

March 2025 job market report

“What’s the UK job market like?”

The March 2025 KPMG & REC UK REPORT ON JOBS has been published featuring survey results from mid/late February.

The [full report is posted here](#)

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented: “...it is still a wait and see approach to hiring....headwinds to growth remain, and we should expect a Spring Statement that is fiscally constrained due to growing spending pressures and global uncertainty.businesses....will be looking for signals to support future planning and growth, and with that will come confidence to invest and create jobs”

Neil Carberry, REC Chief Executive, said:

“After a long winter, there are some hints of a turn in the labour market as we head into Spring. At the moment, though, things are still slow as companies hold their breath in the face of significant costs rises from April ”

Key findings are:

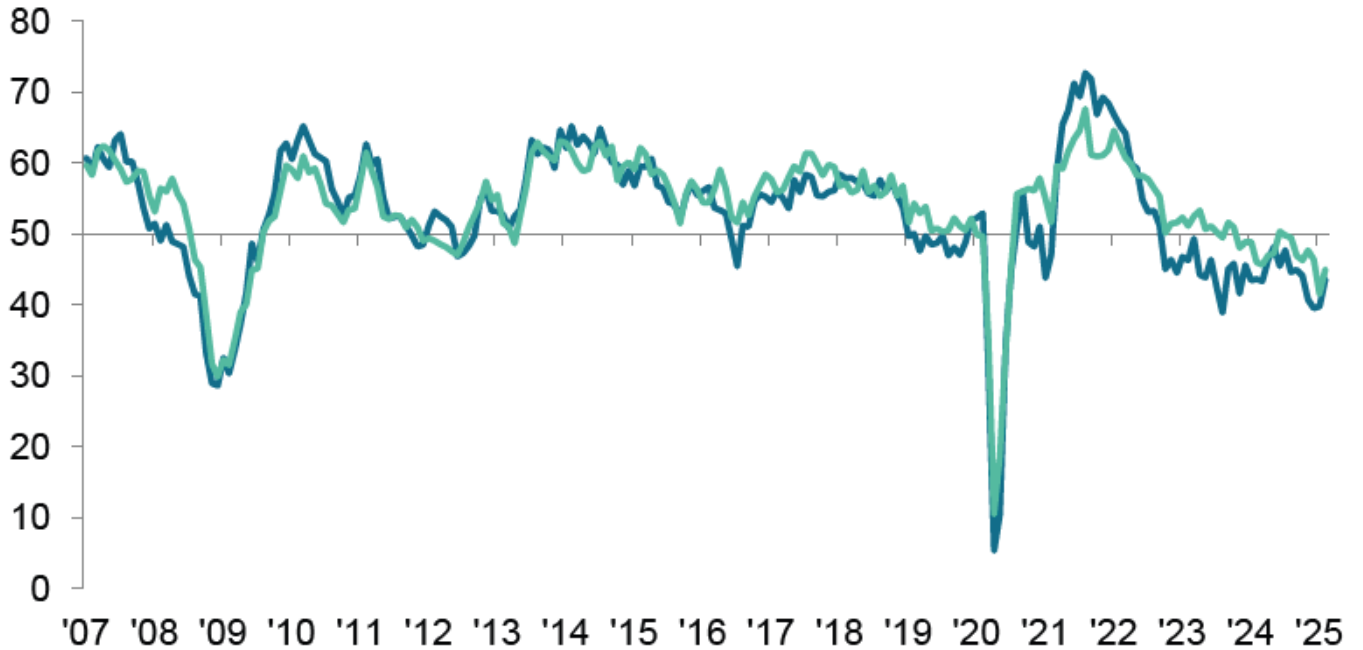
- **Softer deterioration in recruitment activity**
- **Starting salary inflation weakens to four-year low**
- **Availability of workers increases at quicker pace**
- **Demand for staff continues to fall rapidly**
- **ONS vacancy stats over 1/3 less than May 2022 peak**
- **A broad-based decline in demand for permanent workers and Secretarial/Clerical, Executive/Professional and Retail sectors noted the steepest reductions in permanent vacancies**
- **All four tracked regions in England saw a decline in permanent staff placements**

Appointments

Continued decline in permanent placements

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



The number of people securing permanent roles in the UK fell once again in February, extending the ongoing decline to almost two and a half years. Although the rate of contraction was the slowest in four months, it remained steep by historical standards. Recruiters commonly attributed the downturn to diminished confidence in the economic outlook and rising payroll costs, prompting businesses to scale back or halt hiring.

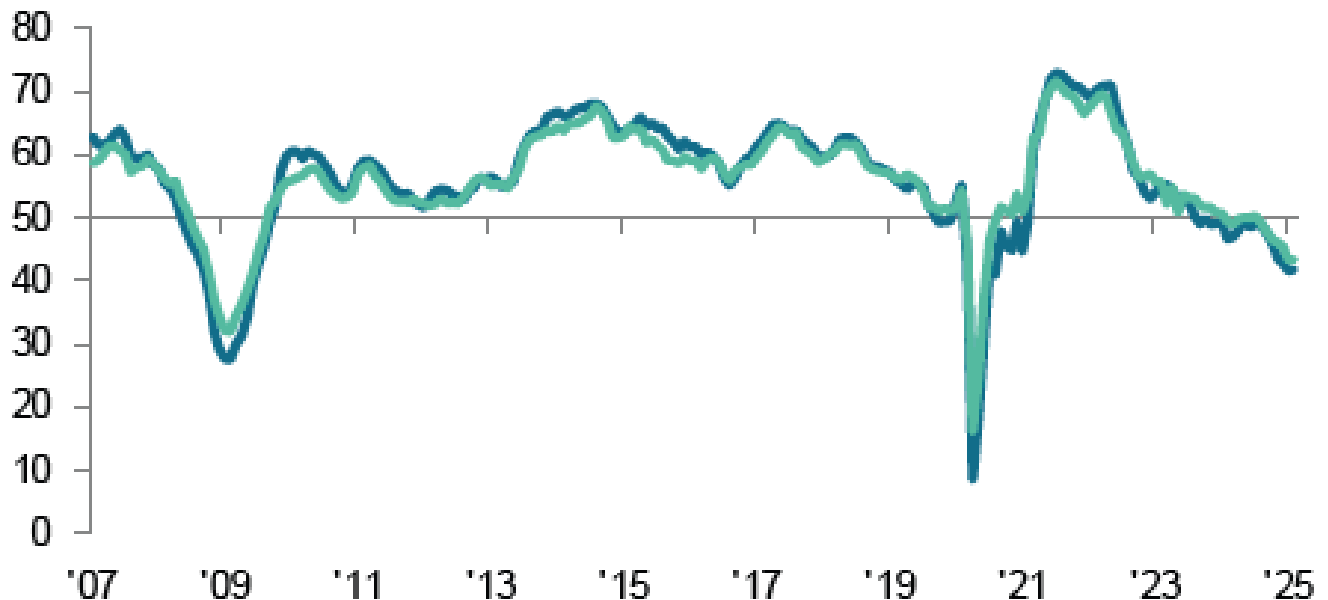
All four tracked English regions saw a decline in permanent placements, with the North of England experiencing the most significant drop.

Vacancies

Demand for staff continues to weaken

■ Permanent Vacancies Index
■ Temporary Vacancies Index

sa, >50 = growth since previous month



Job vacancies in the UK fell for the sixteenth consecutive month in February. The decline remained steep, marking the second-fastest rate of contraction since August 2020, with the seasonally adjusted index rising only marginally.

Permanent & Temporary Vacancies

February data signalled continued, though slightly less severe, declines in demand for both permanent and temporary staff. Permanent vacancies contracted at a faster rate than temporary roles, marking 18 consecutive months of decline. Meanwhile, demand for short-term workers fell for the seventh month in a row.

Public & Private Sector Vacancies

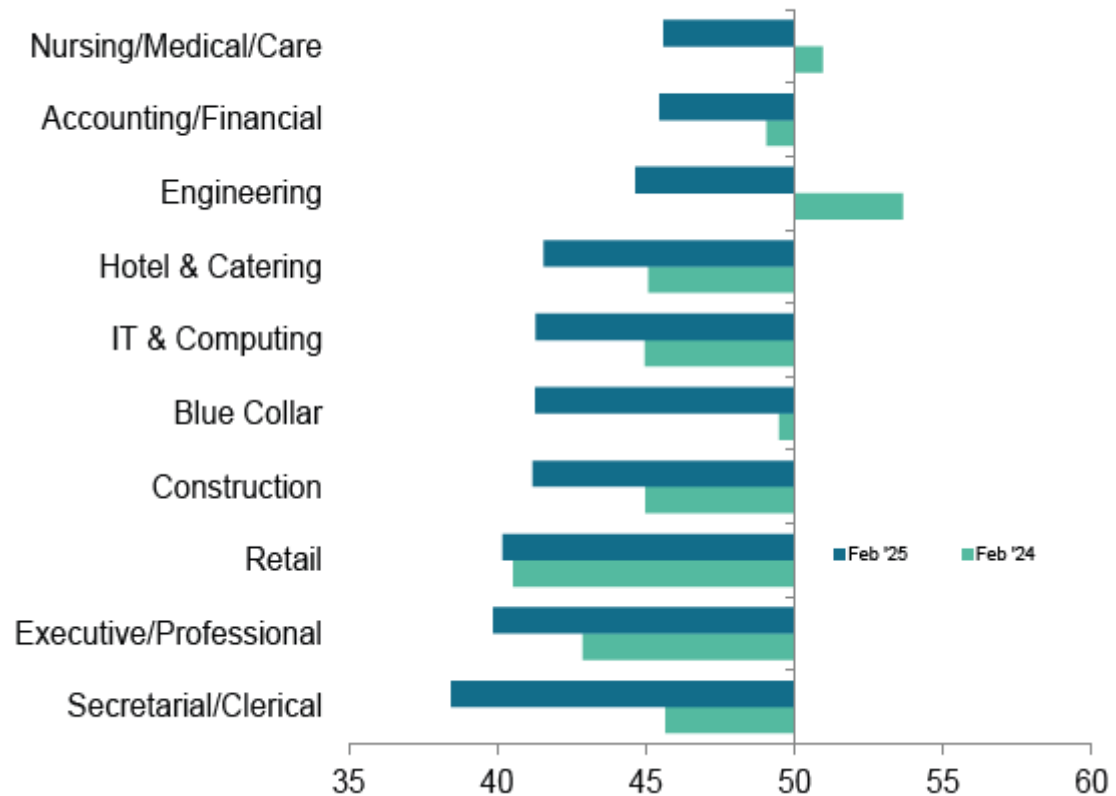
Staff demand declined across both the public and private sectors in the middle of the first quarter. The steepest drops were recorded in the public sector, with temporary vacancies shrinking at the fastest rate since June 2020. While demand for both permanent and temporary staff in the private sector also fell, the decline was less severe but remained significant.

Vacancies by Sector

February survey data indicated a widespread decline in demand for permanent staff. The sharpest drops in vacancies were recorded in the Secretarial/Clerical, Executive/Professional, and Retail sectors, with significant reductions also observed across other industries.

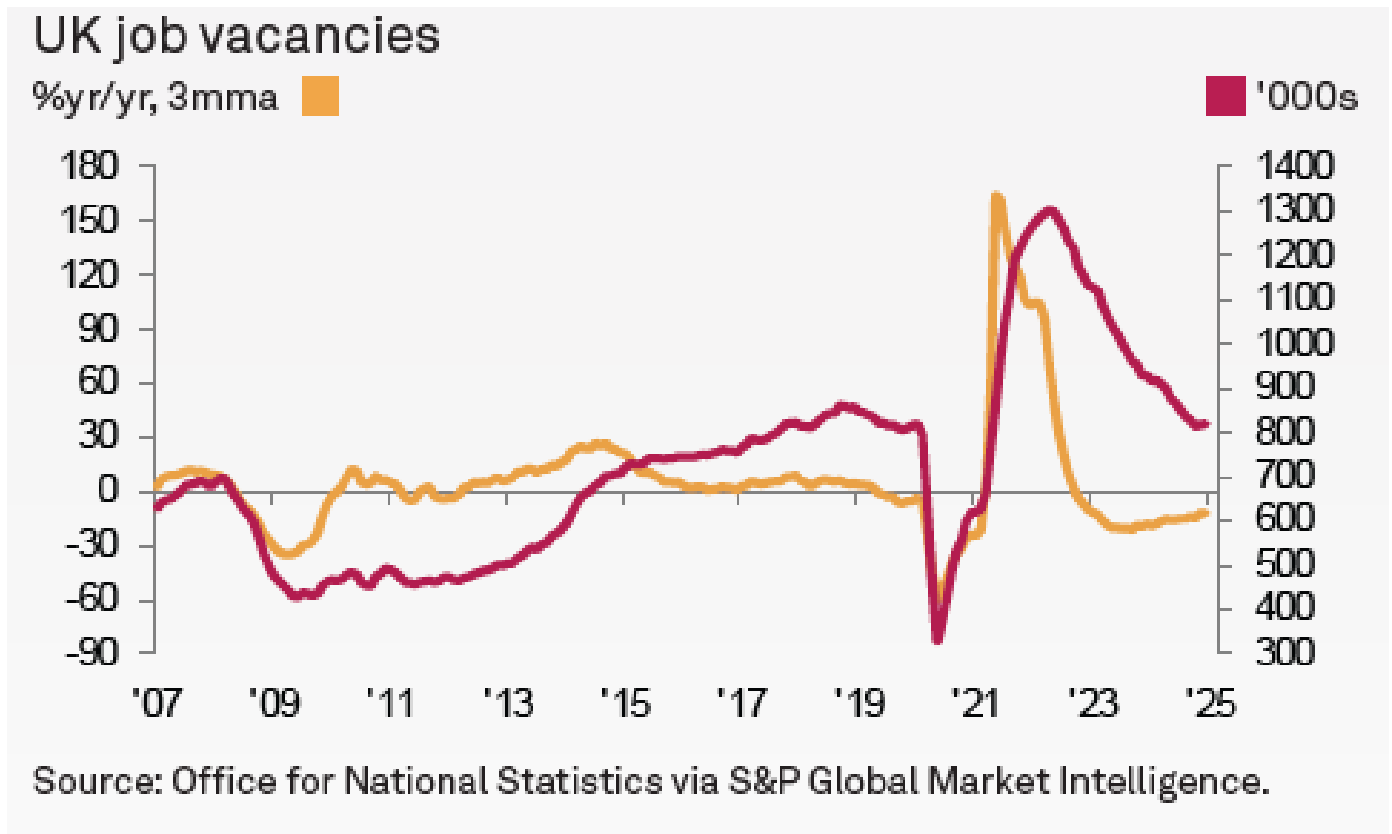
Permanent Vacancies Index

sa, >50 = growth since previous month.



ONS Data

[Office for National Statistics](#) stated there were 819,000 job vacancies across the UK in the three months to January, marking a decline of 110,000 compared to the same period last year. Additionally, vacancies have stabilised at a level 37.2% lower than the post-pandemic peak of 1,304,000 recorded in the three months to May 2022.



Staff availability

Candidate availability continues to rise

Total Staff Availability Index

sa, >50 = improvement since previous month



A slight upturn in figures for February extends the current growth in staff availability to two years, marking the longest period of expansion since mid-2010.

Recruitment consultancies reported a rise in the availability of candidates for permanent roles in February. Permanent staff supply has now grown consistently for two years, with the latest increase surpassing the average pace seen over this period. Respondents often attributed the rise to redundancies and fewer job opportunities.

All four tracked English regions saw a faster upturn in permanent candidate numbers, with the Midlands experiencing the most pronounced increase.

Pay pressures

Starting salary growth slows to its lowest level in four years

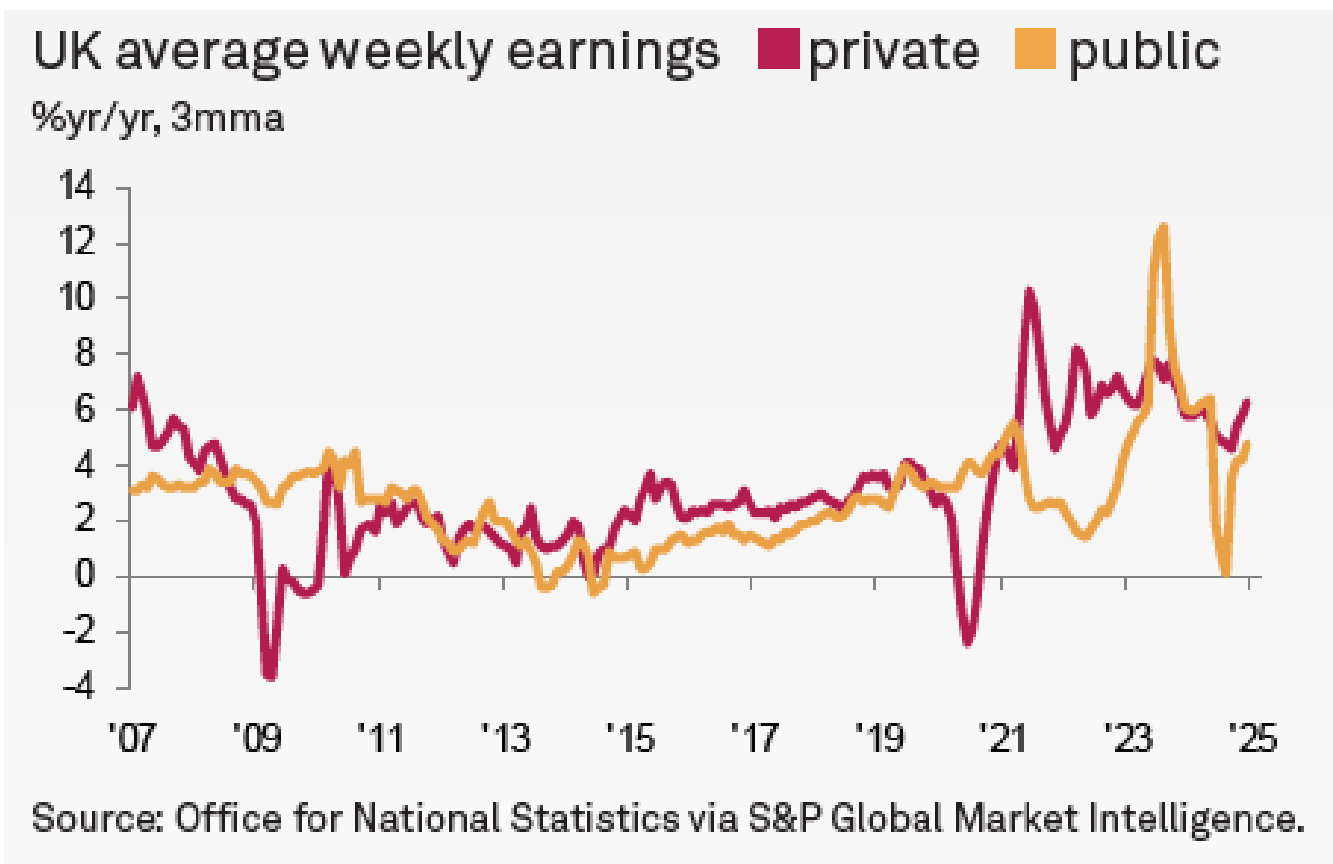
Recruitment consultancies reported a slower increase in starting salaries for permanent staff for the second consecutive month in February. The latest rise was the most modest in the four-year inflation period. Higher salaries, where observed, were primarily driven by market rate adjustments and efforts to attract skilled candidates.

Permanent pay increased in London and the Midlands, remained largely unchanged in the South of England, and declined in the North.

ONS Data

According to the latest data from the [Office for National Statistics \(ONS\)](#), average weekly earnings rose by 6.0% annually in the final quarter of 2024, up from 5.5% in the previous period and marking the fastest growth in over a year.

The increase was driven by stronger pay rises in both the private and public sectors. Private sector earnings grew by 6.3%, the highest rate since the three months to November 2023, while public sector pay rose by 4.8%, the fastest increase since the three months to May 2024.



London job market

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

Hiring activity remains in decline across the capital

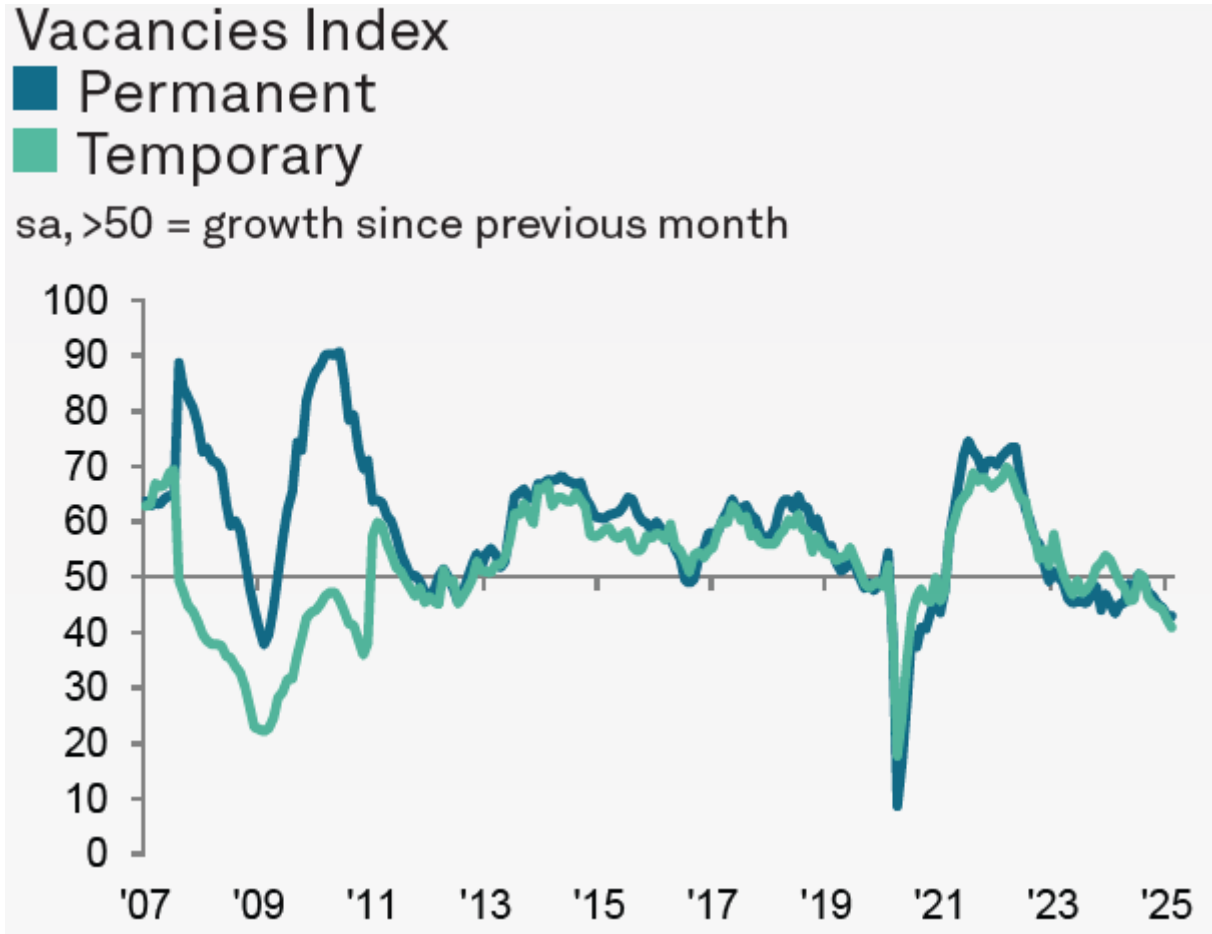
Permanent placements in London declined for the seventh consecutive month in February, with the downturn linked to factors such as the upcoming rise in National Insurance Contributions, minimum wage increases, economic uncertainty following the October Budget, and geopolitical instability.

However, the rate of decline was the slowest in recent months

Job vacancies

Worker demand in London declined sharply in February, marking the seventh consecutive monthly drop in permanent vacancies—the steepest since October 2020, though less severe than the national average.

Meanwhile, temporary vacancies in the capital have fallen each month since September 2024, with the latest decline being the most pronounced since mid-2020 and the sharpest among the four monitored English regions.



Staff availability: supply of permanent candidates expands rapidly

The availability of permanent workers in London continued to rise sharply in February, maintaining an upward trend since December 2022. The rate of growth accelerated from January, with respondents attributing the increase to redundancies and a lack of job opportunities. As a result, more candidates entered the market, intensifying competition among job seekers.

Starting salary inflation intensifies notably

Starting salaries for newly placed permanent staff in London continued to rise in February, with the rate of inflation accelerating from January. Recruiters attributed the increase to employers' efforts to attract skilled candidates.

Additionally, salary growth in London exceeded the national average.

Regional comparison

Staff Appointments

Permanent placements across the UK declined again in February, though the rate of contraction was the slowest since last October. All four monitored English regions experienced a drop, with the sharpest decline in the North of England and the slowest in the Midlands.

Temporary billings also fell, marking the eighth consecutive month of decline. While the drop was less severe than for permanent placements, it remained significant. For the first time since March 2024, all four English regions recorded a fall in temp billings, with London seeing the steepest decline.

Candidate Availability

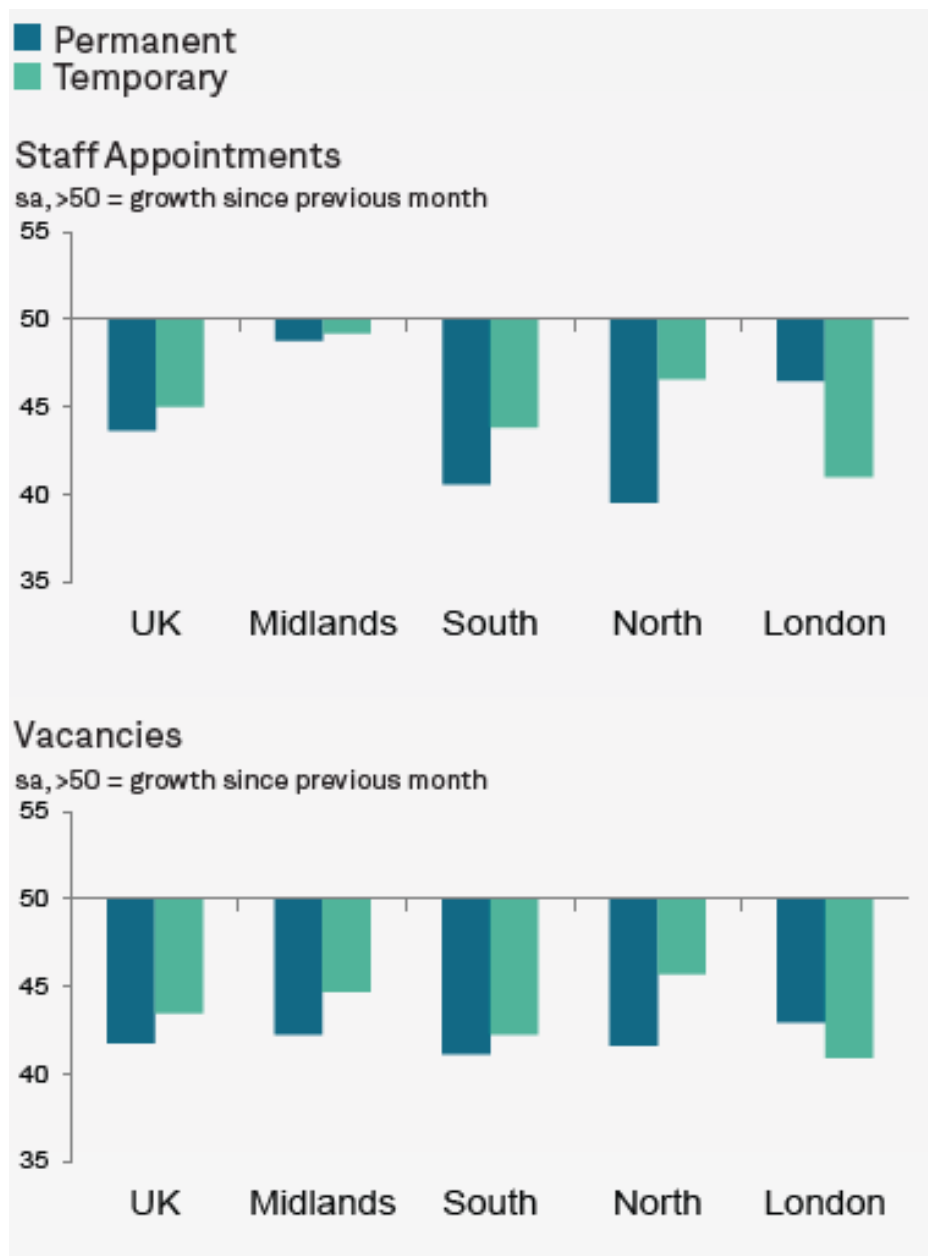
With permanent staff placements declining sharply, candidate availability for permanent roles continued to rise across the UK in February. The latest increase was stronger than at the start of the year, with all monitored regions reporting higher candidate numbers. The Midlands saw the largest rise, while the South of England recorded the slowest growth.

February data also indicated a strong and accelerated rise in temporary candidate availability, reaching the highest rate of accumulation in four months. London and the Midlands saw the sharpest increases, while the North and South of England experienced slightly softer but still significant growth.

Pay Pressures

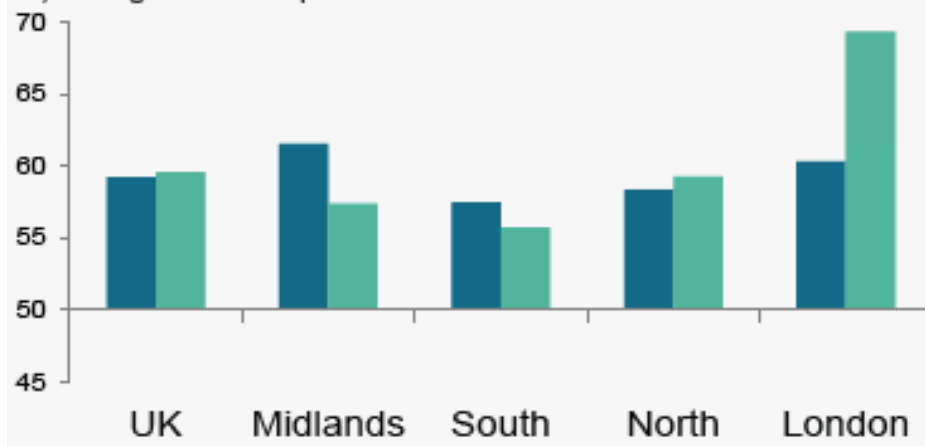
The latest data indicated a second consecutive slowdown in UK starting salary inflation, with the February increase being the weakest since the current trend began in March 2021. London saw a sharp and accelerated rise, while the North of England recorded its first drop in permanent starting salaries in four years.

Temporary pay rates increased across the UK, but the rate of inflation was modest and below the long-term average. Three of the four monitored English regions saw temporary wages rise, while pay in the South of England remained unchanged from January.



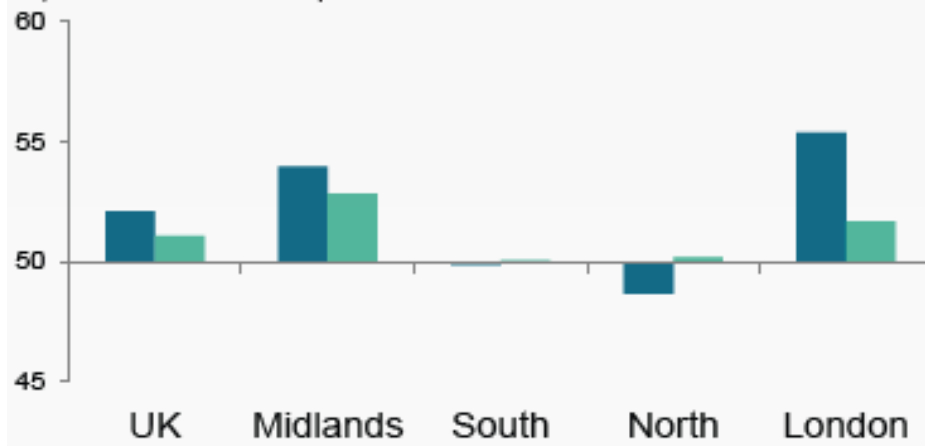
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



The Prism Executive Recruitment perspective: management consultancy recruitment

The Decline in the Management Consulting Job Market

The job market in management consulting has declined significantly in the last two years. Indeed 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.” and in December “Deloitte accelerates UK layoffs with fresh redundancy round”.

EY meanwhile in December stated “Regrettably, proposals put forward in part of the UK consulting practice may result in a reduction of 150 roles”

Reasons for the Downturn:

1. **Overly Optimistic Hiring and pay rises in 2022:** Many firms hired extensively, dangling salary increases which have added to costs, expecting sustained growth that ultimately did not materialise.
2. **Economic Slowdown in 2023 and 2024:** The consultancy sector is highly responsive to economic shifts and 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:** in January 2025: a survey among the member-firms of the Management Consultancies Association reveals that many expect revenue expansion to be just 6.4% in the coming 12 months, the lowest rate since 2020.

Other Indicators:

In related news:

- The latest [NatWest UK Regional Growth Tracker](#) from February 2025 states "Firms in every region of the UK reported rising cost pressures in January, as well as indicating steep increases in prices charged for goods and services too."
- The **S&P Global UK Manufacturing Purchasing Managers' Index (PMI)** states "Downturn in UK manufacturing output and new orders deepens, leading to steepest job losses since mid-2020"
- **S&P Global UK Services PMI** states "states "incoming new work declined in January and the pace of job shedding accelerated to its sharpest for four years."
- The [Lloyds Bank Business Barometer](#) however states "Economic recovery hopes rise with business confidence surge" and "Firms report increased optimism and resilient trading prospects"
- The [BDO Optimism Index](#) from February states "Business optimism at lowest since January 2023 amid stalling growth and rising employment costs"
- The [IoD Directors' Economic Confidence Index](#), which measures business leader optimism in prospects for the UK economy dropped back to -64 in February 2025, from -59 in January. Business confidence remains at historically depressed levels, just above the recent nadir of -65 in November 2024 and close to the lows reached during Covid.
- In March [Reed's job market review](#) reported: "105,115 jobs were posted on Reed.co.uk in February: down -17% month-on-month and -26% year-on-year."

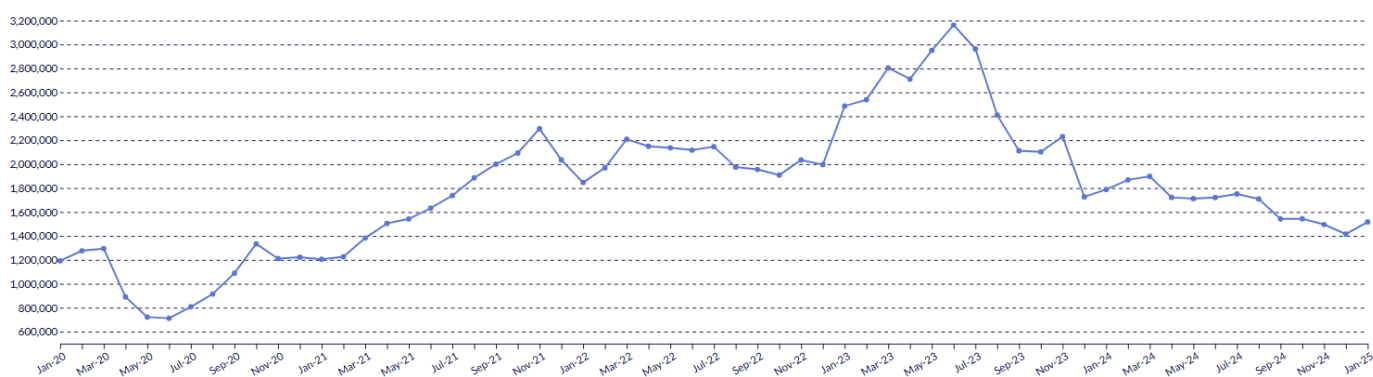
The Page Group, very much an economic bellwether in professional and executive hiring, issued [preliminary results](#) in March 2025 with operating profit halved at £52.4m (2023: £118.8m) stating “Market conditions remained challenging across all regions in 2024, with worsening sentiment and reduced confidence in Europe during the second half of the year”

IWOCA, the business loans company, in March reports on their [survey](#) which suggests that over 300,000 SMEs may cut jobs due to rising employer National Insurance contributions (NICs)

The **REC’s [Labour Market Tracker](#)**, which reviews job postings, updated in February, shows a level comparable with Q4 2024.

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](#), on the state of the labour market in UK Q2 2025 Q2 2025 says

“UK employers are continuing to kick major hiring decisions into the long grass, with the latest data from the ManpowerGroup Employment Outlook Survey showing 42% of organisations plan no changes to their employee headcount in Q2 (April – June) 2025. An additional 11% don’t know if or how their staffing levels will change. Among employers who are planning headcount changes, average employer hiring volume is down -27% versus Q1 2025”

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 Recruitment via chris.sale@prismrec.co.uk