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KPMG and REC, UK Report on Jobs: London

Growth in permanent placements strongest in 43 months in April

Key findings

Permanent new joiners rise solidly

Downturn in temp billings eases

Fresh rise in permanent vacancies

Data collected April 9-24.

Summary

The latest KPMG and REC, UK Report on Jobs: London survey data highlighted a further rise in permanent new joiners during April. The upturn was solid and the most marked in 43 months. Meanwhile, the downturn in temp billings eased notably since March. Recruiters based in the capital also registered the first rise in permanent vacancies since July 2024, and at a rate which was the fastest in 41 months. While demand for temporary workers deteriorated further, the downturn was the least pronounced in the current 20-month sequence of worsening and only modest. The supply of both permanent and temp workers rose substantially in the latest survey period, but the rates of expansion both moderated on the month.

Lastly, starting salaries for permanent workers rose at a quicker pace, while temp wages recorded a fresh, but only fractional rise. In both cases the rates of inflation were weaker than their respective long-run averages.

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.

Growth in permanent placements hits 43-month high in April

April survey data signalled a second consecutive monthly rise in permanent placements across the capital. The respective seasonally adjusted index

ticked up for a fourth month running to post a 43-month high and signalled a strong increase. Anecdotal evidence indicated that the latest upturn was due to increased client activity.

On the other hand, permanent staff appointments fell at the UK level, and at a stronger pace than in March.

The seasonally adjusted Temporary Billings Index posted below the crucial 50.0 mark for a fifth successive month in April, indicating a further fall in temp billings across London. Although solid, the rate of contraction was notably weaker than seen in March. Where recruiters reported a fall in temp billings, this was attributed to weak market conditions.

Meanwhile, temp billings rose at the UK level for the first time in three months. The upturn was driven by expansions seen in the Midlands and the South of England.

For the first time in 21 months, permanent vacancies rose across the capital in April. The pace of increase was moderate and the fastest in nearly three-and-a-half years. The uptick across the capital contrasted with a sustained and solid downturn seen at the UK level.

Meanwhile, demand for temporary workers worsened in London for a twentieth straight month in April. That said, the pace of deterioration moderated further to the weakest in the aforementioned sequence, signalling only a modest drop.

Of the four tracked English areas, only the North of England posted a rise in temp vacancies.

Rapid but moderated rise in permanent staff supply

As has been the case on a monthly basis since December 2022, recruiters based in London

indicated a further increase in permanent staff availability in April. Where surveyed respondents noted a rise, they commonly linked this to redundancies.

Despite being marked and stronger than the UK-wide average, the pace of expansion in permanent staff availability moderated on the month. Slower rates of increase were also recorded across the Midlands and the South of England.

In line with the picture for permanent candidates, the supply of temp staff expanded further but at a moderated pace in April. According to anecdotal evidence, redundancies, a lack of new projects in the pipeline and the completion of current projects were factors driving up the availability of short-term workers.

The rise in temporary staff availability across London was the most marked of the four monitored English regions. At the other end of the scale was the Midlands which registered the weakest expansion.

Starting salary inflation accelerates in April

Recruiters in London recorded a further rise in starting salaries awarded to permanent new joiners in April, thereby extending the current run of growth to over five years. The rate of pay inflation quickened on the month and was the fastest of the four monitored English regions. In some cases, recruiters attributed higher salaries to the hiring of candidates for senior roles.

The rate of salary inflation picked up across all four monitored English regions in April. However, in all cases, pay growth remained historically weak.

Following a decrease in the month prior, April marked a fresh rise in temp wages in London. Temp wages have risen in three of the last four survey periods. That said, the pace of inflation was minimal overall, historically weak and slower than the UK-wide average.

Of the four tracked English regions, only the North of England registered a drop in temp wages.

Comments

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

"April's figures suggest London is beginning to pull away from the wider UK's hiring slowdown, with permanent placements rising at their fastest rate in more than three-and-a-half years. The uptick underlines just how resilient the capital's job market is, with client activity appearing to be picking up even while confidence remains fragile elsewhere."

"Demand for temporary workers is still low, and candidate availability remains elevated. But the return to growth in permanent vacancies, alongside stronger placements and firmer salary growth, suggests some employers in London are starting to move from caution to selective investment. The question now is whether that momentum can be sustained in the months ahead."

Neil Carberry, REC Chief Executive, said:

"So far this year we've seen signs of improving momentum across the UK, but that is now being tempered by the economic effects of the Gulf conflict. Businesses will be particularly concerned about the impact on inflation, their borrowing costs and any disruption to wider supply chains. A boost comes from a second consecutive monthly rise in permanent placements in London, even as temp billings remain sluggish. Government can do more to help firms feel able to commit to permanent hiring too, by addressing the cost of doing business – the key domestic contributor to hiring activity. Taking the threat of badly designed guaranteed hours rules off the table would make a huge difference."

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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.

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact economics@spglobal.com.

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