

UK Jobs Market Review

May 2025



Hiring falls again, particularly for permanent staff

Permanent



May signalled a decline in the number of people placed into permanent jobs for the thirty-second month in a row. The rate of contraction was sharp and slightly quicker than that seen in April. However the reduction remained slower than at the turn of the year. Weaker employer confidence around the economic outlook and concerns over costs were all linked to the latest drop in permanent staff hiring.



Temporary

Recruitment consultancies across the UK indicated that temp billings declined again in May, thereby extending the current period of contraction to 11 months. Though solid, the rate of reduction eased for the fourth straight month to the lowest since last November. According to anecdotal evidence, billings fell as demand for short-term staff had weakened amid subdued market confidence and efforts to limit costs.

Vacancies decline at softest rate in 8 months



May signalled a further reduction in overall demand for workers. Vacancies have now fallen in each of the past 19 months, though solid, the latest decline was the softest recorded since last September.

Latest data from the Office for National Statistics (ONS) signalled a further decline in vacancies across the UK in the three months to April. At 761,000, the number of open roles was down nearly 15% compared to the same period a year ago and the lowest in four years. The number of vacancies was just over 4% below the pre-pandemic level.

Sharpest rise in candidate supply for nearly 4.5 years

May experienced an increase in the supply for workers for permanent roles for the twenty-seventh successive month. Furthermore the rate of growth was rapid and the most pronounced since December 2020. Redundancies were the main driver of higher staff supply, according to recruiters, while fewer job opportunities were also cited as having pushed up candidate numbers.



The number of candidates available for short-term roles across the UK continued to rise midway through the second quarter. Notably, the rate of expansion was the joint-quickest for nearly four-and-a-half years (on a par with October 2024). Recruiters frequently mentioned that job losses and lower demand for staff had increased the pool of available workers in May.

Stronger increases in starting pay

Permanent



As has been the case since March 2021, average starting salaries increased during May. The rate of pay growth improved to a nine-month high and was solid overall. That said, the pace of inflation remained below the historical average. Higher starting salaries were generally attributed to competition for high quality candidates.



Temporary

Temp pay rates continued to increase across the UK in May, thereby stretching the current period of wage growth to eight months. There were a number of reports that stronger than average increases in the national minimum and living wage rates continued to exert upward pressure on short-term pay.