

July 2024 job market report

“What’s the UK job market like?”

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

“Candidates placed in permanent positions fall again”

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

The [full report is posted here](#)

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented: “the latest survey results indicate that employers are still hitting the brakes on recruitment with the general election period causing some uncertainty. Permanent hiring has taken a particular hit, as companies either delay or focus on temporary appointments.”

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.”

Key findings are:

- **Permanent staff appointments fall again, but slight rise in temp billings**
- **Permanent salary inflation accelerates to eight-month high**
- **Demand for staff declines modestly**
- **Second-fastest rise in staff availability since last November**
- **Six out of ten broad sectors recorded a drop in permanent staff demand**
- **The sharpest fall in demand was recorded in the Secretarial/Clerical category, followed by IT & Computing then Executive/Professional**
- **There was strong demand growth in Engineering, followed by Accounting/Financial**

Appointments

Permanent placements have experienced a more significant decline in June



In June, permanent staff appointments in the UK continued to decline, marking the 21st consecutive month of downturn. The rate of contraction intensified since May, reaching its highest level in three months.

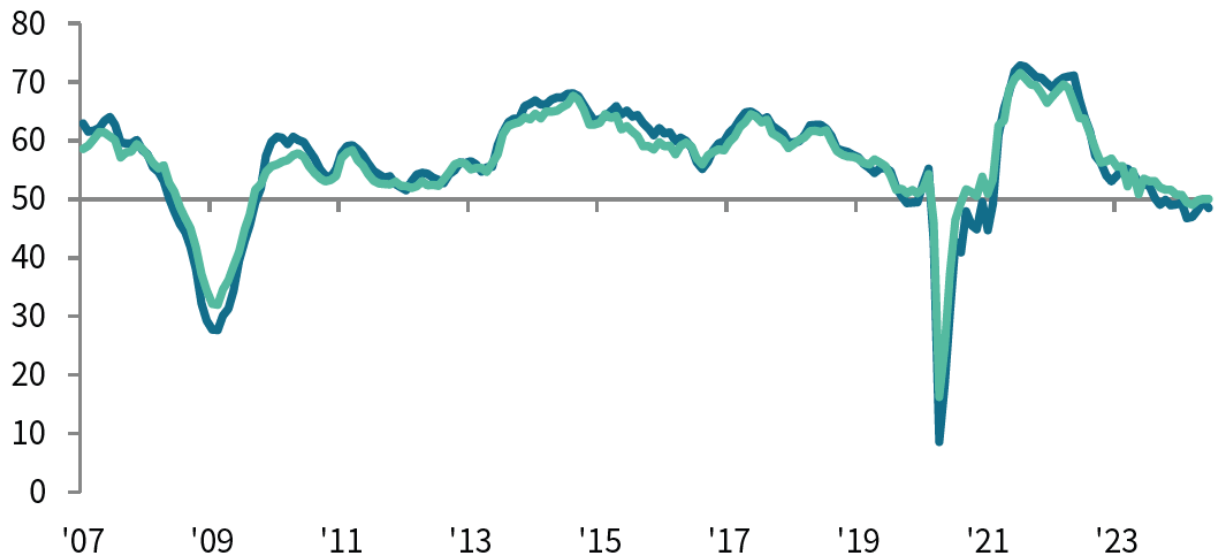
Panellists attributed this decline to a lack of demand for candidates, partially driven by uncertainties surrounding the general election, which reportedly hindered recruitment activity.

The reduction in placements was observed across England, though to varying extents. The South of England experienced the most significant decline, whereas the Midlands saw only a slight reduction.

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 key 50.0 no-change threshold for the eighth month in a row in June. The index registered a value of 48.6, a decrease from 49.7 in May, suggesting a more rapid but still moderate reduction in the total number of vacancies.

Permanent & Temporary Vacancies

The main contributor to the overall decline in vacancies in June was the reduction in permanent staff positions. Recent data reveals that permanent staff vacancies have decreased for the tenth consecutive month, albeit at a modest rate. Conversely, the demand for temporary workers remained relatively stable, with the relevant index slightly exceeding the 50.0 no-change threshold for the first time since January.

Public & Private Sector Vacancies

In June, private sector permanent staff vacancies decreased slightly following growth in the prior month. Conversely, demand for private sector temporary workers saw a slight increase for the third consecutive month.

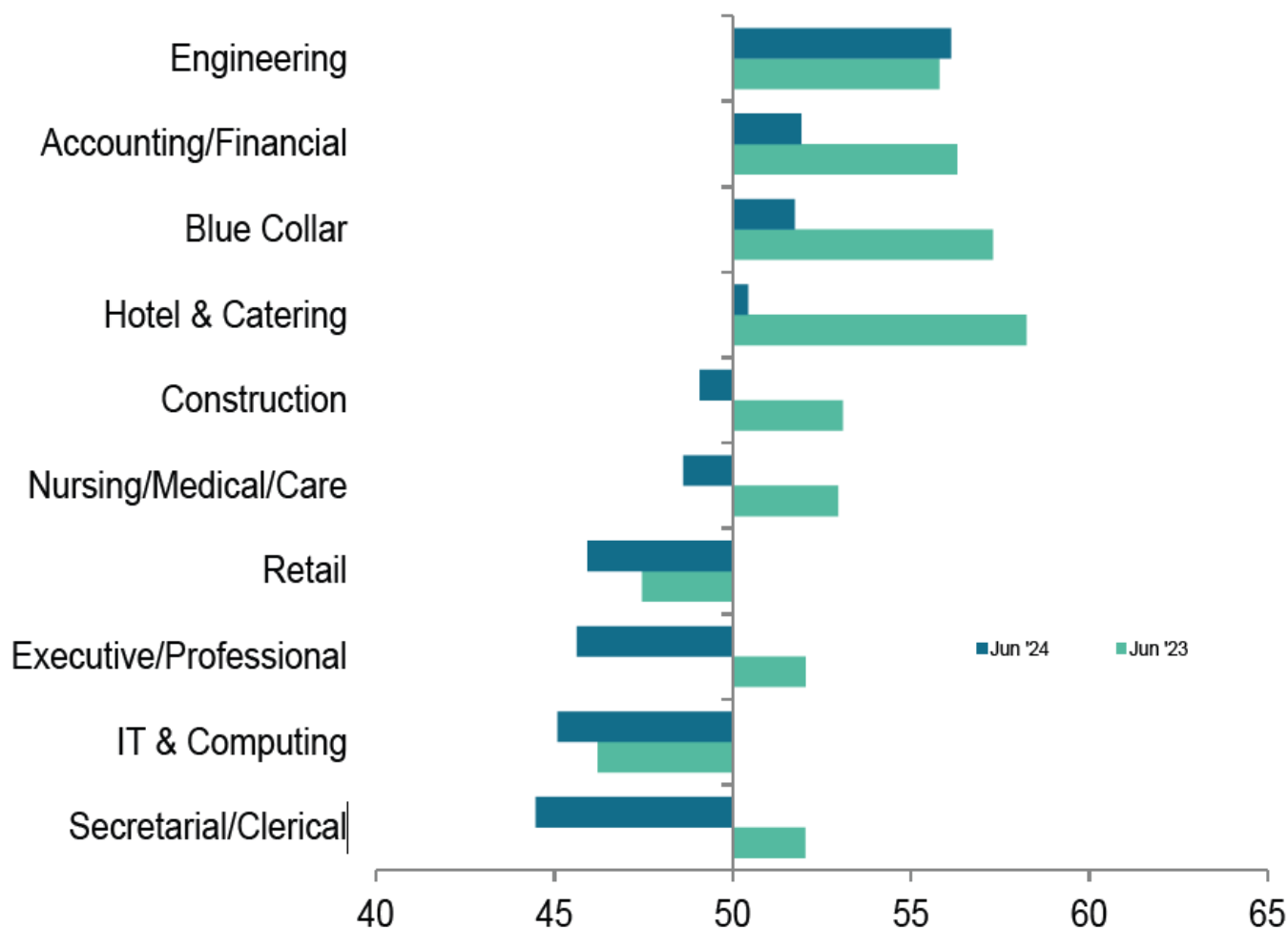
In the public sector, vacancies for both permanent and temporary staff declined in June. The reduction was more pronounced for permanent positions, though the contraction rate eased since May, reaching its lowest point in six months.

Of the ten broad sectors covered by the survey, four recorded growth. The strongest increase was observed in Engineering, followed by Accounting/Financial and Blue Collar.

In contrast, the steepest declines in demand for permanent workers were noted in the Secretarial/Clerical category, followed by IT & Computing then Executive/Professional.

Permanent Vacancies Index

sa, >50 = growth since previous month.



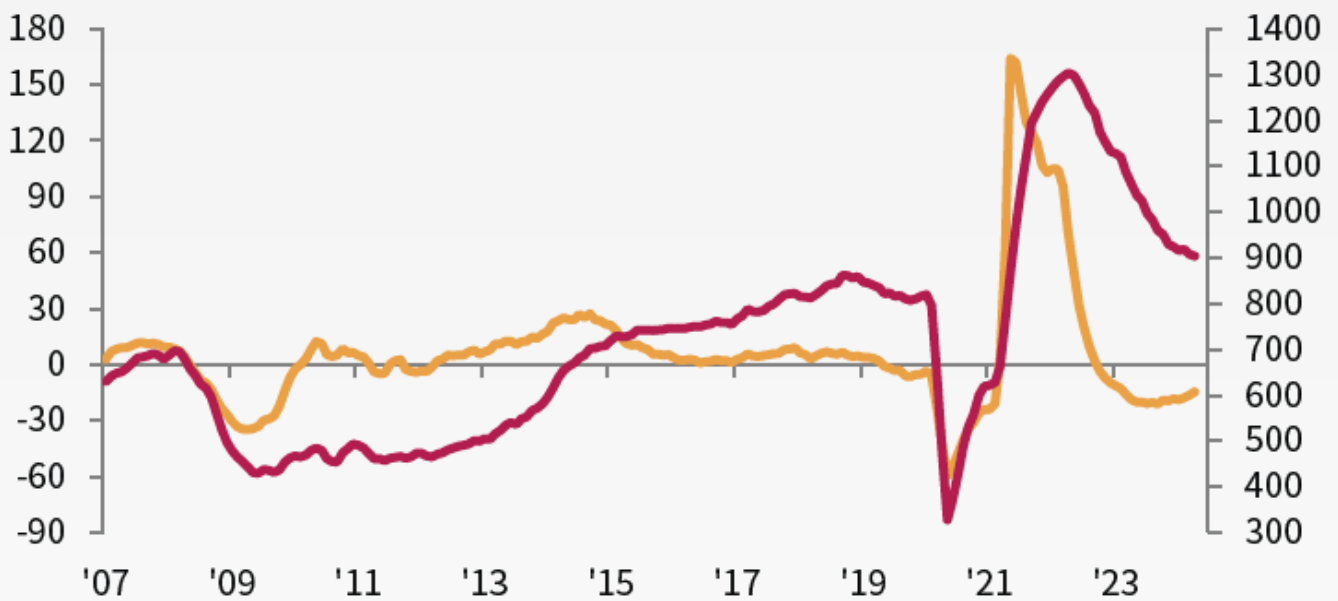
Job vacancies in the UK continued to decline in the three months leading up to May, according to underlying data from the [Office for National Statistics](#), which reported a decrease of 12,000 compared to the three months ending in February. Overall, there were 904,000 vacancies, the lowest figure since the three months leading up to June 2021.

Year-on-year, vacancies were down by 156,000. However, they remain 108,000 higher than the pre-pandemic level of 796,000 recorded in the three months to March 2020.

UK job vacancies

%yr/yr, 3mma

'000s



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

Staff availability

The supply of candidates continues to rise significantly

The number of candidates increased once more in June. Although the growth rate slowed from May's 41-month peak, the rise in availability remained substantial and well above average. Adjusted for seasonal variations, the Total Staff Availability Index recorded 61.0, a slight decrease from May's 62.2.

This recent data marks the sixteenth consecutive month of increased candidate availability, with June continuing to see a rise in the supply of both permanent and temporary staff.

Panellists observed that redundancies were becoming more frequent. However, in some cases, the higher candidate supply also reflected increased confidence among candidates in securing new positions.

The growth in permanent staff availability was robust across England, with the most significant increases occurring in the Midlands and London.

Pay pressures

Starting salaries experienced their fastest increase in eight months.

Permanent salary inflation accelerated in June, with starting salaries rising at their highest rate since last October. This marks the 40th consecutive month of increases. Panellists noted that salaries were being raised to attract top candidates, who were increasingly willing to demand higher pay due to ongoing cost of living pressures.

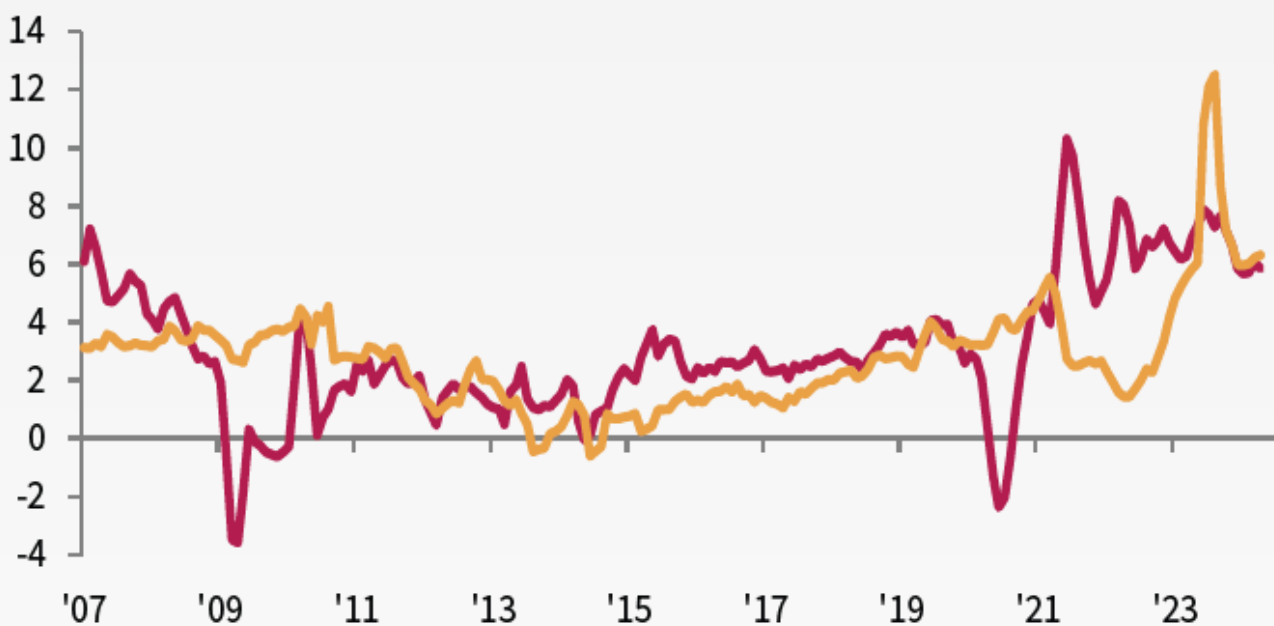
The latest data revealed that, among the broad English regions, London saw the steepest increase in average starting salaries, while the South of England experienced the weakest growth.

Total employee earnings, including bonuses, grew at an annual rate 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 continued to outpace that of the private sector. In the private sector, annual pay growth slightly decreased to 5.8%, down from 6.1%. Conversely, public sector pay saw a 6.3% increase, marking the highest growth rate since the three months to November 2023.

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](#).

Decline in Permanent Staff Placements Accelerates in June

June data revealed a decline in permanent placements in London, marking the 21st consecutive month of decrease. Although the decline was less severe than the average during this period, the rate of decrease reached a three-month high and remained significant overall. Anecdotal evidence suggests that a market slowdown and the general election deterred firms from hiring.

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

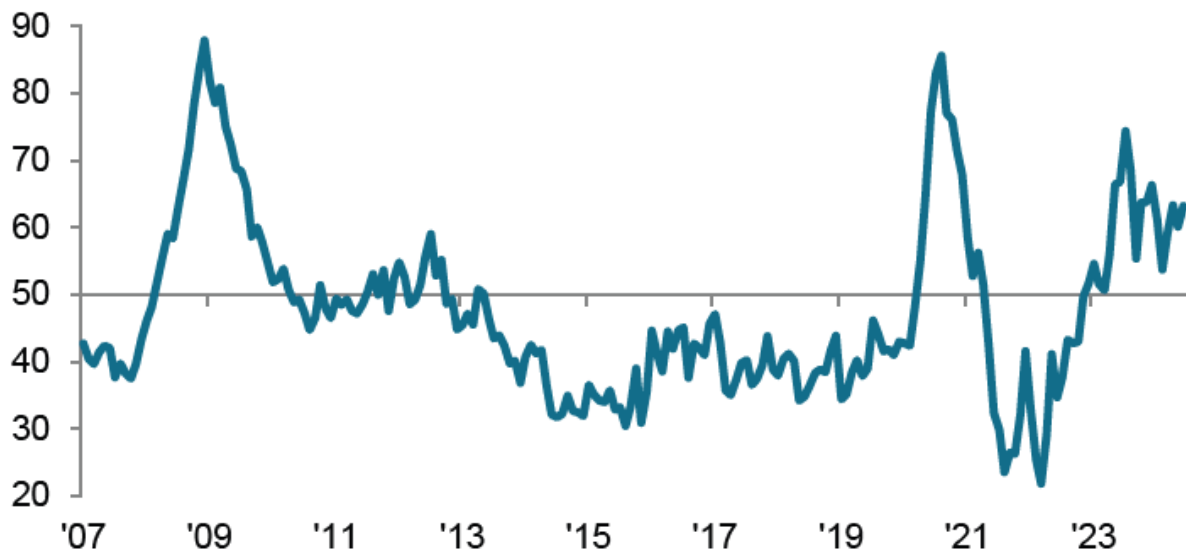
Job vacancies

Permanent vacancies in London declined for the sixteenth consecutive month in June. The rate of contraction was significant overall, accelerating from May's 14-month low and surpassing the UK-wide average. Additionally, the demand for temporary workers in London also worsened during June. The decline in temporary vacancies was consistent with May's recent high.

Supply of permanent candidates expands rapidly

Permanent Staff Availability Index

sa, >50 = improvement since previous month



Recruiters in London observed an increase in permanent staff availability in June. The seasonally adjusted index has remained in expansion territory for over eighteen months, with the latest reading indicating a significant and faster rise.

This upturn was primarily driven by reports of redundancies.

Among the four monitored regions, only the Midlands surpassed London, recording the strongest growth in the availability of permanent candidates.

Starting salary growth quickens in June

After slowing to a three-year low in March, the rate of increase for permanent starting salaries in London continued to accelerate in June. Salaries for permanent positions rose sharply, reaching their highest level since November 2023. Recruiters frequently cited a shortage of suitably skilled candidates and the rising cost of living as contributing factors.

Among the four monitored regions, London recorded the strongest increase in permanent salaries.

Regional comparison

Staff Appointments

In June, the number of people placed into permanent roles across the UK decreased, continuing the contraction trend that began in October 2022. The rate of decline was significant, marking the quickest drop seen in the second quarter. The Midlands rejoined the other three monitored English regions in experiencing a contraction in June, with the sharpest decline in permanent staff appointments occurring in the South of England.

In contrast, temporary billings at the UK level saw a modest increase in June, the first rise in eight months. This slight uptick was partly driven by more substantial increases in the Midlands and the North of England. Meanwhile, the South of England and London experienced softer declines in temporary billings.

Candidate Availability

At the national level, the availability of staff for permanent roles continued to rise sharply in June, marking the sixteenth consecutive month of growth. All four monitored English regions saw increases in candidate availability, with the Midlands recording the most significant upturn.

June survey data also indicated an increase in the number of temporary candidates across the UK. The supply of permanent labour grew at an accelerated rate in all monitored English regions, except for the South of England, where the increase was slightly slower but still substantial.

Pay Pressures

At the UK level, average starting salaries for permanent new joiners continued to increase in June. The rate of salary inflation was notable, reaching its highest point in eight months. London experienced the strongest growth in starting salaries, while the South of England saw the slowest pay growth.

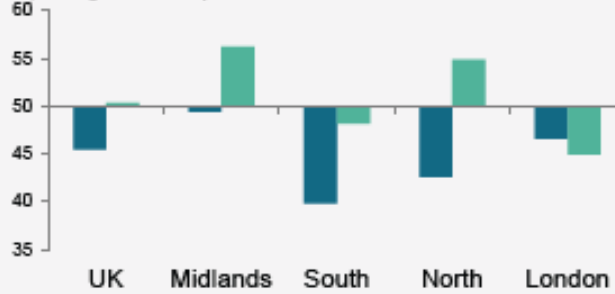
Hourly rates of pay across the UK also rose in June, marking 40 consecutive months of increases. Although the inflation rate for UK temporary wages remained solid, it slowed for the second consecutive month. All four monitored regions of England reported increases in hourly pay, with the North of England experiencing the fastest growth.

June 2024

■ Permanent
■ Temporary

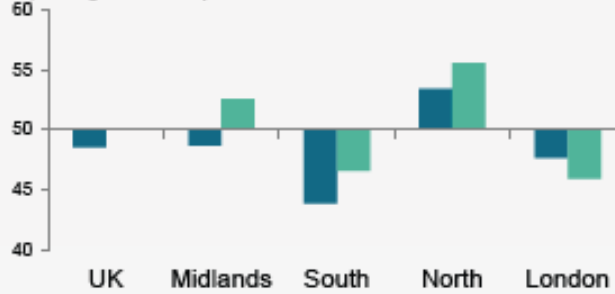
Staff Appointments

sa,>50 = growth since previous month



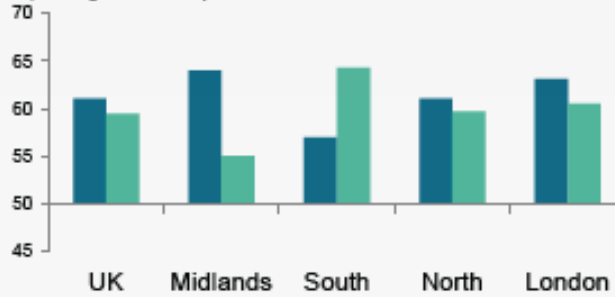
Vacancies

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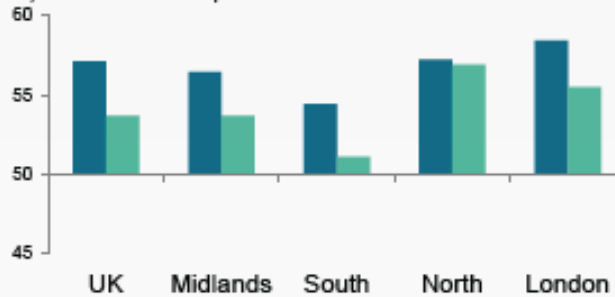
Staff Availability

sa,>50 = growth since previous month



Pay Pressures

sa,>50 = inflation since previous month



The Prism Executive Recruitment perspective: management consultancy recruitment

Examination of the Decline in the Management Consulting Job Market

Undoubtedly, the management consulting job market has significantly deteriorated.

Since mid-2023, the Big Four, alongside other major consultancies, including the usually confident strategy firms, have been openly declaring redundancies. Numerous smaller firms have either discreetly been shedding permanent staff or associates.

Very few consulting employers have the vacancies to accommodate the numerous management consulting professionals now unemployed.

In May 2024 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:** A Q2 [Source Research summary](#) (April 9th) highlights the much slower growth in the sector, explaining some of the mixed signals in the market.

Other Indicators:

On a more positive note the S&P Global UK Business Outlook, also from July, states "UK manufacturing optimism rebounds to highest for over two years". Of the 12 monitored countries within the Business Outlook survey, the UK had the highest activity expectations.

However The Page Group, very much an economic bellwether in professional and executive hiring, reported June results down 18% on 2023 across its operations and in the UK Q2 was down 17.4% on Q2 2023.

Some recent surveys were also distinctly muted:

1. [The Institute of Directors' economic confidence index](#) which measures business leader optimism in prospects for the UK economy, in July dropped back to a 4 month low
2. [In July 2024 Reed reported](#) “132,043 jobs were posted on Reed's website in June, down 14% month-on-month and 30% year-on-year”

Other data and reports

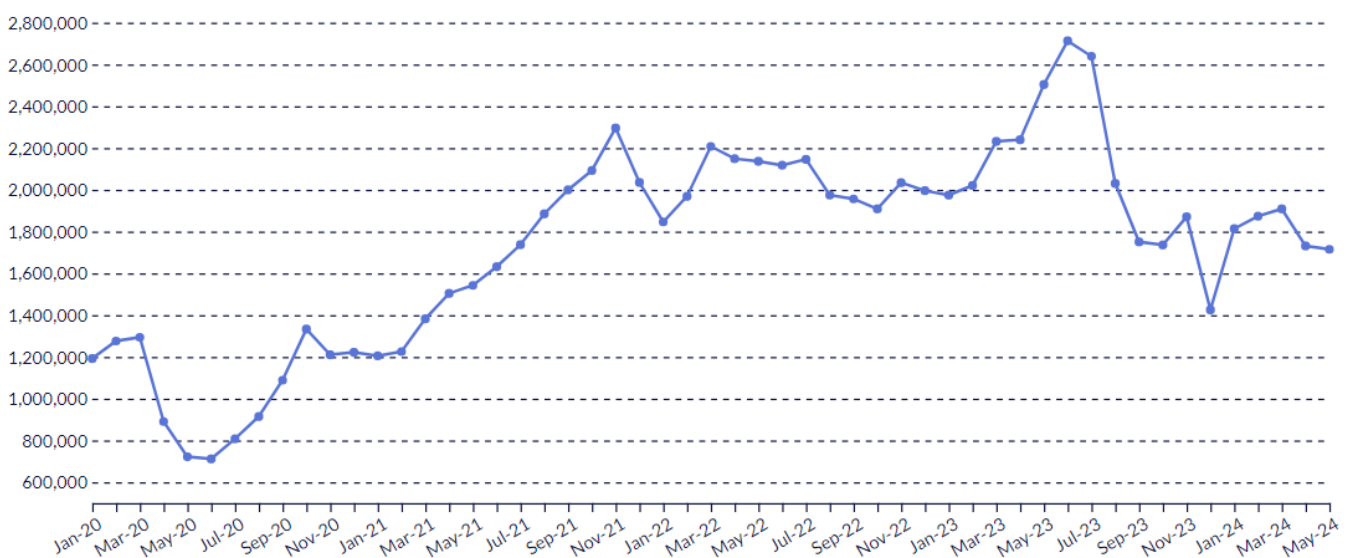
The **Institute for Employment Studies** also published a key analysis in mid-June 2024 .

Their [briefing note](#) sets out an analysis of the ONS Labour Market Statistics with some markedly downbeat commentary.

The REC's [Labour Market Tracker](#), also updated in June, shows a slight dip since March 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



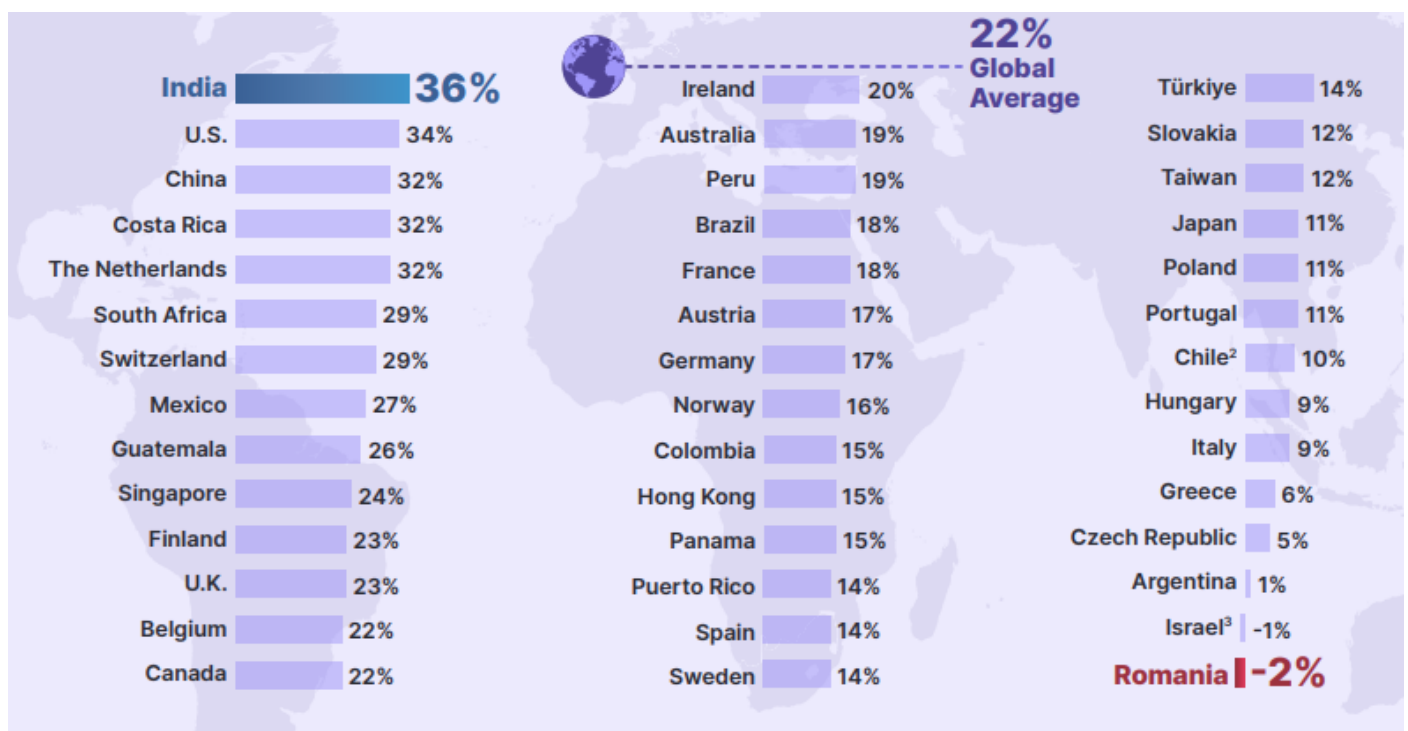
The most recent quarterly [ManpowerGroup Employment Outlook Survey](#) for Q2 2024 remains positive.

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

Recruitment via chris.sale@prismrec.co.uk