July 2025 job market report

“What’s the UK job market like?”

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

The **full report is posted here**

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented:

“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.”

Neil Carberry OBE, REC Chief Executive, said:

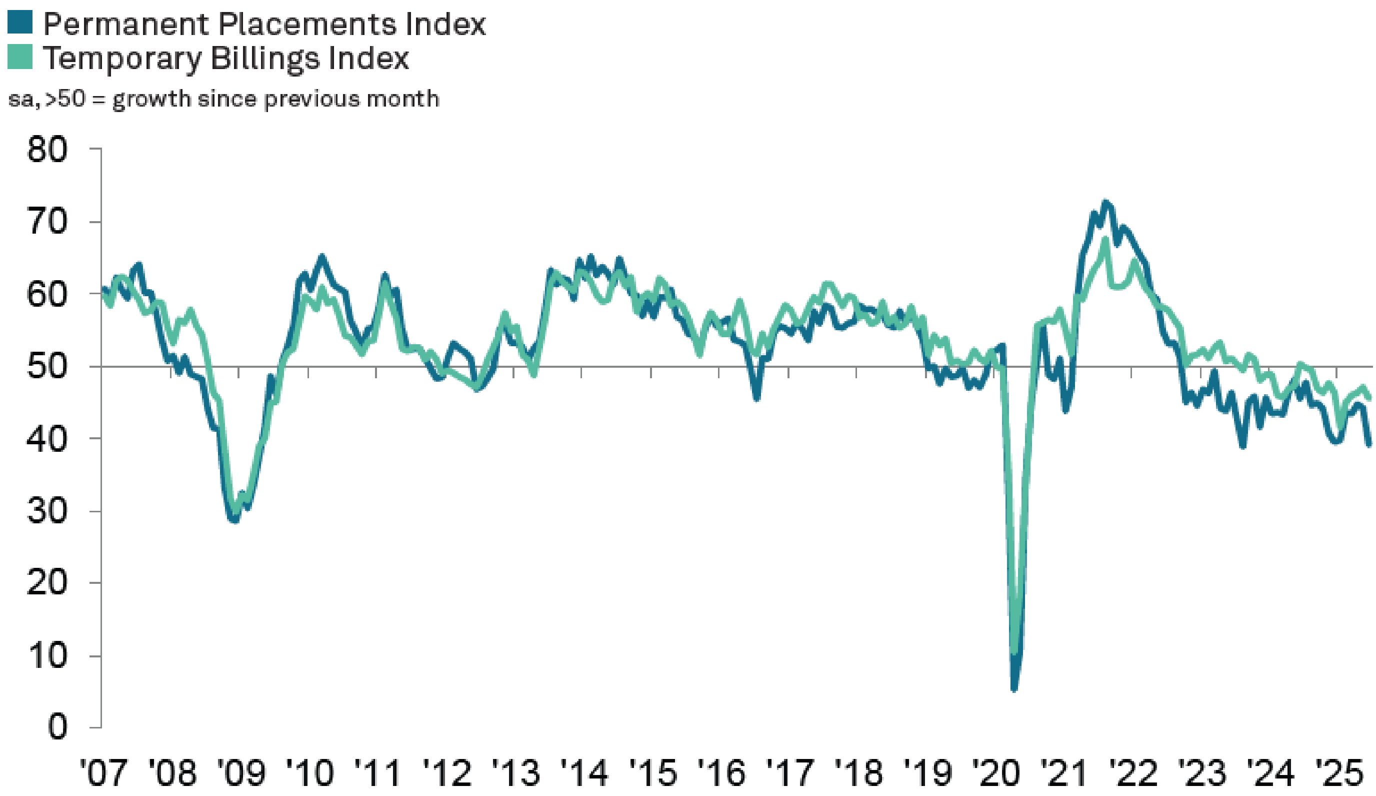
“There is more volatility month by month in the jobs market right now, as employers assess a complex picture and hire when they need to, but not yet at the rate they might want to. Much of that hesitation stems from the scar tissue left by the Spring tax hikes and fear of further business tax rises.”

Key findings are:

- Steeper reduction in recruitment activity in June
- Candidate supply expands at fastest pace since late 2020
- Steeper decline in overall vacancies
- Slower growth in starting salaries and temp wages
- ONS vacancy figures the lowest recorded for 4 years
- The retail sector saw the steepest reductions in permanent vacancies followed by secretarial/clerical and hotel/catering.
- All four monitored English regions noted a fall in permanent staff appointments, with the strongest downturn seen in the South of England.

Appointments

Permanent placements fall at fastest rate in 22 months



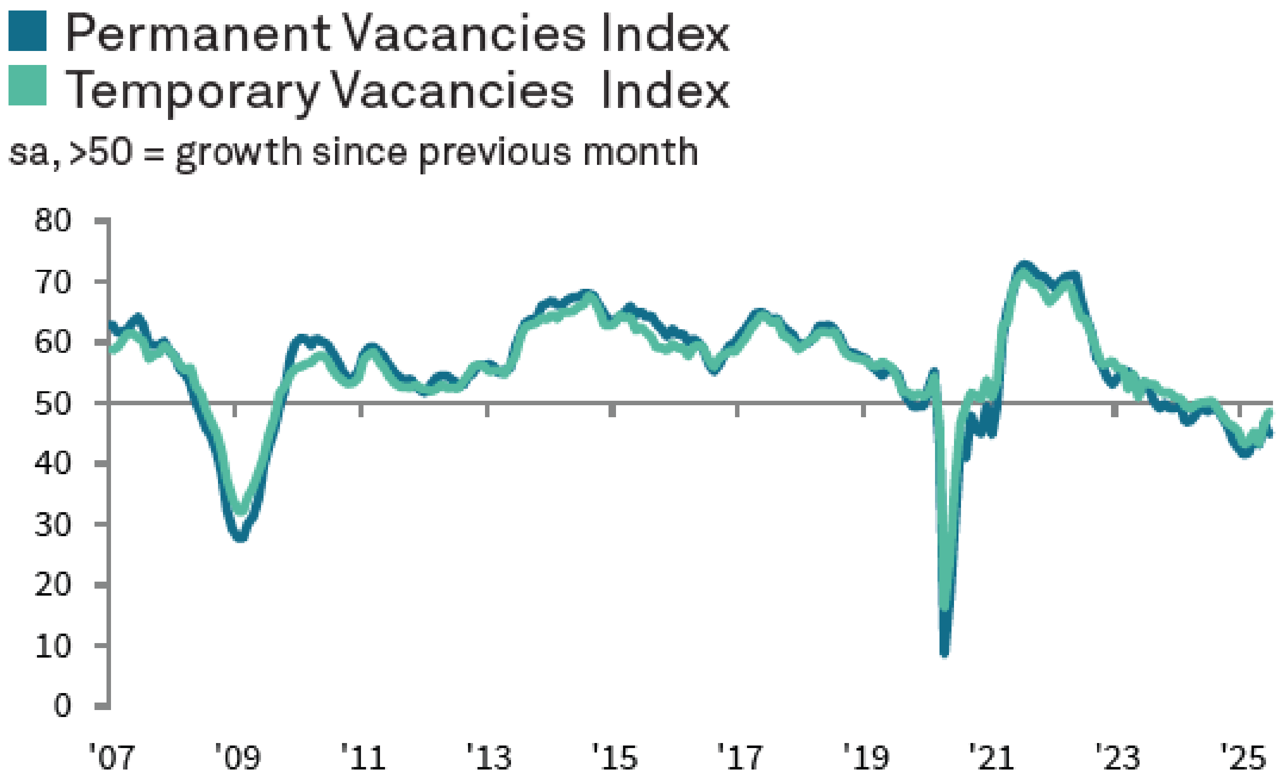
Fresh survey results pointed to a marked and quicker drop in permanent job placements across the UK in June. The pace of decline was the fastest seen since August 2023. Close to twice as many recruitment firms reported a fall in hires as those noting an increase (45% compared with 23%).

Respondents often cited a dip in employer confidence and heightened cost concerns as key reasons behind hiring slowdowns or postponements.

Permanent placements declined across all four English regions at the close of Q2. The South of England experienced the most pronounced drop, while the North recorded the most modest decrease.

Vacancies

Further decline in overall demand for staff



The seasonally adjusted Total Vacancies Index dropped to 45.0 in June, down from 46.6 in May, indicating a faster fall in overall vacancies. This marked the 20th consecutive month of decline, with the latest drop sharper than the average over that time and notable in scale.

Permanent & temporary vacancies

Vacancy trends in June showed a split by job type. Demand for permanent staff contracted more quickly, whereas the drop in temporary roles eased to its slowest rate since last August.

Public & private sector vacancies

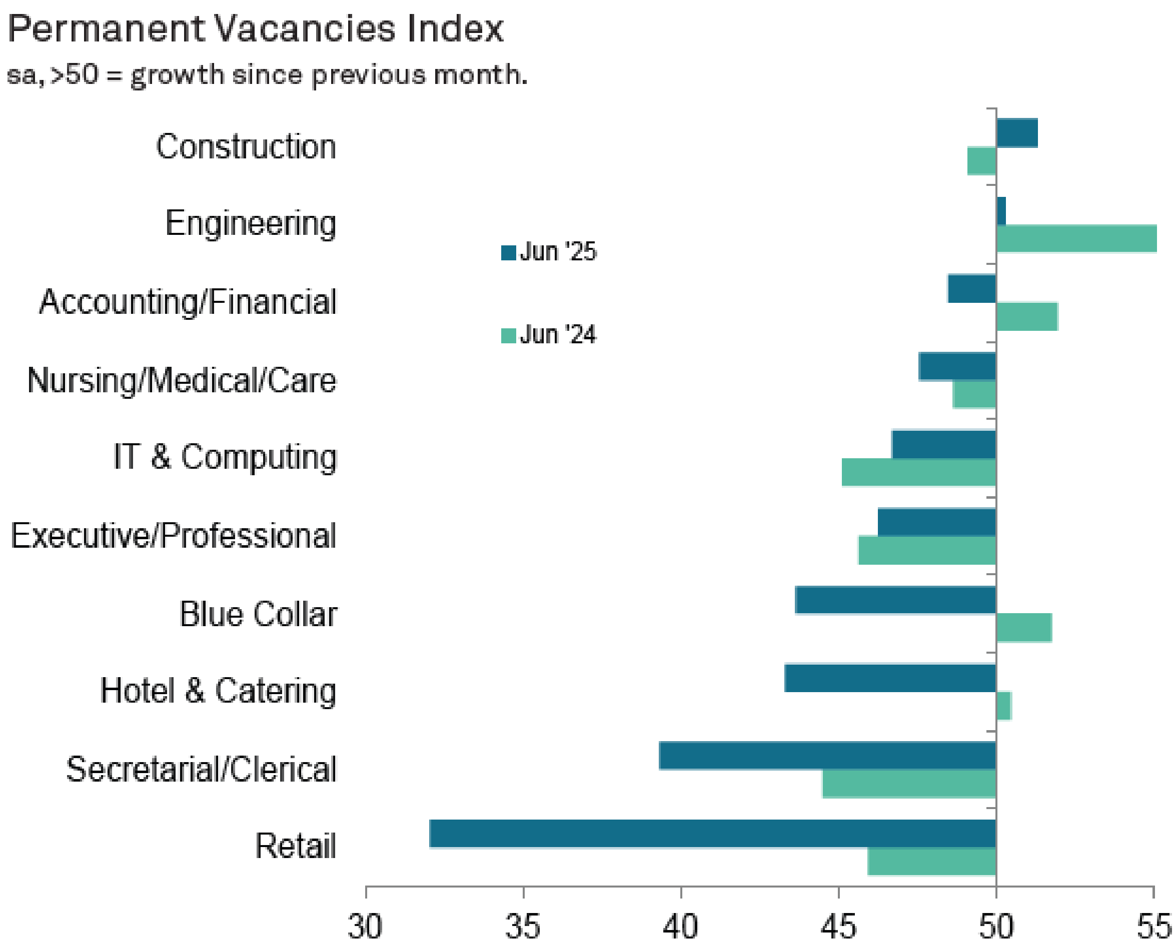
June saw a faster decline in demand for permanent staff across both the private and public sectors, with the public sector experiencing the more pronounced drop. In contrast, demand for temporary workers decreased more moderately, with private sector short-term vacancies showing only a slight overall fall.

Vacancies by Sector

Among the eight job sectors reporting a drop in permanent staff demand, Retail registered by far the sharpest decline, followed by Secretarial/Clerical, Hotel/Catering and Blue Collar.

Executive/Professional remained moribund albeit as marked as other areas.

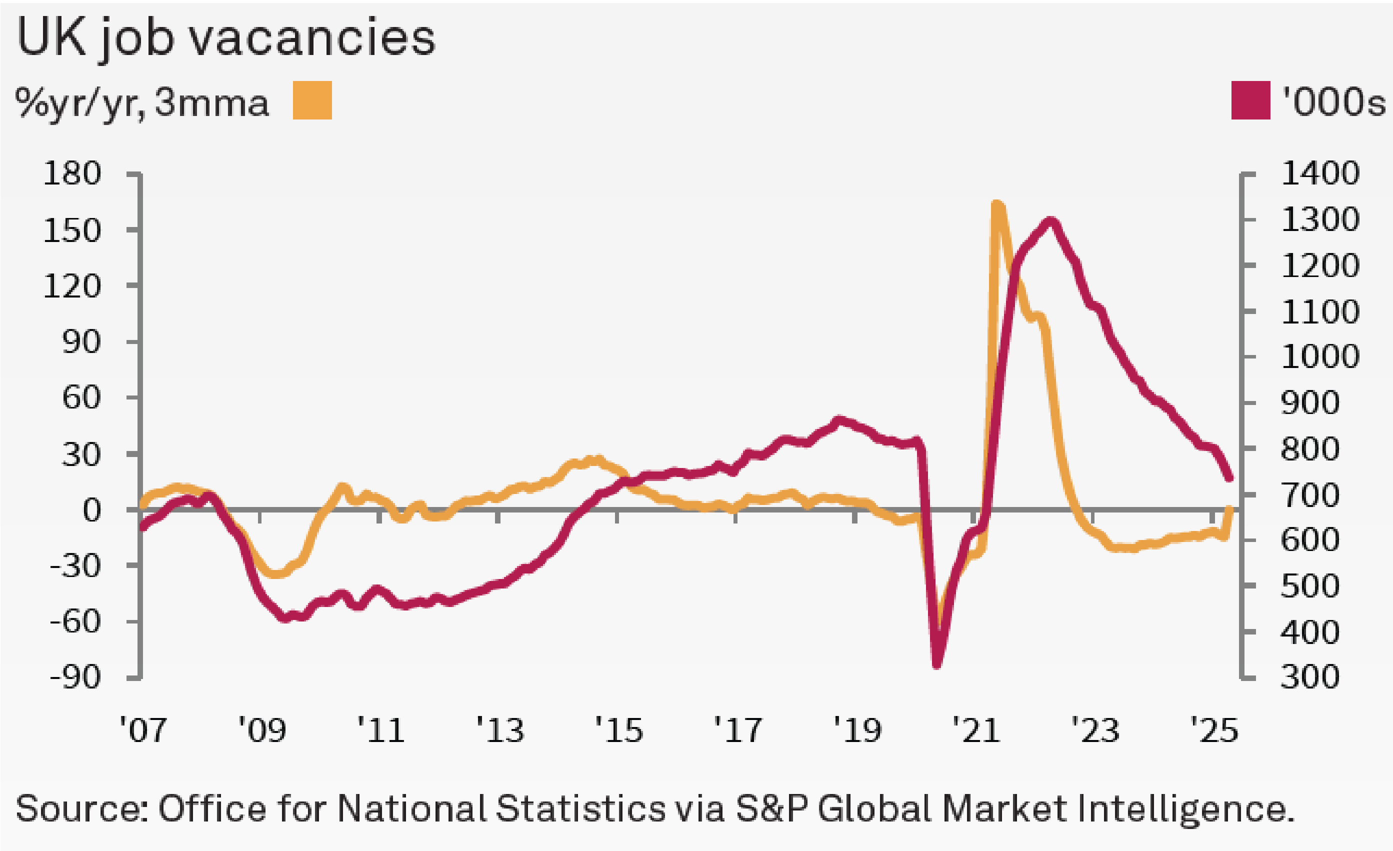
Construction and Engineering were the only areas to see growth in permanent vacancies, though the increases were modest.



ONS Data

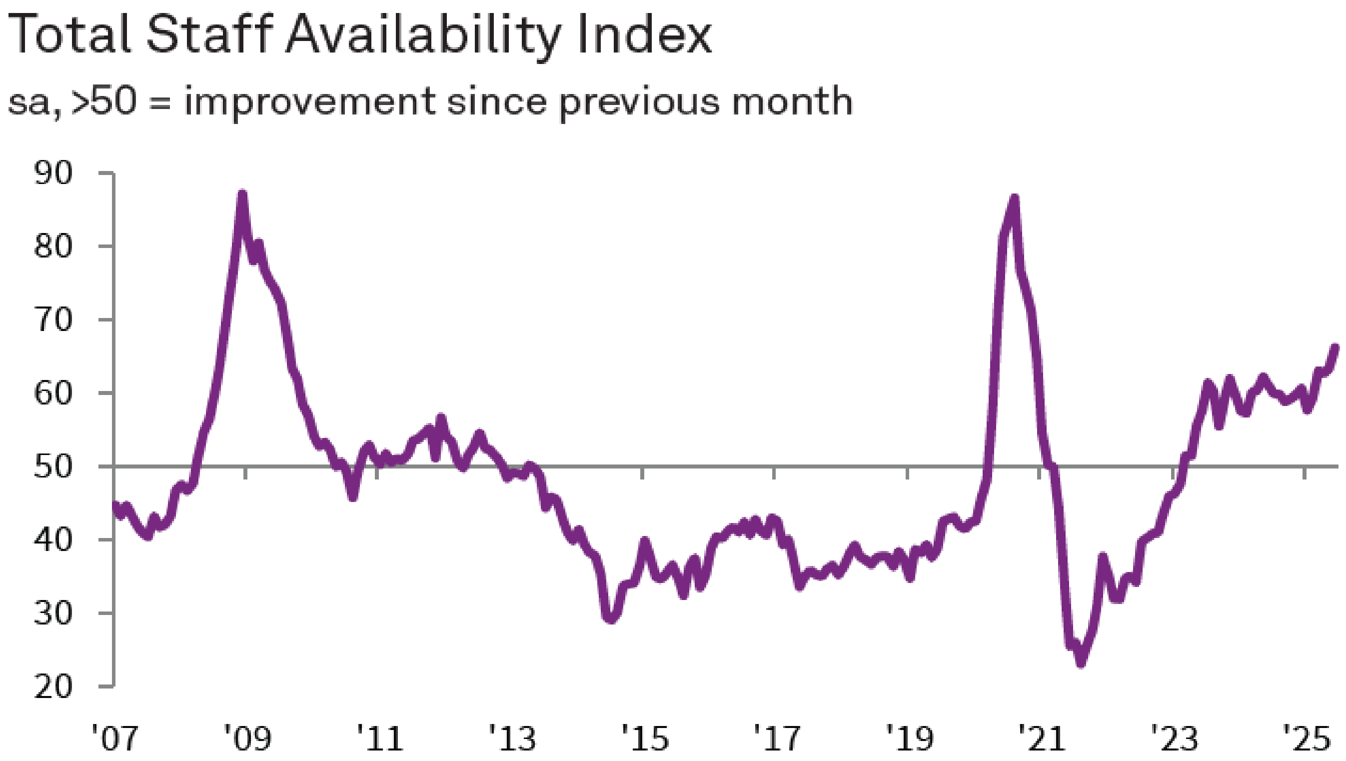
The most recent data from the Office for National Statistics (ONS) revealed another decline in UK vacancies during the three months to May. Compared to the same period last year, open roles dropped by 150,000, reaching 736,000—the lowest level recorded in over four years.

Vacancy numbers have been falling consistently for nearly three years and are now around 10% below pre-pandemic levels, which stood at 819,000 in the three months to February 2020.



Staff availability

Candidate availability increased at the fastest pace since November 2020



Staff availability continued to rise at the end of Q2, extending the current growth streak to 28 months. The pace of expansion quickened notably, reaching its highest level since November 2020, as the seasonally adjusted index climbed from 63.3 in May to 66.1 in June.

June saw a rapid and increasingly sharp rise in the availability of candidates for permanent roles—the strongest rate of growth reported in more than four and a half years. This surge was largely attributed to redundancies, as well as a growing number of individuals proactively searching for new roles amid concerns about job stability.

All four tracked English regions recorded significant increases in permanent candidate supply, with the South of England leading the way.

Pay pressures

Permanent salary growth slips to four-month low

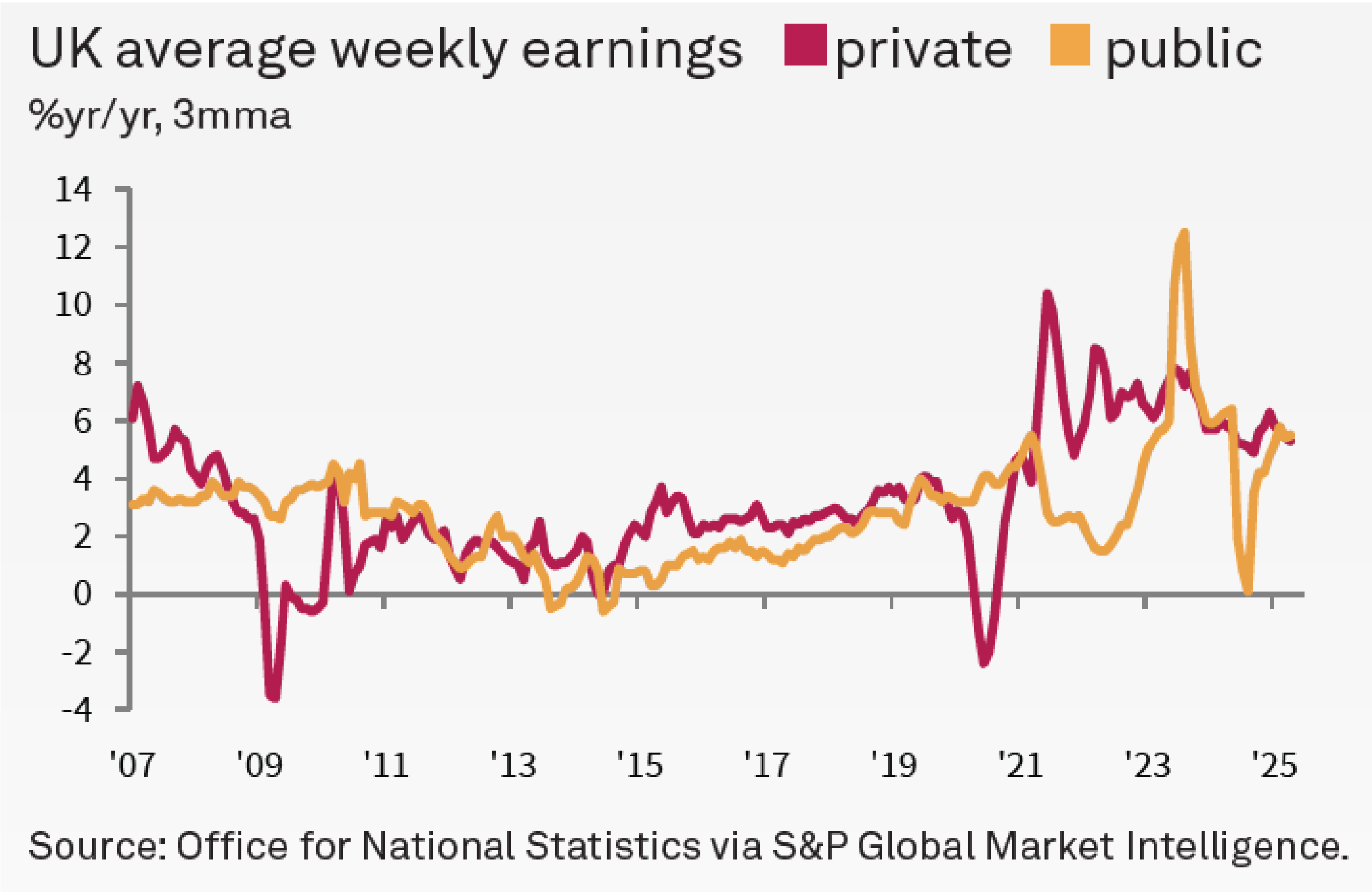
The seasonally adjusted Permanent Salaries Index indicated a rise in starting pay for permanent hires for the 52nd consecutive month in June. However, the rate of increase slowed to a more moderate level—the weakest since February. While some employers cited competition for hard-to-fill roles and senior talent as drivers of higher pay, overall growth was reportedly held back by stricter client budgets and improved candidate availability.

All four tracked English regions recorded gentler salary growth.

ONS Data

The latest figures from [the ONS]() showed that average weekly earnings, including bonuses, rose by 5.3% year-on-year in the three months to April. While still robust by historical standards, this represented the slowest increase since the three months to September 2024.

Sector-level data indicated that the overall easing was mainly due to a softer rise in private sector pay (5.3%, down from 5.5%), whereas public sector earnings edged up slightly to 5.5% from 5.4%.



London job market

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

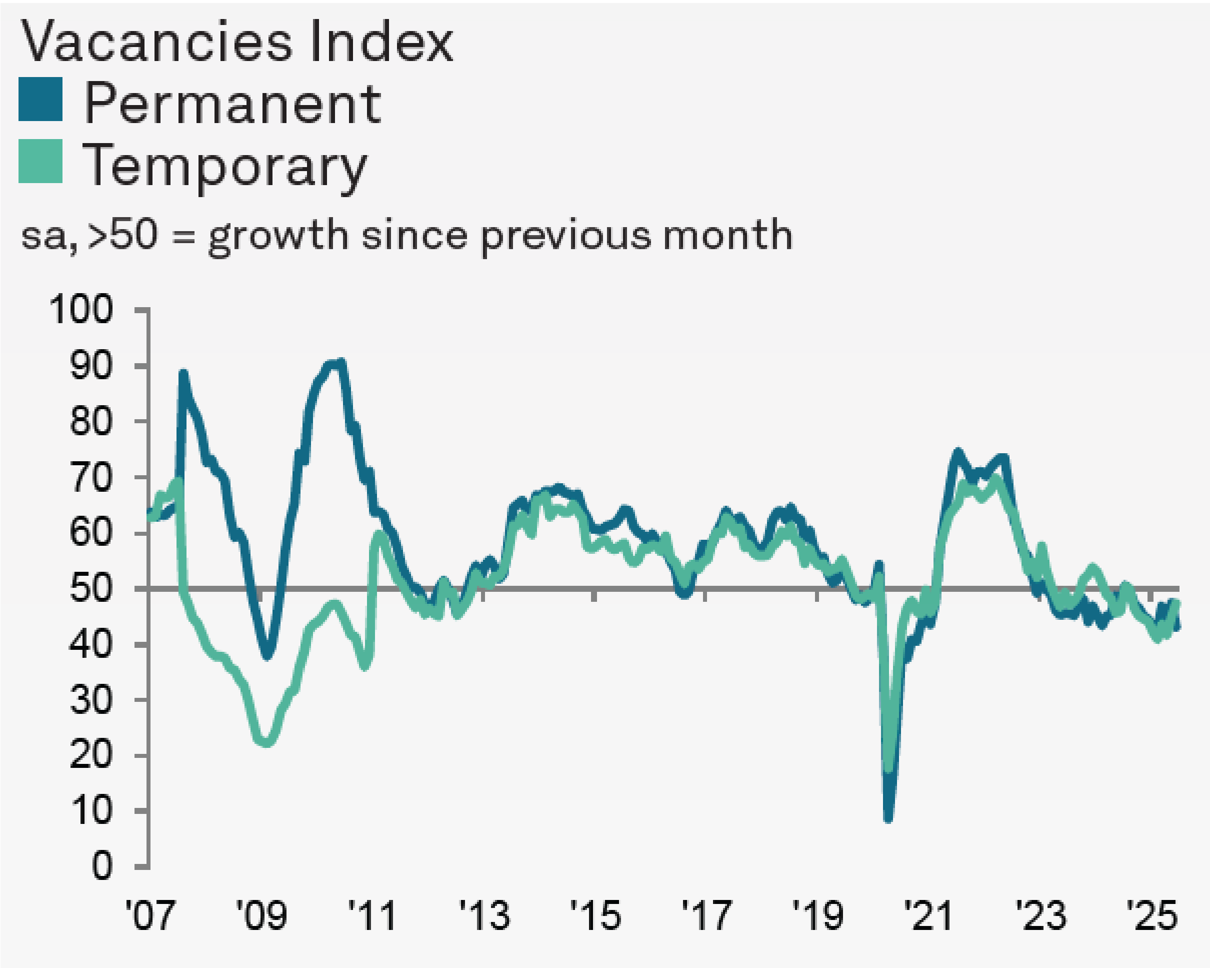
Strongest fall in new permanent joiners in 19 months

Recruitment firms in London reported a third straight monthly drop in permanent placements during June. The rate of decline was steep and the fastest seen in 19 months. Respondents attributed the downturn to ongoing economic uncertainty, a shortage of available roles, extended hiring timelines, and reduced employer confidence

Job vacancies

Permanent vacancies in London fell for the eleventh consecutive month in June, with the latest drop being sharp and the most pronounced in four months.

Demand for temporary staff also continued to weaken across the capital, although the pace of decline, while still firm, was the slowest seen in the current ten-month downturn.



Marked upturn in permanent candidate numbers

Data for June indicated a notable increase in the availability of permanent staff in London, marking the strongest rise of the second quarter. Permanent candidate supply has now grown every month since December 2022. Recruiters frequently attributed the latest upturn to a rise in redundancies and a broader pool of candidates open to hybrid or remote working opportunities.

Permanent starting salaries increased at a slower rate in June.

Starting pay for newly hired permanent staff in London continued to rise in June, extending the ongoing trend of salary growth that began in March 2021. However, the rate of increase slowed significantly, resulting in only a modest uplift—below the long-term average.

Regional comparison

Staff appointments

Permanent staff hires continued to decline across the UK in June, with the rate of reduction steepening to its most severe since August 2023. All four English regions monitored reported fewer placements, with the South experiencing the most significant drop and the North registering the mildest contraction.

Temporary staff billings also fell nationally in June, marking twelve consecutive months of decline. The pace of this fall was brisk, hitting a four-month peak. While three of the four English regions tracked recorded further drops in temp activity, the Midlands stood apart with a second straight monthly increase.

Candidate availability

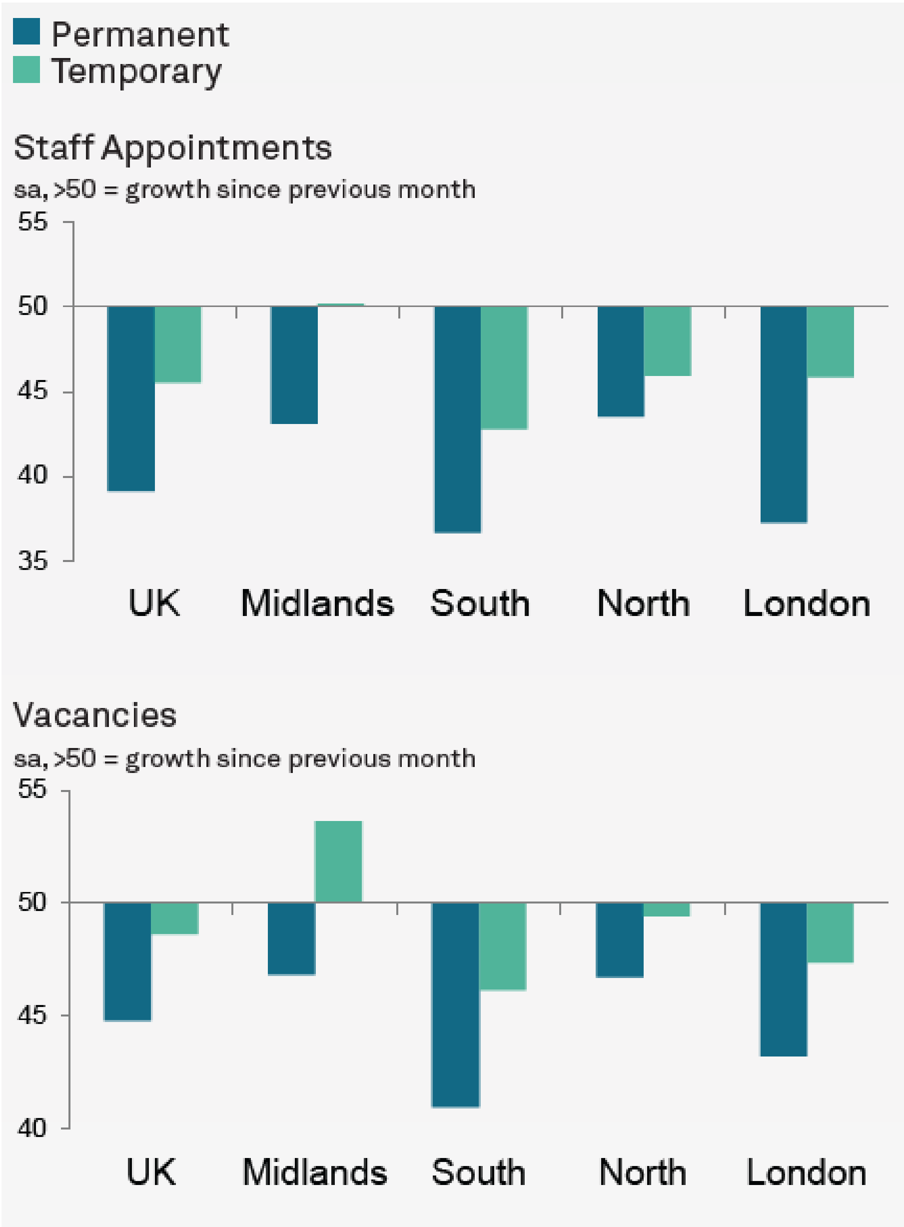
The pool of available candidates for permanent roles expanded further in June, with the rate of growth accelerating from May to reach its highest level since November 2020. Each of the four English regions noted an increase in supply, led by the South, while the North posted the smallest gain.

The number of people available for temporary work also rose sharply, with June seeing the fastest rate of growth since November 2020. The South of England and the Midlands recorded the strongest upturns, whereas London and the North still saw notable increases, albeit to a lesser extent.

Pay pressures

June data pointed to a further easing in permanent salary growth across the UK. The latest rise in pay for new permanent hires was the softest in four months. All monitored English regions saw weaker rates of salary inflation, with London experiencing the fastest increase and the South showing the slowest.

Temporary wage growth also continued, though at a subdued pace that fell below the long-term average. Of the four English regions observed, three posted gentler rises in temp pay, while the North of England recorded its first decline since November 2023.



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 the UK management consulting sector has declined significantly in the last 2.5 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 Slow Down since:** 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.

5. **With no sign of a turnaround**: here from early May 2025 “PwC to slash 1,500 US jobs” while in March “PwC cuts record number of UK partners and halts tech apprenticeship scheme”.

Other Indicators:

In related news:

- The latest **NatWest UK Regional Growth Tracker** published 8 July 2025 states in an optimistic note: "improved performances across most parts of the UK in June, with business activity rising in eight out of the 12 nations and regions monitored.”

- The **S&P Global UK Business Outlook** report from July states “higher expectations for business activity and employment in the UK private sector….Profit forecasts return to positive territory after slump in February” (referring to the last publication date) while the **S&P UK Services Purchasing Managers’ Index** from July states “Fastest rate of service sector growth for 10 months” but also “Staffing levels reduced again”

- The **Lloyds Bank Business Barometer** states “Business confidence increased by 1 point to 51% in June, building on May’s sharp rebound. Economic optimism reached a 10-month high, with trading prospects for the next year at a three-month high. Our latest survey, focused on expectations over the next 12 months, reveals a relatively positive outlook among businesses regarding output and staffing levels. ”

- The **BDO Business Trends** from July 2025 states “UK employment stagnates at 13-year low but output shows signs of summer recovery. Despite some positive output signals from the services sector, hiring remains subdued as businesses continue to grapple with cost pressures, most notably the increase in National Insurance Contributions (NICs) introduced in April. Demand for labour is adjusting in response, with many firms holding back on recruitment. This caution is reflected in payrolled employment figures, which fell by 109,000 in May — nearly twice the drop seen in April — pointing to a possible acceleration in job losses.”

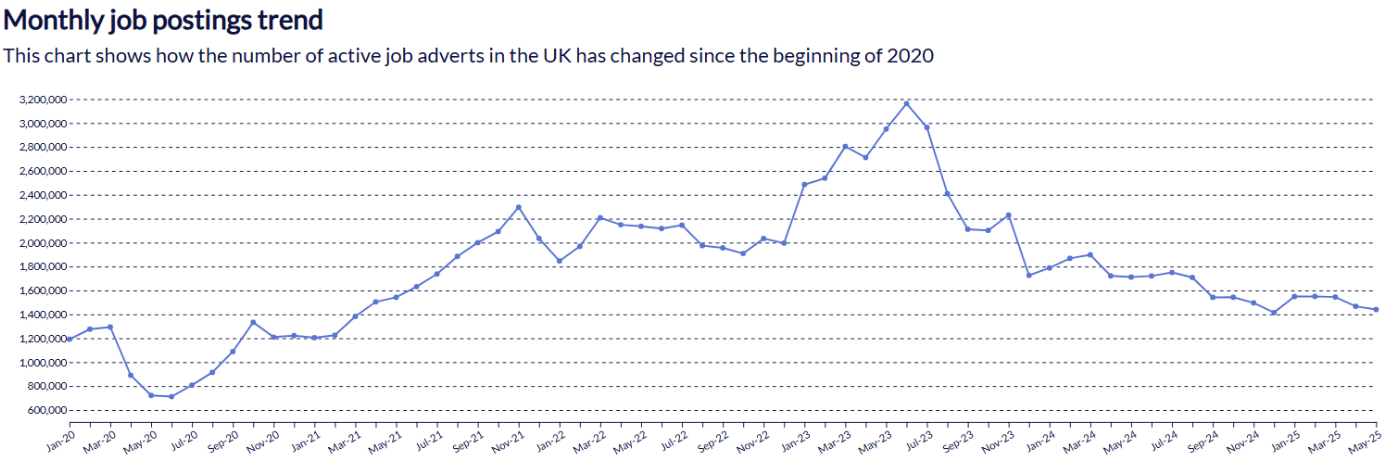
- The **[IoD Directors' Economic Confidence Index]**, from 1 July is however firmly downbeat "The IoD Directors' Economic Confidence Index, which measures business leader optimism in prospects for the UK economy, fell back to -53 in June 2025, having risen to -35 in May. Business leader confidence in their own organisations also fell to +3, having reached +15 in May. Headcount and investment intentions also deteriorated in June, with headcount expectations weakening most. "

- In July **Reed's job market review** reported: "108,694 jobs were posted on Reed.co.uk in June - up +3% month-on-month (MoM) - showing there's reason to be optimistic in a challenging market.". This is however significantly less than the 132,043 jobs which were posted on Reed.co.uk in June 2024.

- While the **CIPD's Spring Labour Market Outlook** from May 2025 states "Employer confidence has fallen again this quarter, with the net employment balance dropping to +8 – the lowest level recorded outside the pandemic. Hiring intentions have weakened, and one in four employers now plan redundancies." The next publication is due in August.

The Page Group, very much an economic bellwether in professional and executive hiring, issued half year results in July 2025 with Group gross profit of £194.8m, -10.5% vs. Q2 2024. "We delivered a resilient performance despite ongoing market and tariff related uncertainty, with mixed results across the Group. Permanent recruitment continued to be impacted more than temporary, as clients sought flexible options and permanent candidates remained reluctant to move jobs.

The **REC's Labour Market Tracker,** which reviews job postings, updated in May, shows a further slight fall.



The most recent quarterly **ManpowerGroup Employment Outlook Survey** , on the state of the labour market in UK Q3 2025, in a very downbeat analysis says:

"The vast drop this quarter marks a one-off reset that we have been anticipating to the employment market. After months of uncertainty, hitting this new low is a symptom of the entire labour market re-aligning after the changes imposed by the National Insurance and Living Wage increases, alongside the recent uncertainties of the US trade tariffs. From here, employers will 'wait and see' to gauge the volume of the reset rather than making any swift decisions towards the end of the year."

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