



LABOUR MARKET UPDATE

May 2025

Overview

Various sources, including the Office for National Statistics (ONS), were used to collect data for this report. The ONS is the UK's largest independent producer of official statistics and is the recognised national statistical institute of the UK. They are responsible for collecting and publishing statistics related to the economy, population, and society at national, regional, and local levels and play a leading role in national and international good practice in producing official statistics.

Key Findings

01. The labour market is loosening, with fewer job openings, rising unemployment, and cautious business outlooks.

02. Redundancy levels in the UK remain high, with 24% of employers planning redundancies by mid-2025.

03. Vacancies decreased for the 33rd consecutive quarter, with the total number of vacancies decreasing by an estimated 519,000 since its peak in March to May 2022.

04. Annual growth in employees' average regular earnings (excluding bonuses) was 5.9%; growth was last higher than this in January to March 2024, when it was 6.0%.



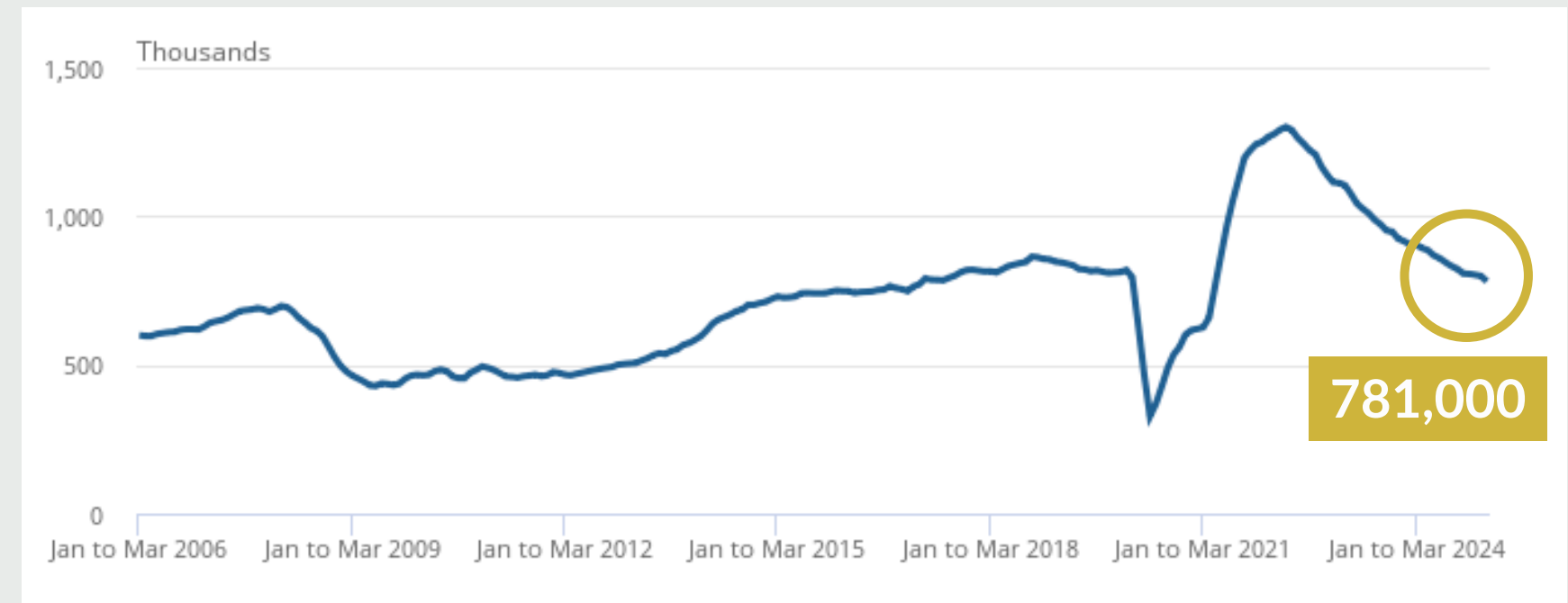


Context of the UK Labour Market

Job Vacancies

- ONS data shows that the number of job vacancies in the UK between January to March 2025 was **781,000**, a decrease of 26,000, or 3.2%, on the quarter.
- This was the 33rd consecutive quarterly decline, with the total number of vacancies decreasing by an estimated 519,000 since its peak in March to May 2022.
- The number of unemployed people per vacancy was 2.0 in December 2024 to February 2025, up from 1.9 in the previous quarter. It is also higher than the figure (1.6) in the same period a year ago.
- Recent increases are due to the consecutive decline of vacancy estimates and an increase in unemployment in recent periods. The last time the number of unemployed people per vacancy was 2.0 or more before the pandemic was in January to March 2017.

Number of Job Vacancies in the UK, seasonally adjusted, January to March 2006 to January to March 2025



Source: Vacancy Survey from the Office for National Statistics

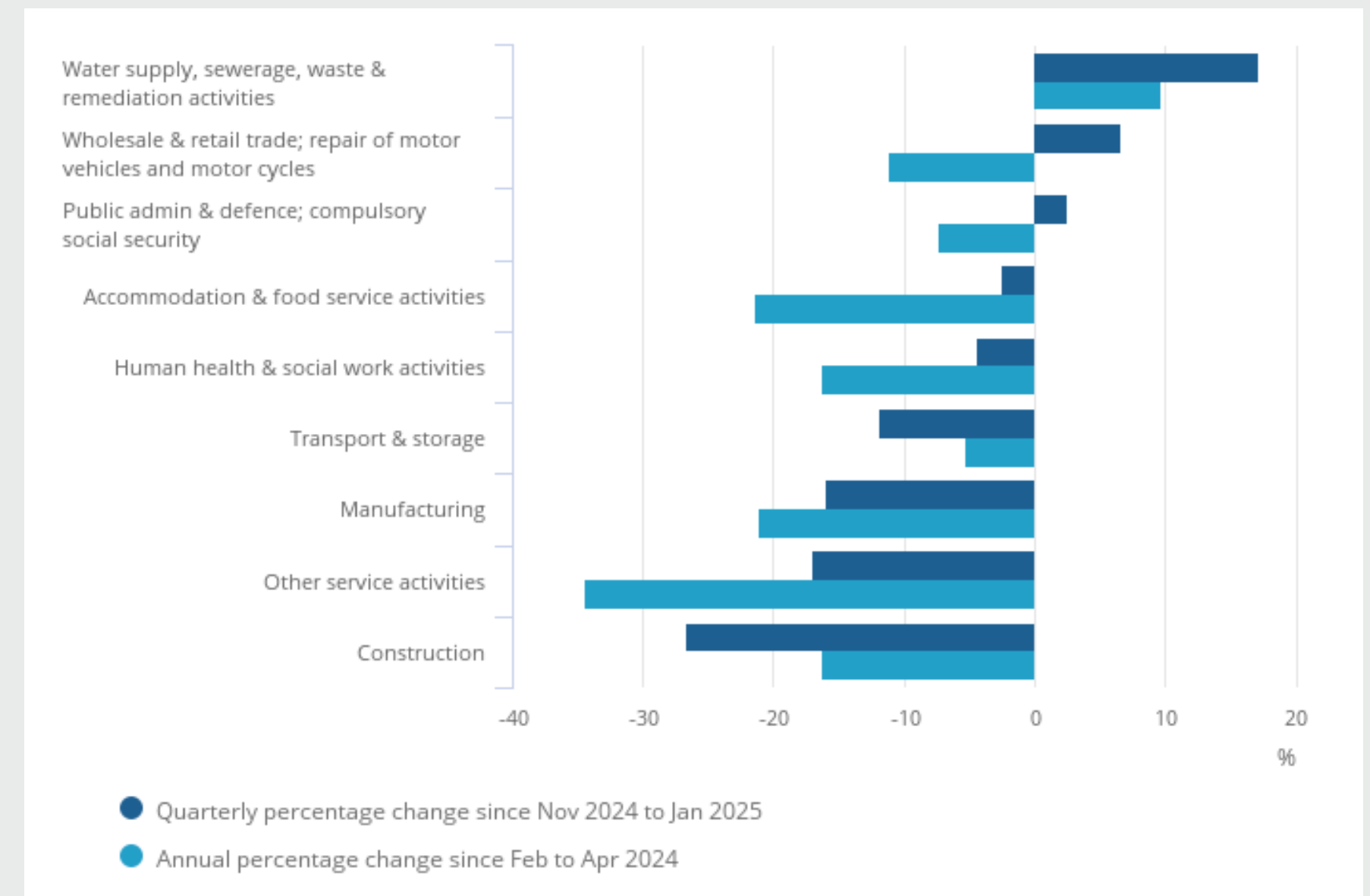


Context of the UK Labour Market

Job Vacancies

- The estimated total number of vacancies decreased by 5.3% from the previous quarter, falling in 13 out of the 18 industry sectors analysed by the ONS.
- The largest percentage decrease in vacancies was in the construction sector at 26.7%, followed by other service activities at 17.0%.
- The industry with the largest volume decrease in vacancies was again construction, which fell by 11,000 vacancies, followed by manufacturing at 9,000.

February to April 2025 three-month average vacancies in the UK, quarterly percentage growth from November 2024 to January 2025, and annual percentage growth from February to April 2024



Source: Vacancy Survey from the Office for National Statistics

Context of the UK Labour Market



Employment

- The UK employment rate for people aged 16 to 64 years was estimated at 75.1% in December 2024 to February 2025. This is above estimates of a year ago, but largely unchanged in the latest quarter.
- The highest employment rate in the UK (December 2024 - February 2025) was in the **South West** (79.9%) and the lowest was in the North East (69.7%).
- The UK unemployment rate for people aged 16 years and over was estimated at 4.4%. This is above estimates of a year ago, but largely unchanged in the latest quarter. The highest unemployment rate was in London (6.5%) and the lowest was in Northern Ireland (1.5%).
- The highest economic inactivity rate was in Northern Ireland (27.5%) and the lowest was in the South West (17.3%), in December 2024 to February 2025.

All People	UK (level)	UK (%)
Economically Active	35,570,000	78.6
In Employment	33,996,000	75.1
Unemployed	1,574,000	4.4
Economically Inactive	614,000	21.4

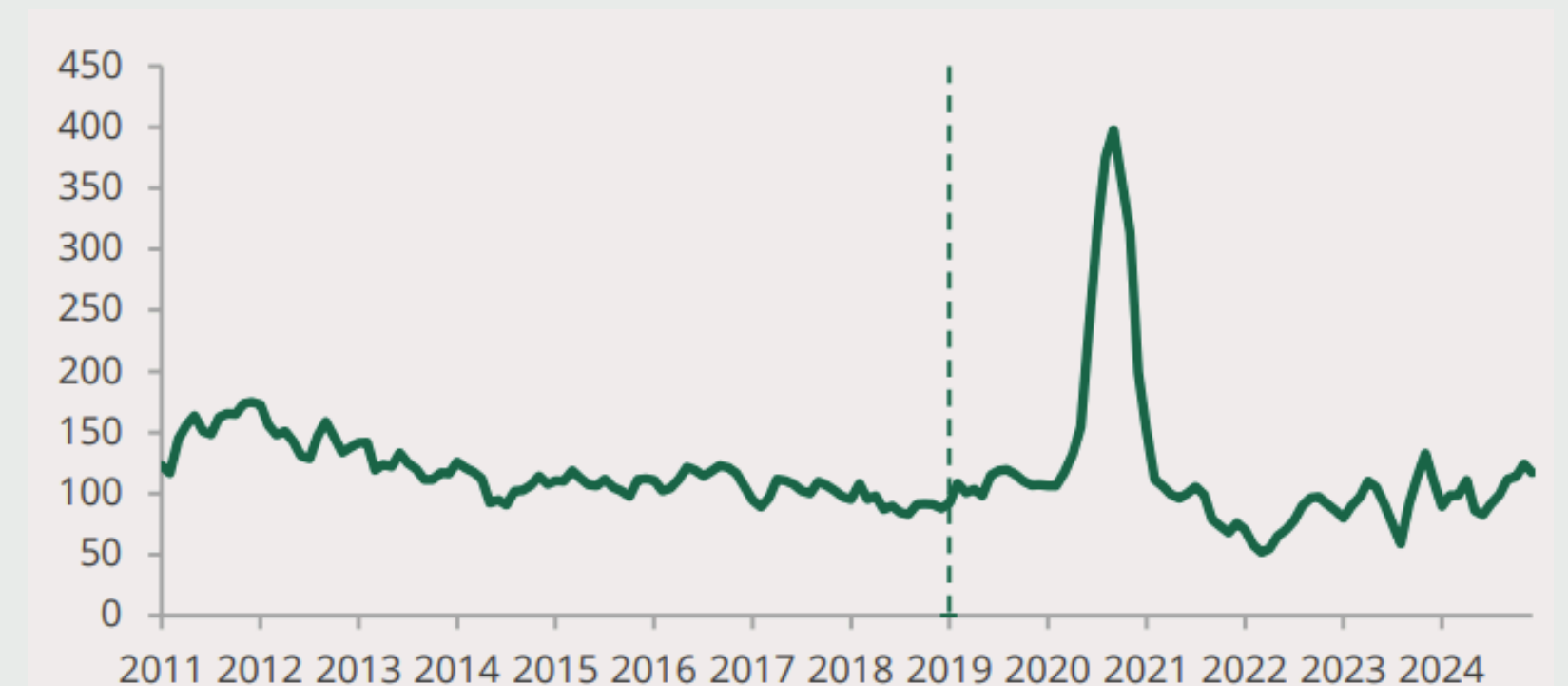


Context of the UK Labour Market

Redundancies

- There were 117,000 redundancies in December 2024 to February 2025.
- According to the CIPD, one in four (24%) employers are planning to make redundancies in the three months up to June 2025.
- This overall rate has not significantly changed compared with last quarter (24% in winter 2024/25). The proportion of employers planning to make redundancies in the next three months remains higher, however, compared with autumn 2024, when it was 21%.
- The CIPD asked employers who are planning to make redundancies over the next three months what the overall impact on their headcount will be. The median headcount reduction was estimated at 5%.

Redundancy Levels (Thousands, seasonally adjusted, ONS)

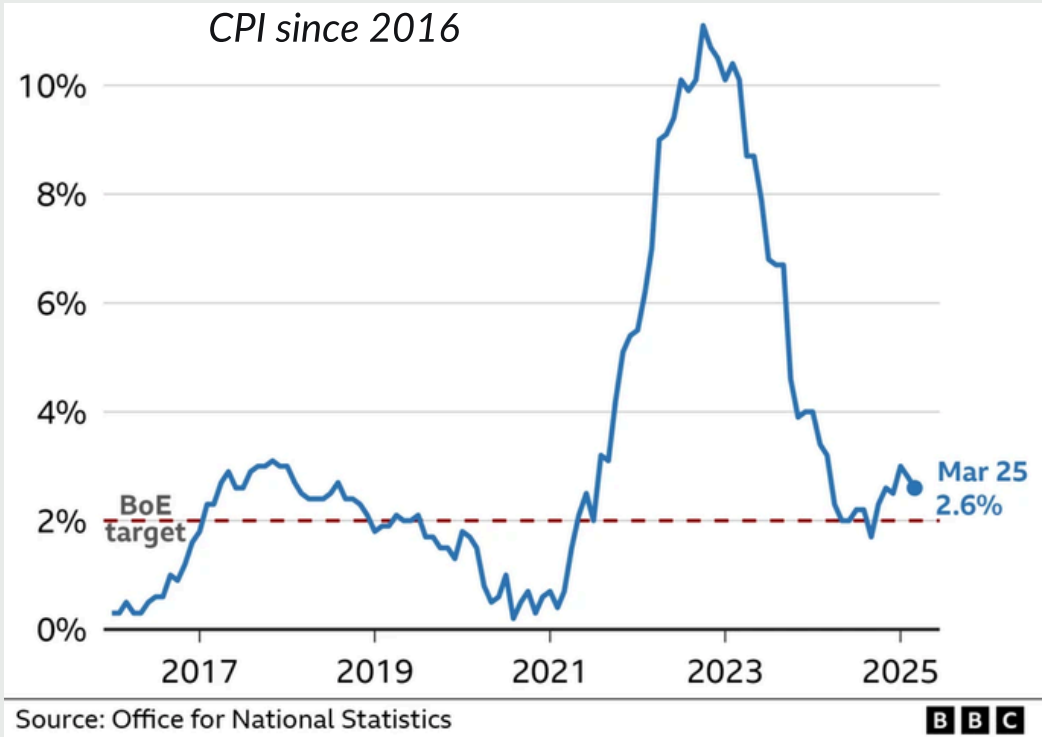


Context of the UK Labour Market



Inflation

- The **Consumer Prices Index including owner occupiers' housing costs (CPIH)** rose by **3.4%** in the 12 months to March 2025, down from 3.7% in the 12 months to February.
- The **Consumer Prices Index (CPI)** rose by **2.6%** in the 12 months to March 2025, down from 2.8% in the 12 months to February.



Inflation Forecasts, 2025 & 2026

	2025				2026		
	Q2 (%)	Q3 (%)	Q4 (%)	Year (%)	Q1 (%)	Q2 (%)	Year (%)
Capital Economics	2.8	3.1	2.8	2.8	2.4	1.9	1.9
CBI	2.6	2.8	2.6	2.6	2.5	2.4	2.5
EY ITEM Club	2.7	3.1	2.9	2.8	2.7	2.4	2.3
HSBC	2.4	2.7	2.6	2.5	2.6	2.4	2.4
JP Morgan	3.2	3.3	3.0	3.1	2.7	2.3	2.6
NatWest Markets	3.5	3.4	2.9	3.2	2.5	2.1	2.2
NIESR	-	-	-	2.4	-	-	2.0
Nomura	2.7	3.1	2.9	2.9	2.5	2.2	2.2
Oxford Economics	2.3	2.6	2.5	2.5	2.4	2.4	2.3
Société Générale	2.2	2.5	2.2	2.4	2.0	1.8	1.8
Average	2.7	3.0	2.7	2.7	2.5	2.2	2.2
Range of Forecasts	2.2 to 3.5	2.5 to 3.4	2.2 to 3.0	2.4 to 3.2	2.0 to 2.7	1.8 to 2.4	1.8 to 2.6

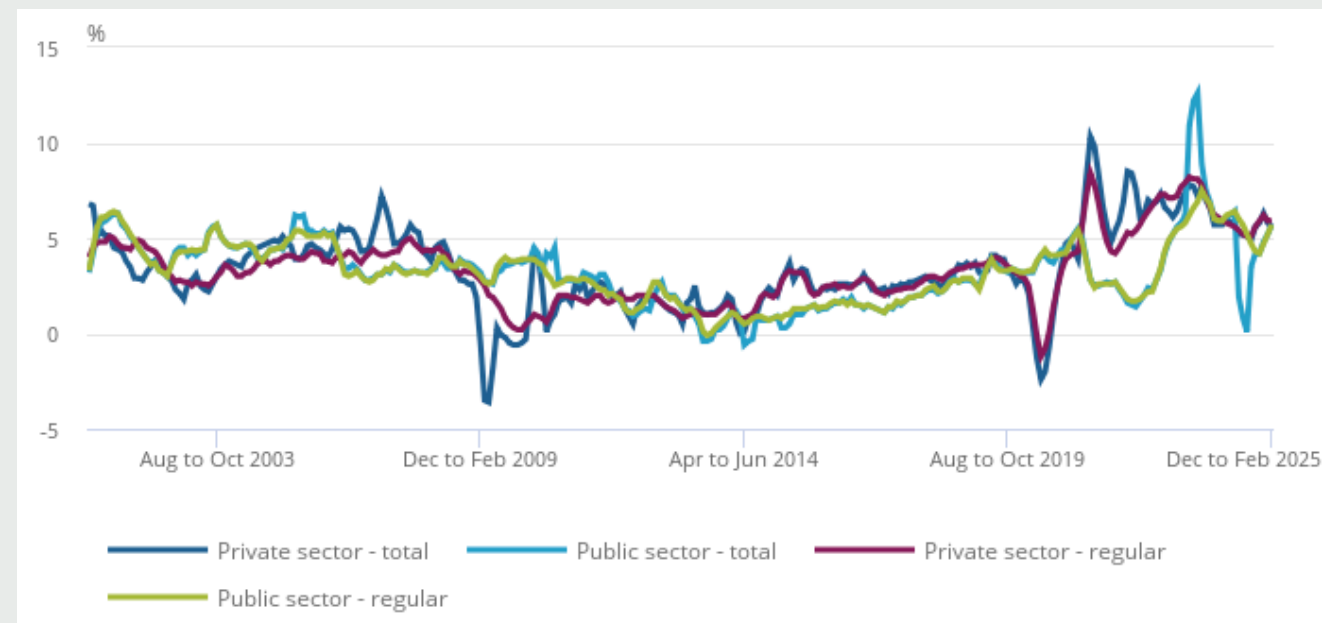


Context of the UK Labour Market

Wage Growth

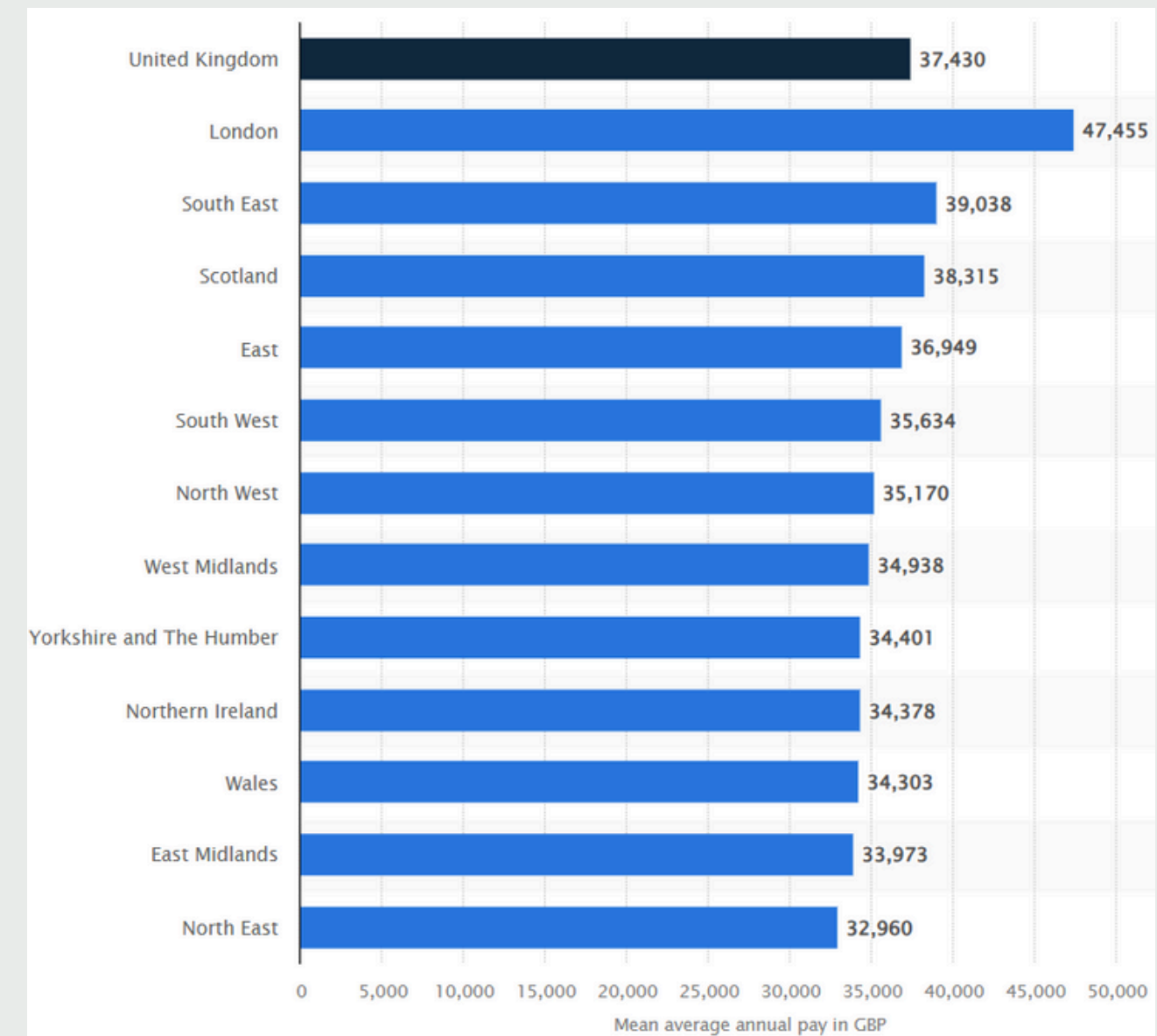
- Annual growth in employees' average regular earnings (excluding bonuses) was 5.9%; growth was last higher than this in January to March 2024, when it was 6.0%.
- Annual growth in real terms, adjusted for inflation using CPIH, was 2.1% for regular pay and 1.9% for total pay.
- Annual average regular earnings growth was 5.9% for the private sector and 5.7% for the public sector.

Average weekly earnings annual growth rates for total pay (including bonuses) and regular pay (excluding bonuses) by public and private sector in Great Britain, seasonally adjusted, January to March 2001 to December 2024 to February 2025.



Source: The Office for National Statistics

Median annual earnings full-time employees in the United Kingdom in 2024, by region (in GBP)



Source: The Office for National Statistics

GAIN INSIGHT INTO YOUR WORKFORCE

Surveys

Our research surveys can help you to achieve maximum impact. Our surveys include: Employee Engagement Surveys, Employer Brand Surveys and Candidate Surveys.

Organisational Benchmarking

Benchmarking your organisation against others can help you to identify opportunities for growth and improvement, and stay ahead of the competition.

Market Research

Our bespoke Labour Market Reports provide insights into the current and future job market, including trend analysis of labour force growth, wages, and skills gaps.

Skills Research

Skills research offers businesses valuable insights for achieving diverse, business-driven goals, including effective benchmarking through analysis of employee data and external research.

FIND OUT MORE AT WWW.COGITOTALENT.COM



Evidence-Based

Decision Making

53 Queen Charlotte Street
Bristol
BS1 4HQ
United Kingdom

www.cogitotalent.com

connect@cogitotalent.com