

# Hampshire Monthly Labour Market Update January 2025

- National Headlines (survey-based):
  - Employment
  - Unemployment
  - Economic Inactivity
- South-East (survey-based) Labour Market
- Local Monthly (claimant-count) Unemployment
- Local quarterly (survey-based)

**The UK economy grew in November but at slower rate than expected, while the wider 3-months to November GDP saw no growth. Labour market figures saw little change in November while only nominal pay growth above inflation.**

## Economy

- **According to the latest ONS monthly GDP, the UK economy grew by 0.1% in November 2024**, the first growth in 3-months. However, Real GDP is estimated to have stalled in the 3-months to November 2024, compared with the 3-months to August 2024. The services sector was the main contributor to the overall 0.1% monthly growth.
- **Services output increased by 0.1% in November**, following a fall of 0.1% in October and with no growth in the 3-months to November. Largest contribution came from the accommodation and food services. Output in consumer-facing services grew by 0.5% in November (driven by food and beverage services), following a revised fall of -0.4% in October.
- **Production output contracted 0.4% in November**, following a fall of 0.6% in October, with production output down by 0.7% in the 3-months to November 2024. This was driven by a decline in manufacturing (-0.3%).
- **Construction output grew by 0.4% in November**, following a fall of 0.3% in October but grew by 0.2% in the 3-months to November 2024. The rise in monthly output came from new work, and in repair and maintenance.

## UK Headline (survey-based) Labour Markets

- Headline survey-based estimates, PAYE data and vacancies data saw little change but broadly continues to soften, although data quality issues continue to cloud underlying trends.

## Payroll and Employment

- Timelier data saw December's early estimate of **payrolled employment saw little change on the month (0.1%)** but up by 0.3% on the year (December 2023 to December 2024).

- The headline working age (16-64-years) employment rate was estimated at **74.8%** for the 3-months to November 2024, largely unchanged on a year ago, but down in the latest quarter.
- **Headline employment levels (aged 16+)** are estimated at **33.78 million** for the 3-months to December 2024, up by an estimated 36,000 on the quarter and by 438,000 on the year.
- **Purchasing managers' index (PMI) survey**, monitored by Treasury and Bank of England, saw the **quickest rate of 'job shedding for nearly four years'** (S&P Global), while South East PMI survey suggests job cuts in December were the most pronounced since September 2020, as businesses look to protect profit margins.
- **Despite job cuts wage growth remains persistent.** Annual pay growth stands at 5.6% for both total (including bonuses) and regular pay. Adjusted for inflation both real total and average regular pay grew by 2.5% and 2.4%, respectively. Pay growth was largely driven by private sector wage increases.
- **Annual CPI inflation unexpectedly slowed to 2.5% in December**, as hotel prices and tobacco dipped although this was partly offset by rise in fuel and in second-hand car prices. Core inflation eased to 3.2% while services inflation cooled to 4.4%. Nonetheless, the Bank of England will be wary about cutting rates too early, possibly holding rates at 4.75% at February's MPC meeting. However, the full impact of changes to national insurance and the minimum wage, announced at the budget, will not be fully seen until later in the year.

## Vacancies (demand for labour)

- **Vacancies continue to ease with the 30th consecutive quarter fall (effectively decreasing for two and a half years) to sit at 812,000 for the 3-months to December 2024.** There are 1.9 unemployed people for every vacancy. The largest percentage decrease over the quarter was in arts, entertainment and recreation, at 12.7%, followed by wholesale and retail trade.

## Unemployment & redundancies

- **Estimated ONS headline measure of unemployment (aged 16+)** is **4.4%** for the 3-months to December 2024, above estimates of a year ago, and up in the latest quarter.
- **Headline unemployment levels (aged 16+)** stood at an estimated **1.56 million**, up by 131,000 on the quarter and by 186,000 on the year. However, smaller sample sizes make the data highly volatile and making short-term changes hard to gauge if unemployment is trending up, down or unchanged.

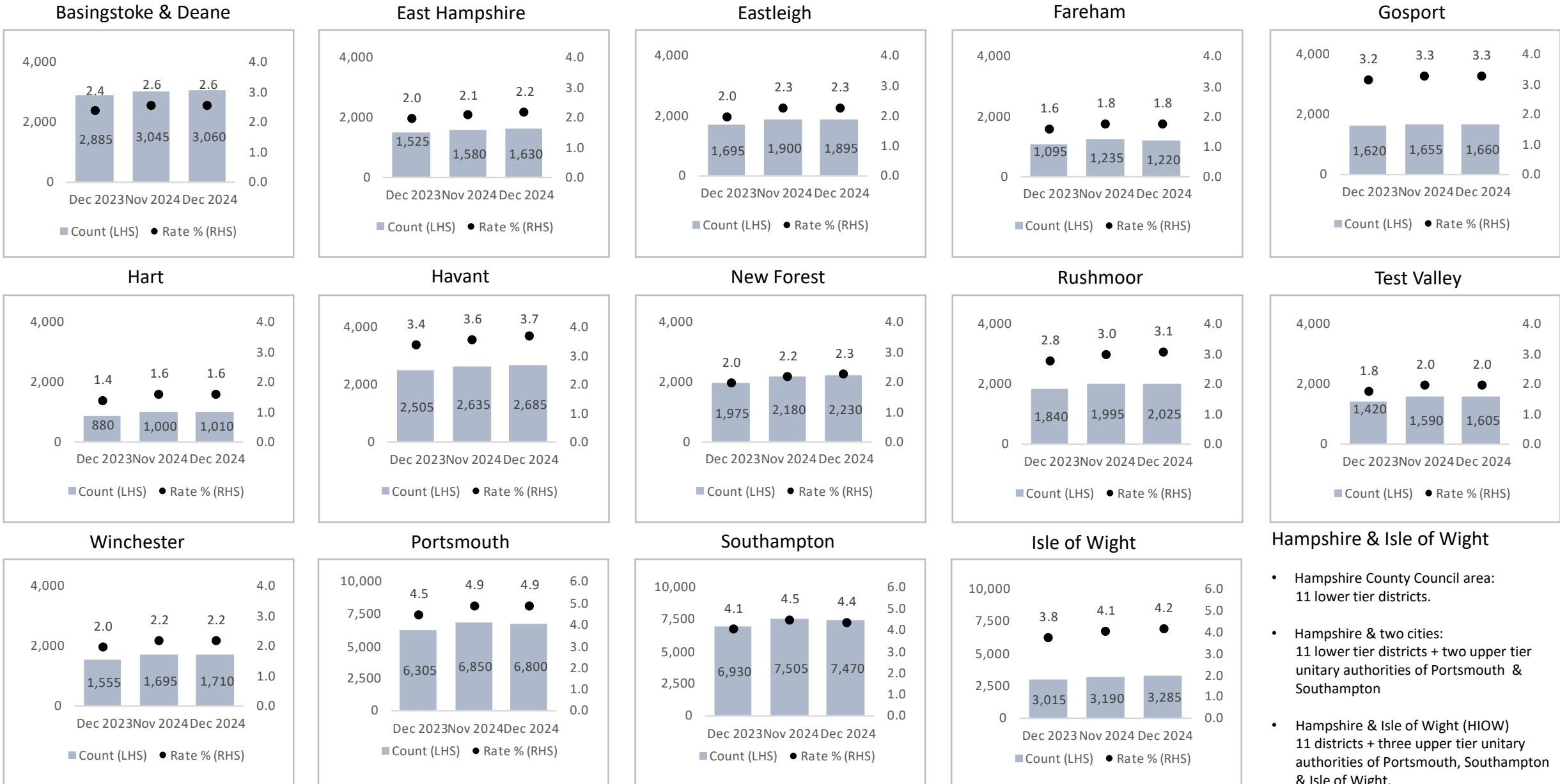
## Economic Inactivity

- **Headline measure of economic inactivity (16-64 years) rate is 21.6%** for the 3-months to November 2024, below estimates of a year ago, and down in the latest quarter.
- Latest quarter estimates show that an **estimated 9.30 million people aged between 16 and 64 years were not in the labour force** (economically inactive). Overall, the number of those aged 16 to 64 who are economic inactive is down by 54,000 on the quarter and 64,000 on the year (largely unchanged on both measures). The quarterly decrease in the number of people who are economically inactive was largely because of those inactive because they were students.

## South-East Region Labour Market

- South East headline working age **employment rate for the 3-months to November was 77.5%**, the **unemployment rate 4.0%** and the **economic inactivity rate 19.1%**. The South East employment rate was down 0.2ppts, the unemployment rate was up 0.4ppts, and inactivity rate down 0.2ppts.
- On the timelier (but seasonally unadjusted) **unemployment Claimant Count the South-East rate was 3.2% for December 2024**, unchanged on the month but up on the year (0.4ppts). The claimant count (183,045) is up by 1,220 on the previous month and up on the year by around 17,900.





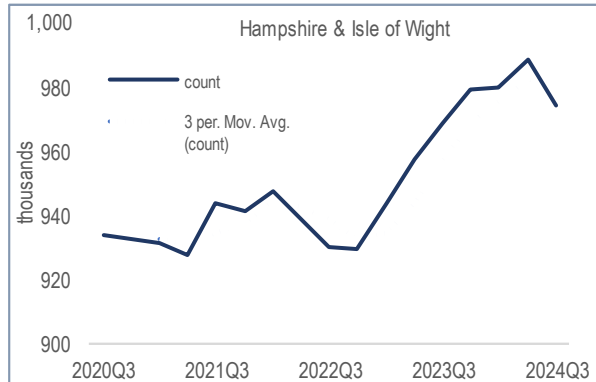
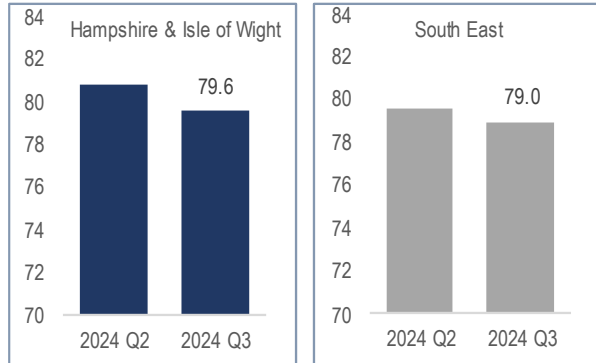
- Hampshire County Council area: 11 lower tier districts.
- Hampshire & two cities: 11 lower tier districts + two upper tier unitary authorities of Portsmouth & Southampton
- Hampshire & Isle of Wight (HIOW) 11 districts + three upper tier unitary authorities of Portsmouth, Southampton & Isle of Wight.

Source: ONS Monthly Claimant Count. Please note the latest month is always a provisional claimant count subject to revision in the next update.

# Hampshire & Isle of Wight Quarterly Labour Market Indicators (updated this month)

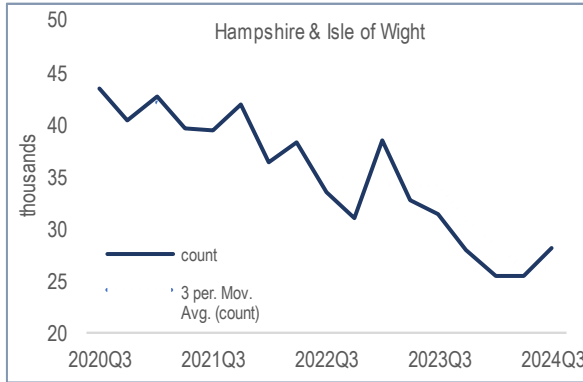
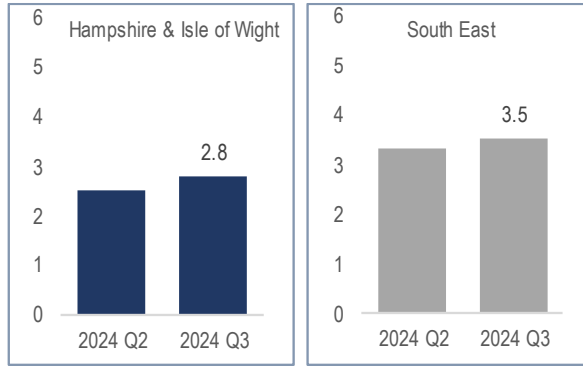
ONS considers APS robust for national and headline regional estimates but concerns with the quality of estimates for local authority geographies. As such, use with caution.

## Employment ↓



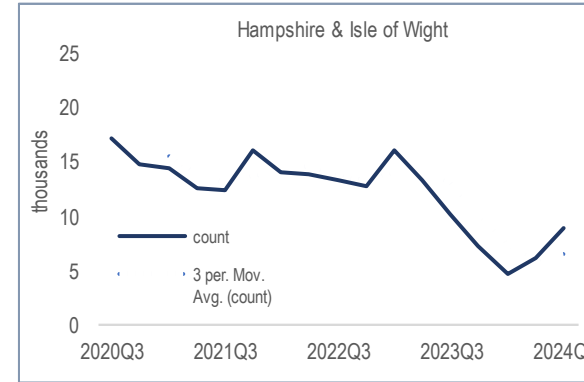
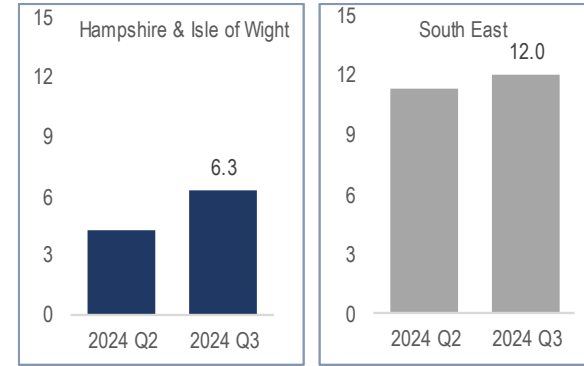
- Long lag in the data for the 12 months to Sep 2024 data (Q3 2024). Sub-regional data is less reliable with changes based on rates.
- An estimated 974,400 Hampshire & Isle of Wight residents were in employment in Q3.
- The **resident employment rate in Hampshire & Isle of Wight decreased to 79.6% in Q3 2024**, down by 1.2ppt on the quarter but up 0.2ppt on the year. The South East average rate is lower at 79.0%.

## Unemployment ↑



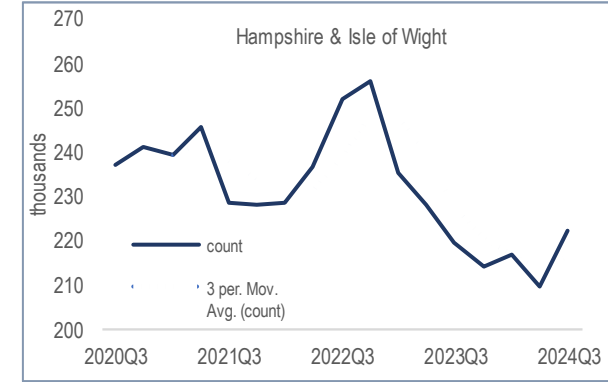
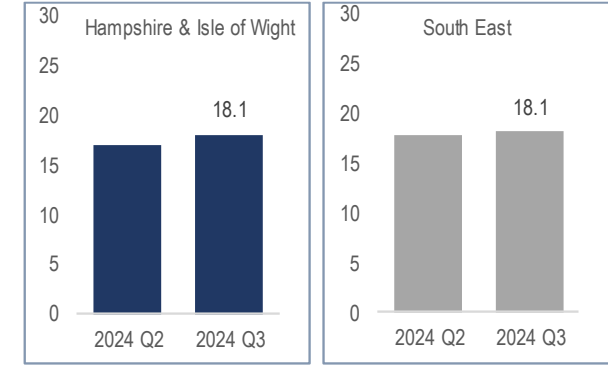
- There were an estimated 28,100 working age (16-64 years) Hampshire & Isle of Wight residents who were unemployed in the year to Q3 2024.
- **Unemployment** on the headline (survey-based) measure rose by 0.3ppt on the quarter to **2.8% in the year to Sep 2024** but 0.3ppt lower on the year.
- The rate is well below the South East average (3.5%).

## Youth Unemployment (16-24) ↑



- These estimates less reliable but suggest 8,900 Hampshire & Isle of Wight residents aged 16-24 were unemployed in Q3 2024.
- The **youth unemployment rate** on the headline (survey) measure **increased by 2.2ppt on the previous quarter to 6.3% but and down 0.5ppt on the year**.
- The local rate is suspiciously low to the South East rate (12%). Young people more likely to be unemployed than working age.

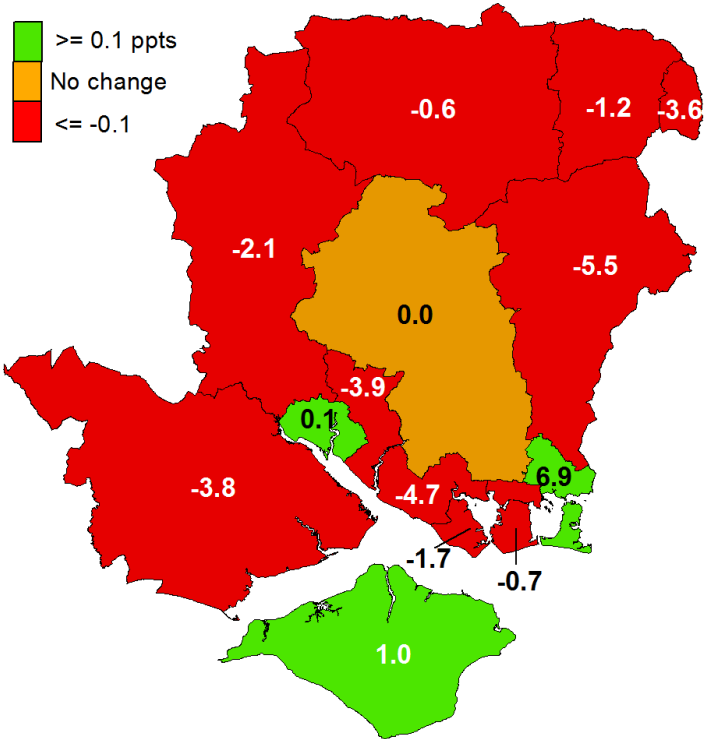
## Economic Inactivity ↑



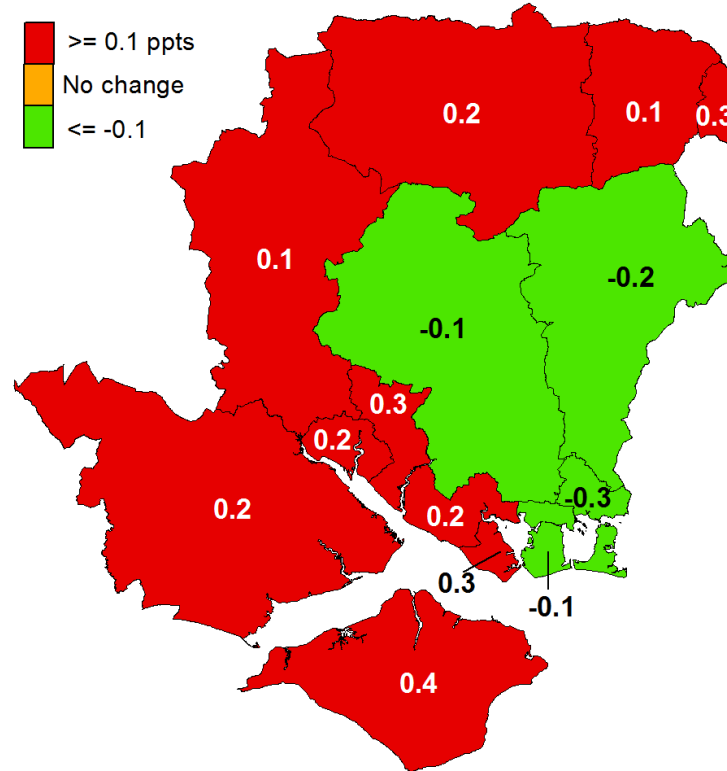
- There are an estimated 222,000 Hampshire & Isle of Wight residents who were economically inactive in the year to Q3.
- **At 18.1%, close to one in five Hampshire & Isle of Wight residents were economically inactive in the year to Sep 2024 (Q3)**, with the rate up on the previous quarter by 1.0ppt, and up by 0.1ppt on the previous year.
- The local rate is the same as the South East.

ONS considers APS robust for national and headline regional estimates but concerns with the quality of estimates for local authority geographies. As such, use with caution.

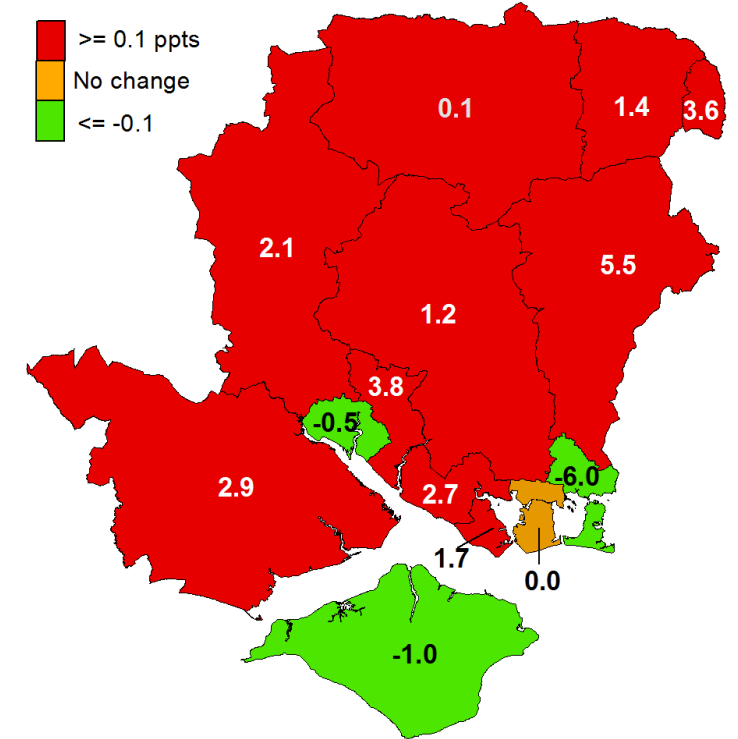
Employment Rate Change (ppts)



Unemployment Rate Change (ppts)



Economic Inactivity Rate Change (ppts)



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- How to read 'traffic light' on page 4.
- For the Labour market indicators, the change refers to the rate not the level. For example, a rise in the employment rate (on quarter and on the year) would see an upward green arrow, while a decrease in unemployment would see a downward green arrow.
- Little or no change on previous period or where annual and quarter changes effectively cancel each other out

Sources:

The primary data source are the Office for National Statistics (ONS) and HMRC while additional data comes from several commercial sources such as, Lightcast.

For further information on Hampshire's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at: <https://www.hants.gov.uk/business/ebis/reports>

12 months to September 2024 (Q2) Updated this month	Employment (16-64yrs)		Unemployment (16-64yrs)		Economic Inactivity (16-64yrs)	
	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
Hampshire (CC)	689,200	83.1	12,200	1.7	128,100	15.4
Basingstoke & Deane	89,800	78.0	3,500	3.7	22,000	19.1
East Hampshire	59,600	85.6	2,100	3.1	8,700	12.4
Eastleigh	67,200	81.5	2,100	3.2	14,600	17.8
Fareham	59,200	85.8	1,700	2.9	9,800	14.2
Gosport	45,300	83.8	1,600	3.4	8,200	15.2
Hart	50,100	88.8	1,400	2.6	5,200	9.2
Havant	48,400	67.4	2,800	4.8	20,600	28.8
Isle of Wight	54,900	71.4	2,900	4.5	19,600	25.5
New Forest	80,900	83.5	2,900	3.3	14,600	15.0
Portsmouth	111,700	77.9	5,600	4.6	26,000	18.1
Rushmoor	55,700	88.3	1,800	3.1	7,400	11.7
Southampton	132,500	76.4	7,800	5.4	35,900	20.7
Test Valley	68,400	89.3	1,800	2.5	8,200	10.7
Winchester	64,600	87.0	1,900	2.6	8,800	11.8
Hampshire Economic Area	933,500	81.4	23,000	2.4	190,000	16.6
Hampshire & Isle of Wight	988,400	80.8	25,400	2.5	209,600	17.1
South East	4,488,200	79.6	152,500	3.3	998,200	17.7
United Kingdom	31,499,000	75.4	1,224,200	3.7	9,033,400	21.6

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Hampshire  
County Council

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