

KPMG and REC, UK Report on Jobs: London

Downturn in permanent placements eases in May

48.8

PERMANENT PLACEMENTS INDEX MAY '24

43.1

TEMPORARY BILLINGS INDEX MAY '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.

Softest decline in permanent staff placements in 20 months
 Candidate availability rises sharply, albeit at softer rates
 Demand for workers further deteriorates

Commenting on the latest survey results, Anna Purchas, Senior Partner for KPMG's London office said:

"The slowdown in recruitment activity in London appears to be tailing off, with May signalling the weakest downturn in people finding permanent work in 20 months."

"Businesses are still recruiting to fill their most crucial vacancies, which has resulted in starting salaries rising for both permanent and temporary staff, as employers are prepared to pay a premium for the right skills."

"We're seeing more people now putting themselves forward for jobs in London. With inflation heading towards the golden 2% and the General Election ahead, you could expect employers to start to feel more confident to press go on their investment strategies, including recruiting for growth."

Neil Carberry, REC Chief Executive, said:

"The jobs market looks like it's on its way back in the UK, with clear improvements. In London, the downturn in permanent placements was the softest in 20 months and the temp picture was better with the rate of contraction easing to a four-month low."

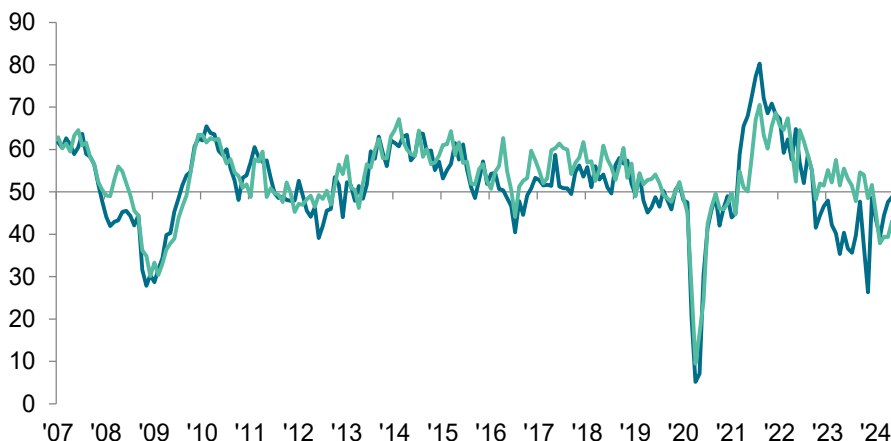
"There is potential energy stored in the economy, as employers are feeling more confident. Political certainty and falling interest rates should add to lower inflation and help this turn into movement over the course of the rest of the year. REC members report that clients are ready to hire, but hesitant. These numbers suggest that caution may be starting to abate."

"Pay growth remains strong, reflecting both settlements made by employers for their staff, but also the substantial National Minimum Wage rise in April."

"No attempt to drive growth will succeed without the next government addressing people issues within its first 100 days. This must include reform of the Apprenticeship Levy to cover high-quality, modular training, and a long-term cross-departmental strategy to tackle labour and skills shortages, owned by the Cabinet Office but delivered locally. As the specialists in jobs, recruiters are ready to help, whoever wins on July 4."

■ Permanent Placements Index
 ■ Temporary Billings Index

sa, >50 = growth since previous month

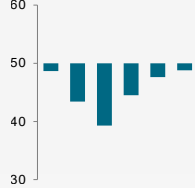


1 Staff appointments

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

Dec '23 - May '24
sa, >50 = growth



Downturn in permanent placements softest in 20 months

Permanent placements fell across London for the twentieth successive month in May. The latest downturn was attributed to reduced hiring activity as a result of political uncertainty and the muted economic outlook. However, the rate of decrease moderated for the third straight month to the weakest in the aforementioned sequence amid reports of successful onboarding of hires and increased availability of candidates.

Of the three monitored English regions that posted a reduction in permanent placements, London recorded the weakest fall.

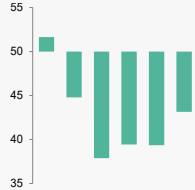
Sharp, albeit weaker decline in temp billings

May data revealed a fall in temp billings received across London, thereby extending the current run of decrease to five months. The rate of contraction was sharp overall, despite easing to a four-month low. Anecdotal evidence linked the drop in temp billings to fewer contract roles, the completion of projects and some temp roles being converted to long-term positions.

Other than London, only the South of England recorded a fall in temp billings.

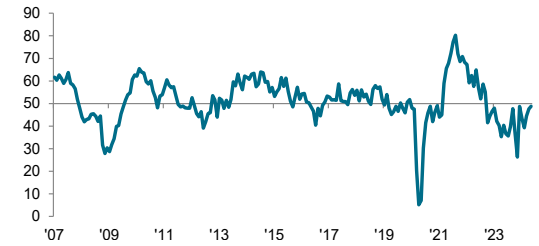
Temporary Billings Index

Dec '23 - May '24
sa, >50 = growth



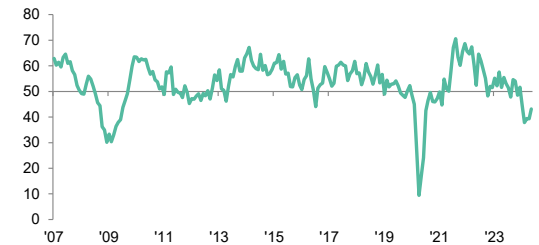
Permanent Placements Index

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
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
Apr-24	46.4	47.6	46.9	39.4
May-24	48.2	48.8	47.2	43.1

Job vacancies

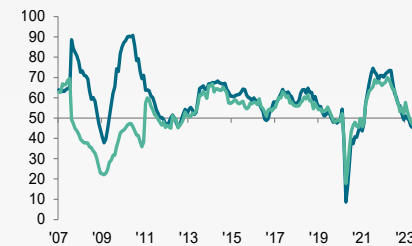
Permanent vacancies further fell across the capital in May. Albeit stronger than that observed nationally, the rate of decrease was the weakest since March 2023.

Demand for temporary workers also deteriorated during the latest survey period. A quicker rate of contraction was recorded, with temp vacancies falling at the strongest pace since the start of 2021.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

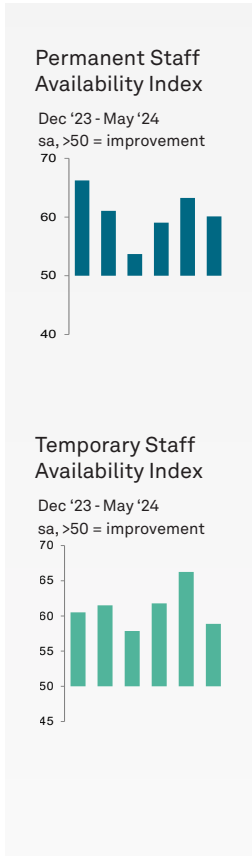


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Apr-24	48.2	45.3	49.8	48.2
May-24	49.7	48.8	50.0	45.7

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

As has been the case in each of the past 18 months, recruiters across London recorded an increase in the availability of permanent staff in May. Though easing from April, the rate of expansion was rapid overall. The upturn was commonly linked to reports of redundancies.

The expansion in permanent labour supply in London was the softest seen of all four monitored English regions.

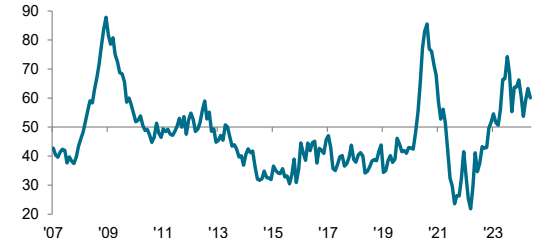
Availability of temporary staff expands rapidly in May

Redundancies were again widely linked to the latest uptick in the supply of temporary staff in May, with expansions seen across the capital for a seventeenth straight month. While the rate of increase moderated notably from April's eight-month high, it was rapid overall.

The South of England was the only monitored English region to record a stronger rise in temp staff availability than that seen for London.

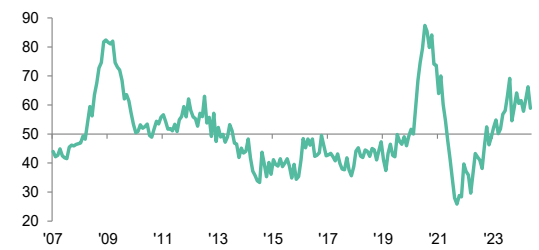
Permanent Staff Availability Index

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
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
Apr-24	60.4	63.3	60.1	66.3
May-24	62.4	60.1	59.7	58.9

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial ACCA Accountants	Hotel & Catering Chefs Hospitality	Governance Sales
Blue Collar Drivers Security Guards	IT & Computing IT Technical Roles Technology	
Construction Quantity Surveyors Refurbishment Project Manager	Nursing/Medical/Care Carers Doctors Nurses Occupational Therapist Paramedics Physiotherapist Social Care General	
Engineering Engineers Mechanical Engineers Oil & Gas	Other Commercial European Languages	
Executive/Professional Commercial Manager Energy & Renewables PR		

Skills in short supply: Temporary staff

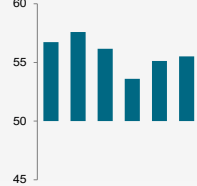
Blue Collar Security Guards	Other Commercial Sales Sustainability
Construction Quantity Surveyors	
Engineering Electrical Engineers Engineers Marine Engineers	
Hotel & Catering Chefs	
IT & Computing Data Professionals Data Scientists Software	
Nursing/Medical/Care Care Home Managers Social Care General	

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.

Permanent Salaries Index

Dec '23 - May '24
sa, >50 = inflation



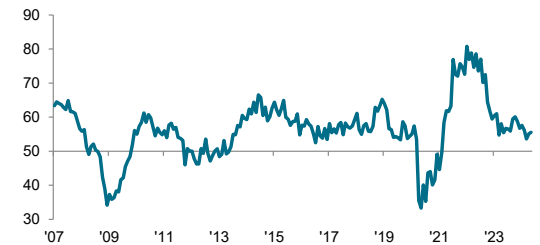
Starting salary growth quickens to three-month high

May data signalled a sharp rise in salaries awarded to new permanent joiners in London. Recruiters noted that many clients raised their offerings in line with the rising cost of living, with some also hoping to attract suitably-skilled workers. Though ticking up further from March's 37-month low, the respective seasonally adjusted index printed below the long-run average.

The rate of inflation seen across London matched that observed for the UK as a whole.

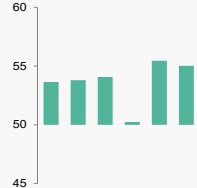
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Dec '23 - May '24
sa, >50 = inflation

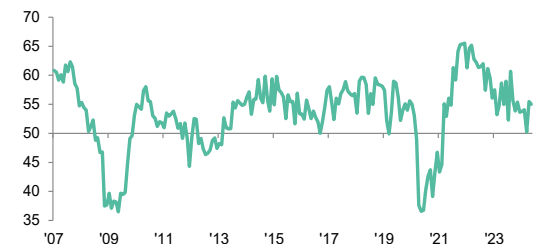


Sharp rise in temp wage rates

Recruiters based in London recorded a further rise in hourly pay rates for temporary staff in May, thereby stretching the current sequence of inflation which began in March 2021. Though sharp overall, the rate of wage growth was weaker than April's seven-month high and again slower than the UK-wide average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Apr-24	55.9	55.1	56.2	55.5
May-24	55.5	55.5	55.8	55.0

Official data: UK average weekly earnings

The Office for National Statistics (ONS) continued to report growth in whole economy earnings in the three months to March. According to the latest data, earnings rose 5.7% on the year, unchanged from the previous period.

Underlying earnings growth for the public sector rose to 6.2% in the three months to March, the best outturn seen since last November. Private sector earnings growth also continued to increase but, at an annual rate of 5.9%, to a slower degree than in the public sector.

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 number of permanent staff appointments across the UK dropped again in May, as has been the case for the past 20 months. That said, the rate of contraction was the softest in over a year and only modest overall. Three of the four monitored English regions registered falling placements, with the quickest drop seen in the South. Meanwhile, the Midlands recorded a renewed uplift.

Meanwhile, billings for the employment of temp workers fell again at the national level, thereby stretching the current sequence of decline to seven months. The sustained downturn was led by further decreases across London and the South of England. In contrast, the North saw a return to growth and a sharper upturn was recorded across the Midlands.

Candidate availability

There was a further rise in permanent staff availability across the UK in May, thereby extending the current sequence of growth to 15 months. Moreover, the uplift was the most pronounced seen since the pandemic (December 2020). Excluding London, all of the monitored English regions recorded a faster increase in permanent staff supply in May.

At the national level, though temporary staff supply rose sharply in May, the pace of expansion slowed slightly from April's 40-month high. The Midlands and London registered slower increases in availability, while growth accelerated in the South and North of England.

Pay Pressures

As has been the case on a monthly basis since early-2021, May survey data revealed ongoing salary growth at the UK level. Though starting salaries rose strongly, the upturn lost momentum in May and was notably subdued compared to recent trends. All four monitored English regions recorded permanent starting salary growth, with the quickest inflation seen across in the North of England.

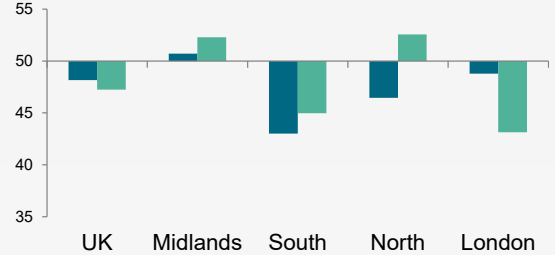
Similarly, the rise in hourly pay rates of temporary staff was strong at the national level, albeit easing from April's ten-month high. As was the case with permanent salaries, the North of England registered the fastest growth of temp rates, while the South of England recorded the slowest.

May 2024

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



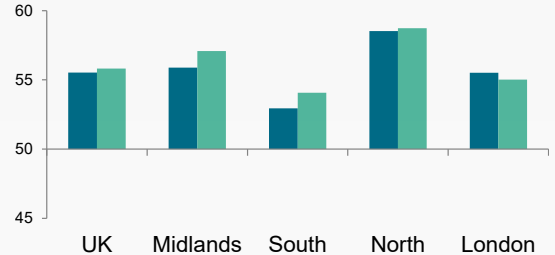
Staff Availability

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 9-24 May 2024.

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