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# KPMG and REC, UK Report on Jobs

## Candidate supply rises at fastest rate in over four-and-a-half years as hiring activity weakens again

### Key findings

Supply of labour expands at steepest rate since November 2020

Permanent placements drop at fastest pace in 22 months

Pay growth weakens for perm and temp staff

Data collected 12-24 June

### Summary

Uncertainty over the business outlook and budget constraints led companies to reduce their hiring activity again in June, according to the latest KPMG and REC UK Report on Jobs survey, compiled by S&P Global. Permanent staff appointments fell at the steepest rate for nearly two years, while the downturn in temp billings also gathered pace. At the same time, overall vacancies continued to fall, particularly for permanent positions.

Recruiters also signalled a rapid upturn in overall candidate availability, which increased at the sharpest pace since November 2020, amid reports of redundancies and reduced appetite for staff. Improved labour supply, tighter budgets and lower demand for workers dampened pay growth in June, with starting salaries and temp wages increasing only modestly overall.

The report is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

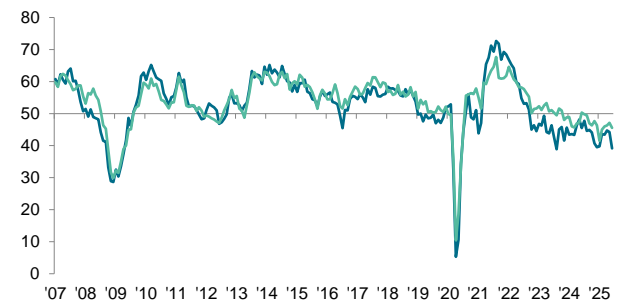
#### Steeper reduction in recruitment activity in June

The latest survey of recruitment consultancies signalled an accelerated decline in hiring activity across the UK at the end of the second quarter. Permanent staff appointments fell at a substantial pace that was the quickest in nearly two years, while temp billings decreased at the fastest rate since February. There were

Permanent Placements Index

Temporary Billings

50.0 = no-change



Sources: KPMG, REC, S&P Global PMI.

widespread reports that companies had pulled back on hiring due to reduced confidence around the outlook and worries over costs.

#### Candidate supply expands at fastest pace since late 2020

The overall availability of staff increased rapidly in June amid reports of redundancies and weaker demand for workers. While the supply of permanent labour expanded at a slightly faster rate than that seen for temporary candidates, in each case the rate of growth was the sharpest recorded since November 2020.

#### Steeper decline in overall vacancies signalled

Total demand for workers continued to decline during June, and at a quicker pace than in May. Underlying data indicated that this reflected a steeper reduction in permanent vacancies, as demand for short-term staff fell at the softest rate in ten months.

#### Slower growth in starting salaries and temp wages

Lower demand for workers, tighter client budgets and improvements in candidate supply dampened pay growth in June. Starting salaries and temp wages both increased modestly overall, with rates of inflation notably weaker than their historical trends.

## Regional and Sector Variations

Permanent placements fell markedly across all four monitored English regions in June, with the steepest decline seen in the South of England.

Apart from a fractional rise in the Midlands, the decline in temp billings was broad-based and led by the South of England.

Retail saw by far the steepest reduction in demand for permanent staff across the eight job categories that posted a decline. The only sectors to record an increase in permanent vacancies were Construction and Engineering, though upturns were only mild overall.

Six of the ten broad job sectors monitored by the survey registered lower demand for temporary workers in June. The sharpest drops were signalled for Retail and Secretarial/Clerical roles. Construction recorded the strongest growth, experiencing a renewed and solid increase in vacancies.

## Comments

Commenting on the latest survey results, Jon Holt, Group Chief Executive and UK Senior Partner KPMG, said:

*“Ongoing geopolitical turbulence and the threat of rising costs, alongside the promise of technology efficiencies, mean companies continue to wait and see with their hiring. But where there have been recent Government commitments, such as in housebuilding and infrastructure, we are seeing a small increase in permanent vacancies in related sectors – construction and engineering - which is encouraging.”*

*“As we head into the second half of the year, global headwinds will continue to impact the overall economic outlook, but clear priorities set out in the Industrial and Trade Strategies and growth in the services sector should provide some of that confidence business leaders need to start planning future investments and to consider their hiring activities.”*

Commenting, Neil Carberry, REC Chief Executive, said:

*“There is more volatility month by month in the jobs market right now, as employers assess a complex picture and hire when they need to, but not yet at the rate they might want to. Much of that hesitation stems from the scar tissue left by the Spring tax hikes and fear of further business tax rises. But underlying this, there are some signs of improving demand. Temporary vacancies, especially in the private sector, are resilient. And we are seeing more sectors adding vacancies in construction, logistics, engineering and healthcare. There is potential out there – if businesses are given a clear run at doing what they do best.”*

*“Clarity and transparency from government is vital to build trust with business and drive recovery. The new roadmap for the Employment Rights Bill allows for full and frank consultation on how the new rules will be shaped and gives breathing space to embattled businesses. Updating workplace protections is important, but striking the right balance with the business growth ambitions is the crucial part.”*

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## Methodology

The KPMG and REC, UK Report on Jobs is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact [economics@spglobal.com](mailto:economics@spglobal.com).

## About KPMG UK

KPMG LLP, a UK limited liability partnership, operates across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.99 billion in the year ended 30 September 2024.

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