

UK Jobs Market Review

February 2023



Firms' hesitancy to hire weighs on permanent staff recruitment

Permanent



Permanent staff appointments have now fallen in each of the past five months, with the latest decline slightly quicker than that seen in January. Clients have often expressed a more cautious approach to recruitment and took longer to decide on new hires due to worries over the economic outlook. A lack of suitable candidates also dampened placement numbers.



Temporary

February saw further expansion in short-term staff for the thirty-first successive month. This is due to greater demand for temporary workers compared to permanent staff. That said, the rate of growth softened from that seen at the start of the year. The North of England saw the steepest increase in short-term workers hired.

Overall vacancy growth improves



Supporting the quicker upturn in total vacancies was a stronger increase in permanent staff demand during February. Permanent roles expanded at a sharp pace that was the quickest for four months. Demand for short-term staff meanwhile rose at the softest pace for 2 years.

The number of open roles fell by 76,000 compared to the prior three-month period to 1,134,000 to mark the lowest level of vacancies since the three months to September 2021. The said, the figure was nearly +38% higher than that registered just before the pandemic.

Staff availability falls at slowest rate for nearly two years

The overall supply of labour in the UK continued to decline midway through the first quarter. However, the pace of deterioration was the softest seen for almost two years and only modest. Where lower candidate numbers were reported, it was generally attributed to market uncertainty and the cost-of-living crisis, which has driven a greater reluctance among workers to seek new roles.



As has been the case since March 2021, the supply of contract workers declined during February. Candidate numbers were down due to many workers preferring permanent job roles.

Permanent pay continues to rise, but temp rates soften

Permanent

February signalled a further rise in pay for permanent new joiners. Higher salaries were widely linked to efforts to attract and secure candidates as well as the cost of living. The rate of inflation quickened slightly on the month and was sharp overall. That said, the upturn was the second-softest seen since April 2021.



Temporary

February saw a further increase in average day rates for temps. Though sharp, the rate of wage growth softened from January and was the second softest seen in nearly two years. Anecdotal evidence indicated that the higher cost of living and efforts to attract job applicants had pushed up pay rates in February.

