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**Pertemps
Network** 

 **British
Chambers of
Commerce**

Labour Market Trends: August to October 2024 Overview

Between August and October 2024, wage growth remained strong, employment and unemployment both rose, while vacancies and inactivity declined. These trends suggest a cooling labour market with a tightening labour supply for businesses to draw on for growth.

Key Labour Market Indicators

	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment (000s, aged 16 - 64)	74.9%	33,770	+173,000 (+0.5%)	+409,000 (+1.2%)
Unemployment (000s, aged 16+)	4.3%	1,508	+31,000 (+2.1%)	+110,000 (+7.8%)
Youth Unemployment (000s aged 16 - 24)	13.9%	604	-14,000 (-2.3%)	+78,000 (+14.8%)

Source: Labour Force Survey from the Office for National Statistics

Overall Trends:

- **Market Overview:** Between August and October 2024, wage growth remained strong, employment and unemployment both rose, while vacancies and inactivity declined. These trends suggest a cooling labour market with a tightening labour supply for businesses to draw on for growth.
- **Employment 74.9% :** The UK employment rate for ages 16 - 64 stood at 74.9%, up 0.1% on the quarter, unchanged from last year.
- **Unemployment rate 4.3%:** The unemployment rate for people aged 16+ is 4.3%, up 0.1% on the quarter and 0.3% on the year.
- **Economic Inactivity 21.7%:** The economic inactivity rate (people not seeking work) slightly decreased to 21.7%, 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 stood at **74.9%**, up 0.1% on the quarter, unchanged from last year.
- o The Unemployment Rate for people aged 16+ is **4.3%**, up 0.1% on the quarter and 0.3% on the year.

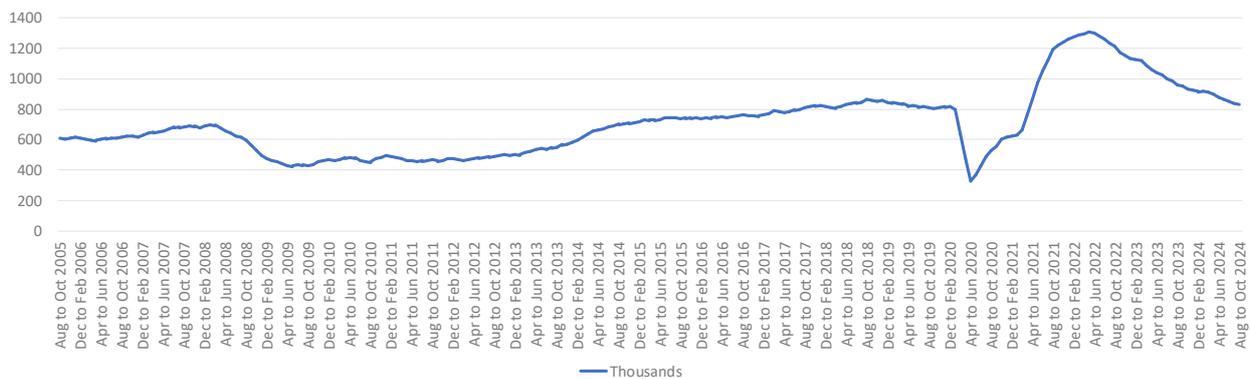
2. Economic Inactivity and Vacancies:

The UK economic inactivity rate for people aged 16 to 64 years was estimated at **21.7%** between August and October 2024, slightly down on the quarter and the year (-0.2%).

- o The economic inactivity rate (people not seeking work) slightly decreased to **21.7%**, mainly due to fewer individuals citing caring responsibilities or health issues as reasons for inactivity.
- o Vacancies fell by 31,000 in the past quarter to 818,000, continuing a 29-period trend of declining job openings.

The estimated number of vacancies fell on the quarter, for the 29th consecutive period, to 818,000

Number of vacancies in the UK, seasonally adjusted, Aug to Sept 2005 to Aug to Oct 2024



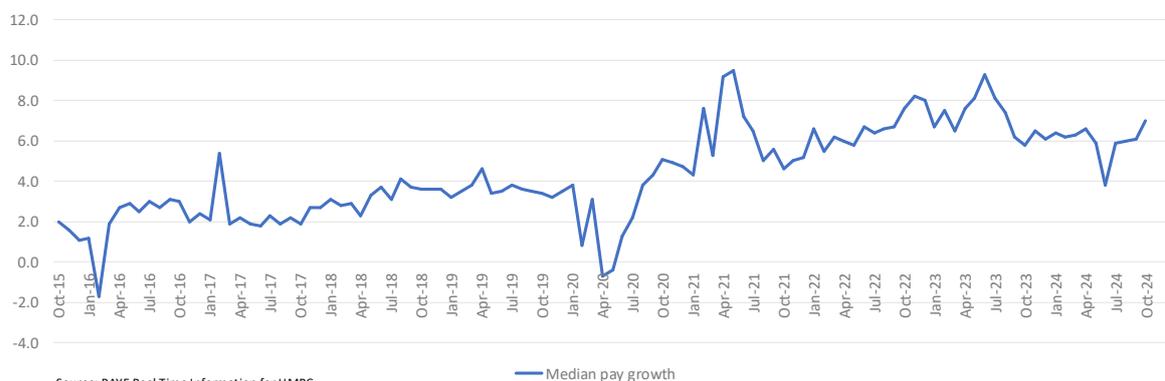
Source: Vacancy Survey from the Office for National Statistics

3. Wage Growth and Inflation Adjustments:

- o Average earnings was **5.2%** annually for regular pay (excluding bonuses), with real-term (inflation-adjusted) growth at 2.2%.
- o Please note that the ONS Labour Force Survey (LFS) estimates have been affected by increased volatility, resulting from smaller achieved sample sizes, meaning the estimates of change should be treated with additional caution.

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 Nov 2024 (estimated)

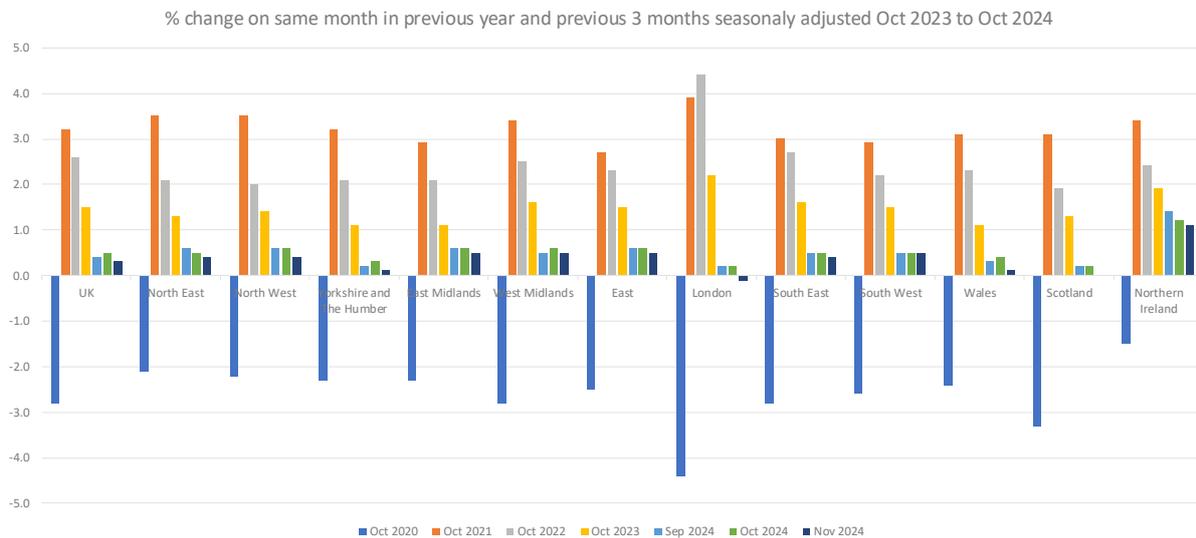


Source: PAYE Real Time Information for HMRC

4. Regional Employment Variations:

- o Employment increased notably in the East of England (+70,000), North West (+51,000) and London (+48,000). Some regions, however, experienced declines, such as the South East (-15,000), Yorkshire and Humber (-3,000), and the South West (-1,000).
- o Unemployment also rose in certain regions, with London experiencing the highest increase (+36,000).

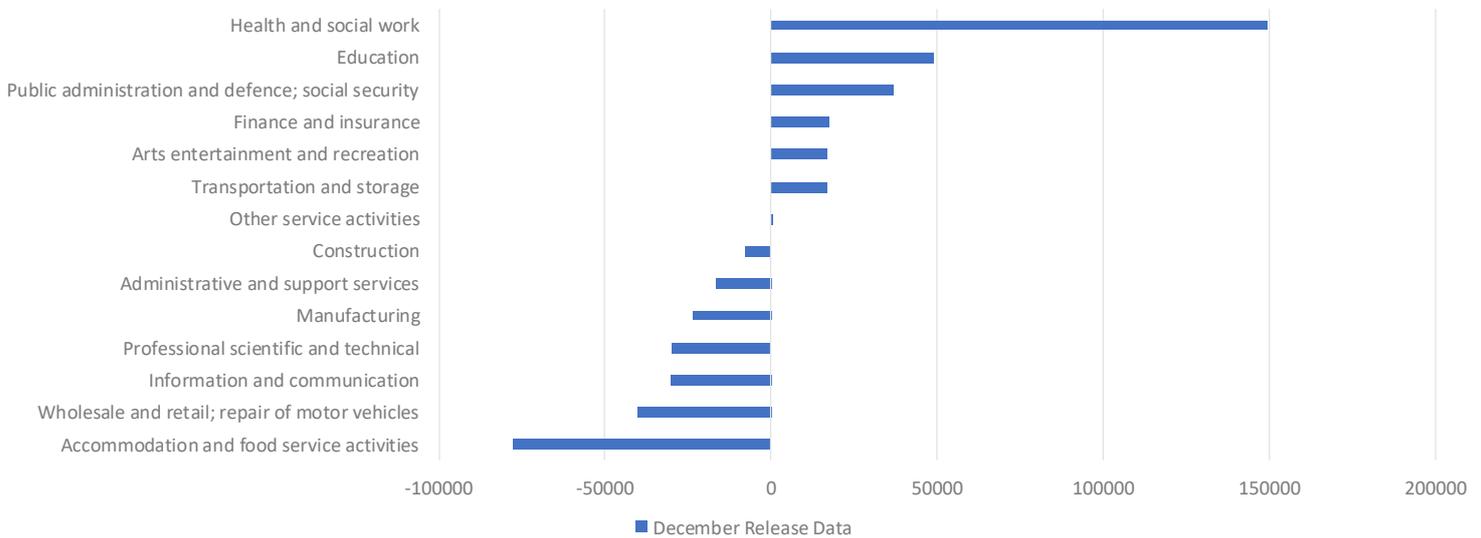
Higher growth still seen in Northern Ireland, but employee growth declines in other regions in line with UK average



Sector-Specific Vacancy and Pay Trends:

- **Sector Vacancies:** Sectors with the highest demand include Human Health and Social Work (143,000), Wholesale and Retail and Motor Trade (95,000) and Accommodation and Food Services (90,000). High vacancy rates in these sectors could mean stiffer competition for businesses needing similar skill sets.
- **Pay Trends by Sector:** Pay growth was highest in manufacturing (+6.0%) and retail, hotels, and restaurants (+5.4%), while the public sector, excluding financial services, saw the lowest growth (+4.3%).

Payrolled employees, absolute change on November 2023 seasonally adjusted UK,
November 2024



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: *"The labour market is showing signs of moderate growth, based on ONS Labour Force Survey. This reported trend signals a return to pre-pandemic hiring levels, whilst businesses navigate economic uncertainty and rising employment costs."*

Seasonal hiring remains strong, but there are concerns over regulatory changes which could limit job flexibility and future growth. Partnering with a recruitment specialist can help businesses navigate these challenges by providing access to a wider talent pool and offering expertise in managing workforce fluctuations."

Reacting to the latest ONS Labour Market data, **Jane Gratton, British Chambers of Commerce Deputy Director Public Policy**, said: *"News that wages have been rising faster will be a concern for businesses as they continue to grapple with the huge increase in employment costs announced in the autumn Budget. The unemployment rate remains unchanged, showing ongoing challenges in the labour market."*

"Higher employer National Insurance Contributions and an increase in the national living wage from next April, means firms are facing difficult decisions. Many say they will have to raise prices, put recruitment and investment plans on hold and look for other ways to reduce their costs."

"Although the level of vacancies in the economy is now fast approaching the pre-pandemic level, this does not mean the recruitment crisis is over. Our latest [research](#) shows that over three quarters of SMEs are still struggling to find staff with the skills they need."

"With firms reconsidering their recruitment plans due to rising employment costs, there is a risk this could impact the labour market in the months ahead. But it is crucial the Government continues to take action to tackle the skills crisis, boost workforce health and ease economic inactivity."



LET'S WORK TOGETHER



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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