

PAY GROWTH SOFTENS WHILE VACANCIES CONTINUE TO FALL

The latest ONS data cover the period from August to September 2023 and show a labour market that continues to soften. The employment rate decreased while both the unemployment and inactivity rate remained unchanged from last quarter. Vacancies have fallen for the sixteenth consecutive month. Real time Pay-As-You-Earn data for September 2023 increased by 33,000 – with 30.2 million payrolled employees in the labour market.

The number of vacancies continues to fall – with 58,000 fewer vacancies on the quarter to 957,000. Vacancies have been falling for sixteen months but remain higher than pre-pandemic levels.

Growth in regular pay was 7.7% in the quarter to September 2023 – slightly down on the previous periods, but is still among the highest annual growth rates since comparable records began in 2001. In real terms, annual growth for real pay rose on the year by 1.3%.

Please note: because of the increased uncertainty around the Labour Force Survey estimates, today's data is an alternative series of estimates of UK employment, unemployment, and economic inactivity as experimental statistics. Unadjusted July to September Labour Force Survey data are not published and therefore some of the usual statistics included in this Update are not included today.

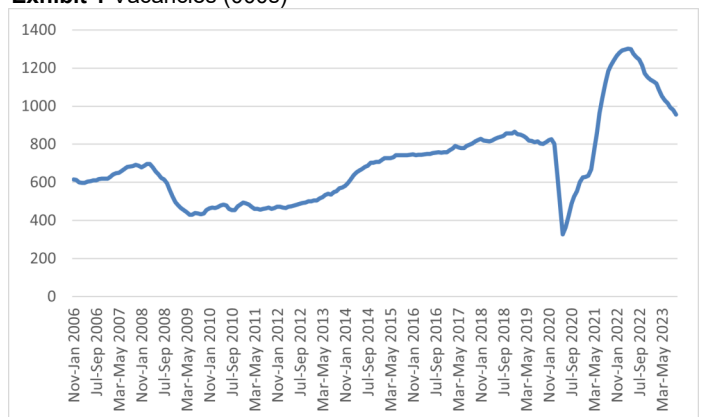
Employment rate decreases while the number of vacancies continues to fall...

- Experimental estimates for July to September 2023 show a 0.1 percentage point decrease in the UK employment rate to 75.7%.
- Experimental estimates for July to September 2023 show a largely unchanged figure for the UK unemployment rate—standing at 4.2
- Experimental estimates for July to September 2023 show a largely unchanged figure for the UK economic inactivity too—standing at 20.9%.
- In August to October 2023, the estimated number of vacancies in the UK fell by 58,000 on the quarter to 957,000. Vacancies fell on the quarter for the 16th consecutive period, with vacancies falling in 16 of the 18 industry sectors.
- There were 229,000 working days lost because of labour disputes across the UK in September 2023. The majority of the strikes were in the health and social work and education sectors.

Pay growth softens but remains above inflation

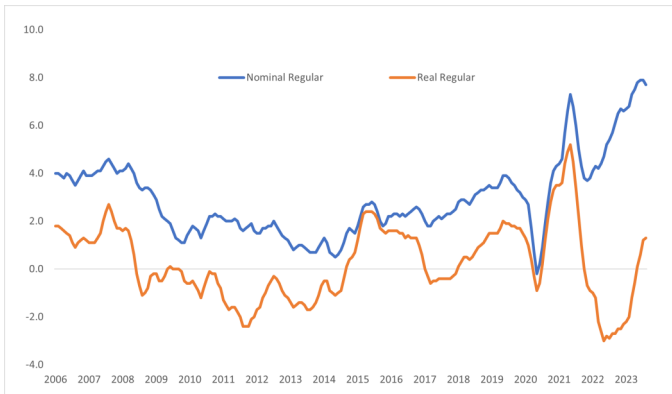
- Nominal regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 7.7% on the year in the three months to September 2023 (the less volatile three-month rolling basis).
- In the three months to September 2023, nominal regular pay growth stood at 7.8% in the private sector (down by 0.3% from the previous quarter). In the public sector, nominal pay growth stood at 7.3% (up by 0.5% from the previous quarter).
- Across the different sectors, nominal annual regular pay growth was strongest in finance (+9.4% - down by 0.4% from last quarter), services (+7.9% - down by 0.2% from the previous quarter), manufacturing (+7.7% - down by 0.3% points from the previous quarter), wholesaling, retailing, hotels and restaurants (+6.6% - no change from the previous quarter) and construction (+5.8% - no change from the previous quarter).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) has increased 0.1% points on the previous quarter (on the less volatile three-month rolling basis) – and is at 1.3% on the year.
- Real regular pay for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) is at 1.0%, down by 0.5% from last quarter.

Exhibit 1 Vacancies (000s)



Source: ONS November 2023 labour market statistics

Exhibit 2 Real regular pay and nominal regular pay growth (%)



Source: ONS November 2023 labour market statistics



ABOUT THE SPONSOR

“Permanent hiring is slowing down, but temporary hiring is filling the gap, driven by increasing wages. While salaries aren’t back to the usual levels, they’re still quite strong, especially in fields where there’s a shortage of workers, like construction and IT, although, industries like hospitality and healthcare are still struggling with not having enough staff.

“As we get closer to the Autumn Statement, it's important for both businesses and the Government to realise that as things start picking up, shortages will become more noticeable. It's crucial to focus on improving skills, implementing welfare-to-work programmes and reforming immigration policies to make the most of the opportunities that come with growth.”

Carmen Watson, Chairperson, Pertemps Ltd

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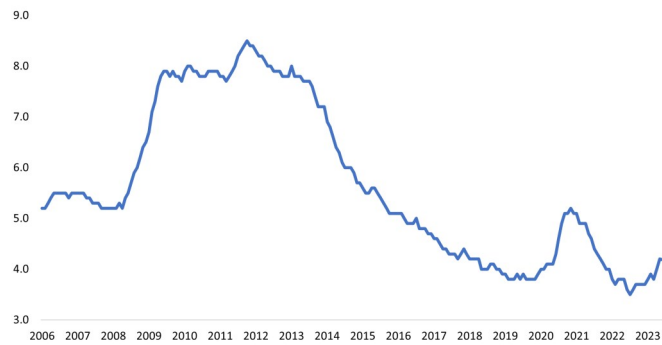
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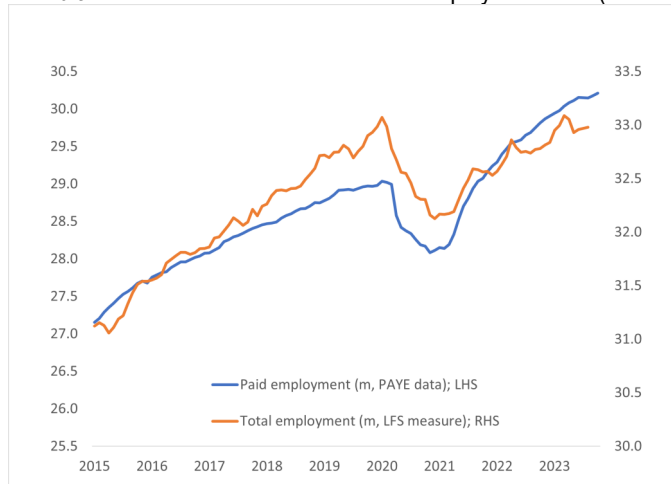
The next Labour Market Update will be published on **12th December 2023.**

Exhibit 3 Unemployment rate (%)



Source: ONS November 2023 labour market statistics

Exhibit 4 PAYE real time data vs official employment data (millions)



Source: ONS November 2023 labour market statistics