

UK Jobs Market Review

August 2023



Permanent placement and temp hours fall in August

Permanent



August saw a further reduction in permanent staff appointments across the UK for the eleventh straight month. The drop was widely linked to client hesitancy and recruitment freezes amid a weaker macroeconomic climate and efforts to control costs. The shortage of some types of candidates has also impacted on the ability to fill permanent roles.



Temporary

Hours recorded by short-term staff across the UK declined in August thereby ending a three-year period of expansion. That said, the rate of contraction was only marginal. The slowdown in hiring of temporary workers is said to be due to caution around the outlook and increased pressure on budgets.

Total vacancies increase, but only slightly



August signalled a marked slowdown in permanent vacancy growth. The latest uptick was only fractional and was the weakest seen in 30 months. Temporary vacancies meanwhile expanded at a solid pace that was unchanged from July.

Data from the ONS indicated that vacancies fell -20% year-on-year over the three months to July 2023 to stand at 1,020,000. Job opportunities have declined continuously since the three months to June 2022. As a result, the number of available roles was the lowest recorded for two years. Nevertheless, vacancies remain comfortably above the level seen just prior to the pandemic.

Total candidate availability continues to rise rapidly

The supply of permanent staff across the UK increased for the sixth straight month in August. The rate of growth slowed from July but was nevertheless the sharpest seen since December 2022. Redundancies look to be the principle driver of the latest upturn, while a slowdown in hiring activity was also cited as pushing up supply.



As has been the case since March, temporary labour supply across the UK increased in August. Notably the rate of expansion quickened slightly on the month and was the sharpest since December 2022. Company layoffs and increased hesitancy amongst employers to take on additional staff amid lower workloads has contributed to the latest increase.

Pay pressures remain elevated

Permanent



August saw a further rise in average starting pay for permanent workers. Although the joint-softest since March 2021, the rate of inflation remained sharp. Shortages of specific candidates, counteroffers and the rising cost of living all pushed up salaries. The North of England registered the sharpest increase in pay growth, whilst the softest was seen in the South.



Temporary

There was a further rise in average short-term pay in August, thereby stretching the current period of wage growth to two-and-a-half-years. There were reports of employers offering higher pay for highly-skilled and desirable candidates which were often in short supply. Temp wages increased across all four regions with London seeing by far the steepest rate of inflation.