

# “ LET'S WORK TOGETHER



**Pertemps  
Network**



British  
Chambers of  
Commerce

## Labour Market Update: Key Takeaways for Small Business Owners

The latest data from the Office for National Statistics (ONS) for February to April 2024 gives us a snapshot of the current labour market. Here's what you need to know:

	Rate	Number (000s)	Change on quarter (%change)	Change on year (%change)
<b>Employment (000s, aged 16 - 64)</b>	74.3%	32,697	-139,000 (-0.4%)	-359,000 (-1.1%)
<b>Unemployment (000s, aged 16+)</b>	4.4%	1,510	+138,000 (+10%)	+157,000 (+11.6%)
<b>Economically inactive (000s, aged 16 to 24)</b>	22.3%	9,434	+132,000 (+1.4%)	+385,000 (+4.3%)
<b>Redundancy Rate (000's aged 16+)</b>	3.4%	98	-33,000 (-1.2%)	+5,000 (+0.2%)

Source: Labour Force Survey from the Office for National Statistics

### 1. Overall Trends:

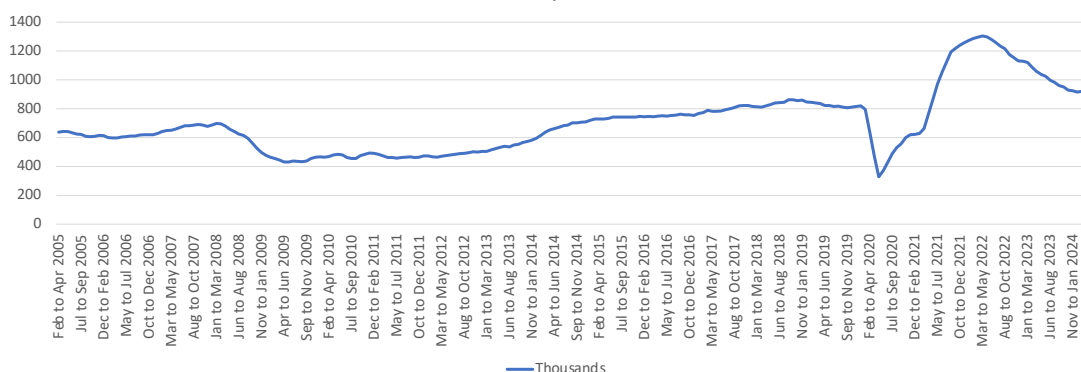
- **Market Overview:** The labour market is showing signs of loosening, but it remains a mixed picture. Earnings growth remains relatively strong. However, the number of vacancies has dropped, and unemployment has risen slightly.
- **Employment Decline 74.3%:** The employment rate for people aged 16 to 64 was estimated at 74.3%, which is lower than last year and has decreased from the previous quarter.
- **Unemployment Rate 4.4%:** The unemployment rate for people aged 16 and over was estimated at 4.4%, higher than last year and up from the previous quarter.
- **Economic Inactivity 22.3%:** The economic inactivity rate for people aged 16 to 64 is now 22.3%, also higher than last year and up from the previous quarter. The redundancy rate has softened on the quarter but still slightly higher than the rate a year ago.

### 2. Payroll Insights:

- **Employee Numbers:** The early estimate for May 2024 shows a slight decrease of 3,000 (0.0%) on the month but an increase of 167,000 (0.6%) on the year, totalling 30.3 million. These May estimates are provisional and may be revised.
- **Job Vacancies:** The estimated number of vacancies decreased by 12,000 on the quarter to 904,000. This marks the 23rd consecutive period of falling vacancies, yet they remain above pre-pandemic levels.

The estimated number of vacancies fell on the quarter to 904,000

Number of vacancies in the UK, seasonally adjusted, February to April 2005 to March to May 2024



Source: Vacancy Survey from the Office for National Statistics

### 3. Challenges for Small Businesses:

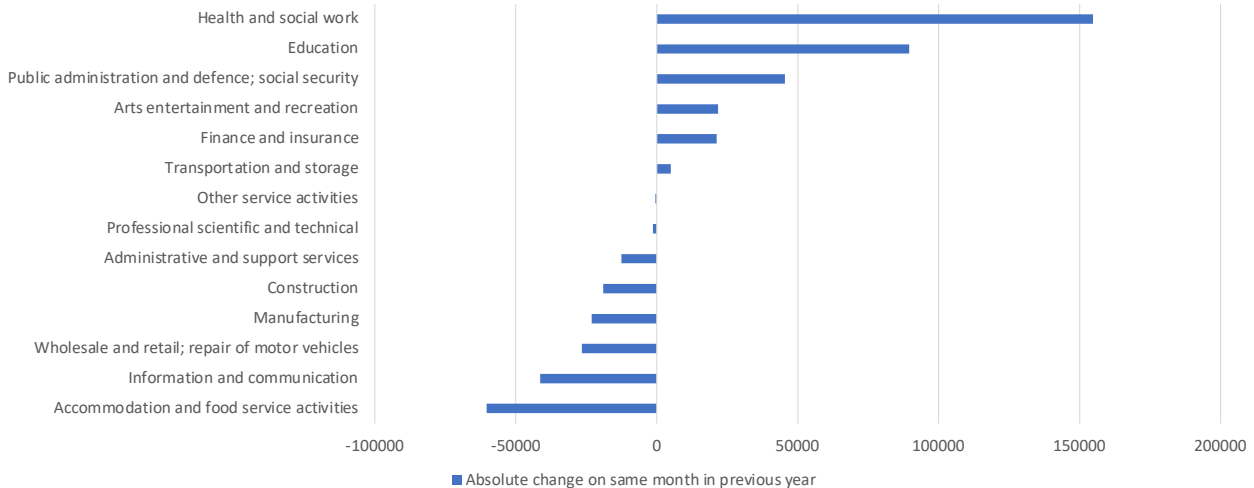
- **Hiring Issues:** Many small businesses still find it difficult to hire the right people, causing wages to rise faster than inflation and pushing up prices.
- **Market Dynamics:** Despite the cooling labour market, labour shortages remain a significant challenge for businesses. Addressing these shortages will require a mix of policy changes, such as removing barriers to work, investing in technology and enhancing lifelong learning.

### 4. Key Observations:

- **Employment Rates:** Employment decreased by 139,000 in the three months to April 2024 compared to the previous quarter and by 359,000 compared to a year ago. The employment rate is now 74.3%.
  - o **Gender Breakdown:** Male employment decreased by 142,000 this quarter, while female employment increased by 3,000. Over the year, male employment decreased by 322,000, and female employment decreased by 37,000.
  - o **Age Groups:** Employment increased for those aged 65+ (+60,000), but decreased for those aged 16-24 (-29,000), 25-34 (-6,000), 35-49 (-23,000), and 50-64 (-141,000).
  - o **Job Types:** The number of full-time employees decreased by 175,000, while part-time employees increased by 38,000. Self-employed full-time workers increased by 36,000, but part-time self-employed workers decreased by 20,000.

## 5. Sector Insights:

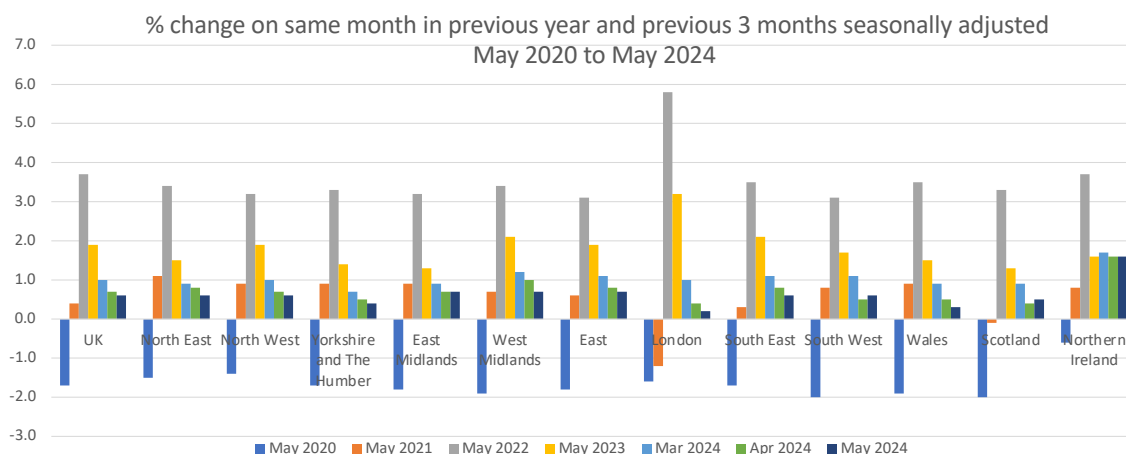
Payrolled employees, absolute change on May 2023 seasonally adjusted, UK May 2024



- **Vacancies:** The largest number of job openings are in Human Health and Social Care (162,000), Wholesale and Retail (109,000), and Accommodation and Food Services (102,000). Acute job shortages are most notable in hospitality and health & social care.
- **Strikes:** There were 17,000 working days lost to strikes in April 2024, mainly in health and social work.

## 6. Regional Differences:

Regional employee growth fell across the UK over 2020 & 2021, but subsequently recovered across all regions.



Source: PAYE Real Time Information for HMRC

- **Employment Levels:** Employment rose in the East Midlands (+54,000), West Midlands (+32,000), and the South West (+30,000). However, it fell in London (-113,000), Yorkshire and the Humber (-40,000), Wales (-12,000), and Scotland (-34,000). Northern Ireland saw a slight increase (+4,000).

- **Unemployment Levels:** Unemployment increased in most regions except the East (-4,000), Wales (-9,000), and the South East (-10,000). The greatest increases were in the North West (+21,000), London (+58,000), and the West Midlands (+31,000).

## 7. Pay Trends:

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, July 2015 to May 2024 (estimated)



- **Pay Growth:** Nominal pay growth (excluding bonuses) was 6.0% in the year to April 2024, unchanged from the previous month. Pay growth in the private sector was 5.8%, slightly down from the previous month, while in the public sector, it was 6.4%.
- **Sector Pay:** The highest pay growth was in Finance and Business Services (+6.9%), Manufacturing (+6.5%), and Services (+6.1%), with the lowest in Construction (+2.9%).
- **Real Pay:** Adjusted for inflation, real regular pay growth was 2.9% over the year and 2.6% for single-month changes.

In conclusion, while the labour market is gradually cooling, small businesses continue to face challenges in hiring and managing costs. Improving access to training and addressing skill shortages are key to helping businesses thrive.

Carmen Watson, Chair of Pertemps Network Group, said: *“For the UK to stay competitive, we need to focus on building a skilled and high-quality workforce. Both employers and the Government must realise that taking care of employees is essential for business success.”*

*“Businesses should team up with recruiters to find the right people in a smarter way. The Government needs to create policies that address what workers really want and the challenges they face today, not just rely on old ideas.”*

Jane Gratton, Deputy Director Public Policy at the British Chambers of Commerce, responds to the latest labour market data:

*"There are further signs that the labour market is cooling as vacancies continue to fall and unemployment ticks up. However, this has yet to translate into any noticeable weakening of growth in real wages.*

*"This would suggest that competition for skills is still strong, and the substantial cost pressures of wages and interest rates will continue for longer. The rise in the number of economically inactive is also a cause for concern.*

*"The BCC's election manifesto is clear that better skills planning is needed across the UK to boost productivity and growth. We must improve the training of staff, unlock the talent of people who have stopped looking for work and find ways to support the long-term sick back into employment.*

*"Getting the strong economic growth we all want to see will only be possible when the skills and workplace challenges are resolved."*

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