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KPMG and REC, UK Report on Jobs

Steep reduction in permanent staff placements but temp market decline eases

Key findings

Higher payroll expenses reported in some cases to have weighed on recruitment decisions

Pay growth remains modest in November

Demand for staff declines to the greatest degree in over four years

Data collected November 12-25

Summary

The **KPMG and REC, UK Report on Jobs** survey, compiled by S&P Global, signalled a further deterioration of UK labour market conditions during November. Permanent placements continued to decline, and at the steepest pace since August 2023 as firms signalled reduced demand for staff. In many cases, recruitment consultants reported that firms were reassessing staffing needs and putting a pause on recruitment activity as they considered the impact on business performance of the late October government Budget.

Permanent salary growth remained modest as a result and was little changed on October's 44-month low. Demand for staff also declined at the fastest since August 2020, whilst overall staff availability continued to rise amid reports of increased redundancies.

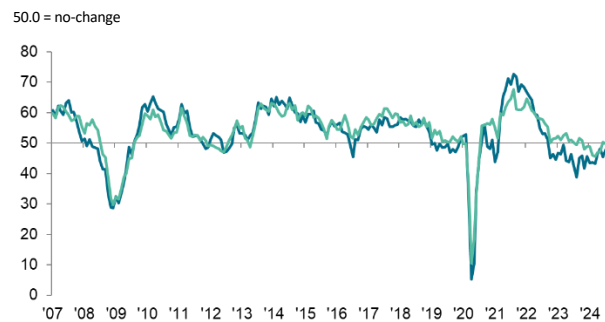
The report is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

Staff appointments tumble in November

November's KPMG/REC Report on Jobs survey signalled an accelerated decline in the number of people placed in permanent positions by UK recruitment consultants. Overall, the fall was the steepest recorded by the survey since August 2023 amid widespread reports of reduced vacancies.

Permanent Placements Index

Temporary Billings



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

Many respondents signalled that the government Budget in late October had led to uncertainty and the reassessment of staffing needs by clients. Similar factors led to a fifth successive decline in temporary staff billings.

Salary growth limited by reduced demand for staff

Permanent salary growth was little changed on October's 44-month low during November. Whilst skilled candidates were often reported to be able to command higher salaries, pay growth tended to be limited by higher candidate availability and reduced demand for staff. Temp pay rates similarly increased only modestly, and to a slightly lesser extent than in October.

Steepest reduction in vacancies since August 2020

Vacancy numbers declined at a sharp and accelerated pace during November. It was the thirteenth successive month in which a fall in staff demand has been registered, and the latest drop was the greatest recorded for over four years. An especially severe drop in demand was seen for permanent workers.

Sharper increase in staff availability during November

Amid reports of a growing number of redundancies at clients, recruitment consultants signalled the steepest rise in overall staff availability for three months in November. Latest data signalled similarly sharp growth rates for both permanent and temporary worker supply.

Regional and Sector Variations

The decline in permanent placements was broad-based. The South of England recorded the steepest drop, followed by the North of England.

Apart from a marked rise in the Midlands, the reduction in temp billings was broad-based and led by the North of England.

Permanent staff vacancies declined across all sub-sectors in November. Rates of contraction were generally faster than in the previous month and led by Executive/Professional.

Except for Blue Collar and Hotel & Catering, all sub-sectors saw a downturn in temporary staff vacancies in November. Executive/Professional and IT/Computing recorded the steepest contractions.

Comments

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

“Businesses are having to weigh up the prospect of increasing employee costs following the Budget, which has led to an accelerated slowdown in hiring activity across the board. While the data was already heading in that direction, permanent placements saw their steepest reductions in over a year last month, and temporary roles also saw a fifth consecutive decline.

“This slowdown, alongside a growing availability of candidates in the market could put more downward pressure on wage inflation, which remained largely unchanged on last month’s 44-month low. This trend will be encouraging for the Bank’s monetary policy committee ahead of the next meeting later this month, although it may not be enough to counter wider inflationary pressures we are seeing in the economy.

“However, the prospect of further rate cuts through 2025, alongside the Government’s investment plans, both point to improved growth in the near term. This should give businesses greater confidence which may help stabilise the labour market.”

Commenting, Neil Carberry, REC Chief Executive, said:

“It should be a surprise to no-one that firms took the time to re-assess their hiring needs in November after a tough Budget for employers. The drop in vacancies was led by private sector permanent roles, and slower permanent recruitment billings across the month also reflected this trend. The real question now is whether businesses will return to the market as they go into next year with greater certainty about the path ahead. The resilience of temporary recruitment offers some hope – private sector temporary hiring activity was almost flat across the country, by comparison with the drop in permanent hiring, and there was growth in some regions. Firms are likely to rest more on temps while they manage the current uncertainty, and that only serves to emphasise again the value of flexible forms of work to companies and people who need to find work quickly after redundancy. For policymakers, ensuring new regulations support rather than weaken our flexible jobs market is vital – especially after the Budget. Ensuring rules introduced by the Employment Rights Bill are tailored to protect agency and temporary work really matters for people.”

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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.

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

About KPMG UK

KPMG LLP, a UK limited liability partnership, operates from 20 offices across the UK with approximately 18,000 partners and staff. The UK firm recorded a revenue of £2.96 billion in the year ended 30 September 2023.

KPMG is a global organisation of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 143 countries and territories with more than 273,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

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