

June 2024 job market report

“What’s the UK job market like?”

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

“Fall in permanent hiring the softest in over a year”

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

The [full report is posted here.](#)

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented: “unemployment is historically low taken together with ...expected interest rate cuts, inflation easing and increased consumer confidence over the summer, we will hopefully move towards a better economic outlook for the second half of 2024”

Neil Carberry, REC Chief Executive, said:

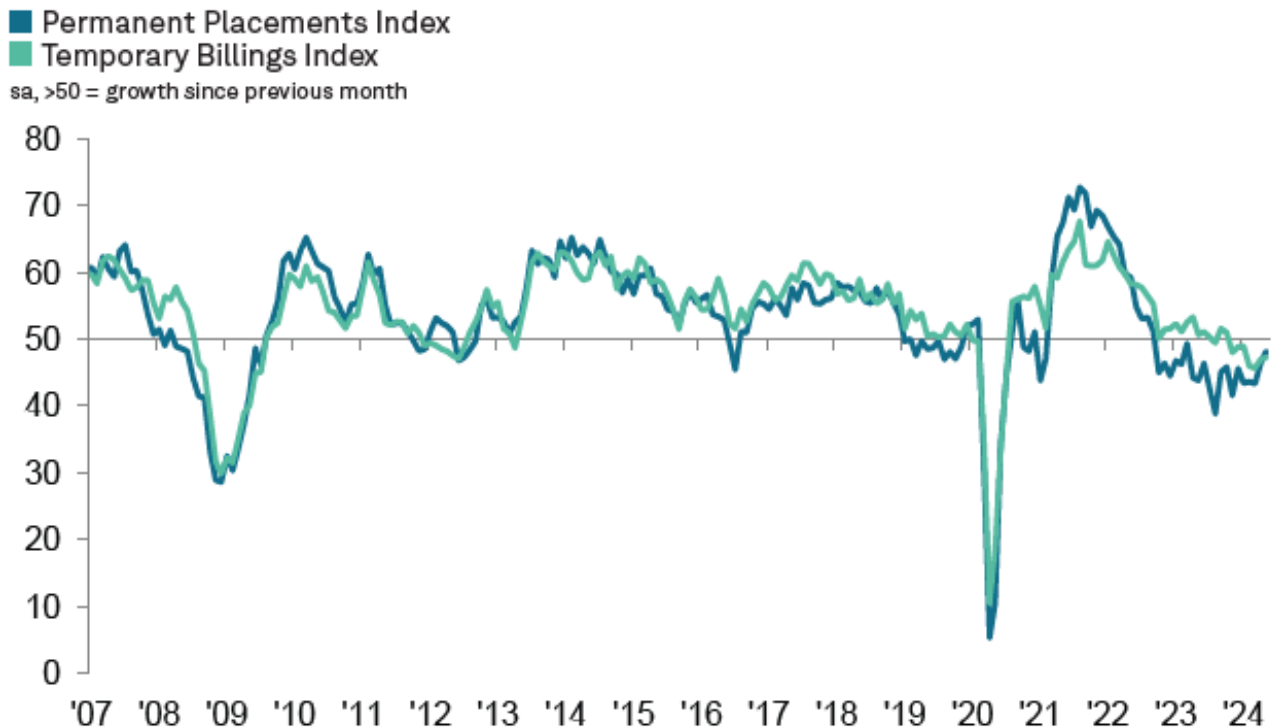
“The jobs market looks like it’s on its way back, with clear improvements over last month on most key measures, especially in the North and Midlands.....these are the best numbers we have seen in more than a year”

Key findings are:

- **May sees weaker decline in placements**
- **Further uplift in pay rates**
- **Staff vacancies down only slightly**
- **Staff availability rises to greatest degree since end of 2020**
- **Seven out of ten sectors experienced a drop in permanent vacancies**
- **The sharpest fall in demand was recorded in the Retail category, followed by Secretarial/Clerical and IT & Computing**

Appointments

Modest reduction in permanent placements in May



Permanent placements made by UK recruitment consultants declined again in May, continuing the downward trend that started in October 2022. However, the rate of decline was modest and the slowest in over a year, as indicated by the seasonally adjusted Permanent Placements Index reaching a 14-month high in May.

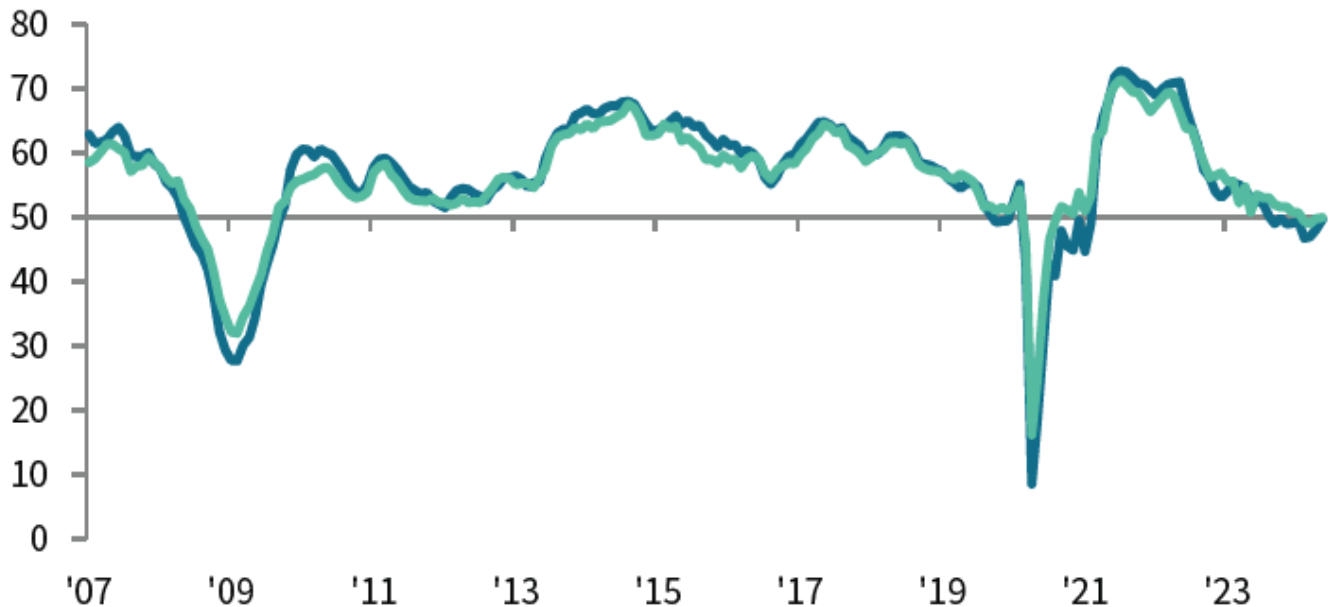
Survey respondents reported fewer job openings due to a lack of available roles. Additionally, there were signs of delayed hiring decisions. Some panellists also mentioned a shortage of suitable candidates for the positions available.

There was a significant decrease in permanent placements in the South of England, but the Midlands experienced a slight return to growth.

Vacancies

■ Permanent Vacancies Index
■ Temporary Vacancies Index

sa, >50 = growth since previous month



Slight Fall in Demand for Staff

The seasonally adjusted Total Vacancies Index remained below the crucial 50.0 no-change mark in May, indicating a fall in overall demand for staff for the seventh consecutive month. However, with the index rising to 49.7 from 48.3 in April, the rate of contraction was minimal and the slowest in this sequence.

Permanent & Temporary Vacancies

Recent data showed that permanent staff vacancies continued to decline in May, extending the current downturn to nine months. Nonetheless, the rate of contraction was minimal, the weakest recorded by the survey since last October. Meanwhile, demand for temporary workers remained unchanged in May after a three-month period of declining temp vacancies.

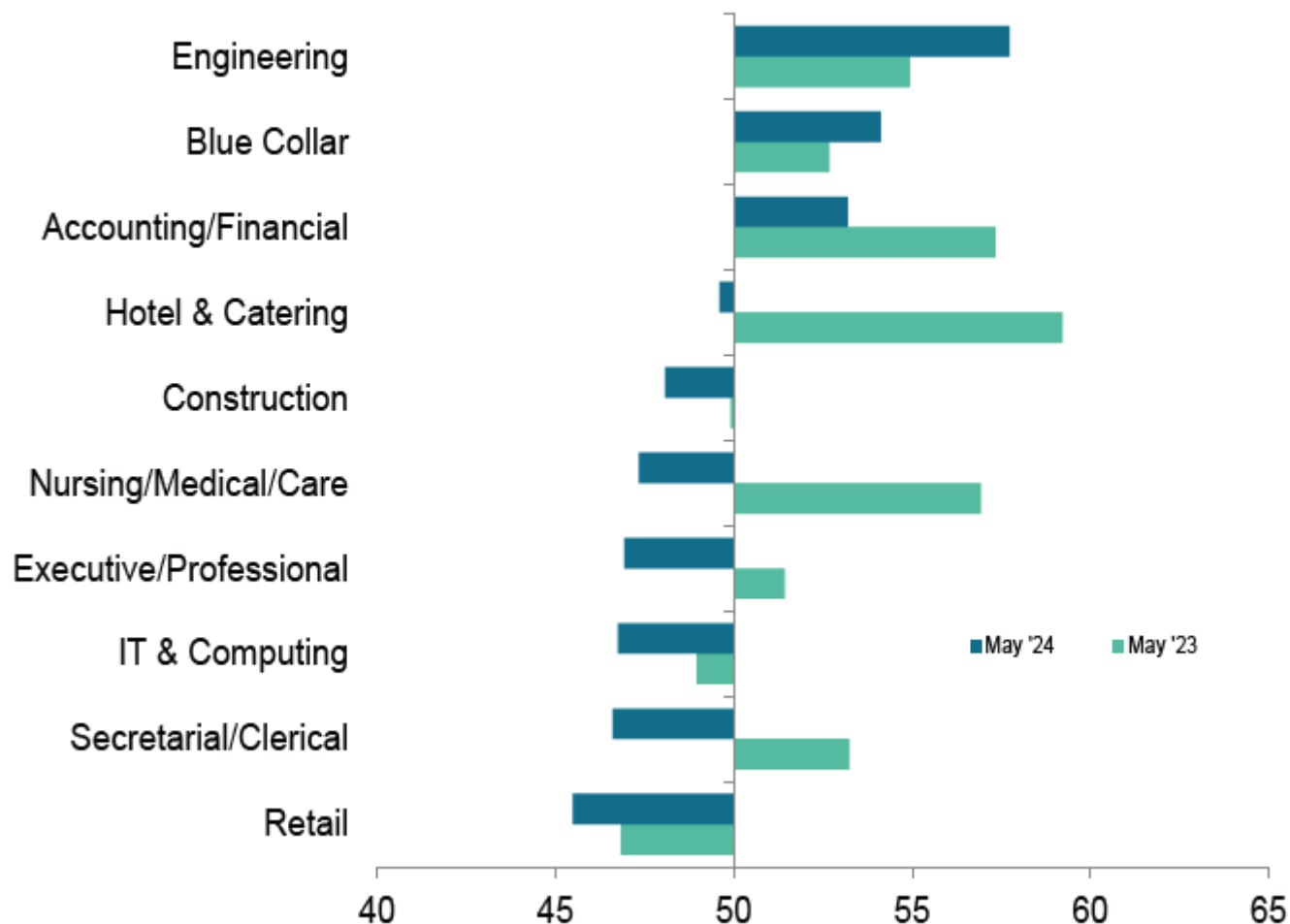
Public & Private Sector Vacancies

In May, there were concurrent increases in private sector vacancies for both permanent and temporary workers. The growth rate for permanent staff was solid and the strongest in a year, contrasting with only a marginal rise for temp workers. In the public sector, demand continued to fall for both permanent and temporary staff. The steeper contraction was seen in permanent positions, while the reduction for temporary staff was minimal and the weakest in the current three-month sequence of declining vacancies.

Of the ten broad sectors covered by the survey, only three recorded growth. The strongest increase was observed in Engineering, followed by Blue Collar. In contrast, the steepest declines in demand for permanent workers were noted in the Retail and Secretarial/Clerical sectors.

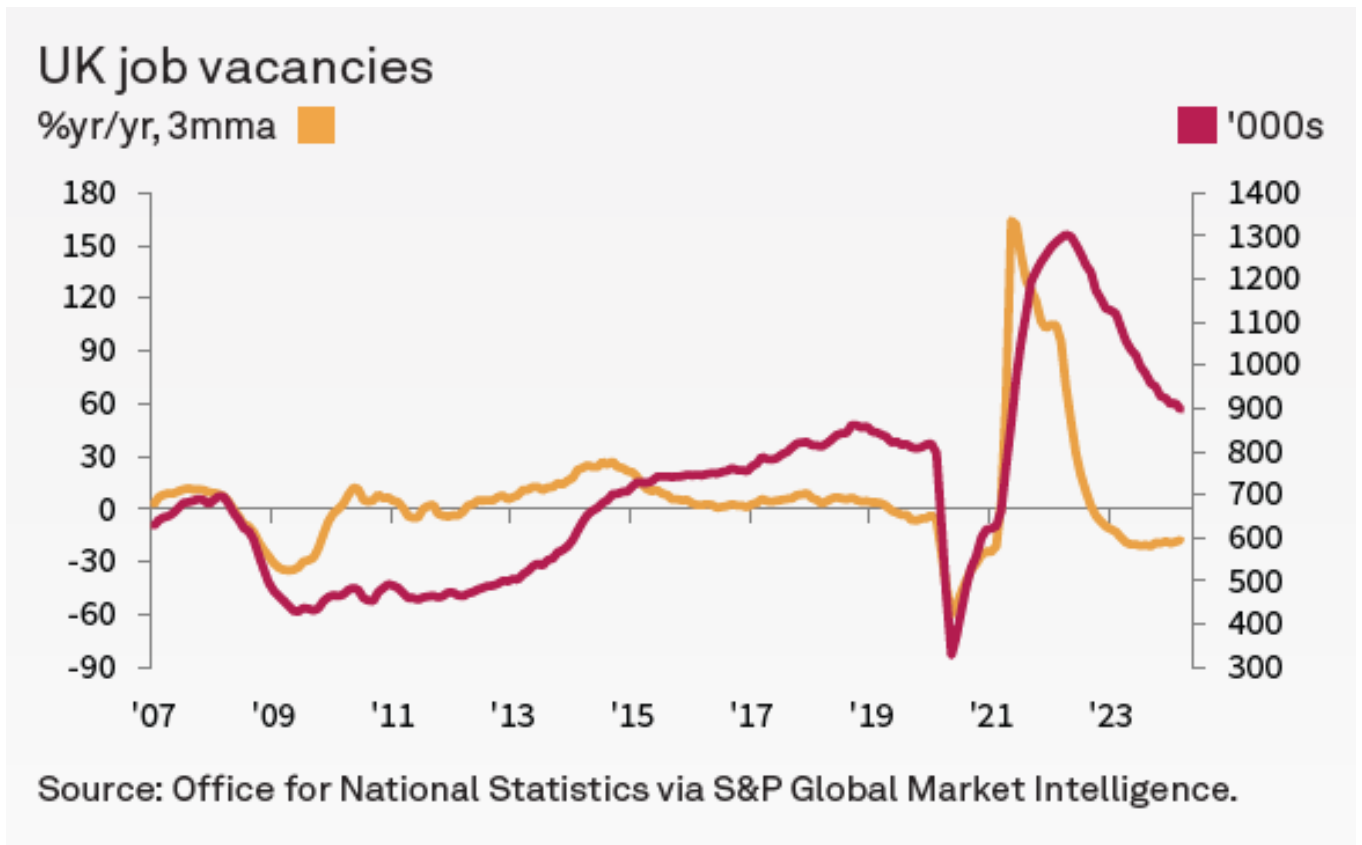
Permanent Vacancies Index

sa, >50 = growth since previous month.



The most recent data from the [Office for National Statistics \(ONS\)](#) show a reduction in the number of vacancies during the three months leading up to April 2024. The official statistics reveal a decrease of 26,000 vacancies compared to the period ending in January, bringing the total down to 898,000.

Despite being 190,000 fewer than the same period last year, the number of vacancies remains considerably higher than the pre-pandemic figure of 796,000 from March 2020.



Staff availability

Candidate supply rises to strongest degree since end of 2020

The availability of staff rose sharply in May, marking the fifteenth consecutive month of increase. The rate of growth was the fastest recorded by the survey since December 2020. This was indicated by the seasonally adjusted Total Staff Availability Index, which increased to 62.2 in May, up from 60.4 in April.

Permanent staff availability continued to improve in May, marking the fifteenth consecutive month of growth. Moreover, the rate of growth was the highest since the end of 2020. Panellists attributed the latest rise in candidate availability to a mix of redundancies, reduced demand, and fewer vacancies.

By English region, the strongest increases in permanent staff availability were observed in the South and North. The slowest increase was in London, but even here, the rate of growth remained substantial.

Pay pressures

Marked increase in starting salaries during May

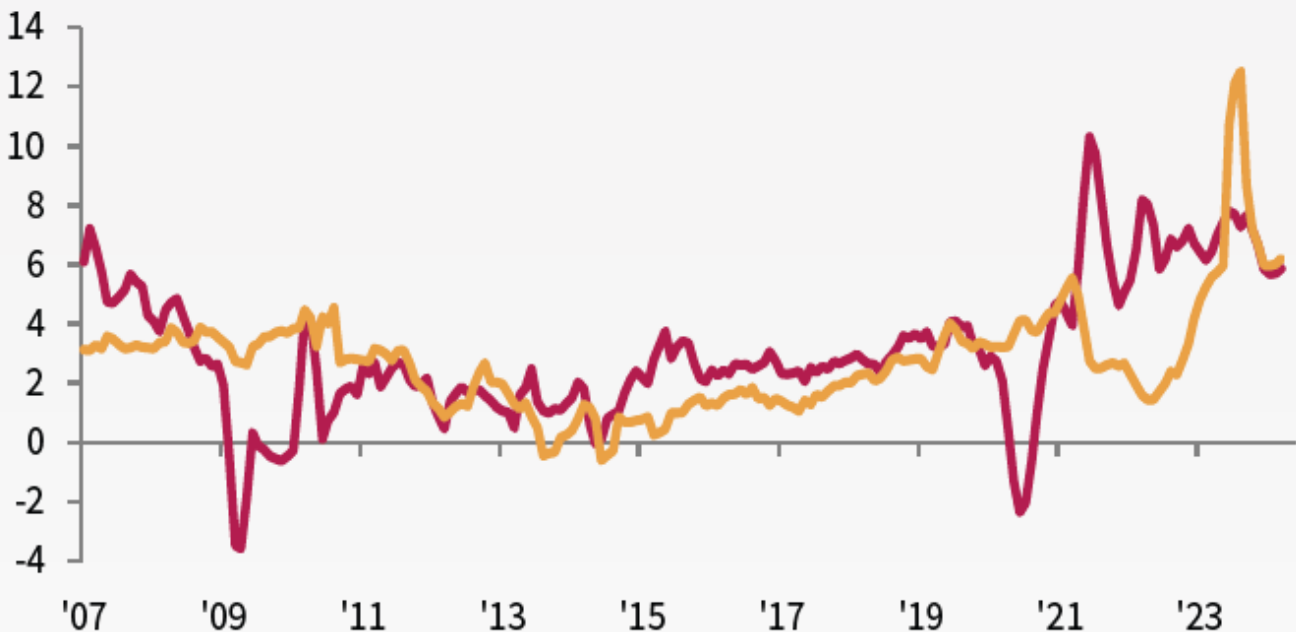
May's survey indicated another rise in permanent starting salaries, marking the thirty-ninth consecutive monthly increase. The degree of this rise remained significant and was similar to April's four-month peak. Panellists mentioned that salary increases were driven by broader inflationary pressures and the high cost of living. Additionally, some panellists noted that April's national minimum wage hike contributed to the salary increases.

Regionally, the North of England saw the most substantial rise in permanent salaries, while the South experienced the slowest growth.

[The Office for National Statistics \(ONS\)](#) has reported ongoing growth in overall economy earnings for the three months leading up to March. The latest figures show that earnings increased by 5.7% year-on-year, consistent with the previous period.

Public sector underlying earnings growth reached 6.2% in the three months to March, marking the highest rate since last November. In the private sector, earnings also continued to rise, albeit at a slower annual rate of 5.9% compared to the public sector.

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](#).

Downturn in permanent placements eases in May

Permanent placements in London declined for the twentieth consecutive month in May. The latest downturn was attributed to reduced hiring activity due to political uncertainty and a subdued economic outlook. However, the rate of decrease moderated for the third consecutive month, reaching the weakest level in this period, amid reports of successful onboarding of hires and increased candidate availability.

Among the three monitored English regions that reported a reduction in permanent placements, London experienced the smallest decline.

Supply of permanent candidates expands rapidly

For the eighteenth consecutive month, recruiters in London noted an increase in the availability of permanent staff in May. Although the rate of expansion slowed compared to April, it remained rapid overall. This increase was frequently attributed to reports of redundancies.

Among the four monitored English regions, London experienced the smallest expansion in permanent labour supply

Starting salary growth quickens to three-month high

May data indicated a sharp rise in salaries for new permanent joiners in London. Recruiters observed that many clients increased their offers to match the rising cost of living and to attract suitably skilled workers. Although there was an uptick from March's 37-month low, the seasonally adjusted index remained below the long-term average.

The rate of inflation in London matched the overall rate observed across the UK.

Regional comparison

Staff Appointments

The number of permanent staff appointments across the UK decreased again in May, marking the twentieth consecutive month of decline. However, the rate of contraction was the mildest in over a year and modest overall. Three of the four monitored English regions reported falling placements, with the South experiencing the steepest decline. Conversely, the Midlands saw a renewed increase in placements.

At the national level, billings for temporary worker employment also fell, extending the current downturn to seven months. This sustained decrease was driven by further declines in London and the South of England. In contrast, the North experienced a return to growth, and the Midlands saw a sharper upturn.

Candidate Availability

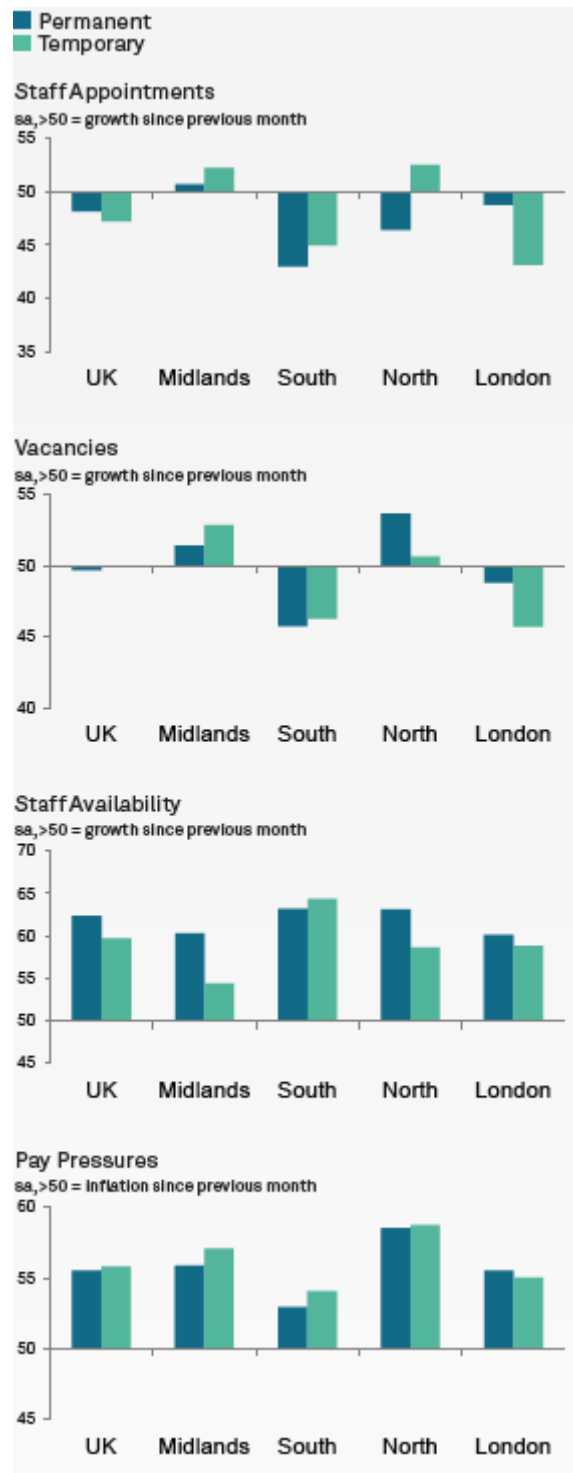
Permanent staff availability across the UK continued to rise in May, extending the current growth sequence to fifteen months. The increase was the most significant since the pandemic (December 2020). All monitored English regions, except London, recorded a faster increase in permanent staff supply in May.

At the national level, temporary staff availability also rose sharply in May, although the pace of expansion slowed slightly from April's 40-month high. The Midlands and London saw slower increases in availability, while growth accelerated in the South and North of England.

Pay Pressures

Continuing a trend since early 2021, May survey data showed ongoing salary growth at the UK level. Although starting salaries rose strongly, the rate of increase lost momentum in May and was notably subdued compared to recent trends. All four monitored English regions reported growth in permanent starting salaries, with the North of England seeing the fastest inflation.

Similarly, the rise in hourly pay rates for temporary staff was strong at the national level, although it eased from April's ten-month high. As with permanent salaries, the North of England recorded the fastest growth in temp rates, while the South of England experienced the slowest growth.



The Prism Executive Recruitment perspective: management consultancy recruitment

Analysis of the Management Consulting Jobs Market Decline

There is little doubt that the management consulting jobs market has collapsed. The Big 4 and other large consultancies, including the typically confident strategy firms, have been actively announcing redundancies since mid-2023. Many smaller firms have either quietly been losing permanent staff or associates. Few consulting employers have stepped in to absorb the many individuals now out of work.

Very recently another headline stated “PwC asks for silence from departing staff in programme of UK job cuts” referring to another significant round of voluntary redundancies.

Reasons for the Downturn:

1. **Overly Optimistic Hiring in 2022:** Many firms hired aggressively, anticipating continued growth that did not materialise.
2. **Economic Sensitivity:** The consultancy sector is highly sensitive to economic fluctuations; a minor economic downturn can lead to significant recruitment slowdowns.
3. **Cautious Expansion:** Although many firms are performing adequately, the prevailing uncertainty has deterred them from expanding their headcount.
4. **Sector Growth Slowing:** The latest [Source Research summary](#) (April 9th) highlights the much slower growth in the sector, explaining some of the mixed signals in the market.
- 5.

Positive Indicators:

Despite the overall negative outlook in the latest REC/KPMG survey, there are some positive signs suggesting a potential recovery:

1. [The Institute of Directors' economic confidence index](#) rose to the highest since September 2021 and business leaders' investment intentions and headcount expectations also improved.
2. Also [Lloyds Bank's latest business barometer index](#) shows that confidence climbed to the highest since level since November 2015. Companies are growing increasingly optimistic about their trading prospects and over 50% plan to hire more workers. Staffing expectations are the highest since 2017.

3. [Confidence among small businesses](#) climbed in the first three months of the year.
4. [In June 2024 Reed reported](#) “197,642 jobs were posted on Reed.co.uk in May, up 34% compared to April.”
5. **UK Exits Recession:** In May, the UK exited recession, with figures showing the fastest growth since Q4 2021.
6. **Falling Inflation:** The Bank of England expects inflation to fall "close" to its 2% target in the coming months.

Other data and reports

The **Institute for Employment Studies** also published a key analysis in mid-May 2024 .

Their [briefing note](#) sets out analysis of the ONS Labour Market Statistics.

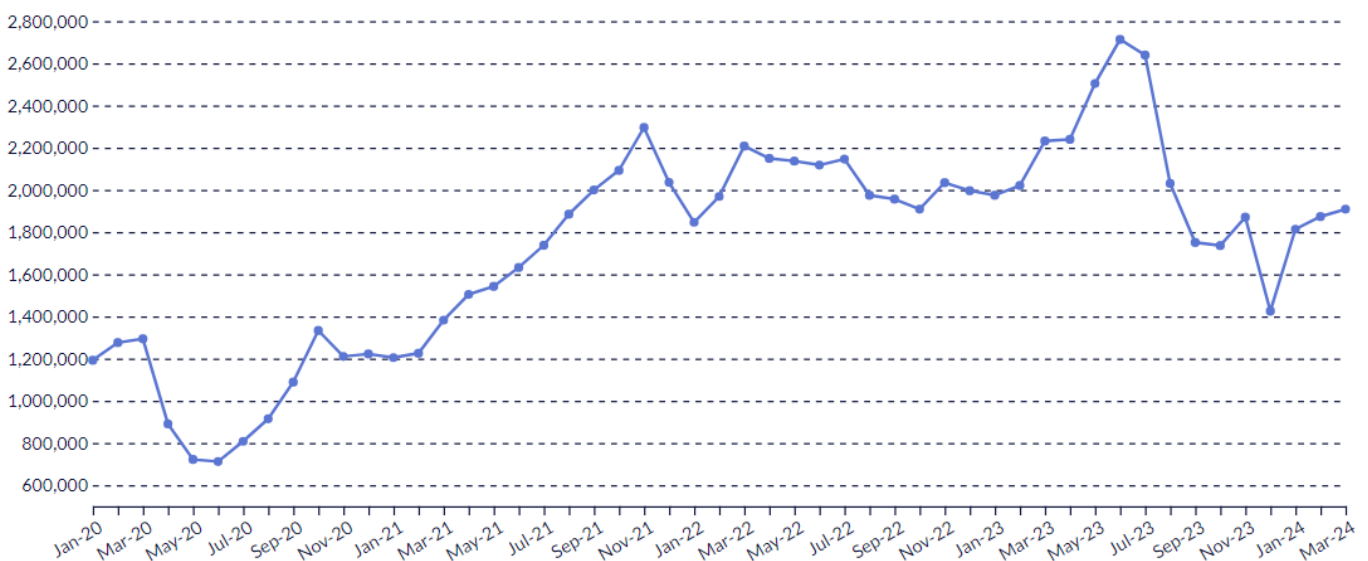
Commenting on the figures is a pretty downbeat statement:

“Overall then, today’s figures are very disappointing and suggest an increasing polarisation between those in work – who are seeing decent wage growth and some improvements in working hours and security – and those out of work, whose numbers are growing particularly among older people, young people and those with poor health.”

The REC’s [Labour Market Tracker](#), also updated in May, offers better news with a further rebound from the seasonal Christmas dip, albeit still down overall on the earlier part of 2023.

Monthly job postings trend

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



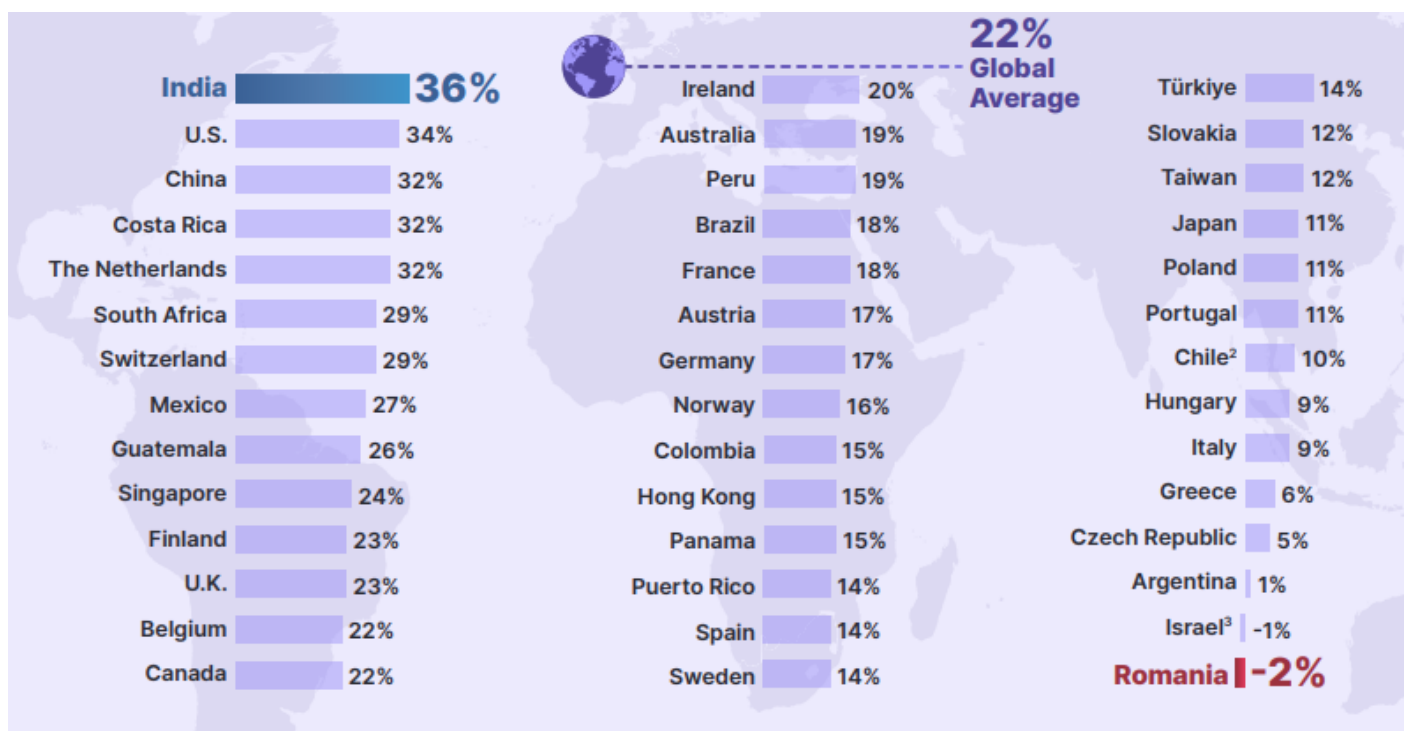
The most recent quarterly [ManpowerGroup Employment Outlook Survey](#) for Q2 2024 remains positive.

Employers in North America (31%) reported the strongest hiring intentions, followed by Asia-Pacific (27%), South and Central Americas (both at 19%) and Europe, the Middle East and Africa (each at 15%).

By country, the strongest hiring plans are reported in India 36%, U.S. 34%, China 32% and The Netherlands 32% with the weakest Romania -2% and Israel -1%.

The UK was upper quartile, just, at 23%

The IT industry had the brightest global hiring outlook at 34%, followed by Financials & Real Estate at 29%, and Healthcare and Life Sciences at 26%



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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