

# KPMG and REC, UK Report on Jobs: London

## Continued downturn in permanent placements, while temp billings rise further

36.6

PERMANENT PLACEMENTS INDEX JUN '23

53.1

TEMPORARY BILLINGS INDEX JUN '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.

Downturn in permanent placements accelerates...

...while temp billings rise for the eighth straight month

Fastest upturn in permanent labour supply since end of 2020

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

*"Employers are relying on temporary hires to fill their vacancies whilst they wait for the economic challenges to subside and conditions to improve. However, a skills shortage, coupled with the cost of living crisis has resulted in starting salaries for both permanent and temporary staff showing no sign of levelling off - placing extra pressure on businesses trying to grow."*

*"We'll have this year's graduating students out in the labour market in the next few weeks - it's a great time for employers to think now about what they need from their workforce and the skills they need in order to seize on the upturn when it arrives. Recruiting from different pools, such as school leavers into apprenticeship or from our diverse and skilled university student population in London could really help to plug the skills gap in the capital and keep businesses growing."*

Neil Carberry, REC Chief Executive, said:

*"There is a risk of seeing an element of Groundhog Day in June hiring, with permanent billing easing again and firms still turning to temporary staff in the face of uncertainty. But there was quite a lot of change in the shadows of the headline data. There was a significant step up in the number of candidates looking for a new permanent or temporary role. This is likely driven by people reacting to high inflation by stepping up their job search, and by some firms reshaping their businesses in a period of low growth. It's no surprise, therefore, that the rate at which wages are rising for permanent placements is slightly weaker."*

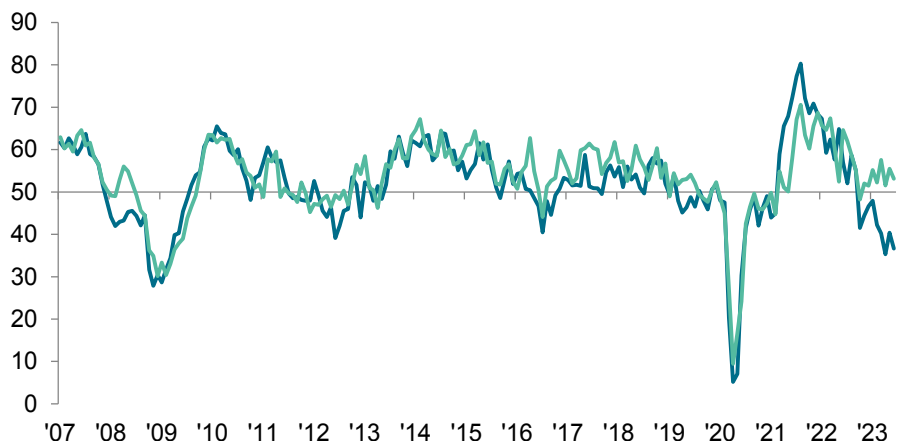
*"Despite these trends, the labour market remains very tight. There are still broad skills shortages, with IT, construction and nursing among those sectors struggling to find and retain workers. This is despite the supply of candidates across the UK job market having risen for four consecutive months."*

*"The growth in vacancies for staff in hotel & catering and blue-collar jobs in London, and for temp positions in retail across the UK, suggest businesses anticipate that people are still prepared to spend their wages on goods and services despite the fall in their purchasing power and the wider cost-of-living crisis. This is backed by anecdotes from REC members noting that the warm weather in June was a significant driver of demand."*

*"Long-term progress rests on the UK being a great place to invest. A strong industrial strategy with people at its heart would help overcome labour and skills shortages, acknowledging the wide range of choices that people have about how they work. Progress should start with action on skills and immigration, but also accelerating steps on childcare, transport and back-to-work support, as set out in the REC's Overcoming Shortages report."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

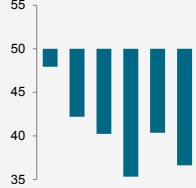


# 1 Staff appointments

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.

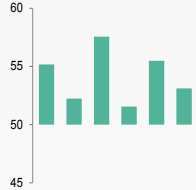
## Permanent Placements Index

Jan - Jun '23  
sa, >50 = growth



## Temporary Billings Index

Jan - Jun '23  
sa, >50 = growth



## Permanent placements drop rapidly in June

June data signalled a decline in permanent staff appointments in the capital for the ninth consecutive month. The rate of decrease quickened from May and was rapid overall. According to panellists, a combination of fewer vacancies and a shortage of skilled candidates drove the latest reduction in placements. Recruiters also mentioned that increased caution around the economic outlook meant that some clients favoured short-term workers.

Of the four English regions monitored by the survey, London registered the steepest drop in placements for the fifth straight month.

## Softer growth in temp billings

Recruiters across London recorded higher temp billings in June, thereby stretching the current run of expansion to eight months. Despite cooling since May, the pace of growth across the capital was solid and the quickest of the four monitored English areas. Primary to the upturn was the preference for temporary labour over permanent workers given the prevailing economic climate.

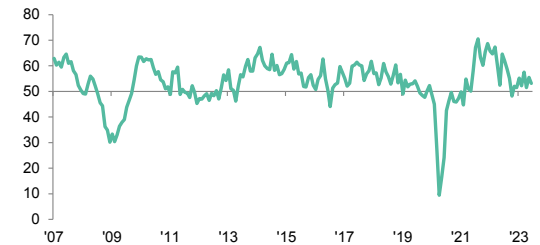
## Permanent Placements Index

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
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
May-23	43.8	40.4	50.7	55.5
Jun-23	46.4	36.6	51.1	53.1

# Job vacancies

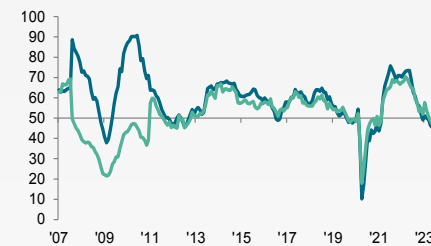
June data highlighted a fourth monthly fall in permanent staff vacancies across the capital. The rate of decrease was slightly softer than seen in May, but strong overall. Demand for temporary workers also fell, thereby extending the current sequence of reduction to three months. However, the downturn was the softest in the aforementioned sequence and only slight.

Of the four monitored English regions, London was the only area to report reduced demand for permanent and temp staff.

## Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

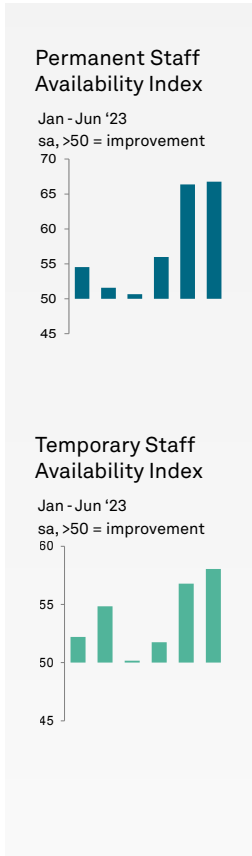


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-23	54.5	51.0	56.1	57.7
Feb-23	55.3	50.0	55.6	53.6
Mar-23	55.2	49.0	52.2	50.6
Apr-23	54.4	46.2	54.8	48.4
May-23	53.0	45.2	50.9	46.7
Jun-23	52.6	45.6	53.6	49.5

## 2 Staff availability

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



### Growth in permanent staff supply quickest in 30 months

For the seventh straight month in June, permanent staff availability increased across the capital. Furthermore, the rate of expansion quickened to the fastest in two-and-a-half years. The rapid rise in permanent candidate availability was commonly linked to the completion of projects and redundancies.

Additionally, of the four monitored English regions, London saw by far the steepest upturn in permanent labour supply.

### Temp staff supply rises at fastest rate since March 2021

The supply of temporary workers in London increased during June for the sixth month running. The rate of growth quickened to a 27-month high and was rapid overall. According to recruiters, the latest upturn was due to more people seeking out short-term roles that were home-based, as well as candidates seeking to supplement their current income. However, the rate of expansion across London was the second-weakest of the four monitored English regions, behind the South of England.

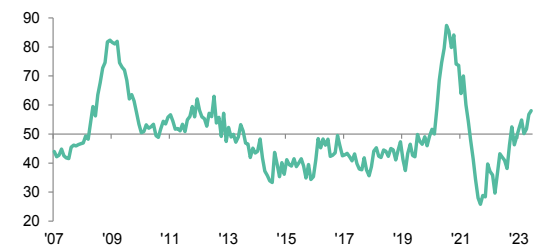
Permanent Staff Availability Index

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
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
May-23	55.8	66.4	52.9	56.8
Jun-23	57.6	66.8	58.0	58.1

## 3 Demand for skills

### Skills in short supply: Permanent staff

Blue Collar	Doctors
Cleaners	Nurses
Drivers	Occupational Therapist
<b>Construction</b>	Paramedics
Quantity Surveyors	Social Workers
<b>Engineering</b>	Therapist
Engineers	Secretarial/Clerical
<b>Hotel &amp; Catering</b>	Receptionist
Chefs	<b>Other</b>
Hospitality	All Types of Candidates
<b>IT &amp; Computing</b>	Commercial
IT	Graduates
Software	Sales
Technology	
<b>Nursing/Medical/Care</b>	
Carers	

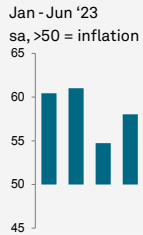
### Skills in short supply: Temporary staff

Blue Collar	Carpenters
Cleaners	Cleaners
Decorators	Decorators
<b>Construction</b>	Labourers
Hotel & Catering	<b>Hotel &amp; Catering</b>
Chefs	Chefs
Hospitality	Hospitality
<b>IT &amp; Computing</b>	<b>IT &amp; Computing</b>
IT	IT
<b>Nursing/Medical/Care</b>	<b>Nursing/Medical/Care</b>
Social Workers	Social Workers
<b>Other</b>	<b>Other</b>
All Types of Candidates	All Types of Candidates
Commercial	Commercial

## 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

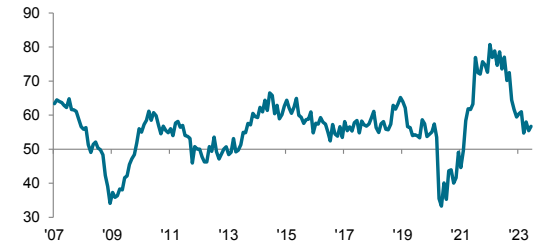


### Starting salary inflation remains strong

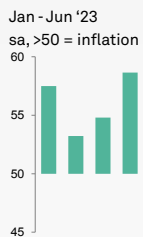
Salaries awarded to new permanent joiners in London rose at a sharp and accelerated pace in June, thereby stretching the current run of rising pay to 28 months. Salaries were raised to attract and secure skilled candidates, according to recruiters. The rate of inflation was broadly in line with the historical average, but weaker than that seen at the UK level.

### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

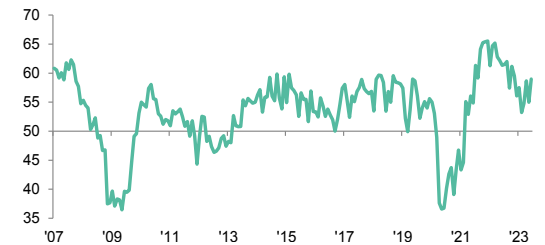


### Temp wages increase at fastest rate in seven months

As has been the case since March 2021, wages paid to temporary workers in London increased during June. Moreover, the respective seasonally adjusted index rose to a seven-month high and posted above the series average. Panellists attributed the rapid rise in temp pay to skill shortages and the higher cost of living.

### Temporary Wages Index

sa, >50 = inflation since previous month



The rate of temp wage inflation across London outpaced those recorded across the three other monitored English regions.

sa, >50 = inflation since previous month

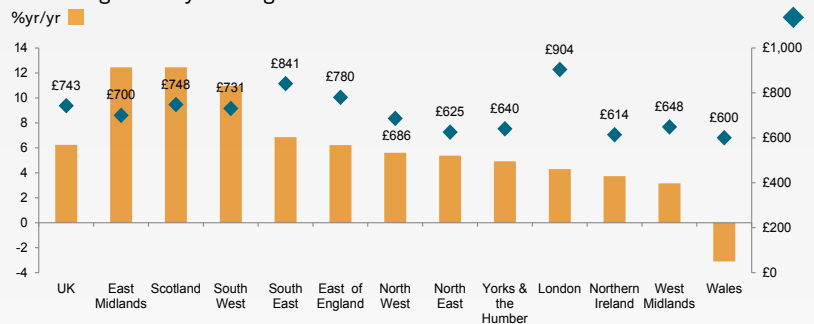
	Permanent		Temporary	
	UK	London	UK	London
Jan-23	60.8	60.4	61.1	57.5
Feb-23	61.3	61.0	57.6	53.2
Mar-23	61.1	54.7	57.5	54.8
Apr-23	61.4	58.0	57.9	58.6
May-23	59.6	55.4	57.4	55.0
Jun-23	58.6	56.7	56.4	59.0

## Official data: UK average weekly earnings

Data from the Office for National Statistics indicated that average weekly earnings across the UK increased by 6.2% year-on-year to £743 over the opening quarter of 2023.

Average pay increased across all but one of the 12 UK regions, with the East Midlands (12.5% to £700), Scotland (12.4% to £748) and the South West (11% to £731) recording the steepest rates of growth. Wales was the only region to see earnings decline, with pay falling -3.1% to £600.

### UK average weekly earnings



Source: Office for National Statistics via S&P Global Market Intelligence.

## 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 ninth consecutive month in June. That said, the rate of decline eased from May and was the softest seen for three months. Three of the four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in London. Permanent staff placements rose in the North of England.

In contrast, billings received from temporary staff employment rose for the thirty-fifth consecutive month. There was a renewed rise in temp billings in the Midlands, while London and the South of England recorded sustained albeit softer increases. Recruiters in the North saw the sharpest reduction since November 2022, however.

### Candidate availability

The availability of staff for permanent roles across the UK rose at the end of the second quarter, as has been the case for the past four months. The rate of increase accelerated from that seen in May and was the strongest signalled since December 2020. All four monitored regions saw a sharp rise in June, led by London where the rate of increase hit a two-and-a-half year high.

At the UK level, the number of temporary candidates rose for the fourth month running in June, and at a strong pace that was the quickest since the end of 2020. The Midlands led the rise, but all four monitored English regions saw a stronger upturn in candidate availability.

### Pay Pressures

Average starting pay for permanent workers rose in the UK during June, taking the current sequence of salary inflation to 28 months. The rate of growth eased on the month however, and was the weakest seen since April 2021. On a regional basis, the steepest increase in starting salaries was seen in the North of England and the softest in the South.

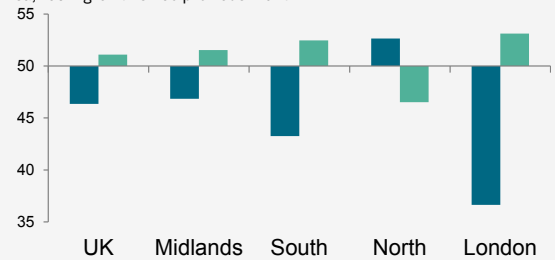
Latest survey data pointed to the weakest UK temp wage inflation in 26 months. That said, the latest increase in pay for short-term staff remained stronger than the long-run trend. All four monitored English regions recorded higher temp wages in June, with the sharpest rate of inflation seen in London. The softest increase was in the Midlands.

June 2023

■ Permanent  
■ Temporary

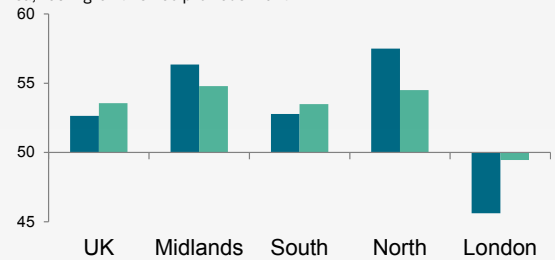
Staff Appointments

sa, >50 = growth since previous month



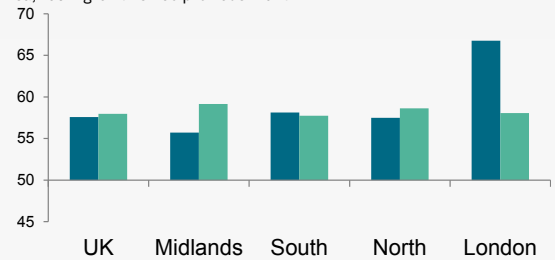
Vacancies

sa, >50 = growth since previous month



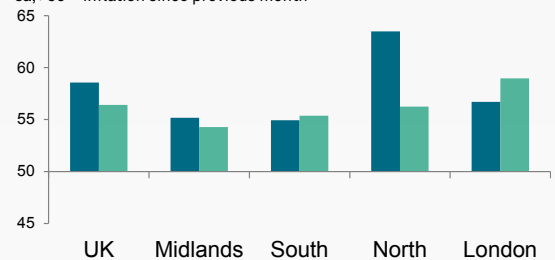
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



## Contact

### KPMG

Tanya Holden  
Deputy Head of Media Relations  
+44 (0) 7874 888656  
[tanya.holden@kpmg.co.uk](mailto:tanya.holden@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 12-26 June 2023.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

### About KPMG

KPMG LLP, a UK limited liability partnership, operates from 20 offices across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.72 billion in the year ended 30 September 2022.

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