendor and Recruitment Process Outsourcing.

Network Group – offering expertise across specialist recruitment sectors including IT, legal, finance, healthcare, education, medical, construction, manufacturing, security, and engineering.

For further information about Pertemps Network Group, please contact:

James Wilde

PR and Communications Manager

T: 01676 525250

E: james.wilde@pertemps.co.uk

The CBI serves as the catalyst between industry and government to drive positive change, speaking for businesses of all sizes and sectors across the whole economy, in every UK region and nation, ensuring sustainable growth for the benefit of society. Our voice represents 170,000 businesses. This includes over 1,100 corporate members, plus nearly 150 trade associations. Our corporate members alone employ over 2.3 million private sector workers.

For further information or a copy in large text format, please contact:

Evie Matthews, Senior Policy Advisor

E: evie.matthews@cbi.org.uk

The next Labour Market Update will be published on 17th December.

November 2024

© Copyright CBI 2024

The content may not be copied, distributed, reported or dealt with in whole or in part without prior consent of the CBI.