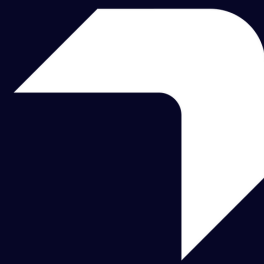


UK Jobs Market Review

May 2023



Economic uncertainty continues to dampen hiring activity

Permanent



Permanent placements across the UK declined again during May. A general slowdown in hiring activity and delayed decision-making amid ongoing economic uncertainty had impacted placements. There were also reports that a lack of suitable candidates and the additional Bank Holiday for the King's Coronation had weighed on recruitment.



Temporary

May saw an increase in temp billings for the thirty-fourth month in a row. Companies often preferred the flexibility of short-term staff given the lingering uncertainty over the outlook. Also, firms had taken on temp workers due to difficulties sourcing suitable permanent staff. However, the rate of growth slowed to the weakest since last October and was marginal overall.

Softest increase in vacancies for five months



Softer increases in demand were recorded for both permanent and temporary staff midway through the second quarter. Permanent vacancies rose at a pace that, though solid, was the second-slowest since February 2021. Temp roles meanwhile expanded at the weakest rate for 33 months and only slightly.

The number of open roles stood at 1,083,000, down 55,000 from the preceding three-month period to mark the tenth consecutive decline. On a more positive note, vacancies remained comfortably above the number before COVID-19 pandemic.

Steepest rise in labour supply since December 2020

Permanent candidate supply increased for the third straight month in May. Furthermore, the rate of growth quickened notably on the month and was the sharpest since the end of 2020. This is mainly attributed to redundancies, which in turn were linked to lingering economic uncertainty and company restructuring efforts. Some workers are now more willing to look for new roles, particularly with higher pay.



After expanding only fractionally in April, the availability of temp staff rose solidly across the UK in May. Short-term labour supply has now increased in each of the past three months, with the latest upturn the steepest since February 2021.

Rates of starting pay rise at softer, but still strong rates

Permanent



May signalled a rise in starting salaries for permanent staff for the twenty-seventh successive month. Though sharp, the rate was the softest seen for just over two years. The higher cost of living and efforts to attract suitably skilled staff were linked to the latest hike in starting salaries.

Temporary



The UK saw a sustained rise in temp hourly wages during May. Mainly, this has been to reflect the higher cost of living. Though marked overall, the rate of inflation edged down from April and was among the softest seen over the aforementioned period.