

January 2025 job market report

“What’s the UK job market like?”

The January 2025 KPMG & REC UK REPORT ON JOBS has been published featuring survey results from mid December 2024.

The [full report is posted here](#)

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented: ““As we start the new year, it’s a muted one for the UK jobs market. December’s data shows weakening demand causing the biggest contraction in vacancies since August 2020, coupled with hiring intention declining at a pace not seen for 16 months. The hiring market could continue to show signs of caution in the short-term, as businesses pause to take stock of higher employment costs, a more gradual pace of interest rate cuts and rising inflation.”

Neil Carberry, REC Chief Executive, said:

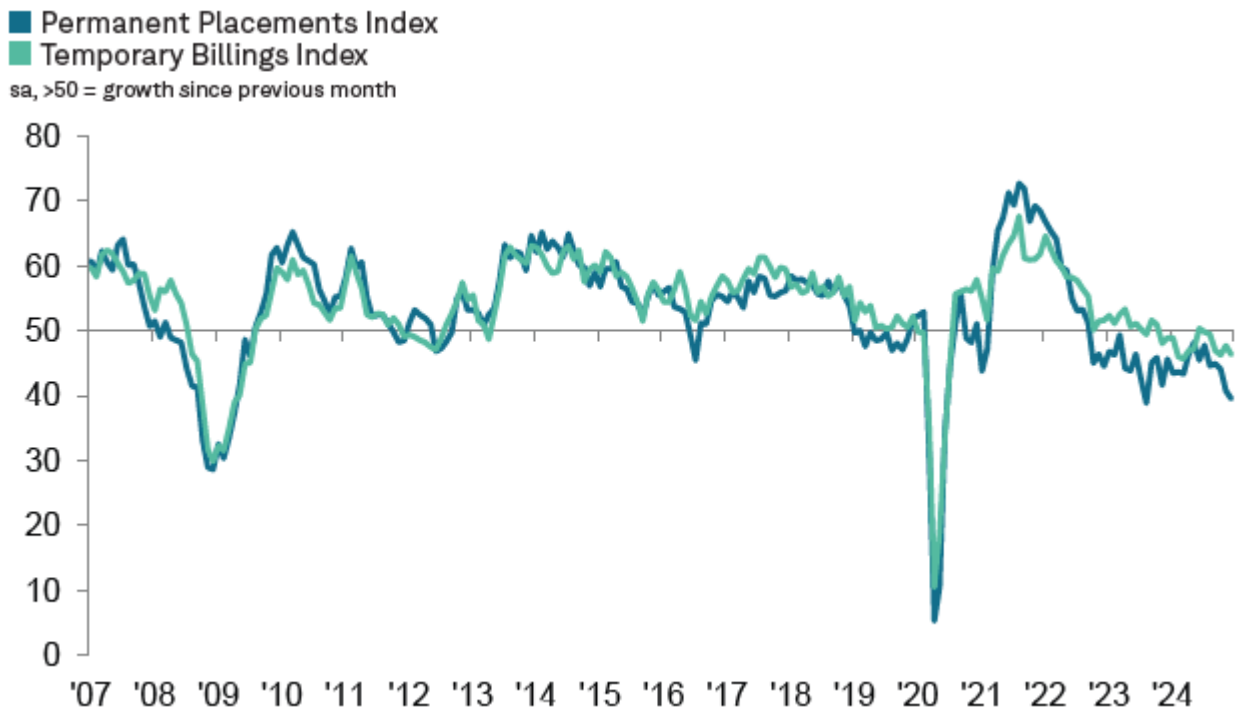
“This report emphasises a weak mood in some businesses as they built their budgets for this year, and made changes designed to save on costs after a tough Budget. That said, sentiment can change quickly. December is always a hiring low point, and a new year brings new hope – with inflation under control, low unemployment and economic growth expected, the fundamentals are better than many appreciate.”

Key findings are:

- **Accelerated fall in permanent placements signalled in December**
- **Upturn in permanent salary pay recorded in December**
- **Vacancies continue to contract sharply**
- **Staff availability rises at an accelerated pace**
- **ONS vacancy stats at lowest level since May 2021**
- **All sectors recorded a fall in permanent vacancies and the steepest declines were seen in Executive/Professional followed by IT/Computing**
- **All four monitored English regions saw permanent placements fall**

Appointments

Accelerated decline in permanent placements



The decline in permanent staff placements continued through December, marking over two years of ongoing contraction. Furthermore, the rate of decline intensified for the third consecutive month, reaching its sharpest level since August 2023. Reports indicated that hiring activity was largely paused due to concerns over recruitment costs, attributed to the government's proposed adjustments to national insurance contributions and employment rights.

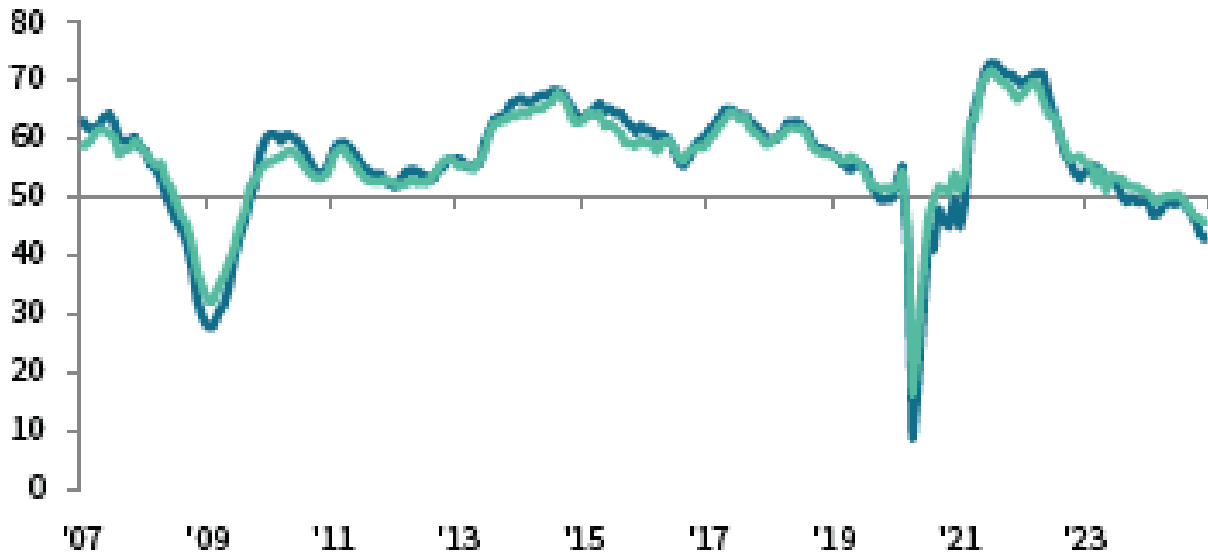
All regions of England experienced a drop in permanent placements, with particularly pronounced declines observed in the North and South. In contrast, London saw a significantly more gradual reduction.

Vacancies

Vacancies decline again in December

■ Permanent Vacancies Index
■ Temporary Vacancies Index

sa, >50 = growth since previous month



The latest data revealed a further decrease in demand for staff during December. The index dropped to 42.8, down from 43.9 in November, indicating the steepest rate of contraction since August 2020. This marked the fourteenth consecutive month of declining vacancy numbers.

Permanent & temporary vacancies

Permanent staff vacancies experienced a sharper decline than temporary roles in December, consistent with recent trends. The reduction in permanent vacancies was the most pronounced in nearly four and a half years. Temporary vacancies also fell for the fifth consecutive month, with the steepest drop since June 2020.

Public & private sector vacancies

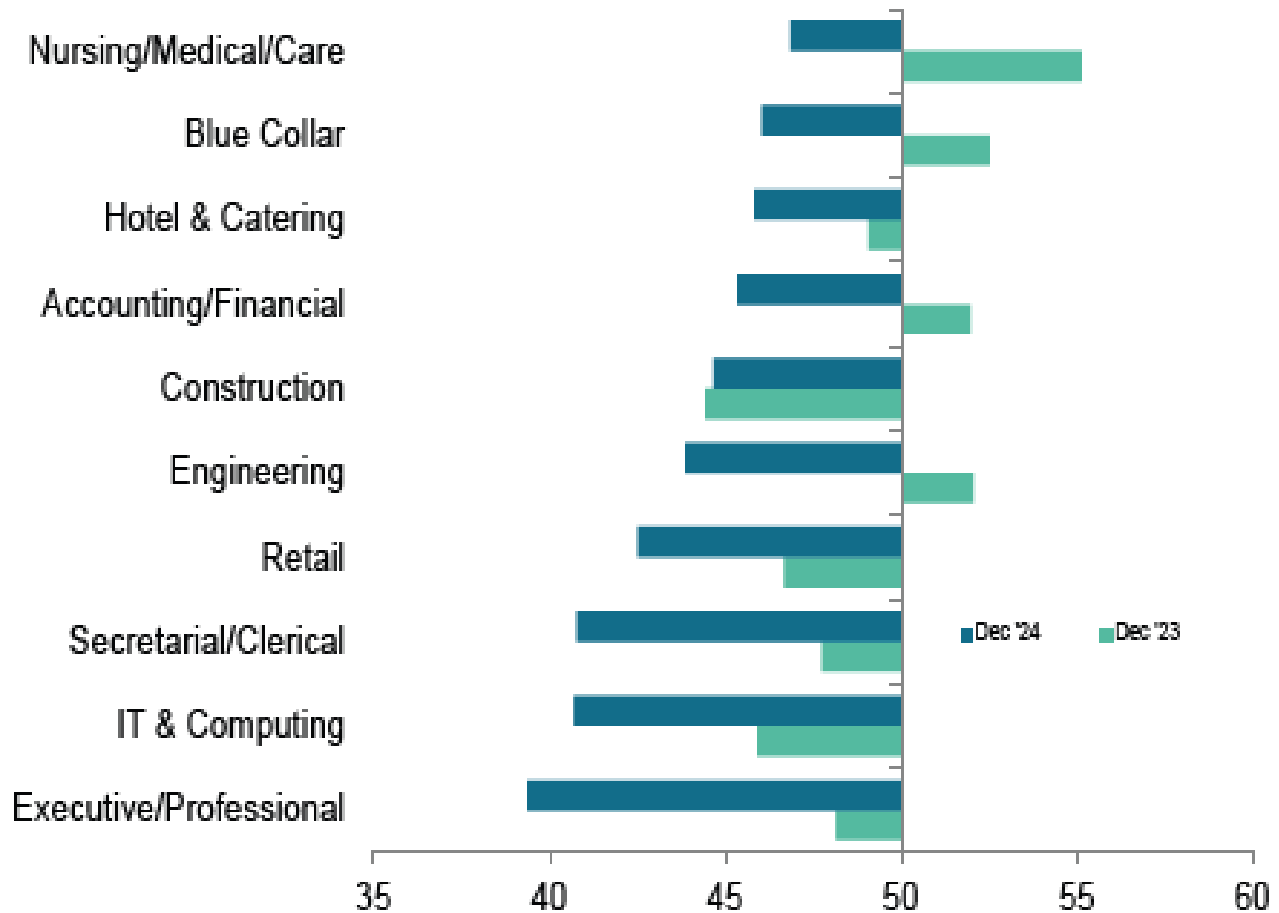
Demand for workers in the private sector continued to weaken in December across both permanent and temporary roles. The rates of decline accelerated to the sharpest levels in over four years.

In the public sector, vacancies for both permanent and temporary staff also fell at similarly significant rates.

The latest data indicated that permanent staff vacancies decreased across all sub-sectors for the second consecutive month in December. Executive/Professional roles experienced the sharpest decline, closely followed by IT/Computing.

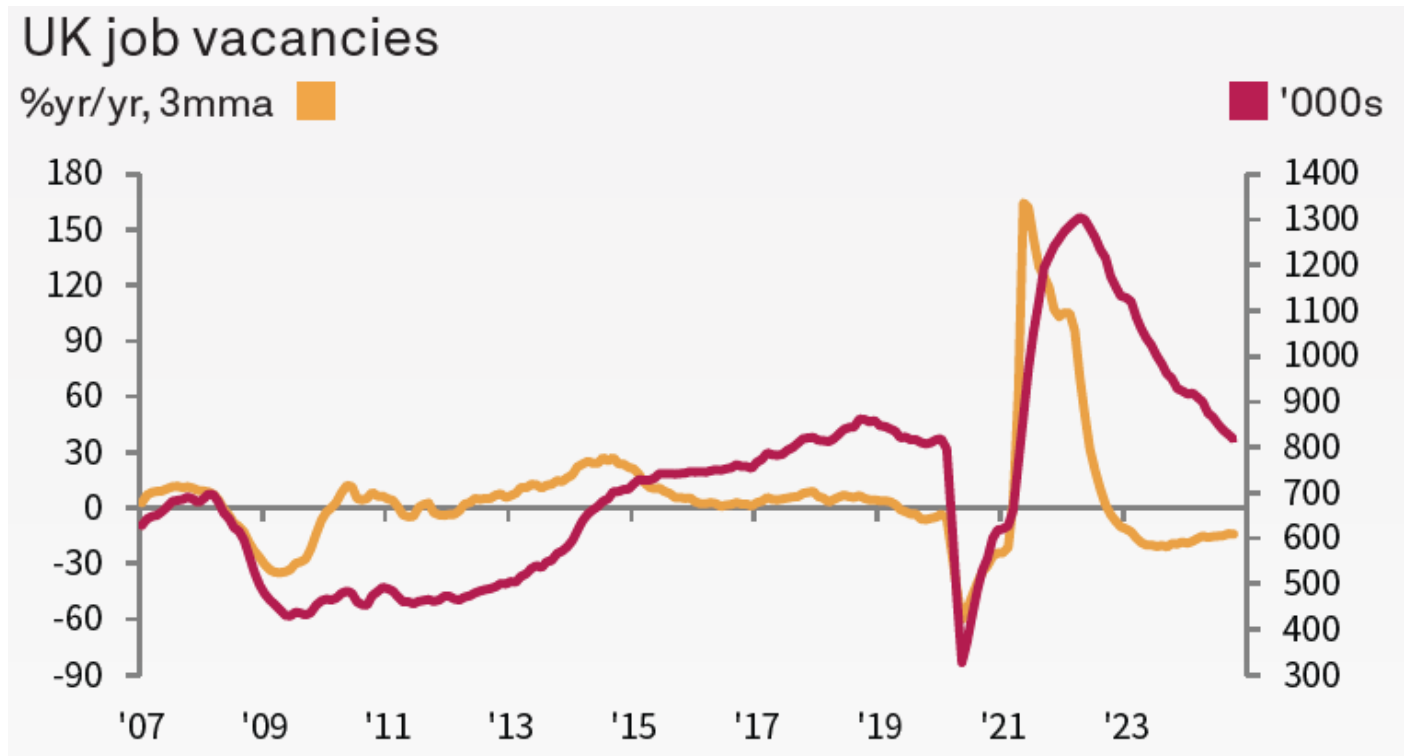
Permanent Vacancies Index

sa, >50 = growth since previous month.



ONS Data

[Office for National Statistics](#) UK vacancy numbers continued to decline in the three months to November, decreasing by 10,000 compared to October, reaching 818,000. This marks the lowest total since the three months to May 2021.

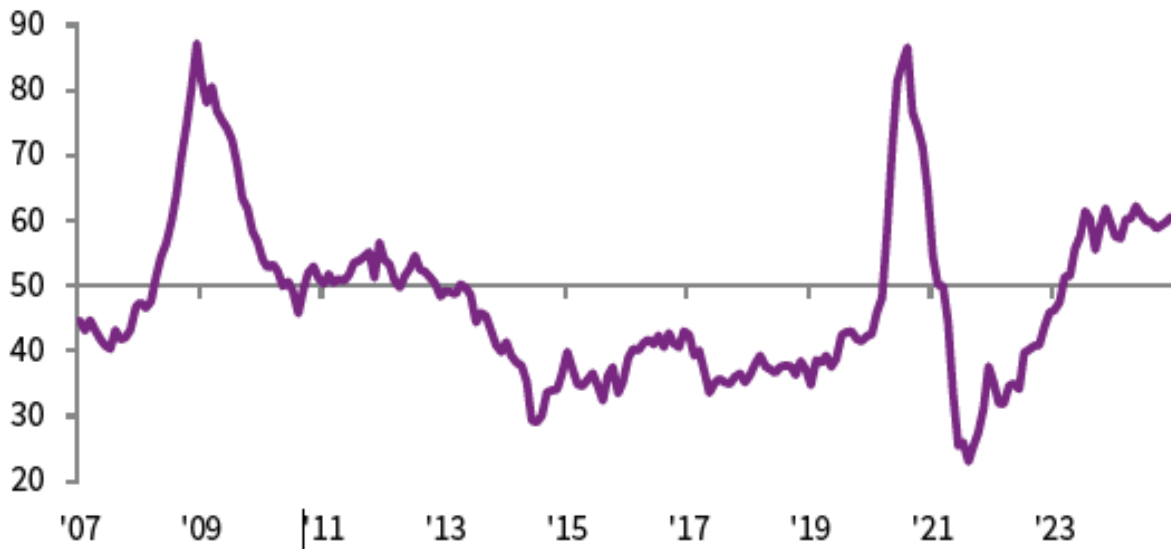


Staff availability

Availability of staff rises sharply in December

Total Staff Availability Index

sa, >50 = improvement since previous month



The seasonally adjusted Total Staff Availability Index maintained its upward trajectory in December, rising to 60.6 from 59.8 in November. This represented the fastest rate of growth since June. The availability of permanent staff increased more sharply than the supply of temporary workers.

The availability of workers for permanent positions continued to rise in December, marking 22 consecutive months of growth. The rate of expansion remained significant, reaching its highest level since last June. Reports indicated that the increase in staff availability was driven by a combination of reduced demand and a growing number of redundancies, reflecting cost-cutting measures by firms.

All regions of England saw an increase in permanent staff availability during December, with the Midlands and the North of England leading the way.

Pay pressures

Faster rise in permanent salaries recorded

Permanent salaries continued to rise in December, extending the trend observed since March 2021. Although still significantly below the survey's historical average, the rate of salary inflation reached a four-month high. Panellists attributed the increase to competition for high-quality candidates driving up starting salaries. However, the growing supply of candidates was reported to have somewhat tempered salary growth.

Regionally, London saw the steepest increases in starting salaries, while the South of England experienced a decline.

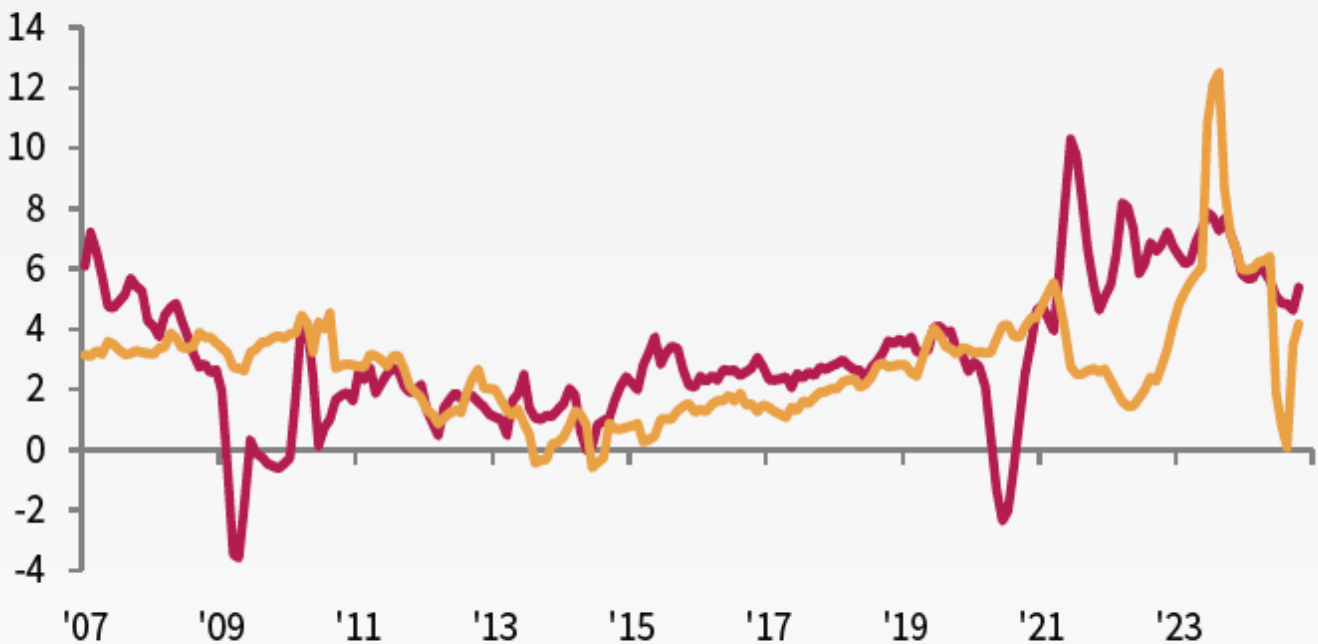
ONS Data

According to the latest data from the [Office for National Statistics \(ONS\)](#), average earnings growth in the UK accelerated in October, rising to an annual rate of 5.2%, up from 4.4% in September and marking the highest level since May 2024.

Both the private and public sectors saw faster annual increases in earnings during October. In the private sector, earnings growth reached 5.4%, up from 4.6%, representing a five-month high. Similarly, public sector earnings rose by 4.2% annually, also a five-month high and an improvement on the 3.5% recorded in September.

UK average weekly earnings ■ private ■ public

%yr/yr, 3mma



Source: Office for National Statistics via S&P Global Market Intelligence.

London job market

KPMG and REC also produce a [London job market analysis](#).

Rapid decline in permanent placements

Recruiters in the capital observed a fifth straight monthly decline in permanent placements during December. While the pace of decline slowed slightly compared to the previous month, it remained pronounced overall. A cautious hiring environment, driven by economic uncertainty and further impacted by the Autumn Budget, was reported as a key factor.

All four monitored English regions saw reductions in new permanent staff hires. However, London experienced the most moderate decline and was the only region where the rate of contraction showed signs of easing.

Job vacancies

December saw another decline in permanent vacancies across the capital, continuing a trend observed every month since last August. The seasonally adjusted index fell for the fifth consecutive month, reaching its lowest level since February and indicating a sharp contraction.

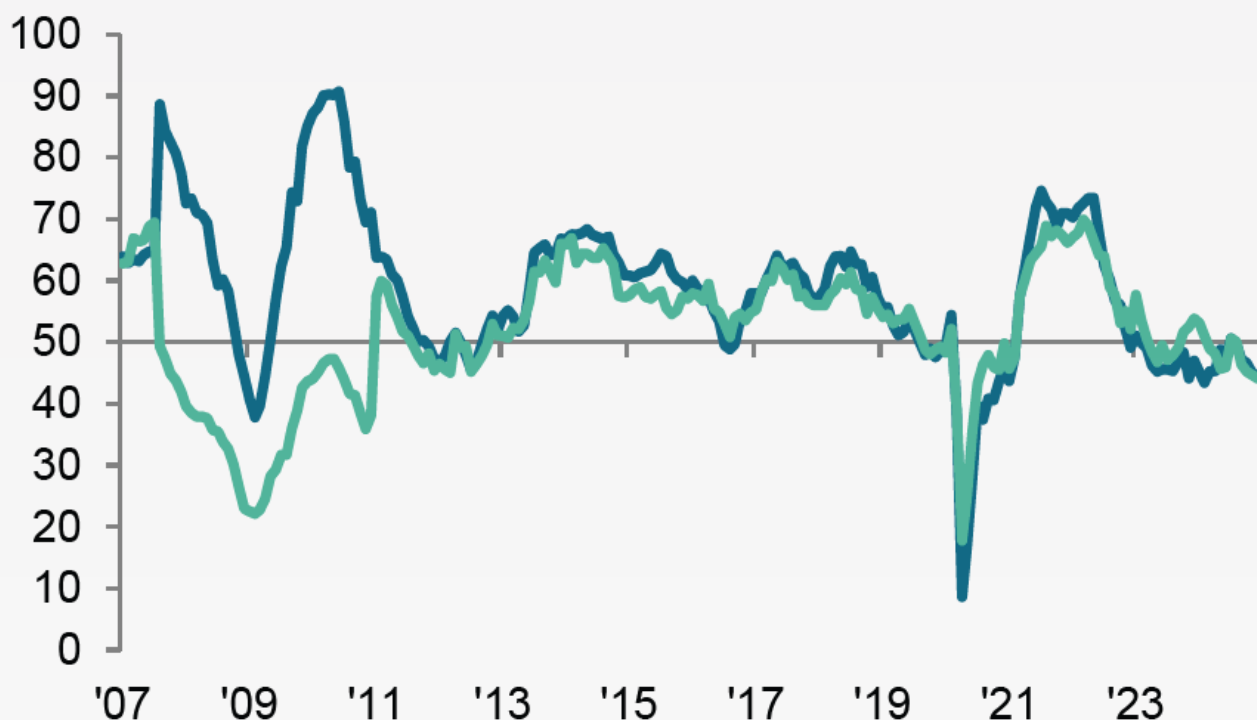
Demand for temporary workers also deteriorated further in December, marking the fourth successive month of decline. The rate of decrease was steep and the fastest recorded since July 2020.

Vacancies Index

■ Permanent

■ Temporary

sa, >50 = growth since previous month



Staff availability: supply of permanent candidates expands rapidly

The availability of permanent workers in the capital increased for the twenty-fifth consecutive month in December. The pace of growth accelerated, aligning closely with the average seen throughout the current expansion period and the UK overall. This latest rise was largely attributed to redundancies and a reduction in available job opportunities.

Starting salary inflation intensifies notably

Following a dip to a 44-month low in October, the rate of permanent starting salary inflation accelerated for the second consecutive month in December and remained sharp. The pace of growth was the fastest recorded since July. Surveyed recruiters noted that businesses were increasingly willing to offer higher salaries to secure candidates with the right skill sets.

Among the four monitored English regions, London recruiters reported the strongest increase in salaries for permanent new hires.

Regional comparison

Staff Appointments

Permanent placements across the UK continued to decline at the close of 2024, extending the downward trend that began in October 2022. The rate of contraction intensified compared to November, marking the steepest decline since August 2023. All four monitored English regions reported reductions in permanent staff appointments, with the South of England experiencing the sharpest downturn.

At the same time, temporary billings fell for the sixth consecutive month across the UK in December, with the decline occurring at a solid pace. Three of the four monitored regions saw sharp reductions, but the Midlands diverged from this trend, recording an increase in temp billings for the ninth consecutive month.

Candidate Availability

Permanent staff availability across the UK grew at a robust pace in December 2024, with the rate of expansion reaching its highest level since June. The Midlands led the increase in permanent worker availability, while the other three English regions also recorded stronger upturns.

Similarly, temporary staff availability rose significantly at the UK level during December. The rate of growth remained largely unchanged from November, with the North of England and London experiencing sharper increases. In contrast, the Midlands and South of England recorded softer, though still notable, rises in the supply of temporary candidates.

Pay Pressures

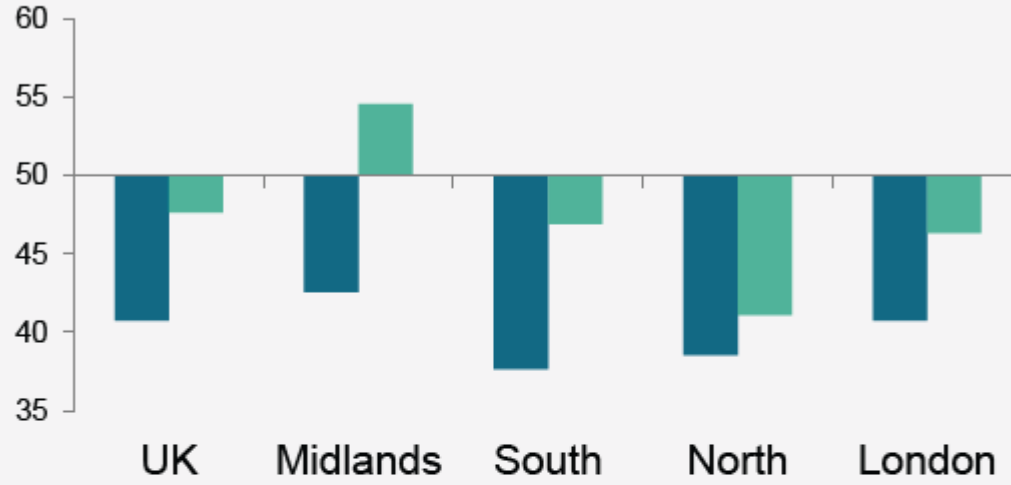
Permanent starting salaries across the UK rose at an accelerated pace in December, with the rate of inflation reaching its highest level in four months. London recorded the most significant increase in permanent starting salaries, while the South of England was the only region to experience a decline.

Meanwhile, hourly pay rates for temporary staff in the UK grew at a modest but six-month high rate during the latest survey period. London saw a stronger increase, and the Midlands recorded a renewed rise. In contrast, the North of England experienced a softer pace of inflation, while the South reported a decline in temporary pay rates.

- Permanent
- Temporary

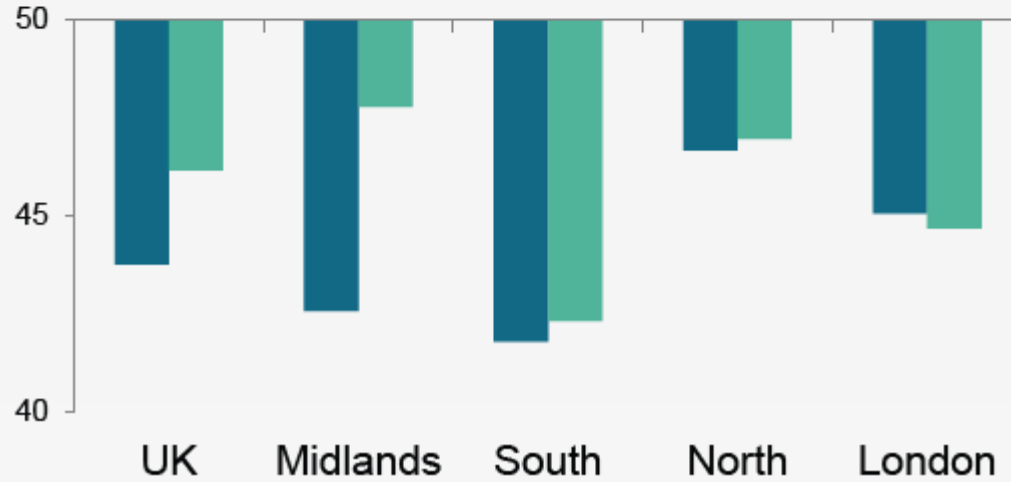
Staff Appointments

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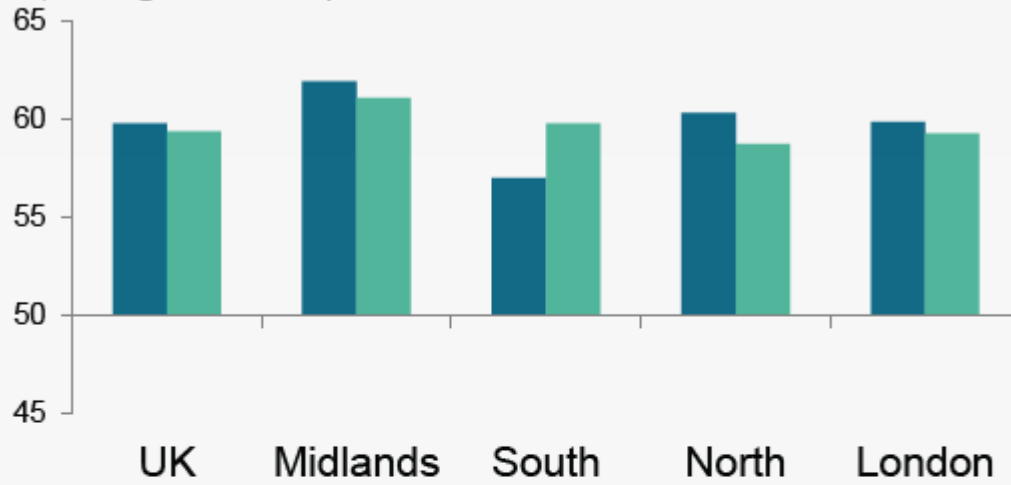
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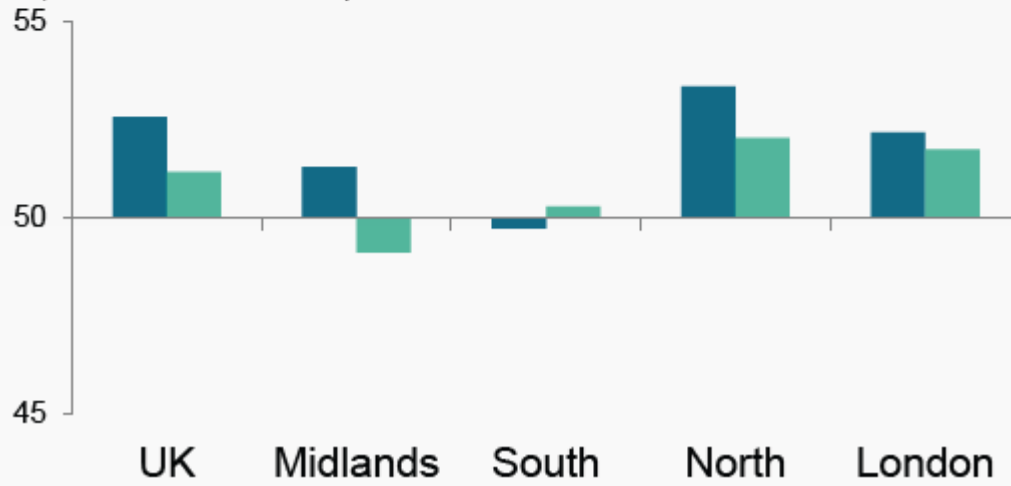
Staff Availability

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Pay Pressures

sa, >50 = inflation since previous month



The Prism Executive Recruitment perspective: management consultancy recruitment

Examination of the Decline in the Management Consulting Job Market

The job market for management consulting has clearly declined. Since mid-2023, the Big Four and other leading consultancies, including typically resilient strategy firms, have publicly announced redundancies. Numerous smaller firms have been quietly reducing their permanent teams or associates.

At present, few consulting employers have sufficient vacancies to absorb the large number of unemployed management consulting professionals.

In May 2024, headlines highlighted “PwC asks for silence from departing staff in programme of UK job cuts,” signalling another significant round of voluntary redundancies.

In June, it was reported that “Consultants to lose £3bn of UK government work under plan to halve advisory spend.”

By July 2024, the Financial Times noted, “UK consultant numbers shrink as companies cut back on external advice. Headcount fell 3% last year with firms axing jobs and moving staff as post-pandemic boom fades.”

In October, “Deloitte axes 250 UK employees in performance-related cull.” While in December “Deloitte accelerates UK layoffs with fresh redundancy round”.

Reasons for the Downturn:

1. **Overly Optimistic Hiring in 2022:** Many firms hired extensively, expecting sustained growth that ultimately did not materialise.
2. **Economic Sensitivity:** The consultancy sector is highly responsive to economic shifts; even a mild downturn can prompt hiring freezes and lead to subsequent redundancies.
3. **Cautious Expansion:** Although many firms continue to perform reasonably well, ongoing uncertainty has made them hesitant to increase their headcount.
4. **Sector Growth Slowing:** A Q2 Source Research summary (April 9th) indicates much slower growth within the sector, which sheds light on the mixed market signals.

Other Indicators:

In related news:

- The latest [NatWest UK Regional Growth Tracker](#) from December 2024 states “7 out of 12 areas record output growth, down from 11 in September with employment falls in the majority of cases”
- The **S&P Global UK Manufacturing Purchasing Managers’ Index** from January 2nd 2025 states “Manufacturing PMI falls to 11-month low of 47.0 in December. Job losses as rising cost pressures drive restructuring efforts. Business optimism dips to two-year low as economic outlook weakens”
- **S&P Global UK Services PMI** states “Weak demand and higher payroll costs led to the steepest decline in service sector employment since January 2021. “
- The [Lloyds Bank Business Barometer](#) Headline business confidence declined for the fourth consecutive month in December. As with the previous three months, the latest decrease was modest, with a dip of 2 points. Despite this, confidence has now fallen to a one-year low of 39%.
- The [BDO Optimism Index](#) from December states “Business confidence is at its weakest since January 2023 as businesses face rising costs, reduced customer confidence and falling orders .”
- The [IoD Directors’ Economic Confidence Index](#), which measures business leader optimism in prospects for the UK economy, crept up to -61 in December 2024 from -65 in November. This nonetheless represents the fourth lowest reading of the index since its introduction in July 2016.
- In December [Reed’s job market review](#) reported: “111,164 jobs were posted on Reed.co.uk in November” down from 127,176 jobs in October and down from 167,307 year-on-year.

The Page Group, very much an economic bellwether in professional and executive hiring, in a [3rd Quarter trading statement](#) posted that Group gross profit fell by 13.5% in constant currencies compared to Q3 2023. Most of the Group’s markets continued to face challenging conditions, with no indications of recovery. As recruitment budgets have tightened, clients have become increasingly risk-averse, which has prolonged the recruitment process and impacted time-to-hire.

In the UK, gross profit for Q3 declined 13.5% against 2023 to £26.2m, following the decline of 17.4% in Q2.

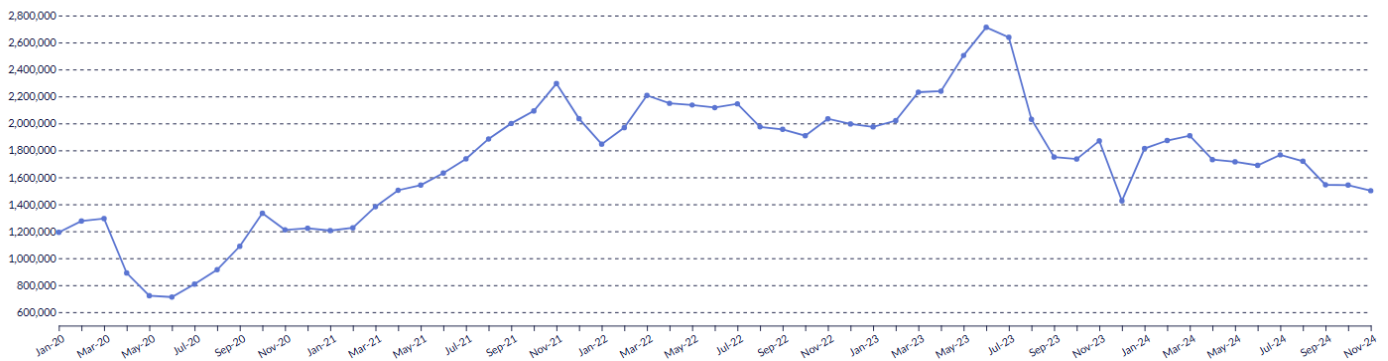
The **Institute for Employment Studies** also published a key analysis in December 2024.

Their [briefing note](#) sets out an analysis of the ONS Labour Market Statistics stating “The UK is the only major economy that has seen its employment rate fall over the last five years and employment and economic inactivity still remains worse than before the pandemic. Over the past year we have not witnessed any consistent indication of recovery. ”

The **REC’s** [Labour Market Tracker](#), which reviews job postings, updated in December, shows a further slight downturn.

Monthly job postings trend

This chart shows how the number of active job adverts in the UK has changed since the beginning of 2020



The most recent quarterly [ManpowerGroup Employment Outlook Survey](#) , for Q1 2025 asked 40,413 employers across 42 countries about their first quarter hiring intentions . Globally the UK is well above average:

Hiring Expectations for January – March by Country

Seasonally Adjusted, Net Employment Outlooks (NEO)

 **40%** India
Strongest NEO

 **25%** Global
Average NEO

 **-1%** Argentina
Weakest NEO

India	40%	Singapore	25%	Japan	15%
U.S.	34%	Germany	24%	Poland	15%
Mexico	32%	Ireland	24%	Czech Republic	14%
Costa Rica	31%	Finland	22%	Hungary	14%
South Africa	31%	France	21%	Greece	12%
China	29%	Colombia	20%	Puerto Rico	12%
The Netherlands	29%	Peru	20%	Türkiye	12%
Switzerland	29%	Portugal	20%	Australia	11%
Belgium	28%	Italy	19%	Austria	10%
U.K.	28%	Panama	19%	Romania	10%
Brazil	27%	Spain	17%	Chile	9%
Norway	27%	Sweden	17%	Israel	8%
Canada	26%	Taiwan	17%	Hong Kong	6%
Guatemala	25%	Slovakia	16%	Argentina	-1%

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.

*For more information on the job market, or to discuss your hiring or career plans please contact **Chris Sale**, Managing Director, Prism Executive*

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