

UK Jobs Market Review October 2023



Permanent placements decline at softest rate in four months



Permanent

Though solid overall, the rate of contraction eased further from August's more than three-year record and was the softest since June. The latest drop in permanent hiring was frequently linked to caution around the economic outlook, with recruitment freezes, delays to hiring decisions and fewer vacancies.



Temporary

We are still experiencing increases in demand for temporary workers. Firmer demand for short-term staff is due to its greater flexibility. However, budgetary pressures and fewer than anticipated projects have dampened growth overall.

Overall vacancies stabilise in October



Permanent staff vacancies fell for the second successive month in October, albeit with the rate of decline easing to a fractional pace. Growth of demand for temporary workers meanwhile slowed to a modest pace that was the least pronounced since May.

Data from the ONS showed that total vacancies remained on a downward trend over the third quarter of 2023. At 988,000 the number of open roles was 43,000 below that recorded over the second quarter of 2023 and the lowest since the three months to July 2021. Nevertheless, the number of overall job opportunities was nearly 20% above that seen just prior to the outbreak of the COVID-19 pandemic.

Stronger rise in overall candidate numbers

As has been the case since March, the availability of staff to fill permanent positions across the UK increased during October. Notably, the rate of expansion quickened to a rapid pace that was the third-sharpest since December 2020. Staff supply has risen due to companies restructuring workforces and redundancies. There were also reports of some people seeking new roles due to concerns over job security or to source better-paid positions.



Latest data pointed to a sustained rise in the number of temporary candidates across the UK at the start of the fourth quarter. Where higher temporary labour supply was reported, this was often linked to company layoffs and fewer projects, partly due to pressures on client budgets.

Starting salary inflation softens slightly again

Permanent

Average starting pay for permanent staff continued to increase at the start of the final quarter of 2023. Though sharp and in line with the series average, the rate of inflation was the softest recorded in 31 months. Competition for suitably-skilled staff and the higher cost of living had placed further upward pressures on pay.



Temporary

There was a sustained rise in average hourly pay rates for short-term staff in October. Although solid, the rate of growth was only slightly stronger than September's 31-month low. Employers increased temp pay to attract and secure suitable candidates. However, greater pressure on client budgets weighed on overall growth.

