

# UNEMPLOYMENT FALLS marginally

*"The labour market shows a gradual slowdown, with vacancies still above pre-pandemic levels, while pay rates remain high due to last year's inflation. The new Government's plans for Apprenticeship Levy reform and Skills England are promising but need to prioritise local needs over top-down solutions.*

*"To effectively support all workers, especially those looking for flexible work arrangements and new opportunities, it's essential to make sure that employment protection reforms do not create barriers for jobseekers and promote partnerships with businesses."*

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

This month's labour market figures show that the number of vacancies is continuing to fall, although these are still 11.0% higher than in January to March 2020. Vacancies decreased on the quarter for the 25th consecutive period but are still above pre-coronavirus (COVID-19) pandemic levels.

The unemployment rate is slightly below that of a year ago, while there was a modest increase in both the total number of people in employment and the number of payrolled employees in the latest quarter. The UK employment rate (for people aged 16 to 64 years) was estimated at 74.5% in April to June 2024, below estimates of a year ago, but increased in the latest quarter. The UK unemployment rate (for people aged 16 years and over) was estimated at 4.2% in April to June 2024, below estimates of a year ago, and decreased in the latest quarter. The UK economic inactivity rate (for people aged 16 to 64 years) was estimated at 22.2% in April to June 2024, above estimates of a year ago, but largely unchanged in the latest quarter.

Economic inactivity remains stubbornly high, particularly regarding the 2.8 million long-term sick. Ill health affects lives and stunts growth so there is an indisputable case for business and Government to work together to improve the health of people in work. Employers can play a more proactive role in the health of their workforce, but the tax system discourages it. At the Autumn Budget, the Government can make a difference through action on

employee health tax incentives. Making Employee Assistance Programmes fully tax-free would complement the Government's Back to Work plan by preventing people from becoming economically inactive in the first place. Today's CBI analysis suggests that every £1 on this measure would generate £10 for the economy.

There has been a slight slowing in the annual growth in regular earnings in the three months to June 2024 to 5.4%, although this remains relatively strong. Total earnings growth has dropped sharply over the same period because of last year's NHS one-off bonus payments. Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 5.4% in April to June 2024, and annual growth in total earnings (including bonuses) was 4.5%. This total annual growth rate is affected by comparing with a period including June 2023 when the NHS one-off bonuses were paid. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)) for regular pay was 2.4% in April to June 2024, and for total pay was 1.6%.

Please note: Increased volatility of LFS estimates, resulting from smaller achieved sample sizes, means that estimates of quarterly change should be treated with additional caution.

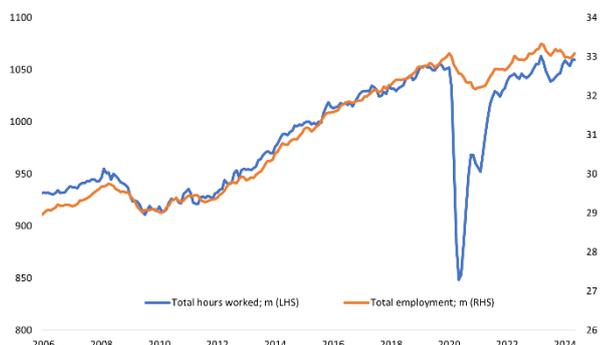
**Exhibit 1** Vacancies (000s)



Source: ONS August 2024 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	74.5%	33,094	+97,000 (+0.3%)	-69,000(-0.2%)
Unemployment** (ILO)	4.2%	1,435	-51,000 (-3.4%)	-25,000 (-1.7%)
Youth unemployment (16-24)	13.4%	560	+21,000 (3.9%)	+27,000 (+5.1%)

**Exhibit 2** Employment vs actual weekly hours worked (millions)



Source: ONS August 2024 labour market statistics

### Employment rate increases and vacancies continue to fall...

- The official measure of employment shows an increase of 97,000 in the three months to June 2024, compared with the previous quarter and a decrease of 69,000 on the same period a year ago. The employment rate is up on the quarter (-0.1%) and down on the year (-0.7%), standing at 74.5%.
- Male employment decreased by 23,000 on the quarter to June 2024, while female employment increased by 120,000 in the same period. On the year, male employment decreased by 192,000 and female employment decreased by 122,000. The only age group to see a decrease in employment levels on the quarter were those aged 25-34 (-1,000) while those aged 16-24, 35-49, 50-64 and 65+ all saw an increase in employment levels (+15,000, +33,000, +13,000 and +36,000 respectively).
- The number of employees working full-time decreased (-83,000) while the total number of employees working part-time increased (+124,000). The number of self-employed people working full-time increased by 18,000 and the number of self-employed people working part-time increased by 4,000.
- Estimates for payrolled employees in the UK increased by 14,000 (0.0%) between May and June 2024, and rose by 227,000 (0.8%) between June 2023 and June 2024. The early estimate of payrolled employees for July 2024 increased by 24,000 (0.1%) on the month and increased by 252,000 (0.8%) on the year, to 30.4 million. The July 2024 estimate should be treated as a provisional estimate and is likely to be revised when more data are received next month.
- There are 884,000 vacancies in the economy – 26,000 fewer than in the previous quarter. There are 141,000 fewer vacancies now than a year ago. Vacancies decreased on the quarter for the 25th consecutive period but are still above pre-coronavirus (COVID-19) pandemic levels.
- The largest number of jobs available are in Health and Social Care sector (158,000), the Wholesale and Retail trade, repair of motor vehicles and cycles sector (108,000) and the Accommodation and Food service activities sector (100,000).

- The Health and Social Care sector is the only sector with 3.5 or more vacancies per 100 employees, down from 13 sectors at the peak of shortages in 2022.
- There were an estimated 100,000 working days lost because of labour disputes across the UK in June 2024. The majority of the strikes were in the health and social work sector.

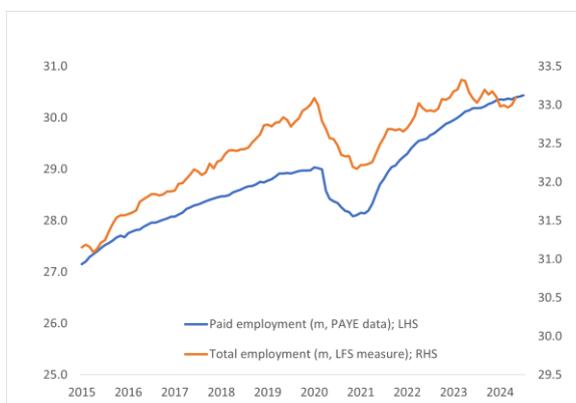
### ...while the unemployment rate decreases

- Official data shows that, in the three months to June 2024, unemployment levels decreased by 51,000 to stand at 1.43 million. The unemployment rate decreased by 0.2% on the last quarter and stands at 4.2%. There are 25,000 fewer unemployed people in the same period a year ago.
- The redundancy rate increased by 0.7% in the quarter to June 2024 and stands at 3.8%.
- The number of those who are economically inactive increased by 27,000 compared to the previous quarter and has increased by 350,000 compared to the same time last year. The inactivity rate is now 22.2%. The increase on the year is driven by those who are economically inactive and do not want a job (+293,000).

### Pay growth continues to soften

- Nominal pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 5.4% on the year in the three months to June 2024 (the less volatile three-month rolling basis). This continues the falling trend that we've seen over the last 3 months.
- In the three months to June, nominal regular pay growth stood at 5.2% in the private sector. In the public sector, nominal pay growth stood at 6.0%.
- Across the different sectors, nominal annual regular pay growth was strongest in Finance and Business Services (+6.2%) and Manufacturing (+6%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation, on the less volatile three-month rolling basis) stood at 2.4% on the year.

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



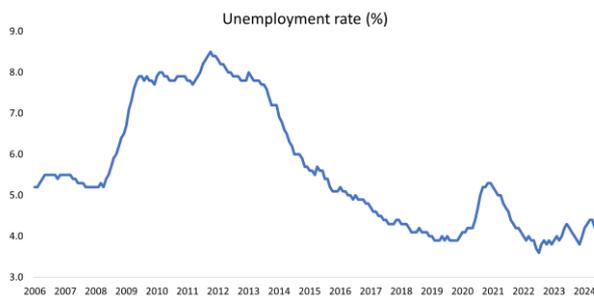
Source: ONS August 2024 labour market statistics

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



Source: ONS August 2024 labour market statistics

**Exhibit 5** Unemployment rate (%)



Source: ONS August 2024 labour market statistics

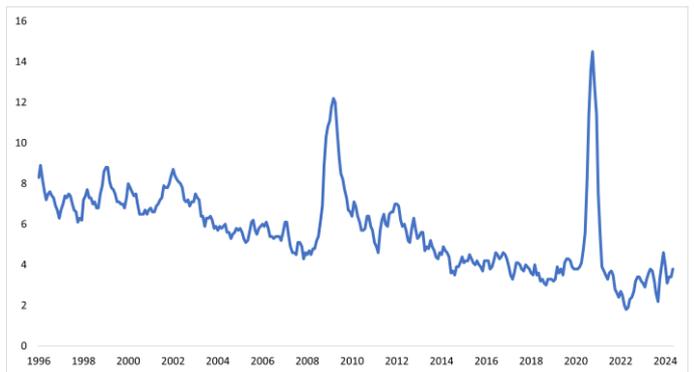
**A mixed picture in employment levels across regions and nations...**

- In the three months to June 2024, employment levels increased most significantly in London (+52,000), the South West (+46,000), Scotland (+26,000), the East Midlands (+25,000), and the South East (+16,000).
- Employment levels fell most significantly in Wales (-23,000) and Yorkshire and the Humber (-23,000).

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

- In the three months to June 2024, unemployment increased most significantly in London (+37,000).
- Unemployment remains broadly unchanged in Wales (+6,000), the South West (+6,000), the North East (+3,000), Scotland (+1,000), Yorkshire and the Humber (-2,000) and Northern Ireland (-2,000).
- Unemployment levels decreased most significantly in North West (-48,000) and the East (-19,000), the South East (-17,000) and the East Midlands (-11,000).

**Exhibit 6** Redundancy rate (%)



Source: ONS August 2024 labour market statistics



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**The next Labour Market Update will be published on 10<sup>th</sup> September**

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