

THE JOBS MARKET CONTINUES TO PRESENT SIGNS OF WEAKENING

“The UK job market continues to face significant challenges and uncertainties, with employers navigating the impact of recent National Insurance Contribution (NIC) changes and the anticipated implications of the incoming Employee Rights Bill.

“These shifting regulations are creating additional complexity in workforce planning and cost management. Partnering with a recruitment specialist can help businesses mitigate these risks, ensuring compliance while building a resilient and future-proof talent pipeline.”

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

In the three months to June 2025, unemployment and employment levels rose, the economic inactivity level and economic inactivity rate both fell, and strong wage growth continued to present signs of slowing. Moreover, the number of economically inactive who want a job hit 2 million, and vacancy levels fell for the 37th consecutive quarter. This means that as of last month, vacancy numbers have been falling continually for three years. Trends seen in recent months, therefore, have continued, with slowing wage growth and dampened hiring intentions continuing to be the key messages.

The UK employment rate (for people aged 16 to 64 years) was estimated at 75.3% in the period between April 2025 and June 2025, which is slightly up on the quarter and the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.7% in the three months to June 2025, also up on the year and quarter.

The UK economic inactivity rate for people aged 16 to 64 years old was 21.0% in the quarter to June 2025, marginally down on the year and the quarter. The provisional estimate for the number of vacancies in the UK economy in the three months to July 2025 is 718,000, representing a decrease on the quarter (-44,000) and the year (-145,000).

Estimates for payrolled employees in the UK fell by 149,000 (-0.5%) between June 2024 and June 2025, and by 26,000 (-0.1%) between May 2025 and June 2025. The early estimate of payrolled employees for July 2025 decreased by 164,000 (-0.5%) on the year, and by 8,000 (0.0%) on the month, to 30.3 million. The July 2025 estimate should be

treated as a provisional estimate and is likely to be revised when more data is received next month.

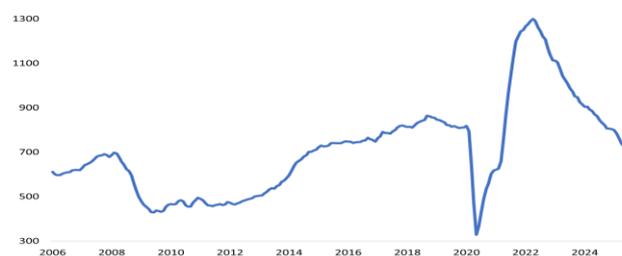
Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 5.0% in the three months to June 2025, and annual growth in total earnings (including bonuses) was 4.6%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)), for regular pay and total pay stood at 0.9% and 0.5%, respectively, across the same period.

This month's data highlights a very similar labour market picture to the one told previously. Wages are continuing to rise in nominal and real terms, but rates of wage growth seen over the past few years are becoming increasingly unaffordable. Another drop in vacancy levels also suggests that the demand for labour is continuing to weaken, and the achievability of the 80% employment target remains in serious doubt.

The widespread impact of rising business costs across the labour market means it is imperative that the Government are mindful when introducing policies that could add to employers' cost base. Firms will be looking for the Chancellor to acknowledge the challenge and trade-offs associated with financial pressures in the fiscal event later this year, and to pull on policy levers that can help unlock business investment in their workforce. This includes making Employee Assistance Programmes (EAPs) fully tax-free benefits, as well as allocating the funding raised through the Immigration Skills Charge to skills and training initiatives.

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)

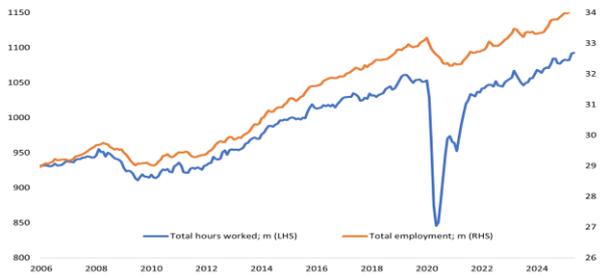


Source: ONS August 2025 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.3%	34,214	+238,000 (+0.7%)	+725,000 (+2.2%)
Unemployment** (ILO)	4.7%	1,672	+59,000 (+3.6%)	+206,000 (+14.0%)
Youth unemployment (16-24)	14.1%	634	+14,000 (+2.3%)	+75,000 (+13.4%)

Source: ONS August 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 August 2025 labour market statistics

Employment levels rose again while job creation continues to fall

- The official measure of employment increased in the three months to June 2025 (+238,000) to 34.2 million, which is higher than estimates from this time twelve months ago (+725,000). The employment rate is up on the quarter and the year, sitting at 75.3%.
- Male employment is up on the quarter (+136,000) and the year (+432,000), sitting at 17.6 million. Female employment is estimated at 16.6 million, which also represents an increase on the quarter (+103,000) and the year (+293,000).
- In the quarter to June 2025, all age groups observed an increase in employment levels. The smallest quarterly increase was observed in 16 to 17 year olds (+12,000), whereas the largest was recorded across 18 to 24 year olds (+84,000). This is partly attributable to the fact that more graduates and school leavers will have completed their studies and applied for jobs over this period.
- In the three months to June 2025, there were 634,000 16 to 24 year olds classified as unemployed. The estimated unemployment rate for this age group is 14.1%, which is unchanged on the quarter but up on the rate seen at the same time last year (13.4%).
- The number of employees working full-time is up on the quarter (+238,000) and the year (+494,000), sitting at 22.6 million. The number of employees working part-time is estimated at 7.0 million, which also represents an increase on the quarter (+23,000) and the year (+139,000). The 2.9 million self-employed people working full-time is broadly unchanged on the quarter (-2,000) and the year (+10,000), while the 1.5 million self-employed working part-time is moderately up on the quarter (+13,000) and the year (+68,000).
- In the three months to June 2025, there were 725,000 vacancies across the economy, representing a decrease on the quarter (-58,000) and the year (-145,000).
- In the three months to July 2025 and excluding total services, human health and social work reported the highest level of vacancies (131,000), followed by wholesale and retail trade and repair of motor vehicles and motorcycles (93,000). Vacancy levels in other sectors ranged from 1,000 (mining and quarrying) to 73,000 (accommodation and food service activities and professional scientific and technical activities).
- The quarterly change in vacancy levels across different industries remains small, and no sector reported an increase in vacancies (to the nearest thousand) in the three months to June 2025. This indicates that the overarching slowdown in hiring applies to businesses and sectors across the economy.
- There were an estimated 38,000 working days lost because of labour disputes across the UK in June 2025.

Unemployment levels increased, and the number of economically inactive who want a job hit 2 million

- In the quarter to June 2025, unemployment levels increased to 1.67 million (+59,000). The unemployment rate is slightly up on the year and the quarter, sitting at 4.7%. There are 206,000 more unemployed people compared to the same time last year.
- Redundancy levels were estimated at 107,000 in the three months to June 2025, which is broadly unchanged on the year (-3,000) and the quarter (-4,000).
- There were an estimated 9.1 million economically inactive 16 to 64 year olds in the quarter to June 2025. This represents a decrease on the quarter (-156,000) and the year (-404,000). The inactivity rate is also down on the quarter and the year, sitting at 21.0%.
- Sickness continues to be the top driver of inactivity (3 million), followed by studying (2.3 million) and family/care-related responsibilities (1.6 million).
- In the quarter to June 2025, the number of economically inactive individuals who want a job hit 2 million. This represents an increase on the quarter (+33,000) and the year (+192,000).

Wage growth remains high, but is continuing to plateau

- Nominal regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 5.0% on the year in the three months to June 2025 (the less volatile three-month rolling basis).
- In the quarter to June 2025, nominal regular pay growth stood at 4.8% in the private sector. This represents the fourth consecutive decrease. In the public sector, nominal pay growth was estimated at 5.7%, which is marginally up on last month's figure (5.5%).
- Across the different sectors, nominal regular wage growth was strongest in the wholesaling, retailing, hotels and restaurants sector (6.8%), followed by the public sector (excluding financial services) (6.1%). The lowest level of wage growth was recorded in the finance and business services sector (3.1%), where wage growth has gradually fallen over the past six months.
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.9% in June 2025, which is slightly down on the figure recorded last month (1.1%) and notably below the level recorded at the same point last year (2.6%). Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.8%, marginally down on last month's figure (0.9%).

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



Source: ONS August 2025 labour market statistics

In the quarter to June 2025, changes in employment levels varied across the regions and nations...

- In the three months to June 2025, employment levels increased the most in London (+69,000), followed by the South East (+62,000) and the West Midlands (+61,000).
- Across the same period, a small number of areas observed a decrease in employment levels. The largest decrease in employment levels was recorded in the North West (-13,000) and the East of England (-3,000).
- Employment levels rose in England (+216,000), Wales (+13,000) and Scotland (+12,000) but marginally fell in Northern Ireland (-3,000).

... And changes in unemployment levels were also mixed

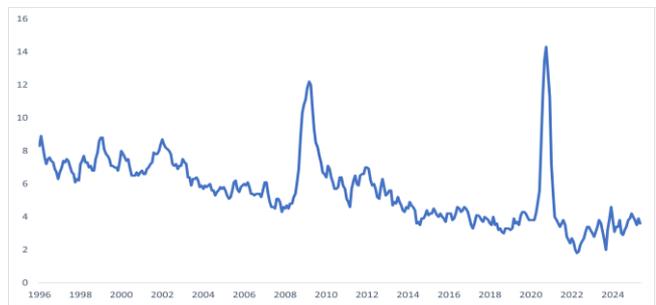
- Between April 2025 and June 2025, unemployment level changes were mixed across the regions and nations. In England, the greatest increase in unemployment was recorded in the West Midlands (+45,000), followed by the North West (+33,000) and the East Midlands (+16,000).
- In the quarter to June 2025, unemployment levels rose in England (+79,000) and Northern Ireland (+8,000), but fell in Wales (-13,000) and Scotland (-15,000).

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



Source: ONS August 2025 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS August 2025 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS August 2025 labour market statistics



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For further information about Pertemps Network Group, please contact:

James Wilde

PR and Communications Manager

T: 01676 525250

E: james.wilde@pertemps.co.uk

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

Evie Matthews, Senior Policy Advisor

E: evie.matthews@cbi.org.uk

The next Labour Market Update will be published on 16th September.

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