

# UK Jobs Market Review January 2025



## Fastest decline in temp billings since mid-2020

### Permanent



There was a further reduction in permanent staff placements during January, in line with a trend that began in October 2022. Unease amongst firms to hire staff, linked to economic uncertainty and the government's changes to national insurance and employment rights legislation have been cited as the main reasons for the decline. However, a lack of suitable candidates was also noted.



### Temporary

Temp billings fell at a steep and accelerated rate in January. Overall the contraction was the sharpest since June 2020. In general there has been reduced demand for staff and firms being broadly unwilling to renew recent expired temp contracts. Apart from the Midlands where a fractional increase was recorded, all English regions registered drops.

## Vacancies continue to tumble



Demand for staff remained on a downward trajectory at the start of 2025 and once again, permanent vacancies declined faster than temporary positions. Perm vacancies have now declined for 17 months in a row, with the latest contraction the sharpest since August 2020. Demand for temp workers nonetheless fell for a sixth month in succession and at the steepest pace in over four-and-a-half years.

During the three months to December, vacancies in the UK declined again according to the latest official data from the Office for National Statistics (ONS). Compared to a year ago, vacancies were down some 117,000. Moreover, the overall level of 812,000 vacancies stood at their lowest since the three months to May 2021.

## Slowest increase in staff availability for nearly a year

Permanent staff availability continued to increase at the start of 2025, in line with a trend that stretches back to just under two years. The rate of growth was again steep, although softened since December to its lowest since February 2024. There were many reports of increased redundancies at firms amid challenging market conditions.



There was an increase in temp staff availability in January, extending the current period of growth to 23 months. The rate of expansion was steep, though eased since December to its lowest level since last September. Companies reported that a low demand for temp workers and redundancies amid general uncertainty had led to the rise in temp staff supply.

## Pay inflation weakens at the start of 2025

### Permanent



Another month of rising permanent starting salaries was recorded in January, extending a current growth that stretches back to March 2021. Whilst some firms were willing to increase starting salaries to attract quality candidates, an excess supply of workers and cost concerns limited inflation.



### Temporary

Latest data showed that temp pay rates rose for a fourth successive month in January, but only marginally and to the softest degree in the current sequence of inflation. Temp pay growth was reportedly limited by high volumes of available candidates and a general lack of market demand.