The UK's job market has continued to weaken with the number of workers on payrolls falling in the first few months of the year and job vacancies declining again.

Analysts said the latest figures from the Office for National Statistics (ONS) indicated April's increase in employer National Insurance contributions and the National Living Wage could be having an effect.

The ONS figures also showed that wage growth slowed, but pay is still rising faster than the rate of inflation.

Regular earnings, which exclude bonuses, grew at an annual pace of 5.6% in the first three months of the year.

"The broader picture continues to be of the labour market cooling," said the ONS's director of economic statistics, Liz McKeown.

The unemployment rate increased to 4.5% in the January to March period, the ONS said, up from the previous figure of 4.4%.

However, the ONS has said its unemployment figures should be treated with caution because of low response rates to the survey on which they are based.

Other ONS figures showing the number of employees on companies' payrolls found the total fell by 47,000 in March and by an estimated 33,000 in April.

Job vacancy numbers fell again. The estimated number of vacancies in the UK fell by 42,000 on the quarter, to 761,000 in February to April 2025.

Some firms had warned that the changes to tax and the minimum wage that came into effect in April could affect recruitment.

A separate survey released on Monday, external had painted a gloomy picture of the labour market, suggesting that the number of employers expecting to hire more staff in the next three months had fallen to a record low, excluding the pandemic.

"The further softening in employment in April suggests businesses continued to respond to the rise in business taxes and the minimum wage by reducing headcount," said Ruth Gregory, deputy chief UK economist at Capital Economics.

While wage growth had slowed, she added, it still remained relatively strong, meaning the Bank of England will remain cautious over future interest rate cuts.

The Bank cut interest rates last week, and indicated more cuts could follow, although governor Andrew Bailey said it would be moving "gradually and carefully".

The Bank keeps a close eye on wage growth as the concern is that if earnings grow quickly, firms will seek to push up prices, and this will put up the rate of inflation.

"Sticky wage growth may mean the Bank remains uneasy about inflationary pressures in the near term," Ms Gregory said.

"As a result, the 'gradual' interest rate cutting path will remain in the balancing act."

Luke Bartholomew, deputy chief economist at fund manager Aberdeen, agreed that the Bank was likely stick to its current policy on rate cuts.

"While the labour market continues to slow, and there is some evidence of the impact of the increase in National Insurance... there is nothing to suggest it immediately fell off a cliff in response to the shock," he said.