

KPMG and REC, UK Report on Jobs: London

Permanent placements fall at softer rate in January

47.9

PERMANENT PLACEMENTS INDEX
JAN '23

55.2

TEMPORARY BILLINGS INDEX
JAN '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.

Permanent placements fall modestly

Temp billings growth hits five-month high

Pay pressures remain strong, despite upturn in staff supply

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

“London employers continue to approach recruitment with caution, with many choosing to hire temporary staff, as they wait to see how the economy performs in the coming months.”

“Whilst many London businesses continue to have growth on their mind, rising starting salaries to fill vacancies are putting pressure on businesses already facing an ever growing cost environment. However, this could start to subside as the capital bucks the UK trend, and more candidates make themselves available for work.”

“The current jobs market in London remains volatile, and recruiters and employers need to think more creatively about how to attract and retain permanent staff, to bring about stability, including looking at recruiting more apprentices across a range of age groups. Those employers who hold their nerve and invest in skills now are most likely to benefit most when the economic upturn comes.”

Neil Carberry, Chief Executive of the REC, said:

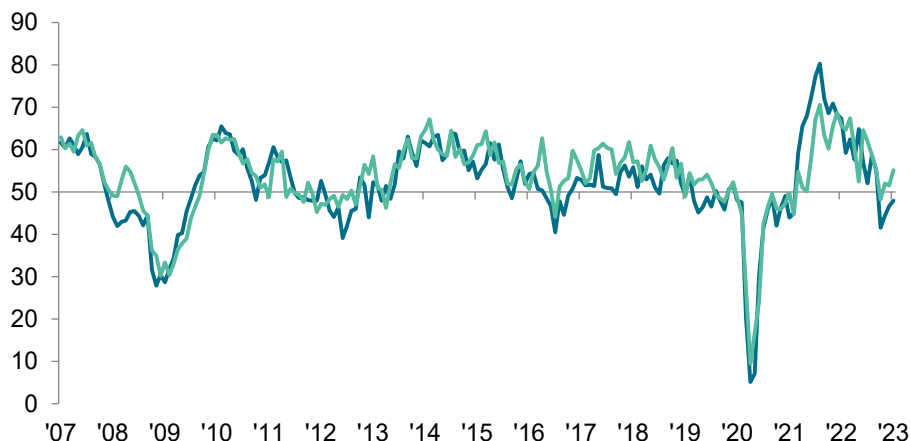
“January’s recruitment activity suggests that speculation about a shallower economic downturn may be justified. Pay pressures remain strong in the Capital, despite the upturn in staff supply. Vacancies for permanent staff in London expanded in January and the growth in demand for temporary staff also outpaced that seen at the national level.”

“Underpinning a sense of optimism, vacancies increased for both temporary and permanent roles in January. While this will reflect activity that may have been delayed from the autumn, it is another sign of firms feeling confident to hire, even if they are leaning more to temporary hiring than normal in this uncertain environment. That is the power of our temporary work market – it gives us a way to ensure firms can grow and people can build their careers even when the picture is uncertain.”

“The need to address the fundamental challenges our labour market faces has not changed with the turning of the year. From skills to tackling economic inactivity, and from immigration to childcare there is much that can be done in partnership with business to help our economy grow and workers to prosper. Ahead of the Budget, the Chancellor should put the people first across the whole of government. Every department has a role to play in getting growth going – and that starts with enabling our labour market.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

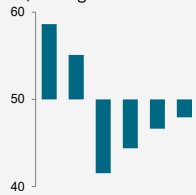


1 Staff appointments

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



Modest drop in permanent staff appointments

January survey data signalled a further fall in permanent placements across London. Where permanent staff appointments declined, recruiters cited a more cautious approach to hiring among clients and limited candidate availability. However, the pace of contraction was the softest in the current four-month run of decrease and remained slower than the UK-wide average.

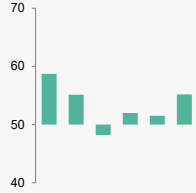
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Aug '22 - Jan '23
sa, >50 = growth



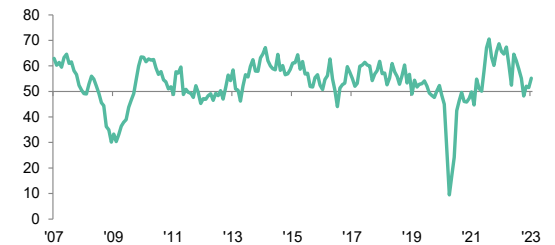
Strongest increase in temp billings since last August

For the third month running, temp billings increased across the capital during January. Moreover, the rate of expansion picked up to the sharpest seen since last August. According to recruiters, the upturn was due to firms moving away from permanent hires in favour of temp staff amid the weaker economic climate.

Temp billings growth also quickened across the UK as a whole, but remained softer than that seen in London.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Aug-22	53.3	58.6	56.4	58.7
Sep-22	51.2	55.1	55.3	55.1
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

Job vacancies

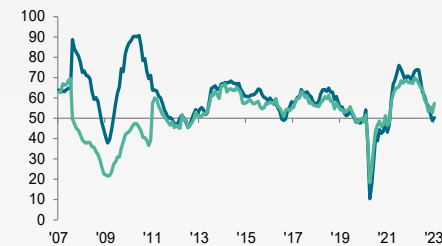
Latest data showed that vacancies for permanent staff in London expanded in January, following a mild contraction in December. That said, the upturn was only fractional and weaker than the UK-wide trend.

Demand for temporary workers in the capital fared better at the start of the year, with the rate of vacancy growth accelerating to a four-month high. The expansion in temp staff demand also outpaced that seen at the national level.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

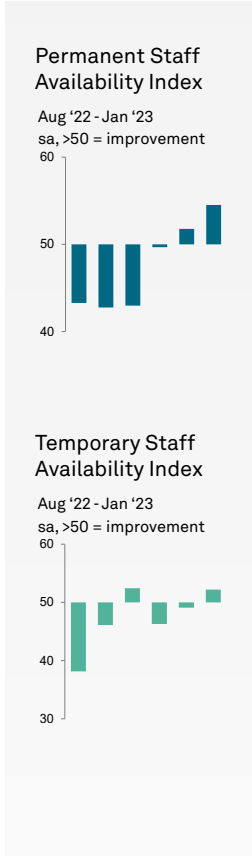


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Aug-22	62.2	61.0	61.9	59.2
Sep-22	58.0	57.4	58.8	57.3
Oct-22	56.7	55.8	56.3	53.2
Nov-22	54.0	51.9	56.3	55.4
Dec-22	52.9	48.8	56.7	52.7
Jan-23	54.2	50.2	56.1	57.2

2 Staff availability

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



Permanent staff supply rises at quickest rate since March 2021

The availability of permanent workers across London improved for the second month in a row during January. Furthermore, the rate of expansion was the quickest seen since March 2021 and solid overall. There were reports that redundancies had contributed to the latest rise in permanent candidate numbers.

Notably, London was the only monitored English region that reported growth in permanent staff supply during January.

Modest improvement in temp labour supply

The availability of workers to fill short-term positions in London increased for the first time in three months at the start of the year. That said, the rate of improvement was only modest overall. Recruiters mentioned that redundancies and the non-renewal of projects had been factors pushing up temp labour supply.

As was the case for permanent worker supply, London was the only monitored English region to see an increase in temp candidate availability.

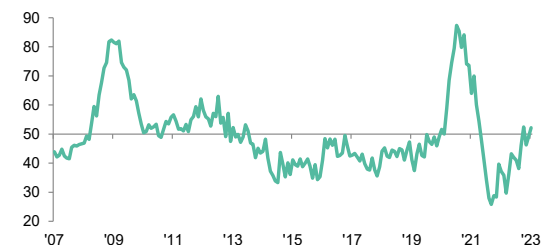
Permanent Staff Availability Index

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
Aug-22	40.1	43.3	41.2	38.1
Sep-22	40.5	42.8	45.1	46.1
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

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Estimators Finance Payroll	Hotel & Catering Chefs Hospitality Housekeeping	Therapist
Blue Collar Security Guards	IT & Computing Developers Digital IT Media Technology	Retail Retail
Construction Surveyors	Nursing/Medical/Care Doctors Nurses Occupational Therapist Paramedics Social Workers	Other All Types of Candidates Commercial Customer Service Logistics Sales Skilled
Executive/Professional Human Resources Marketing Project Managers Recruitment Consultants		

Skills in short supply: Temporary staff

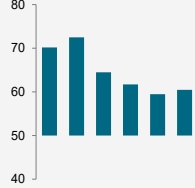
Blue Collar Security Guards	Paramedics Social Workers Therapist
Hotel & Catering Chefs Hospitality Housekeeping	Other All Types of Candidates
IT & Computing IT Python Software Engineers	
Nursing/Medical/Care Doctors Nurses Occupational Therapist	

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

Aug '22 - Jan '23
sa, >50 = inflation

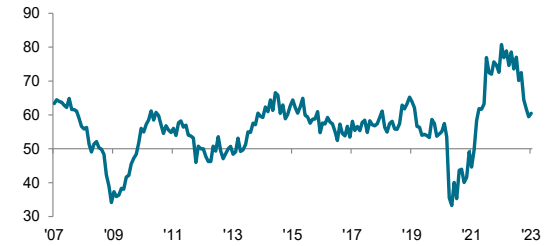


Permanent starters' salaries continue to rise sharply

Adjusted for seasonal factors, the Permanent Salaries Index pointed to a sustained rise in salaries awarded to newly-placed permanent staff in the capital during January. The rate of inflation quickened slightly on the month and remained sharp in the context of the survey history. Higher starting salaries were generally linked to candidate shortages and rising living costs. That said, the upturn was slightly weaker than the UK-wide trend and the average seen over 2022 as a whole.

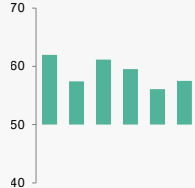
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Aug '22 - Jan '23
sa, >50 = inflation

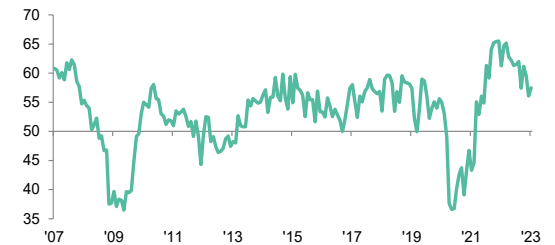


Temp pay growth picks up in January

Recruiters based in London signalled an increase in average hourly rates of pay for temp staff in January, thereby stretching the current sequence of rising wages to 23 months. Though sharp and quicker than that seen in December, the rate of pay inflation was the softest seen of all four monitored English regions. Recruiters commented that rates of pay had increased to attract and secure scarce candidates.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
Aug-22	70.4	70.2	63.8	62.0
Sep-22	70.2	72.5	61.9	57.4
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

Official data: UK average weekly earnings

Latest data published by the Office for National Statistics showed that average weekly earnings across the UK rose 4.9% year-on-year to £729 over the third quarter of 2022.

The strongest rate of pay growth was seen in Yorkshire & the Humber (14.1% to £673), closely followed by the North West (13.9% to £692). The only region to record a drop in pay was the West Midlands, where earnings fell -1.2% to £643.

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 number of people placed into permanent jobs across the UK fell for the fourth straight month in January. The rate of decline was the softest seen over this period, albeit solid overall. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in the Midlands.

In contrast, billings received from the employment of short-term staff across the UK rose further at the start of 2023. Though mild, the rate of growth was the best seen for four months. All four monitored English areas bar the Midlands saw higher temp billings in January, with the North of England leading the upturn.

Candidate availability

The availability of staff for permanent roles across the UK contracted in January, as has been the case throughout the past two years. Though solid, the rate of deterioration was the softest seen since March 2021 and much slower than that seen on average in 2022. The Midlands and the North of England posted the joint-steepest drop in permanent candidate numbers. London was the only monitored English region to see an improvement in permanent candidate supply.

At the national level, the number of temporary candidates fell at a solid rate that was slightly faster than that seen at the end of 2022. As was the case for permanent staff supply, London was the only English area to see an improvement in temp candidate availability. Of the three monitored English regions to see a decline, the Midlands registered the quickest rate of contraction.

Pay Pressures

Average starting pay for permanent workers in the UK continued to increase at the start of the year, thereby stretching the current sequence of inflation to 23 months. The rate of growth slipped to the lowest since April 2021, having eased further from March 2022's survey record, but remained sharp overall. On a regional basis, the steepest increase in starting salaries was seen in the North of England and the softest in the Midlands.

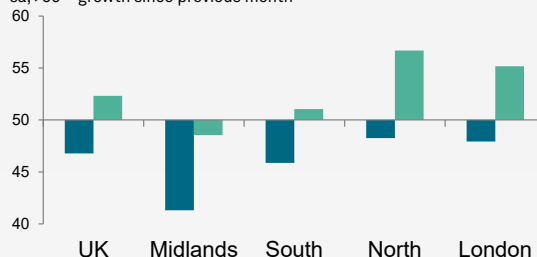
Latest survey data pointed to a renewed acceleration in temp wage inflation across the UK in January. Notably, the latest increase in short-term pay was the strongest since last September. All four monitored English regions recorded higher temp wages at the start of the year, with the sharpest rate of inflation seen at recruiters based in the Midlands.

January 2023

■ Permanent
■ Temporary

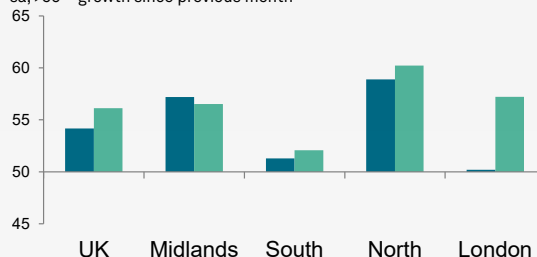
Staff Appointments

sa, >50 = growth since previous month



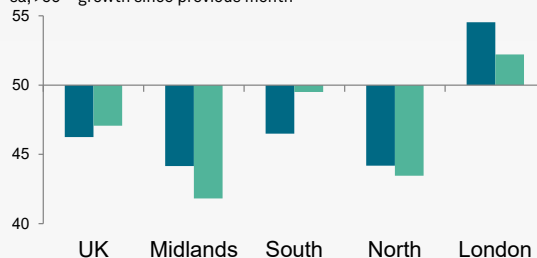
Vacancies

sa, >50 = growth since previous month



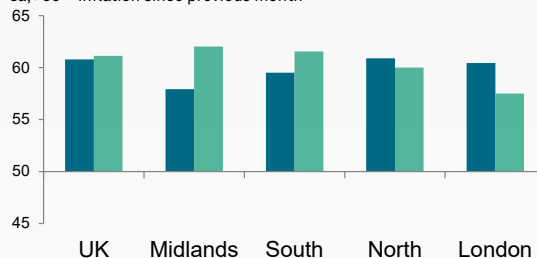
Staff Availability

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 12-25 January 2023.

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