

KPMG and REC, UK Report on Jobs: London

Permanent placements rise across the capital for the first time in 22 months

51.6

PERMANENT PLACEMENTS INDEX JUL '24

46.6

TEMPORARY BILLINGS INDEX JUL '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.

Modest rise recorded in new permanent joiners

Meanwhile, temp billings fall at a moderated pace

Renewed rise in vacancies

Commenting on the latest survey results, Jon Holt, Chief Executive and Senior Partner of KPMG in the UK, said:

"While the Bank of England's easing of interest rates will have provided a much-needed lift to businesses and the investment market, the impact on the economic outlook will not be felt immediately. This latest survey data was gathered before the rate cut, and it gives a subdued picture of the labour market as the downturn across the UK moves into its second year.

"However, the stability of a new Government and easing inflationary pressures, has somewhat resulted to renewed employer confidence across the capital. In the sectors where employers are still hiring, a lack of skilled talent continues to drive pay growth.

"With forecasts for economic growth improving and potential further interest rate cuts over the coming months there are green shoots of economic recovery. But it's still early days for this new Government and businesses may be cautious to hit go on their full recruitment and investment strategies until they have heard more from the Chancellor in her Autumn Budget."

Kate Shoemith, REC Deputy Chief Executive, said:

"Employers are gradually emerging from the woods, gaining optimism for their businesses and the broader economy.

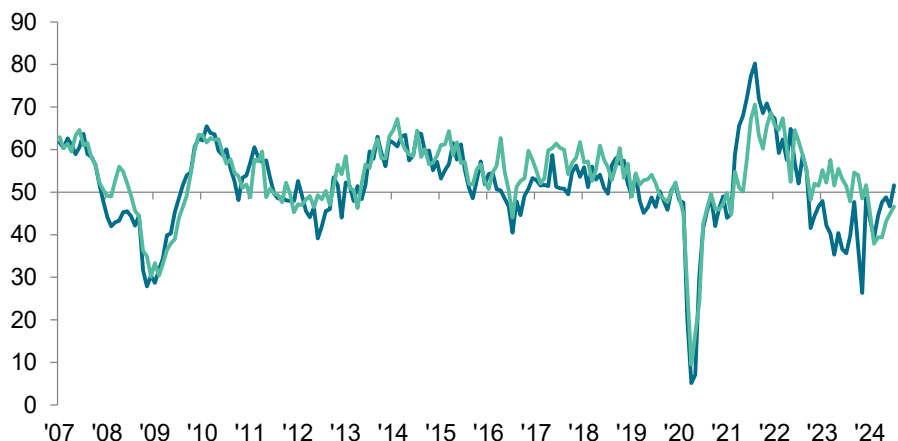
"London is setting the pace with a growth in permanent placements signalling the potential for an economic bounce back elsewhere in the country. Growth in business activity and the completion of the General Election has in part unlocked hiring decisions in the capital.

"The weaker growth in both salaries and temp pay overall for the UK suggests that employers are keeping pay in line with inflation as the Bank of England want and the interest rate cut is welcome. Employers will need more of the same to maintain confidence. For example, there was a softer uptick in temp wages in London.

"The new government must grasp this greater sense of optimism with labour market reforms that are both pro-worker and pro-business, and that don't jeopardise the temporary workforce. Agency work allows for the flexibility many people need to work, and employers need access to these types of workers given ongoing skills shortages. Listening to employer concerns about some of the government's 'Make Work Pay' plan is crucial and will underpin future success via productivity gains and economic growth."

■ Permanent Placements Index
■ Temporary Billings Index

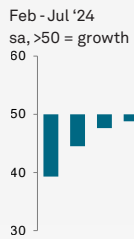
sa, >50 = growth since previous month



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

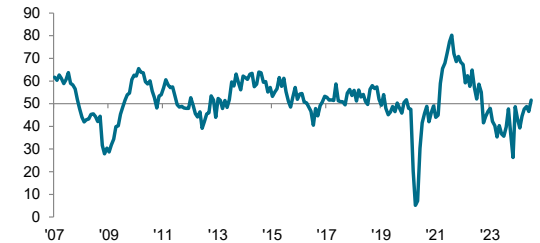


Fresh rise in permanent new joiners

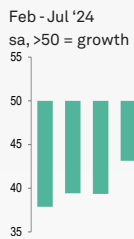
London went against the broader UK trend by registering a fresh uptick in permanent staff appointments in July. The upturn followed a 21-month period of continual decline and was modest overall. According to anecdotal evidence, growth in business activity and the completion of the General Election had in part unlocked hiring decisions.

Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

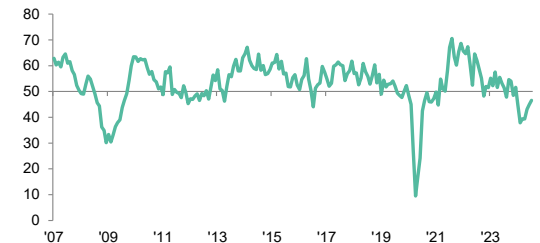


Downturn in temp billings moderates further

Recruiters based in London recorded a seventh consecutive monthly decline in billings received from temp workers in July. Surveyed firms attributed the latest downtick to the non-renewal of contracts. That said, the rate of decrease softened for the third straight month, to indicate the least pronounced drop in the aforementioned sequence.

Temporary Billings Index

sa, >50 = growth since previous month



Alongside London, the South of England was the only other monitored English region to record a decline in temp billings.

sa, >50 = growth since previous month

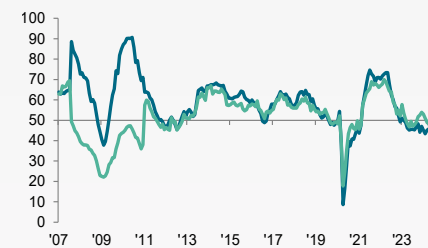
	Permanent		Temporary	
	UK	London	UK	London
Feb-24	43.6	39.3	46.0	37.9
Mar-24	43.3	44.5	45.7	39.4
Apr-24	46.4	47.6	46.9	39.4
May-24	48.2	48.8	47.2	43.1
Jun-24	45.5	46.6	50.3	44.9
Jul-24	47.7	51.6	49.8	46.6

Job vacancies

The start of the second half of the year indicated a renewed, albeit modest rise in vacancies across the capital. Demand for both permanent and temp workers improved for the first time in 18 and five months, respectively.

Vacancies Index

■ Permanent
■ Temporary
sa, >50 = growth since previous month

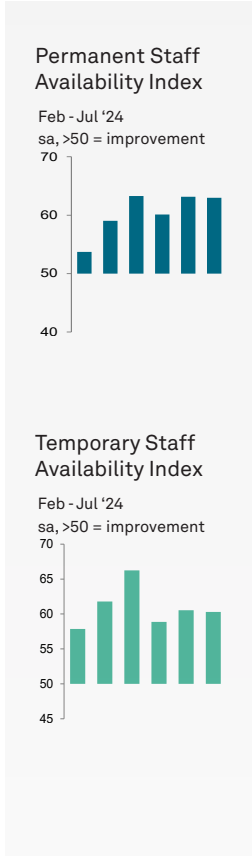


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jul-24	49.0	50.6	50.3	50.5

2 Staff availability

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



Sustained rise in supply of permanent staff

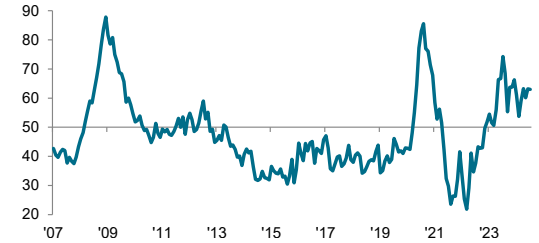
July data saw a rapid rise in the availability of permanent staff in London, thereby stretching the current run of expansion to 20 months. The rate of growth was broadly in line with that seen in June. Growth in starting salaries, improved market conditions, as well as some reports of redundancies were said to have driven the latest increase.

All four of the English regions recorded a rise in permanent staff supply in July, with London leading the upturn.

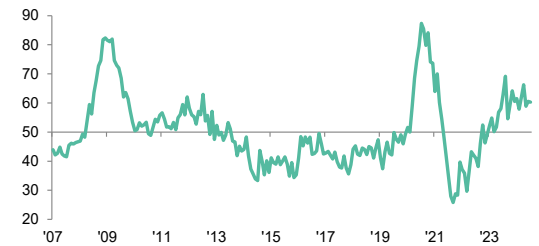
Rapid rise in temp staff availability

Candidates available for temporary roles increased rapidly across the capital in July, with growth now noted in each month since January 2023. The rate of expansion was slightly weaker than seen in June, but was the most marked of the four monitored English areas.

Permanent Staff Availability Index
sa, >50 = improvement since previous month



Temporary Staff Availability Index
sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jul-24	60.0	63.0	58.4	60.3

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial	Hotel & Catering
Asset Management	Chefs
Blue Collar	Hospitality
Drivers	IT & Computing
Rail	Technical Roles
Construction	Nursing/Medical/Care
Quantity Surveyors	Carers
Drainage Specialists	Doctors
Engineering	Nurses
Engineers	Occupational Therapist
Electrical Engineers	Paramedics
Executive/Professional	Physiotherapist
Commercial Manager	Social Care General
Mid Management	Other
PR	Property Manager
Project Managers	White Collar

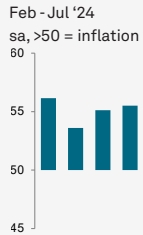
Skills in short supply: Temporary staff

Construction
Dryliners
PASMA Carpenters
Engineering
Electrical Engineers
Offshore Engineering
Hotel & Catering
Chefs
Hospitality
Nursing/Medical/Care
Social Care Workers

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

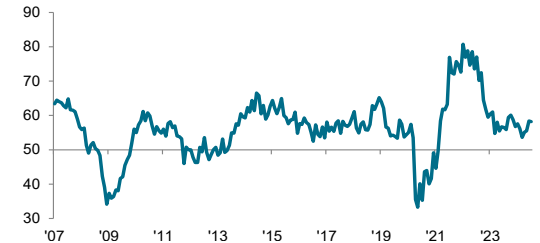


Starting salaries increase rapidly

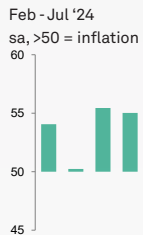
Salaries awarded to permanent new joiners rose sharply across the capital in July. The rate of inflation was largely in line with June's seven-month high and was the strongest of the four monitored English regions. The growing cost of living, and companies hoping to attract the right skillset underpinned the latest increase.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

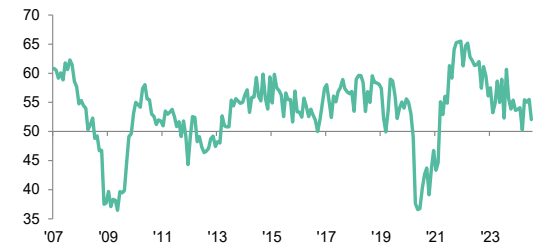


Softer uptick in temp wages

As has been the case in each month since March 2021, temp wages rose across the capital in July. That said, the respective seasonally adjusted index was the second-lowest in the aforementioned sequence, surpassing only March's reading and signalling a modest rise in hourly wages.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jul-24	56.5	58.2	50.9	52.0

Official data: UK average weekly earnings

Total employee earnings (including bonuses) increased at a slower annual rate during May. Latest data from the Office for National Statistics (ONS) revealed that earnings rose by 5.7%, down from 5.9% and a three-month low.

The slowdown at the whole economy level came wholly from the private sector. In May, private sector earnings growth was 5.5%, down from 5.9% and the lowest level since January 2022. Public sector pay growth in contrast came in at 6.3%, unchanged on April's 5-month high.

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

Permanent placements in the UK decreased at a softer, but still solid rate at the start of the third quarter of 2024. The overall decline was driven by a steep fall in the South of England and a marked reduction in the Midlands. London bucked the wider trend and saw an increase in permanent placements for the first time since September 2022.

The UK also registered a renewed reduction in temporary billings during July, the eighth in the past nine months. That said, the decline was only fractional. Diverging trends were seen at the regional level, as London and the South of England saw sustained declines, while the Midlands and North of England recorded further increases.

Candidate availability

With permanent placements falling, recruiters in the UK signalled a robust increase in candidate availability at the start of the third quarter. The rise in candidate numbers for permanent positions eased to a five-month low, but was well above the long-run series average. Marked increases were seen across each of the four monitored English regions, with the sharpest rise in London.

Widespread increases in candidates for temporary positions were also signalled in July, led by London. The UK as a whole posted a marked rise in temporary candidate availability, albeit one that was the softest since February. The slowest rise in candidates for temporary positions was seen in the Midlands.

Pay Pressures

Although permanent starting salaries continued to increase in the UK during July, the pace of inflation eased from that seen in June. London posted the fastest rise in permanent pay pressures, with the softest increase in the South of England.

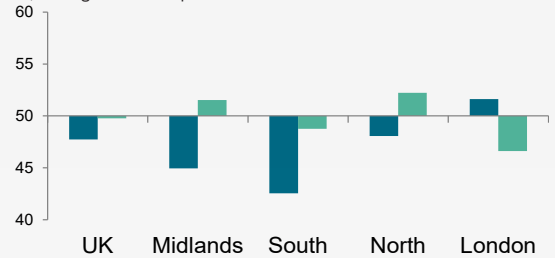
A softer pace of inflation for temporary wages was also recorded in July. The latest increase was marginal, and the weakest in 41 months of inflation. The strongest increase in pay for temps was registered in the North of England, while the South of England saw temp pay rates fall for the first time since November 2020.

July 2024

■ Permanent
■ Temporary

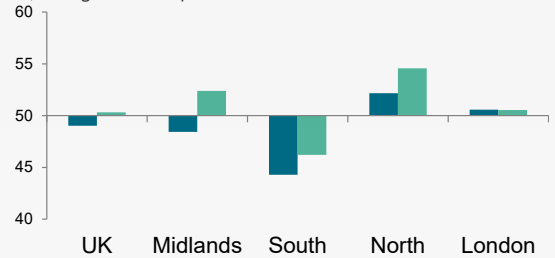
Staff Appointments

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 11-25 July 2024.

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