

KPMG and REC, UK Report on Jobs: London

Permanent placements fall at a sharper pace in February

42.2

PERMANENT PLACEMENTS INDEX FEB '23

52.2

TEMPORARY BILLINGS INDEX FEB '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 staff placements fall amid economic uncertainty

Growth in temp billings softens from January

A fresh drop in permanent vacancies during February

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

"We're seeing London employers are slowly putting the brakes on hiring permanent staff - running lengthier processes or delaying making a decision - amid salary inflation and a continued challenging economic environment."

"With the number of people available for work increasing, the pressure should be easing for those businesses with a long term growth strategy looking to fill key roles. However, finding people with the right skills is key, and we still see wage inflation. With such a volatile jobs market in the capital, those employers who hold their nerve and invest in retention, skills and recruitment now, are most likely to benefit most when the economic upturn comes."

Kate Shoesmith, Deputy Chief Executive of the REC, said:

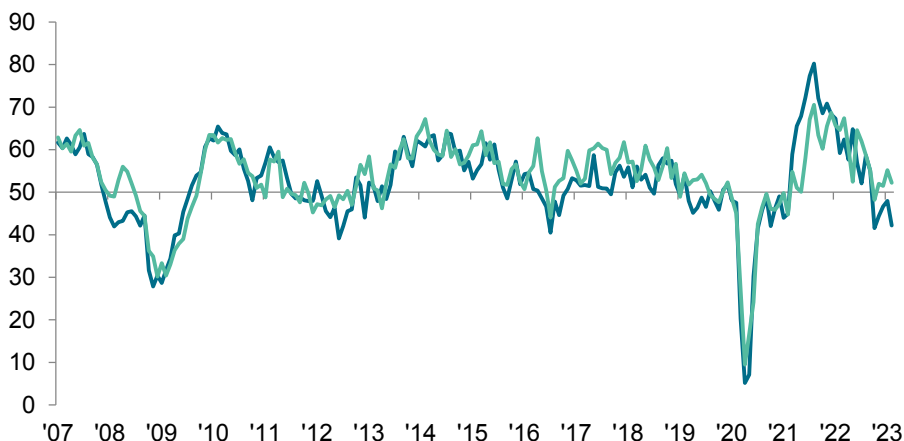
"The decrease in demand for permanent staff in London was mild and temp vacancy numbers rose solidly in the capital."

"As hirers work out what variable economic forecasts might mean for their business and staff, it makes sense that we continue to see temp billings hold up so well. Temporary staffing ensures firms can continue to provide goods and services, and people can grow their careers - even when the economic outlook is unclear. The rising cost of living, plus difficulties attracting and securing suitably skilled staff are also driving increases in starting pay."

"What this latest Report on Jobs shows is serious labour and skills shortages are not behind us. The economy stands to lose up to £39 billion in GDP every year from 2024 unless business and government act now. Many businesses are doing what they can but the Spring Budget is the ideal opportunity to find a way forward together. The Chancellor must put people issues first, with innovative and refreshed policies on skills and tackling economic inactivity, and from immigration to childcare."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

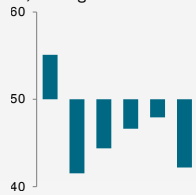


1 Staff appointments

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

Sep '22 - Feb '23
sa, >50 = growth



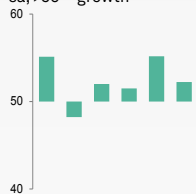
Accelerated fall in permanent staff placements

The number of permanent staff appointments across London decreased sharply in February. The rate of reduction was the fastest since the current run of decrease began last October. Panel members linked the downturn to lengthier hiring processes and market uncertainty.

Of the four English regions monitored by the survey, London registered the sharpest contraction in the number of workers placed in permanent roles.

Temporary Billings Index

Sep '22 - Feb '23
sa, >50 = growth



Temp billings continue to rise, albeit softly

Temp billings across London increased for the fourth successive month in February. The rate of expansion softened from January's five-month high but was solid overall. Growth in new projects and greater demand for short-term workers helped drive the upturn in hiring according to surveyed companies.

An increase in temp billing was also seen at the UK level. However, the upturn was softer than in London.

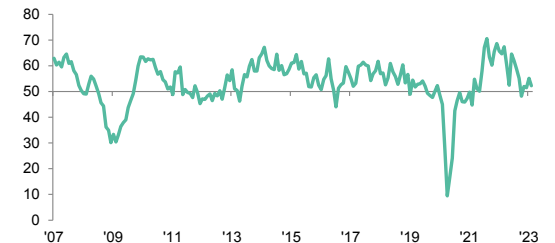
Permanent Placements Index

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
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
Feb-23	46.3	42.2	51.1	52.2

Job vacancies

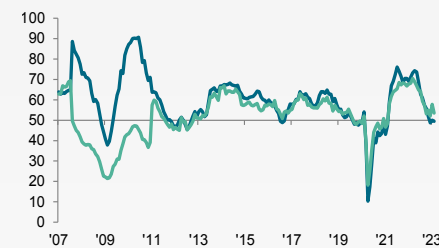
Demand for permanent staff fell in London following an upturn in January. A fall has now been registered in two of the last three survey periods. While the rate of decrease was mild overall, London was the only monitored English region to report a downturn in demand.

Temp vacancy numbers rose solidly in London, extending the current run of growth to two years. That said, the rate of increase softened from January's recent high and was softer than the UK-wide average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

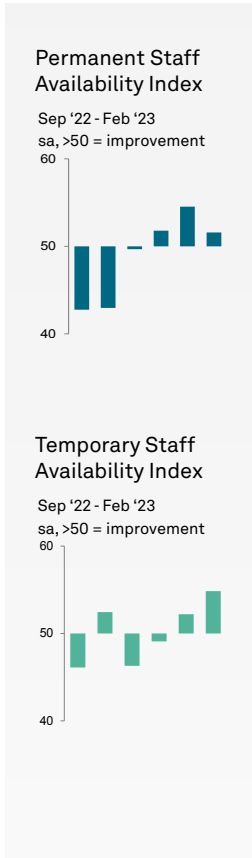


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-22	58.0	57.4	58.8	57.4
Oct-22	56.7	55.7	56.3	53.1
Nov-22	54.0	51.8	56.3	55.0
Dec-22	52.8	48.7	56.7	52.1
Jan-23	54.4	50.0	56.1	57.7
Feb-23	55.6	49.4	55.9	53.6

2 Staff availability

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



Permanent staff availability rises for the third month running

February data signalled a third monthly increase in the availability of permanent candidates in London. Despite easing from January's recent high, the pace of expansion contrasted with the downturn seen over much of the past two years. A slowdown in hiring and redundancies continued to drive up the supply of permanent staff.

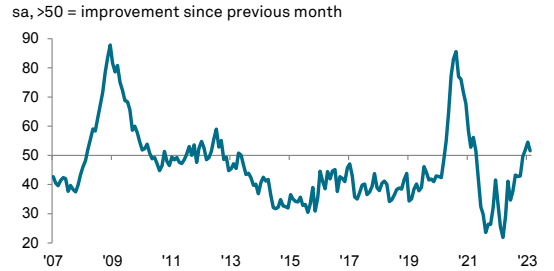
Of the four monitored English regions, only London reported growth in permanent candidate availability.

Temp staff availability improves at the fastest pace in 23 months

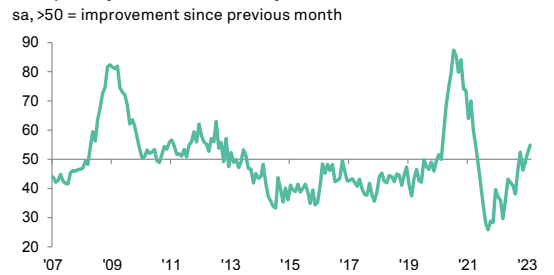
For the second month running, recruiters across London indicated a rise in the supply of temporary staff. Moreover, the rate of increase quickened from January to the fastest since March 2021 and was historically strong. Panellists linked the latest uptick to current projects wrapping up, layoffs and growth in overseas candidates.

Again, only London reported growth in the availability of temp staff of the four English regions.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Feb-23	47.5	51.6	47.6	54.8

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Finance	Hotel & Catering Chefs Hospitality	Other All Types of Candidates Customer Service
Blue Collar Drivers Industrials	IT & Computing Digital IT Media	Secretarial/Clerical Personal Assistant
Construction Quantity Surveyors Construction	Nursing/Medical/Care Doctors Nurses Occupational Therapist Paramedics Physiotherapist Social Workers	
Engineering Electrical Engineers		
Executive/Professional Marketing Project Managers		

Skills in short supply: Temporary staff

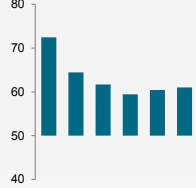
Construction Labourers Construction	Social Workers
Engineering Engineers	Other All Types of Candidates Languages Skilled
Hotel & Catering Chefs Hospitality	Retail Retail
IT & Computing Cyber IT Software	
Nursing/Medical/Care	

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

Sep '22 - Feb '23
sa, >50 = inflation



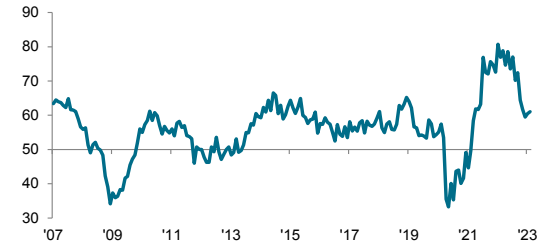
Steep rise in permanent salaries

Starting salaries for new joiners rose in February, extending the trend observed since March 2021. The rate of salary inflation edged up further from December's 21-month low and was rapid overall. Recruiters often reported that firms across London raised their pay to attract talent amid skills shortages.

The pace of growth in starting salaries was slightly weaker than the UK average.

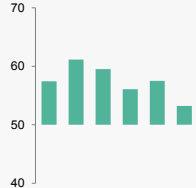
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Sep '22 - Feb '23
sa, >50 = inflation

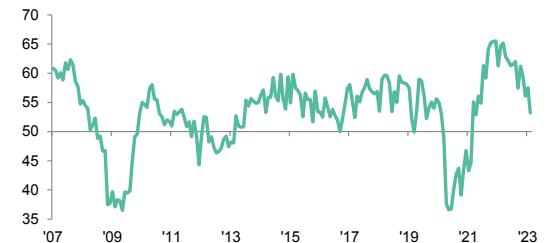


Slowest increase in temp pay in 22 months

Temp wages rose across the capital in February. Anecdotal evidence linked the rise in hourly wages to increased competitiveness. That said, the pace of growth eased from January, with the latest upturn among the softest in the current two year run of expansion and the weakest of the four monitored English regions.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

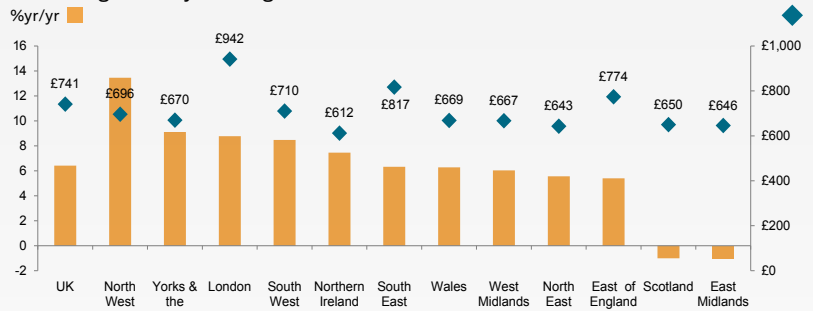
	Permanent		Temporary	
	UK	London	UK	London
Sep-22	70.2	72.5	61.9	57.4
Oct-22	62.4	64.5	60.5	61.2
Nov-22	62.0	61.7	59.6	59.5
Dec-22	61.9	59.5	56.8	56.1
Jan-23	60.8	60.4	61.1	57.5
Feb-23	61.3	61.0	57.6	53.2

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 number of people placed into permanent jobs across the UK fell for the fifth successive month in February. The rate of decline was slightly faster than in January, but slower than the trend over the fourth quarter of 2022. Three English regions registered a drop in permanent staff appointments, with the quickest reduction seen in London. Permanent staff placements rose in the North.

In contrast, billings received from the employment of short-term staff across the UK rose further. Three English areas saw higher temp billings in February, with the North of England again leading the upturn. Temp billings fell in the Midlands, however, helping to drive the UK rate of growth to the weakest in four months.

Candidate availability

The availability of staff for permanent roles across the UK contracted in February, as has been the case for just over two years. The rate of deterioration eased for the eighth successive month, however, to the softest seen since March 2021. The North of England posted the steepest drop in permanent candidate numbers, and the South the weakest. London was again the only monitored English region to see an improvement in permanent candidate supply.

At the UK level, the number of temporary candidates fell for the twenty-fourth month running but at the slowest rate since March 2021, the first month in that sequence. Temp availability in London rose the most in nearly two years. Among the three English regions to post falling temp supply, the fastest decline was seen in the South.

Pay Pressures

Average starting pay for permanent UK workers rose in February, extending the current sequence of inflation to two years. The rate of growth picked up on the month for the first time in nearly a year, remaining above the long-run series trend but still the second-weakest in 22 months. On a regional basis, the steepest increase in starting salaries was seen in the North of England and the softest in the South.

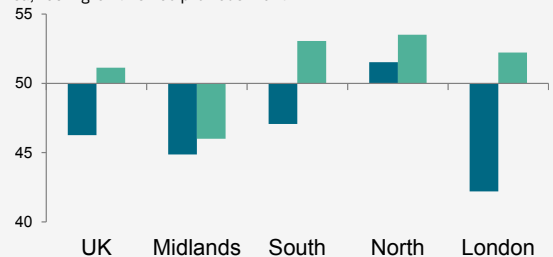
February survey data pointed to the second-weakest UK temp wage inflation in 22 months. That said, the latest increase in short-term pay remained stronger than the long-run trend. All four monitored English regions recorded higher temp wages at the start of the year, with the sharpest rate of inflation seen in the South and the weakest in London.

February 2023

■ Permanent
■ Temporary

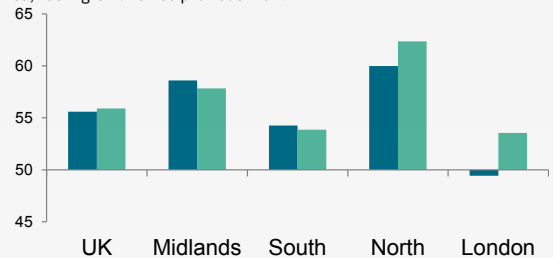
Staff Appointments

sa, >50 = growth since previous month



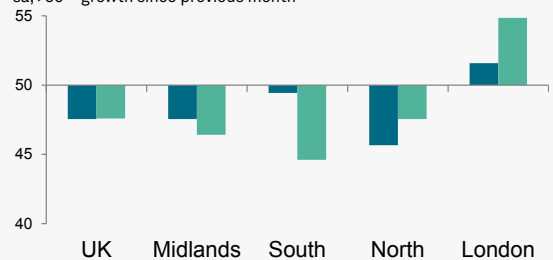
Vacancies

sa, >50 = growth since previous month



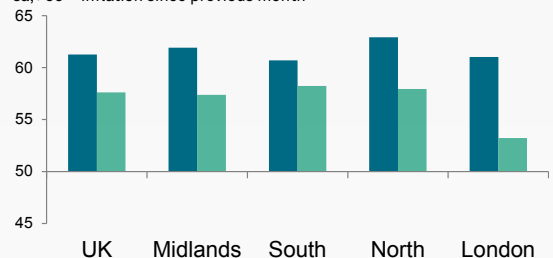
Staff Availability

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 10-22 February 2023.

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