

# VACANCY NUMBERS PLATEAU AND UNEMPLOYMENT LEVELS RISE TO HIGHEST LEVEL IN FOUR YEARS

*“The labour market continues to show resilience despite a slower pace over the summer, but the coming months will be critical for rebuilding confidence and driving growth. The Autumn Budget presents a real opportunity to support employers and encourage investment in people and skills. Businesses that stay proactive and plan ahead will be best placed to thrive – and working with a trusted recruitment partner can provide the market knowledge and agility needed to secure the right talent for the future.”*

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

In the three months to August 2025, unemployment and employment levels both increased, the number of people recorded as being economically inactive rose while the rate stayed the same, and wage growth in the private sector has continued to slow. Vacancy levels also fell for the 39<sup>th</sup> consecutive period, albeit at a slower rate. Consequently, the labour market picture is broadly unchanged, and creeping unemployment levels remain a top concern.

The UK employment rate (for people aged 16 to 64 years) was estimated at 75.1% in the period between June 2025 and August 2025, which is slightly down on the quarter but up on the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.8% in the three months to August 2025, an increase on the year and quarter.

The UK economic inactivity rate for people aged 16 to 64 years old was recorded as being 21.0% in the quarter to August 2025, which is unchanged on the quarter but down on the year. The provisional estimate for the number of vacancies in the UK economy in the three months to September 2025 is 717,000, representing a decrease on the quarter (-9,000) and the year (-115,000). This is the second smallest quarterly decline since the middle of 2022.

Estimates for payrolled employees in the UK fell by 93,000 (-0.3%) between August 2024 and August 2025 but increased by 10,000 (0.0%) between July 2025 and August 2025. The early estimate of payrolled employees for September 2025 decreased by 100,000 (-0.3%) on the year, and by 10,000 (0.0%) on the month, to 30.3 million. The September 2025 estimate should be treated as a provisional estimate and is likely to be revised when more data is received next month.

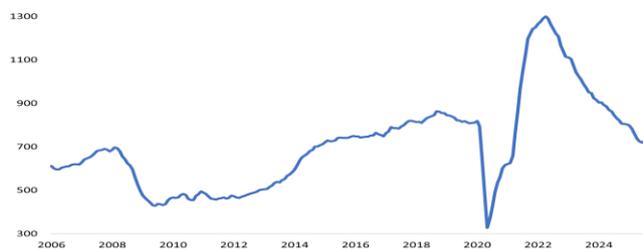
Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 4.7% in the three months to August 2025, and annual growth in total earnings (including bonuses) was 5.0%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)), for regular pay and total pay stood at 0.6% and 0.8%, respectively, across the same period.

This month's data reflects many of the trends seen previously. Employment levels rose again and wage growth in the private sector has continued to fall, indicating that low levels of productivity and rising business costs are having a material impact on the sorts of salary increases that firms can afford. There are also some new stories emerging, including the number of vacancies levelling off after a prolonged period of decline, and unemployment has hit its highest level in over four years.

Despite some promising messages, the data highlights that there are still challenges confronting the UK labour market which threaten the growth mission. Moreover, while recent funding commitments to tackle youth unemployment are welcome, the Government could address the source of the problem more meaningfully by updating their approach to different policies. This includes acting on business feedback and making the necessary changes to the Employment Rights Bill.

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

**Exhibit 1** Vacancies (000s)



Source: ONS October 2025 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	34,221	+91,000 (+0.3%)	+473,000 (+1.4%)
Unemployment** (ILO)	4.8%	1,737	+64,000 (+3.8%)	+297,000 (+20.6%)
Youth unemployment (16-24)	14.5%	655	+27,000 (+4.3%)	+61,000 (+10.3%)

Source: ONS October 2025 labour market statistics, \*Rate for those aged 16-64 \*\*Rate for those aged 16 and over

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



Source: ONS October 2025 labour market statistics

### Employment levels rose again, and slowing job demand is showing signs of easing

- The official measure of employment increased in the three months to August 2025 (+91,000) to 34.2 million, which is higher than estimates from this time twelve months ago (+473,000). The employment rate is slightly down on the quarter but up on the year, sitting at 75.1%.
- Male employment is broadly unchanged on the quarter (+2,000) and up on the year (+248,000), sitting at 17.6 million. Female employment is estimated at 16.6 million, which represents an increase on the quarter (+90,000) and the year (+225,000).
- In the quarter to August 2025, employment level changes across age groups were mixed. Levels rose across people aged 65 and over (+107,000), 18 to 24 year olds (+54,000) and 16 to 17 year olds (+25,000), but fell in 25 to 34 year olds (-49,000), 35-49 year olds (-35,000) and 50 to 64 year olds (-10,000).
- The number of employees working full-time has not changed significantly over the quarter (-5,000) but is up on the year (+263,000), sitting at 22.5 million. The number of employees working part-time is estimated at 7.1 million, representing an increase on the quarter (+105,000) and to a lesser extent the year (+53,000).
- The number of self-employed people working full-time (3.0 million) is broadly unchanged on the quarter (-4,000) but up the year (+69,000). The 1.5 million self-employed working part-time is slightly down on the quarter (-9,000) but up on the year (+66,000).
- In the three months to August 2025, there were 728,000 vacancies across the economy, representing a moderate fall on the quarter (-11,000) and a larger decrease on the year (-119,000).
- Provisional estimates for September 2025 indicate that, excluding total services, the human health and social work activities sector continues to report the most vacancies (126,000), followed by the wholesale and retail trade and repair of motor vehicles and motorcycles sector (93,000). Vacancy levels in other sectors ranged from 1,000 (mining and quarrying) to 76,000 (professional scientific and technical activities).
- The largest quarterly and yearly change in vacancy levels was recorded in the human health and social work activities sector (-10,000) and the total services sector (-92,000), respectively. Vacancies decreased in 9 of the 18 industry sectors.
- The highest number of vacancies per 100 employees was in the water supply, sewerage, waste and remediation activities sector (3), followed by finance and insurance services activities and accommodation and food service activities sectors (both 2.9).
- There were an estimated 15,000 working days lost because of labour disputes across the UK in August 2025.

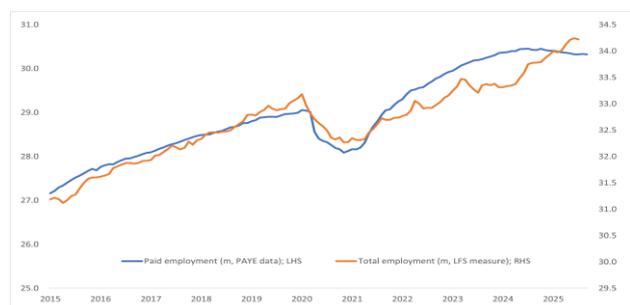
### Unemployment levels hit a four-year high, and there was a slight uptick in economic inactivity

- In the quarter to August 2025, unemployment levels increased to 1.74 million (+64,000). The unemployment rate is slightly up on the quarter and year, sitting at 4.8%. There are 297,000 more unemployed people compared to the same time last year.
- The age group observing the highest unemployment rate continues to be 16-24 year olds (14.5%). Youth unemployment levels are up on the quarter (+27,000) and the year (+61,000).
- On average, 24% of people aged 16 and over who are unemployed have been unemployed for over twelve months. This rises to 26% and 29% in people aged 25-49 and 50+, respectively.
- Redundancy levels were estimated at 113,000 in the three months to August 2025, which is largely unchanged on the quarter (-1,000) but up on the year (+30,000).
- There were an estimated 9.1 million economically inactive 16 to 64 year olds between June 2025 and August 2025. This is slightly up on the quarter (+29,000) but down on the year (-238,000). The inactivity rate is unchanged on the quarter, but lower than this time last year (-0.7%).
- In the quarter to August 2025, there was a slight uptick in economic inactivity related to long-term sickness (+40,000) and to a lesser extent family responsibilities (+22,000).

### Public sector wage growth continues to outpace pay rises in the private sector

- Nominal regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 4.7% on the year in the three months to August 2025 (the less volatile three-month rolling basis).
- In the quarter to August 2025, nominal regular pay growth stood at 4.4% in the private sector, which is down on last month's figure (4.7%). This is the lowest level in over 3 years. In the public sector, nominal pay growth was estimated at 6.0%, up from last month's 5.6%, reflecting certain pay increases being introduced earlier relative to 2024.
- Across different sectors, nominal regular wage growth was strongest in the public sector (excluding financial services) (6.4%), followed by wholesaling, retail, hotels and restaurants (5.9%). The lowest level of wage growth was again recorded in the finance and business services sector (2.9%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) for quarterly changes on the year was 0.6%, which is marginally down on the figure recorded last month (0.7%) and at the same point last year (2.2%). Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.5%, and is unchanged on the month.

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



Source: ONS October 2025 labour market statistics

**In the quarter to August 2025, employment changes were mixed across the UK**

- In the three months to August 2025, employment levels increased the most in the East Midlands (+65,000), followed by London (+45,000) and the West Midlands (+35,000).
- Across the same period, the greatest employment drop was recorded in the East of England (-14,000), South East (-10,000) and South West (-9,000).
- Over the quarter, employment levels rose in England (+148,000), but fell in Wales (-24,000), Scotland (-18,000) and Northern Ireland (-15,000).

**Unemployment levels crept up in several regions and nations over the same period**

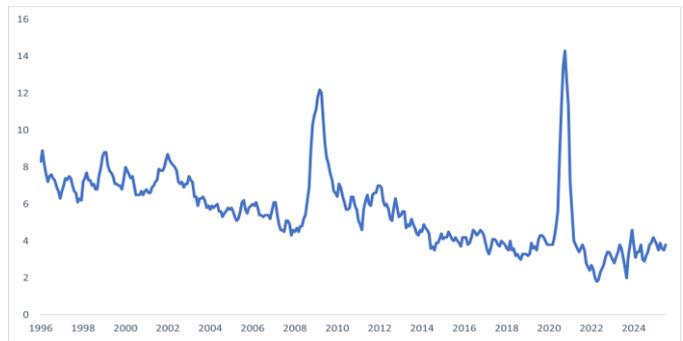
- Between June 2025 and August 2025, unemployment level changes were fairly mixed across the regions and nations.
- In England, the greatest decrease in unemployment levels was recorded in the East Midlands (-11,000), followed by London (-4,000) and the South East (-2,000). Meanwhile, unemployment levels rose the most in the West Midlands (+20,000) and the North East (+18,000).
- In the three months to August 2025, unemployment levels rose in England (+48,000) and to a lesser extent in Wales (+6,000), Scotland (+5,000) and Northern Ireland (+4,000).

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



Source: ONS October 2025 labour market statistics

**Exhibit 6** Redundancy rate (%)



Source: ONS October 2025 labour market statistics

**Exhibit 5** Unemployment rate (%)



Source: ONS October 2025 labour market statistics



**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](mailto: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.

#### About the Sponsor

**Pertemps Network Group**, based in Meriden, West Midlands, is one of the UK's largest privately-owned recruitment agencies. It has a turnover of £1bn and offers immediate and strategic solutions to clients across both the public and private sectors.

It is made up of two elements:

**Pertemps Ltd** – established in 1961 and now with nearly 200 branches and offices nationwide, it operates across a multitude of sectors, supplying diverse roles. The company also specialises in business process outsourcing delivered using a wide range of solutions, such as Master Vendor and Recruitment Process Outsourcing.

**Network Group** – offering specialist recruitment solutions across specific sectors, including IT, legal, finance, healthcare, education, security, medical, construction, manufacturing and engineering.

For further information about Pertemps Network Group, please contact:

**James Wilde**

Head of PR and communications

T: 01676 525250

E: [james.wilde@pertemps.co.uk](mailto:james.wilde@pertemps.co.uk)

The CBI serves as the catalyst between industry and government to drive positive change, speaking for businesses of all sizes and sectors across the whole economy, in every UK region and nation, ensuring sustainable growth for the benefit of society. Our voice represents 170,000 businesses. This includes over 1,100 corporate members, plus nearly 150 trade associations. Our corporate members alone employ over 2.3 million private sector workers.

**For further information or a copy in large text format, please contact:**

**Evie Matthews, Senior Policy Advisor**

E: [evie.matthews@cbi.org.uk](mailto:evie.matthews@cbi.org.uk)

**The next Labour Market Update will be published on 11<sup>th</sup> November.**

October 2025

© Copyright CBI 2025

The content may not be copied, distributed, reported or dealt with in whole or in part without prior consent of the CBI.