

KPMG and REC, UK Report on Jobs: London

Permanent staff appointments fall sharply in March

44.5

PERMANENT PLACEMENTS INDEX
MAR '24

39.4

TEMPORARY BILLINGS INDEX
MAR '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.

Hiring downturn continues, albeit softening

First fall in temp vacancies in six months

Pay pressures ease to 37-month low

Commenting on the latest survey results, Jon Holt, Chief Executive and Senior Partner of KPMG in the UK, said:

"Persistent economic uncertainty has led to many business leaders delaying major investment decisions and relying on savings for growth during the first quarter of the year. But they are optimistic about the outlook improving."

"And while March's survey data indicates ongoing weak demand in the labour market with a sharp rise in candidate availability, relatively low levels of UK unemployment together with falling inflation could pave the way for economic recovery."

"There are still headwinds, but it's time for the UK economy to get its groove back - and UK businesses will be ready when the Bank of England makes its interest rate cuts. This may not lead to an instant rebound, but confidence to invest will increase, improving demand, and the economic outlook should start moving in the right direction."

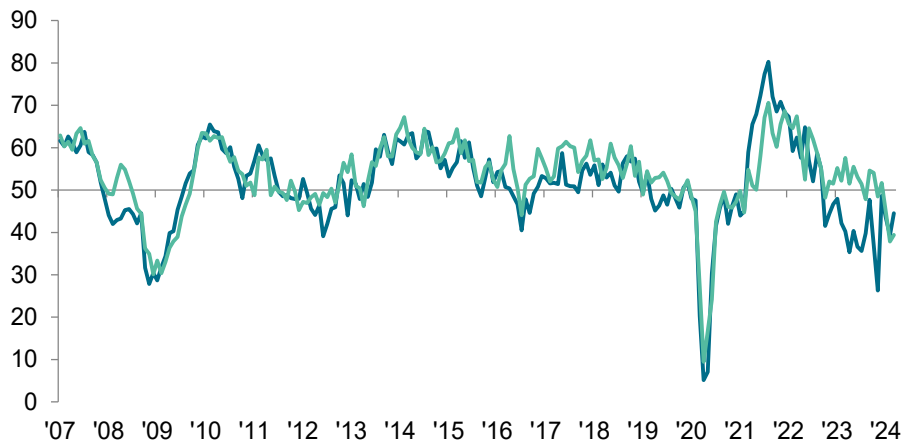
Neil Carberry, REC Chief Executive, said:

"Economic growth has been sidelined for too long and must be at the heart of this year's election campaign. Today's data shows the economy in a holding pattern waiting for inflation and interest rates to ease, so that firms can get to investing. The decline in permanent placements has been steady for some months now, with temporary recruitment reasonably robust until recently, if falling back from the record highs of 2022/3. Recruiters attributed the latest drop in temp billings in London to scarcity of suitably-skilled candidates and the non-renewal of contracts."

"The data here should support a decision by the Bank of England's Monetary Policy Committee to loosen its grip on growth in the near-term future. Pay growth has slowed significantly and is modest in London. Overall, UK pay growth is now below the survey's long-term average for new permanent roles. Some sectors - like the bellwether firms in construction - need a clear signal. In other areas, particularly engineering, demand remains high, emphasising the importance of a new approach to skills from governments across the UK, led by reform of the Apprenticeship Levy. The uptick in the need for blue collar staff across the UK may be a sign of consumer confidence starting to return - but it also emphasises again how labour shortages may constrain growth when it returns. A proper industrial strategy, with a meaningful and practical workforce element to it, is long overdue."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

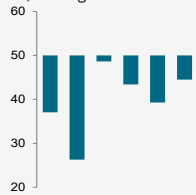


1 Staff appointments

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

Oct '23 - Mar '24
sa, >50 = growth



Sharp, albeit softer reduction in permanent placements

Permanent staff placements fell again across the capital in March, as evidenced by the respective seasonally adjusted index posting below the neutral 50.0 mark for the eighteenth successive month. Despite easing from February's three-month record, the rate of contraction remained sharp overall. According to anecdotal evidence, hesitancy among candidates, sluggish market conditions and hiring freezes contributed to the reduction.

That said, the downturn in permanent staff appointments across London was the weakest seen of the four monitored English regions.

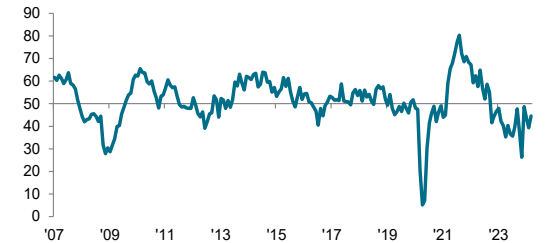
Rapid decrease in temp billings

A third consecutive monthly drop in temp billings was recorded across London during March. The pace of decrease was marked and the second-weakest in 45 months, surpassed only by that seen in February. Recruiters attributed the latest drop in temp billings to scarcity of suitably-skilled candidates and the non-renewal of contracts. Some respondents also noted the transition of temp roles to permanent jobs.

For the first time since June 2020, all monitored English regions recorded a fall in temp billings, with London leading the downturn for the second straight month.

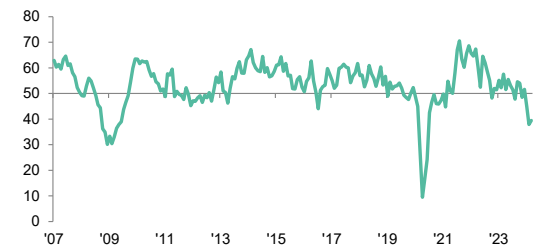
Permanent Placements Index

sa, >50 = growth since previous month



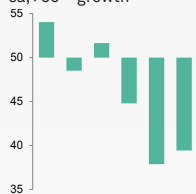
Temporary Billings Index

sa, >50 = growth since previous month



Temporary Billings Index

Oct '23 - Mar '24
sa, >50 = growth



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Oct-23	45.8	37.1	50.9	54.0
Nov-23	41.6	26.3	48.0	48.5
Dec-23	45.6	48.7	48.8	51.6
Jan-24	43.4	43.4	48.9	44.8
Feb-24	43.6	39.3	46.0	37.9
Mar-24	43.3	44.5	45.7	39.4

Job vacancies

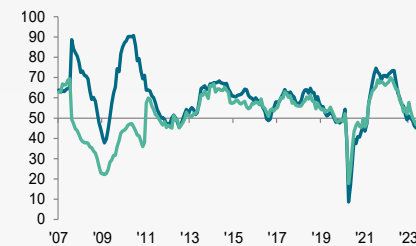
Permanent vacancies fell across London in March, thereby extending the current run of contraction to 13 months. Demand for permanent staff deteriorated markedly, albeit to a lesser degree than seen in February.

Accompanying the downturn in permanent vacancies was a renewed fall in temp roles March, the first in six months. That said, the rate of decrease was modest overall.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

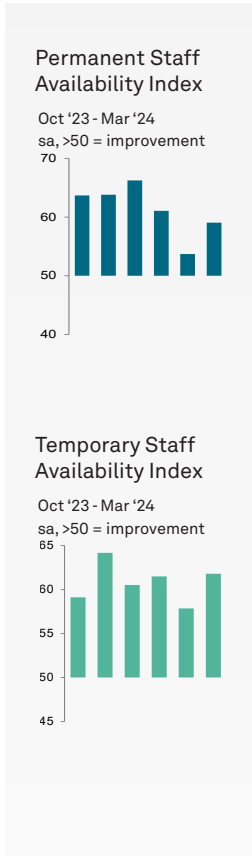


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Oct-23	49.9	48.3	51.7	51.7
Nov-23	49.0	44.1	51.7	52.5
Dec-23	49.2	47.0	50.8	53.9
Jan-24	49.3	45.1	50.7	53.0
Feb-24	46.8	43.4	49.4	51.0
Mar-24	47.0	45.2	49.1	49.0

2 Staff availability

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



Permanent staff supply improves at quicker pace

Permanent staff availability expanded across London in March for the sixteenth successive month. Moreover, the rate of increase quickened after easing to an eleven-month low in February. Surveyed recruiters remarked on redundancies, increased inflows of workers from abroad and candidates looking for better paying roles.

That said, the expansion seen across the capital lagged behind those seen in the three other monitored English regions.

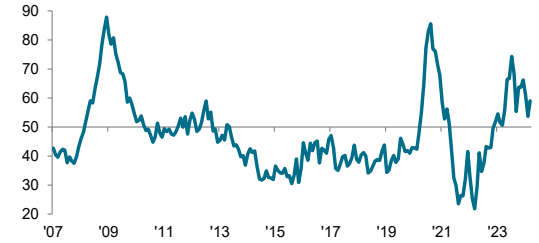
Rapid and stronger rise in temp staff availability

The upturn in temporary staff candidate numbers across London entered its fifteenth month during March. Picking up from February's five-month low, the rate of growth was the most pronounced since last November and substantial. Surveyed recruiters noted that a sluggish economic climate drove candidates to pursue secondary roles. There were also some reports of redundancies.

Of the four monitored English regions, London recorded the strongest rise in temp staff candidates.

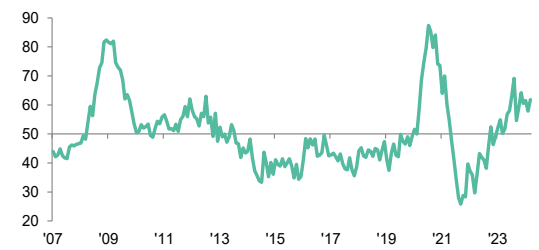
Permanent Staff Availability Index

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
Oct-23	59.1	63.7	57.8	59.1
Nov-23	62.0	63.8	59.8	64.2
Dec-23	59.7	66.3	58.3	60.5
Jan-24	57.6	61.1	56.2	61.5
Feb-24	57.3	53.7	56.7	57.9
Mar-24	60.2	59.0	59.6	61.8

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Credit Controllers Financial Analysts Management Accountants Blue Collar Drivers Site Managers Construction Quantity Surveyors Engineering Engineers Executive/Professional Commercial Manager Energy & Renewables Mid-senior Management PR	Hotel & Catering Chefs Hospitality IT & Computing IT Technical Roles Technology Nursing/Medical/Care Carers Doctors Healthcare Communications Nurses Occupational Therapist Paramedics Physiotherapist Social Care General	Other Customer Service Language
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Skills in short supply: Temporary staff

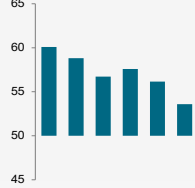
Accounting/Financial Accounts Payable Blue Collar Security Guards Construction Multi-Trades Engineering MCR Engineer Offshore Engineering Subsea Engineering Executive/Professional Commercial Manager Energy & Renewables Hotel & Catering Chefs	IT & Computing IT Software Engineers Nursing/Medical/Care Social Workers Other Languages
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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

Oct '23 - Mar '24
sa, >50 = inflation



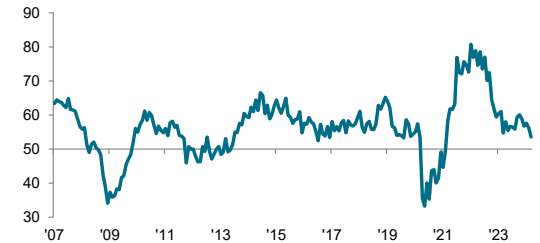
Starting salary inflation moderates further

Starting salaries for permanent new joiners in London rose in March, thereby stretching the current sequence of rising pay to just over three years. Shortages of suitably-skilled candidates and the cost of living reportedly pushed up starting pay. That said, the rate of salary inflation was only modest and the weakest in the aforementioned sequence.

In line with the trend seen across the capital, salary inflation also eased at the UK level.

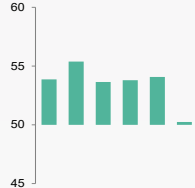
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Oct '23 - Mar '24
sa, >50 = inflation

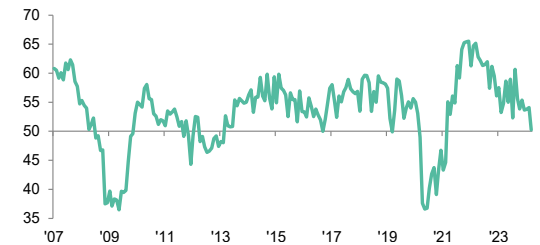


Temporary Wages Index slips to 37-month low

Recruiters based across London signalled only a fractional rise in temp hourly wages in March. In fact, the respective seasonally adjusted index was the lowest recorded in the current 37-month sequence of growth, with the rate of temp wage inflation notably softer than that observed at the UK level.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
Oct-23	57.4	60.1	53.5	53.9
Nov-23	56.0	58.8	52.2	55.4
Dec-23	56.5	56.7	54.6	53.6
Jan-24	55.8	57.6	54.8	53.8
Feb-24	55.2	56.2	54.3	54.1
Mar-24	53.3	53.6	53.7	50.2

Official data: UK average weekly earnings

January data from the Office for National Statistics (ONS) indicated that total employee earnings (including bonuses) continued to rise at an above average rate. However, at 5.6%, the latest year-on-year increase was the weakest recorded since July 2022.

Slower earnings growth was apparent across both the private and public sectors in the three months to January. For the private sector, pay rose by +5.7% compared to 12 months ago, the lowest increase for two years. Public sector pay growth, at +5.8%, was at its weakest recorded level for nine months.

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 in the UK decreased at a quicker and marked pace in March, with the rate of contraction the sharpest in four months. The overall decline was driven a substantial reduction in permanent placements in the South of England. The remaining three monitored regions all recorded marked declines in permanent placements.

The UK also registered a reduction in temporary billings during March, extending the current sequence of decrease to five months. Moreover, the decline in temporary billings deepened further and was the most pronounced since July 2020. All four English regions saw temporary billings decrease, led by London.

Candidate availability

With permanent placements falling, recruiters in the UK signalled a robust increase in candidate availability at the end of the first quarter. The rise in candidate numbers for permanent positions was the strongest seen since last November. Marked increases were seen across each of the four monitored English regions, with the sharpest rise in the North of England.

Widespread increases in candidates for temporary positions were also signalled in March, led by London. The UK as a whole posted a marked rise in temporary candidate availability, and one that was the strongest for four months. The rise in candidates for temporary billings in the Midlands was much slower than elsewhere.

Pay Pressures

Although permanent starting salaries continued to increase in the UK during March, the pace of inflation eased for the third month in a row and was the softest in the current 37-month sequence. The Midlands posted the fastest rise in permanent pay pressures, with the softest increase in the South of England.

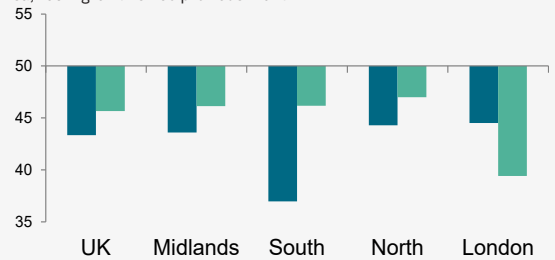
A softer pace of inflation for temporary wages was also recorded in March. The latest increase was the weakest since last November, yet remained solid overall. The strongest increase in pay for temps was registered in the North of England, while the slowest rate of increase was seen in London, where temp pay was broadly unchanged.

March 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 12-22 March 2024.

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