

UNEMPLOYMENT CLIMBS AGAIN AS THE JOBS MARKET WEAKENS

"The latest labour market data signals a period of cautious adjustment. With unemployment creeping up, vacancies plateauing and private sector wage growth lagging behind the public sector, businesses are facing increasing pressures on recruitment and retention."

"This underscores the need for policies that support sustainable job creation and skills development to maintain a resilient workforce."

**Carmen Watson, Chairperson,
Per temps Network Group**

In the three months to September 2025, unemployment and redundancy levels both rose while the number of employed people and payrolled employees fell, vacancy levels plateaued, and wage growth in the private sector is gradually falling. Consequently, the labour market picture is fundamentally the same, and the jobs market is continuing to show signs of weakening.

The UK employment rate (for people aged 16 to 64 years) was estimated at 75.0% in the period between July 2025 and September 2025, which is slightly down on the quarter but up on the year. The UK unemployment rate (for people aged 16 and over) was estimated at 5.0% in the three months to September 2025, representing an increase on quarter and the year.

The UK economic inactivity rate for people aged 16 to 64 years old was estimated at 21.0% in the quarter to September 2025, which is unchanged on the quarter but down on the year. The provisional estimate for the number of vacancies in the UK economy in the three months to October 2025 is 723,000, which is broadly unchanged on the quarter (+2,000) and down on the year (-99,000).

Estimates for payrolled employees in the UK fell by 117,000 (-0.4%) between September 2024 and September 2025 and decreased by 32,000 (-0.1%) between August 2025 and September 2025. The early estimate of payrolled employees for October 2025 decreased by 180,000 (-0.6%) on the year, and by 32,000 (-0.1%) on the month, to 30.3 million. The October 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 4.6% in the three months to September 2025, and annual growth in total earnings (including bonuses) was 4.8%. 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 0.5% and 0.7%, respectively, across the same period.

The data from this month's release reinforces messages from recent months: unemployment is creeping up, inactivity remains stubbornly high, and a combination of poor productivity and spiralling employment costs are translating into slower rates of wage growth in the private sector. There are also some new stories emerging, including the uptick in redundancy levels and the particular rise in male unemployment. Together, the data highlights that the jobs market is weakening, and high employment costs are having a material impact on businesses' recruitment budgets and, in some cases, resulting in job losses.

Fortunately, there are low-cost policy levers the Government can pull which would go a long way in helping them to grow the economy and meet their 80% employment target. This includes working with businesses to find a more workable landing zone for the Employment Rights Bill during current and upcoming consultations, as well as committing to allocate the full funding raised through the Growth and Skills Levy to training and skills. It is also key that the Government acknowledges the mounting pressure on firms' cost base at next week's Autumn Budget. Adding to employers' tax burden will ultimately hurt businesses, workers and growth.

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 November 2025 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.0%	34,192	-22,000 (-0.1%)	+417,000 (+1.2%)
Unemployment** (ILO)	5.0%	1,789	+117,000 (+7.0%)	+282,000 (+18.7%)
Youth unemployment (16-24)	15.3%	702	+68,000 (+10.7%)	+60,000 (+9.3%)

Source: ONS November 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 November 2025 labour market statistics

Employment levels fell on the quarter, and vacancies are continuing to plateau

- The official measure of employment fell in the three months to September 2025 (-22,000) to 34.2 million, but is higher than the figure recorded at the same point in 2024 (+417,000). The employment rate is down on the quarter but slightly up on the year, sitting at 75.0%.
- Male employment is down on the quarter (-88,000) but up on the year (+220,000), sitting at 17.5 million. Female employment is estimated at 16.7 million, which represents an increase on the quarter (+66,000) and the year (+197,000).
- In the quarter to September 2025, employment level changes across age groups were mixed. Employment levels rose the most across people aged 18 to 24 (+49,000), followed by people aged 65 and over (+20,000). Across the same period, the biggest relative falls in employment levels were recorded across people aged 25 to 34 (-44,000) and 35 to 49 (-42,000).
- The number of employees working full-time is down on the quarter (-54,000) but up on the year (+280,000), sitting at 22.6 million. The number of employees working part-time is estimated at 7.1 million, representing an increase on the quarter (+41,000) and the year (+96,000).
- The number of self-employed people working full-time (2.9 million) is down on the quarter (-21,000) but slightly up on the year (+11,000). The 1.5 million self-employed working part-time is slightly up on the quarter (+5,000) and to a greater extent the year (+34,000).
- In the three months to September 2025, there were 722,000 vacancies across the economy, which is broadly unchanged on the quarter (-4,000) but down on the year (-110,000).
- Excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (127,000) in the quarter to October 2025. This was followed by the wholesale and retail trade and repair of motor vehicles and motorcycles sector (91,000). Vacancy levels in other sectors ranged from 1,000 (mining and quarrying) to 79,000 (professional scientific and technical activities).
- In the three months to October 2025, the water supply, sewerage, waste and remediation activities sector reported the highest level of vacancies per 100 employees (3.2). The accommodation and food services sector and the financial and insurance activities sector ranked joint second (both 3.0).
- The number of unemployed people per vacancy was 2.5 in the three months to September 2025, up from 2.3 in the previous quarter; this is the highest level (excluding the pandemic) since May to July 2015.
- There were an estimated 39,000 working days lost because of labour disputes across the UK in September 2025.

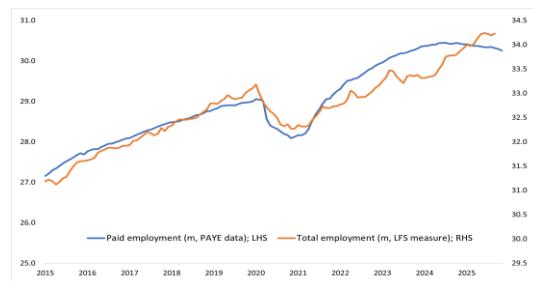
Unemployment climbed again, and there has been an uptick in redundancies

- In the quarter to September 2025, unemployment levels increased to 1.79 million (+117,000). The unemployment rate is up on the quarter and to a greater extent the year, sitting at 5.0%. There are 282,000 more unemployed people compared to the same time last year.
- The number of people aged 16 to 24 who are unemployed has increased on the quarter (+68,000) to 702,000. The youth unemployment rate is now 15.3%.
- In the quarter to September 2025, those unemployed for up to 6 months or over 12 months increased, while the number of those unemployed between 6 and 12 months fell. The number of people unemployed for up to 6 months, between 6 and 12 months, and over 12 months, have all increased on the year. The increase in unemployment levels has largely been driven by the rise in the number of unemployed men.
- Redundancy levels were estimated at 134,000 in the quarter to September 2025, representing an increase on the quarter (+27,000) and the year (+42,000).
- There were an estimated 9.1 million economically inactive 16 to 64 year olds between July 2025 and September 2025. This is broadly unchanged on the quarter (+7,000) but down on the year (-226,000).
- In the quarter to September 2025, there was another uptick in economic inactivity related to long-term sickness (+37,000). This is the third consecutive quarterly increase.

Slowing wage growth in the private sector has persisted

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 4.6% on the year in the three months to September 2025 (the less volatile three-month rolling basis). This is down from 4.7% last month and continues a trend of incremental falls recorded over the summer.
- In the quarter to September 2025, nominal annual regular pay growth stood at 4.2% in the private sector, which is down on last month's estimate (4.4%). This represents the seventh consecutive fall. In the public sector, nominal annual regular pay growth was estimated at 6.6%, which is up on the 6.0% figure recorded in the last release (June to August 2025).
- Across different sectors, nominal regular wage growth continues to be strongest in the public sector (excluding financial services) (7.1%), followed by the wholesaling, retailing, hotels and restaurants sector (5.7%). The lowest level of wage growth was again recorded in the finance and business services sector (2.7%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.5% in the quarter to September 2025, which is marginally down on the figure recorded last month (0.6%). Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.4%, which is also down on last month's figure (0.6%).

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

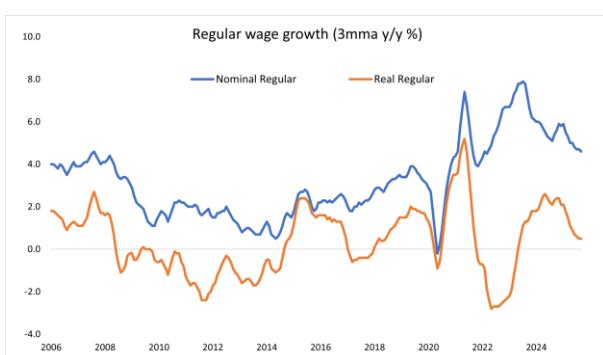


Source: ONS November 2025 labour market statistics

In the quarter to September 2025, employment changes varied across the UK

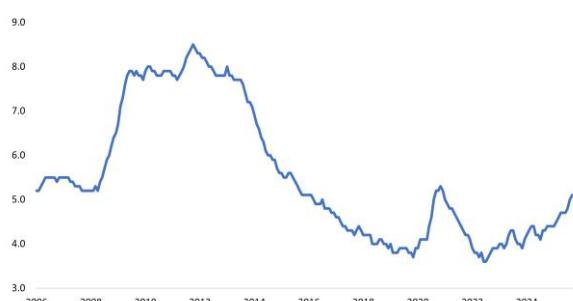
- In the three months to September 2025, employment levels increased the most in the East Midlands (+34,000) and the North West (+23,000).
- Across the same period, the greatest employment drop was recorded in the South East (-46,000).
- Over the quarter, employment levels rose in England (+33,000), but fell in Wales (-31,000), Scotland (-19,000) and Northern Ireland (-5,000).

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



Source: ONS November 2025 labour market statistics

Exhibit 5 Unemployment rate (%)

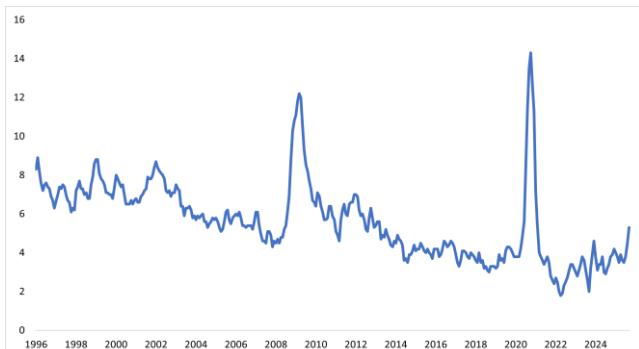


Source: ONS November 2025 labour market statistics

Unemployment increased in most regions and nations across the same period

- Between July 2025 and September 2025, unemployment level changes were fairly mixed across the regions and nations.
- No region in England observed a sizeable fall in unemployment levels in the three months to September 2025. The biggest drop was recorded in the East of England, where levels were broadly unchanged (-1,000).
- Across the same period, unemployment levels increased the most in London (+31,000), followed by Yorkshire and the Humber (+20,000) and the East Midlands (+15,000).
- Unemployment levels rose in England (+99,000) and to a lesser extent Wales (+21,000). There was minimal change in Scotland's unemployment levels over the quarter (-3,000) and no figure was published for Northern Ireland.

Exhibit 6 Redundancy rate (%)



Source: ONS November 2025 labour market statistics



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