

PAY GROWTH SOFTENS WHILE VACANCIES CONTINUE TO FALL

The latest ONS data cover the period from September to November 2023 and show a labour market that remains tight overall but continues to soften. The employment rate, unemployment rate and economic inactivity remained broadly unchanged from the last quarter (75.7%, 4.2% and 20.9% respectively). Vacancies have fallen for the seventeenth consecutive month. Real time Pay-As-You-Earn data for November 2023 remained unchanged – with 30.2 million payrolled employees in the labour market.

The number of vacancies continues to fall – with 45,000 fewer vacancies on the quarter to 949,000. Vacancies have been falling for seventeen months but remain higher than pre-pandemic levels.

Growth in regular pay was 7.3% in the quarter to October 2023 – slightly down on the previous period, but is still among the highest annual growth rates since comparable records began in 2001. In real terms, annual growth for real pay rose on the year by 1.3%.

Please note: because of the increased uncertainty around the Labour Force Survey estimates, today's data is an alternative series of estimates of UK employment, unemployment, and economic inactivity as experimental statistics. Unadjusted Labour Force Survey data are not published and therefore some of the usual statistics included in this Update are not included today.

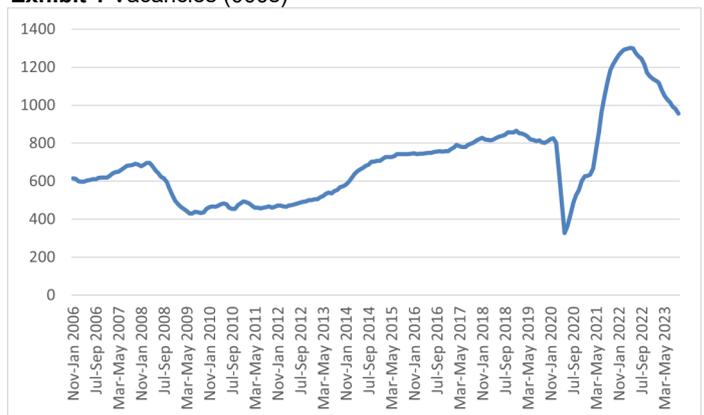
Employment rate remains unchanged while the number of vacancies continues to fall...

- Experimental estimates for August to October 2023 show the UK employment rate remained at 75.7%.
- Experimental estimates for August to October 2023 show a largely unchanged figure for the UK unemployment rate—standing at 4.2
- Experimental estimates for August to October 2023 show a largely unchanged figure to the UK economic inactivity too—standing at 20.9%.
- In September to November 2023, the estimated number of vacancies in the UK fell by 45,000 on the quarter to 949,000. Vacancies fell on the quarter for the 17th consecutive period.
- There were 131,000 working days lost because of labour disputes across the UK in October 2023. The majority of the strikes were in the health and social work sector.

Pay growth softens but remains above inflation

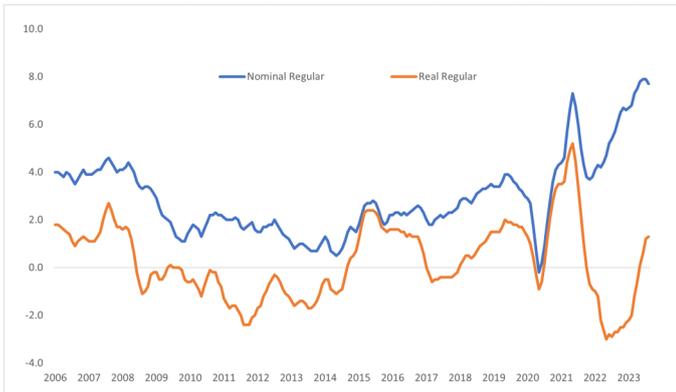
- Nominal regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 7.3% on the year in the three months to October 2023 (the less volatile three-month rolling basis).
- In the three months to September 2023, nominal regular pay growth stood at 7.3% in the private sector (down by 0.6% from the previous quarter). In the public sector, nominal pay growth stood at 6.9% (down by 0.5% from the previous quarter).
- Across the different sectors, nominal annual regular pay growth was strongest in finance (+8.3 - down by 0.9% from last quarter), services (+7.4% - down by 0.5% from the previous quarter), manufacturing (+7.4% - down by 0.3% points from the previous quarter), wholesaling, retailing, hotels and restaurants (+7.0% - up by 0.4% from the previous quarter) and construction (+5.2% - down by 0.6% from the previous quarter).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) has increased 0.1% points on the previous quarter (on the less volatile three-month rolling basis) – and is at 1.4% on the year.
- Real regular pay for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) is at 1.5%, up by 0.4% from last quarter.

Exhibit 1 Vacancies (000s)



Source: ONS December 2023 labour market statistics

Exhibit 2 Real regular pay and nominal regular pay growth (%)



Source: ONS December 2023 labour market statistics



ABOUT THE SPONSOR

“The job market is showing a slight slowdown, with fewer job openings and employment opportunities.

“Despite this, the market remains strong, indicating that finding a job is still competitive. As salary increases slow down, there’s a chance for employers to make thoughtful adjustments, creating a dynamic environment that supports long-term growth and improves workforce development.”

Carmen Watson, Chairperson, Pertemps Ltd

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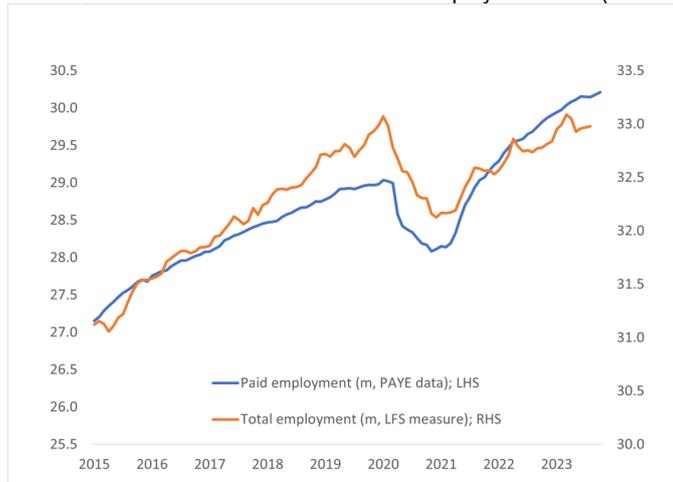
The next Labour Market Update will be published on **16th January 2024.**

Exhibit 3 Unemployment rate (%)



Source: ONS December 2023 labour market statistics

Exhibit 4 PAYE real time data vs official employment data (millions)



Source: ONS December 2023 labour market statistics