

KPMG and REC, UK Report on Jobs: London

Permanent placements fall sharply across the capital during March

40.2

PERMANENT PLACEMENTS INDEX
MAR '23

57.6

TEMPORARY BILLINGS INDEX
MAR '23

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.

Steepest drop in permanent placements since June 2020

Fastest increase in temp billings for seven months

Slight improvement in staff availability

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

"March was a curate's egg for the jobs market. Candidate availability continued to improve as people regained the confidence to look for new roles, but economic uncertainty caused firms to make redundancies and often opt for temporary hires over permanent placements."

"This unease saw temporary billings rise at their quickest rate for seven months and pay continue to increase in line with the cost of living."

"While the labour market continues to show resilience, it is nowhere near pre-pandemic levels of stability. The Government's Spring Budget included some support for workers, but it was a missed opportunity to provide much needed help for businesses to upskill their people, and to reskill those people who are economically inactive and want to return to work. Such coordinated actions are needed to fill the ever-widening skills gap."

Neil Carberry, REC Chief Executive, said:

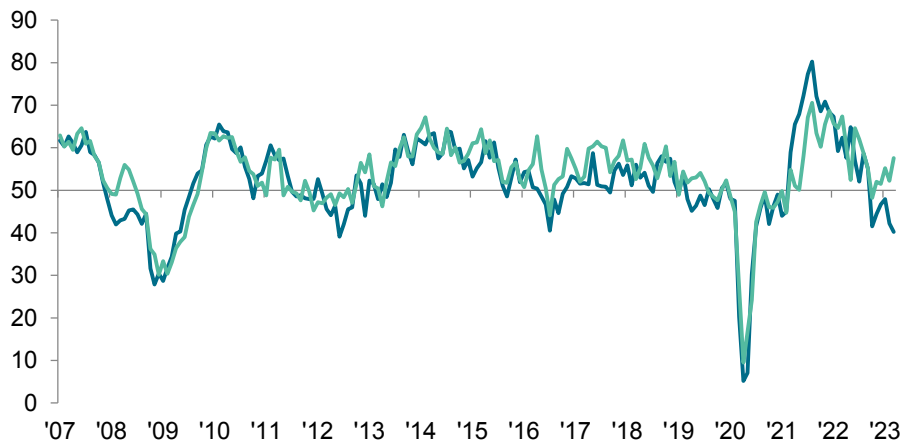
"Big news is that London had the fastest increase in temp billings for seven months as companies want to grow despite still feeling cautious. This part of the jobs market in the Capital reflects a UK economy performing better than was expected at the end of last year, and means it is still a good time to be looking for work."

"The continuing pay growth is likely reflective of the impact of inflation on wage offers, as well as low labour supply. That means increasing pay is likely to persist, despite more people beginning to look for work."

"But this cautious optimism belies the scale of the challenge we face in tackling shortages and addressing economic inactivity. The recent Budget did call out the need to address labour market shortages, but the steps taken fell short of the more comprehensive workforce strategy that is needed if we are to avoid losing two Elizabeth Lines of growth every year from 2024. We need to put the people stuff first. Government can do more – but businesses too need to step up, as our Overcoming Shortages report showed."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

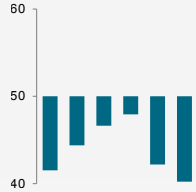


1 Staff appointments

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 '22 - Mar '23
sa, >50 = growth



Sharpest drop in permanent placements for 33 months

Permanent staff hires across London fell sharply at the end of the first quarter, thereby stretching the current run of contraction to six months. Moreover, the rate of decline was the most pronounced since June 2020. The downturn was attributed to a lack of suitable candidates and reduced hiring at clients amid ongoing uncertainty around the outlook.

Of the four monitored English regions, London reported the fastest decline in permanent placements in March, while the South of England went against the broader trend to report the first upturn in seven months.

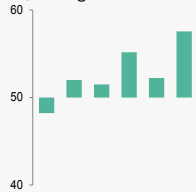
Temp billings growth hits seven-month high

A sharp and quicker expansion in temp billings was recorded across the capital during March. The rate of growth was the fastest in seven months and above the historical average. The latest uptick in billings was largely attributed to a preference for temp workers at clients.

Of the four English regions monitored by the survey, London reported the strongest upturn in temp billings.

Temporary Billings Index

Oct '22 - Mar '23
sa, >50 = growth



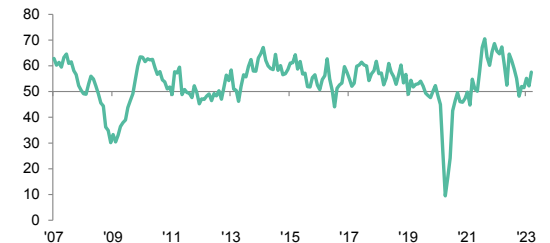
Permanent Placements Index

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
Oct-22	45.0	41.5	50.1	48.2
Nov-22	46.4	44.4	51.5	52.0
Dec-22	44.5	46.6	51.6	51.5
Jan-23	46.8	47.9	52.3	55.2
Feb-23	46.3	42.2	51.1	52.2
Mar-23	49.3	40.2	52.5	57.6

Job vacancies

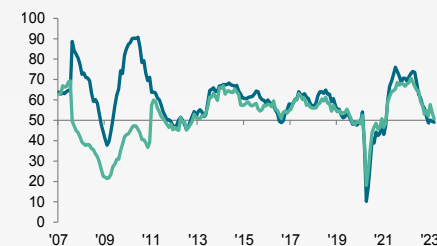
Permanent vacancies fell for the second successive month in March. While the pace of decline was only marginal overall, London was the only monitored English region to report a contraction.

A notable easing in the rate of temp vacancy growth was recorded across the capital for the second month running in March, resulting in the softest upturn in the current 25-month sequence of expansion. Growth of demand for short-term staff also moderated at the national level, but remained firmer than that seen in London.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

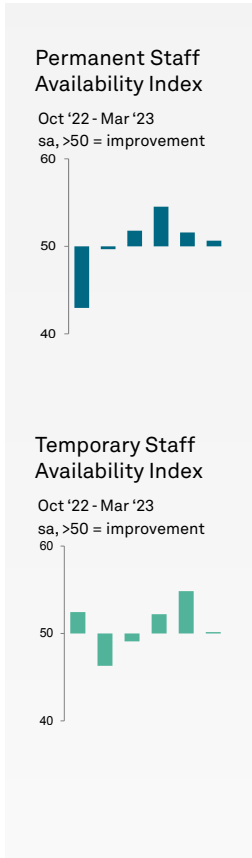


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Oct-22	56.7	55.8	56.2	53.0
Nov-22	54.0	51.9	56.3	54.8
Dec-22	52.8	48.8	56.7	52.0
Jan-23	54.3	50.1	56.1	57.7
Feb-23	55.5	49.5	55.8	53.8
Mar-23	55.4	49.1	52.3	50.8

2 Staff availability

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



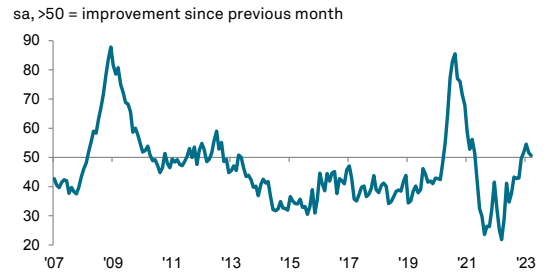
Slight increase in permanent staff supply

The supply of permanent staff rose across London during March. Higher economic uncertainty had reportedly made permanent roles more attractive, anecdotal evidence suggested, while there were also reports of people seeking new jobs due to the increased cost of living. That said, the latest upturn was the weakest since the current run of expansion began last December and only slight. It was also slower than the UK-wide trend, as some recruiters noted a reluctance amongst some workers to switch roles.

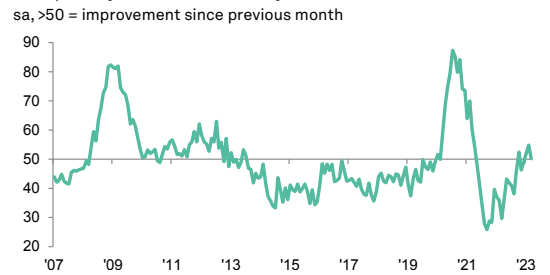
Softest rise in temp staff availability in three months

A rise in temp staff availability was recorded across London in March. According to panellists, the completion of projects and increased candidate numbers from abroad supported the latest increase in supply. That said, the upturn was the weakest in 2023 to date and only fractional. Nevertheless, the only other monitored English region to see an improvement in temp labour supply in the latest survey period was the North of England.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Oct-22	40.6	43.0	45.8	52.4
Nov-22	43.6	49.7	46.2	46.3
Dec-22	45.8	51.8	47.5	49.1
Jan-23	46.2	54.5	47.1	52.2
Feb-23	47.5	51.6	47.6	54.8
Mar-23	51.4	50.6	51.3	50.2

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants	Hotel & Catering Chefs Hospitality Housekeeping	Other All Types of Candidates Customer Service German Speakers
Blue Collar Security Guards	IT & Computing Digital IT Technology	
Construction Quantity Surveyors	Nursing/Medical/Care Doctors Nurses Occupational Therapist Paramedics Physiotherapist Social Workers	
Engineering Electrical Engineers		
Executive/Professional Project Managers Research		

Skills in short supply: Temporary staff

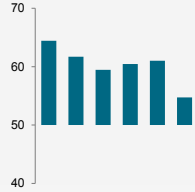
Blue Collar Security Guards	Nursing/Medical/Care Carers Doctors Nurses Occupational Therapist Paramedics Physiotherapist Social Workers
Construction Labourers	Retail Retail
Executive/Professional Research	Other All Types of Candidates
Hotel & Catering Chefs Hospitality Housekeeping	
IT & Computing IT	

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 '22 - Mar '23
sa, >50 = inflation



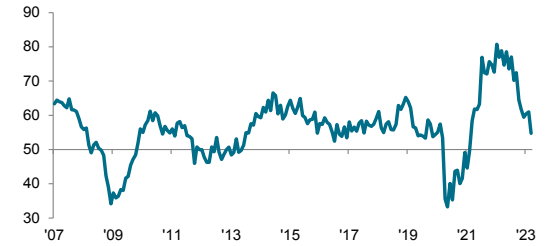
Starting salary inflation eases to 25-month low

The rate of starting salary inflation across London softened notably during March. Though solid, the upturn was the softest since the current run of growth began 25 months ago. While the cost-of-living crisis and skill shortages reportedly drove up pay, some recruiters noted stable or lower starting salaries after a strong period of inflation.

Notably, the rise in permanent pay across the capital was the weakest seen of all four monitored English areas.

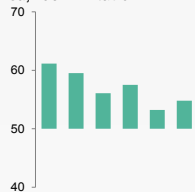
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Oct '22 - Mar '23
sa, >50 = inflation

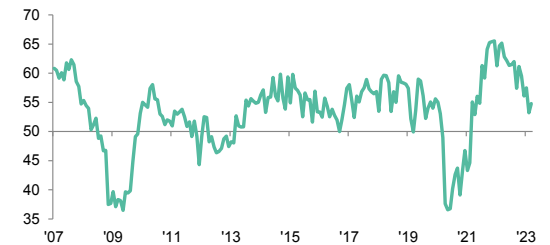


Quicker rise in temp wages in March

Temp wages across London rose during March, thereby stretching the current period of inflation to 25 months. Staff shortages and the cost-of-living crisis were linked to the latest increase in hourly wages. The pace of inflation was strong overall and quicker than that seen in February. That said, the upturn was below the average recorded over the aforementioned period. It was also weaker than the rates of wage inflation seen across the three other monitored English regions.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

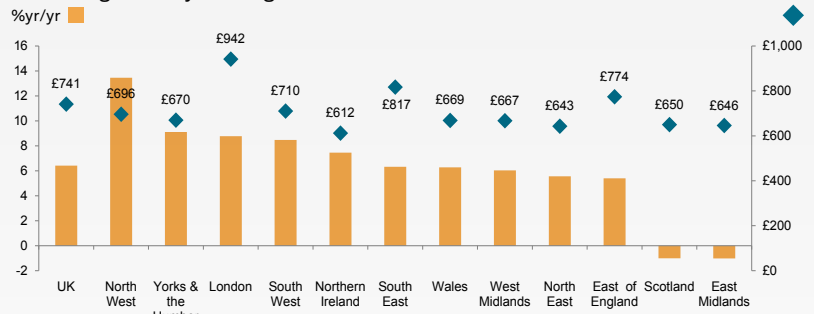
	Permanent		Temporary	
	UK	London	UK	London
Oct-22	62.4	64.5	60.5	61.2
Nov-22	62.0	61.7	59.6	59.5
Dec-22	61.9	59.5	56.8	56.1
Jan-23	60.8	60.4	61.1	57.5
Feb-23	61.3	61.0	57.6	53.2
Mar-23	61.1	54.7	57.5	54.8

Official data: UK average weekly earnings

Latest data published by the Office for National Statistics showed that average weekly earnings across the UK increased 6.4% on an annual basis to £741 over the final quarter of 2022.

The North West registered the steepest rate of pay growth (13.5% to £696), followed by Yorkshire & the Humber (9.1% to £670). Only two regions reported a reduction in average earnings, namely Scotland and the East Midlands, with pay falling by 1.0% in both areas to £650 and £646, respectively.

UK average weekly earnings



Source: Office for National Statistics.

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 UK registered a sixth successive monthly decline in the number of permanent staff placements at the end of the first quarter of 2023. The latest downturn was only marginal, however, and the softest in the current sequence of reduction. Led by London, three of the four monitored English regions registered a reduction in permanent staff appointments. The South of England, meanwhile, bucked the wider trend by recording a renewed upturn that was the first for seven months.

In contrast to the picture for permanent placements, temporary billings rose across the UK during March. The rate of increase was modest and quickened from the previous survey period. London posted the fastest expansion in temp billings. The only region to register a decline was the Midlands.

Candidate availability

The UK saw a renewed rise in permanent staff availability in March that was the first since January 2021 and modest. The uptick was led by a steep rise in the North of England, while the South of England and London also saw permanent staff supply rise in March. Recruiters in the Midlands reported a fourth consecutive reduction, though the decrease was only marginal and the softest in this sequence.

March data signalled the first rise in the supply of temporary staff across the UK for 25 months. The North of England saw the strongest rise since January 2021, while there was also a slight increase among London-based recruiters. While the Midlands and South of England saw reductions sustained in the latest survey period, both saw fractional decreases that were the softest in the respective 25-month sequences of decline.

Pay Pressures

The UK labour market continued to face marked pay pressures in the latest survey period. The rate of salary inflation remained historically elevated in March, but eased slightly since February. All four monitored English regions reported higher permanent starting salaries, though only the North of England recorded an acceleration on the month to post the strongest rate of inflation since September 2022.

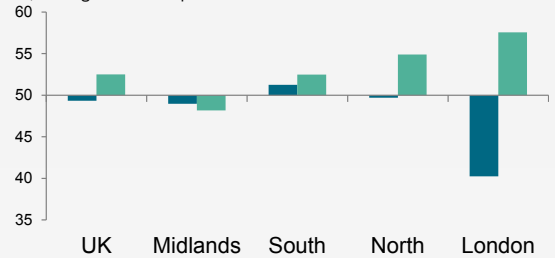
UK recruitment firms indicated that hourly pay rates for temporary workers increased in March. The rate of temp wage inflation was little-changed from February and steep overall. The North of England recorded the quickest rise, while the softest increase was seen in London.

March 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



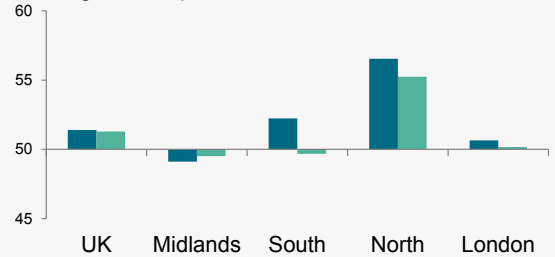
Vacancies

sa, >50 = growth since previous month



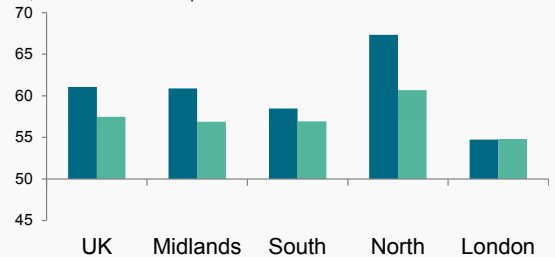
Staff Availability

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@ihsmarkit.com.

Survey Dates

Data were collected 10-27 March 2023.

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