

# KPMG and REC, UK Report on Jobs: London

## Permanent placements fall sharply but pay pressures remain elevated

# 35.3

PERMANENT PLACEMENTS INDEX  
APR '23

# 51.5

TEMPORARY BILLINGS INDEX  
APR '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.

### Sharp decline in permanent staff hires

### Fresh drop in temp vacancies

### Pay pressures intensify

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

*"We're seeing employers in the capital now taking a more cautious approach to recruitment in the face of a challenging economy and a rising cost base, including of course labour costs, which are often the biggest spend for businesses."*

*"As we enter the busy summer period, employers in the capital are looking to fill vacancies with temporary hires as they watch and wait to see how the economy picks up. For all those businesses focussed on growth, there is some good news as the number of people available for permanent work in London increased, giving a welcome boost to hiring plans and filling the skills gap."*

*"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."*

Neil Carberry, REC Chief Executive, said:

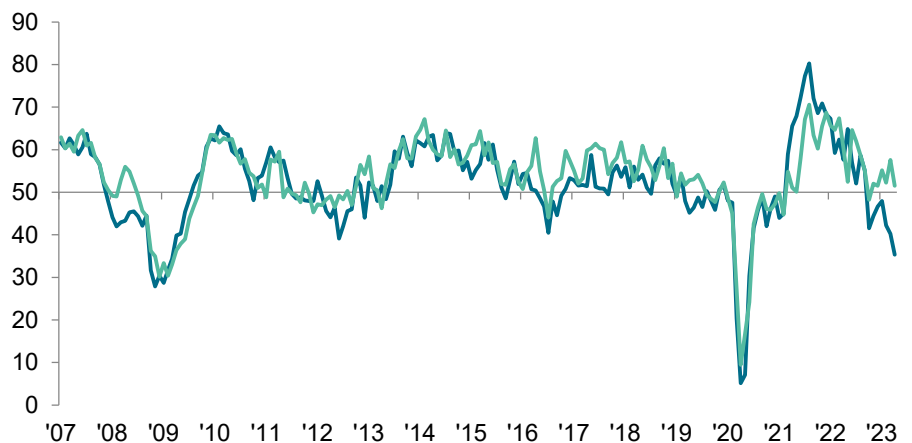
*"This data shows how uncertain many employers are feeling right now with London having a difficult month with less permanent placements. Indications are that firms are hedging their bets with recruitment agencies across London signalling a sixth consecutive monthly rise in temp billings during April."*

*"Across the UK, REC members reporting weaker demand in some sectors than others as sectors like logistics, driving and food are heavily affected by changing consumer behaviour. Taken together, however, there is still plenty of opportunity out there for jobseekers. Wages are rising sharply for both temps and new permanent hires in London in the face of inflation, even though candidate availability is finally starting to improve."*

*"For employers, hiring is unlikely to get easier soon. Those businesses that succeed will have good, long-term strategies for accessing talent from a wide range of sources, including retraining. Recruiters are well-placed to help with this. Nowhere is the need for a strong hiring strategy more obvious than in our largest employer, the NHS, where the failure to partner properly with NHS staffing suppliers is lengthening waiting times and costing the public purse more than necessary. Reforming NHS frameworks in partnership with the industry would be in the interests of patients, medical staff and the taxpayer."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

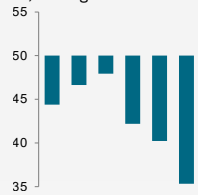


# 1 Staff appointments

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

Nov '22 - Apr '23  
sa, >50 = growth



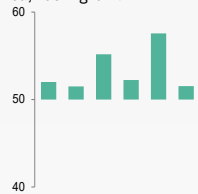
## Quickest fall in permanent staff appointments for 34 months

Permanent placements in London fell markedly during April, stretching the current period of deterioration to seven months. Moreover, the rate of contraction quickened for the third straight month to its strongest since June 2020. Recruitment consultancies attributed the deepening downturn to weaker demand for permanent staff, with some of their clients implementing hiring freezes.

All four monitored English regions registered a drop in permanent staff hires, with London seeing the steepest rate of contraction by a notable margin.

Temporary Billings Index

Nov '22 - Apr '23  
sa, >50 = growth



## Temp billings growth slips to four-month low

Recruitment agencies across London signalled a sixth consecutive monthly rise in temp billings during April. Where respondents recorded an increase, this was generally linked to a preference for temp staff over permanent workers. That said, the latest upturn was the slowest in four months and weaker than the UK-wide average.

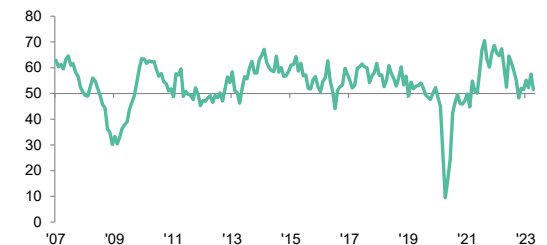
Permanent Placements Index

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
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
Apr-23	44.2	35.3	53.3	51.5

# Job vacancies

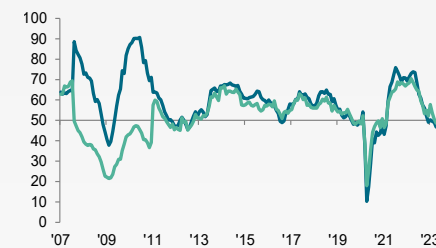
April data highlighted a third monthly drop in permanent vacancies across London. The rate of reduction was the most pronounced in 27 months and contrasted with increases across the three other monitored English regions.

Demand for temporary staff also fell in April, marking the first month of contraction since February 2021. Additionally, London was the only monitored English region to register a drop in temp vacancies.

Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

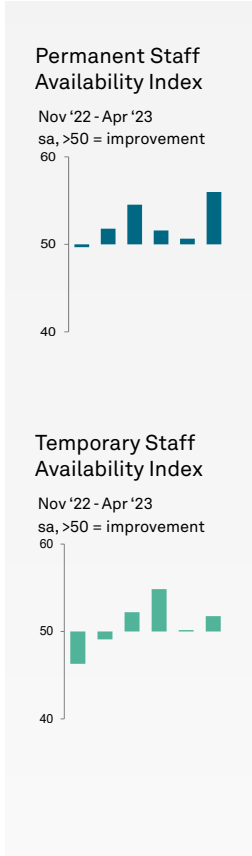


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Nov-22	54.0	52.2	56.3	54.9
Dec-22	52.9	49.0	56.7	52.1
Jan-23	54.5	50.3	56.1	57.7
Feb-23	55.6	49.5	55.8	53.6
Mar-23	55.6	49.1	52.3	50.6
Apr-23	54.7	46.7	55.3	48.6

## 2 Staff availability

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



### Permanent staff supply expands at faster rate

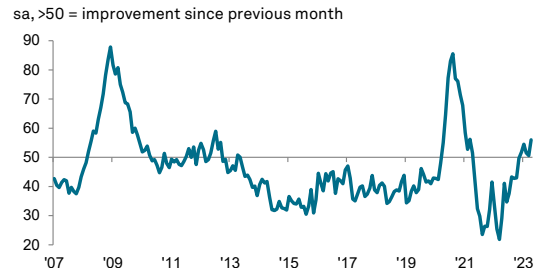
As has been the case since December 2022, permanent candidate numbers across the capital expanded at the start of the second quarter. Moreover, the rate of growth accelerated for the first time in three months and was the sharpest recorded since March 2021. The latest improvement in candidate availability was linked to a combination of reduced hiring and layoffs at some clients.

Of the four monitored English areas, London saw the quickest rise in permanent candidate numbers in April.

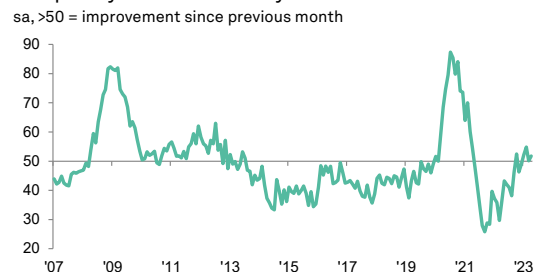
### Modest rise in temp staff supply during April

The supply of temporary workers across London grew in April, thereby extending the current run of expansion to four months. After rising only fractionally in the previous survey period, the rate of growth quickened in April and was stronger than that seen across the UK as a whole. Anecdotal evidence indicated that growth in temp staff supply was partly driven by higher wages and candidates seeking supplementary income.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Apr-23	51.6	56.0	50.2	51.8

## 3 Demand for skills

### Skills in short supply: Permanent staff

<b>Accounting/Financial</b> Finance	<b>IT</b> Software Technology
<b>Blue Collar</b> Drivers	<b>Nursing/Medical/Care</b> Carers Doctors Nurses Occupational Therapist Paramedics Physiotherapist Social Workers
<b>Executive/Professional</b> Marketing PR Project Managers	<b>Other</b> All Types of Candidates Commercial Sales Skilled
<b>Hotel &amp; Catering</b> Chefs Hospitality	
<b>IT &amp; Computing</b> Cyber Security	

### Skills in short supply: Temporary staff

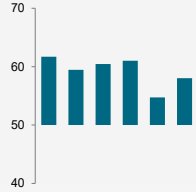
<b>Construction</b> Labourers	<b>Retail</b> Retail
<b>Hotel &amp; Catering</b> Chefs Hospitality	<b>Other</b> All Types of Candidates
<b>IT &amp; Computing</b> IT Technology	
<b>Nursing/Medical/Care</b> Carers Nurses Social Workers	

## 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

Nov '22 - Apr '23  
sa, >50 = inflation

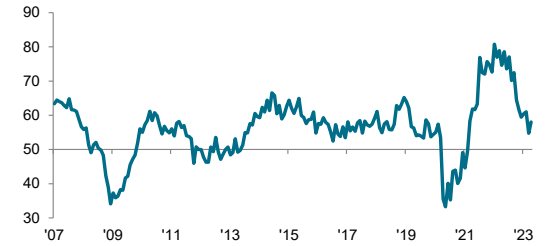


### Permanent salary inflation quickens in April

Recruitment agencies across London recorded a sharp rise in starting salaries during April. Panellists attributed higher salaries to cost-of-living pressures as well as efforts to attract talent. That said, the pace of salary inflation was the second-softest in the current 26-month sequence of pay growth, despite quickening notably on the month. Moreover, the rise in starting salaries across London was the weakest of the four monitored English regions.

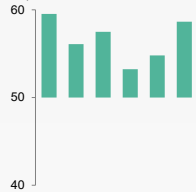
### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

Nov '22 - Apr '23  
sa, >50 = inflation

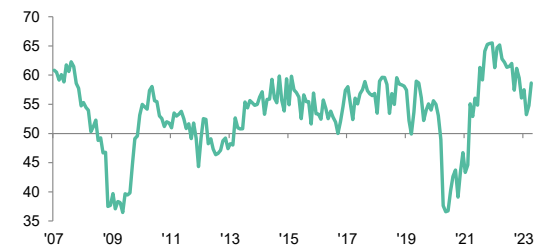


### Upturn in temp wages quickest since November 2022

Temp wages across London also rose sharply in April. The rate of pay growth quickened for the second straight month to the fastest since November 2022 and was stronger than that seen at the UK level. In fact, only the North of England registered a quicker increase in wages out of the four monitored English regions in April. Skill shortages and the higher cost of living were said to have driven the latest increase in average hourly pay rates.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

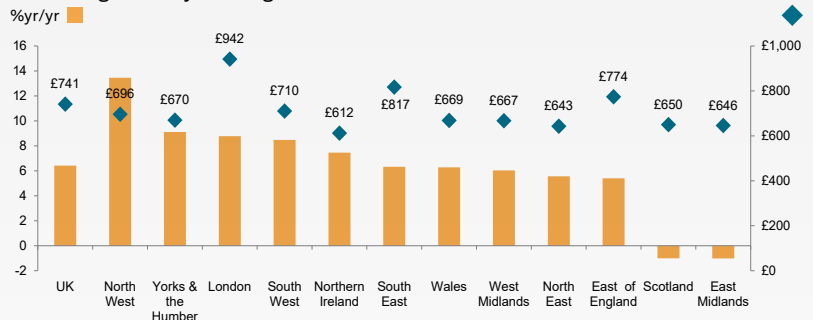
	Permanent		Temporary	
	UK	London	UK	London
Nov-22	62.0	61.7	59.6	59.5
Dec-22	61.9	59.5	56.8	56.1
Jan-23	60.8	60.4	61.1	57.5
Feb-23	61.3	61.0	57.6	53.2
Mar-23	61.1	54.7	57.5	54.8
Apr-23	61.4	58.0	57.9	58.6

## 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 job roles across the UK fell for the seventh month running in April. Furthermore, the rate of decline quickened from March and was the steepest recorded since January 2021. Permanent staff appointments fell across all four monitored English regions, with London seeing by far the sharpest reduction. The softest contraction was meanwhile seen in the South of England.

Temp billings growth across the UK quickened for the second month running in April, with the rate of expansion the fastest since September 2022. The upturn was supported by steep increases in the South and North of England and mild growth in London. The Midlands was the only monitored English area to register a fall in temp billings.

### Candidate availability

The supply of permanent workers across the UK expanded for the second straight month in April. The rate of improvement quickened slightly from March but remained modest overall. Data broken down by English region indicated that the upturn in permanent staff supply was broad-based and led by London. The softest increase in candidate numbers was seen in the Midlands.

The supply of temporary labour also expanded again in April, but the rate of growth softened to one that was fractional overall. Divergent trends were seen at the regional level, with higher temp candidate availability in London and the North of England contrasting with falls in the Midlands and the South of England.

### Pay Pressures

Starting salaries awarded to permanent staff in the UK increased for the twenty-sixth month running at the start of the second quarter. The rate of inflation was the sharpest seen in 2023 to date and comfortably above the series average. All four English regions monitored by the survey recorded marked increases in permanent pay, led by the North of England.

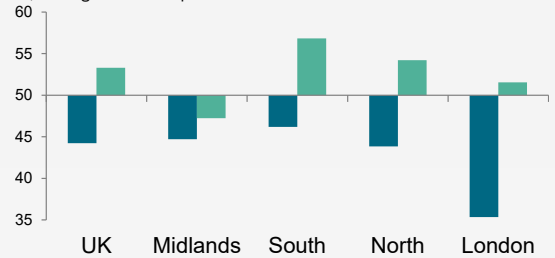
Average rates of pay for temporary workers across the UK also rose again during April. Notably, the rate of wage growth edged up to a three-month high. Regional data highlighted that sharper increases in temp pay in the North of England and London offset softer rates of inflation in the South of England and the Midlands.

April 2023

■ Permanent  
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



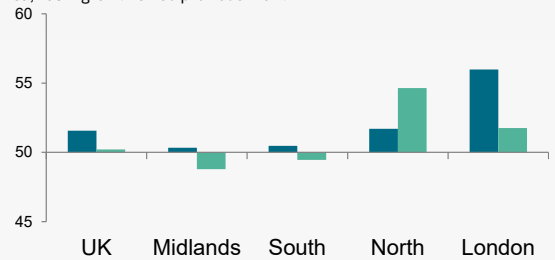
Vacancies

sa, >50 = growth since previous month



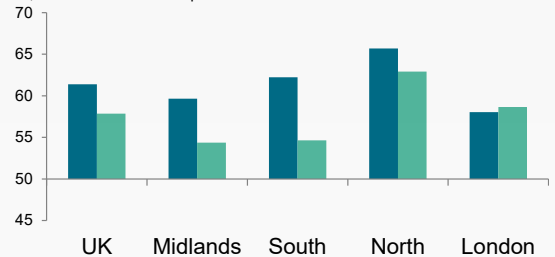
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



## Contact

### KPMG

Rory Brown  
Senior Manager  
+44 (0) 751 0374 794  
[rory.brown@kpmg.co.uk](mailto:rory.brown@kpmg.co.uk)

### REC

Hamant Verma  
Communications Manager  
T: +44 (0)20 7009 2129  
[hamant.verma@rec.uk.com](mailto:hamant.verma@rec.uk.com)

### S&P Global

Maryam Baluch  
Economist  
S&P Global Market Intelligence  
T: +44 134 432 7213  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

### 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](mailto:economics@ihsmarkit.com).

### Survey Dates

Data were collected 12-24 April 2023.

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