

THE LABOUR MARKET CONTINUES TO SHOW SIGNS OF COOLING

“For the UK to stay competitive, we need to focus on the skills and quality of our workforce. Employers and the Government must understand that taking care of employees is key to business success.

“Companies need to work with recruiters to hire the right people in a more thoughtful way. The Government need to create policies that consider what people really want from their jobs and the challenges they face today, not just old ideas.”

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

This month's figures continue to show signs that the labour market may be cooling. The number of vacancies continues to fall and unemployment is rising. It is worth noting however, that earnings growth remains relatively strong.

The UK employment rate (for people aged 16 to 64 years) was estimated at 74.3% in February to April 2024, below estimates of a year ago, and decreased in the latest quarter. The UK unemployment rate (for people aged 16 years and over) was estimated at 4.4% in February to April 2024, above estimates of a year ago, and up on the latest quarter.

The UK economic inactivity rate for people aged 16 to 64 years was estimated at 22.3% in February to April 2024, above estimates of a year ago, and increased in the latest quarter.

In March to May 2024, the estimated number of vacancies in the UK decreased by 12,000 on the quarter to 904,000. Vacancies decreased on the quarter for the 23rd consecutive period but are still above pre-coronavirus (COVID-19) pandemic levels.

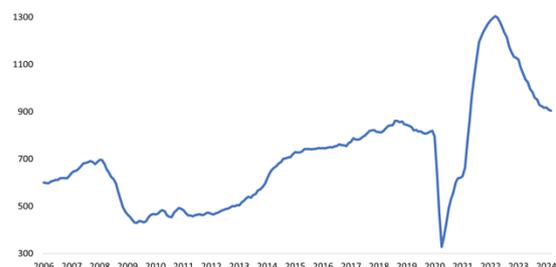
Payrolled employees in the UK decreased by 36,000 (0.1%) between March and April 2024, but rose by 201,000 (0.7%) between April 2023 and April 2024. The early estimate of payrolled employees for May 2024 decreased by 3,000 (0.0%) on the month but increased by 167,000 (0.6%) on the year, to 30.3 million. The May 2024 estimate should be treated as a provisional estimate and is likely to be revised when more data are received next month.

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 6.0% in February to April 2024, and annual growth in total earnings (including bonuses) was 5.9%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)) for regular pay was 2.3% in February to April 2024, and for total pay was 2.2%.

While the labour market continues to slowly cool, it remains very difficult for companies to hire the people they need to grow and pay continues to rise significantly faster than inflation, pushing up prices. Labour shortages remain one of the biggest challenges facing businesses. A credible plan to tackle shortages should involve pulling a range of policy levers such as removing barriers to work, supporting investments in technology, building a skills system that supports lifelong learning, and a new approach to immigration.

Please note: this release follows the reintroduction of Labour Force Survey data, which now includes the latest population information. The ONS continues to advise that increased volatility of Labour Force Survey estimates, resulting from smaller achieved sample sizes. Estimates of quarterly change should be treated with additional caution.

Exhibit 1 Vacancies (000s)

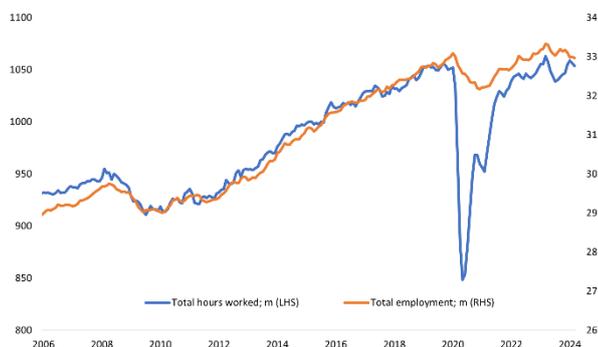


Source: ONS June 2024 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	74.3%	32,967	-139,000 (-0.4%)	-359,000(-1.1%)
Unemployment** (ILO)	4.4%	1,510	+138,000 (10%)	+157,000 (+11.6%)
Youth unemployment (16-24)	13.6%	570	+70,000 (14%)	+78,000 (+15.9%)

Source: ONS June 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 June 2024 labour market statistics

Employment rate decreases and vacancies continue to fall...

- The official measure of employment shows a decrease of 139,000 in the three months to April 2024, compared with the previous quarter, and a decrease of 359,000 on the same period a year ago. The employment rate is down on the quarter (-0.5%) and also down on the year (-1.1%) standing at 74.3%.
- Male employment decreased by 142,000 on the quarter to April 2024, while female employment increased by 3000 in the same period. On the year, male employment decreased by 322,000 and female employment decreased by 37,000. The only age group to see an increase in employment levels on the quarter were those aged 65+ (+60,000) while those aged 16-24, 25-34, and 35-49 all saw a decrease in employment levels (-29,000, -6,000, and -23,000 respectively). The largest drop in employment level by age group was in the 50-64 age group (-141,000).
- The number of employees working full-time decreased (-175,000) while the total number of employees working part-time increased (+38,000). The number of self-employed people working full-time increased by 36,000 and the number of self-employed people working part-time decreased by 20,000.
- The number of payrolled employees for May 2024 decreased by 3,000 on the month but increased by 167,000 (0.6%) on the year to 30.3 million. The May estimate should be treated as a provisional estimate and is likely to be revised when more data are received next month.
- There are 904,000 vacancies in the economy, 12,000 fewer than in the previous quarter. There are 156,000 fewer vacancies now than a year ago. This is the longest series of falls in vacancy estimates recorded.
- Vacancies are becoming more concentrated in fewer sectors. The largest number of jobs available are in Human Health and Social Care sector (162,000), the Wholesale and Retail trade, repair of motor vehicles and cycles sector (109,000) and the Accommodation and Food service activities sector (102,000) (March – May 2024).
- There are now only two sectors with more than 3.5 vacancies per 100 employees, down from 13 sectors at

the peak of shortages in 2022. The most acute shortages are in the hospitality (3.9) and health & social care (3.6) sectors.

- There were 17,000 working days lost because of labour disputes across the UK in April 2024.

...while the unemployment rate increases

- Official data shows that, in the three months to April 2024, unemployment levels increased by 138,000 to stand at 1.51 million. The unemployment rate increased by 0.4% on the last quarter and stands at 4.4%. There are 157,000 more unemployed people in the same period a year ago.
- The redundancy rate increased by 1.2% in the quarter to April 2024 and stands at 3.4%.
- The number of those who are economically inactive increased by 132,000 compared to the previous quarter and has increased by 385,000 compared to the same time last year. The inactivity rate is now 22.3%. The increase is driven by those citing looking after family/home as the reason for their inactivity (+135,000 on the latest quarter). Those inactive due to long-term sickness has slightly increased on the quarter (+55,000) and is significantly higher than estimates a year ago (+127,000).

Pay growth continues to soften and shows signs of plateauing

- Nominal pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 6.0% on the year in the three months to April 2024 (the less volatile three-month rolling basis). This figure remains unchanged from the three-month rolling average published last month.
- In the three months to April, nominal regular pay growth stood at 5.8% in the private sector (down by 0.1% from March 2024). In the public sector, nominal pay growth stood at 6.4%, unchanged from the figures released last month.
- Across the different sectors, nominal annual regular pay growth was strongest in Finance and Business Services (+6.9%), Manufacturing (+6.5%) and Services (+6.1%). Nominal annual regular pay growth was weakest in Construction (+2.9%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) has increased marginally (on the less volatile three-month rolling basis) and sits at 2.9%.
- Real regular pay for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) is at 2.6%.

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

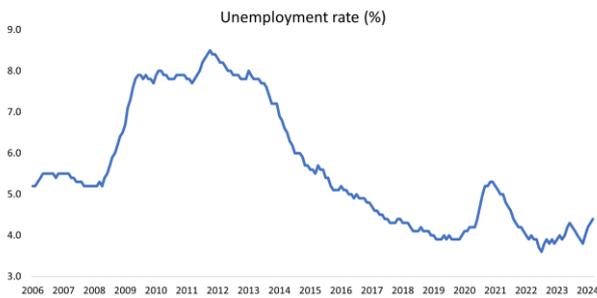


Source: ONS June 2024 labour market statistics

A mixed picture in employment levels across regions and nations...

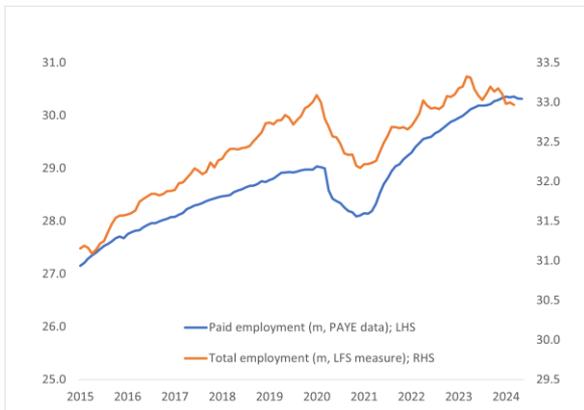
- In the three months to April 2024, employment levels increased in the East Midlands (+54,000), the West Midlands (+32,000) and in the South West (+30,000).
- Employment levels fell most significantly in London (-113,000) and Yorkshire and the Humber (-40,000).

Exhibit 5 Unemployment rate (%)



Source: ONS June 2024 labour market statistics

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



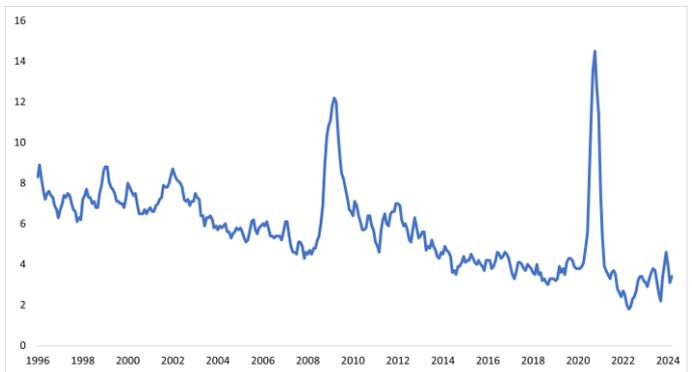
Source: ONS June 2024 labour market statistics

- Employment decreased in Wales (-12,000) and Scotland (-34,000) respectively and increased in Northern Ireland (+4,000).

...while unemployment levels also varied within and between nations

- In the three months to April 2024, unemployment increased in all regions and nations except the East (-4,000), Wales (-9,000) and the South East (-10,000).
- The greatest increases in unemployment were in the North West (+21,000), London (+58,000) and the West Midlands (+31,000).

Exhibit 6 Redundancy rate (%)



Source: ONS June 2024 labour market statistics

About the Sponsor

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The next Labour Market Update will be published on 18th July.

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