

# KPMG and REC, UK Report on Jobs: London

## Downturn in hiring activity extends into December

44.0

PERMANENT PLACEMENTS INDEX DEC '24

45.1

TEMPORARY BILLINGS INDEX DEC '24

Downturn in permanent placements eases, but remains sharp

Demand for workers deteriorates rapidly

Wage pressures increase as companies search for the right talent

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

*"We're seeing London's businesses make a frugal start to the new year when it comes to recruiting: London firms' hiring decisions in December meant new permanent placements fell for the fifth consecutive month, likely reflecting the increased tax considerations for employers and the capital's upward pressure on pay."*

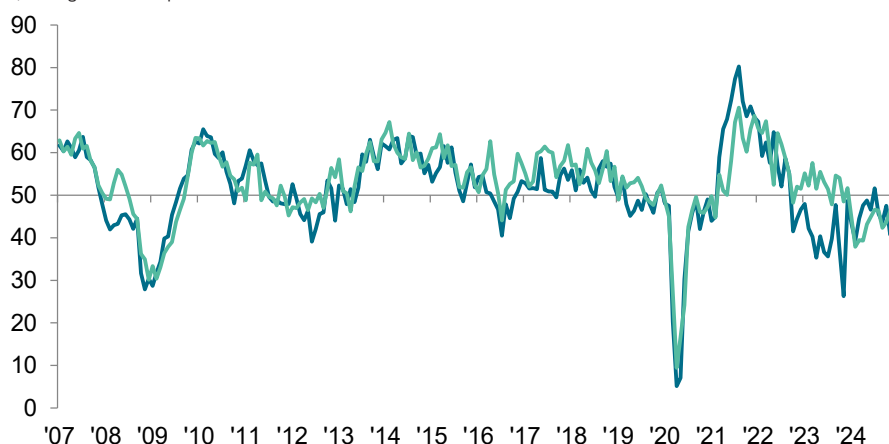
*"But green shoots are starting to show. The rate of the decline in London job openings has eased and is moderate compared to the rest of the UK. While there are plenty of candidates available, they might not have the skills employers are looking for. This means a focus on training to plug the city's skills gaps – particularly in sectors such as healthcare and engineering – will be vital."*

Neil Carberry, REC Chief Executive, said:

*"This report emphasises a weak mood in some businesses as they built their budgets for this year, and made changes designed to save on costs after a tough Budget. That said, sentiment can change quickly. London at least recorded the mildest decline in permanent placements in the country which we hope is a bellwether going into 2025. December is always a hiring low point, and a new year brings new hope – with inflation under control, low unemployment and economic growth expected, the fundamentals are better than many appreciate. It is what happens now, as firms return to the market in January, that will decide the path ahead. Recruitment is one to watch in early 2025 because it is one of the earliest indicators of a broader economic recovery, with any sign of a turn hugely significant with the sector contributing a massive £44.4bn to the UK economy in 2023."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

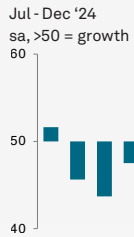


The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

# 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

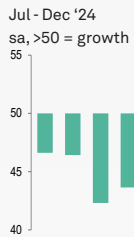


## Rapid decline in permanent placements

Recruiters based in the capital noted a fifth consecutive monthly decline in permanent placements during December. The rate of decrease, while easing on the month remained sharp overall. Economic uncertainty was said to have driven a cautious hiring environment, with the Autumn Budget further contributing to the downturn.

All four monitored English regions recorded a fall in new permanent staff hires. However, London recorded the mildest decline and was the only region where the rate of contraction eased

Temporary Billings Index

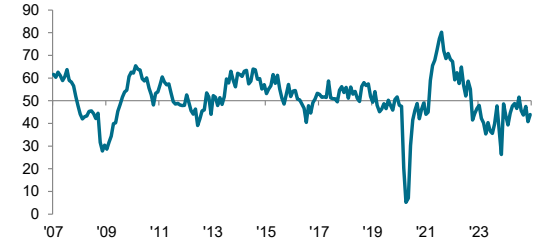


## Downturn in temp billings quickens

A sharp and accelerated fall in temp billings was recorded across London in December, thereby stretching the current run of decrease to a year. The rate of contraction exceeded the UK-wide average. Based on anecdotal evidence, the completion of projects without new business to replace them led companies to decrease their temporary billings.

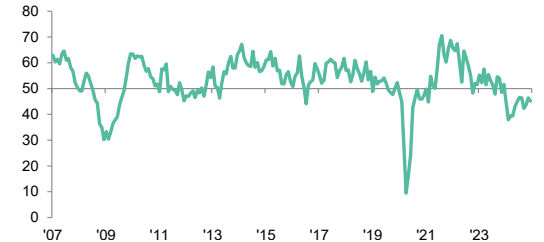
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Nov-24	40.7	40.8	47.7	46.4
Dec-24	39.5	44.0	46.3	45.1

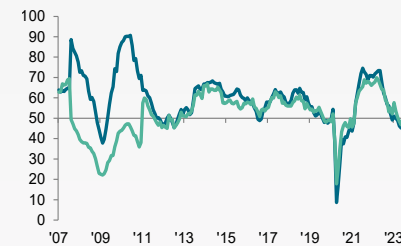
# Job vacancies

As has been the case in each month since last August, December marked a further fall in permanent vacancies across the capital. The respective seasonally adjusted index edged down for a fifth straight month to the lowest since February, and signalled a rapid decline.

Demand for temporary workers also worsened in December, with contractions recorded for a fourth straight month. The pace of decrease was rapid and the most marked since July 2020.

Vacancies Index

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

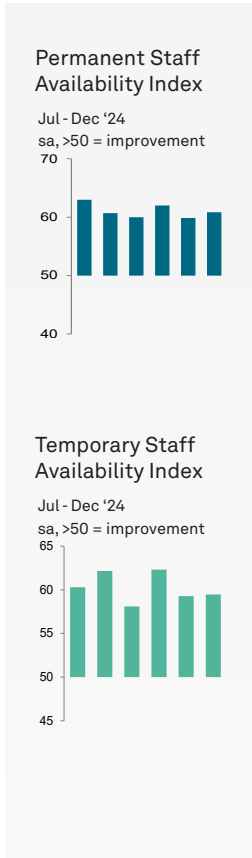


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Nov-24	43.8	45.1	46.2	44.7
Dec-24	42.7	44.5	45.4	44.1

## 2 Staff availability

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



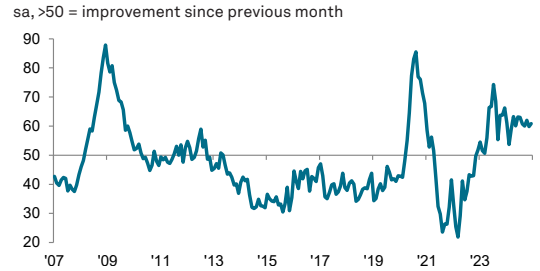
### Supply of permanent candidates expands rapidly

The availability of permanent workers across the capital rose for a twenty-fifth consecutive month in December. The rate of expansion accelerated, broadly aligning with the average observed throughout the current period of growth and across the UK overall. The latest increase was primarily driven by redundancies and a decrease in available work opportunities.

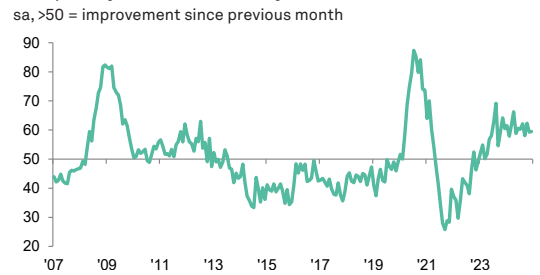
### Sustained and marked rise in temp staff supply

The year ended with a considerable increase in the supply of temporary workers available in London. The rate of growth was largely consistent with that of November and aligned with the UK-wide average. This rise was attributed to the completion of projects, a shortage of new business and redundancies.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Nov-24	59.8	59.9	59.4	59.3
Dec-24	60.7	60.8	59.5	59.5

## 3 Demand for skills

### Skills in short supply: Permanent staff

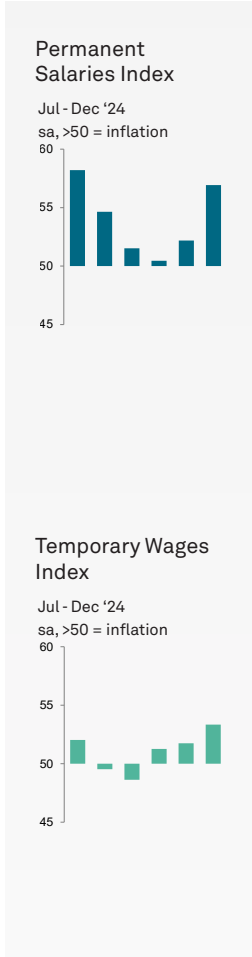
Accounting/Financial	Hospitality
Credit Controllers	IT/Computing
Management Accountants	Digital
Blue Collar	Nursing/Medical/Care
Driver	Carers
Construction	Doctors
Quantity Surveyors	Medical
Engineering	Nurses
Engineers	Occupational Therapist
Oil & Gas	Paramedics
Executive/Professional	Physiotherapist
Business Development	Social Care General
Energy & Renewables	Social Workers
Mid-senior Management	Other
Professional	Commercial Property
Hotel & Catering	Customer Service
Chefs	European Languages
	Qualified Candidates
	Sales

### Skills in short supply: Temporary staff

Construction	Other
Labourers	Commercial Property
Quantity Surveyors	CRM
Engineering	Entry Level
Offshore Engineering	
Subsea Engineering	
Executive/Professional	
Energy & Renewables	
Management	
Hotel & Catering	
Chefs	
Hospitality	
IT & Computing	
Data Professionals	
Nursing/Medical/Care	
Social Care General	

# 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.



## Starting salary inflation intensifies notably

After easing to a 44-month low in October, the rate of permanent starting salary inflation intensified for the second successive month and was sharp in December. The pace of inflation was the most marked since July. According to surveyed recruiters, businesses were keen to pay more for the right skill sets.

Of the four monitored English regions, London recruiters recorded the strongest rise in salaries for permanent new hires.

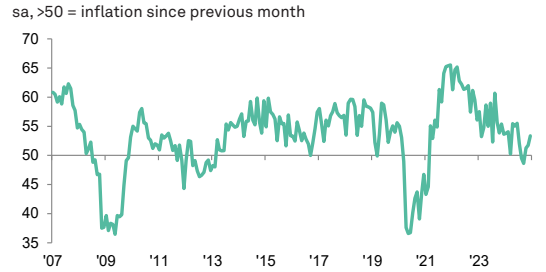
## Temp wage inflation continues to creep up

Temporary pay rates increased for the third consecutive month during December. The respective seasonally adjusted index ticked up to a six-month high, but was still below the long-run average. Recruiters surveyed noted that businesses were prepared to offer higher pay for the right talent.

### Permanent Salaries Index



### Temporary Wages Index



sa, >50 = inflation since previous month

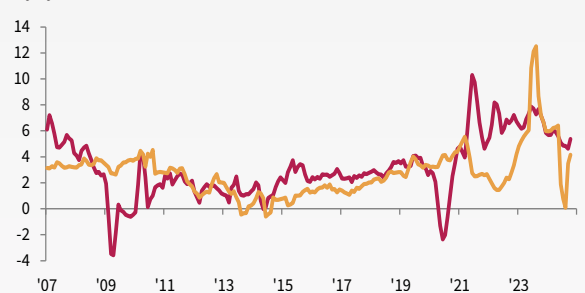
	Permanent		Temporary	
	UK	London	UK	London
Jul-24	56.5	58.2	50.9	52.0
Aug-24	54.4	54.6	50.7	49.5
Sep-24	52.8	51.5	49.9	48.6
Oct-24	52.5	50.5	51.5	51.3
Nov-24	52.6	52.2	51.2	51.8
Dec-24	53.1	56.9	51.6	53.3

# Official data: UK average weekly earnings

Average earnings growth in the UK strengthened during October, reaching an annual rate of 5.2%. That was up from 4.4% in September and the highest level since May 2024.

Both the private and public sectors experienced faster annual rises in earnings during October. For the private sector, earnings growth improved to 5.4%, up from 4.6% and a five-month high. Public sector workers experienced a 4.2% annual increase in earnings, also a five-month high and up from September's 3.5%.

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 at the end of 2024, thereby extending the current sequence of decline that began in October 2022. The contraction deepened from November, and was the most pronounced since August 2023. 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 sixth successive month across the UK in December, and at a solid pace. There were sharp reductions across three of the four monitored regions at the end of the year, with the Midlands bucking the trend to record an increase in temp billings for the ninth month in a row.

## Candidate availability

Permanent staff availability increased across the UK at a robust pace in the final month of 2024, with the rate of growth reaching the strongest since June. The expansion in the supply of permanent workers was led by the Midlands, while upturns in staff availability also strengthened in the three remaining English regions.

Concurrently, temporary staff availability rose markedly at the UK level during December. The rate of increase was little-changed from that in November, with the North of England and London seeing steeper rises in temp candidate availability. This contrasted with softer, yet still marked, increases in the Midlands and South of England.

## Pay Pressures

Permanent starting salaries across the UK increased at a faster pace in December, with the pace of inflation accelerating to the fastest in four months. London saw the steepest rise in permanent starting salaries, with the South of England the only region to see a fall.

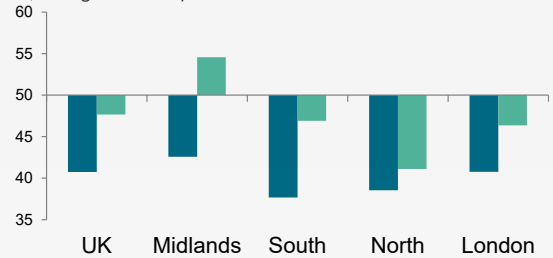
At the same time, hourly pay rates for temporary staff at the UK level rose at a modest rate that was nonetheless the strongest in six months during the latest survey period. A stronger increase in London and renewed rise in the Midlands compared with a softer pace of inflation in the North of England, while the South recorded falling temp pay.

December 2024

■ Permanent  
■ Temporary

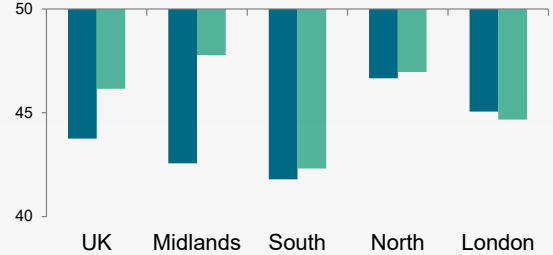
Staff Appointments

sa, >50 = growth since previous month



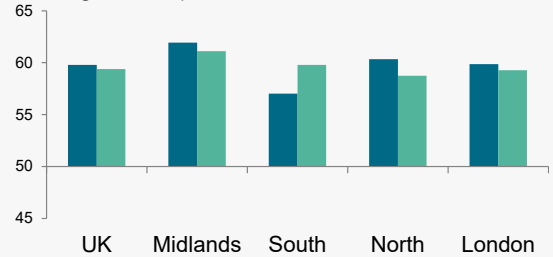
Vacancies

sa, >50 = growth since previous month



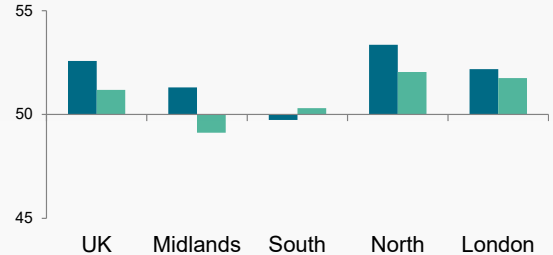
Staff Availability

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](mailto:economics@spglobal.com).

### Survey Dates

Data were collected 5-17 December 2024.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

### About KPMG UK

KPMG LLP, a UK limited liability partnership, operates from 20 offices across the UK with approximately 18,000 partners and staff. The UK firm recorded a revenue of £2.96 billion in the year ended 30 September 2023.

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