February 2025

Oxfordshire Recruitment
Market Overview

Compiled by **Allen Associates** with data insights and analysis by **Indeed Hiring Lab**

allen-associates.co.uk
hello@allen-associates.co.uk
01865 335600

Hiring trends and what they mean for employers

2025 looks set to bring some challenges to the employment market but also offers considerable opportunities. Here at Allen Associates, we've seen first-hand how employers are adapting their hiring strategies in response to current conditions.

While some businesses are taking a more cautious approach, demand for top talent remains high and securing the right people continues to be a priority for many of our clients.

The best candidates are still hard to find and businesses that take a proactive approach to hiring are definitely gaining a competitive advantage.

Oxfordshire has seen a decline in job postings of around 17% from pre-pandemic levels, and in Oxford itself, that figure is 12%. Both figures are close to the national trend. Unemployment rates are 2.3% in Oxfordshire and 2.9% in Oxford, against a national UK average of 4.1% indicating that the Oxfordshire labour market remains tight.

Here we'll be looking at the economic outlook, checking out labour market developments, looking at pay and flexibility in the job market and seeing how AI is influencing employment.

The 2025 Macroeconomic Outlook

The HM Treasury monthly survey of independent economic forecasters shows that marginally faster growth is expected in the UK economy in 2025, but it will still be at a fairly subdued pace.

Marginally faster growth expected in 2025

HM Treasury Survey of UK Economic Forecasters, Jan 2025

	2024	2025
GDP growth	0.8	1.2
Unemployment rate (Q4)	4.3	4.5
Inflation (Q4, CPI)	2.5	2.6

economy in 2025, but still a fairly subdued pace.

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Growth is anticipated to be 1.2% for the current year, so it will be slightly faster than the 0.8% that was expected. We're still waiting for the final figures for 2024 and fairly muted growth is anticipated, but it is still an uptick on what was predicted.

The Bank of England is expected to cut interest rates during the year, providing some support for the economy, while higher government spending on public services and increased public spending is expected to provide some support for growth.

The unemployment rate is expected to rise modestly but will remain fairly low at 4.5% by the end of 2025.

Inflation is generally expected to increase a little in the short term, driven by higher energy and food prices, and also possibly as businesses increase prices to partially offset April's increase in Employer's National Insurance Contributions.

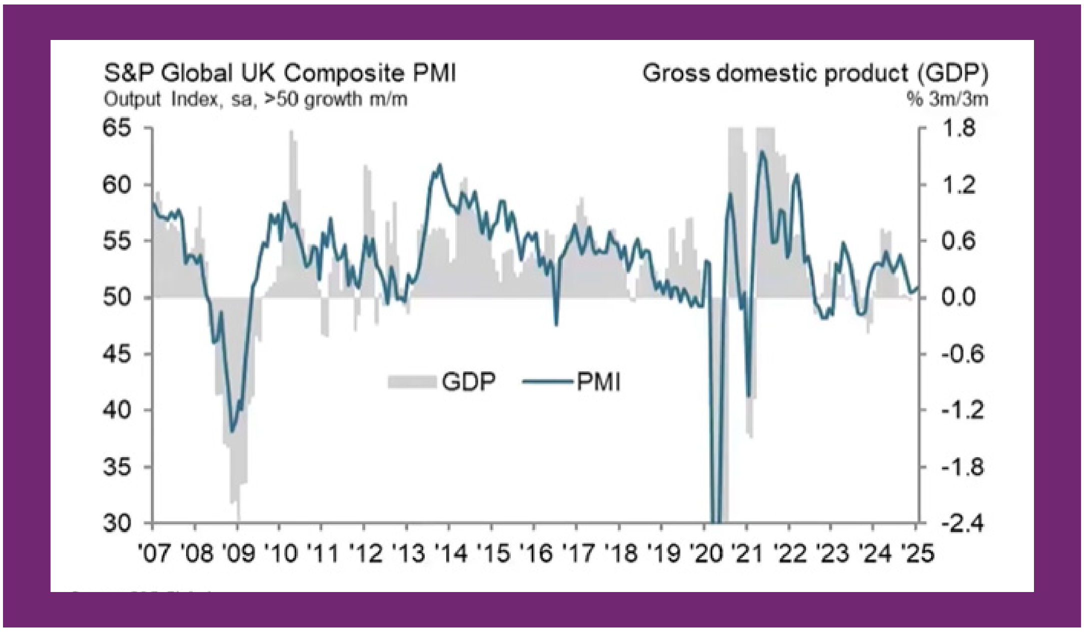
However, inflation is expected to ease back later in the year, albeit remaining slightly above the Bank of England's 2% target rate, at 2.6% by the end of 2025.

There are a number of uncertainties around the global economic outlook, one of which is the impact of the new US administration, and potential changes to trade policy, which could have a material impact on the global economy. This may manifest itself through the imposition of tariffs.

It remains to be seen how that situation could develop, although the UK is a little less exposed to any 'trade wars' than many other economies due to our greater reliance on the service sector rather than manufacturing and exports.

Looking at real-time economic data, we have some survey data for January from the Purchasing Manager Index (PMI), which is a reliable indicator of GDP growth.

Soft Start to 2025 after stagnant Q4



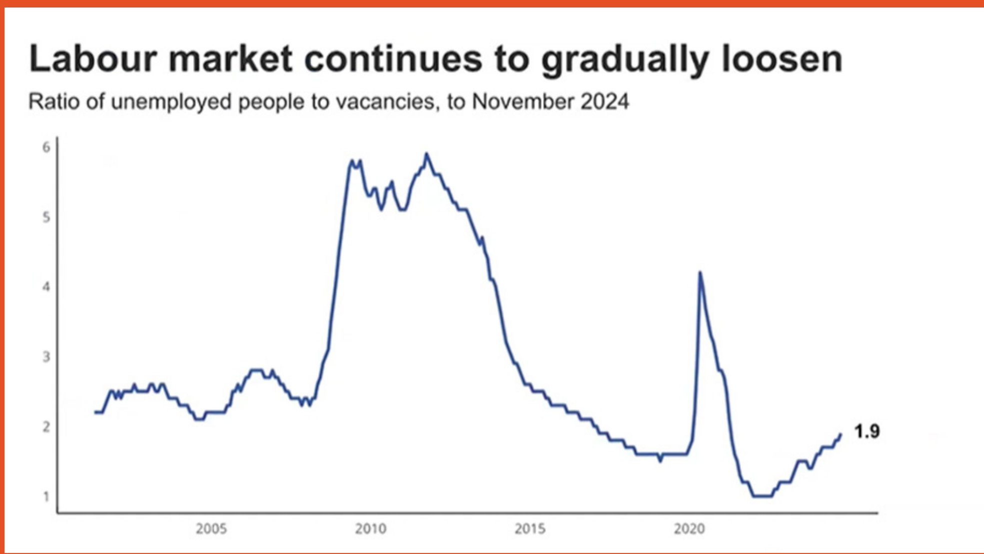
What we saw in the second half of 2024 is a broadly stagnant economy, with momentum slowing, particularly in Q4. This has continued into early 2025.

There was a marginal expansion in private business sector activity which rose to a 3-month high, but there was also a fairly muted rate of expansion and little growth in the economy.

The overall picture is of a largely stagnating economy, showing no real growth, but also not contracting.

The PMI survey also indicated that firms were reporting further reductions in staffing levels during January, continuing a trend that began in October. Anecdotal evidence links this to the impact of the budget on overall payroll costs, with a number of firms reporting hiring freezes and non-replacement of leavers.

Labour Market continues to gradually loosen



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What's next?

The Bank of England's (BoE) base rate of 4.75% is now the highest among large developed economies and that is impacting on economic activity. The BoE is likely to cut rates soon, potentially as early as mid-February.

The financial markets are anticipating this first reduction of the year in base rates, but the BoE remains mindful of inflation risks if cuts are made too quickly, so policymakers at the bank have indicated that rate cuts will be gradual to avoid inflation. They are also aware that holding rates too high for too long could tip the economy into recession, so the timing of the announcement of interest rate reductions is crucial.

Government Policies

Policy impacts - labour market

NICs rise
Employers NICs rise from 13.8% to 15%, salary threshold reduced to £5k in April
Expected to drive some combination of cost reduction and/or higher prices

National Living Wage
6.7% increase to main rate, larger increases to youth rates

Workers' Rights Bill
Range of employment reforms but not expected to take effect until at least 2026

Public sector hiring
Eg. additional recruitment of teachers, police officers

Wider economic plans
Eg. housebuilding, infrastructure, green energy expected to boost some sectors

Firstly, the rise in **Employers' National Insurance Contributions** which will take NICs from 13.8% to 15%, together with the reduction in the salary threshold that is widely expected, is likely to drive some combination of cost reduction and/or higher prices from businesses.

Secondly, the **National Living Wage** increase, which means a 6.7% increase to the main rate and larger increases to Youth rates. The Youth rate is gradually converging on the main rate and will eventually be phased out.

Thirdly, the **Government's Workers' Rights Bill** contains a number of employment reforms that have been proposed but are not expected to take effect until at least 2026. The Government is consulting on these in the interim.

Fourthly, on **Public Sector hiring**, the Government indicates plans for additional recruitment of teachers and police officers, and has announced wider economic plans around areas including house building, infrastructure and green energy which is expected to boost these sectors. However, this will take time and it remains to be seen exactly how much traction these plans gain, and their ultimate impact on labour markets.

Three things to watch

Interest rates

Some financial markets expect a couple of 25 base point reductions from the BoE but some expect more, perhaps as many as five or six, if the economy turns out to be weaker than the BoE's expectations. In this scenario it may need to cut rates more aggressively in order to try to stimulate the economy.

Layoffs

We have not yet seen a spike in redundancy notices. We need to see layoffs staying fairly low in order to keep unemployment in check and the number of potential redundancy notifications has remained fairly low in recent months.

Company insolvencies remain low but the number of businesses in financial distress rose towards the end of last year. Clearly, many businesses are financially stretched at the moment which could be due to increases in their payroll costs.

Small businesses are particularly vulnerable, so it remains to be seen if that translates into more insolvencies which would, of course, start to feed into those labour market figures.

Geopolitics

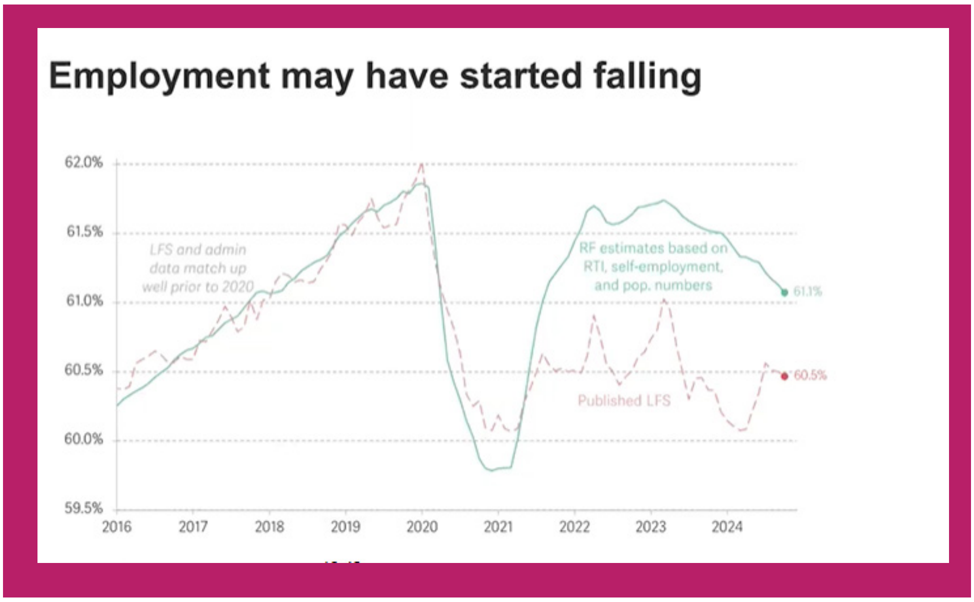
Geopolitics is an ever-present source of risk for the global economy, and the new administration in the USA has indicated that there will be changes to trade policy, starting with tariffs.

Uncertainty continues with conflicts in many areas that could impact the world economy, for example, through energy prices.

Labour market data

The latest ONS data shows that the UK labour market has continued to cool in recent months which means that hiring has become easier than it was 2-3 years ago, but it's still not necessarily easy for employers.

Employment may have started falling



One metric for assessing labour market tightness is the ratio of unemployed people to vacancies, and the latest ONS data indicates that we have 1.9 unemployed people for every vacancy in the economy. That's up from a low of around 1.0 in 2022, when the labour market was at its very tightest.

After that big post-COVID rebound, vacancies have cooled from a peak, and the unemployment rate has risen modestly. The ratio has gradually risen to its current level of 1.9 which is in line with levels prevailing just before the pandemic.

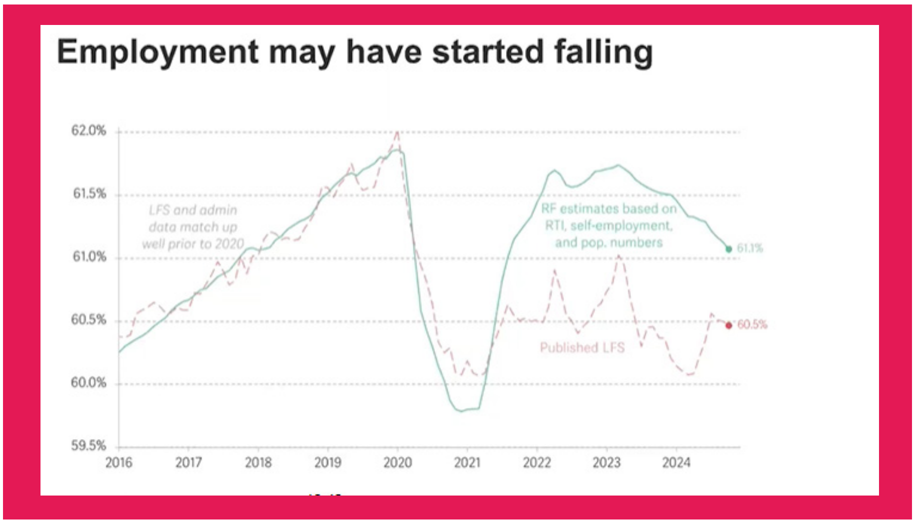
However, there are a number of concerns about the quality of the ONS data at the moment. The Labour Force Survey, a large-scale survey of households, formerly ran at about 50% but has declined in recent years and was exacerbated by the pandemic which increased the challenges the ONS faces in sampling households. Historically, it relied on telephone interviews but today people are less likely to have a landline and are less likely to pick up the phone if they do have one. The response rate dropped to 12% last year and the ONS has been undertaking some remedial measures to try and boost response. It now stands at around 20% which still remains too low to generate reliable data and reach a representative panel of survey respondents to represent the overall population. Until it can significantly boost those response rates, the accuracy of the data is under question and the ONS has downgraded the status of these indicators to what it calls 'experimental' which means it must be taken with a pinch of salt.

All of which affects headline, employment, unemployment and inactivity statistics, which means that we have an incomplete picture around what the underlying dynamics in the labour market actually are.

NB – the ONS measure of vacancies and wage growth are derived from other sources, not affected in the same was as the Labour Force Survey, so we can be more confident in these indicators.

To illustrate the scale of the problem what we see in this chart is two alternative measures of the UK unemployment rate.

Employment may have started falling



The dotted red line is what the ONS has published, based on the **Labour Force Survey** data, and the green line is alternative measure of employment from the Resolution Foundation, based on payroll data and self-employment, all adjusted for the most recent population numbers.

The two sets of data produce quite different trends.

The ONS data shows a steep decline during COVID, which never really recovered, remains well below pre-pandemic levels and has been volatile over the last couple of years. However, the Resolution Foundation data indicates that employment almost returned to pre-COVID levels after the pandemic but has been declining since 2023.

The different trends and a significant gap in terms of what it implies for overall UK employment – several 100,000 workers at a minimum – demonstrates that it is unclear what is actually going on.

That provides a significant challenge for policymakers, especially those at the BoE, who have to assess these dynamics, particularly on the supply side of the labour market. A softer labour market, for example, is likely to drag down wage growth, which may ease inflation concerns and might be likely to pave the way for further interest rate cuts.

It also means that assessing economic activity is more difficult. The ONS suggests a gap of at least 700,000 or 800,000 inactive workers compared to pre-COVID statistics. However, if we are to believe these alternative measures of employment, it means that the previous gap was significantly overstated. It could, in fact, imply that we do not have an inactivity gap at all. The Government, regardless, has indicated that tackling economic inactivity is a big focus However, we don't actually know what the scale of the problem was due to these data quality issues.

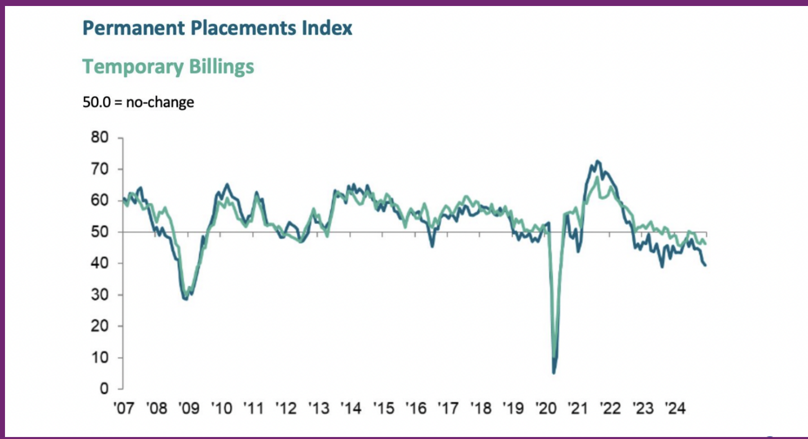
Permanent placements versus temporary billings index

The Recruitment and Employment Confederation (REC) has produced its monthly survey of recruitment consultancies which includes its permanent placements versus temporary billings index.

We can see that permanent placements have been falling more sharply than temporary billings. This is a pattern we see repeatedly during periods of economic uncertainty, as more firms are reluctant to commit to permanent headcounts. The survey data confirms this.

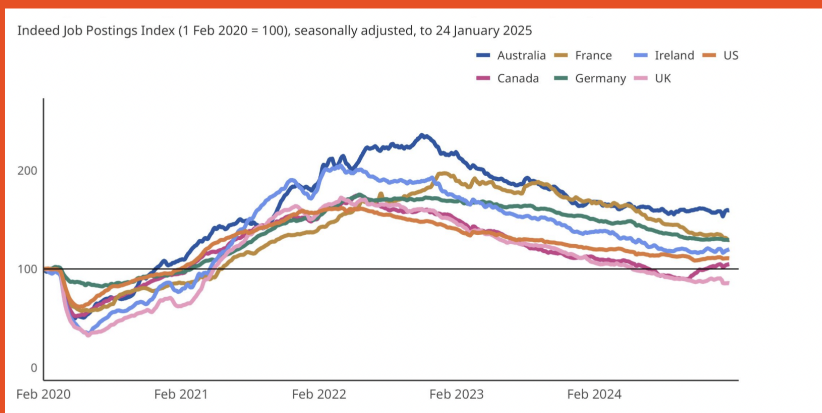
Permanent appointments fell in December at the fastest rate since August 2023 which is an unsurprising trend given the uncertain economic picture at the moment.

Permanent placements hit harder than temp billings



In the UK versus other countries we can see a consistent trend in terms of declining job postings from post-pandemic highs. Job postings peaked in 2022 but since 2023 there has been a gradual cooling, indicating a normalisation of labour markets and job postings declining.

UK job postings languish below pre-pandemic levels



The UK has experienced a more pronounced slowdown in job postings than other countries, and it is the only one out of Australia, France, Ireland, the USA, Canada, Germany and France where job postings are below their pre-pandemic baseline.

The latest data indicates that job postings are around 14% below pre-pandemic levels, whereas in many of these other countries, they remain comfortably above pre-pandemic levels. The UK also saw the sharpest year-on-year slowdown during 2024 out of all of these countries.

Sectoral variation

UK Job Postings Index (JPI), 1 Feb 2020 = 100, as of 24 January 2025

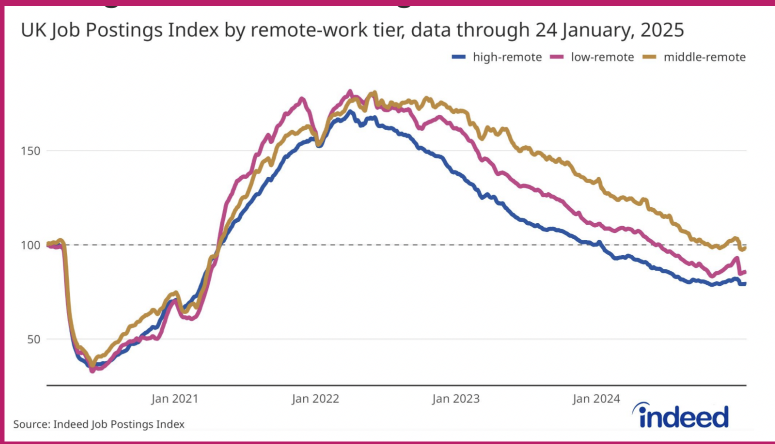
Occupation	Index, 24 Jan 2025	Change since 24 Jan 2024, ppts
Strongest		
Education & Instruction	159	-31
Real Estate	156	-16
Social Science	152	-22
Mechanical Engineering	137	-6
Dental	129	-34
Electrical Engineering	126	-48
Chemical Engineering	126	-18
Weakest		
IT Operations & Helpdesk	63	-14
Media & Communications	60	-32
Beauty & Wellness	60	-5
Mathematics	59	-11
Information Design & Documentation	58	-16
Nursing	58	-31
Software Development	57	-13

The data here shows that some categories have held up relatively well. For example, Education and Instruction job postings are now 59% above pre-pandemic levels. Real Estate, Social Science, and several Engineering categories are among the more robust performers.

At the other end of the scale, tech categories, including Software Development, have slowed quite significantly. Job postings in those categories are well below pre-pandemic levels.

Among many sectorial differences, the 50 different job categories that were tracked saw declines in job postings in 2024, with only one category, Legal, seeing any growth at all, year-on-year.

Remote work



Remote job postings can be split into high, medium and low remotes. So if the average share of remote and hybrid job posting are analysed the differences can be clearly seen.

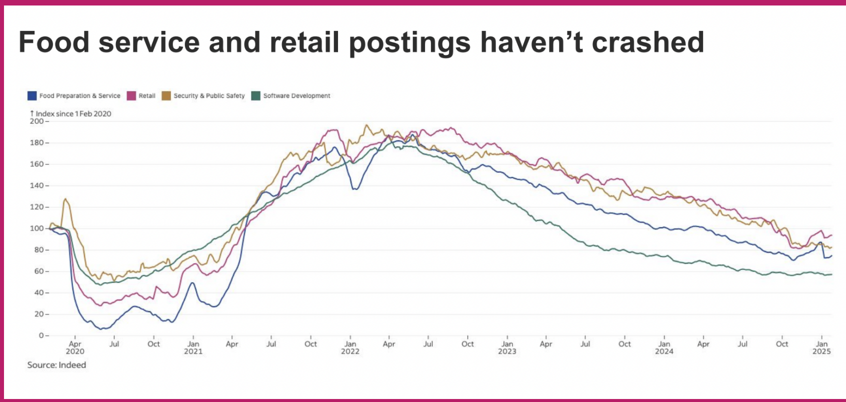
The high remote categories, which include Tech and professional categories, have slowed the most and are tracking weakest.

Middle remote categories, such as Administrative Assistants, Customer Service, Education, Installation and Maintenance, and some Healthcare categories, are close to pre-pandemic levels and have fallen least.

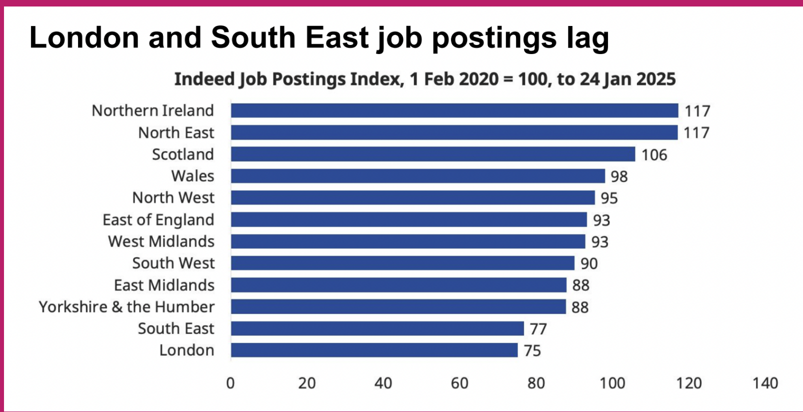
Low remote categories, such as Hospitality and Retail, had been expected to be hit the hardest because of the impact of the budget changes and the increase in ENICs, but job postings have been minimally impacted, from an already low base.

Many categories have been flatlining in recent months, despite seasonal trends around year-end, but in some of those categories such as Food and Retail, the picture remains stable but weak.

There was already a significant slowdown in the second held of last year, even prior to the budget, so hirers are facing significant headwinds but not falling any further.



Regional job variations



If we examine regional variations in job postings on Indeed's job posting index we can see that London and the South East saw job postings fall the furthest since before the pandemic, reflecting a sectorial mix with a greater bias towards professional categories that have slowed the most.

Areas with the greatest reliance on public sector jobs, for example, have tended to be more resilient and less exposed to large cyclical downturns.

The Oxfordshire labour market

Job posting growth

Change in job postings on Indeed since 1 Feb 2020, seasonally adjusted

UK	Oxfordshire	Oxford
-15%	-17%	-12%

Claimant count rate

People claiming unemployment-related benefits as a share of the working-age population

UK	Oxfordshire	Oxford
4.1%	2.3%	2.9%

In terms of the Oxfordshire labour market, whereas we've seen a decline of around 14-15% in job postings from pre-pandemic levels across the UK as a whole, in the Oxfordshire region we've seen a slightly bigger increase, with job posting down 17% in Oxfordshire, and 12% down in Oxford itself. Both of these figures are close to the national trend.

Unemployment, as measured by claimant rate counts is around 2.3% in Oxfordshire and 2.9% in Oxford, against a national UK average of 4.1%. This means that the Oxfordshire labour market remains tight.

Zero Hours Contracts

Zero hours contracts prevalence

% of UK Indeed job postings mentioning zero hours contracts in 2022 and 2024

Sector	Apr 2022 (%)	Dec 2024 (%)	Change from 2022
Sports	3.4%	8.4%	5.0%
Personal Care & Home Health	2.5%	6.8%	4.3%
Security & Public Safety	2.8%	6.3%	3.5%
Hospitality & Tourism	2.7%	6.1%	3.4%
Therapy	1.8%	5.9%	4.1%
Driving	0.8%	4.9%	4.0%
Medical Technician	0.6%	4.5%	3.9%
Education & Instruction	1.4%	4.4%	2.9%

Source: Indeed

indeed

Indeed also tracks the prevalence of zero hours contracts (ZHCs) within its job postings. This has significance because the Labour government has proposed reforms to employment legislation which, while stopping short of an outright ban on ZHCs, will end what it calls 'one-sided flexibility'.

This means that workers will have the right to request a set pattern of hours which can be guaranteed in their contract.

There has been continued growth in ZHC postings through to the end of December 2024, rising to about 2.1% of all job postings on Indeed. We will continue to monitor how the legislation will affect both employers and employees in light of the forthcoming legislation.

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Therapy	1.8%	5.9%	4.1%
Driving	0.8%	4.9%	4.0%
Medical Technician	0.6%	4.5%	3.9%
Education & Instruction	1.4%	4.4%	2.9%

Source: Indeed

indeed

When we examine ZHCs across different categories, sectors such as Sports, Social Care, Security and Public Safety, and Hospitality and Tourism have the highest prevalence, but there has been growth in their proliferation across a range of other occupations.

Pay trends

Another metric that Indeed produces is its ***Wage Tracker***. This is an index that is updated on a monthly basis, and is based on the advertised wages and salaries in Indeed job postings.

From this we can see that at the moment the UK continues to see stronger wage growth than countries in the Euro area and the USA. The figures are down slightly from a peak of around 6.5% at 6.1% but that represents almost double the figures in the Euro area and the USA. This is in line with ONS reports which say that average earnings growth was 5.6% in late 2024.

These figures necessarily raise the question of why wage growth is running so high when hiring demand is so weak.

There are various hypotheses:

- **Wage growth primarily reflects labour supply, not labour demand.**
- **If people out of work are not actively seeking work, those who are seeking work face less competition and feel no need to moderate their wage demands**
- **Workers are trying to catch up with higher prices and rising public sector wages.**

Even though inflation has fallen back from a high, the price level has risen significantly, and workers may be pushing hard for pay increases to compensate and restore some of that lost purchasing power.

Wage growth influences inflation because wages serve as both a source of household income, driving demands, and as a cost-factor in business. This cost-factor is especially pronounced in labour-intensive service industries where inflation remains high relative to historic levels. Central banks monitor wage growth trends very closely as they aim to bring inflation back to target levels.

These metrics are watched carefully by the BoE and other central banks, as indicators of continued price pressures emanating from the labour market. Therefore the BoE will be mindful of the risks in cutting rates too quickly while it still faces wage growth of around 5-6%. The BoE would certainly want to see that metric fall further so that it is in line with its inflation target. Usually, wage growth in line with the 3-3.5% range would be considered more compatible with the Bank's 2% inflation target.

In the UK, low wage jobs are continuing to see high wage growth, in contrast to what's happening in the USA. The biggest pressures are being felt in France and Germany where those low wage growth rates have converged.

In part, the reasons for this are the large increases in the National Living Wage that were announced in the Autumn Budget, with another significant increase due to happen in April.

There is also the potential for an impact from high rates of long-term sickness which may have a disproportionate impact on lower wage jobs in terms of the persistence of tightening of candidate availability. That might feed through into continued wage growth.

Broad-based wage growth strength

UK: Year-on-year growth in posted wages
3-month average to Dec 2024

Occupation	Wage growth
Security & Public Safety	8.6%
Retail	8.4%
Customer Service	8.0%
Cleaning & Sanitation	7.4%
Food Preparation & Service	7.3%
Loading & Stocking	7.0%
Administrative Assistance	6.5%
Accounting	6.5%
Construction	6.2%
Driving	5.9%
Management	5.9%
Sales	5.8%
Education & Instruction	5.8%
Personal Care & Home Health	5.7%
Community & Social Service	5.7%
Installation & Maintenance	5.6%
Production & Manufacturing	5.5%
Nursing	5.5%

Source: Indeed

If we examine the category split we can see that a number of categories are still seeing strong wage growth strength, with Security and Public Safety leading at 8.6% year-on-year. In December, Retail, Customer Service, Cleaning and Sanitation, Food Service and Loading and Stocking are still seeing robust growth in advertised wages.

Higher pay is number one reason to look for a new job

Why are you looking for a new job? (please rank in order of importance)

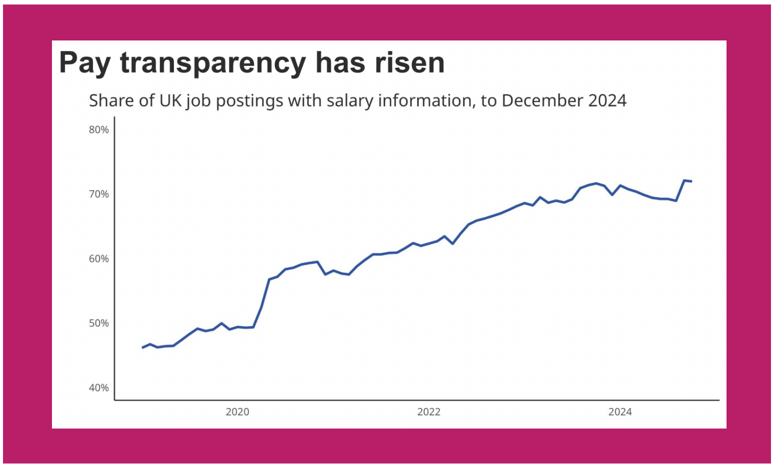
Reason	Percentage
I'm looking for higher pay	21%
I want to change or grow my career path	11%
I'm looking for better benefits	9%
I'm looking for a job where I can work remotely	7%
I'm looking for more flexibility with my work hours or schedule	7%
I'm looking for a more stable or consistent schedule	6%
At my current company I don't feel like I belong	6%
I'm unhappy with my current manager	6%

Quarterly survey data from job seekers indicates that over 20% of survey respondents in Q4 of 2024 say higher pay is the number one reason they are looking for a new job.

Salary Transparency

The good news for job-seekers is that salary transparency in job postings is high and rising in the UK.

In fact over 70% of UK job postings include some form of wage or salary information – a trend that's been rising over the last five years or so.



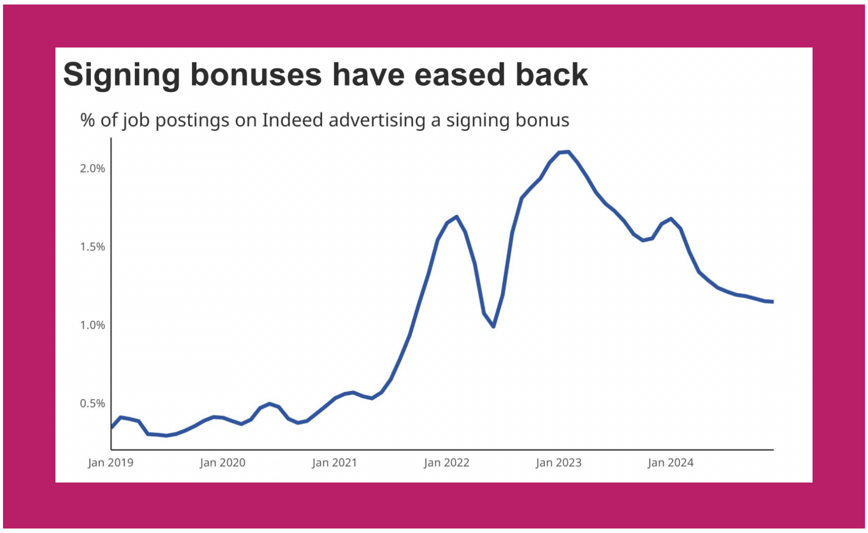
Salary transparency is a good way to attract candidates and is a health indication of a more dynamic labour market.

It helps align recruiters and job-seekers from the outset, and can also assist in smoothing expectations when it comes to an offer.

It can also, of course, level the playing field for existing employees and help to close racial or gender pay gaps in the workforce by increasing visibility.

Signing bonuses

Another trend that we've seen is that the use of signing bonuses has been easing back in recent months.



The use of signing bonuses peaked in late 2022 / early 2023 when the labour market was extremely tight and many sectors faced significant hiring challenges. We saw increasing numbers of employers look to these one-off financial incentives as a way to attract candidates.

As the labour market has cooled, this practice has eased back. However, it still remains more prevalent than it was prior to the pandemic, with just over 1% of job postings mentioning a signing bonus.

The practice is still occurring in sectors such as Social Care, Nursing, Dental work, and Childcare.

Flexibility

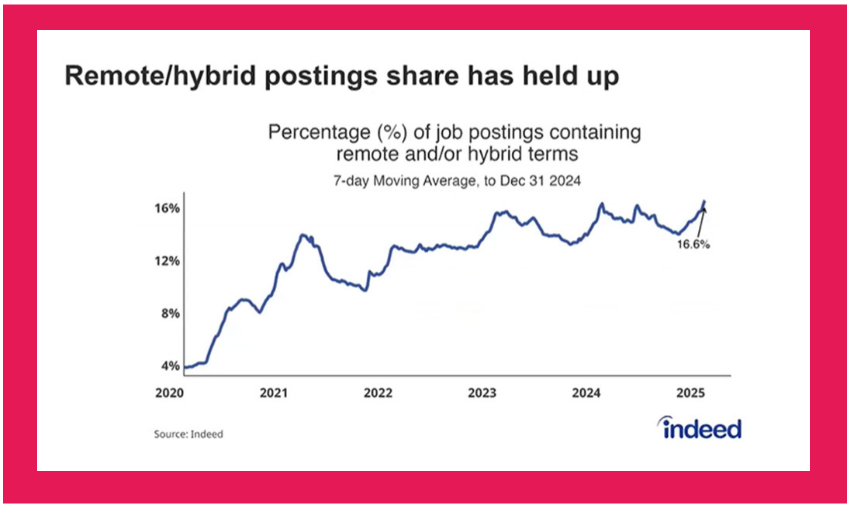
Flexible working is most valued benefit

Which of these employee benefits would you most value?

Reason	Percentage
Flexible working	16%
Sick pay	13%
Pension schemes	11%
Performance bonuses	8%
Health care insurance	7%
Christmas closure	5%
Mental health days	5%
Free food/drink in workplace	5%

Survey results from Q4 of 2024 indicate that flexible working, such as remote and hybrid, is consistently ranked as the number one employee benefit, across different age groups, demographics and sectors.

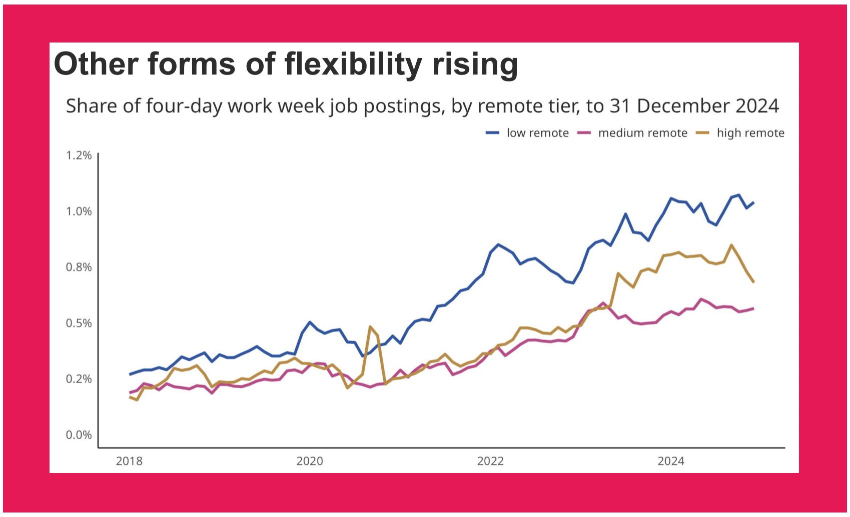
The share of job postings that mentioned flexible working in December 2024 was 17%. Despite media attention around returning to the office, and with some organisations pushing for greater attendance, the option to work flexibly remains high.



Flexible working, therefore, is still one way for employers to remain competitive in the job market, at a time when their competition may be pushing in the other direction.

We know that job seekers continue to value location flexibility highly because searches for remote and hybrid work are stable at around 2.5% of all searches on Indeed.

Other forms of flexibility, such as varying hours or different shift patterns, are being offered to make the jobs more flexible in order to attract a broader range of candidates, and widen the recruitment net.

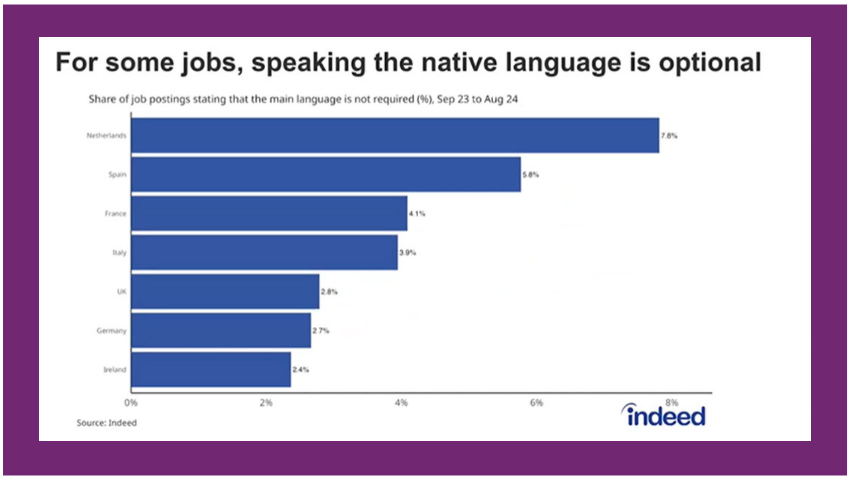


Job postings mentioning 4-day working weeks have also increased. And although it remains a niche part of the labour market, about 1% of job postings mention it. Interestingly enough, its prevalence is higher among the job categories that are least likely to offer remote work. So categories such as Veterinary, Healthcare, Childcare and Manufacturing are more likely to offer 4-day working weeks.

Interestingly enough in recent weeks over 200 UK firms have signed up to the ***4dayweek*** campaign, and have committed to no loss of pay.

It's clearly an issue that some employers are pursuing, perhaps to differentiate themselves from their competitors and to enhance talent attraction, and it's definitely something to watch in the labour market over the next couple of years to see if it continues to gain traction.

Flexibility also extends to other aspects of employment.
What we've noticed recently is that for some jobs, speaking the country's primary language is optional.



New research that Indeed has conducted across Europe shows that in the UK 2.8% of job postings now state that English is not required.

This research is a result of Indeed introducing a new feature for employers posting jobs in which they could indicate that the role was open to non-native language speakers. It's an initiative that was introduced after Russia's invasion of Ukraine in an attempt to help refugee job seekers.

The figure is lower for some countries but it's increasingly visible here in the UK across certain categories, usually with limited customer interaction, such as Cleaning and Sanitation, Driving, Beauty and Wellness.

Visa sponsorship

Some higher-paying occupations use visa sponsorships

Top visa sponsorship occupations

September 2023-August 2024 average

Occupation	Visa	No English	Salary
Social Science	5.3%	0.4%	£39,436
Pharmacy	3.9%	1.1%	£32,927
Therapy	2.6%	1.5%	£39,194
Dental	2.5%	0.8%	£34,844
Media & Communications	2.4%	2.3%	£28,450

Source: Indeed

indeed

On average, in the past 12 months, around 0.5% of job postings explicitly offered visa sponsorship as an increasingly important route to hire migrants post-Brexit.

Some occupations, including Social Science and Pharmacy, do have high visa shares but low English-not-required shares. These occupations tend to be among those eligible as listed on the UK Skilled Worker Salary, Immigration list or the Health and Care Worker list.

Neurodiversity

Neurodiversity is an umbrella term used to describe alternative thinking styles such as dyslexia, dyspraxia, dyscalculia, autism and ADHD. Neurodiversity is very common, and neurodiverse people offer a large pool of potentially underutilised talent. In fact the NHS estimates that around 1-in-7 people in the UK are neurodivergent, equating to around 10 million people.

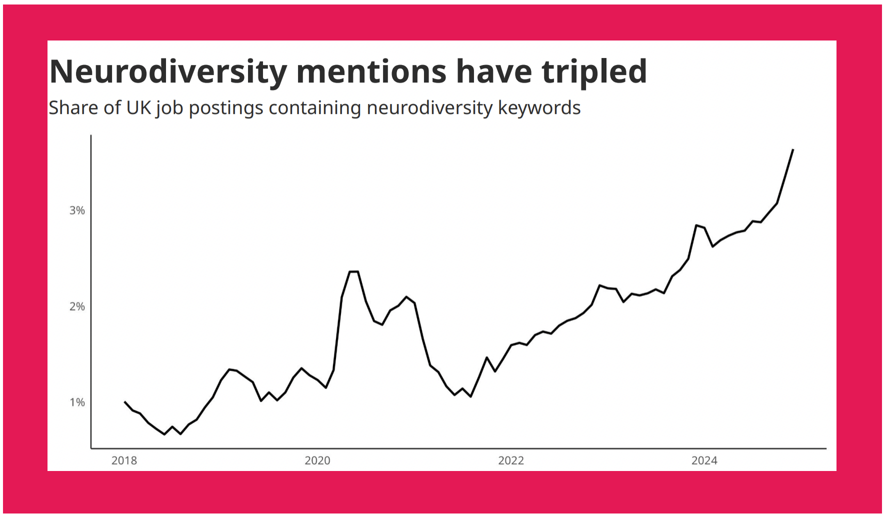
Recently there have been an increasing number of job postings containing neurodiversity keywords, offering flexibility for different types of workers. It has risen to around 3.8% of job postings in the UK, up from 1% in 2018.

These statistics beg the question of whether the trend reflects genuine progress in workplace inclusion or merely changes in corporate communication. Several factors suggest a mix of both.

One the one hand it has coincided with concrete actions from some employers. Many large companies have launched dedicated neurodiversity hiring programmes, established workplace accommodation policies and created employee resource groups.

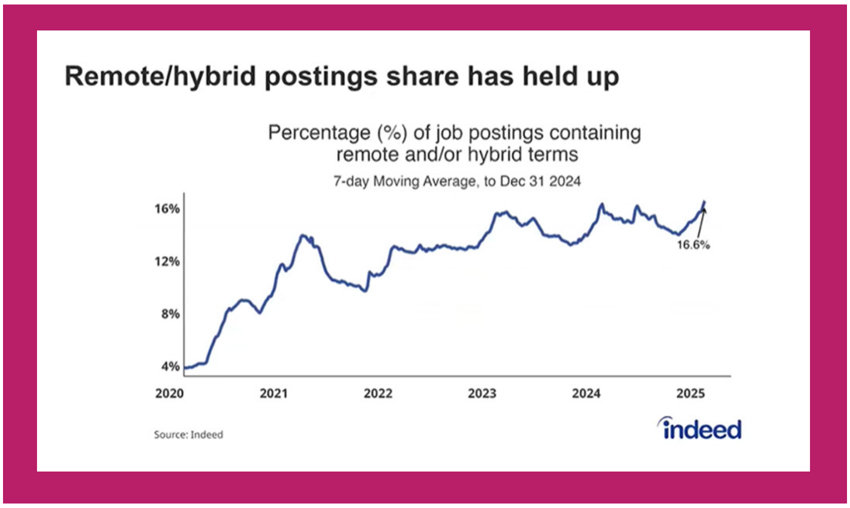
However, the rapid increase in mentions could also partially reflect increased awareness of inclusive language without any corresponding change. Some job postings may include neurodiversity-friendly language primarily for employer branding or compliance purposes, without the necessary infrastructure, training and workplace adaptations needed for meaningful inclusion.

Nevertheless, employment rates for neurodivergent people have been on the rise.



AI

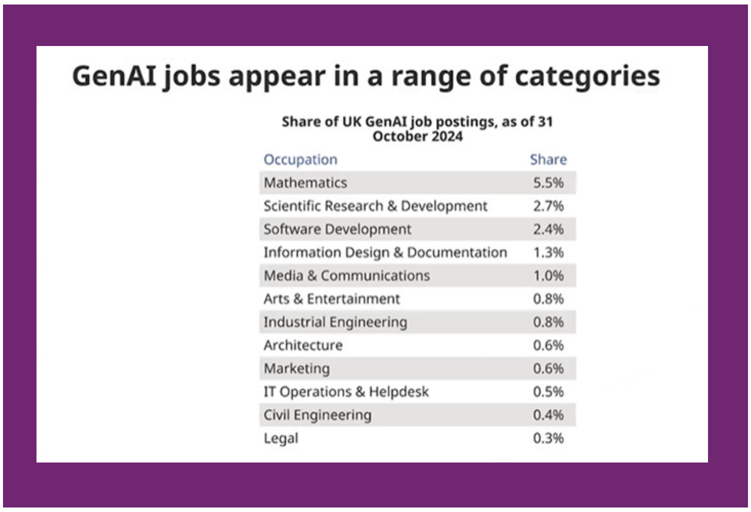
Finally, we look at Indeed's latest research on AI which continues apace.



Recently, Deep Seek has been in the news. It's a technology which is expected to have profound impacts on the labour market, and there has been much discussion around how it's likely to impact jobs in the future.

Indeed conducted some analysis based on the skills mentioned in job postings and have mapped that to the capabilities of Generative AI tools to performing the skills mentioned, and to the exposure of different job categories, based on how well AI can perform those tasks.

What it discovered was mostly in line with what other researchers have found.



GenAI jobs appear in a range of categories

Share of UK GenAI job postings, as of 31 October 2024

Occupation	Share
Mathematics	5.5%
Scientific Research & Development	2.7%
Software Development	2.4%
Information Design & Documentation	1.3%
Media & Communications	1.0%
Arts & Entertainment	0.8%
Industrial Engineering	0.8%
Architecture	0.6%
Marketing	0.6%
IT Operations & Helpdesk	0.5%
Civil Engineering	0.4%
Legal	0.3%

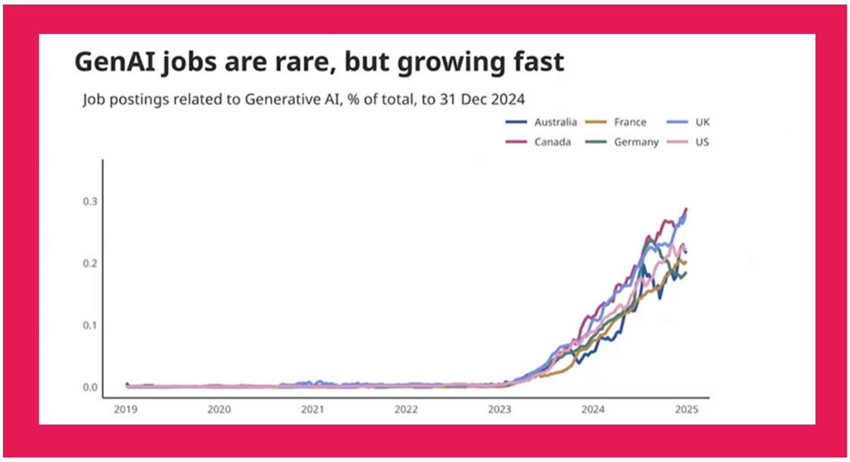
Jobs such as Accountancy and Software Development in particular have a high share of skills that can be done well or reasonably well by Gen AI. That could mean that employers in these areas can use the tools to help them become more productive, with fewer workers.

Conversely, jobs such as Nursing and Catering have comparatively fewer skills that can be done at a decent level by Gen AI – at least today's iterations of the technology. There are still some tasks that could be done by these tools, freeing up human workers to focus on more productive endeavours.

We already know that Gen AI will have a massive impact on future labour markets and we are already starting to see the early effects today.

As well as displacement, we're also seeing growth in entirely new jobs – building or using Gen AI tools.

This chart looks at our Gen AI tracker – that's the share of job postings containing Gen AI keywords. Those jobs could involve building Gen AI tools, maintaining them or end users of the technology, such as marketing jobs.



We are beginning to see the early impacts of job postings mentioning AI, which have increased since the introduction of Chat GPT in late 2022 when the trend started to take off.

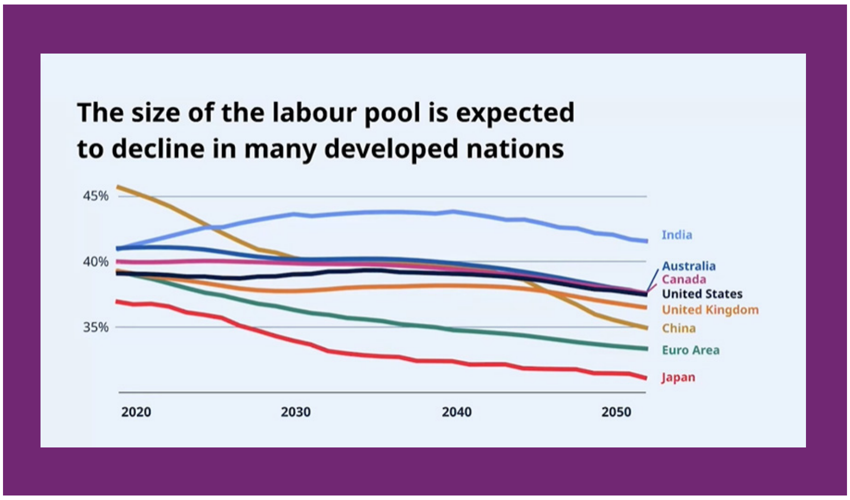
We have seen an enormous pick-up in the number of jobs mentioning these tools.

Here a note of caution must be sounded. The entire number of jobs mentioning AI has not even reached 1% yet. So while the AI sector is growing fast, it's from an extremely low base. However, if the current trajectory is maintained it will soon start to represent a significant share of the job market.

We're seeing those jobs appear across a range of different occupational categories. The highest share is in the 'mathematical' categories such as Scientific Research, Media and Communications, Arts and Entertainment, Engineering, Architecture, and Marketing, all of which are starting to integrate AI tools into their work streams and who are mentioning it in their job postings.

Decline of the labour pool

AI presents economies with the potential to use it to cover emerging labour shortages because, as we look ahead, we cannot ignore the fact that in most advanced economies the labour force simply isn't growing at the rate it was just a few years ago.



Demographic shifts will play an increasingly significant role in the coming decades.

Increasing numbers of workers are retiring and fewer workers are coming into the market to replace them as our society ages.

The share of the total population who are in their prime working years is expected to decline steeply in some countries.

In Japan, for example, that's already happening today.

As a result, these countries will face significant labour shortages in the future.

Gen AI is one way for these economies to try to raise their productivity levels, and to maintain output levels with a smaller pool of workers.

Conclusion

1. The labour market continues to cool but simultaneously remains tight due to some of the constraints discussed here, particularly on the labour supply side.

That means that competition for talent has eased but it's not necessarily easy to hire in all cases.

2. Wage growth remains high in the UK, and those inflation risks as a result of continued high wage growth may limit the extent to which the BoE is able to cut interest rates. It still faces a balancing act between keeping inflation in check and supporting the economy.

3. Pay transparency and flexibility remain important. Offering those two benefits can ensure a faster and better match between employers and job seekers.

Looking ahead

Indeed anticipates that growth will be seen in Construction, Engineering, Infrastructure, Green Energy, Installation and Maintenance – particularly those which are supported by Government policy which looks to increase investment into house building.

However, skills shortages in those areas may stoke wage inflation and the sector will have the challenge of finding enough skilled workers within the UK. This may lead to greater flexibility within the immigration system

.

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