

UK Jobs Market Review December 2023



Downturn in hiring activity eases in December

Permanent



There was a reduction in permanent staff appointments across the UK for the fifteenth straight month in December. While the rate of decline softened from November, it was nevertheless solid overall and stood in marked contrast. Softer demand for staff, fewer vacancies and hiring freezes due to lingering uncertainty around the outlook all contributed.



Temporary

There was a decline for the second successive month in December. There were a number of reports of employers reducing their usage of short-term staff, often due to cost considerations and lower activity levels. The rate of contraction was modest, however, having eased since November.

Demand for staff continues to fall slightly



Permanent staff vacancies across the UK fell for the fourth month running in December. That said, the rate of decline remained only slight. Demand for temporary workers meanwhile rose at the weakest pace in just over three years and only marginally.

Data from the ONS highlighted that total vacancies remained on a downward trend in the three months to November. At 949,000, the number of open roles has fallen continuously on a three-month rolling basis since June 2022, to hit the lowest level for nearly two-and-a-half years. Nevertheless, vacancies were 123,000 higher than just prior to the pandemic.

Overall candidate supply continues to expand sharply

Having expanded at the quickest rate for nearly three years in November, December signalled a softer rise in permanent candidate numbers in December. That said, growth remained sharp overall and among the quickest seen since 2009 when excluding the pandemic period. Redundancies were cited as the key driver of higher permanent staff supply. There were also reports that lower levels of hiring activity had increased the pool of available workers.



December saw an increase in the number of workers available for short-term roles for the tenth successive month. Company layoffs and fewer projects at clients were the main reasons.

Slightly quicker increase in starting salaries

Permanent



We saw a sustained rise in salaries awarded in December. Although sharp and quicker than November's 32-month low, the rate of pay growth was nevertheless the second-softest seen since March 2021. Competition for suitably-skilled workers continued to push up pay. However, there were reports that salary inflation was dampened by budgetary pressures.



Temporary

a further uptick in average hourly wages for temp staff in December. The rate of pay growth was the quickest seen since August and solid, albeit slightly softer than the historical average. The higher cost of living and shortages of suitably-skilled workers had placed further upward pressure on wages.