

# “ LET'S WORK TOGETHER



**Pertemps  
Network**



British  
Chambers of  
Commerce

## Labour Market Trends July to September 2024 Overview

Between July and September 2024, the UK labour market saw both encouraging and challenging trends for business. Wage growth remained strong, but hiring conditions became increasingly complex. Employment and unemployment levels both rose, while vacancy rates saw a slight decline. Here's what these developments mean for small and medium-sized businesses:

### Key Labour Market Indicators

	Rate	Number (000s)	Change on quarter (%change)	Change on year (%change)
Employment (000s, aged 16 - 64)	74.8%	33,313	+220,000 (+0.7%)	+211,000 (+0.6%)
Unemployment (000s, aged 16+)	4.3%	1,486	+50,000 (+3.5%)	+79,000 (+5.6%)
Youth Unemployment (000s aged 16 - 24)	14.8%	627	+68,000 (+12%)	+128,000 (+25.7%)

Source: Labour Force Survey from the Office for National Statistics

## 1. Employment and Unemployment Rates:

- o The UK employment rate for ages 16 - 64 stood at **74.8%**, up slightly from the previous quarter, though generally stable over the past year.
- o The unemployment rate rose to **4.3%**, up 0.2% compared to a year ago. This shift suggests that while more people are seeking work, finding the right talent remains challenging.

**Business Insight:** With rising unemployment, there may be more candidates in the market. However, skills alignment remains crucial, so businesses may still need to invest in training or offer competitive packages to attract the right employees.

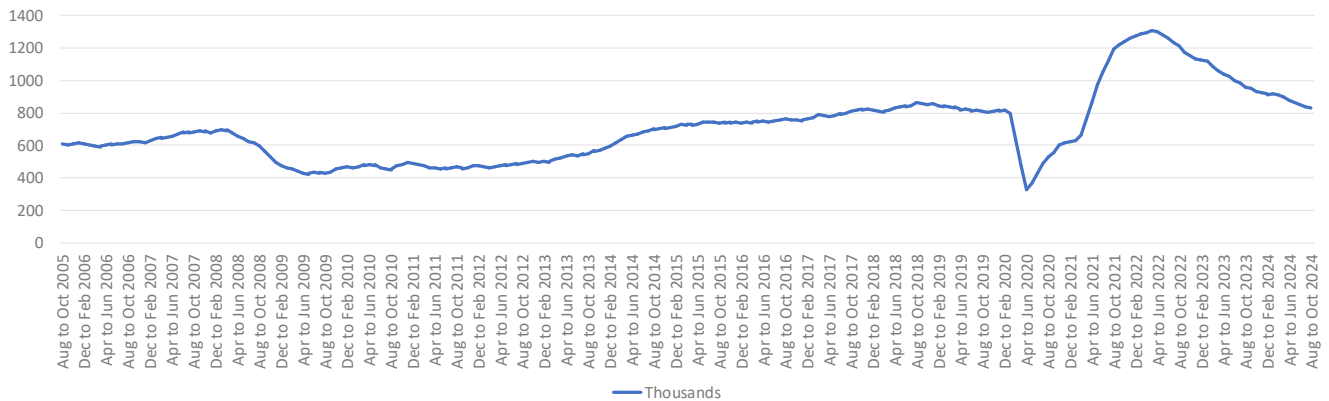
## 2. Economic Inactivity and Vacancies:

- o The economic inactivity rate (people not seeking work) slightly decreased to **21.8%**, mainly due to fewer individuals citing caring responsibilities or health issues as reasons for inactivity.
- o Vacancies fell by 35,000 in the past quarter to 831,000, continuing a 28-period trend of declining job openings. Despite this, vacancy rates in critical sectors, like health, retail, accommodation and hospitality, remain high, indicating sector-specific demand.

**Business Insight:** Falling vacancies may suggest cooling in labour demand; however, businesses in high-vacancy industries may still find it difficult to recruit talent. Consider cross-training current employees or offering flexible roles to fill skill gaps.

The estimated number of vacancies fell on the quarter, for the 28<sup>th</sup> consecutive period, to 831,000

Number of vacancies in the UK, seasonally adjusted,  
Aug to Sept 2005 to Aug to Sept 2024



Source: Vacancy Survey from the Office for National Statistics

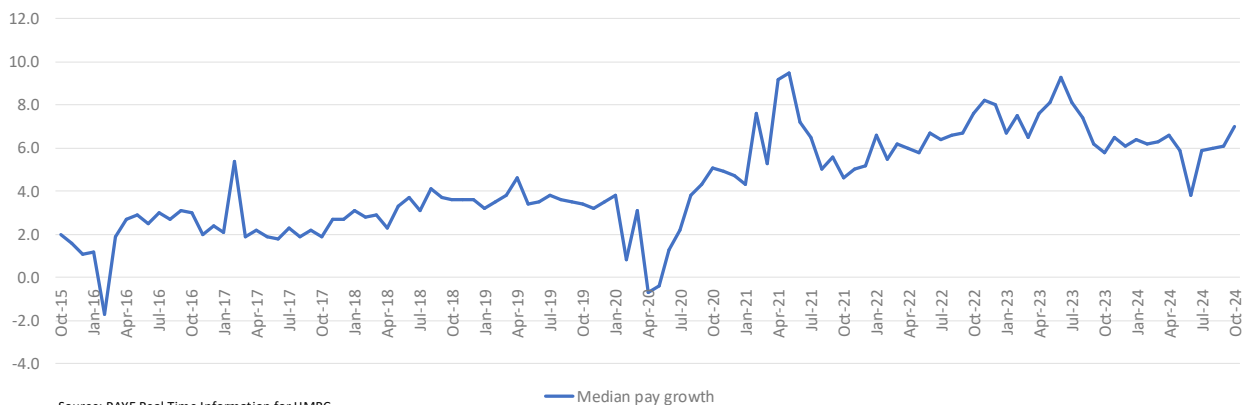
### 3. Wage Growth and Inflation Adjustments:

- o Average earnings grew by **4.8%** annually for regular pay (excluding bonuses), with real-term (inflation-adjusted) growth at **1.9%**. Pay growth has begun to plateau after strong increases over the past year.
- o National Insurance Contribution (NIC) increases announced in the Autumn budget will inevitably add cost pressures for business, which need to manage these along with wage expectations.

**Business Insight:** Given rising NICs and wage expectations, businesses should evaluate benefits beyond pay, like flexible working hours or learning opportunities, to attract and retain staff without disproportionately increasing wage bills.

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, Oct 2015 to Sept 2024 (estimated)

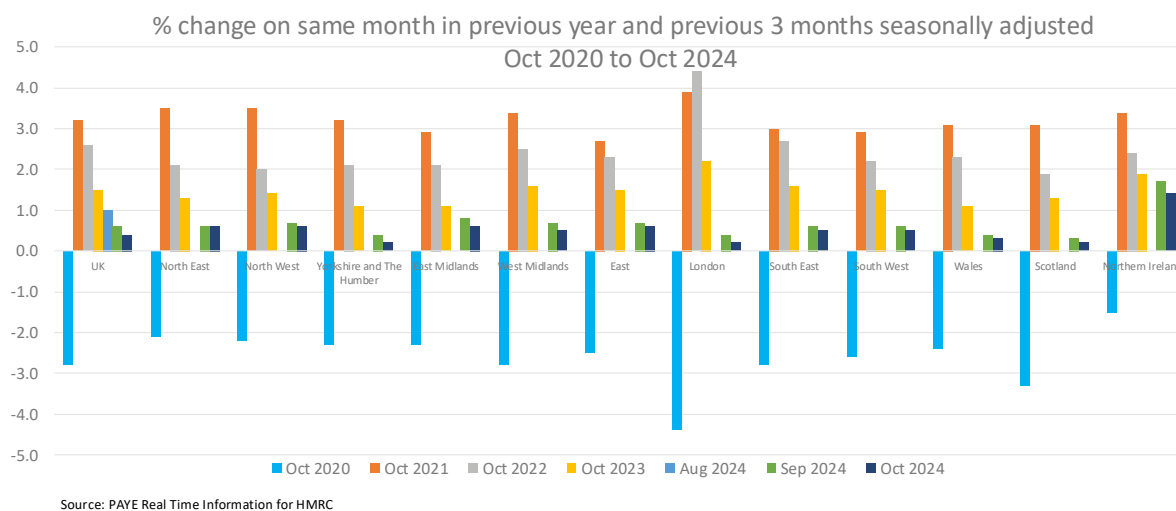


Source: PAYE Real Time Information for HMRC

## 4. Regional Employment Variations:

- o Employment increased notably in London (+59,000), East of England (+58,000), and West Midlands (+56,000). Some regions, however, experienced declines, such as the South East (-37,000) and Yorkshire and the Humber (-28,000).
- o Unemployment also rose in certain regions, with London experiencing the highest increase (+40,000).

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



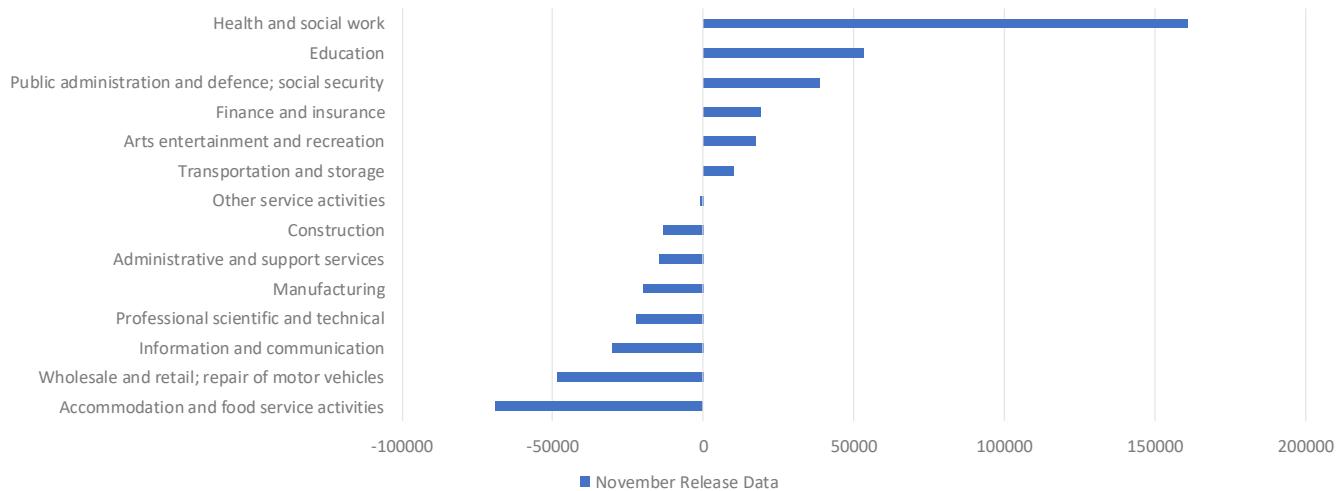
**Business Insight:** Businesses may find hiring advantages by tapping into regional talent pools where unemployment has increased. Flexible or hybrid work arrangements can help attract talent from regions experiencing higher joblessness.

## Sector-Specific Vacancy and Pay Trends:

- **Sector Vacancies:** Sectors with the highest demand include Human Health and Social Care (144,000), Retail and Motor Trade (100,000), and Accommodation and Food Services (94,000). High vacancy rates in these sectors could mean stiffer competition for businesses needing similar skill sets.
- **Pay Trends by Sector:** Pay growth was highest in manufacturing (+6.0%) and retail, hotels, and restaurants (+5.1%), while finance and business services saw the lowest growth (+4.3%).

**Business Insight:** High-vacancy sectors should consider additional incentives to remain competitive. Offering professional development or non-wage perks could help attract candidates without overly inflating payroll.

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



## Recommendations considering Labour Trends

### 1. Optimise Training Investments:

- o With labour pool limitations, businesses can address skill shortages by providing accredited and modular training programmes, leveraging the apprenticeship levy for flexible, industry-specific skills.

### 2. Review Compensation and Non-Monetary Benefits:

- o Wage growth is slowing but remains high. Review compensation packages to ensure competitiveness, especially in high-demand sectors, but also highlight benefits like flexibility, career development, and work-life balance.

### 3. Regional Recruitment Strategies:

- o Regions with rising unemployment may offer untapped talent pools. Consider hybrid roles or remote work options to access candidates from areas with higher unemployment rates.

### 4. Focus on Productivity and Cost Efficiency:

- o With NIC increases and wage pressures, productivity-led growth is vital. Invest in technology or workflow improvements that allow your existing workforce to operate more efficiently, reducing reliance on continuous hiring.

### 5. Prepare for Economic Shifts:

- o Monitor vacancy trends, especially in your industry, to anticipate shifts in hiring needs and wage expectations. Planning ahead can help manage labour costs and retain key staff through market fluctuations.

This streamlined report provides you with actionable insights into the labour market's current state and practical steps to navigate ongoing challenges effectively. By 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: *"The recent Autumn Budget may have contributed to a more measured outlook among employers, as businesses evaluate its potential impacts on inflation, taxation, and public spending.*

*"Hiring activity appears more cautious as employers seek clearer economic direction before expanding recruitment efforts. This careful approach underscores the complexity of operating in an evolving economic environment.*

*"In this context, partnering with a recruitment expert can help businesses efficiently connect with skilled candidates, allowing for smoother hiring processes when the time is right for growth."*

**Reacting to the latest ONS Labour Market data published this morning, Jane Gratton, Deputy Director Public Policy** said: *"The small uptick in unemployment and decline in payrolled employees suggests some further loosening of the labour market. Businesses will welcome a further fall in the rate of inactivity.*

*"Despite some easing, wage pressures remain stubborn, increasing costs for businesses. Many firms are telling us they are being forced to raise prices, put recruitment and investment plans on hold and look for ways to reduce their costs. There is a limit to how much additional cost they can absorb.*

*"Recruitment difficulties are also weighing hard on businesses, with our latest [research](#) showing that over three quarters of SMEs are still struggling to find staff with the skills they need.*

*"Further employment costs are also on the horizon for firms. The increase in employer National Insurance contributions, the rise in the National Living Wage announced in the Budget, and the Employment Rights Bill will add further financial pressures.*

*"It's crucial that the Government takes steps to minimise the combined impact of recent policy changes and announcements on business. We need urgent action to drive growth, tackle the skills crisis, boost workforce health and reduce inactivity in the labour market."*



# “ 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.

**Pertemps  
Network**



British  
Chambers of  
Commerce

**For further information contact:**

Samm Bain    [samm.bain@pertemps.co.uk](mailto:samm.bain@pertemps.co.uk)

**01676 525250**

Meriden Hall, Main Road, Meriden CV7 7PT

