

Unpacking this morning's employment data

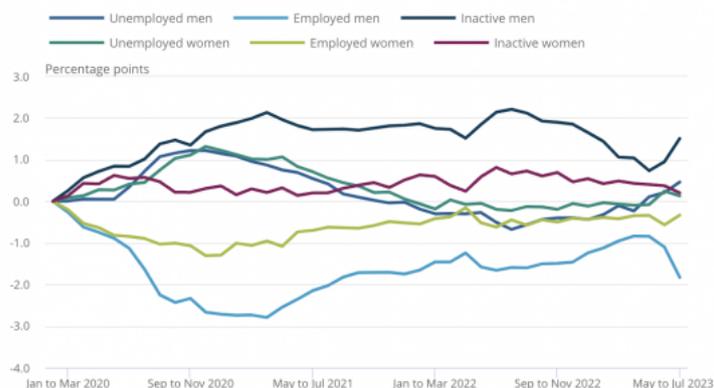
Published: January 13, 2026, 7:12 pm

There is a whole raft of new employment data out this morning from the Office for National Statistics, much of it suggesting that we are moving into states of bigger flux.

For example, [unemployment is up](#):

Figure 2: The increase in the unemployment and economic inactivity rates, and the decrease in the employment rate, in the latest quarter were driven by men

UK economic status rates by sex, seasonally adjusted, cumulative change from December 2019 to February 2020 for each period up to May to July 2023



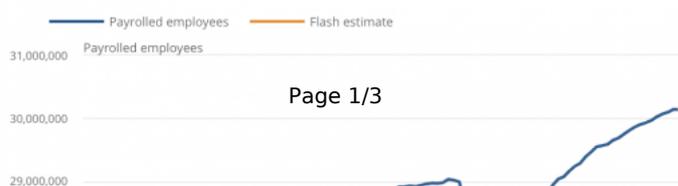
Source: Labour Force Survey from the Office for National Statistics

It seems that male unemployment has risen significantly. That, of course, is what the Bank of England wanted: it thinks rising unemployment will curb inflation.

The number of employees [has fallen slightly](#) as a result, breaking the post-Covid trend:

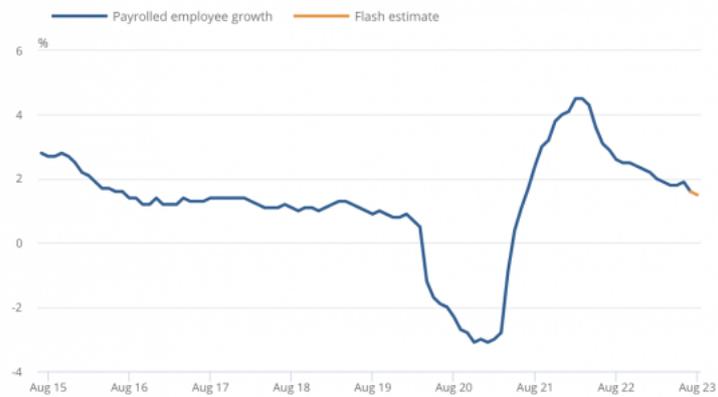
Figure 1: The number of employees declined between February and November 2020, but is now above pre-coronavirus (COVID-19) trends

Payrolled employees, seasonally adjusted, UK, July 2014 to August 2023



Looked at in more detail, the rate of growth in employment is falling, steadily:

Figure 2: Growth in the number of payrolled employees became negative in 2020, but has since returned to positive growth
Percentage change on same month in previous year, seasonally adjusted, UK, July 2015 to August 2023

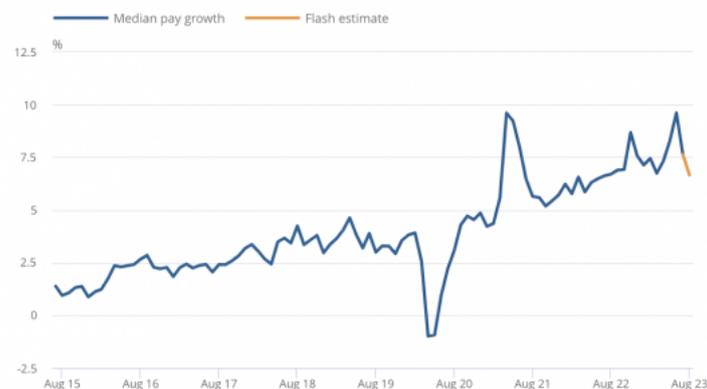


Source: Pay As You Earn Real Time Information from HM Revenue and Customs

That said, provisional data suggests that the rate of increase in pay is also falling - which is especially worrying as that will leave people well behind their pre-inflation earnings:

Figure 4: The rate of growth in median pay fell between March and May 2020, but is now higher than the average growth before March 2020

Percentage change on same month in previous year, seasonally adjusted, UK, July 2015 to August 2023



And in news that will surprise no one, the best off are doing best:

Figure 5: Some 10% of employees earn less than £751 per month and 90% earn less than £5,410 per month

Pay per month, seasonally adjusted, UK, three months to September 2014 to three months to July 2023



There are some big consequences of this news. For example, because the annual growth in employees' average total pay (including bonuses) from May to July 2023 was 8.5% that sets the benchmark for pension increases next year - pushing the new state pensions to £11,500 per annum. This will put pressure on Hunt and explains why the Tories are not committing to the triple lock in future.

There are also some deeper messages in this data. Fore example, I noticed this, which headlined the ONS report:

Early estimates for August 2023 indicate that the number of payrolled employees rose by 1.5% compared with August 2022, a rise of 449,000 employees; the number of payrolled employees was up by 3.9% since February 2020, a rise of 1,120,000.

I could not help but wonder where these people all came from socially when I noted this comment:

Between August 2022 and August 2023, there was a decrease of 41,000 payrolled employees aged under 25 years; during the same period, payrolled employees aged 35 to 49 years increased by 174,000.

The answer has to, of course, be found in migration data. On this, [the ONS has noted:](#)

Total long-term immigration was estimated at around 1.2 million in 2022, and emigration was 557,000, which means migration continues to add to the population with net migration at 606,000; most people arriving to the UK in 2022 were non-EU nationals (925,000), followed by EU (151,000) and British (88,000).

A lot of migration is, of course, related to study, and so by no means all arrivals work. However, some do. The growth in UK employment is then in no small part because of migration, and yet we still remain short of key employees.

The evidence that we are not investing enough in people in this country is very strong.

As a result, whatever this data shows, we are also underpaid: we have the ability to earn more if only the investment was made is the point that I am making. But that does not happen. And that is not because of migration - it is because UK employers take such a short-term view of any form of staff training.