

# KPMG and REC, UK Report on Jobs: London

## Marked decline in recruitment activity during February

# 39.3

PERMANENT PLACEMENTS INDEX  
FEB '24

# 37.9

TEMPORARY BILLINGS INDEX  
FEB '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.

Sharper falls in both permanent placements and temp billings

Upturn in staff supply moderates

Permanent vacancies contract at steeper pace

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

*"Both businesses and job seekers in the capital currently find themselves in a period of uncertainty, causing some candidates to stay in their roles rather than jumping into the unknown, and businesses leaning on temporary hires to keep their operations ticking over."*

*"Despite the stagnation in recruitment, the labour market in London is still much tighter than expected given the low economic growth of the last year."*

*"Businesses remain cautious about hiring given the economic conditions, but they do have plans in place which they are ready to execute, as soon as confidence in the wider economy returns. Until then, sensible employers continue to invest in retaining staff and upskilling their existing workforce."*

Neil Carberry, REC Chief Executive, said:

*"As inflation is falling back to target earlier than expected, it's time to get the focus on growth. This month's survey shows the market slowing in London, and both a concerning drop in permanent placements and the rate of salary inflation for permanent staff easing to a six-month low."*

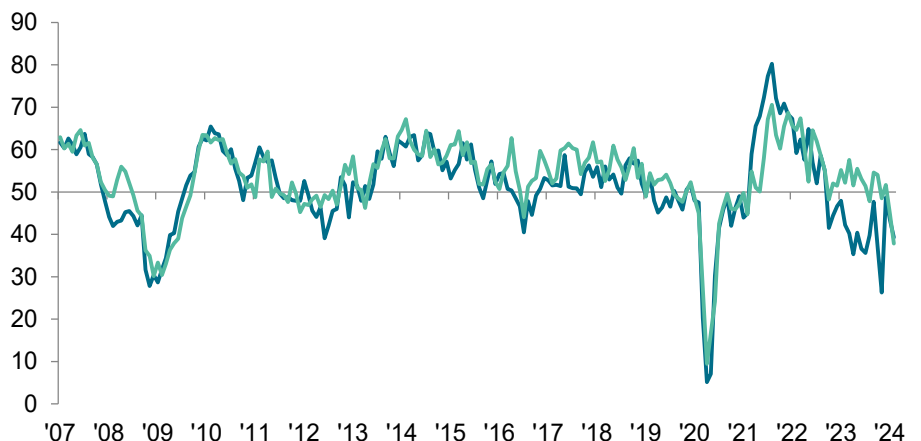
*"Given recent news about GDP dropping, the overall picture across the UK is no surprise – but it is certainly still quite resilient by comparison with previous recessions. We know the economy has the potential to create jobs and opportunities – but it can only do that sustainably if we can get economic growth going."*

*"Following the Budget last week, which didn't address some of the key drivers of growth like skills, infrastructure and reducing the cost of investment and employment, all eyes are on the Bank now. Lower interest rates will help build firm's confidence to invest."*

*"The temporary labour market is the unsung hero of the economic uncertainty of recent years. It keeps the cogs of the economy turning amidst uncertainty and labour shortages – but it still needs nurturing. As we approach the General Election, businesses will be looking to politicians for commitment on this, and reforms of regulation that will support it from IR35, to regulating of the umbrella market and delivering flexibility to the Apprenticeship Levy."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

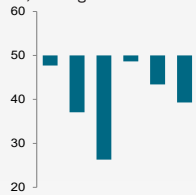


# 1 Staff appointments

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 '23 - Feb '24  
sa, >50 = growth



## Marked and accelerated fall in permanent placements

As has been the case in each of the past 17 months, permanent placements fell across London in February. The rate of contraction quickened to a three-month record and was rapid overall. According to anecdotal evidence, the fall was fuelled by lingering economic uncertainty, which in turn fed through to reduced hiring activity at employers and a greater reluctance among candidates to seek new roles.

Of the four monitored English regions, London noted the steepest drop in permanent placements. Additionally, London was the only area that registered a quicker reduction compared to the prior month.

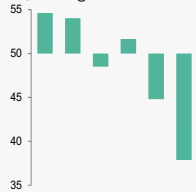
## Quickest fall in temp billings since mid-2020

Recruiters based in London signalled a back-to-back contraction in temp billings during February. The respective seasonally adjusted index fell notably to a 44-month low and pointed to a marked decrease in temp billings. Candidate shortages and economic uncertainty were often linked by recruiters to the latest drop in billings.

Furthermore, London recorded the sharpest reduction in temp billings of all four monitored English areas by a considerable margin.

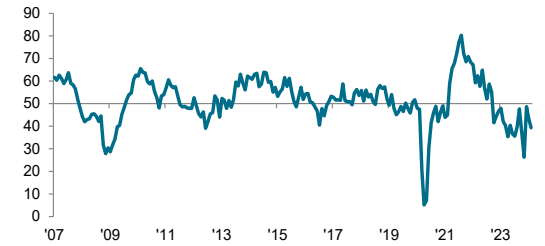
Temporary Billings Index

Sep '23 - Feb '24  
sa, >50 = growth



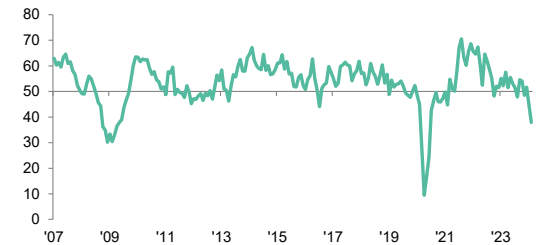
Permanent Placements Index

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
Sep-23	45.1	47.7	51.6	54.6
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

# Job vacancies

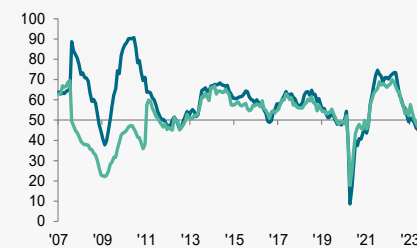
Permanent vacancies across London fell during February, thereby stretching the current run of decrease to a year. The rate of contraction was sharp and the most pronounced since October 2020.

Meanwhile, demand for temporary workers improved for the fifth consecutive month in February. That said, the rate of growth moderated to the weakest seen over this period and was only marginal.

Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

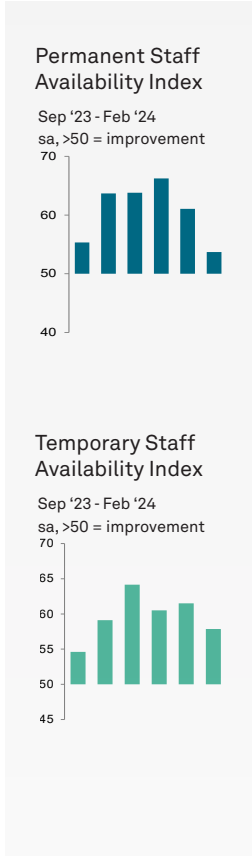


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-23	49.1	46.8	52.0	49.1
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

## 2 Staff availability

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



### Growth in permanent staff supply cools to 11-month low

February data signalled a solid rise in permanent staff availability across London, thereby extending the current sequence of expansion to 15 months. Anecdotal evidence highlighted that redundancies had often pushed up candidate numbers. That said, the rate of increase eased further from December and was the softest in 11 months.

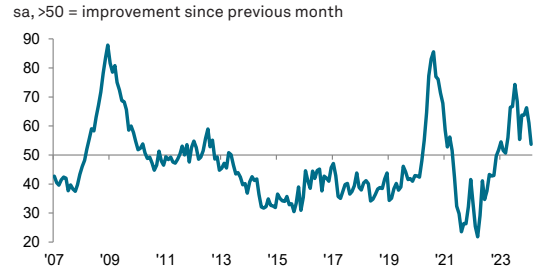
The upturn across London was also the weakest registered of all four monitored English regions during February.

### Sustained rise in supply of short-term staff

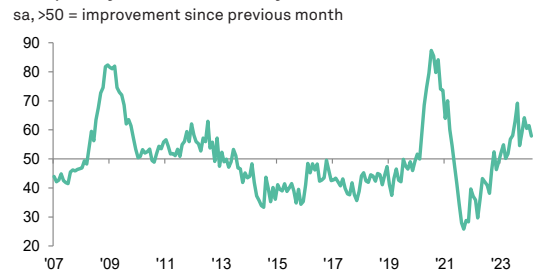
Temporary staff availability rose across London for the fourteenth successive month in February. While the rate of expansion was the weakest in five months, it was sharp and historically strong overall. Recruiters mentioned that some candidates were looking for secondary roles, while increased demand for flexible work and fewer job opportunities were also said to have boosted the supply of temp staff.

London saw the strongest rise in temp staff supply of the four monitored English regions.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-23	55.3	55.3	58.2	54.6
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

## 3 Demand for skills

### Skills in short supply: Permanent staff

<b>Blue Collar</b>	<b>IT &amp; Computing</b>
Drivers	IT
<b>Construction</b>	Technical Roles
Quantity Surveyors	Technology
<b>Engineering</b>	<b>Nursing/Medical/Care</b>
Engineers	Carers
Structural Engineers	Doctors
Technicians	Healthcare Communications
<b>Executive/Professional</b>	Nurses
Commercial Manager	Occupational Therapist
Mid-senior Management	Paramedics
Operations Managers	Physiotherapist
Real Estate	Psychologist
<b>Hotel &amp; Catering</b>	Social Care Workers
Chefs	<b>Other</b>
Hospitality	Customs
	German Speakers
	Security

### Skills in short supply: Temporary staff

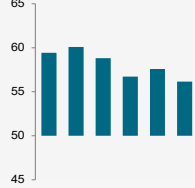
<b>Blue Collar</b>	<b>Nursing/Medical/Care</b>
Security Guards	Care Home Managers
<b>Construction</b>	Social Workers
Drainage Specialists	<b>Other</b>
Labourers	European Languages
Planners	
<b>Engineering</b>	
Fire & Security Roles	
Radio-Frequency Engineer	
Structural Engineers	
<b>Executive/Professional</b>	
Commercial Manager	
Mid-senior Management	
Senior-level Management	
<b>Hotel &amp; Catering</b>	
Chefs	

## 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

Sep '23 - Feb '24  
sa, >50 = inflation



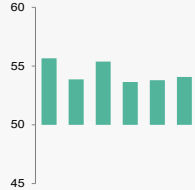
### Sharp rise in starting pay for permanent workers

Starting salaries for permanent joiners in the capital rose for the thirty-sixth month in a row in February. While the rate of salary inflation eased to a six-month low, it remained sharp overall. Shortages of candidates in certain areas of the market and the cost-of-living crisis were said to have pushed up starting salaries in the latest survey period.

Of the four monitored English regions, only the North of England recorded a quicker rise in permanent starting pay than London during February.

### Temporary Wages Index

Sep '23 - Feb '24  
sa, >50 = inflation

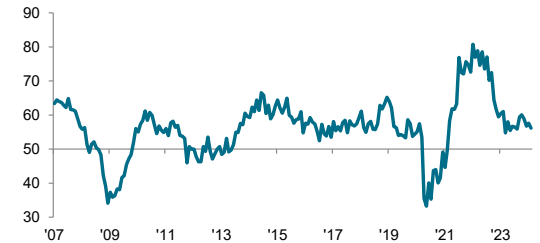


### Temp wage inflation edges up to three-month high

The seasonally adjusted Temporary Wages Index posted above the neutral 50.0 level for the thirty-sixth consecutive month in February. Although remaining slightly below the historical average, the rate of wage growth crept up to a three-month high and signalled a solid rise in hourly pay for short-term workers.

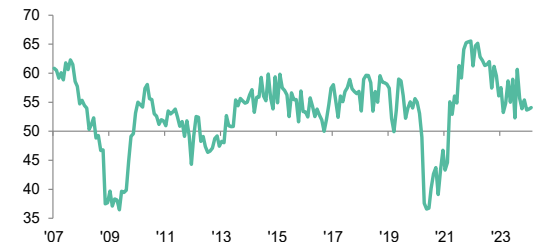
### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

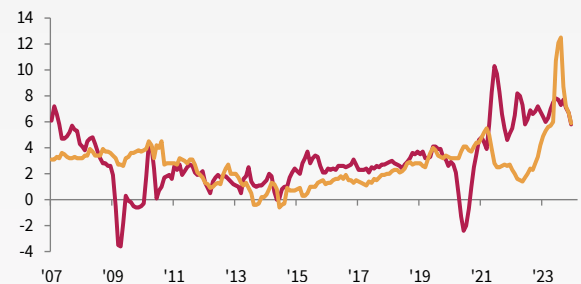
	Permanent		Temporary	
	UK	London	UK	London
Sep-23	57.6	59.4	52.9	55.7
Oct-23	57.4	60.1	53.5	53.9
Nov-23	56.0	58.8	52.2	55.4
Dec-23	56.5	56.7	54.6	53.6
Jan-24	55.8	57.6	54.8	53.8
Feb-24	55.2	56.2	54.3	54.1

## Official data: UK average weekly earnings

Data from the Office for National Statistics (ONS) signalled that total employee earnings (including bonuses) rose by +5.8% in the final quarter of 2023 compared to the same period one year ago. While sharp, this represented the softest rate of pay growth for nearly a year-and-a-half.

The sustained slowdown in earnings growth was broad-based across both the private and public sectors. In the private sector, pay increased at the joint-softest rate in nearly two years (+5.8%). Earnings expanded at a near-identical pace across the public sector (+5.9%), which marked the weakest upturn in pay since the three months to April 2023.

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

The downturn in permanent staff hiring across the UK persisted in February, with the latest decrease little-changed from the sharp fall seen at the start of the year. London saw the steepest contraction of the four monitored regions, followed by the South and North of England. Recruiters in the Midlands reported the softest decrease.

At the same time, temporary billings across the UK fell for the fourth month in a row midway through the first quarter. The rate of reduction was solid and the strongest since July 2020. The steepest fall was recorded in London, while there were renewed decreases in the North and South of England. The Midlands bucked the wider trend and registered growth for the first time in three months.

### Candidate availability

February survey data indicated a sustained improvement in permanent candidate availability across the UK. While strong, the rate of improvement eased slightly to a five-month low. All four monitored English regions saw a rise in permanent labour supply, with the North of England leading the upturn.

Temporary candidate numbers also rose at the national level midway through the first quarter. Moreover, the rate of improvement picked up for the first time in three months and was steep overall. Three of the four monitored regions saw the respective rate of increase quicken in February, with only London seeing a slower rise. That said, the capital saw the strongest overall increase.

### Pay Pressures

As has been the case since March 2021, the latest survey data signalled a further increase in starting pay for new permanent joiners in the UK. That said, the rate of salary inflation cooled to softest in just under three years. The North of England led permanent pay growth at the regional level, followed closely by London.

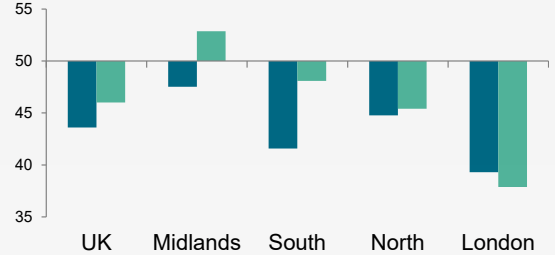
Hourly pay rates for temporary staff across the UK likewise increased during February, with the rate of wage inflation easing from that seen in January. As a result, temp wage growth was the softest since last November. All four monitored English regions registered higher temp pay rates, with the North of England topping the rankings.

February 2024

■ Permanent  
■ Temporary

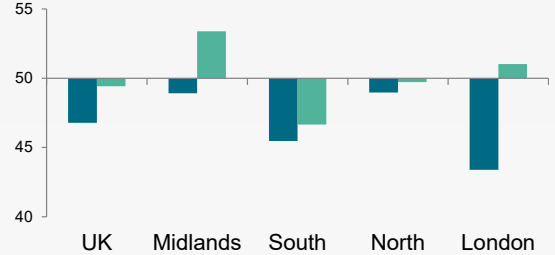
Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



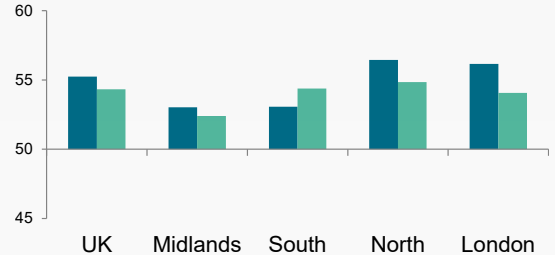
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



## Contact

### KPMG

Tanya Holden  
Deputy Head of Media Relations  
T: +44 (0) 7874 999 656  
[tanya.holden@kpmg.co.uk](mailto:tanya.holden@kpmg.co.uk)

### REC

Hamant Verma  
Communications Manager  
T: +44 (0)20 7009 2129  
[hamant.verma@rec.uk.com](mailto:hamant.verma@rec.uk.com)

### S&P Global

Maryam Baluch  
Economist  
S&P Global Market Intelligence  
T: +44 134 432 7213  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

### 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 12-23 February 2024.

### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

KPMG is a global organisation of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 143 countries and territories with more than 273,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

### About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at [www.rec.uk.com](http://www.rec.uk.com).

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.