

KPMG and REC, UK Report on Jobs: London

Slowest fall in permanent placements for three months

47.5

PERMANENT PLACEMENTS INDEX
OCT '24

43.6

TEMPORARY BILLINGS INDEX
OCT '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.

Downturns in permanent placements and temp billings soften

Demand for labour deteriorates

Permanent starting salary inflation nearly stalls

Commenting on the latest survey results, Anna Purchas, London Office Senior Partner at KPMG UK, said:

“As is the case across the country, many London firms held back on hiring knowing that the Autumn Budget could change the cost of taking on staff. The Chancellor’s National Insurance increase did just that.”

“An interesting finding is that London’s labour market remains more resilient than other parts of the UK. There’s variation by sector, but overall, the capital is experiencing a much milder decline in permanent hires and even a slight rise in pay for temporary roles which bodes well should firms start putting 2025 recruitment plans into action now the broader economic picture is clearer.”

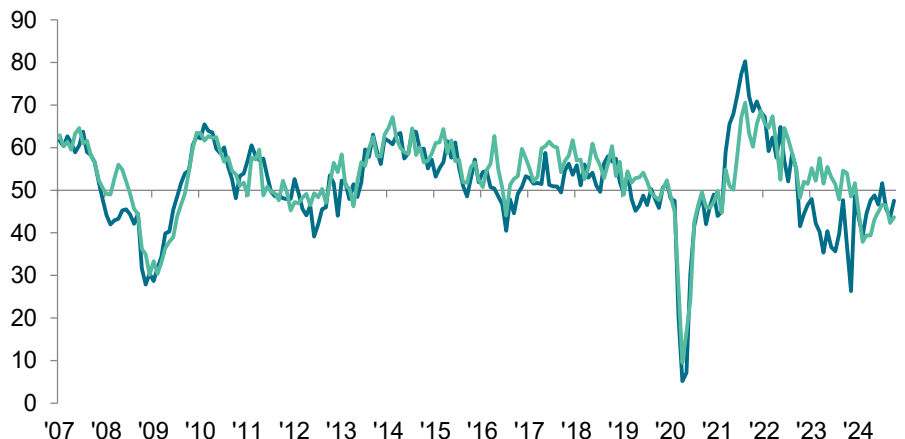
Neil Carberry, REC Chief Executive, said:

“These figures are a timely reminder that demand from employers for new staff has weakened since the election – though the overall picture remains resilient by comparison to pre-pandemic. And there was a more robust performance in London, which is often a bellwether. But things now stand in the balance – firms need to be persuaded to invest, with recent changes to NI thresholds, the minimum wage and prospective changes to employment law all causing concern. Firms will be looking for the Government to deliver a clear, stable growth plan and detailed regulatory changes that enable firms rather than put them off over the next few months. Temporary work in particular is a fantastic way of helping people take steps out of inactivity, and the threat of new employment laws undermining opportunities for workers must be addressed.”

“Permanent salary inflation cooling in London suggests the Bank of England should not step away from further cuts to interest rates, which will also boost business confidence. And data on shortage sectors across the UK is a timely reminder that delivering on a skill strategy that is aligned to business needs is one of the biggest things Government and businesses could achieve working together.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

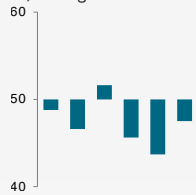


1 Staff appointments

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

May - Oct '24
sa, >50 = growth



Downturn in new permanent joiners softens notably

Recruiters across London recorded a fall in permanent placements during the latest survey period. Excluding July, the respective seasonally adjusted index has printed in contraction territory in each month since October 2022. Anecdotal evidence suggested that many companies paused hiring in anticipation of clarity from the Autumn Budget. The rate of decrease was solid, but eased considerably from September and was the weakest among the four monitored regions in England.

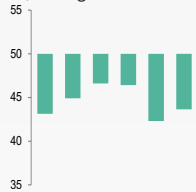
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

May - Oct '24
sa, >50 = growth

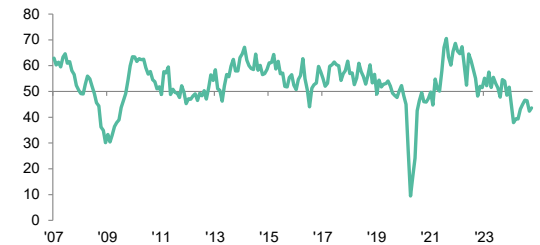


Temp billings reduced sharply

Temp billings were reduced for a tenth straight month across London in October. Though moderating slightly compared to the previous month, the rate of decrease was rapid and exceeded the UK-wide average. The latest drop was primarily attributed to a lack of new business at companies, leading to non-renewals of contracts, along with a general hiring hiatus as companies waited for the outcome of the budget.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Sep-24	44.9	43.7	46.9	42.3
Oct-24	44.1	47.5	46.3	43.6

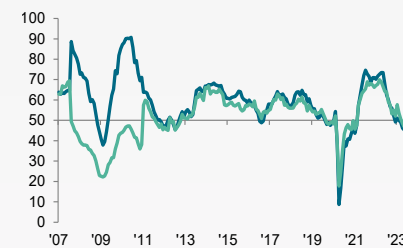
Job vacancies

Demand for labour further deteriorated across the capital in October. Both permanent and temporary vacancies experienced sharper reductions compared to the previous month, with temporary positions registering the most significant drop since July 2020.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

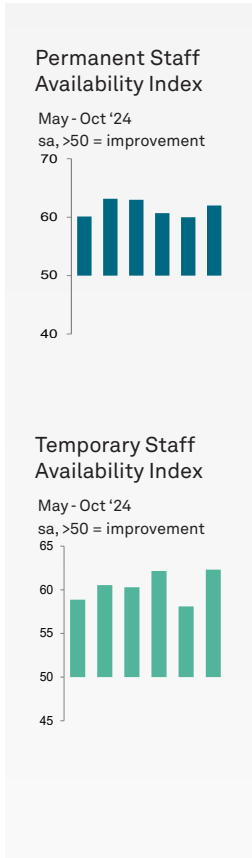


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Sep-24	47.6	47.3	47.8	46.4
Oct-24	46.1	46.6	46.6	45.2

2 Staff availability

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



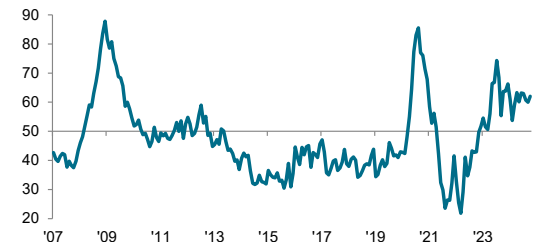
Marked and quicker expansion in permanent staff supply

October data revealed a marked rise in the number of permanent candidates available in London, thereby stretching the current streak of growth to nearly two years. Additionally, the rate of increase reached a three-month high, with London experiencing the strongest rise among the four monitored English regions. This upturn was widely attributed to redundancies.

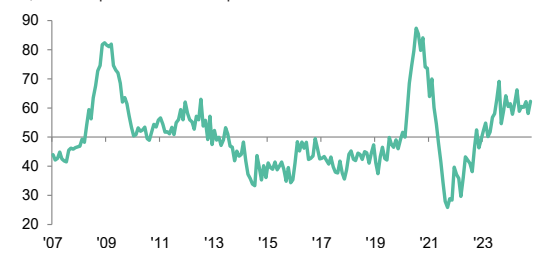
Availability of temp workers rises at strongest pace in six months

Stretching the trend that started in January 2023, London recruiters noted an increase in the availability of temporary staff in October. The rate of expansion accelerated to the fastest since April and was robust. All four monitored English regions reported marked and sharper increases in October, with London at the forefront of this upturn. Recruiters often commented on reduced demand for temporary workers which led to an excess supply of candidates.

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
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
Sep-24	58.9	60.0	57.9	58.1
Oct-24	59.1	62.0	61.3	62.3

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial	Hotel & Catering
Accountants	Chefs
Auditors	Hospitality
Estimators	IT/Computing
Purchase Ledger	Digital
Blue Collar	Technical Roles
Drivers	Nursing/Medical/Care
Construction	Carers
Quantity Surveyors	Doctors
Engineering	Medical
Electrical Engineers	Nurses
Engineers	Occupational Therapist
Mechanical Engineers	Paramedics
Executive/Professional	Physiotherapist
Commercial Manager	Social Workers
Mid-senior Management	Support Workers
Project Managers	

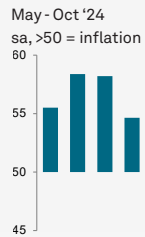
Skills in short supply: Temporary staff

Construction
Labourers
Quantity Surveyors
Engineering
Electrical Engineers
Mechanical Engineers
Hotel & Catering
Chefs
Hospitality
Nursing/Medical/Care
Physiotherapist
Social Workers
Support 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

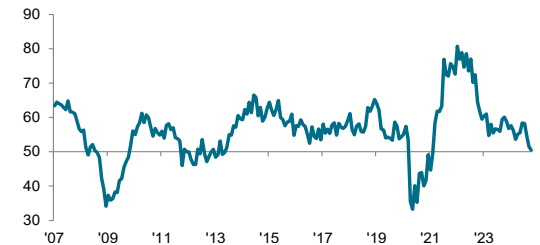


Permanent salary inflation cools

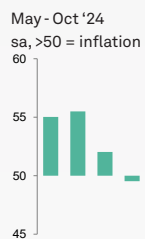
Salaries awarded to new permanent hires rose across London during October, albeit only marginally. The pace of salary inflation eased for a fourth month running to the weakest in the current 44-month sequence of inflation. While some companies were willing to offer higher salaries to attract the right skill sets, the excess supply of workers and fears of increased taxes led others to be more stringent with their offers.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

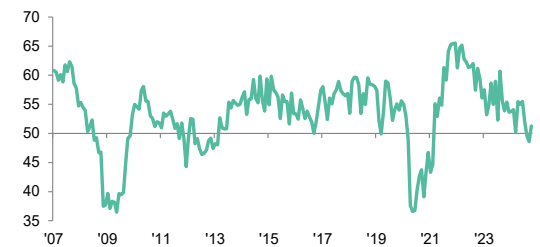


Fresh rise in temp wages

Following two consecutive months of decline in pay rates for short-term staff, London experienced a renewed increase in October. This rise in temporary wages aligned with a fresh increase at the UK level. According to recruiters, businesses adjusted their hourly rates to keep pace with inflation.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

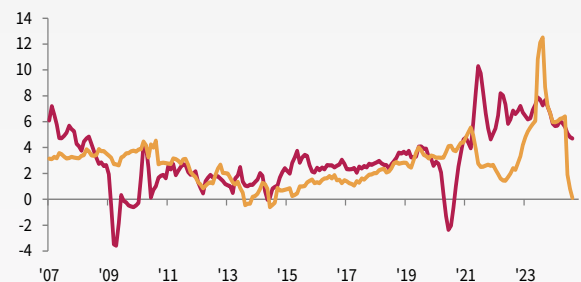
	Permanent		Temporary	
	UK	London	UK	London
May-24	55.5	55.5	55.8	55.0
Jun-24	57.1	58.4	53.7	55.5
Jul-24	56.5	58.2	50.9	52.0
Aug-24	54.4	54.6	50.7	49.5
Sep-24	52.8	51.5	49.9	48.6
Oct-24	52.5	50.5	51.5	51.3

Official data: UK average weekly earnings

Average overall employee earnings continued to rise on an annual basis in August, although the rate of inflation maintained its recent downward trend, falling to 3.8%. That was down from 4.1% and marked the weakest increase since November 2020.

Private sector earnings growth also maintained a downward trend, slipping to 4.7% (from 4.8%). That was the slowest increase since November 2021. As one-off payments made to NHS and civil service staff in 2023 continue to fall out of annual comparisons, public sector earnings growth subsequently remained weak, declining in August to just 0.1%. That was the weakest pace of growth since August 2014.

UK average weekly earnings ■ private ■ public
%/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 decreased again across the UK during October. Moreover, the rate of decline was marked and the most pronounced since March. All four monitored English regions saw permanent placements fall at the start of the final quarter of the year. The sharpest reduction was in the South of England, with the slowest decline in London.

Recruitment agencies across the UK also saw a reduction in temporary billings during October, extending the current period of decline to four months. Although softer than seen for permanent placements, the fall in temporary billings was solid and the fastest since March. Temporary billings decreased in the South of England and in London, but rose in the North and Midlands.

Candidate availability

With placements of permanent staff falling sharply, candidate availability for permanent positions continued to increase across the UK during October. The latest marked rise was broadly in line with that seen in September. Higher candidate numbers were seen across each of the monitored regions, led by London. The slowest increase in permanent staff availability was recorded in the Midlands.

October data pointed to a sharp and accelerated increase in the number of candidates for temporary roles in the UK, with the rate of accumulation strengthening to the most marked in close to four years. Stronger increases in temporary candidate numbers were registered in each of the four English regions, with the North posting the largest rise since December 2020.

Pay Pressures

October data signalled a further slowdown in the pace of starting salary inflation across the UK, the fourth consecutive month in which this has been the case. As a result, the latest increase was the weakest in the current 44-month sequence of inflation. By far the sharpest rise in starting salaries was in the Midlands, with modest increases seen elsewhere.

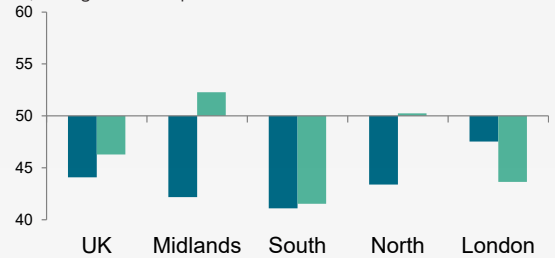
After having been broadly unchanged in the previous survey period, temporary pay rates increased in the UK in October. The rate of inflation was only modest, however, and much weaker than the series average. For the first time in four months, all four monitored English regions posted a rise in temporary pay rates. The sharpest uptick in hourly wages was in the Midlands, with the softest in the South.

October 2024

■ Permanent
■ Temporary

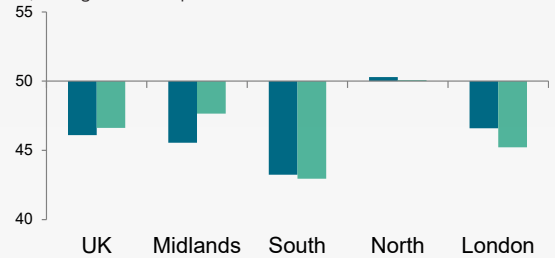
Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



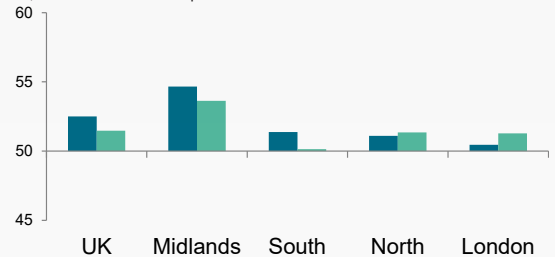
Staff Availability

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 10-25 October 2024.

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