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## KPMG and REC, UK Report on Jobs

### Softer decline in recruitment activity at end of 2023

#### Key findings

Slower falls in both permanent placements and temp billings

Rates of pay growth pick up from November lows

Candidate supply continues to rise sharply

Data collected December 06-18

#### Summary

Recruitment intentions remained subdued as 2023 drew to a close, according to the latest **KPMG and REC, UK Report on Jobs** survey, compiled by S&P Global. Permanent placements and temp billings declined again in December, albeit at softer rates than in November, as employers maintained a cautious stance regarding hiring amid the weaker economic climate. At the same time, overall vacancies fell slightly for the third time in the past four months.

The supply of candidates meanwhile continued to rise sharply, despite the rate of expansion easing from November's near three-year record. Recruiters often mentioned that redundancies and lower levels of hiring activity had increased the pool of available candidates for both permanent and temporary roles. Nevertheless, competition for suitably-skilled workers remained a key factor pushing up rates of starting pay again in December.

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

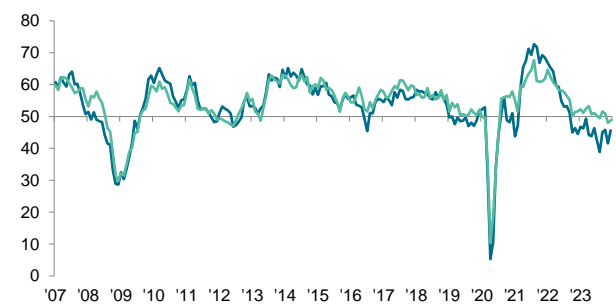
#### Downturn in hiring activity eases in December

Although recruitment consultancies reported a further decline in hiring activity at the end of 2023, both permanent placements and temp billings fell at softer rates than seen in November. Panel members often mentioned that muted demand for staff and recruitment freezes amid the weak economic climate had weighed on

Permanent Placements Index

Temporary Billings

50.0 = no-change



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

hiring decisions. Permanent staff appointments continued to decline at a notably faster pace than that seen for temp billings.

#### Slightly stronger increase in starting pay

Latest survey data indicated that the rate of starting salary inflation picked up from November and was sharp overall. That said, the increase was the second-slowest recorded since March 2021 and below the historical trend. Temp pay growth likewise quickened, climbing to a four-month high, but remained below the long-run average. Recruiters commented that while competition for suitably qualified staff had contributed to further increases in pay, there were indications that employers' budgets were under greater pressure.

#### Availability of workers continues to rise markedly

Candidate availability continued to rise at the end of the year, with panel members frequently mentioning that redundancies and a slowdown in hiring had pushed up labour supply. Although easing from the near three-year records seen in November, rates of expansion for both permanent and temporary candidate numbers remained rapid overall.

#### Demand for workers remains subdued

Total vacancies fell for the third time in the past

*Continued...*

four months during December. That said, the rate of decline was little-changed from November and only marginal. This reflected a slight reduction in permanent staff demand for the fourth successive month, while growth in temp vacancies eased to a 37-month low.

## Regional and Sector Variations

All four monitored English regions noted a decline in permanent staff appointments at the end of the year, with the Midlands recording the sharpest pace of contraction.

Trends for temp billings continued to diverge on a regional basis. While the North of England and London recorded higher billings, declines were seen in the South of England and the Midlands.

Demand for permanent staff increased in the public sector during December, but fell further in the private sector. Notably, this marked the first rise in public sector permanent vacancies for four months. In contrast, demand for temporary workers continued to increase across the private sector at the end of 2023, albeit at a softer pace. Short-term vacancies meanwhile continued to contract slightly in the public sector.

Four of the ten monitored employment categories registered greater demand for permanent workers during December, led by Nursing/Medical/Care. The fastest falls in permanent vacancies were meanwhile seen in the Construction and IT & Computing sectors.

Hotel & Catering saw by far the steepest increase in short-term vacancies of the six categories to see improvements in demand at the end of the year. The Construction and Retail categories meanwhile recorded the sharpest declines in demand for temporary workers.

## Comments

Commenting on the latest survey results, Justine Andrew, Partner and Head of Education, Skills and Productivity at KPMG UK, said:

*“It’s a muted end to the year for the labour market, which despite some loosening during 2023, continues to be tight. While the data for December shows hiring activity for both permanent and temporary roles fell at a softer rate than the previous month, businesses are still making redundancies and pausing hiring due to a lacklustre economic outlook. This has driven a further decline in permanent job opportunities, while we continue to see a rising number of people looking for new work.*

*“For those lucky enough to start a new role there was another sharp increase in starting salaries due to competition for skilled workers. But the rise wasn’t as high as those seen in recent months as businesses face ongoing pressure on their budgets. Recruiters tell us this pressure is now impacting temporary contracts, with fewer people employed on a short-term basis.*

*“Businesses which successfully planned and managed their workforce through the intense Christmas period will be breathing a sigh of relief and hoping 2024 brings some much needed certainty to boost the UK economy and overall productivity.”*

Neil Carberry, REC Chief Executive, said:

*“The slowdown in our labour market seems to be easing a bit. Given that December is a time when employers generally postpone activity into the new year, this is a positive sign that the labour market is weathering the current economic storm.*

*“Recruiters went into 2024 with hope that an upturn is coming, based on feedback from clients. Driving this economic growth would be a huge benefit for us all, leading to more successful firms, higher pay, and the ability to cut taxes and fund public services. But the growth must come first. The Chancellor has already set a date for the Budget – he should use it to set out steps that set firms free to grow the economy, from skills reform to regulatory change, including a more balanced debate on immigration for work and its impact on growth.*

*“Rising demand for healthcare staff emphasises again the importance of supporting NHS performance. Recruiters can see the impact on long NHS waiting lists in the supply of candidates looking for work – addressing this will be a key way to tackle inactivity. But the plan for NHS staffing needs to deal with 21st Century labour market realities. Medical staff have choices in and power over their careers – working with unions, agencies and other stakeholders on a plan will get the NHS farther than diktat from Whitehall.”*

# News Release



Recruitment  
& Employment  
Confederation

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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

KPMG LLP, a UK limited liability partnership, operates from 20 offices across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.72 billion in the year ended 30 September 2022.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 143 countries and territories with more than 265,000 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](http://www.rec.uk.com).

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