Resolution Foundation

The Resolution Foundation Labour Market Outlook Q3 2024

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In its first few months in office, the new Labour Government has announced a host of new skills policies. Arguably the most high-profile of these is the planned new "flexible" Growth and Skills Levy, replacing the previous Government's Apprenticeship Levy.

There are good reasons to consider changing the Levy: apprenticeships aren't currently doing a good enough job at helping either firms address skills shortages or individuals to boost their qualifications. In 2022, one-in-seven firms (15 per cent) reported having at least one employee who is not fully proficient; access to apprenticeships has plummeted among young people with low-level qualifications; and the apprenticeship achievement rate remains unequal between different groups, with apprentices from the least-deprived areas of the country having a much higher achievement rate than those from the most-deprived areas.

There are reasons, then, to be optimistic that the new Growth and Skills Levy, alongside a youth guarantee for 18-21-year-olds, could benefit both firms and young people: it could give businesses more flexibility to use Levy funding to address their skills shortages, while increasing the number of apprenticeships undertaken by young people with low skills. But success should not be taken for granted: the design and implementation of this new Levy must be handled carefully to avoid exacerbating, rather than improving, the status quo, and to ensure that public funds are spent on effective training.

In our Lifting the Lid section, we use administrative data (given recent issues with survey-based data) to explore trends in unemployment, vacancies and pay for different groups of workers.

Spotlight | The Growth and Skills Levy

Skills policy looks set to be a key area of focus for the new Government. The Labour manifesto included promises to establish Skills England, a new body that will bring together central and local government, businesses, training providers and unions; transform Further Education colleges into 'Technical Excellence Colleges'; create a youth guarantee, meaning that all 18-21-year-olds will be given opportunities for training, an apprenticeship, or help to find work; and reform the Apprenticeship Levy to a "flexible" Growth and Skills Levy. The Government has already begun to take action, launching Skills England within its first few weeks in office, and announcing more details about the Growth and Skills Levy in the Prime Minister's speech at Labour Party Conference in September – but the bulk of the reforms are yet to come. In this Spotlight, we focus on the planned new Growth and Skills Levy -- arguably the most high-profile reform -- exploring its potential implications for both workers and employers.

1 The authors are grateful to colleagues at the Resolution Foundation for advice and guidance, particularly Hannah Slaughter and Mike Brewer. However, any errors remain the authors' own.

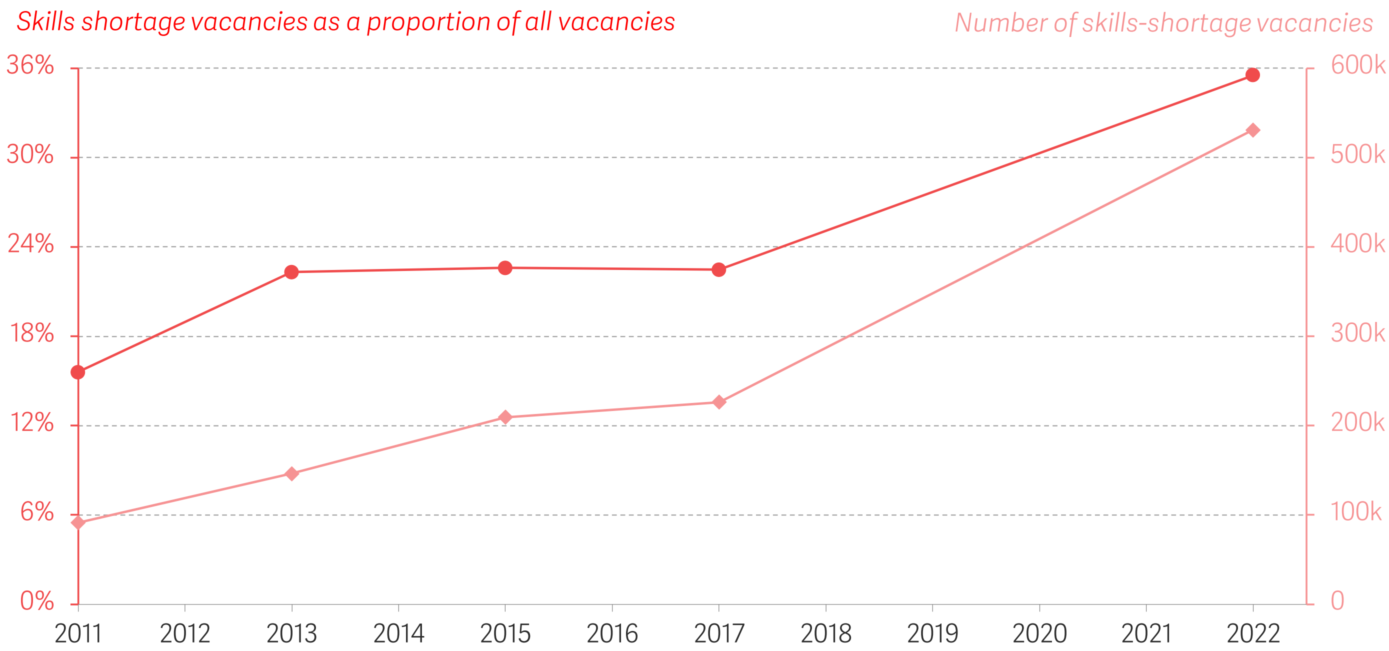
The number of firms reporting skills shortages has been rising

The new Government's plans to reform to the skills landscape are welcome, since there is certainly room for improvement.

In recent years, particularly in the aftermath of the Covid-19 pandemic, concerns around skills shortages have risen, with firms across key sectors such as hospitality and logistics reporting they are unable to hire workers with the skills they need. According to the Office for National Statistics' (ONS') Business Impacts and Conditions Survey, a "lack of qualified applicants for the role'" was the main reason firms reported having difficulty recruiting in 2022, 2023 and 2024. And, as shown in Figure 1, the proportion of vacancies deemed as 'skills-shortage vacancies' (those which employers class as being difficult to fill due to a lack of skills, qualifications or experience among applicants) has risen from a fifth (22 per cent) of all vacancies in 2017 to a third (36 per cent) in 2022.

FIGURE 1: **The number of vacancies relating to skills shortages is on the rise**

Skills-shortage vacancies as a proportion of all vacancies (left axis) and number of skills-shortage vacancies (right axis): UK



NOTES: A skills-shortage vacancy is a vacancy that is classed as hard to fill due to lack of skills, qualifications or experience among applicants.
SOURCE: RF analysis of DfE, Employer Skills Survey.

Concerningly, these skills shortages are not just holding businesses back from hiring new staff; they are also impacting businesses' ability to fully utilise their existing workforce. In 2022, one-in-seven firms (15 per cent) reported having at least one employee who is not fully proficient. And the skills gap density – the proportion of workers that employers judge as not fully proficient – has risen from 4.4 per cent in 2017 to 5.7 per cent in 2022.

Moreover, Figure 2 shows that although there has been a rise in skills gaps across every sector, there is considerable variation between sectors when it comes to both the size of the skills gap and the extent of the rise. Two interesting trends stand out. First, skills gaps tend to be larger in parts of the private sector than in the public sector: for example, the 'Hotels & Restaurants' sector had the largest skills gap density in both 2017 and 2022 at 6.7 per cent and 8.6 per cent respectively; on the other hand, 'Education' had the lowest skills gap density in both 2017 and 2022, at 2.9 per cent and 3.4 per cent respectively.[2] Second, there has been a rise in the skills gap density across sectors, irrespective of whether the sector is mainly high- or low-paying. This is surprising, given that in general, low-paid workers are far less likely to receive training than those on higher pay and, when they do receive training, it is more likely to be health and safety training than training that will aid their career progression or help them move jobs. But as Figure 2 makes clear, training to develop sought-after skills in higher-paid sectors (such as financial services) is also failing to meet demand.

FIGURE 2: **Skills gaps are rising across all sectors, but are higher in the private sector than the public sector**

Skills gap density, by sector: UK, 2017 and 2022

NOTES: Skills gap density is the proportion of employees who are judged as not fully proficient.
SOURCE: RF analysis of DfE, Employer Skills Survey.

There are large inequalities in young people's educational attainment

This all highlights that skills shortages in the labour market are holding firms back, either through an inability to hire new employees or through the proficiency of existing employees. But there is another reason to be concerned about the current skills landscape in the UK: despite the rapid increase in educational attainment over time among younger workers, stubborn inequalities mean that not all young people are benefitting from this trend.

Over the last 20 years, there has been rapid growth in educational attainment in the UK. In 2023, half (50 per cent) of adults aged 25-28 are educated to at least degree level, up from just 24 per cent in

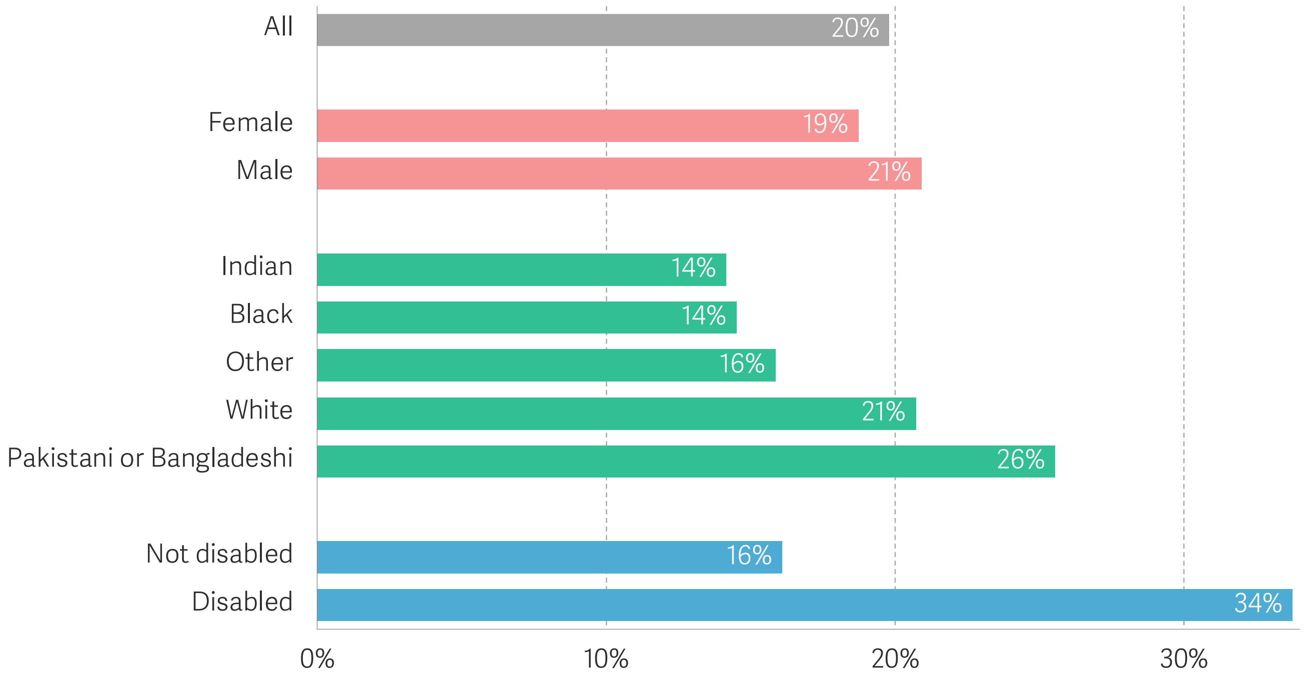
2 It is well-documented that the hospitality sector faces a number of barriers to up-skilling workers. Common barriers include budget, lack of knowledge and resources, and time constraints among staff with busy schedules.

2000, while the proportion with only GCSE-level qualifications or below has fallen from 38 per cent to 20 per cent over the same period.[3] This is a very positive story.

However, as shown in Figure 3, large inequalities in educational attainment remain. For example, disabled adults aged 25-28 are twice as likely as their non-disabled peers to have a highest qualification at GCSE-level or below. To put this another way, the proportion of disabled adults aged 25-28 who had only GCSE-level qualifications or below in 2023 is only slightly below the overall UK figure over twenty years ago (in 2000), at 34 per cent and 38 per cent respectively. There are also large inequalities in educational attainment between different ethnicities: 25-28-year-olds from a Pakistani or Bangladeshi background have the highest proportion of adults whose highest qualification is at GCSE-level or below, at 26 per cent; the same is true of 21 per cent of adults from a White background, and 14 per cent each of those from Indian and Black backgrounds.

FIGURE 3: **Despite rapid growth, there are still large inequalities in educational attainment in the UK**

Proportion of adults aged 25-28 whose highest qualification is at GCSE-level or below, by selected demographics: UK, 2023



SOURCE: RF analysis of ONS, Labour Force Survey.

These inequalities highlight that although there has been a rapid expansion of university education, this has not benefitted all groups of young people – and provision of sub-degree-level qualifications has lagged. This problem is particularly severe in the UK compared to other OECD countries, and leaves a large proportion of young people with low skills, holding back their living standards and contributing to our stagnating national productivity.

3 Source: RF analysis of ONS, Labour Force Survey.

There is no simple solution to the UK's skills gaps, but apprenticeships could be a promising area for reform

There is no silver bullet for addressing these skills gaps within firms, due to the varied nature of the skills in demand. For example, in May-June 2024, 9 per cent of businesses reported that their workforce required extra support or training in 'management or leadership skills', and 8 per cent in 'customer service skills'. This variation means that a range of skills policies will be needed to address each gap; this could range from short on-the-job training courses or Skills Bootcamps, to university degrees. Some of these gaps could be filled through sub-degree qualifications – such as Higher National Certificates (HNCs) and Higher National Diplomas (HNDs) – but there is a shortage of these qualifications in the UK despite an apparent demand for them.

Some have suggested that apprenticeships could be a promising solution, as they offer practical training on the job alongside formal study. Apprenticeships can last from between 1 to 5 years, ranging from Level 2 (GCSE-equivalent) to Level 7 (equivalent to a Master's degree).[4] For businesses, training programmes like apprenticeships can help employers develop skilled workers internally, who then have the specific skills their business needs, reducing the need to recruit externally. Indeed, it is estimated that a business gains by £2,500-£18,000 per apprentice. For young people, apprenticeships offer the chance to both gain hands-on training and earn while they train, which is particularly important for learners from lower-income backgrounds. And there are long-lasting positive outcomes: 93 per cent of apprentices are employed or pursue further study after completing their apprenticeship.

But it is important to be realistic about what we can expect from apprenticeships. For one thing, the costs associated with setting up a work-based learning model present a barrier to provision, and firms risk not recouping the financial investment of providing on-the-job training if the worker leaves after finishing their apprenticeship; both factors mean that, without policy intervention, many smaller employers are priced out. The existing policy solution to this is the Apprenticeship Levy, which is paid by large employers and can only be spent on approved apprenticeship qualifications or passed on to other (often smaller, non-Levy-paying) employers. The Government has said it will replace the Apprenticeship Levy with a 'Growth and Skills Levy' that would, among other things, allow employers to use up to half of their Levy funds to finance non-apprenticeship qualifications.[5] Below, we discuss why the existing Levy needs reform, and what the Government needs to think about when finalising the details of the new programme.

Inequalities in apprenticeship starts and achievements suggest the current system could benefit from reform...

There are good reasons to consider changing the Levy: apprenticeships aren't currently doing a good enough job at helping firms or individuals.

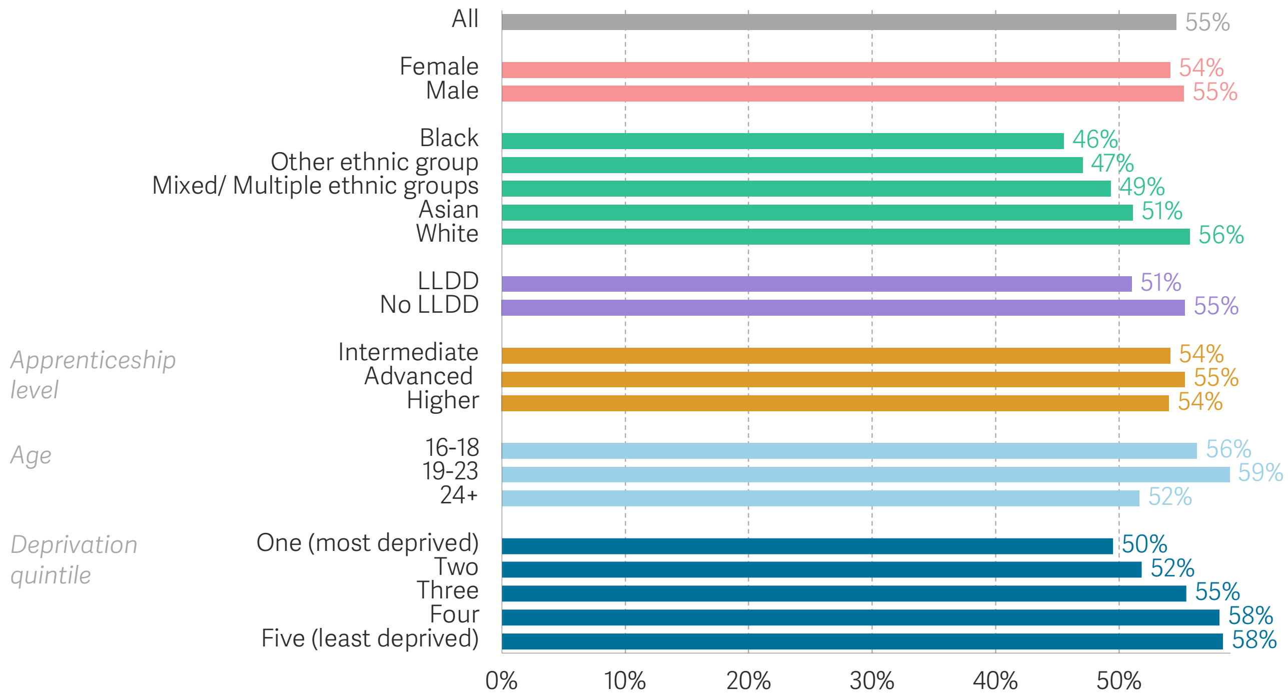
Over recent years there has been a well-discussed decline in apprenticeship starts in England, which fell from 520,600 starts at their 2011/12 peak to 337,100 in 2022/23. But there is a wider range of

4 More specifically, the main apprenticeship levels are 'intermediate', which is a Level 2 qualification (GCSE-equivalent), 'advanced' apprenticeships which is a Level 3 qualification (A level-equivalent) and 'higher' level apprenticeships. These higher-level apprenticeships can be anywhere from Level 4 to Level 7, and include degree apprenticeships at Levels 6 and 7.
5 It is not yet clear what sort of non-apprenticeship qualifications will be included within the Levy (although the Government announced earlier this week that the new Levy will cover shorter apprenticeships that last for less than a year).

reasons to be more concerned about how well these are delivering for young people, starting with achievement rates.[6] The apprenticeship achievement rate was just 55 per cent overall in 2022/23 - well behind the completion rate for first university degrees, which stood at 89 per cent for full-time students who entered university in 2017/18, and significantly behind the last Government's target of 67 per cent – and inequalities between demographic groups are marked, as shown in Figure 4. For example, in 2022/23, White apprentices had the highest achievement rate at 56 per cent, while Black apprentices had the lowest achievement rate at 46 per cent. Asian apprentices were the only other ethnicity to have an achievement rate above 50 per cent, at 51 per cent. Secondly, there are disparities in the achievement rate by age: the lowest achievement rate was among apprentices aged 24 and above, at 52 per cent, 7 percentage points lower than 19-23-year-olds, who had the highest achievement rate (59 per cent). Third, inequalities exist by deprivation, with those from the least deprived areas of the country (Quintile 5) having an achievement rate 8 percentage points above those from the most deprived areas (Quintile 1) (58 per cent versus 50 per cent).

FIGURE 4: **There remain inequalities in the achievement rate between different demographics**

Apprenticeship achievement rate, by various demographics: England 2022/23



NOTES: The achievement rate is calculated by dividing the programme aims achieved by the aims started. LLDD refers to 'Learners with Learning Difficulties and/or Disabilities'. The 'Black' ethnic group includes those who are Black, African, Caribbean or Black British. The 'Asian' ethnic group includes those who are Asian or Asian British.
SOURCE: RF analysis of DfE, Apprenticeships data

By contrast, *access* to apprenticeships is relatively equal between most demographic groups. In 2022/23, the proportion of apprenticeship starts was relatively evenly distributed between men and women, who made up 48 per cent and 52 per cent of apprenticeship starts respectively, and among those from different IMD deprivation quintiles, each of which accounted for around 20 per cent of apprenticeship starts. There is still inequality in apprenticeship starts by ethnicity, however:

6 Achievement rates are based on the individual apprenticeship programmes that were completed in the relevant year. The achievement rate is calculated as the number of programme aims achieved divided by the number started, excluding the programme aims of any learners that transferred onto another qualification within the same institution.

in 2022/23, those from a White background were far more likely to start an apprenticeship than other ethnicities, making up 85 per cent of starts, compared to 76 per cent of the 18-24-year-old population in England and Wales.[7]

And digging beneath the surface, although the proportion of apprenticeship *starts* attributed to each deprivation quintile is relatively equal, those from more deprived areas (Quintile 1) are still most likely to do an intermediate and advanced apprenticeship, while those from the least deprived areas (Quintile 5) are more likely to do a higher-level apprenticeship. For example, in 2022/23, there were 18,620 intermediate level apprenticeship starts among those from the most-deprived quintile, compared to 11,440 among in the least-deprived quintile; on the other hand, the figures were 18,940 and 23,240 respectively for higher-level starts. This suggests that those from less-deprived areas are benefitting more from the move towards higher-level apprenticeships (which are likely to carry more weight in the labour market), while those from the most deprived areas may be missing out.

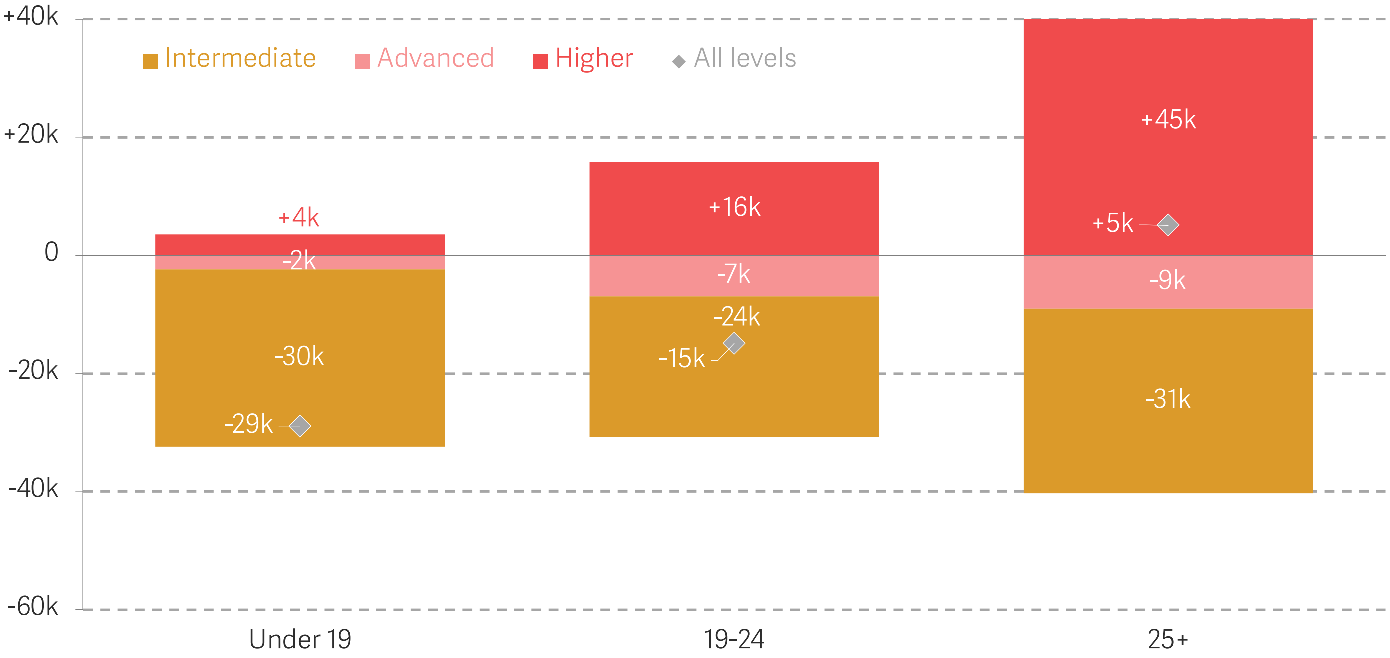
… with apprenticeships increasingly benefitting older, more-qualified people who are already in work

Breaking down apprenticeship starts by level also sheds light on a group who are not benefitting from the current apprenticeship system: young people with low levels of qualifications. In the past, apprenticeships were intended as a stepping-stone into the world of work for young people. But in Figure 5, we can see that the number of those aged under 19 who are starting an intermediate apprenticeship has fallen by 30,000 between 2017/18 and 2022/23, at the same time as there has been a clear move towards higher-level apprenticeships, where apprentices tend to be older (the number of higher-level apprenticeship starts among those aged 25 and above increased by 45,000 between 2017/18 and 2022/23; and the overall number of apprenticeship starts among those aged 25 and above has risen by 5,000). Furthermore, higher-level apprentices aged 25 and above now make up almost a quarter (23 per cent) of all apprenticeship starts, up from 8 per cent in 2017/18.

7 RF analysis of ONS, UK population by ethnicity, Age Groups data.

FIGURE 5: **There has been a move towards higher-level apprenticeships, especially among those aged 25 and above**

Change in apprenticeship starts between 2017/18 and 2022/23, by age and level: England



SOURCE: RF analysis of DfE, Apprenticeships data.

Older apprentices are also more likely to be existing employees. In 2022/23, 59 per cent of apprenticeship starts among those aged 25 and above had been with their employer for at least 12 months, compared to just 9 per cent for under-19s. This suggests that firms may be increasingly using apprenticeships to upskill existing staff, perhaps through rebranding existing training as apprenticeship programmes that can make use of Levy funding, rather than as a pathway into work for low-qualified young people.

Alongside the shift towards higher-level apprenticeships, management and leadership apprenticeships have become particularly popular. In 2022/23, the 'team leader/supervisor' apprenticeship had the second highest number of starts of any programme, and just five different management programmes accounted for 10 per cent of all apprenticeship starts in 2022/23 – and a recent CIPD survey revealed that just over half of employers who pay the Levy used their allowance to fund senior leadership or management apprenticeships. While it is true that the UK needs to both invest in more training and improve the management skills of its workforce, this should be *in addition to* and not *at the expense of* providing young people with the skills to help them enter the world of work.

Reforms to the current Levy system should consider the impact on different types of firms

It is clear, then, that the current system is doing too little to offer valuable apprenticeship opportunities for younger, less-qualified workers in particular. Added to this, the current Levy system is skewed overwhelmingly towards larger employers.

The current Apprenticeship Levy, which was introduced in 2017, is a reasonably well-established settlement for larger businesses (2 per cent of firms are Levy-paying), with most large businesses supporting using Levy funds through the online Apprenticeship Service Account (ASA). But the policy – and administration – surrounding SMEs is more complex and leaves room for change. Small businesses receive government funding for between 95-100 per cent of the cost of apprenticeships, and under the current policy, larger firms can transfer up to 50 per cent of their unused Levy funds to other (often smaller) businesses – a strategy that has been relatively widely used, with 530 employers pledging over £35 million to support apprenticeships in other businesses between September 2021 and December 2023. But SMEs are still less likely to offer apprenticeships than large employers; in 2021/22, 41 per cent of apprenticeship starts were at SMEs with little change since the Levy was introduced in 2017/18. And, as Figure 6 shows, apprenticeship starts per 1,000 employees are lower in SMEs than in large businesses. In 2021/22, there were 10 apprenticeship starts per 1,000 employees in small businesses, 11 per 1,000 employees in medium businesses, and 12 per 10,000 employees in large businesses.

FIGURE 6: **SMEs are less likely to be supported by Apprenticeship Service Account (ASA) Levy funds**

Apprenticeship starts per 1,000 employees, by business size and ASA Levy support: England, 2021/22

NOTES: Starts supported by Apprenticeship Service Account (ASA) Levy funds are based on organisations registered with an Apprenticeship Service Account, who have access to Levy funds, and have used them to fund an apprenticeship. Due to the transfer of unused Apprenticeship Levy funds from one business to another business, the apprenticeship starts supported by ASA Levy funds estimates will include starts at non-Levy-paying organisations arising a result of the transfer of Levy-funds to the recipient's ASA and their subsequent use to fund an apprenticeship.
SOURCE: RF analysis of DfE, Apprenticeships data; BEIS, Business Population Estimates for the UK and Regions 2021.

Policy changes to promote the hiring of more apprentices at smaller firms were on the radar before the change of government: in March 2024, the previous Government committed to fully paying for apprenticeships in small businesses for anyone up to the age of 21 (or aged 22-24 with an education, health and care (EHC) plan) and increasing the proportion of unused Levy funds that can be transferred from larger firms from 25 per cent to 50 per cent. These changes took effect for new starts from 1 April 2024, but it is not clear whether these changes will be upheld when the new Growth and Skills Levy is introduced.

The new Government's proposed Growth and Skills Levy is an opportunity to address these challenges – but there are risks that must be taken seriously

The new Government's rationale for reforming the Apprenticeship Levy is clear: too many firms – particularly in the private sector – are reporting skills shortages, and too many young people are struggling to acquire the skills and qualifications they need to find and progress in good jobs. The current policy landscape is not doing a good job at addressing either issue, and more should be done to incentivise skills provision.

There are reasons to be optimistic that the new Growth and Skills Levy, alongside a youth guarantee for 18-21-year-olds, could benefit both firms and young people. The promised flexibility of the new Levy will undoubtedly be welcomed by firms, particularly if it enables them to more easily invest in training that suits their needs. The low completion rate of apprenticeships suggests that shorter and more flexible training may be more appropriate for many learners, particularly those who are existing employees, and the youth guarantee will benefit the age group (18-21-year-olds) whose participation in apprenticeships has fallen the most in recent years.

But success should not be taken for granted: the design and implementation of this new Levy must be handled carefully to avoid exacerbating, rather than improving, the status quo. We await further details about the Government's planned approach and timescale for change, but there are three main risks that must be taken seriously.

First, the devil will be in the detail when it comes to the youth guarantee, and policy must ensure that there are sufficient apprenticeship opportunities for young people aged 18-21 to make this guarantee meaningful. To make the new youth guarantee a success, policy makers should consider ring-fencing a portion of the Growth and Skills Levy for young people: not only would this help deliver the youth guarantee, but it would also boost the number of apprenticeship starts that Levy funding could support (since the types of apprenticeships undertaken by young people tend to be cheaper than average). If the Government wanted to boost the number of apprenticeships on offer to young people even further, it could explore the feasibility of removing degree apprenticeships from the Growth and Skills Levy, and instead fund these through the student fees and loans system, since these tend to be undertaken by older apprentices and cost more than lower-level apprenticeships. The announcement earlier this week that businesses will have to fund more of their Level 7 apprenticeships (equivalent to a Master's degree) outside of the Levy is a positive sign.

Second, although firms will no doubt welcome the promised flexibility of the Growth and Skills Levy, this flexibility must have bounds. It is in no one's interest for firms to encourage existing employees to enrol in (and often not complete) apprenticeships, rather than more appropriate shorter training, just to be able to use Levy funding. The Government is right to be thinking about how else to encourage firms to provide their workers with skills that don't require a full apprenticeship to acquire – but the risk is that by making the Levy too flexible, firms will be more likely to subsidise training they would have done anyway rather than genuinely increasing provision. This would hardly be a good use of public funds and would almost certainly lead to the number of apprenticeships offered to young people falling even further. It will therefore be important to monitor apprenticeships starts under the new Growth and Skills Levy to ensure that certain groups are not being disadvantaged. Here, lessons can be learned from the regulatory approach taken in Higher Education, where universities are scrutinised on their attempts to widen participation. And increased flexibility for Levy-paying employers should not come at the expense of non-Levy paying SMEs, who would lose out if the unused Levy funds that they currently benefit from is not replaced by additional funding.[8]

Finally, and relatedly, the Growth and Skills Levy should be developed with the aim of maintaining high standards of training. One of the major successes of recent apprenticeship policy has been the improved quality of apprenticeships, which has been achieved by requiring off-the-job training, increasing the overall duration of apprenticeships and introducing Apprenticeship Standards. Although these exact criteria may not be appropriate for all types of training covered by the new Levy (indeed, the Government has already said that apprenticeships lasting less than a year will be covered by the new Levy), similar safeguards should be put in place to ensure that Levy funds are used to deliver training that genuinely benefits both firms and learners, and to prevent public funds from being spent on substandard courses.

Lifting the lid | The picture across different groups and areas

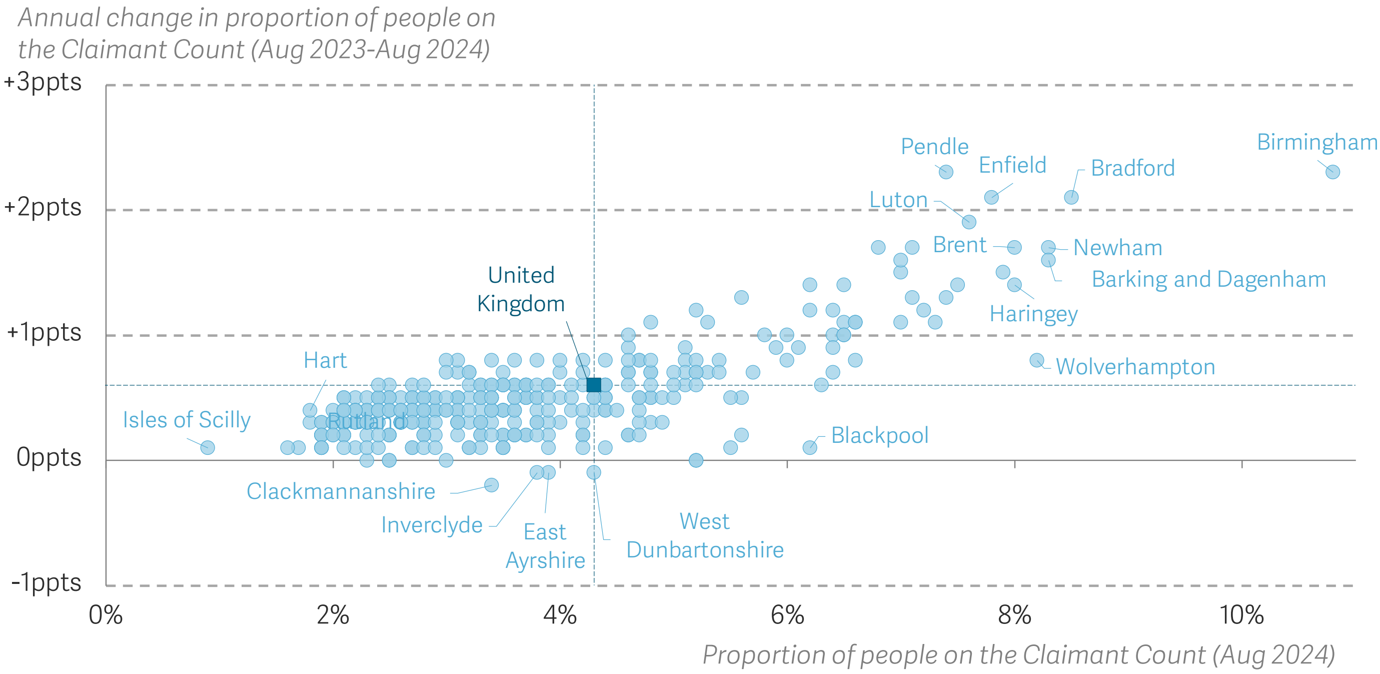
Here we explore a few of the most interesting labour market developments for different groups of workers and different parts of the country.

Given the well-documented issues with the ONS's main source of labour market data, the Labour Force Survey, we use three alternative administrative data sources to explore trends relating to employment, vacancies and pay.

8 The Labour Party has previously committed additional money to fund apprenticeships in SMEs, but this was not mentioned in the 2024 Manifesto. See: S Chowen, Perkins pledges additional spending on SME apprenticeships, FE Week, June 2023; Labour Party, Change: Labour Party Manifesto 2024, June 2024.

FIGURE 7: **Over the past year, places with already high Claimant Count have seen the steepest increases**

Change in the proportion of people on the Claimant Count between August 2023 and August 2024, and proportion of people on the Claimant Count in August 2024, by local authority: UK



SOURCE: RF analysis of ONS, Labour market in the regions of the UK.

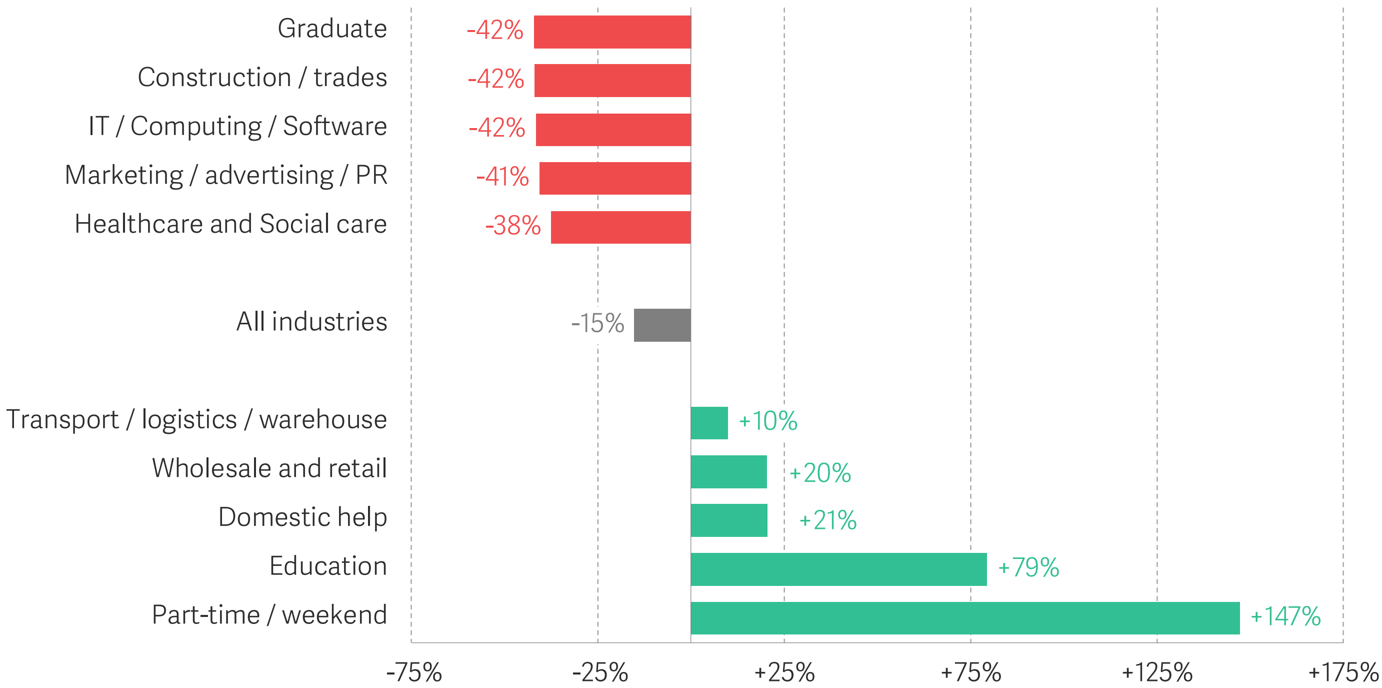
As an alternative to the unemployment rate (measured using data from the Labour Force Survey), Figure 1 shows the proportion of people on the Claimant Count – that is, claiming unemployment-related benefits – in local authorities across the UK, and how this has changed over the past year.[9] Across the UK overall, the proportion of people on the Claimant Count stood at 4.3 per cent in August 2024, having risen by 0.6 percentage points between August 2023 and August 2024.

But there is considerable variation in the proportion of people on the Claimant Count between different local authorities. Indeed, the proportion of people on the Claimant Counts stands at 10.8 per cent in Birmingham and 8.5 per cent in Bradford, compared to just 1.8 per cent in Rutland and Hart. And, strikingly, it is in the places with a relatively high share of the population on the Claimant Count that have seen the biggest increase over the past 12 months.[10] The four local authorities with the biggest annual increase in the proportion of people on the Claimant Count are Pendle and Birmingham (+2.3 percentage points each) followed by Enfield and Bradford (+2.1 percentage points each). As previous Resolution Foundation research has highlighted, this pattern sits alongside regional differences in other labour market indicators, including wages and rates of economic inactivity due to ill health.

9 The Claimant Count is based on administrative DWP data, and includes people who are claiming unemployment benefits, namely those who are in receipt of Jobseekers Allowance (JSA) or Universal Credit (UC) and in the Searching for Work conditionality regime.
10 Although Figure 1 shows the local authorities with a high share of the population on the Claimant Count in August 2024, it is also true that places with a high share of people on the Claimant Count in August 2023 have seen sharp increases over the past year. For example, Birmingham, Bradford and Enfield are in the top 20 local authorities with the highest share of people on on the Claimant Count in August 2023, and Pendle is in the top 40.

FIGURE 8: **While vacancies are below their pre-pandemic level, they have risen for part-time and weekend jobs**

Change in number of Adzuna job adverts between February 2020 and August 2024, by category: UK

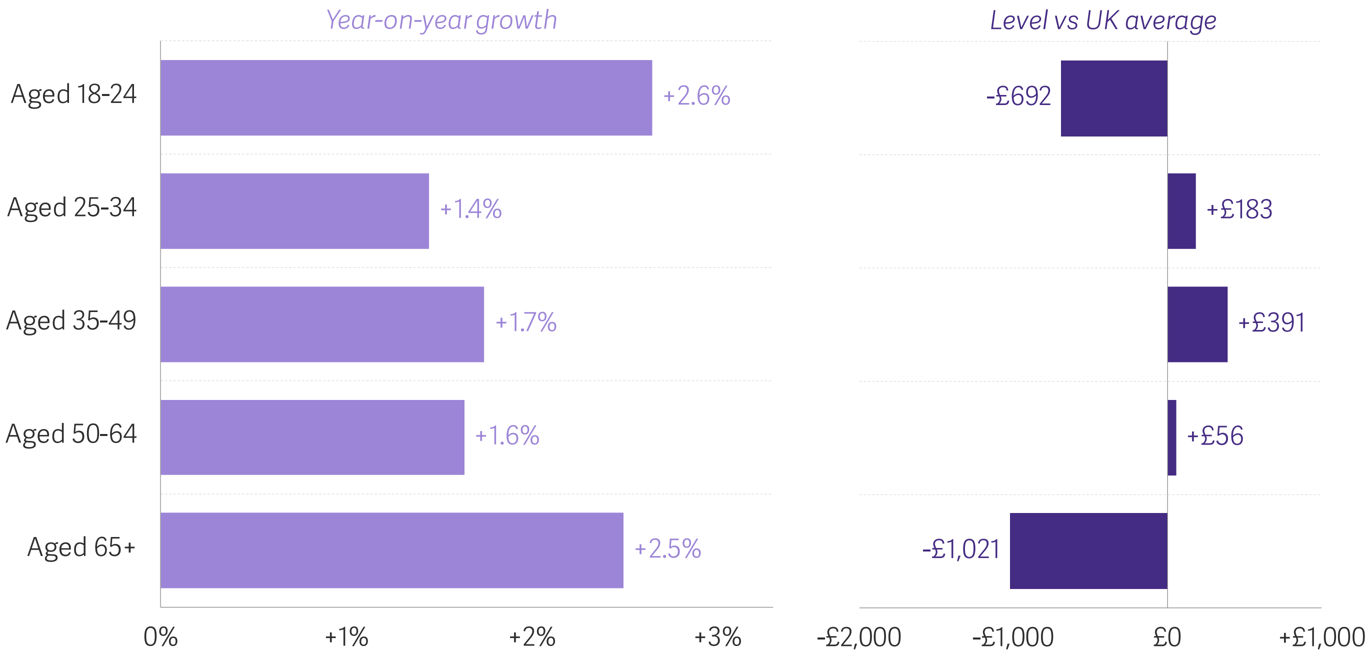


NOTES: Data is not seasonally adjusted. The Adzuna categories used do not correspond to Standard Industrial Classification (SIC) categories. Job adverts are deduplicated.
SOURCE: RF analysis of ONS/Adzuna, Online Job Advert Estimates.

Turning to vacancies, Figure 2 shows that across all industries in the UK, the number of vacancies posted on Adzuna has fallen by 15 per cent compared to February 2020, as the labour market has cooled. Some categories of job adverts have declined more significantly since the eve of the pandemic: for example, adverts relating to graduate jobs, construction and trade, and IT, computing and software have all declined by 42 per cent since February 2020. On the other hand, there are a handful of job categories where adverts have *increased* since the pre-pandemic period. The most dramatic increase has been among part-time and weekend jobs, where the number of Adzuna job adverts has more than doubled (+147 per cent) since February 2020. The other job category that stands out is education, where job vacancies have increased by 79 per cent.

FIGURE 9: **Annual pay growth has been quickest for workers aged 65+ and 18-24 – age groups whose pay is below the UK average**

Annual growth in real-time PAYE monthly pay, adjusted for CPIH inflation (left panel) and real-time PAYE monthly pay level relative to the UK average (right panel), by age band: UK, August 2024



NOTES: Three-month averages. Figures are adjusted using CPIH inflation. Under 18s are excluded due to their low employment rate and average working hours.
SOURCE: RF analysis of ONS/HMRC, Earnings and employment from Pay As You Earn Real Time Information; ONS, Consumer price inflation.

Finally, Figure 3 uses HMRC Pay As You Earn (PAYE) Real Time Information (RTI) data to analyse trends in pay growth for different age groups. Setting aside workers aged under 18, it is younger and older adults who have experienced the fastest real-terms pay growth over the past year. This is notable, since these age groups have lower-then-average *levels* of pay compared to the UK average. For example, adults aged 65 and above earn significant less per month than the average worker (-£1,021), but have seen their wages grow by 2.5 per cent in real terms (compared to average pay growth of 2.3 per cent across the UK overall). Similarly, young workers aged 18-24 earn £692 per month less than the average worker, but have seen strong real pay growth of 2.6 per cent. This pattern of stronger-than-average wage growth for younger workers is set to continue (for lower-paid workers at least), since the Low Pay Commission is planning to phase out youth minimum wage rates so that the National Living Wage applies to all workers aged 18 and over.

The Resolution Foundation is an independent research and policy organisation. Our goal is to improve the lives of people with low to middle incomes by delivering change in areas where they are currently disadvantaged.

We do this by undertaking research and analysis to understand the challenges facing people on a low to middle income, developing practical and effective policy proposals; and engaging with policy makers and stakeholders to influence decision-making and bring about change.

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