

UK Jobs Market Review February 2025



Softer deterioration in recruitment activity

Permanent



The number of people placed into permanent job roles across the UK decreased again in February. Whilst the rate of decline was the least pronounced in four months, it remained historically sharp overall. Weaker confidence around the economic outlook and rising payroll costs led firms to pause or cut back on hiring in the latest survey period.



Temporary

February signalled a sustained decline in billings from the employment of short-term staff. Temp billings have now fallen in each of the past eight months. The latest reduction was driven by weaker demand for staff, tighter client budgets and the non-renewal of temp contracts.

Demand for staff continues to fall rapidly



February data pointed to slightly softer, but still substantial declines in demand for both permanent and temporary workers. Permanent vacancies fell at a sharper pace than that seen for temp roles, with the respective index posting in contraction territory for 18 months in a row. Concurrently, demand for short-term staff fell for the seventh straight month.

The latest official data from the Office for National Statistics (ONS) indicated that there were 819,000 vacancies across the UK in the three months to January. This was 110,000 less than that recorded the same period a year ago. Furthermore, the data signalled that vacancies have settled at a level that is over one-third (37.2%) below the post-pandemic peak (1,304,000 in the three months to May 2022).

Availability of workers increases at quicker pace

There was a sharp and accelerated upturn in the availability of candidates for permanent roles during February. Permanent staff supply has now increased in each month of the past two years, with the latest expansion slightly quicker than the average seen over this period. Redundancies and a lack of job opportunities had increased the pool of available workers.



The availability of short-term/contract workers also increased at a quicker pace midway through the first quarter. Notably, the rate of growth edged up to a four-month high and was among the steepest seen over the current two-year sequence of expansion. Company lay-offs and fewer short-term roles had pushed up the supply of temp workers, according to recruiters.

Starting salary inflation weakens to four-year low

Permanent



There was a softer rise in starting salaries for permanent staff for the second straight month in February. Notably, the latest increase was the slowest seen over the current four-year period of inflation and only modest. Where higher salaries were reported, this was generally linked to an increase in market rates and efforts to attract skilled candidates.



Temporary

Average hourly rates of pay for temp/contract staff increased for the fifth successive month in February. While some companies had pushed up rates of pay to attract suitably-skilled workers, there were also reports that average wages had levelled off amid an improvement in overall candidate numbers.