

KPMG and REC, UK Report on Jobs: London

Renewed decline in permanent placements across the capital

45.6

PERMANENT PLACEMENTS INDEX AUG '24

46.4

TEMPORARY BILLINGS INDEX AUG '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.

Sharp and fresh fall in new permanent placements

Growth in starting salaries slows...

...and temp wages fall for the first time in 42 months

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

"While summer months can see a pause in some hiring, the employment market in London took a step back in August with both permanent and temporary hiring slowing down, and a cooldown in starting salary inflation, particularly for temporary workers where hourly wages fell for the first time in three-and-a-half years."

"Although we are starting to see slow improvements in the economic environment, employers in the capital continue to take a very cautious approach to recruitment, hiring for only those key roles and taking advantage of the growing candidate pool and falling starting salaries."

"As the holiday season ends and the country begins to look towards the Budget, hopefully September creates the business confidence and employment opportunities needed to kick start employers into pushing ahead with growth and investment plans that have been on hold for some time."

Neil Carberry, REC Chief Executive, said:

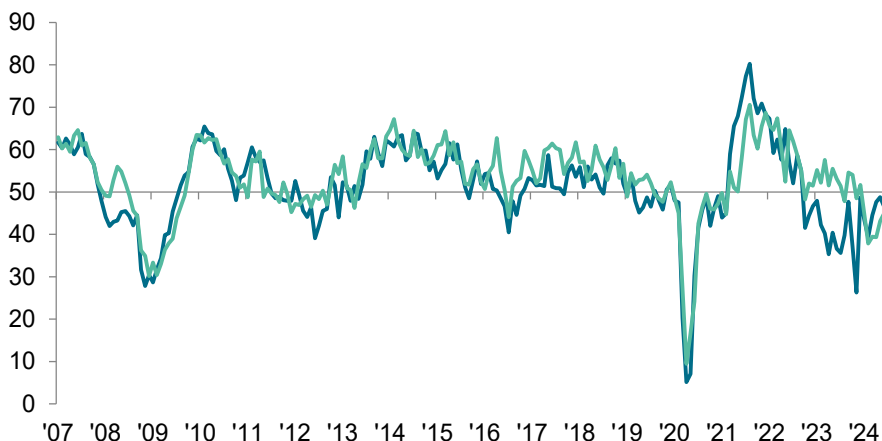
"August is always a difficult market to judge because of the summer break, but this month's survey supports what we have been hearing around the country – employers are still cautious. They are waiting for a clear signal that sustained demand is around the corner. The new government said growth was its main priority – but it needs to deliver now. A vision for a positive, prosperous Britain has to accompany the fiscal realism that is being served up right now. That is the test for the Chancellor and Prime Minister this autumn."

Neil Carberry said:

"It's clear that there is underlying momentum in our jobs market despite bumps in the road, with the drop in temp billings modest in London and the fall in permanent placements across London mirroring the rest of the UK. The rate of permanent starting pay eased to a five-month low in London, which should reassure the Bank that the positive signal of beginning to cut interest rates was the right call. Firms will welcome this – but they are concerned by the potential challenges of the government's labour market agenda. Big changes are possible – but moving too fast and breaking things may damage business investment and opportunities for workers. That is why we are encouraging the government to work with business to design changes that employers can work within, and to reassure them that they aren't taking risks by hiring now. More than anything, as our new 'Voice of the worker' campaign shows, people want to work in a myriad of different ways now – any legal changes must support that, rather than prescribing what approved work is from Whitehall."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



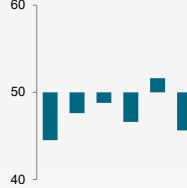
1 Staff appointments

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

Mar - Aug '24

sa, >50 = growth



Fresh and sharp drop in permanent placements

Following a brief respite in July, August data revealed a renewed and sharp fall in permanent placements across the capital. The rate of decrease was the most pronounced since March. The decline in new staff appointments was attributed to a lack of suitable candidates and fewer vacancies.

Permanent Placements Index

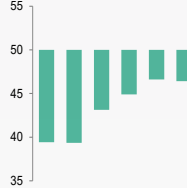
sa, >50 = growth since previous month



Temporary Billings Index

Mar - Aug '24

sa, >50 = growth

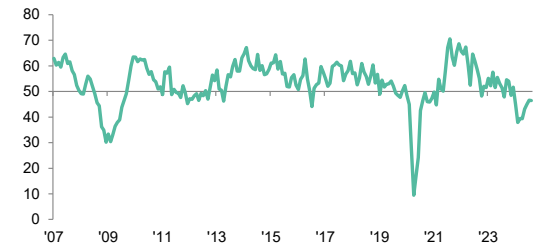


Sustained fall in temp billings

An eighth consecutive monthly drop in billings received from temporary roles was recorded across London in August. The rate of decline was the second-weakest in the aforementioned sequence, only slightly quicker than seen in July, but nonetheless indicated a solid fall.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Aug-24	44.6	45.6	49.5	46.4

Job vacancies

August data pointed to muted demand for labour across London. Permanent vacancies fell following a modest uptick in July, with contractions noted in 17 of the last 18 survey periods.

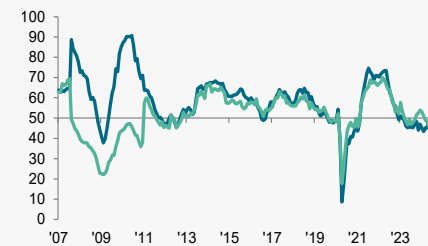
Similarly, temp vacancies rose fractionally across London in July, but demand stagnated during the latest survey period.

Vacancies Index

■ Permanent

■ Temporary

sa, >50 = growth since previous month

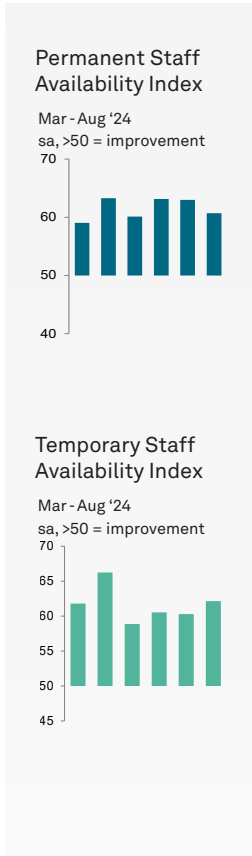


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Aug-24	49.0	49.6	49.2	50.0

2 Staff availability

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



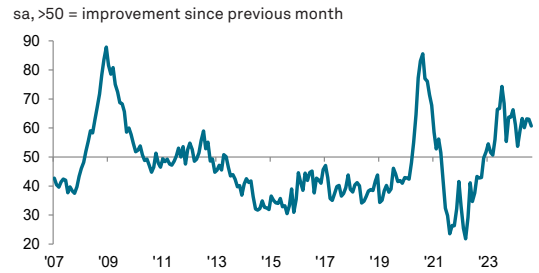
Marked expansion in permanent staff supply

Permanent staff supply continued to expand across the capital during August. The rate of growth, while easing to a three-month low, was rapid overall and the second-strongest of the four monitored English regions. Recruiters noted that redundancies and a surge of senior candidates drove up supply.

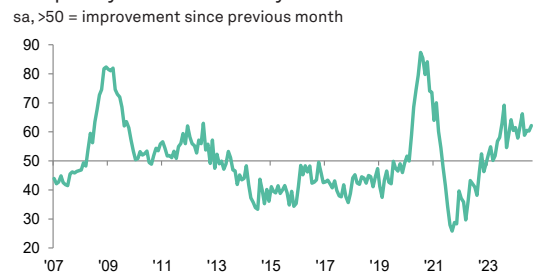
Temp staff supply increases rapidly

A marked rise in temp staff supply was recorded across London during August, thereby extending the current run of growth to 20 months. The rate of expansion ticked up to a four-month high and was the strongest of the four tracked English regions for the second month running. According to anecdotal evidence, full-time workers looking to add a part-time job to supplement their income was said to have partly driven up the availability of short-term staff.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Aug-24	59.8	60.7	59.9	62.2

3 Demand for skills

Skills in short supply: Permanent staff

Blue Collar	Nurses
Drivers	Occupational Therapist
Construction	Paramedics
Quantity Surveyors	Physiotherapist
Engineering	Social Workers
Engineers	Support Workers
Executive/Professional	Retail
Human Resources	E-commerce
Mid management	Other
PR	Import/Export Clerk
Project Managers	Multilingual Customer Service
Hotel & Catering	Multilingual Sales
Chefs	
Hospitality	
Nursing/Medical/Care	
Carers	
Doctors	

Skills in short supply: Temporary staff

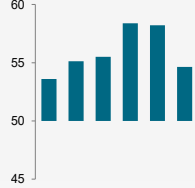
Blue Collar
Carpenters
Executive/Professional
Marketing
Hotel & Catering
Chefs
Hospitality
Nursing/Medical/Care
Physiotherapist
Social Workers
Other
Training

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

Mar - Aug '24
sa, >50 = inflation



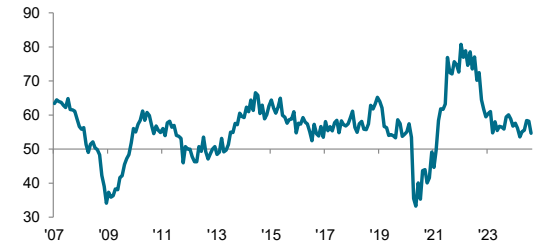
Permanent salary growth eases notably

Salaries for permanent new joiners continued to rise sharply across the capital during August, thereby extending the run of increase that began in March 2021. Recruiters noted that businesses drove up their pay in order to secure suitably-skilled workers. That said, the rate of inflation eased to a five-month low and measured below the long-run average.

Salaries across the UK as a whole for permanent new joiners rose at a broadly similar rate as observed in London.

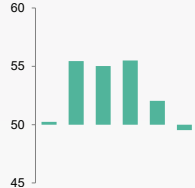
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Mar - Aug '24
sa, >50 = inflation

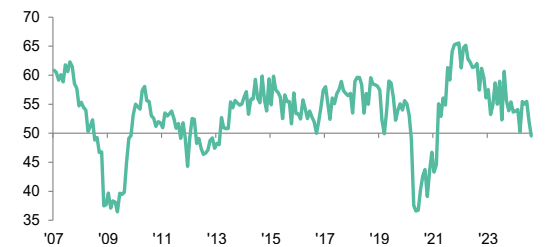


Fresh fall in temp wages

For the first time in three-and-a-half years, temp wages for short-term workers fell across the capital in August. The rate of decrease was fractional overall. London and the South of England were the only two regions to record a fall in hourly pay rates.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Aug-24	54.4	54.6	50.7	49.5

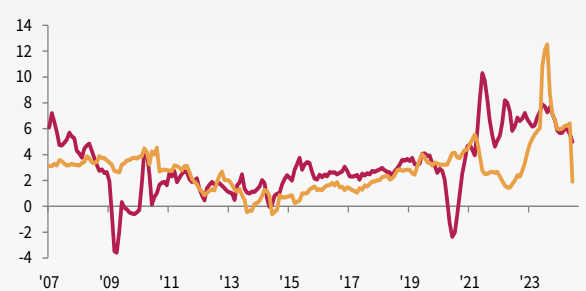
Official data: UK average weekly earnings

Total employee earnings (including bonuses) rose by 4.5% compared to a year ago in June, the lowest annual increase recorded since November 2021.

Whilst there was a softening in private sector earnings growth to 5.0%, from 5.6% in May, the more noticeable slowdown came from the public sector where earnings rose by just 1.9% on the year in June, down sharply from 6.4% in the previous month.

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 across the UK continued to decrease midway through the third quarter, thereby extending the current sequence of decline that began in October 2022. The contraction deepened from July, and was the most pronounced since March. All four monitored English regions noted a fall in permanent staff appointments, with the strongest downturn seen in the South of England.

Meanwhile, temp billings fell for the second successive month across the UK in August, albeit only marginally. There were diverging regional trends during the latest survey period, with the Midlands and North of England recording increases in temp billings, while there were sustained contractions in London and the South of England.

Candidate availability

Permanent staff availability increased across the UK at a marked pace during August, though the rate of growth eased to a six-month low. The expansion in the supply of permanent workers was led by the South of England, while upturns in staff availability were also recorded in the three remaining English regions.

Concurrently, temporary staff availability rose across the UK at the sharpest rate since April. With the exception of the North of England, all monitored English regions saw a quicker rise in the supply of temporary workers, with the fastest uptick seen in London.

Pay Pressures

Permanent starting salaries across the UK increased at a slower pace in August, as the rate of inflation eased to the softest in five months. The North of England saw the steepest rise in staff starting salaries, with the slowest increases in the Midlands and South.

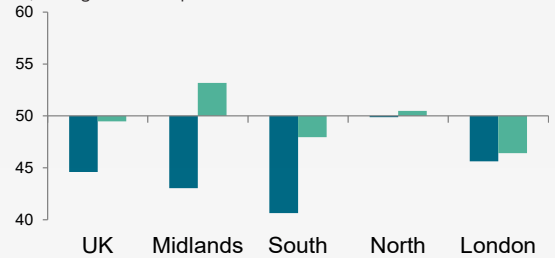
At the same time, hourly pay rates for temporary staff at the UK level rose at a marginal pace that was the slowest since the current sequence began in March 2021. There were softer increases in temp pay rates in the Midlands and North of England, while the South of England and London recorded falling temp pay.

August 2024

■ Permanent
■ Temporary

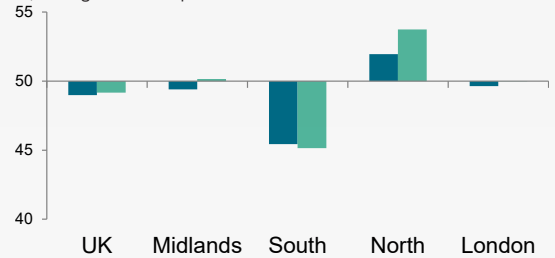
Staff Appointments

sa, >50 = growth since previous month



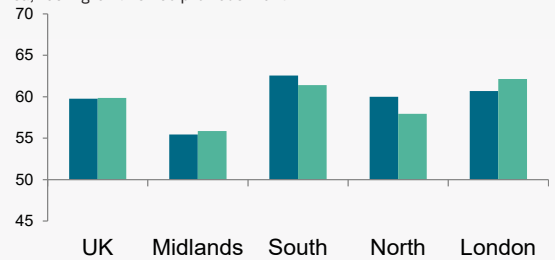
Vacancies

sa, >50 = growth since previous month



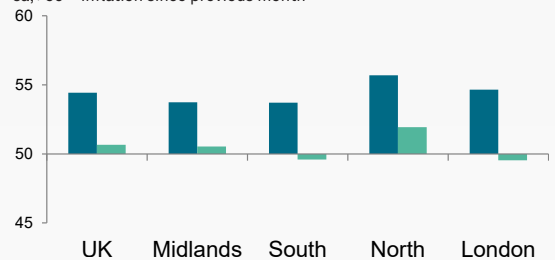
Staff Availability

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 12-23 August 2024.

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