

# UK Jobs Market Review February 2024



## Recruitment activity continues to decline in February

### Permanent



February saw a reduction in permanent staff appointments across the UK for the seventeenth month running. The rate of contraction was little-changed from that seen at the start of 2024. The latest drop was linked to recruitment freezes, delays around hiring decisions, a drop in vacancies amid the weaker economic outlook.



### Temporary

February signalled a marked and accelerated decline in billings received from the employment of short-term staff. Notable the rate of reduction was the steepest recorded since July 2020. The slowdown in temp staff hiring and tighter employer budgets had impacted on billings across the UK - apart from the Midlands that saw an increase.

## Demand for staff drops at faster rate



The deterioration in demand for permanent staff gathered pace in February, with permanent vacancies falling at the quickest rate in just over three years. At the same time, temporary job opportunities fell for the first time since August 2020, albeit marginally.

The latest data from the ONS indicated a further reduction in overall vacancies during the three months to January 2024. At 932,000, the number of job opportunities slipped 26,000 from the three months to October 2023 and was the lowest recorded for just over two-and-a-half years. Vacancies are now 28.4% lower than the post-pandemic peak in May 2022.

## Total candidate supply rises at slower, but still sharp pace

Overall candidate numbers have now risen in each of the last 12 months, though the latest upturn was the least pronounced since last September. Underlying data indicated that a marginally softer rise in permanent candidate numbers offset a quicker increase in temp worker supply.

There were frequent reports that redundancies had pushed up the supply of permanent workers, while there were also indications of candidates seeking out the security of a permanent position over temporary roles. Where higher temp labour was recorded, this was often attributed to relatively subdued economic conditions and a slowdown in hiring activity.



## Perm salary inflation eases

### Permanent



Permanent starters' pay increased further in February. That said, the rate of salary inflation edged down to the lowest recorded since March 2021. Employers are adjusting their pay to attract suitable candidates amid the strong inflation environment. However, there were also reports of salaries stabilising due to tighter client budgets and a relative improvement in availability.



### Temporary

Average rates of hourly pay for temp workers across the UK continued to increase in February, thereby extending the current run of pay growth to three years. Temp pay has moved in line with market rates and due to the limited supply of suitable candidates. Temp wages increased across all four English regions, led by the North of England.