

KPMG and REC, UK Report on Jobs: London

Hiring activity deteriorates further in June

46.6

PERMANENT PLACEMENTS INDEX JUN '24

44.9

TEMPORARY BILLINGS INDEX JUN '24

The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

Downturn in permanent staff placements quickens

Redundancies fuel further expansions in candidate availability

Starting salary inflation intensifies

Commenting on the latest survey results, Anna Purchas, Senior Partner for KPMG's London office said:

"Despite a rise in candidates, partly due to businesses keeping a close eye on their budgets, employers are still struggling to find people with the skills they need to fill essential roles, and as a result are having to increase salaries to secure the best candidates."

"With the General Election now out of the way and a new Government coming together, providing more certainty on the political path ahead, improving skills and attracting highly skilled workers to London must be a priority. Employers in the capital continue to take a very cautious approach to recruitment, making only essential hires, as the economy continues its sluggish path. As the engine room for economic growth, will London employers now take their foot off the recruitment brakes and look to start executing those investment and growth plans?"

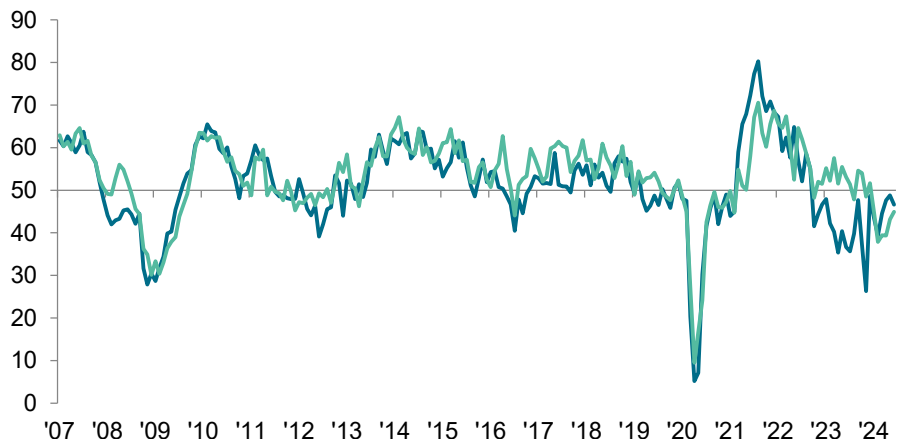
Neil Carberry, REC Chief Executive, said:

"Recruiters report companies delayed some permanent hiring decisions during the election campaign. Now a new government has been elected, recruitment firms are looking for that investment to be unlocked. The rate at which temp billings fell across London in June was the weakest for six-months and suggests the gentle improvement in the UK of the last few months is still with us despite the political noise. As policy uncertainty abates, and interest rates drop, we expect permanent hirers to return to the market this summer."

"The incoming government has been clear that growth and prosperity will be their core goal. But only business can deliver this for them – a partnership is necessary. Working with business to make sure the new deal for workers is delivered in a way that businesses can adopt, and which supports the agility workers and employers need, is key. As is reforming the flawed Apprenticeship Levy. There can be no successful industrial strategy that does not have a stable workforce strategy at its heart."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

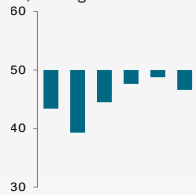


1 Staff appointments

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

Permanent Placements Index

Jan - Jun '24
sa, >50 = growth



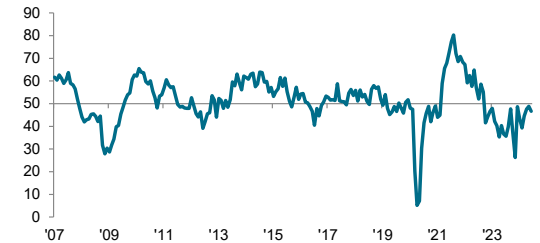
Downturn in permanent placements gathers pace

June data indicated a fall in permanent placements in London, thereby extending the current run of decrease to 21 months. Though softer than the average recorded over the aforementioned sequence, the rate of decrease quickened to a three-month high and was solid overall. According to anecdotal evidence, a market slowdown and the general election dissuaded firms from hiring.

The downturn in permanent placements also deepened at the UK level and continued to outpace that observed in the capital.

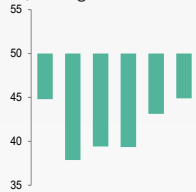
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Jan - Jun '24
sa, >50 = growth



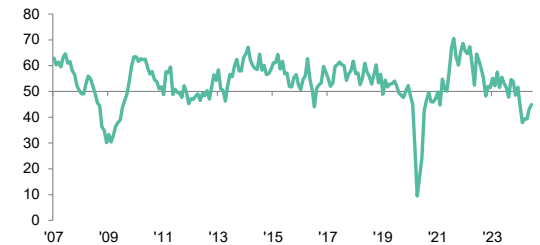
Softer decline in temp billings

While the rate at which temp billings fell across London in June was the weakest recorded in the current six-month sequence of decline, recruiters nonetheless recorded a sharp fall. The downturn was attributed to contracts nearing completion and subdued market conditions.

Alongside London, the South of England was the only other monitored English region where billings received from temp workers fell, though it was the former that posted a sharper reduction.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-24	43.4	43.4	48.9	44.8
Feb-24	43.6	39.3	46.0	37.9
Mar-24	43.3	44.5	45.7	39.4
Apr-24	46.4	47.6	46.9	39.4
May-24	48.2	48.8	47.2	43.1
Jun-24	45.5	46.6	50.3	44.9

Job vacancies

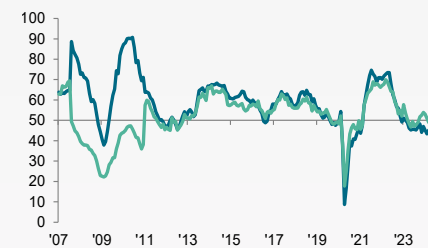
Permanent vacancies fell across London for the sixteenth successive month in June. The rate of contraction was solid overall, quickening from May's 14-month low and outpacing the UK-wide average.

Demand for temp workers across London also deteriorated during June. The rate at which temp vacancies fell was largely in line with May's recent high.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

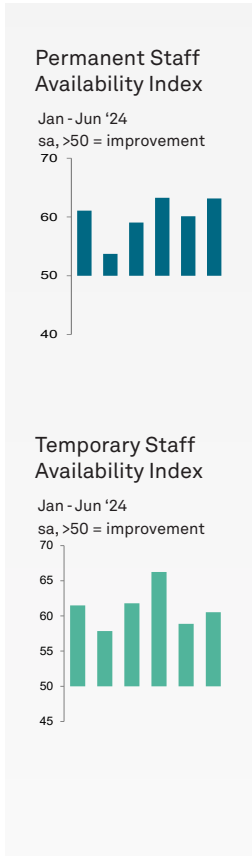


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-24	49.3	45.1	50.7	53.0
Feb-24	46.8	43.4	49.4	51.0
Mar-24	47.0	45.2	49.1	49.0
Apr-24	48.2	45.3	49.8	48.2
May-24	49.7	48.8	50.0	45.7
Jun-24	48.5	47.6	50.1	45.9

2 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.



Permanent staff supply expands again in June

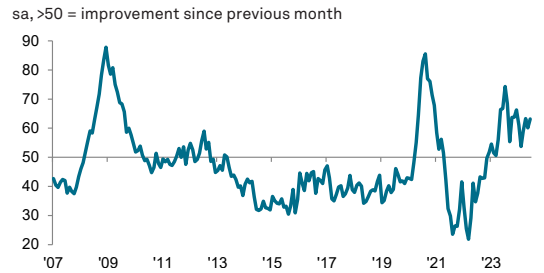
Recruiters based in London noted a rise in permanent staff availability in June. The respective seasonally adjusted index has now posted in expansion territory for over a year-and-a-half, with the latest reading indicating a marked and quicker rise. The upturn was largely fuelled by reports of redundancies.

Of the four monitored regions, only the Midlands surpassed London by recording the strongest expansion in the availability of permanent candidates.

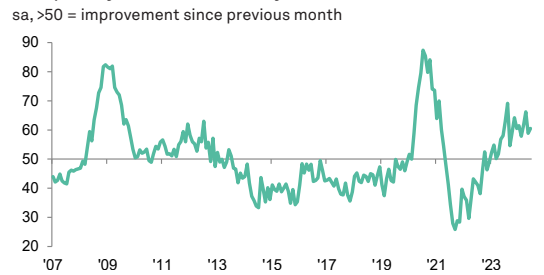
Growth in temporary candidate numbers accelerates

The latest survey data pointed to a rapid rise in the availability of temporary candidates across London. The rate of expansion quickened from May and was stronger than the UK-wide average. Survey respondents frequently mentioned redundancies and fewer contract roles.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-24	57.6	61.1	56.2	61.5
Feb-24	57.3	53.7	56.7	57.9
Mar-24	60.2	59.0	59.6	61.8
Apr-24	60.4	63.3	60.1	66.3
May-24	62.4	60.1	59.7	58.9
Jun-24	61.1	63.2	59.5	60.5

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial	Chefs
Estimators	Hospitality
Blue Collar	IT & Computing
Drivers	IT
Construction	Technical Roles
Quantity Surveyors	Technology
Refurbishment Project Manager	Nursing/Medical/Care
Engineering	Carers
Engineers	Doctors
Executive/Professional	Nurses
Commercial Manager	Occupational Therapist
Energy & Renewables	Paramedics
PR	Physiotherapist
Project Managers	Social Care General
Regulatory Professionals	Other
Hotel & Catering	Commercial Property

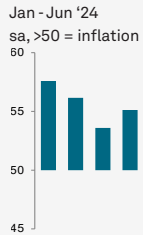
Skills in short supply: Temporary staff

Accounting/Financial	Technical Roles
Estimators	Nursing/Medical/Care
Blue Collar	Social Care Workers
Carpenters	Other
Construction	Commercial Property
Painters	
Quantity Surveyors	
Engineering	
Offshore Engineering	
Subsea Engineering	
Executive/Professional	
Energy & Renewables	
Project Managers	
Regulatory Professionals	
Hotel & Catering	
Chefs	
IT & Computing	

4 Pay pressures

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index



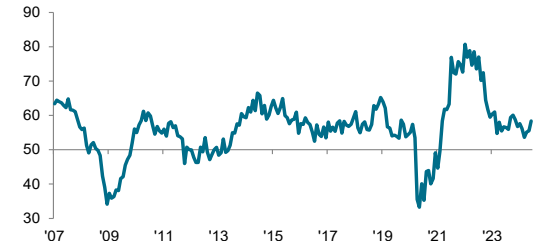
Notable uptick in permanent starting salary growth

After easing to a more than three-year low in March, the rate at which permanent starting salaries increased across the capital continued to gather pace in June. Permanent salaries were raised sharply and at the greatest extent since November 2023. Recruiters often commented on a lack of suitably skilled candidates, as well as the rising cost of living.

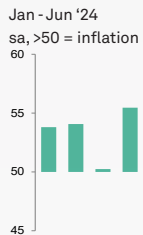
Of the four monitored regions, London recorded the strongest rise in permanent salaries.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

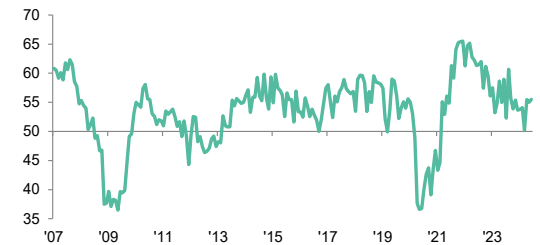


Sustained hourly wage growth

Hourly wages for temporary and contract staff continued to rise across London during June, thereby extending the current run of wage inflation which began in March 2021. The rate of increase was the joint-highest in nine months and was above the average recorded at the UK level.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-24	55.8	57.6	54.8	53.8
Feb-24	55.2	56.2	54.3	54.1
Mar-24	53.3	53.6	53.7	50.2
Apr-24	55.9	55.1	56.2	55.5
May-24	55.5	55.5	55.8	55.0
Jun-24	57.1	58.4	53.7	55.5

Official data: UK average weekly earnings

Total employee earnings (including bonuses) rose at an unchanged annual pace of 5.9% in the three months to April, according to the latest data from the Office for National Statistics (ONS).

Public sector pay growth remained quicker than in the private sector. For the latter, annual pay growth slipped a little to 5.8% (from 6.1%). In contrast, a 6.3% increase for public sector pay was the best since the three months to November 2023.

UK average weekly earnings %yr/yr, 3mma



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

5 Regional comparison

The KPMG and REC, UK Report on Jobs: London is one of four regional reports tracking labour market trends across England. Reports are also available for the South of England, the Midlands and the North of England.

Staff appointments

The number of people placed into permanent roles fell across the UK in June, thereby continuing the trend of contraction seen since October 2022. The rate of decline was solid and the quickest seen in the second quarter. The Midlands rejoined the remaining three monitored English regions in contraction territory in June, where the sharpest decline in permanent staff appointments was in the South of England.

By contrast, there was a fresh rise in temporary billings recorded at the UK level in June. Though only fractional, the uptick was the first for eight months. The increase in temp billings was in part driven by sharper rises in the Midlands and the North of England. Meanwhile, the South of England and London registered softer declines.

Candidate availability

At the national level, the availability of staff for permanent roles increased sharply again in June, thereby extending the current sequence of growth to 16 months. All four monitored English regions registered upturns, the sharpest of which was recorded in the Midlands.

June survey data pointed to a rise in the number of temporary candidates across the UK. Permanent labour supply increased at accelerated rates across all monitored English regions excluding the South of England, where the uplift was only fractionally slower and nevertheless substantial.

Pay Pressures

At the UK level, average starting pay for permanent new joiners continued to rise in June. Moreover, the rate of salary inflation was marked and the most pronounced for eight months. London took the top spot for strongest growth in starting salaries, while the South of England registered the slowest pay growth.

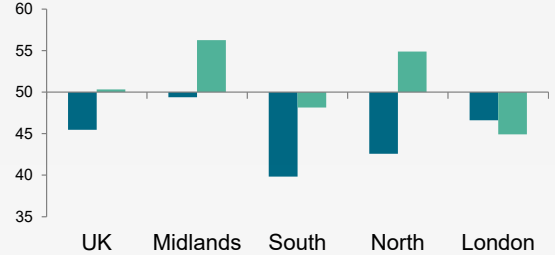
Hourly rates of pay across the UK rose again in June, thereby marking 40 months of successive increases. UK temp rate inflation was solid having slowed for a second month in a row. All four monitored regions of England posted upticks in hour pay, the fastest of which was in the North of England.

June 2024

■ Permanent
■ Temporary

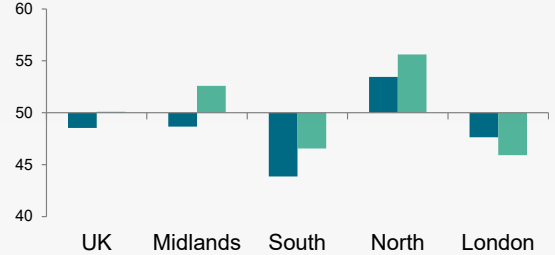
Staff Appointments

sa, >50 = growth since previous month



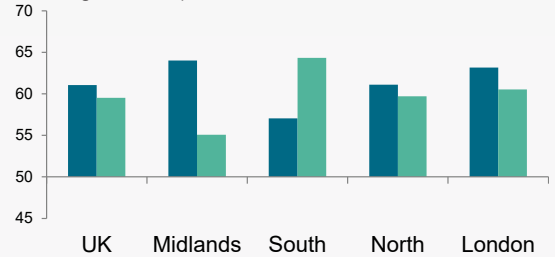
Vacancies

sa, >50 = growth since previous month



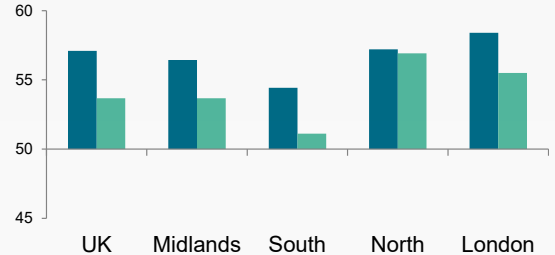
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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Methodology

The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact economics@spglobal.com.

Survey Dates

Data were collected 12-24 June 2024.

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