

UK Jobs Market Review

June 2023



Permanent placements fall temp billings growth remains mild

Permanent



June signalled a sustained fall in permanent staff appointments across the UK. The latest reduction stretches the current sequence of decline to nine months. The rate of contraction was solid, albeit the weakest recorded since March. Lower placements were mainly linked to uncertainty over the economic outlook and subsequent slowdown in staff hiring, with recruitment freezes and delays.



Temporary

There was a further increase in the employment of short-term staff in the UK during June. Firmer demand for temp staff was cited as the principal driver of the latest upturn in billings, with recruiters noting a number of clients preferring flexible workforces due to the prevailing economic climate. However there were also reports that reduced business activity has dampened overall growth.

Vacancy growth slips to 28-month low



Vacancies continued to expand for both permanent and temporary roles during June with the latter recording the steeper rate of growth. Nevertheless, the upturns remained below their respective long-run averages.

Latest data from the ONS showed that overall vacancies continued to drift lower, but remained in excess of 1m and historically high. Current open roles stand at 1,051,000. Despite being the lowest since the three months to August 2021, the figure is +27% higher than the amount of vacancies recorded just before the pandemic.

Sharper rise in overall candidate availability in June

June signalled a sustained rise in permanent candidate numbers. Furthermore, the pace of expansion accelerated to the most pronounced since December 2020. The improved availability of permanent candidates was largely linked to company redundancies. There were also reports of people becoming more willing to look for new roles, including those that enabled working from home.



There was a further upturn in contractor candidate numbers during June, thereby extending the current period of expansion to four months. Quieter market conditions and subdued business activity has pushed up the supply of short-term staff.

Starting salary inflation softens again in June

Permanent



Average starting salaries awarded to permanent workers across the UK continued to increase during June. There were widespread reports that the higher cost of living and candidate shortages had led firms to raise starting salaries. Though sharp overall, the rate of inflation softened for the second month in a row.



Temporary

The UK experienced an increase in temp pay rates for the twenty-eight month in a row. Though marked overall, the rate of inflation was the softest reported since April 2021. The uplift in pay has been attributed to efforts to attract and retain staff as competition for candidates remained tough.