

# UK Jobs Market Review

## August 2025



### Staff hiring falls at softer but still marked rate

#### Permanent



There was a slower, but still marked, reduction in the number of people placed into permanent roles in August. The rate of decline was the softest since May. Appointments have now fallen in each of the past 35 months. Placements fell due to fewer job opportunities, higher payroll costs, and hesitancy among employers to recruit new staff amid reduced confidence around the outlook.

#### Temporary



August signalled a further drop in billings from the employment of short-term staff. Though solid, the rate of contraction was the weakest recorded in three months and not as pronounced as the average recorded in 2025 to date. Companies cut back on temporary hiring due to higher operating expenses and reduced business activity.

### Overall demand for staff continues to fall



Underlying data pointed to further falls in demand for both permanent and temporary workers during the latest survey period. Vacancies for permanent positions fell at a sharp and accelerated rate that was the most pronounced in six months. Demand for short-term staff meanwhile fell at a slightly softer but still solid pace.

The ONS indicated that overall vacancies fell 44,000 over the three months to July 2025. Vacancies have now fallen continuously for just over three years. At 718,000, the total number of job opportunities was the lowest recorded since the three months to April 2021. This figure was also nearly 10% below the pre-pandemic level (795,000 in the three months to March 2020).

### Sharpest rise in candidate numbers since November 2020

The expansion in permanent labour supply gathered pace in August, posting its highest reading since November 2020. Excluding the period covering the height of the COVID-19 pandemic in 2020, latest data marked the steepest rise in candidate numbers since July 2009 during the global financial crisis. Redundancies and fewer job opportunities were cited as key drivers of growth. There were also reports of people seeking new roles due to concerns over current job security.



There was a stronger rise in the number of candidates available for short-term roles during August, the fastest seen since late-2020. While company layoffs were frequently linked to the latest upturn in candidate supply, fewer vacancies and delayed hiring decisions had also driven up availability.

### Starters' salaries increase only marginally

#### Permanent



Salaries awarded to newly-placed permanent workers increased only slightly midway through the third quarter. While there were cases of employers paying higher salaries to secure sought-after skills, there were also reports that weaker demand for staff and tighter hiring budgets had constrained growth.

#### Temporary



Average wages for short-term staff increased again in August. Although the rate of inflation quickened from July, it was modest overall and much slower than the historical average. There was little movement in wages due to improved candidate availability and muted demand for workers.

# UK Jobs Market Review January 2023



## Placement

### Permanent



Permanent staff appointments have now fallen in each of the past five months, with the latest decline slightly quicker than that seen in January. Clients have often expressed a more cautious approach to recruitment and took longer to decide on new hires due to worries over the economic outlook. A lack of suitable candidates also dampened placement numbers.



### Temporary

February saw further expansion in short-term staff for the thirty-first successive month. This is due to greater demand for temporary workers compared to permanent staff. That said, the rate of growth softened from that seen at the start of the year. The North of England saw the steepest increase in short-term workers hired.

## Overall vacancy growth improves



Supporting the quicker upturn in total vacancies was a stronger increase in permanent staff demand during February. Permanent roles expanded at a sharp pace that was the quickest for four months. Demand for short-term staff meanwhile rose at the softest pace for 2 years.

The number of open roles fell by 76,000 compared to the prior three-month period to 1,134,000 to mark the lowest level of vacancies since the three months to September 2021. The said, the figure was nearly +38% higher than that registered just before the pandemic.

## Staff availability falls at slowest rate for nearly two years

The overall supply of labour in the UK continued to decline midway through the first quarter. However, the pace of deterioration was the softest seen for almost two years and only modest. Where lower candidate numbers were reported, it was generally attributed to market uncertainty and the cost-of-living crisis, which has driven a greater reluctance among workers to seek new roles.

As has been the case since March 2021, the supply of contract workers declined during February. Candidate numbers were down due to many workers preferring permanent job roles.



## Permanent pay continues to rise, but temp rates soften

### Permanent

February signalled a further rise in pay for permanent new joiners. Higher salaries were widely linked to efforts to attract and secure candidates as well as the cost of living. The rate of inflation quickened slightly on the month and was sharp overall. That said, the upturn was the second-softest seen since April 2021.



### Temporary

February saw a further increase in average day rates for temps. Though sharp, the rate of wage growth softened from January and was the second softest seen in nearly two years. Anecdotal evidence indicated that the higher cost of living and efforts to attract job applicants had pushed up pay rates in February.

