

“ LET'S WORK TOGETHER



April 2025

**Pertemps
Network**



British
Chambers of
Commerce

Labour Market Trends: December to February 2025

Our latest look at labour market trends shows that in the three months to February 2025, wage growth across the economy showed signs of plateauing but remains strong. Unemployment and employment levels both increased, while inactivity fell, but is still stubbornly high. The labour market picture fundamentals therefore, stay the same, and removing labour market barriers should continue to be a focus.

Key Labour Market Indicators

	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment (000s, aged 16-64)	75.1%	33,996	+206,000 (+0.6%)	+683,000 (+2.1%)
Unemployment (000s, aged 16+)	4.4%	1,574	+14,000 (+0.9%)	+114,000 (+7.8%)
Youth Unemployment (000s aged 16-24)	14.6%	643	+14,000 (+0.9%)	+121,000 (+23.2%)

Source: Labour Force Survey from the Office for National Statistics

Overall Trends:

- **Market Overview:** In the three months to February 2025, wage growth across the economy remained strong, unemployment and employment levels both increased, while inactivity fell but is still stubbornly high.
- **Employment rate 75.1%:** The employment rate for ages 16-64 is at 75.1%. This is up on the quarter and above estimates from last year.
- **Unemployment rate 4.4%:** The unemployment rate for ages 16+ remains at 4.4%. This is up on the quarter and above estimates from last year.
- **Economic Inactivity 21.4%:** The economic inactivity rate (people not seeking work) slightly decreased to 21.4%, 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 is at **75.1%**, this is up on the quarter and above estimates from last year.
- o The UK unemployment rate for people aged 16+ remains at **4.4%**. This is up on the quarter and above estimates from last year.

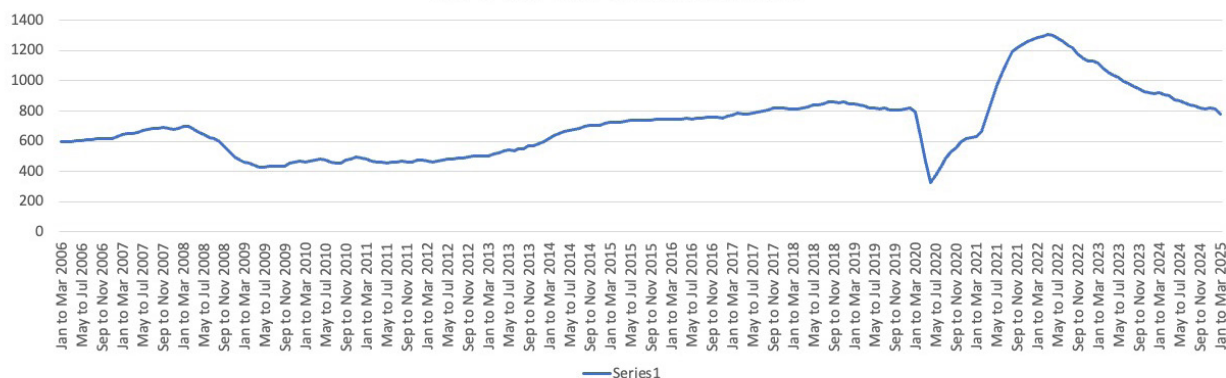
2. Economic Inactivity and Vacancies:

UK economic inactivity rate for people ages 16-64 years was estimated at 21.4% between December to February 2025, slightly down on the quarter and the year.

- o The overall economic inactivity rate (people not seeking work) slightly decreased to 21.4%, mainly due to fewer individuals citing caring responsibilities or health issues as reasons for inactivity.
- o Vacancies fell by 26,000 in the last quarter to 781,000, continuing a 33-period trend of declining job openings.

The estimated number of vacancies decreased on the quarter to
781,000

Number of vacancies in the UK, seasonally adjusted,
Jan to Mar 2006 to Jan to Mar 2025



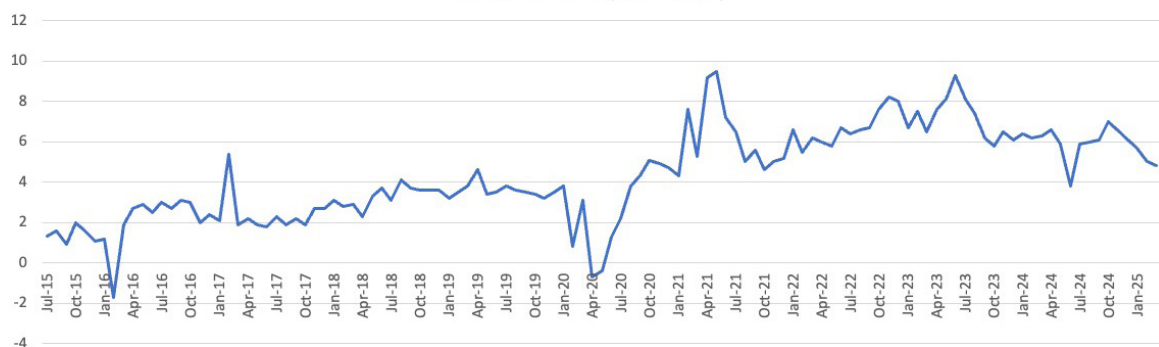
Source: Vacancy Survey from the Office for National Statistics

3. Wage Growth and Inflation Adjustments:

- o The annual growth in total earnings (including bonuses) was 5.6%.
- o Average earnings were 5.9% annually for regular pay (excluding bonuses), with real term (inflation adjusted) growth at 2.1%.

The rate of growth in Median Pay is largely lower in 2024 than the high rates seen through 2023

Percentage change month-on-month in previous year, seasonally adjusted, UK, July 2015
to March 2025 (estimated)

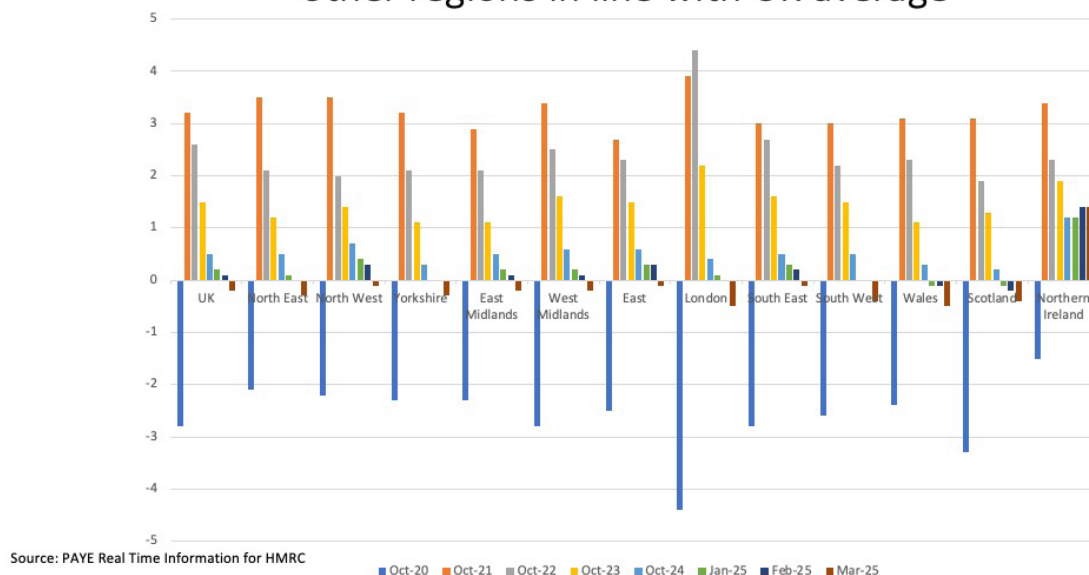


Source: PAYE Real Time Information for HMRC

4. Regional Employment Variations:

- o Employment has continued to increase in the South West (+101,000), the South East (+59,000) and North West (+53,000). Some regions, however, experienced declines, such as London (-47,000), East Midlands (-38,000) and the North East (-17,000)
- o Unemployment rose in certain regions, notably East of England, East Midlands and London. However, the South West saw a drop of 18,000.

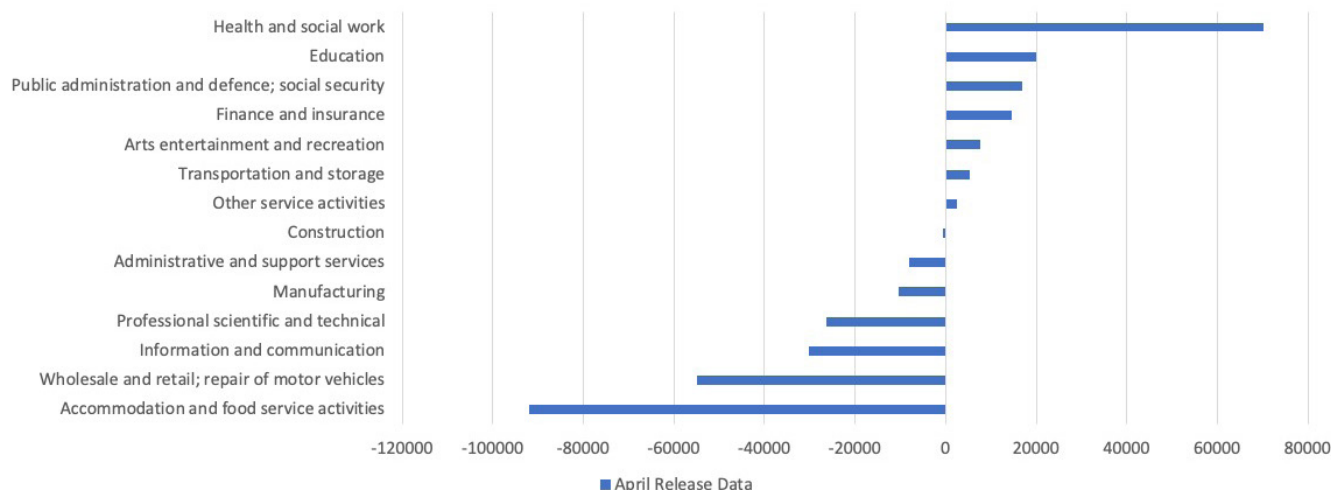
Higher growth still seen in Northern Ireland, but employee growth declines in other regions in line with UK average



5. Sector-Specific Vacancy and Pay Trends:

- **Sector Vacancies:** Sectors with the highest demand include human health and social worker (135,000), wholesale and retail and motor trade (100,000) and accommodation and food service activities (84,000).
- **Pay Trends by Sector:** Pay growth was joint highest in wholesaling, retailing, hotels and restaurants (6.8%), The public sector (excluding financial services) had relatively strong rates of wage growth (6.8%) compared to other sectors, joint second with construction.

Payrolled employees, absolute change on March 2024, seasonally adjusted UK, March 2025



This streamlined report provides you with insights into the labour market's current state, 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: *"Businesses continue to face persistent recruitment challenges, with rising labour costs – including the recent minimum wage increase – adding further strain. While some are maintaining or increasing investment in staff, overall growth remains subdued. In a tight and competitive labour market, finding the right talent is more complex than ever. That's why businesses should use a trusted recruitment partner – to save time, reduce risk and secure the skills they need to succeed."*

Reacting to the latest labour market data, published by the ONS, **Jane Gratton, Deputy Director of Public Policy at the British Chambers of Commerce**, said: *"The labour market continues to be a significant pressure bearing down on businesses of all sizes."*

"The rising cost of employment is a major challenge for employers. While wage growth, including bonuses, has eased once again, it continues to significantly outpace inflation. Added to this, the employer national insurance hike this month has ramped up staffing costs. It will be some time before we will fully understand the true impact of these increases on jobs, investment, and the extent to which firms can absorb and adjust to the rising costs."

"Vacancies have fallen on the quarter, underlining our latest research which shows workforces aren't growing. Recruitment remains a huge challenge and labour costs are forcing businesses to put up their prices."

"The government must ease the cost pressures on businesses, so they have the freedom to recruit and invest in a skilled workforce. The recent announcement on construction training investment by the Chancellor was welcome. However more flexibility in the skills system is needed to boost training and development across the economy."

“ 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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