November 2024 job market report

“What’s the UK job market like?”

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

The **full report is posted here**

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented: “Uncertainty over the Autumn Budget saw businesses continue to put hiring plans on hold during October leading to the steepest contraction in permanent staff appointments since March. While businesses are still willing to pay more for top talent, the growing pool of available candidates means salary inflation was at its weakest since early 2021.”

Neil Carberry, REC Chief Executive, said:

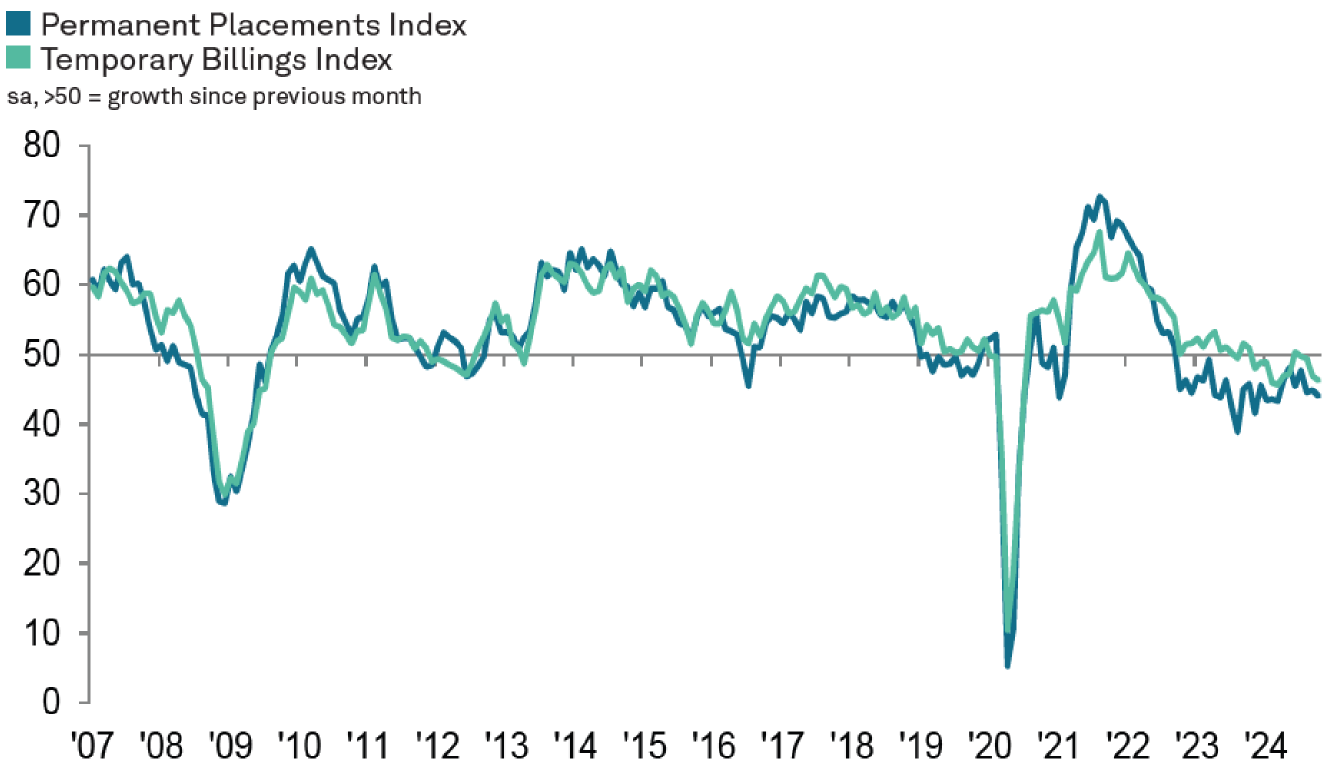
“These figures are a timely reminder that demand from employers for new staff has weakened since the election – though the overall picture remains resilient by comparison to pre pandemic. But things now stand in the balance – firms need to be persuaded to invest, with recent changes to NI thresholds, the minimum wage and prospective changes to employment law all causing concern.”

Key findings are:

- **October sees further decline in staff appointments**
- **Permanent salary growth continues to soften in October**
- **Vacancies fall at accelerated rate**
- **Staff availability rises again**
- **ONS vacancy stats at lowest level since May 2021**
- **All sectors recorded a fall in permanent vacancies and the steepest declines were seen in Retail, IT & Computing and Executive/Professional**
- **All four monitored English regions saw permanent placements fall**

Appointments

Accelerated decline in permanent placements



October’s survey data indicated a twenty-fifth consecutive month of decline in permanent placements, with the latest drop being the most pronounced since March.

Respondents highlighted recruitment freezes at client firms due to low business confidence, with some attributing this uncertainty to the timing of the late October government Budget.

The decrease in permanent placements was observed across England, with the South experiencing the most significant decline, while London saw the mildest contraction.

Vacancies

Vacancy numbers down at accelerated rate

Continuing the year-long trend of contraction, vacancy numbers fell once more in October. Additionally, a third consecutive monthly drop in the corresponding index, down to 46.1 from 47.6 in September, signalled an accelerated contraction rate, marking the sharpest decline since January 2021.

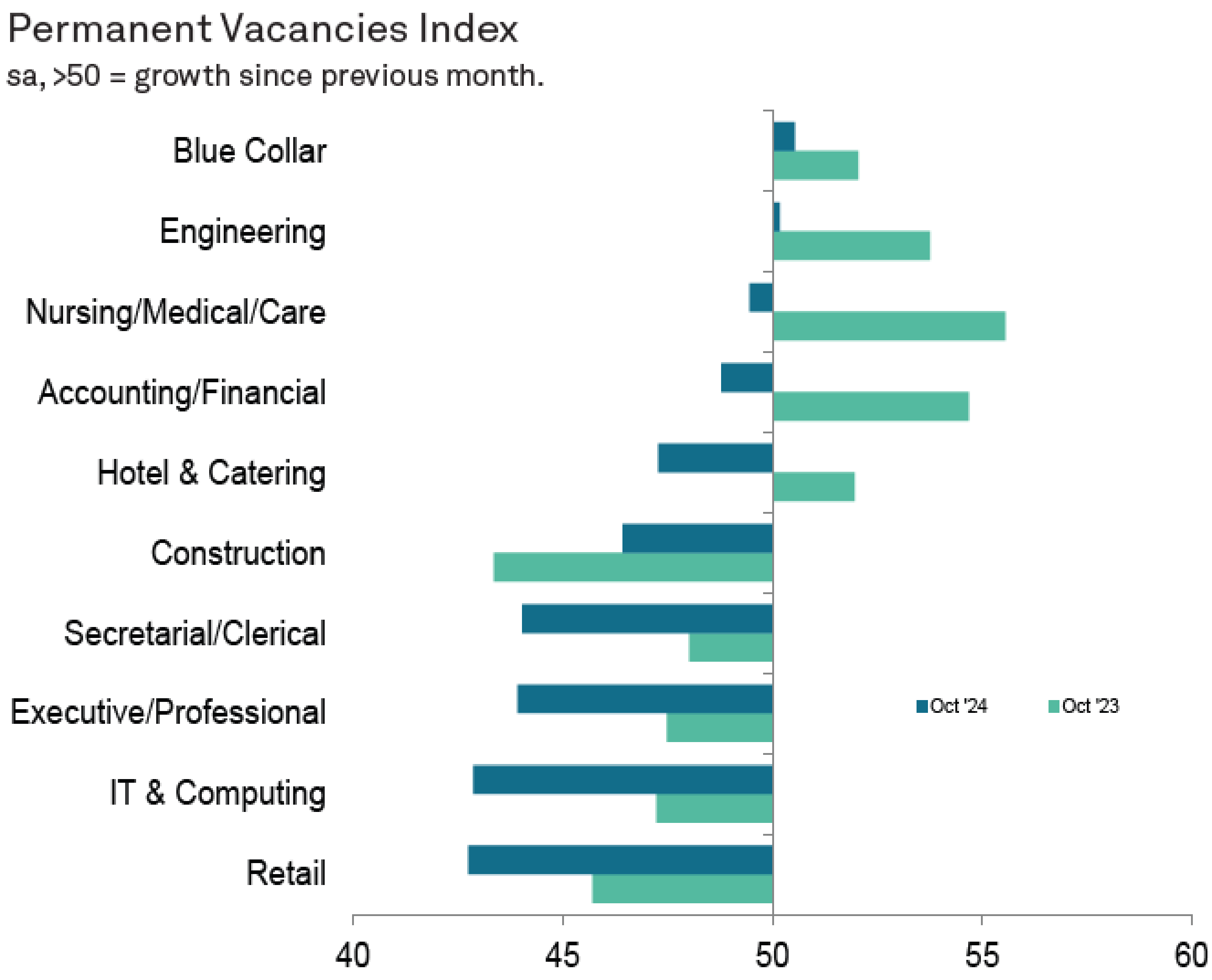
Permanent & Temporary Vacancies

Permanent vacancies saw a decline in October at their fastest rate since early 2021. The latest figures indicate the fourteenth consecutive month of reduced permanent vacancies. Temporary vacancies also recorded a drop for the third month in a row, with this contraction marking the sharpest in over four years.

Public & Private Sector Vacancies

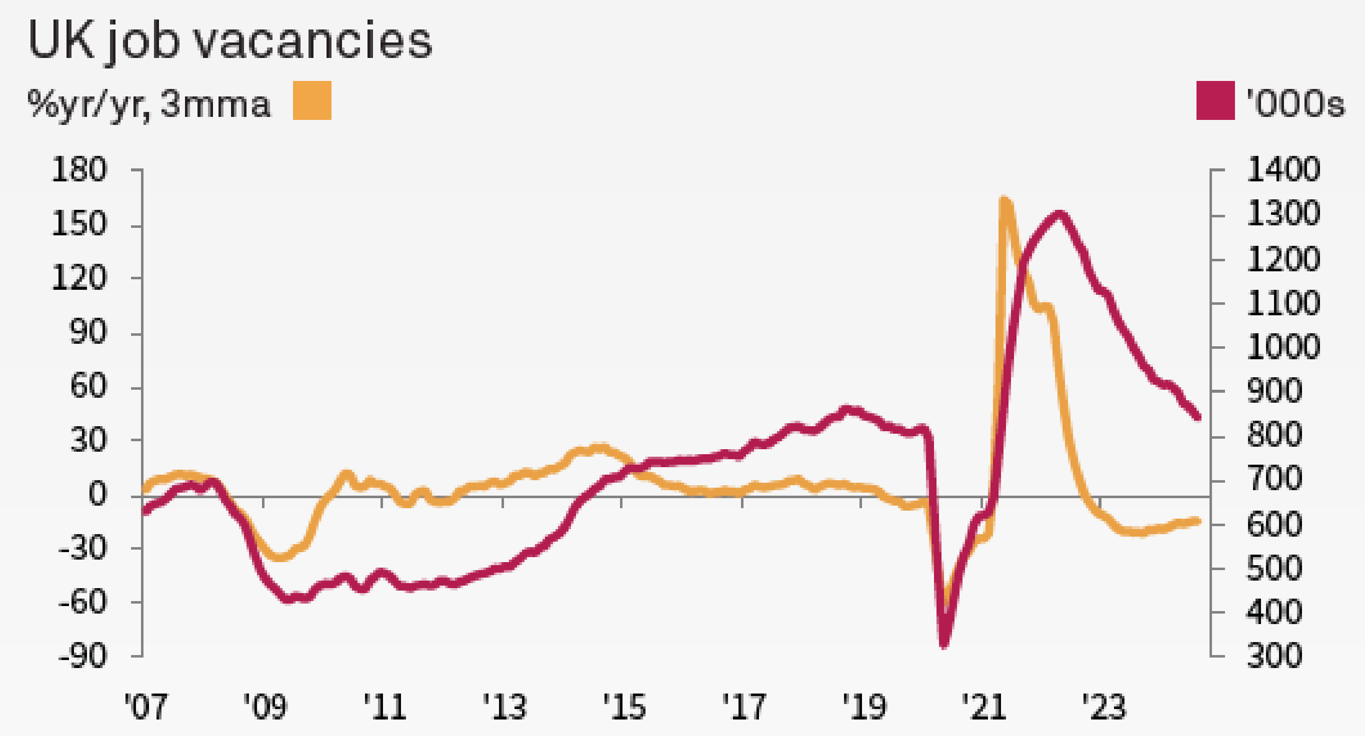
October's survey data indicated declines in private sector vacancy numbers for both permanent and temporary roles, with both areas experiencing relatively modest contractions. Demand for public sector workers, both permanent and temporary, also fell in October, with the pace of contraction increasing across all categories.

Apart from slight growth in the Blue Collar and Engineering sectors, all industries experienced a decrease in permanent vacancies during October. The most significant declines occurred in Retail, IT & Computing, and Executive/Professional sectors.



ONS Data

Office for National Statistics figures show continuing a twenty-seventh consecutive period of decline, UK vacancy numbers remained on a downward path in the three months leading to September. Overall, vacancies fell by 34,000 compared to the three months ending in June, bringing the total to 841,000—the lowest level since the three months to May 2021.



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

Staff availability

Steeper rise in overall staff availability

The seasonally adjusted Total Staff Availability Index edged up in October to 59.2 (from 58.8 the previous month), reflecting a further increase in overall staff supply. This marks the twentieth consecutive month of growth. October saw significant increases in the availability of both permanent and temporary workers.

Permanent staff availability continued to rise in October, marking the twentieth month of consecutive growth. The expansion rate was notably high and accelerated compared to September. Widespread redundancies and decreased demand contributed significantly to the increase in jobseekers.

Growth in permanent staff supply was evident across England, though at differing levels. London experienced the most significant rise, followed by the North, while the Midlands saw the slowest growth.

Pay pressures

Weakest rise in perm salaries since early 2021

Permanent starting salaries rose again in October; however, the rate of salary inflation continued its recent decline, dropping for the fourth consecutive month to its lowest point since February 2021.

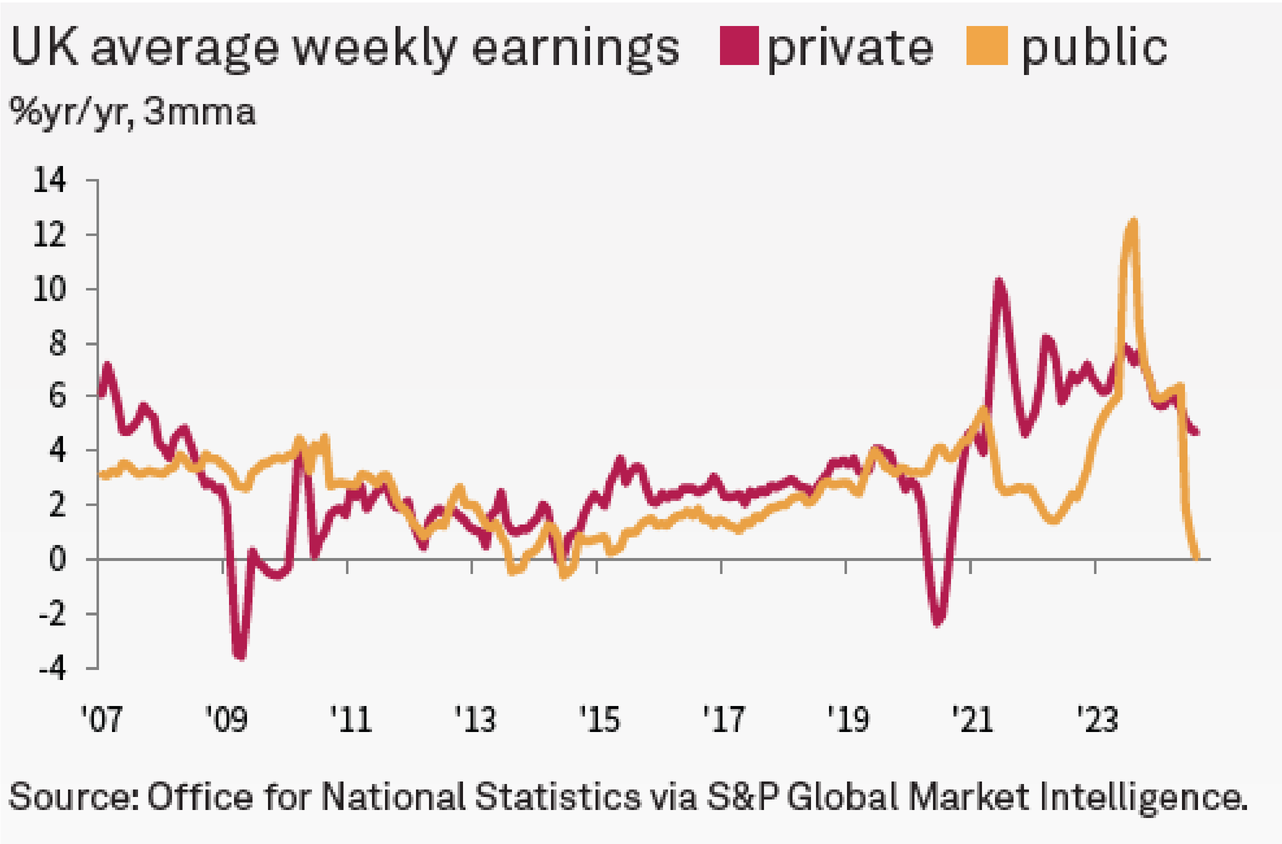
Salary increases were primarily attributed to competition for high-quality candidates in key positions.

London saw only a slight increase in salaries, while the Midlands recorded more substantial growth.

ONS Data

According to the latest data from the [Office for National Statistics (ONS)](), average employee earnings continued to increase annually in August, though the rate of inflation declined further to 3.8%, down from 4.1%—the slowest rise since November 2020.

Private sector earnings growth also followed this downward trend, easing to 4.7% from 4.8%, marking the slowest growth since November 2021. With one-off payments to NHS and civil service staff from 2023 dropping out of annual comparisons, public sector earnings growth remained weak, decreasing to just 0.1% in August, the slowest pace since August 2014.



London job market

KPMG and REC also produce a London job market analysis.

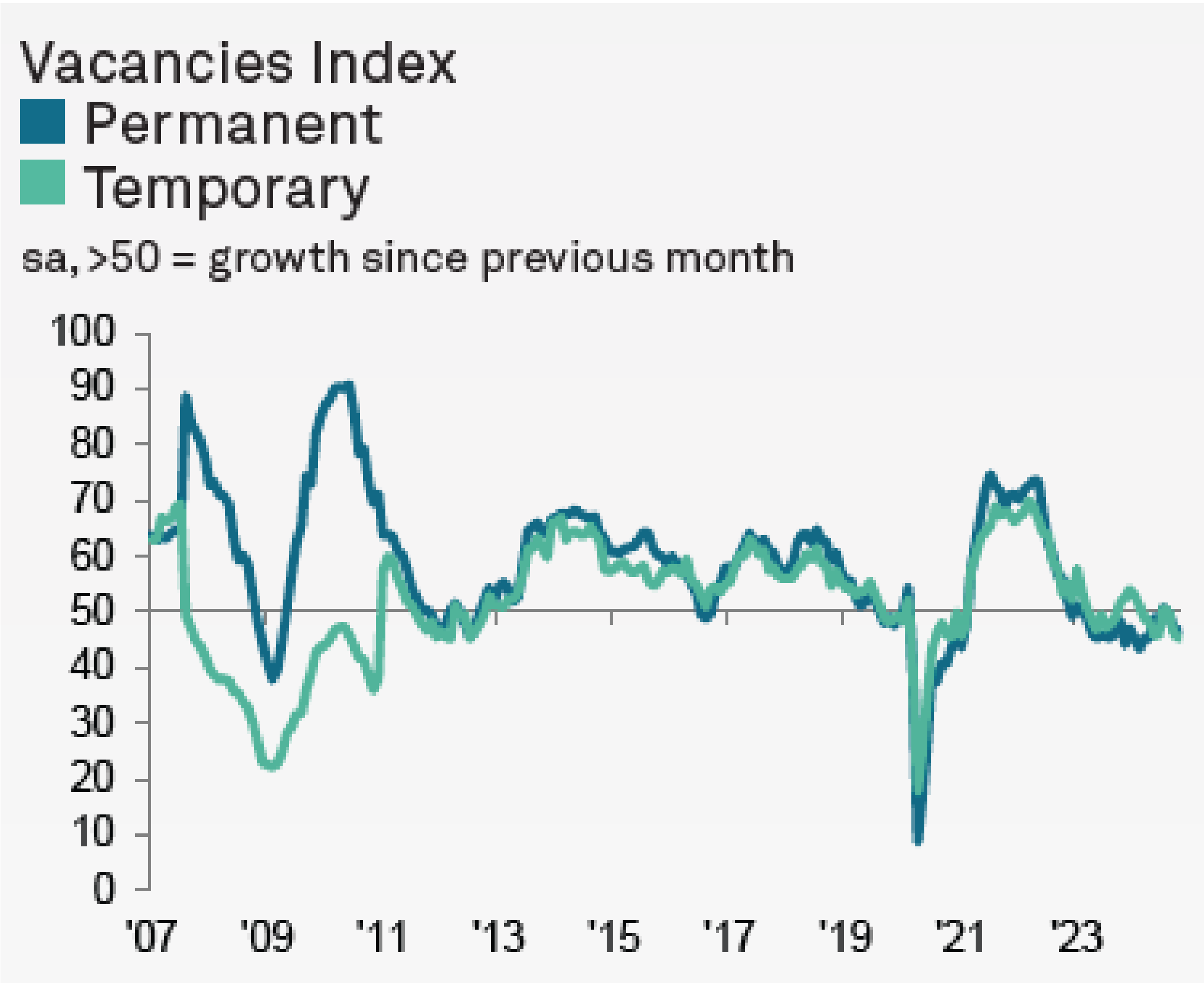
Slowest fall in permanent placements for three months

Recruiters in London reported a decline in permanent placements during the latest survey period. Apart from July, the seasonally adjusted index has indicated contraction every month since October 2022.

Reports suggest that many firms paused hiring while awaiting clarity from the Autumn Budget. Although the rate of decrease was substantial, it slowed significantly from September and was the mildest among the four monitored regions in England.

Job vacancies

However Labour demand continued to weaken across the capital in October. Both permanent and temporary vacancies saw accelerated declines compared to the previous month, with temporary roles experiencing the steepest drop since July 2020.



Staff availability

October data showed a significant rise in the availability of permanent candidates in London, extending the nearly two-year growth trend. The increase reached a three-month high, with London recording the strongest growth among the four monitored English regions, largely attributed to redundancies.

Permanent salary inflation cools

Salaries for new permanent hires in London increased slightly in October, though the pace of inflation slowed for the fourth consecutive month, marking the weakest point in the current 44-month inflation trend. While some firms were prepared to offer higher pay to secure specific skill sets, the surplus of available candidates and concerns over potential tax hikes prompted others to exercise caution with salary offers.

Regional comparison

Staff Appointments

Permanent placements across the UK continued to decline in October, with the pace of reduction intensifying to its steepest since March. All four monitored English regions recorded declines in permanent placements as the final quarter began, with the South of England experiencing the most substantial drop and London the mildest.

UK recruitment agencies also reported a drop in temporary billings in October, marking the fourth consecutive month of decline. Although the reduction in temporary billings was less severe than that for permanent placements, it was still notable and the fastest since March. Temporary billings fell in both the South of England and London but increased in the North and Midlands.

Candidate Availability

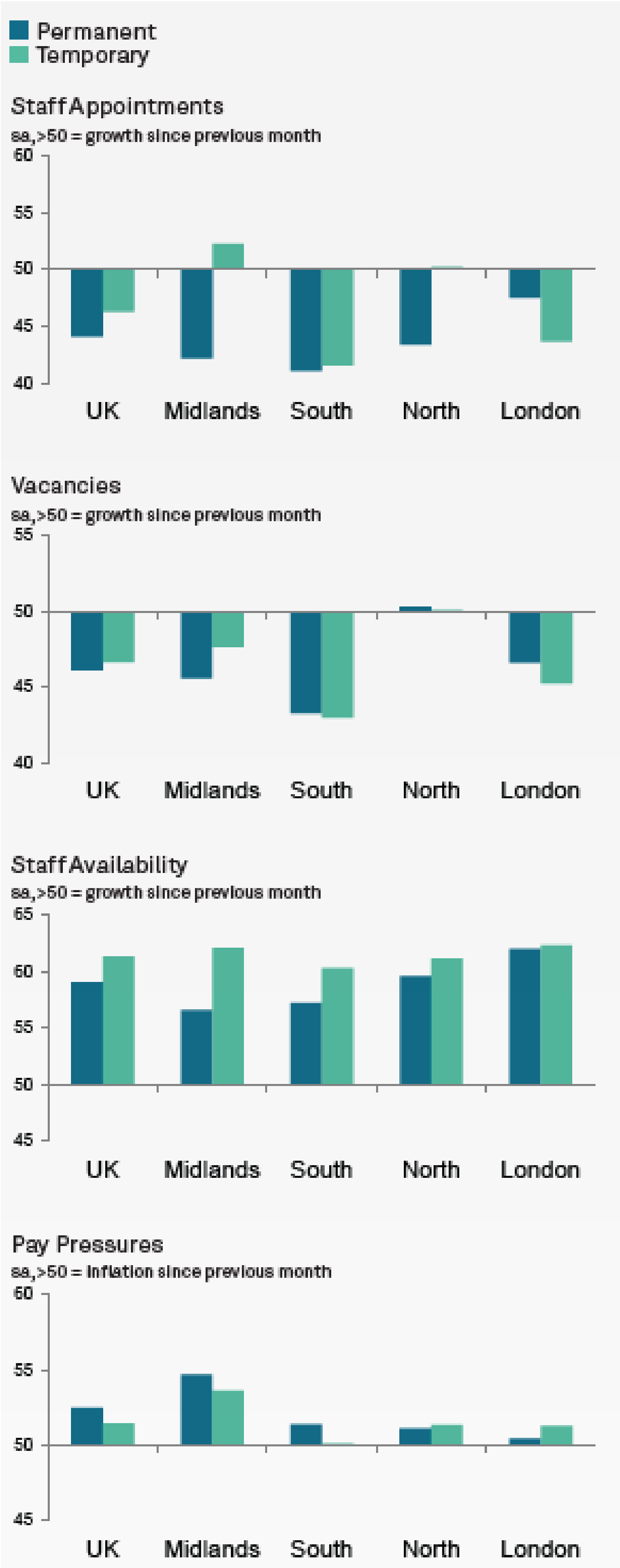
With permanent staff placements declining significantly, the availability of candidates for permanent roles continued to grow across the UK in October. This substantial increase was similar to that of September, with all monitored regions seeing higher candidate numbers, led by London, while the Midlands recorded the slowest growth.

October data also indicated a sharp and accelerated rise in candidates for temporary roles in the UK, reaching the highest accumulation rate in nearly four years. All four English regions saw stronger increases in temporary candidate numbers, with the North experiencing its largest rise since December 2020.

Pay Pressures

October data indicated a continued slowdown in the rate of starting salary inflation across the UK, marking the fourth consecutive month of easing. Consequently, this latest increase was the weakest in the current 44-month inflation trend. The Midlands saw the most significant rise in starting salaries, while other regions reported more modest gains.

After remaining stable in the previous survey period, temporary pay rates in the UK rose in October. However, the rate of inflation was modest and well below the series average. For the first time in four months, all four monitored English regions reported increases in temporary pay rates, with the Midlands experiencing the strongest rise in hourly wages and the South the mildest.


Permanent
Temporary
Staff Appointments
sa, >50 = growth since previous month
60
55
50
45
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UK
Midlands
South
North
London
Vacancies
sa, >50 = growth since previous month
55
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UK
Midlands
South
North
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Staff Availability
sa, >50 = growth since previous month
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UK
Midlands
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Pay Pressures
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The Prism Executive Recruitment perspective: management consultancy recruitment

Examination of the Decline in the Management Consulting Job Market

The job market for management consulting has clearly declined. Since mid-2023, the Big Four and other leading consultancies, including typically resilient strategy firms, have publicly announced redundancies. Numerous smaller firms have been quietly reducing their permanent teams or associates.

At present, few consulting employers have sufficient vacancies to absorb the large number of unemployed management consulting professionals.

In May 2024, headlines highlighted "PwC asks for silence from departing staff in programme of UK job cuts," signalling another significant round of voluntary redundancies.

In June, it was reported that "Consultants to lose £3bn of UK government work under plan to halve advisory spend."

By July 2024, the Financial Times noted, "UK consultant numbers shrink as companies cut back on external advice. Headcount fell 3% last year with firms axing jobs and moving staff as post-pandemic boom fades."

In October, "Deloitte axes 250 UK employees in performance-related cull."

Reasons for the Downturn:

1. **Overly Optimistic Hiring in 2022:** Many firms hired extensively, expecting sustained growth that ultimately did not materialise.

2. **Economic Sensitivity:** The consultancy sector is highly responsive to economic shifts; even a mild downturn can prompt hiring freezes and lead to subsequent redundancies.

3. **Cautious Expansion:** Although many firms continue to perform reasonably well, ongoing uncertainty has made them hesitant to increase their headcount.

4. **Sector Growth Slowing:** A Q2 Source Research summary (April 9th) indicates much slower growth within the sector, which sheds light on the mixed market signals.

Other Indicators:

In related news:

- **NatWest UK Regional Growth Tracker** for October 2024 states just over half of the 12 UK nations and regions saw a rise in business activity in October, down from 11 in September, with Budget uncertainty given as a primary reason

- The **S&P Global UK Manufacturing Purchasing Managers' Index** from November 1 states "The UK manufacturing economy continued to face rising headwinds at the start of the final quarter of 2024. A lack of market optimism, slower economic growth and concerns about the impacts of possible announcements in the UK Budget were reasons cited.

- The **Lloyds Bank Business Barometer** states overall business confidence was 44%, down from 47% in September albeit It remains above the survey's long-term average of 29%. 54% percent (up from 53%) signalled that they expect to raise their headcount in the next twelve months

- The **BDO Optimism Index** dropped to 99.30 in October, which suggests that optimism is still in positive territory (confusingly >95 = +ve) but below the long-term average, for the first time since April.

- The **IoD Directors' Economic Confidence Index**, which was polled before the Budget Statement and measures business leader optimism in prospects for the UK economy, fell to -52 in October 2024 from -38 in September.

- In November **Reed's job market review** reported: "**127,176 jobs** were posted on Reed.co.uk in October, up by +3% month-on-month (MoM) and down -20% year-on-year (YoY). "

The Page Group, very much an economic bellwether in professional and executive hiring, in a [3rd Quarter trading statement] posted that Group gross profit fell by 13.5% in constant currencies compared to Q3 2023. Most of the Group's markets continued to face challenging conditions, with no indications of recovery. As recruitment budgets have tightened, clients have become increasingly risk-averse, which has prolonged the recruitment process and impacted time-to-hire.

September showed no improvement in market conditions, despite being a crucial month following the typically quieter summer holiday season.

In the UK, gross profit for Q3 declined 13.5% against 2023 to £26.2m, following the decline of 17.4% in Q2.

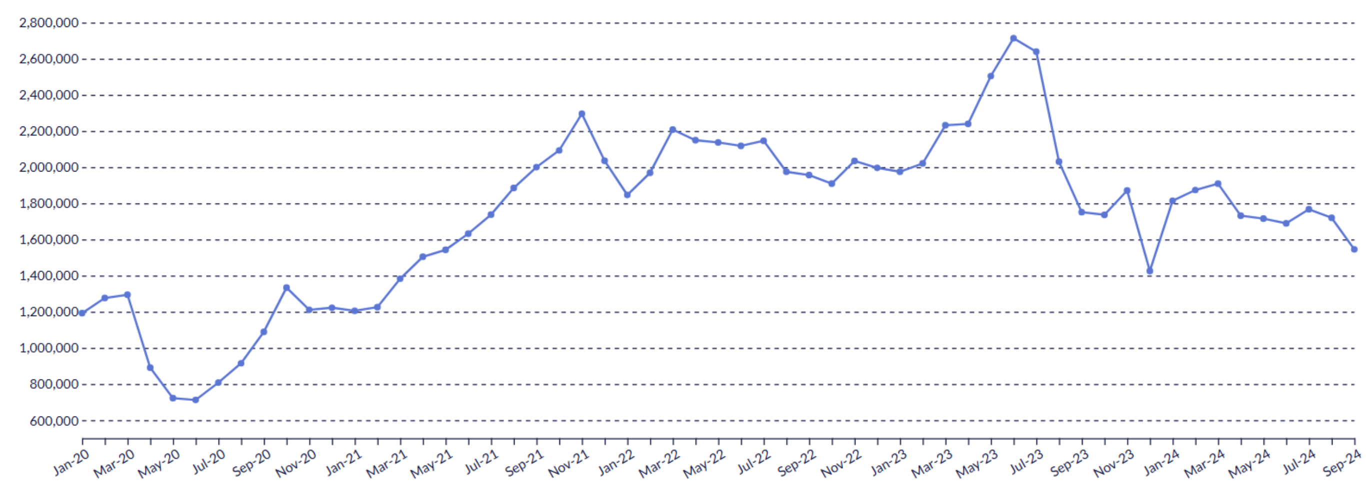
The **Institute for Employment Studies** also published a key analysis in November 2024.

Their briefing note sets out an analysis of the ONS Labour Market Statistics stating "The figures out today send a mixed message about the state of the UK labour market. The positives centre on the improvement in the economic inactivity rate, less good news is the rising unemployment rate to 4.3% and the employment rate falling back to 74.8%. "

The REC's **Labour Market Tracker,** updated in September, shows a further downturn.

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](), published in September for Q4 2024 remains positive.

The data revealed a positive yet cautious hiring intent among the 2,100 UK respondents of the Survey as they moved into the second half of the year.

Globally the UK is above average:

Q4 Hiring Expectations by Country

Seasonally Adjusted Net Employment Outlooks (NEO)

37% India
Strongest NEO

25% Global
Average NEO

4% Argentina
Weakest NEO

India	**37%**	Peru	27%	Taiwan	16%
Costa Rica	36%	Canada	26%	Austria	15%
U.S.	34%	Norway	25%	Poland	15%
Brazil	32%	Finland	23%	Australia	14%
South Africa	32%	Colombia	22%	Puerto Rico	13%
Switzerland	32%	France	22%	Sweden	13%
Guatemala	30%	Germany	22%	Japan	12%
Ireland	30%	Panama	20%	Romania	12%
Mexico	30%	Spain	20%	Türkiye	12%
The Netherlands	30%	Greece	19%	Czech Republic	11%
Singapore	29%	Italy	19%	Chile*	8%
U.K.	28%	Portugal	19%	Hong Kong	8%
Belgium	27%	Slovakia	19%	Israel	8%
China	27%	Hungary	17%	**Argentina**	**4%**

*Chile joined the program in Q2 2024. There is currently no historical data and the data has not been seasonally adjusted.

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