April 2024 job market report

"What's the job market like?"

The April 2024 KPMG & REC UK Report on Jobs is now out.

"Further decline in recruitment activity signalled…slower increases in starting pay recorded...fastest rise in candidate availability for….months".

The latest KPMG & REC UK REPORT ON JOBS has been published featuring survey results from mid-late March 2024.

The **full report is posted here**

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented: "Persistent economic uncertainty has led to many business leaders delaying major investment decisions and relying on savings for growth during the first quarter of the year.

But they are optimistic about the outlook improving. And while March's survey data indicates ongoing weak demand in the labour market with a sharp rise in candidate availability, relatively low levels of UK unemployment together with falling inflation could pave the way for economic recovery."

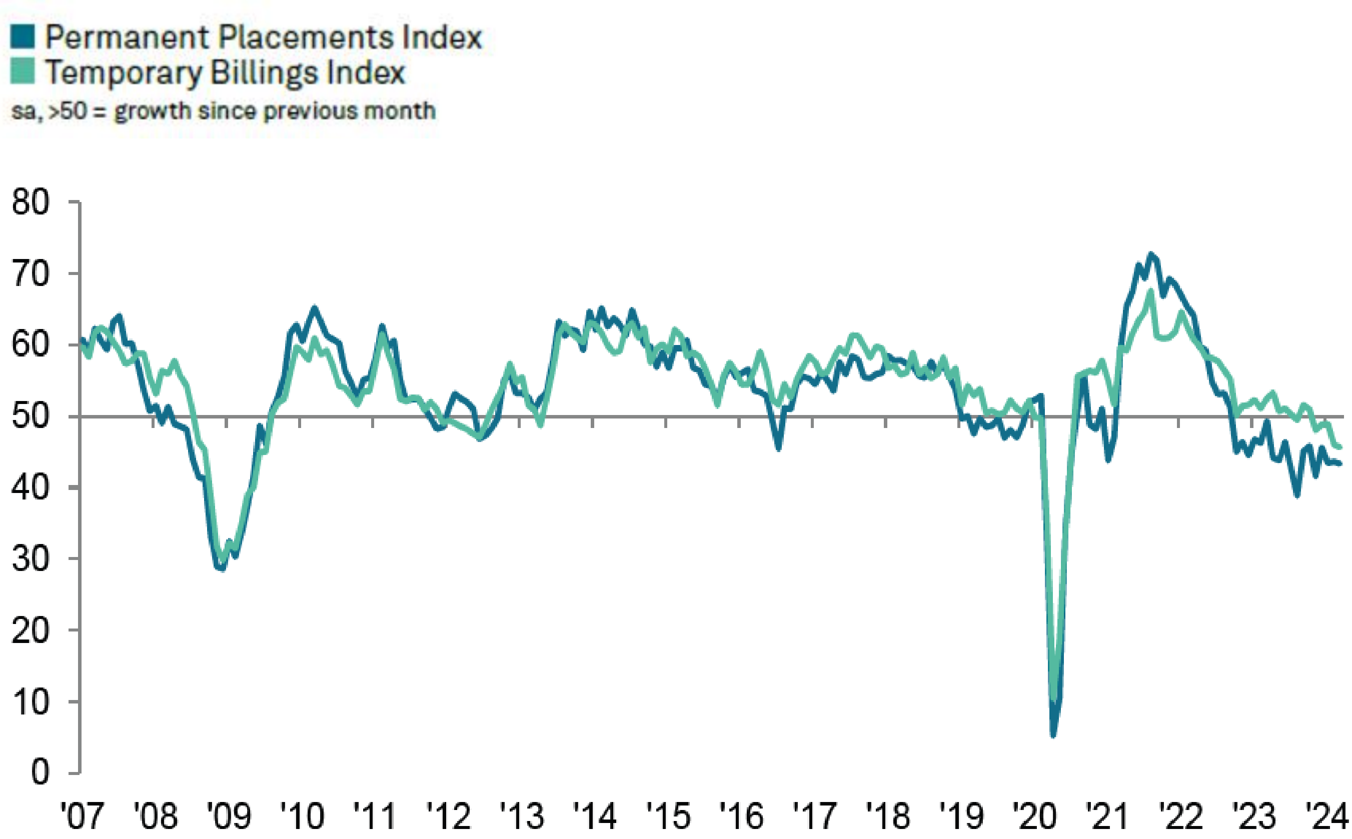
Neil Carberry, REC Chief Executive, said:

"Today's data shows the economy in a holding pattern waiting for inflation and interest rates to ease, so that firms can get to investing."

Key findings are:

- **Recruitment activity continues to decline in March**
- **Permanent staff pay growth lowest in over three years**
- **Further decline in staff demand signalled**
- **Labour supply continues to increase during March**
- **Eight out of ten sectors experienced a drop in permanent vacancies**
- **The sharpest fall in demand was recorded in the Retail category, followed by IT & Computing.**

Appointments



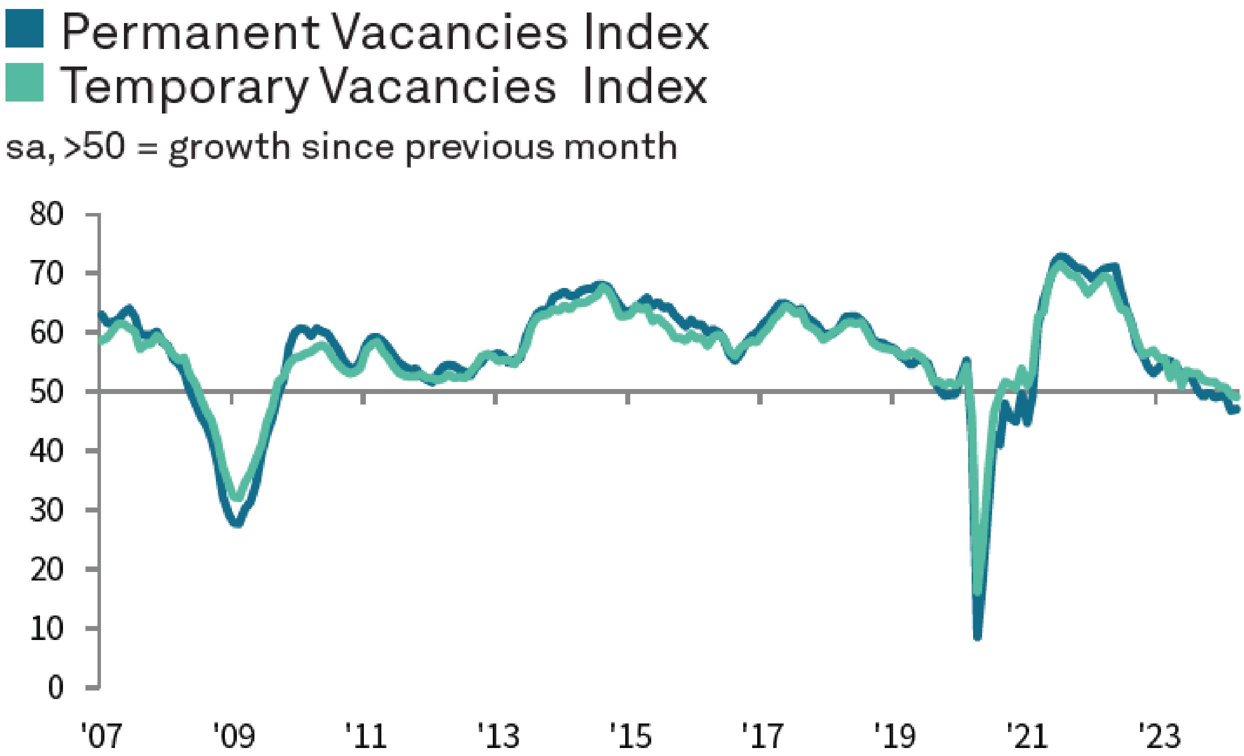
In March, the number of permanent job placements in the UK continued its downward trend. This was evident from the seasonally adjusted Permanent Placements Index, which remained below the neutral 50.0 threshold for the eighteenth consecutive month.

The decrease in placements was significant, marking the most rapid decline since the previous November. Survey respondents attributed this to a decrease in available job roles, as companies implemented hiring freezes due to economic uncertainties.

Despite this, there were reports of a lack of suitable candidates for available positions.

During the latest survey period, all four English regions monitored experienced declines in permanent placements, with the South of England facing the most severe drop.

Vacancies



Vacancies fall for fifth time in last six months

In March, the demand for staff continued its downward trajectory. The seasonally adjusted Total Vacancies Index showed a slight improvement from February's 37-month low, registering at 47.2, but it still remained well below the pivotal 50.0 mark, indicating a fifth consecutive month of reduced demand for staff.

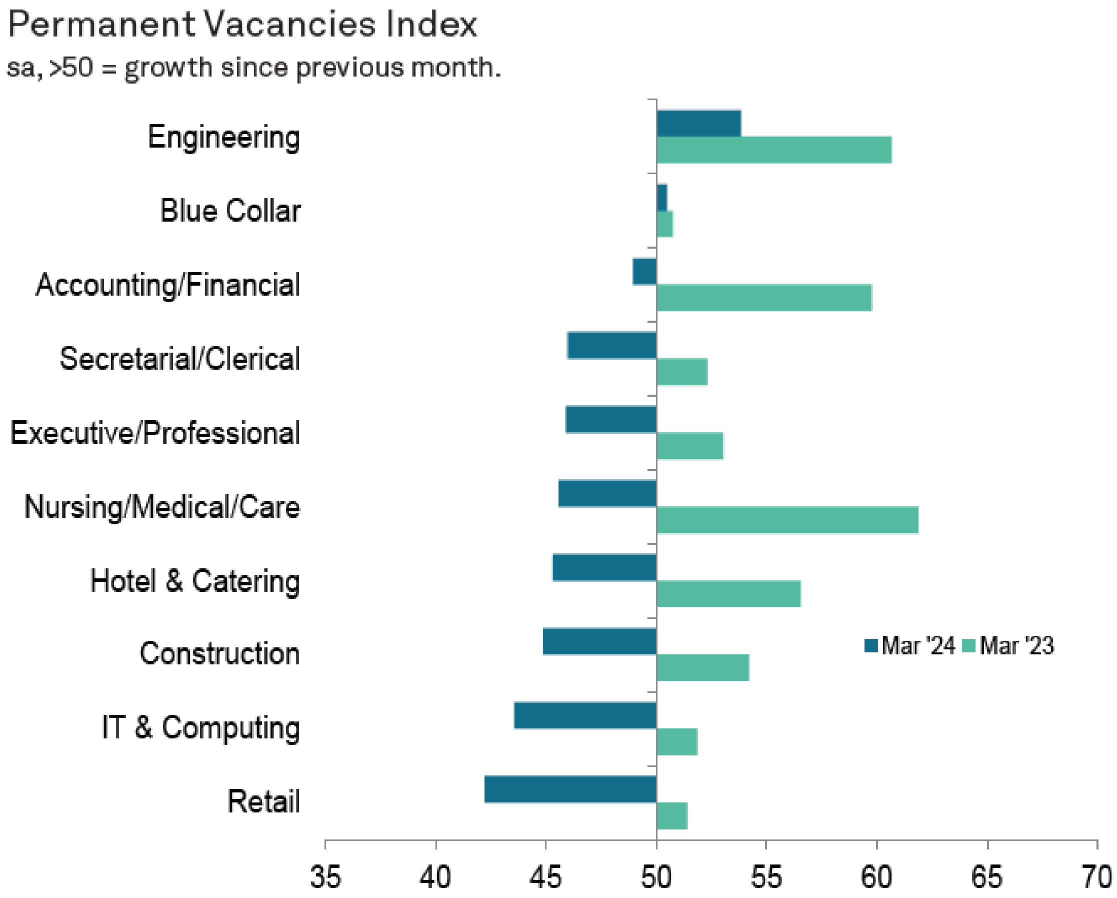
Permanent vs. Temporary Roles

The demand for permanent staff decreased at a slightly slower pace than February's record low over a 37-month period. However, the decline remained significant and was more pronounced than the decrease in temporary staff demand, which also fell for the second consecutive month, albeit marginally.

Sector-Specific Trends

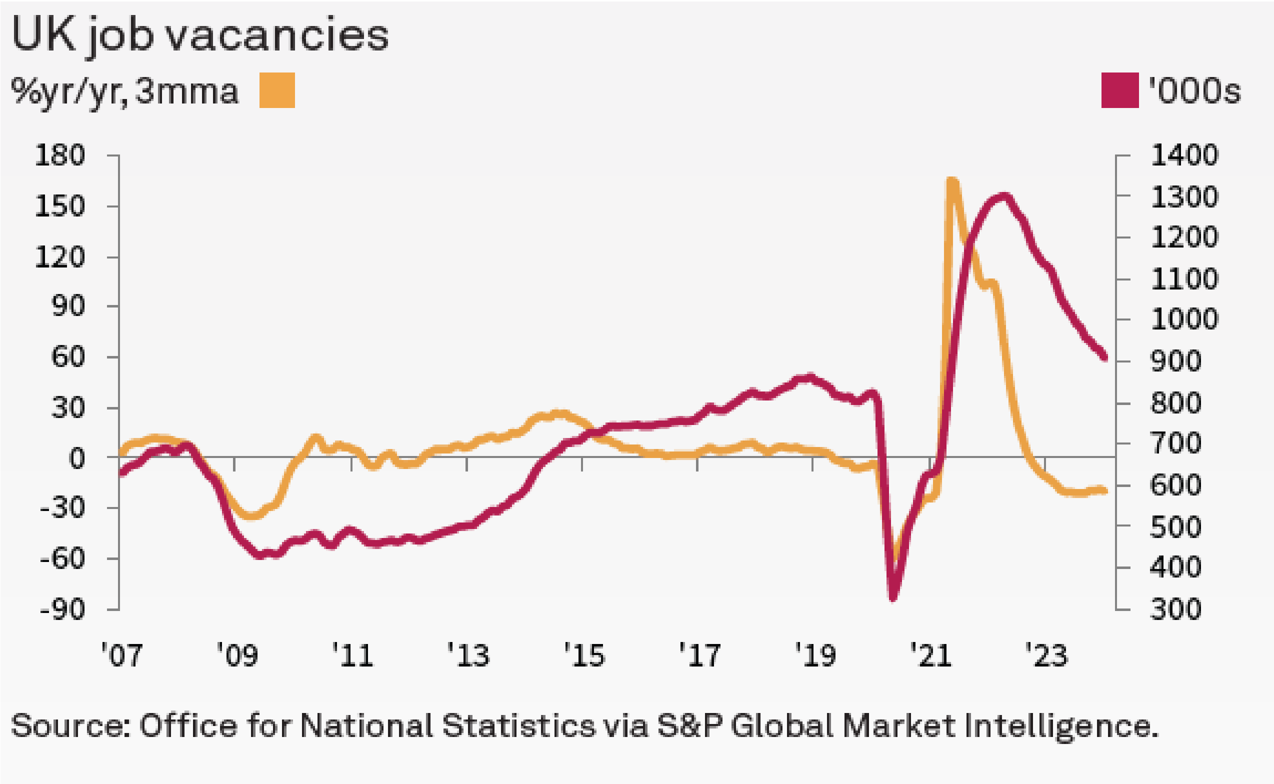
In the public and private sectors, job vacancies decreased for both permanent and temporary positions in March. The rate of decline was comparable in both sectors and accelerated compared to February. The public sector experienced a particularly sharp decrease in permanent job vacancies, marking the most significant drop in over three years. The reduction in temporary positions in the public sector, though less severe than for permanent roles, was the most substantial since July 2020.

In March, demand for permanent positions declined in eight of the ten major sectors surveyed, with only Engineering and Blue Collar sectors showing resilience. The most significant decrease in demand was observed in the Retail sector, closely followed by the IT & Computing sector.



Recent statistics from the [Office for National Statistics (ONS)]() reveal a continuation of the downward trend in UK job vacancies over the three months leading up to February. The total number of job openings was reported at 908,000, a decrease of 43,000 from the period ending in November 2023. This represents the lowest level of job vacancies in more than two and a half years. The latest figures also indicate a persistent decline in vacancies for the twenty-first consecutive month, with current numbers approximately 30% below the peak of 1,302,000 job vacancies recorded in the three-month period ending in May 2022.

Despite this decline, the current count of vacant positions remains over 80,000 above the level recorded just before the pandemic outbreak, which stood at 826,000 in the three-month period ending February 2020.



Staff availability

Overall candidate supply increases at steepest pace for four months.

During March, the pool of job candidates expanded, marking a 13-month streak of growth. This was highlighted by an increase in the seasonally adjusted Total Staff Availability Index, which climbed to 60.2 from February's 57.3, signalling the most significant expansion in staff availability since the previous November.

The availability of permanent staff rose once more in March, continuing an upward trend for the thirteenth consecutive month. The growth rate accelerated significantly, reaching its peak since the previous November. This surge was attributed to several factors, including a rise in redundancies, company restructuring, and a decrease in job openings, which collectively contributed to a larger pool of individuals seeking permanent employment.

In March, every one of the four English regions saw an increase in the availability of permanent labour, with the North of England experiencing the most pronounced growth.

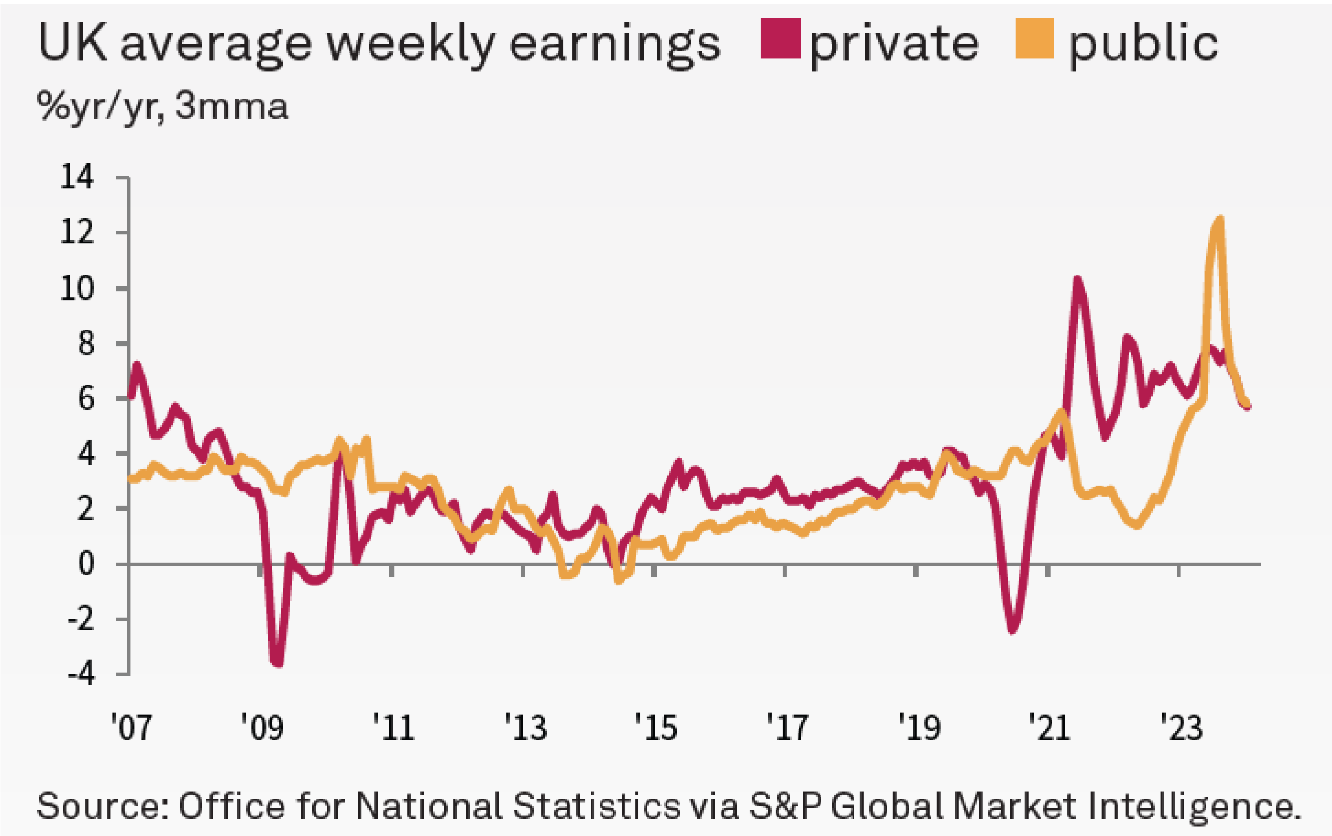
Starting salaries rise at slowest rate for over three years

The most recent data indicates that salaries for permanent staff kept rising in March, maintaining a trend that has persisted for over three years. Nonetheless, the pace of these increases was the slowest observed in the current sequence and significantly beneath the survey's historical average. Where salary hikes were noted, respondents mentioned that businesses were prepared to enhance pay packages to attract and retain higher-quality candidates. However, the increase in worker availability exerted downward pressure on wage growth during the latest survey period.

Starting salary inflation eased significantly in the South but remained stronger in the other regions.

ONS Data released in March showed that total employee earnings, including bonuses, kept rising at a rate above the average. However, the latest annual increase of 5.6% marked the most modest growth since July 2022.

This deceleration in earnings growth was noticeable in both the private and public sectors during the three months leading up to January. In the private sector, wages saw a year-on-year increase of 5.7%, the smallest rise in two years. Meanwhile, public sector wage growth, at 5.8%, reached its lowest point in nine months.



London job market

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

The headlines are “Permanent staff appointments fall sharply in March”

In March, there was a continued decline in permanent staff placements across London, as indicated by the related seasonally adjusted index remaining below the neutral 50.0 threshold for the eighteenth consecutive month. Although the pace of the decline eased slightly from February's three-month high, it was still notably steep overall. Contributing factors to this reduction, as reported anecdotally, included candidate hesitancy, slow market conditions, and the implementation of hiring freezes.

However, it's worth noting that among the four English regions monitored, the downturn in permanent staff appointments in London was the least severe.

In March, London experienced a decrease in permanent job vacancies, continuing a 13-month trend of contraction. Although the demand for permanent staff declined significantly, the downturn was slightly less severe compared to February.

Alongside the drop in permanent vacancies, there was also a decrease in temporary positions in March, marking the first decline in six months. However, the overall rate of this decrease was relatively modest.

In March, the availability of permanent staff in London continued to grow, marking a sixteenth consecutive month of expansion. The pace of this growth accelerated after having slowed to an eleven-month low in February. Recruiters participating in the survey attributed this increase to factors such as redundancies, a rise in the number of workers coming from abroad, and candidates seeking higher-paying positions.

Despite this growth, the expansion in permanent staff availability in London was not as pronounced as those observed in the other three English regions that were monitored.

In March, starting salaries for new permanent staff in London increased, extending the ongoing trend of rising pay to just over three years. This increase was driven by shortages of suitably skilled candidates and the rising cost of living. However, the rate of salary growth was modest and represented the weakest pace of increase of this period.

Regional comparison

Staff Appointments

In March, the UK saw a significant and accelerated decrease in permanent placements, with the rate of decline being the most severe in four months. This overall downturn was largely attributed to a considerable drop in permanent placements in the South of England, although the other three monitored regions also experienced significant declines.

Additionally, the UK faced a decline in temporary billings for the fifth consecutive month in March. This downturn became even more pronounced, marking the steepest decline since July 2020. Temporary billings decreased across all four English regions, with London experiencing the most notable reduction.

Vacancies

Reported vacancies showed a mixed picture with declines in London and the South but with notable increases in the Midlands and neutral in the North.

Candidate Availability

As permanent placements declined, UK recruiters reported a significant uptick in candidate availability towards the end of the first quarter. The increase in the number of candidates for permanent roles was the most substantial since last November, with notable rises observed in all four monitored English regions. The North of England experienced the most pronounced increase.

March also saw widespread growth in the availability of candidates for temporary positions, with London leading the way. Across the UK, there was a marked increase in temporary candidate availability, the strongest in four months. However, the rise in candidates for temporary roles in the Midlands was more gradual compared to other areas.

Pay Pressure

In March, starting salaries for permanent positions in the UK continued to rise, but the rate of increase slowed for the third consecutive month, marking the gentlest growth in the ongoing 37-month trend. The Midlands experienced the most significant escalation in permanent salary pressures, whereas the South of England saw the least pronounced rise.

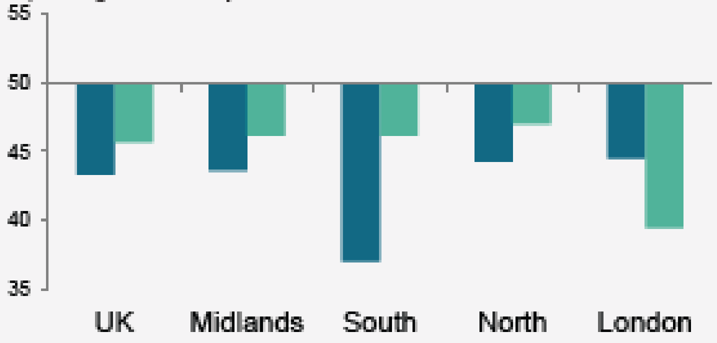
There was also a deceleration in the inflation rate for temporary wages in March. The increase was the most modest since the previous November but remained robust overall. Temporary pay saw its most substantial rise in the North of England, while London experienced the slowest growth rate, with temporary wages remaining largely unchanged.

March 2024

Permanent
Temporary

Staff Appointments

sa, >50 = growth since previous month



Vacancies

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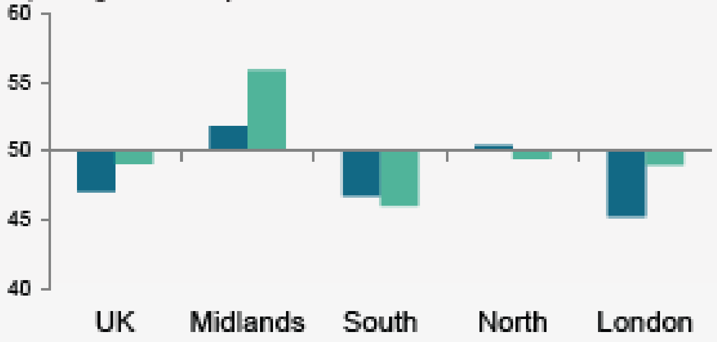

Staff Availability

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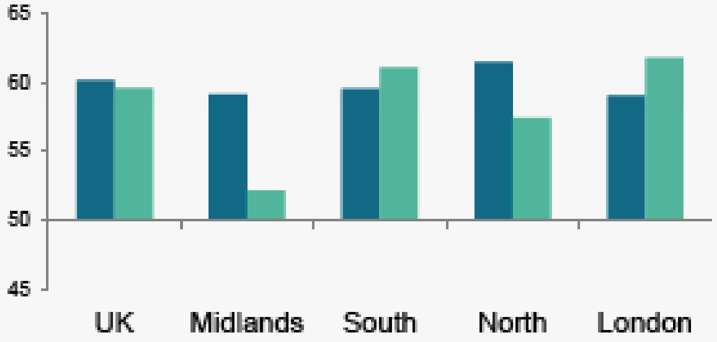

Pay Pressures

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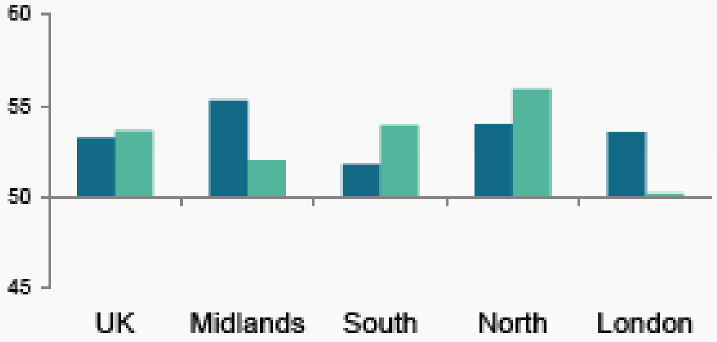


The Prism Executive Recruitment perspective: management consultancy recruitment

There is little doubt that there has been a collapse in the management consulting jobs market.

The Big 4 and other large consultancies, including the usually smug strategy firms, have been pretty vigorously announcing redundancies since mid 2023 and many smaller firms have either been quietly losing perm staff, or associates.

Certainly few consulting employers have stepped into the breach to mop up the many unfortunates now out of work.

The reasons for the downturn are easy to see:

1) Over optimistic hiring in 2022
2) When the economy sneezes the consultancy sector catches a cold and recruitment pneumonia!
3) Many firms are doing OK….but the uncertainty means they are not thinking of adding to their headcount yet
4) This latest (April 9th) Source Research summary reflects on the much slower growth in the sector and helps explain some of the conflicting “straws in the wind”

Despite the REC/KPMG survey there ARE some positive signs and evidence for the cliché “the darkest hour is before the dawn” in the broader economy as well as anticipated inflation and interest rate drops. Fingers crossed!

Other data and reports

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

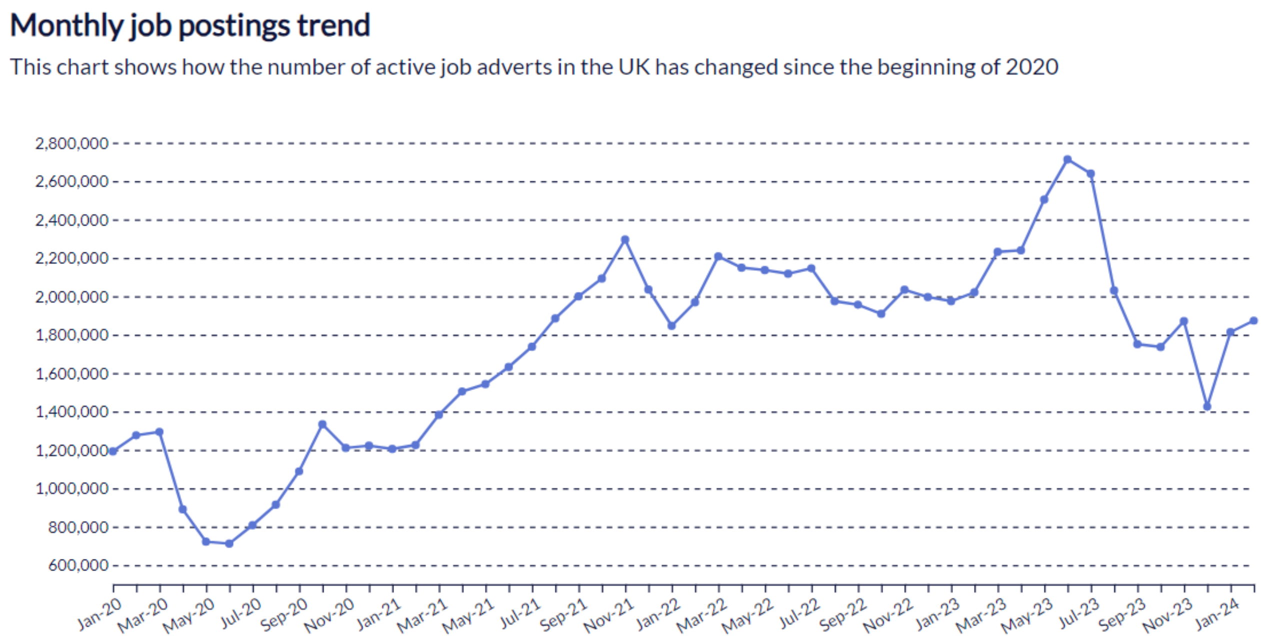
Their briefing note sets out analysis of the Labour Market Statistics.

Commenting on the figures, Tony Wilson, Director at the Institute for Employment Studies said:

“[The] figures show that the labour market remains pretty subdued. The employment rate is broadly flat but still about one percentage point below where it was before the pandemic, even though unemployment has fallen back to where it was. So as has been the story in previous months, there are fewer people in work because there are more people outside the labour force altogether – not looking or not available for work. In all, there are well over half a million more people out of work than before the pandemic began. This is being driven by more young people and older people outside the labour force, and in particular because of more people reporting long-term health conditions that stop them from working.

“In our view this is holding back the recovery as the economy is continuing to create jobs, with nearly a million unfilled vacancies reported today. This reiterates that we need a different approach to how we reach and engage with people who are out of work and may want to come back to work, and in particular our employment services need to be more accessible, inclusive and supportive. Employers need to play their part too, and do more to keep people in work and to open up opportunities for those who may need more support.”

The REC’s Labour Market Tracker, also updated in March, offers a glimmer of good news with a rebound from the Christmas dip, albeit down overall on the earlier part of 2023.



The most recent quarterly [ManpowerGroup Employment Outlook Survey]() for Q1 2024 is now quite old, dated mid December 2023 but has an interesting positive outlook as well as an international dimension.

The strongest hiring is anticipated in North America (34%), followed by Asia Pacific (30%), South and Central Americas (28%), and Europe, Middle East, and Africa (23%).

By country, the strongest hiring plans are reported in India (37%), the Netherlands (37%), and Costa Rica (35%), and the U.S. (35%), while the weakest outlooks are in Hungary (10%), Japan (10%), Czech Republic (8%), and Argentina (2%)

UK is just above average at 27%

Employers in Hungary (+20%), Poland (+18%), and the Netherlands (+17%) reported the largest year-over-year increases in hiring outlook, while Argentina (-10%), Peru (-10%), Israel (-11%), and Panama (-18%) saw the steepest declines.

The UK was well above average at 8%

The IT industry had the brightest global hiring outlook at 36%, followed by Financials & Real Estate at 34%, and Communication Services at 31%

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