UK vacancies drop for eighth month in a row amid economic pressures

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acancies across the UK have fallen for the eighth month in a row as firms hold back on hiring amid woes in the wider economy, official figures have shown.

The Office for National Statistics (ONS) revealed a 51,000 drop in the number of job vacancies to 1.12 million in the three months to February, while the redundancy rate edged higher.

It said the fall in vacancies “reflects uncertainty across industries, as survey respondents continue to cite economic pressures as a factor in holding back on recruitment”.

Britain’s unemployment rate remained unchanged at 3.7% in the three months to January, but the drop in vacancies signalled cracks in the jobs market as economic uncertainty weighs on companies.

The figures also showed there were 220,000 days lost to strike action in January, down from 822,000 in December, with schools the hardest hit.

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The data comes ahead of the Spring Budget on Wednesday, when Chancellor Jeremy Hunt is expected to announce ways to encourage older workers back into the jobs market to help with the UK's shrinking workforce.

The latest figures revealed that pay remained under pressure despite declining inflation, while the data showed that wage growth has eased back sharply.

The ONS said total wages including bonuses lifted by 5.7% in the three months to January, with regular wages, excluding bonuses, increasing by 6.5%.

This was lower than the 6% growth for total pay and 6.7% for regular pay seen in the previous quarter.

With Consumer Prices Index (CPI) inflation taken into account, real regular pay fell by 3.5% and total pay including bonuses was 4.4% lower.

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Mr Hunt said: "The jobs market remains strong, but inflation remains too high.

"To help people's wages go further, we need to stick to our plan to halve inflation this year.

"Tomorrow at the Budget, I will set out how we will go further to bear down on inflation, reduce debt and grow the economy, including by helping more people back into work."

The ONS said the rate of inactivity eased back to 21.3% in the quarter to January from 21.5% as more young people returned to work amid the cost-of-living crisis.

Darren Morgan, director of economic statistics at the ONS, said: “The number of people neither working nor looking for a job fell overall, driven by a drop in young people.

“However, a record number of people were completely outside the labour market due to long-term sickness.

“Although the inflation rate has come down a little, it’s still outstripping earnings growth, meaning real pay continues to fall.

“However, the gap between earnings growth in the public and private sectors has narrowed sharply.”

The ONS said average regular pay growth for the private sector was 7% in the latest figures, while it stood at 4.8% for the public sector.

There were 65,000 more people in employment quarter-on-quarter in the three months to January at 32.8 million, while the number of unemployed rose by 5,000 to 1.3 million, according to the ONS.

Experts said the slowdown in wage growth takes the pressure off the Bank of England to raise interest rates again next week, especially in light of the turmoil sparked by the collapse of Silicon Valley Bank and another US lender at the weekend.

The Bank has been watching pay growth in the UK closely for signs that sky-high inflation may be becoming entrenched in the economy.

Economist Samuel Tombs, at Pantheon Macroeconomics, said: “Today’s labour market report strengthens the case for the Monetary Policy Committee to hold back from raising bank rate further next week, which already had been bolstered by the collapse of two US banks over the weekend.

“Most importantly of all, wage growth has slowed substantially.”