

Pay jumps as economy re-opens for business

PAY is booming as the jobs market recovers and vacancies go above pre-pandemic levels.

Figures from the ONS today show that pay was rising at 7.3% in the quarter to May, higher than economists expect.

That is a sign of employers putting up wages as they try to lure staff as the economy re-opens. It could also feed into inflation.

And it's a headache for Chancellor Rishi Sunak since it adds perhaps another £1 billion to the cost of the so-called state pension "triple lock".

The Office for National Statistics (ONS) said there were 862,000 jobs on offer between April and June, 77,500 higher than the first three months of 2020.

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The ONS said the rise was driven by "hospitality, wholesaling and retailing".

Yael Selfin, Chief Economist at KPMG UK, said: “The labour market is struggling to cope with the pace of re-opening.

“Demand for new hires appears well ahead of the number of jobseekers, which points to the labour market remaining tight through the summer across a number of sectors.”

BCC Head of Economics, Suren Thiru, said:

“The rise in vacancies confirms the ongoing struggle to hire staff. The recruitment difficulties faced by firms go well beyond temporary bottlenecks and with many facing an increasing skills gap, staff shortages may drag on any recovery.

“The July reopening will further boost labour demand. However, the UK jobs market is moving into a more turbulent period with unemployment likely to drift moderately higher in the near term as the furlough scheme winds down and those who stopped looking for work during covid return as restrictions end.”

The rate of unemployment is 4.8%.