

KPMG and REC, UK Report on Jobs: London

Hiring activity remains in decline across the capital

46.5

PERMANENT PLACEMENTS INDEX
FEB '25

41.0

TEMPORARY BILLINGS INDEX
FEB '25

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.

Rapid, but moderated downturns in permanent placements and temp billings

Redundancies continue to drive an increase in candidate supply

Vacancies fall at steeper rates

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

“Hiring activity in London remained subdued in February, as a challenging macro-economic picture and pay pressures led to notable slowdowns in both permanent staff hiring and temporary billings. The capital saw the steepest fall in short-term billings of all UK regions, but it was encouraging to see the decline in permanent placements ease to the slowest for four months, suggesting the market may be bottoming out as firms begin to look ahead to the new tax year.”

Neil Carberry, REC Chief Executive, said:

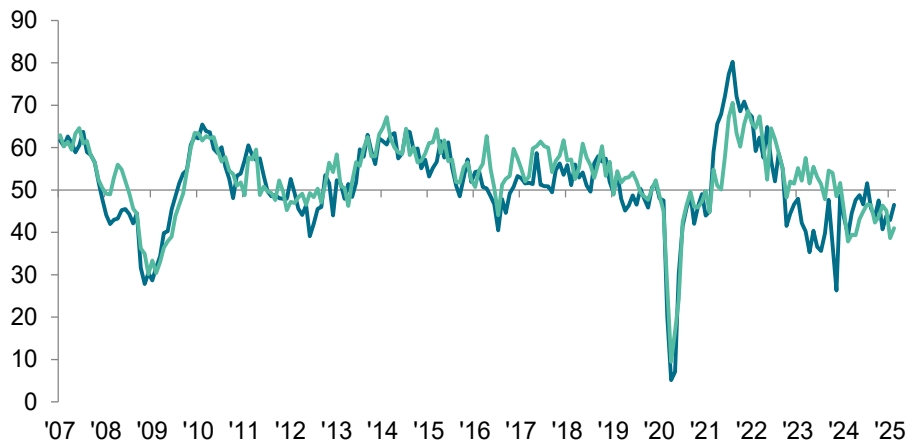
“After a long winter, there are some hints of a turn in the labour market in the UK as we head into Spring. This is led by the private sector in the UK - despite recent tax rises - and that should not be missed. The rate at which permanent placements fell was the weakest since October 2024 in London.

“Enabling companies to grow is at the heart of our prosperity - the Chancellor must use the Spring Statement to build their confidence in growth. At the moment, though, things are still slow as companies hold their breath in the face of significant costs rises from April with changes to National Insurance and the National Living Wage. Getting the Industrial Strategy flying is a key part of this - for the whole economy, not just key sectors - as is addressing policies in the Employment Rights Bill so they do not prove to be a brake on growth.

“Despite a long slowdown, some sectors still face skill shortages in the UK, although this is slightly less so in London than elsewhere in the country. This comes from mismatches, training gaps and the impact of an ageing population. Addressing productivity through technology and better management will be critical to addressing this, and recruitment firms will be key partners for businesses in changing their approach. Pay growth is easing and broadly unchanged across much of the country which should please the Bank of England rate setters.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

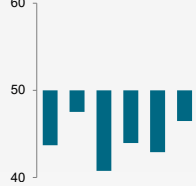


1 Staff appointments

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

Sep '24 - Feb '25
sa, >50 = growth



Permanent placements decline sharply, albeit at moderated pace

The number of people placed into permanent roles in London fell for a seventh straight month in February. The downturn was attributed to an array of reasons including the forthcoming increase in National Insurance Contributions and minimum wage hikes, economic uncertainties stemming from the October Budget and geopolitical instability.

That said, the rate at which permanent placements fell was the weakest since October 2024.

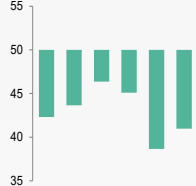
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Sep '24 - Feb '25
sa, >50 = growth



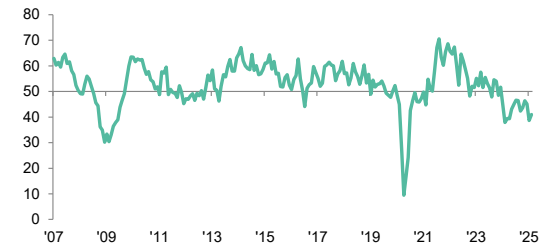
Temp billings fall at rapid pace

Adjusted for seasonal variation, the Temporary Billings Index noted a fourteenth straight monthly reduction in temp billings across London in February. The rate of decrease moderated from that seen in January but was rapid overall. According to anecdotal evidence, the decrease was attributed to clients cutting costs, alongside contract pauses and completions. Economic uncertainty was also cited.

A widespread fall in temp billings was seen across the four monitored English regions, the first such occurrence in nearly a year. London posted the strongest decrease.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-25	39.8	42.9	41.5	38.6
Feb-25	43.6	46.5	45.0	41.0

Job vacancies

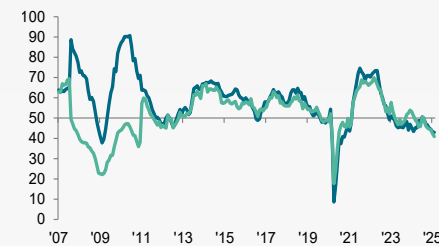
Demand for workers deteriorated rapidly across the capital in February. The seventh successive monthly decline in permanent vacancies was the strongest since October 2020, although less severe than the national average.

Additionally, temp vacancies in London have fallen on a monthly basis since September 2024. The rate of reduction was the most pronounced since mid-2020 and the strongest among the four English regions monitored.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

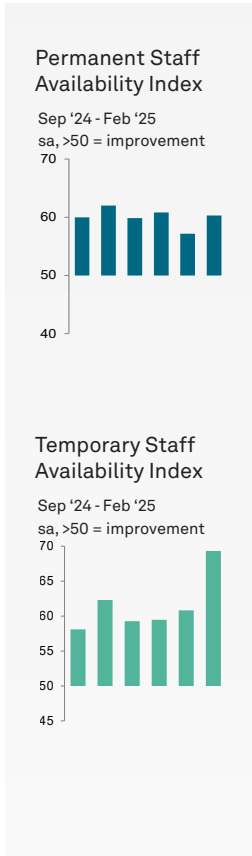


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-25	41.5	43.0	43.3	42.3
Feb-25	41.7	42.9	43.5	40.9

2 Staff availability

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



Permanent candidate supply rises at quicker and sharp rate

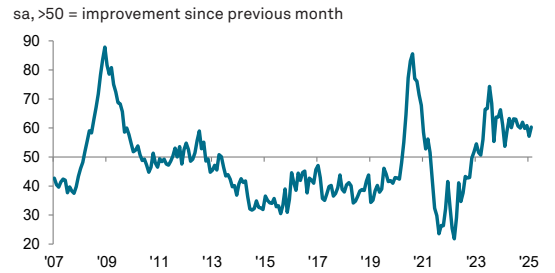
As has been the case since December 2022, the availability of permanent workers in London rose rapidly in February. The rate of growth accelerated from January. The upturn in permanent staff supply was often linked by respondents to redundancies. Firms also noted that with fewer job opportunities, more candidates were entering the market, thus creating heightened competition among job seekers.

Temp staff supply shoots up in February

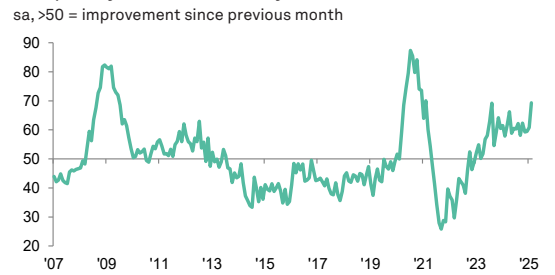
February survey data pointed to a substantial rise in temp staff supply across the capital. The rate of expansion quickened notably and was the most pronounced in four years. In fact, excluding the pandemic months, the latest upturn was the strongest seen since the Global Financial Crisis. Redundancies were often behind the latest uptick.

Of the four English regions under observation, the rate at which short-term candidate availability rose in London was the strongest by a substantial margin.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-25	57.7	57.2	58.1	60.8
Feb-25	59.2	60.3	59.6	69.3

3 Demand for skills

Skills in short supply: Permanent staff

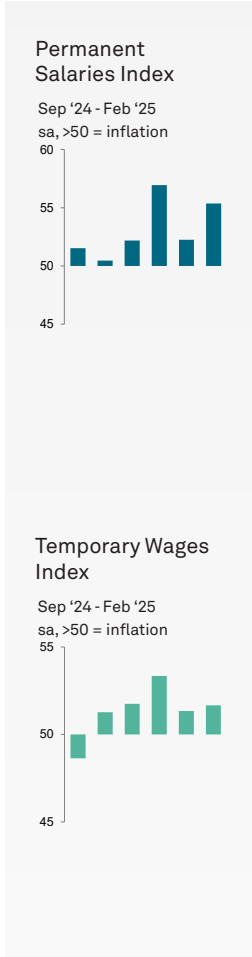
Accounting/Financial Estimators	IT/Computing Digital
Blue Collar Drivers	Nursing/Medical/Care Carers Doctors Medical Nurses Occupational Therapist Paramedics Physiotherapist Social Workers
Construction Building Surveyors Quantity Surveyors	Other Customs Sales Manager
Engineering Electrical Engineers Engineers Mechanical Engineers	
Executive/Professional HR	
Hotel & Catering Hospitality	

Skills in short supply: Temporary staff

Blue Collar Carpenters
Construction Building Surveyors Labourers
Engineering Electrical Engineers Mechanical Engineers
Hotel & Catering Chefs
Nursing/Medical/Care Social Workers
Secretarial/Clerical Administration

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.



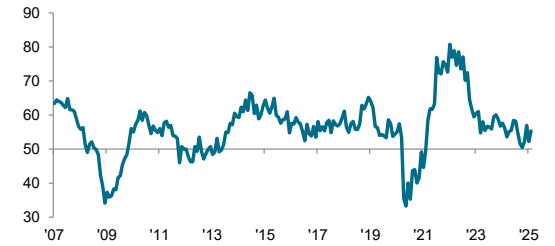
Stronger increase in starting salaries in February

Salaries awarded to newly-placed permanent staff in London rose further in February. The rate of salary inflation was sharp and quickened from January. Panel members attributed the increase in starting salaries to efforts aimed at attracting skilled candidates.

Moreover, salary growth across London outpaced the national average.

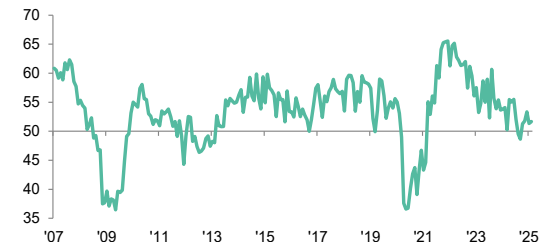
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



Temp pay growth remains modest

Average hourly rates of pay for short-term staff in the capital rose modestly in February, thereby stretching the current run of growth to five months. The rate of increase was slightly stronger than seen at the start of the year and outpaced the UK-wide average.

sa, >50 = inflation since previous month

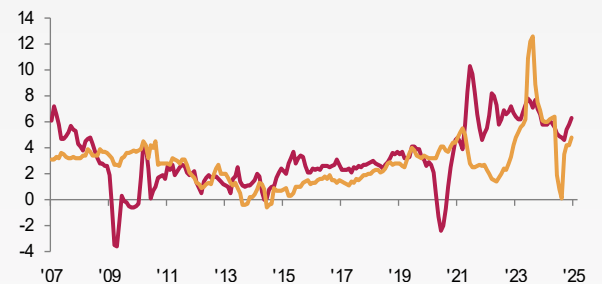
	Permanent		Temporary	
	UK	London	UK	London
Sep-24	52.8	51.5	49.9	48.6
Oct-24	52.5	50.5	51.5	51.3
Nov-24	52.6	52.2	51.2	51.8
Dec-24	53.1	56.9	51.6	53.3
Jan-25	52.6	52.2	50.5	51.3
Feb-25	52.1	55.4	51.1	51.7

Official data: UK average weekly earnings

Official data published by the ONS indicated that UK average weekly earnings increased by 6.0% on an annual basis over the final quarter of 2024. This was up from 5.5% in the preceding survey period, and marked the highest rate of growth for just over a year.

The stronger rise in earnings was supported by quicker increases in both private and public sector pay. In the private sector, earnings expanded by 6.3%, the fastest growth rate since the three months to November 2023. Pay meanwhile grew by 4.8% in the public sector, the quickest increase since the three months to May 2024.

UK average weekly earnings ■ private ■ public %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 decreased again across the UK during February. While marked overall, the rate of decline was the least pronounced since last October. All four monitored English regions saw permanent placements fall midway through the first quarter. The sharpest reduction was in the North of England, with the slowest decline in the Midlands.

Recruitment agencies across the UK also saw a reduction in temporary billings during February, extending the current period of decline to eight months. Although softer than seen for permanent placements, the fall in temp billings remained sharp. Temp billings decreased across all four monitored English regions for the first time since March 2024, with the strongest fall seen in London.

Candidate availability

With placements of permanent staff falling sharply, candidate availability for permanent positions continued to increase across the UK during February. The latest marked rise strengthened from that seen at the start of the year. Higher candidate numbers were seen across each of the monitored regions, led by the Midlands. The slowest increase in permanent staff availability was recorded in the South of England.

February data pointed to a robust 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 four months. Stronger increases in temporary candidates were registered in London and the Midlands, while the North and South of England saw softer, yet still marked increases.

Pay Pressures

Latest data signalled a second successive slowdown in the pace of starting salary inflation at the UK level. As a result, the latest increase was the weakest since the current sequence began in March 2021. London saw a sharp and accelerated rise in February, while there was a fall in permanent starting pay in the North of England for the first time in exactly four years.

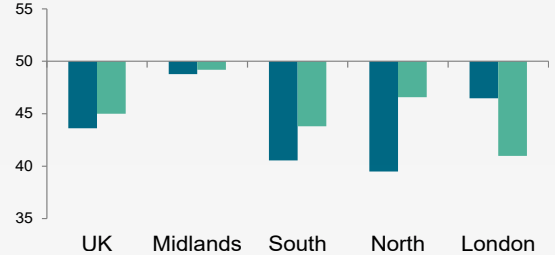
Temporary pay rates increased in the UK during February, though the rate of inflation was only modest and weaker than the series average. Three of the four monitored English regions posted a rise in temporary pay rates in the latest survey period, as the South of England saw wages remain unchanged from January.

February 2025

■ Permanent
■ Temporary

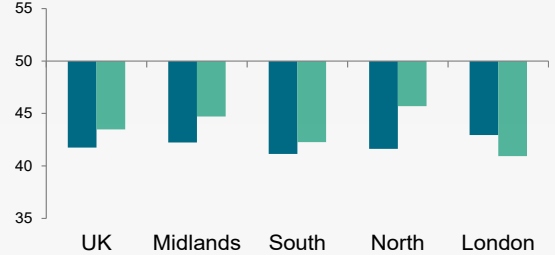
Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



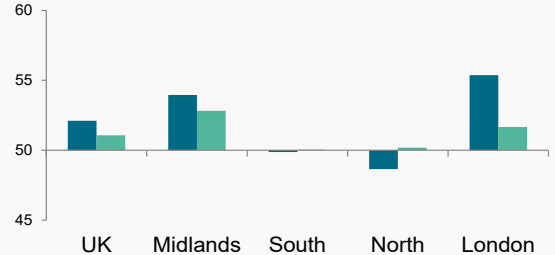
Staff Availability

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 10-24 February 2025.

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