

KPMG and REC, UK Report on Jobs: London

Downturn in hiring across the capital deepens in January

42.9

PERMANENT PLACEMENTS INDEX JAN '25

38.6

TEMPORARY BILLINGS INDEX JAN '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.

Steeper declines in permanent placements and temp billings

Demand for workers falls at fastest pace since pandemic

Pay pressures cool

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

"It's been a challenging start to the year for recruitment in London, with January seeing both permanent and temporary appointments continuing to fall, albeit the former at a softer rate than the rest of the UK."

"We're seeing fewer permanent and temporary jobs advertised and the pool of available candidates continuing to grow, although the speed at which the candidate pool for permanent roles is growing eased this month."

"As businesses' growth plans for the year ahead crystallise, stimulated by reducing interest rates, this, and cooling pay pressures in the capital, should encourage more firms back to recruitment with more confidence."

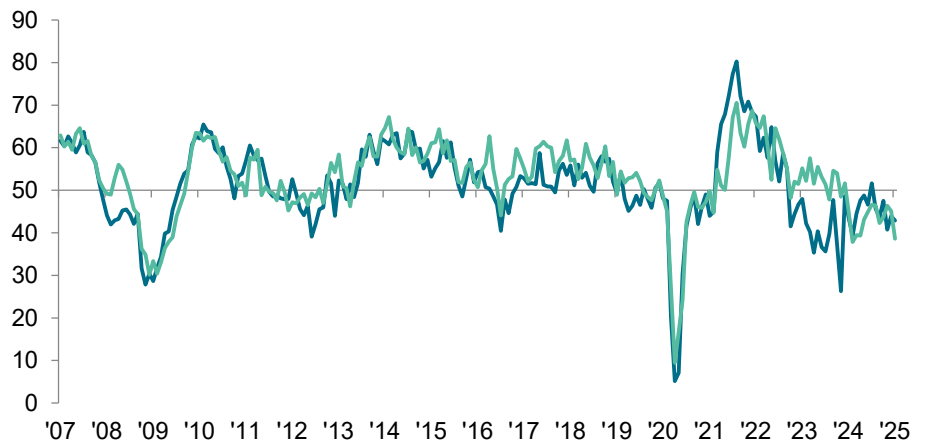
Neil Carberry, REC Chief Executive, said:

"Businesses entered the year uncertain on the growth path, and that has driven a "wait and see" approach to hiring. Around the country, REC members report that clients have plans and are hopeful for the year ahead - but firms are slowing investment until they see more momentum in the economy."

"Permanent starting salary inflation in the capital eased from December's five-month peak and temp pay also cooled from the previous month. Last week's move on interest rates was timely as a way of boosting confidence. The more central role of growth in Government thinking since the Chancellor's speech last month will also help. But it takes time, and real action, to build business confidence. An autumn of fiscal gloom, difficulty navigating significant upcoming tax rises and little progress on the practicalities of a costly new approach to employment rights are all acting as brakes on progress. As well as the monetary stimulus to growth, it's time for greater clarity on how the Government will use its industrial strategy to drive the growth of the whole economy."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

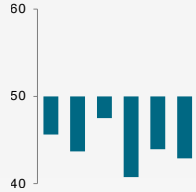


1 Staff appointments

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

Aug '24 - Jan '25
sa, >50 = growth



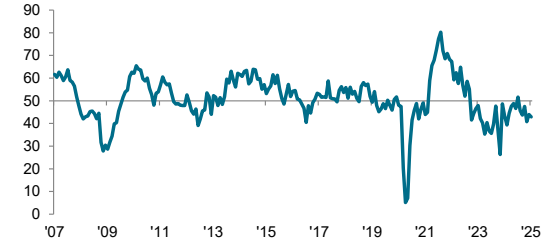
Downturn in permanent placements deepens

Recruiters based in the capital recorded a sharp decline in permanent placements in January, thereby stretching the current run of decrease to six months. The rate of contraction was more pronounced than seen in December with firms pointing to declining vacancies and economic uncertainty.

That said, of the four monitored English regions, London recorded the slowest reduction in new permanent staff joiners.

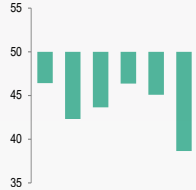
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Aug '24 - Jan '25
sa, >50 = growth



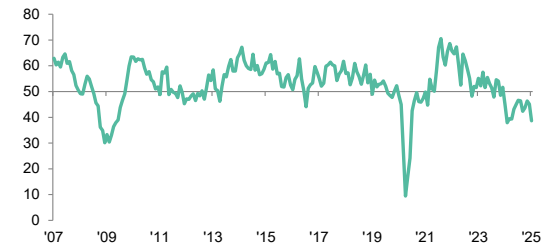
Decline in temp billings strongest in 11 months

A marked and accelerated decline in temp billings across London was recorded in January. The respective seasonally adjusted index has now posted in contraction territory for 13 straight months. The rate of contraction was the strongest since February of last year.

Among the four English regions being monitored, the decline in temporary billings in the South of England was the only one that exceeded the contraction observed in London.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-25	39.8	42.9	41.5	38.6

Job vacancies

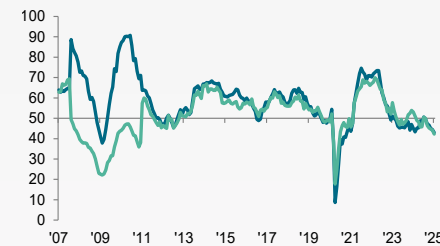
Recruiters in London recorded a sixth consecutive monthly decline in permanent vacancies in January. The rate of decrease was sharp and the fastest since October 2020.

Demand for temporary workers also deteriorated at a more pronounced rate in January. The fifth consecutive monthly fall in temp vacancies was rapid and the strongest in over four-and-a-half years.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

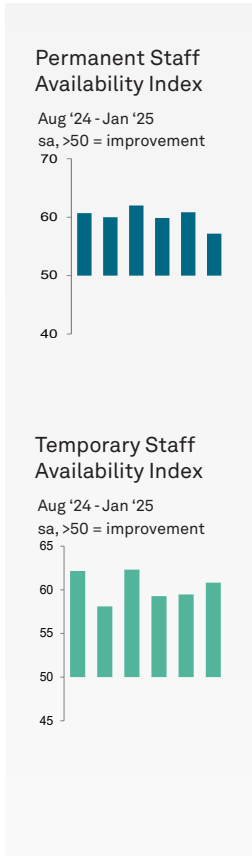


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-25	41.5	43.0	43.3	42.3

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 at slightly softer pace

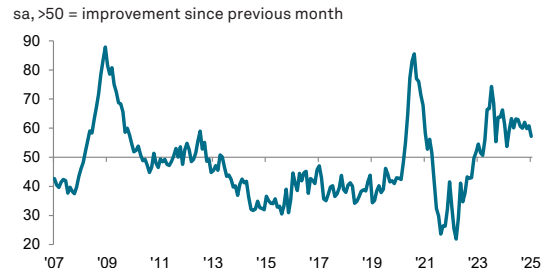
Permanent staff supply across the capital has risen on a monthly basis since December 2022, with January marking another sharp expansion. Redundancies and economic uncertainty underpinned the latest uptick.

The rate of expansion slowed to an 11-month low, however, and was weaker than the UK-wide average.

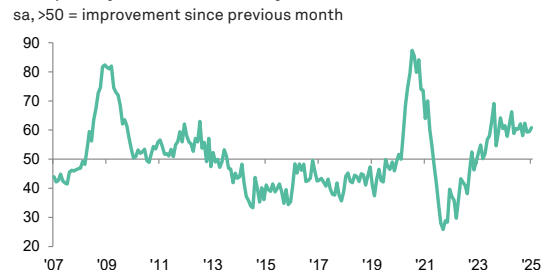
Temp staff supply rises at quickest pace in three months

January data revealed a marked rise in temporary candidates available across the capital. The rate of growth crept up for a second month running to the fastest since October last year. According to anecdotal evidence, full-time staff looking for supplementary work, as well as more contractors coming available, were reasons cited for the latest increase.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-25	57.7	57.2	58.1	60.8

3 Demand for skills

Skills in short supply: Permanent staff

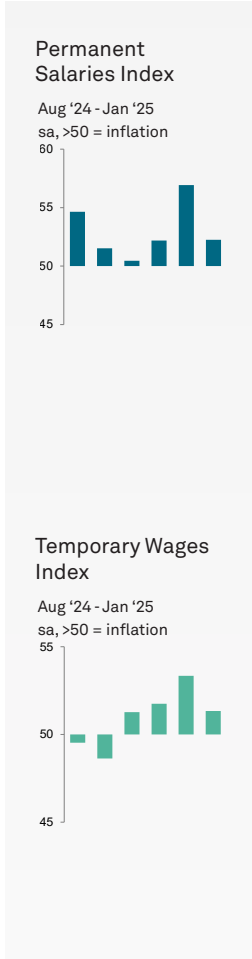
Accounting/Financial	IT/Computing
Estimators	Digital
Investment	Nursing/Medical/Care
Construction	Carers
Construction Site Managers	Nurses
Quantity Surveyors	Social Care General
Surveyors	Social Workers
Engineering	Secretarial/Clerical
Engineers	Executive Assistants
Executive/Professional	Secretary
PR	
Professional	
Project Managers	
Hotel & Catering	
Chefs	
Hospitality	

Skills in short supply: Temporary staff

Construction
Labourers
Quantity Surveyors
Executive/Professional
Compliance
Management
Hotel & Catering
Chefs
Hospitality
Nursing/Medical/Care
Social Care General
Secretarial/Clerical
Administration
Other
Event Management

4 Pay pressures

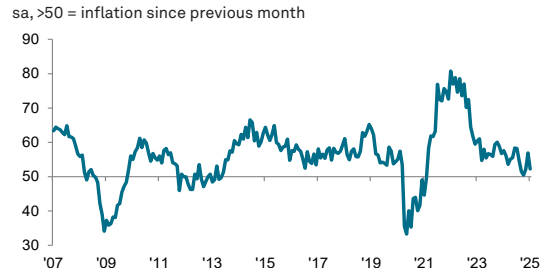
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Starting salary inflation moderates notably

The rate of permanent starting salary inflation in the capital eased from December's five-month peak, indicating only a modest monthly increase. In fact, the most recent rise was considerably lower than the average observed over the current 47-month period of growth and was surpassed by that recorded at the UK level.

Permanent Salaries Index

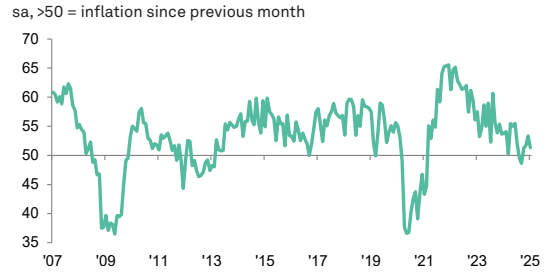


Temp wage inflation cools

Temp wages across London rose for a fourth straight month in January. That said, the rate of increase cooled from that seen in December to signal only a slight uptick.

Even with just a modest increase in temporary wages in the capital, the growth rate in London exceeded that seen for the UK as a whole.

Temporary Wages Index



sa, >50 = inflation since previous month

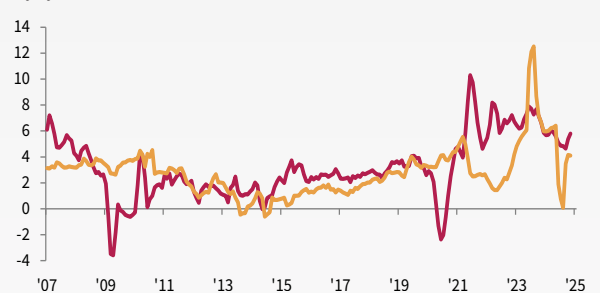
	Permanent		Temporary	
	UK	London	UK	London
Aug-24	54.4	54.6	50.7	49.5
Sep-24	52.8	51.5	49.9	48.6
Oct-24	52.5	50.5	51.5	51.3
Nov-24	52.6	52.2	51.2	51.8
Dec-24	53.1	56.9	51.6	53.3
Jan-25	52.6	52.2	50.5	51.3

Official data: UK average weekly earnings

Earnings growth in the UK continued to pick up in November, accelerating to an annual rate of 5.6% from 5.2% in the previous month. The latest growth rate was the highest since May 2024.

The private sector was the principal driver of the upturn in overall growth. November data showed that private sector earnings rose at an annual rate of 5.8%, the fastest in seven months. In contrast, public sector earnings increased by 4.1%, a rate little changed on October's 4.2%.

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

The number of permanent staff appointments in the UK dropped again at the start of 2025, extending the current sequence of reduction to 28 months. The rate of contraction was marked, and eased only slightly from that seen in December. All four monitored English regions registered falling permanent placements, with the quickest drop seen in the North of England. Meanwhile, London recorded the softest fall.

Billings for the employment of temp workers fell again at the national level, as has been the case for the past seven months. The downturn was strong, and the most marked since June 2020. Three of the four regions in England saw decreasing temp billings, with the sharpest reduction in the South of England. The Midlands was the sole region to register a positive reading, though growth broadly stalled.

Candidate availability

There was a further rise in permanent staff availability across the UK in January, thereby extending the current sequence of growth to 23 months. While still marked, the uplift eased for the first time in four months to reach the softest since last February. The Midlands saw the strongest increase in permanent staff supply, though all four monitored regions saw growth rates ease on the month.

At the national level, though temporary staff supply rose markedly in January, the pace of expansion eased to the slowest for four months. The North of England and London registered quicker increases in availability, while growth softened in the Midlands and South of England.

Pay Pressures

As has been the case since March 2021, January survey data revealed monthly increases in starting salaries for permanent workers in the UK. The pace of inflation eased from that seen at the end of 2024 however. The Midlands saw the steepest increase in permanent salary inflation, while the South of England was the only region to see a reduction.

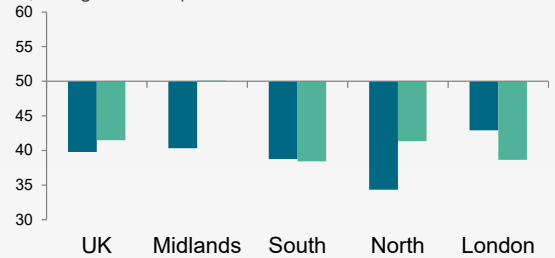
Meanwhile, temp wages rose only marginally in January, with the latest increase the softest in the current four-month sequence. The seasonally adjusted Temporary Wages Index remained above the 50.0 no-change threshold, with the Midlands, London and North of England all seeing increases in temp hourly pay. The South of England was the only region monitored to see temp wages fall on the month.

January 2025

■ Permanent
■ Temporary

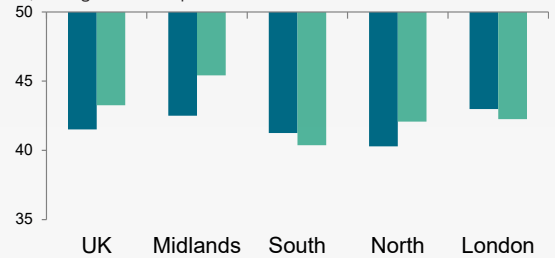
Staff Appointments

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 9-27 January 2025.

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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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