

THE LABOUR MARKET CONTINUES TO SOFTEN WITH UNEMPLOYMENT INCREASING AND VACANCIES FALLING

The latest ONS data cover the period from June to August 2023 and show a labour market that continues to soften. The employment rate decreased while both the unemployment and inactivity rate increased. Vacancies continue to fall although remain above pre-pandemic levels. The estimate of payrolled employees in the UK for September 2023 is largely unchanged on the month, down 11,000 on the revised August 2023 figure, to 30.1 million. The economic inactivity rate increased by 0.1% to 20.9% compared with the previous quarter (March to May 2023).

The number of vacancies continues to fall – with 43,000 fewer vacancies on the quarter to 988,000. Vacancies have been falling for over a year but remain higher than pre-pandemic levels.

Growth in regular pay was 7.8% in the quarter to August 2023 – the same as the previous 3-month period and the highest regular annual growth rate since records began in 2001. Wages outpacing the rate of inflation is good news to households struggling with the cost-of-living crisis but for these increases to be sustainable in the long run measures to boost investment and productivity are critical.

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 June to August Labour Force Survey data are not published and therefore some of the usual statistics included in this Update are not included today.

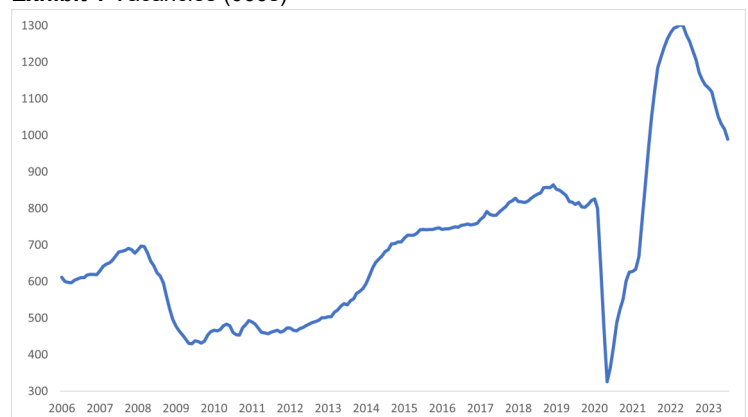
Employment rate decreases, unemployment increases and the number of vacancies continues to fall...

- Experimental estimates for June to August 2023 show a 0.3 percentage point decrease in the UK employment rate to 75.7% compared with the previous quarter (March to May 2023).
- Experimental estimates for June to August 2023 show a 0.2% increase in the UK unemployment rate to 4.2% compared with the previous quarter (March to May 2023).
- Experimental estimates for June to August 2023 show a 0.1 percentage point increase in the UK economic inactivity rate to 20.9% compared with the previous quarter (March to May 2023).
- In July to September 2023, the estimated number of vacancies in the UK fell by 43,000 on the quarter to 988,000. Vacancies fell on the quarter for the 15th consecutive period, with vacancies falling in 14 of the 18 industry sectors.
- There were 119,000 working days lost because of labour disputes across the UK in August 2023. The majority of the strikes were in the health and social work sector.

Pay growth catches up with inflation

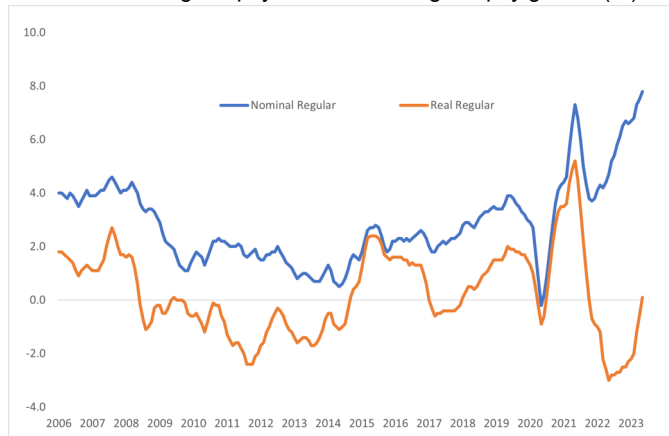
- Nominal regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 7.8% on the year in the three months to August 2023 (the less volatile three-month rolling basis).
- In the three months to August, nominal regular pay growth stood at 8.0% in the private sector (down by 0.1% from July 2023). In the public sector, nominal pay growth stood at 6.8% (down by 0.3% from the previous quarter).
- Across the different sectors, nominal annual regular pay growth was strongest in finance (+9.6% - up by 0.1% points), manufacturing (+8.0% - down by 0.1% points), services (+8.0% - no change from the previous quarter), wholesaling, retailing, hotels and restaurants (+6.6% - up by 0.1% from the previous quarter) and construction (+5.7% - up by 0.1% from the previous quarter).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) has increased 0.5% points on the previous quarter (on the less volatile three-month rolling basis) – and is at 1.1% on the year.
- Real regular pay for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) is at 1.3%, no change from last quarter.

Exhibit 1 Vacancies (000s)



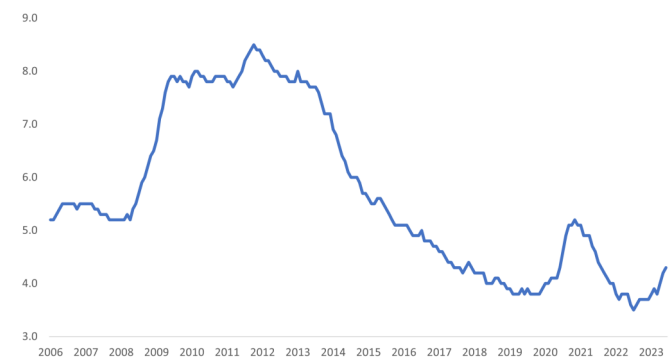
Source: ONS October 2023 labour market statistics

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



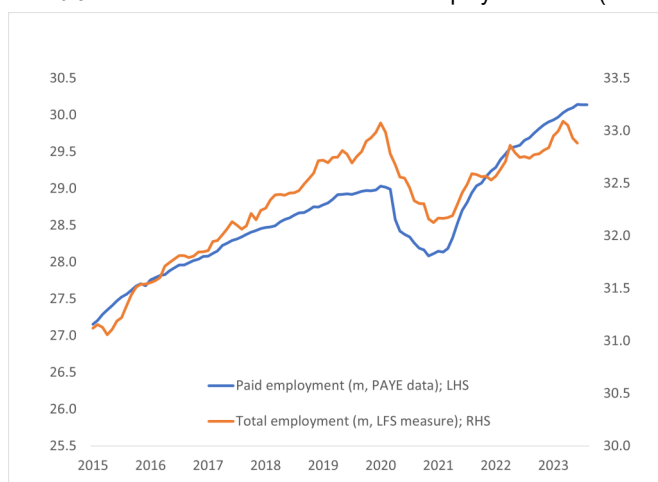
Source: ONS October 2023 labour market statistics

Exhibit 3 Unemployment rate (%)



Source: ONS October 2023 labour market statistics

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



Source: ONS October 2023 labour market statistics



ABOUT THE SPONSOR

“The UK labour market continues to exhibit signs of resilience, with a steady decrease in unemployment rates and an overall positive trend in job creation.

“However, skill shortages persist in various sectors, emphasising the importance of upskilling and training initiatives to bridge the gap. Remote work and flexible arrangements are still prominent, reflecting the ongoing transformation in work culture and the labour market’s adaptation to the challenges of the post-pandemic era.”

Carmen Watson, Chairperson, Pertemps Ltd

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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
 W: www.pertemps.co.uk

The next Labour Market Update will be published on **14th November 2023.**