

# KPMG and REC, UK Report on Jobs: London

## Hiring activity weakens across the capital in August

39.8

PERMANENT PLACEMENTS INDEX  
AUG '23

47.8

TEMPORARY BILLINGS INDEX  
AUG '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 drop in permanent staff appointments

Temp billings fall for first time in ten months

Supply of both permanent and temp labour expands rapidly

Commenting on the latest survey results, Claire Warnes, Partner, Skills and Productivity at KPMG UK, said:

*"Employers across the capital remain cautious about hiring, with many waiting for more positive signs on the economic outlook to boost confidence and kick start recruitment plans again."*

*"With the cost of living crisis continuing, and employers making targeted hires, starting salaries across both permanent and temporary placements are continuing to rise as competition to secure specific skills remains fierce. Medical and professional services specialists are amongst the most sought after skills that employers in London are struggling to recruit for on a permanent basis, whilst retail and hospitality staff are in high demand as the capital gears up for a busy Christmas. We're seeing a shortage of construction professionals and labourers in London."*

*"In order to attract, recruit and keep the highly skilled staff, London employers are facing tension between rising salaries and maintaining tight cost controls in their business."*

*"In general, supply and demand in the capital appears off balance as more people make themselves available for work, but fewer vacancies on offer. As we head to the end of the year, a rebalance in London's labour market is needed to kick start growth and prompt economic recovery. More focus on reversing the deepening skills gap would be a step in the right direction in order to seize on the upturn when it comes."*

Neil Carberry, REC Chief Executive, said:

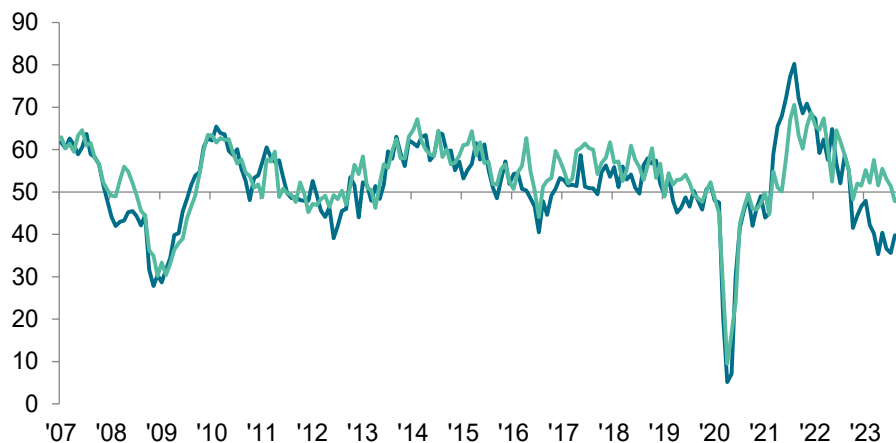
*"August is always a slower month for new permanent roles, but this has been exacerbated in 2023 by the lack of confidence to start the new hiring we saw among firms in the Spring. As inflation begins to drop, it is likely that firms will return to the market later in the year—employer surveys suggest confidence may be returning. But for now, the labour market has more slack than it has since the heights of the first lockdown. Firms continue to use temps to fill any short-run needs, with the moderate drop in August representing little change from the past few months."*

*"Recruiters routinely describe this sober overall picture as harder, but not necessarily bad. Vacancies are still in a half decent position. There are huge variations between sectors, too. Hospitality, Accounting and Healthcare continue to grow in demand, meaning employers are still experiencing shortages. Demand for permanent healthcare staff in London continues, and across the UK healthcare staffing demand has now risen for 37 months. In many of these sectors temporary staff are keeping employers going – including in the NHS, where agencies have been unfairly blamed for failures of training and procurement practice from NHS England. A focus on effective skills reform will be vital to addressing shortages overall in all the shortage sectors."*

*"With demand weakening, we see the drivers for rising pay being more to do with companies' pay settlements for existing staff, rather than market demand. Those finding new jobs are benefitting from rises that many firms put in place for their teams earlier in the year. That said, data that covers the whole of the UK shows that pay pressures remain sharp for permanent workers in some sectors driven by ongoing shortages."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

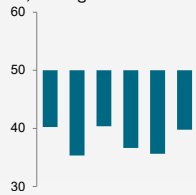


# 1 Staff appointments

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

Mar - Aug '23  
sa, >50 = growth



## Downturn in permanent placements remains marked

August data revealed a further fall in permanent staff placements in London, thereby extending the current run of contraction to 11 months. While the rate of decrease eased to a three-month low, it remained historically sharp overall. The downturn reflected hesitancy to commit to new hires at employers amid lingering economic uncertainty and signs of softening demand conditions.

After leading the downturn in permanent placements in each of the prior six months, London registered the slowest reduction of all four monitored English regions during August.

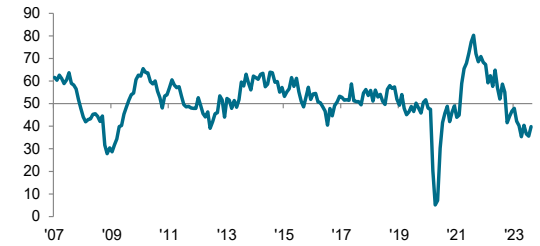
## Fresh fall in temp billings

Temp billings fell moderately across London in August. The respective seasonally adjusted index fell below the neutral 50.0 level to signal the first contraction in short-term billings in ten months. According to surveyed recruiters, reduced workloads among clients had weighed on recruitment during the latest survey period.

After three years of growth, a contraction in temp billings was also seen at the national level, with London recording the strongest decline of all four monitored English areas.

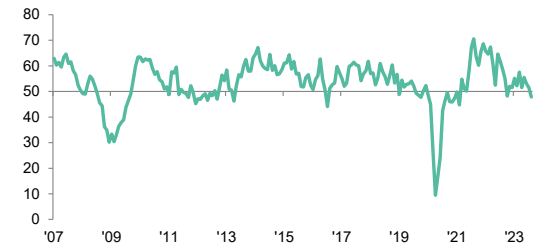
## Permanent Placements Index

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
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
Jul-23	42.4	35.6	50.2	51.4
Aug-23	38.9	39.8	49.5	47.8

# Job vacancies

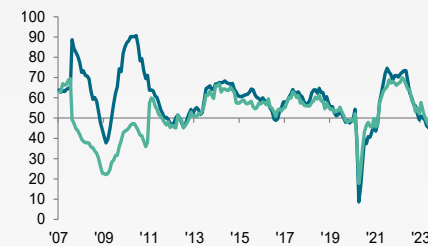
For the sixth month running, recruiters based in London recorded a reduction in demand for permanent staff midway through the third quarter. The rate of contraction quickened slightly from July and was sharp overall.

Similarly, temp vacancies fell for the fifth successive month in August. However, the pace of decline softened slightly over the month and was modest overall.

## Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

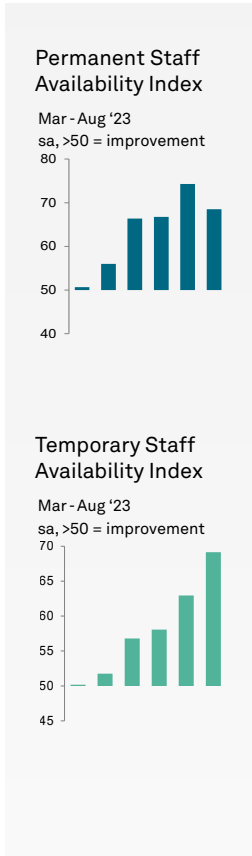


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jul-23	52.3	45.6	53.1	47.1
Aug-23	50.2	45.3	53.1	47.8

## 2 Staff availability

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



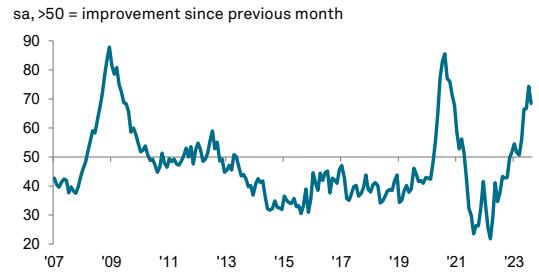
### Permanent labour supply grew rapidly in August

Recruiters across London pointed to a ninth successive monthly expansion in permanent staff supply during August. The rate of growth was the second-sharpest seen since December 2020, despite having eased notably from July's recent high. Redundancies and a general reduction in hiring activity were linked to the latest uptick. The rate at which permanent candidate numbers expanded across London outpaced the other three surveyed English regions.

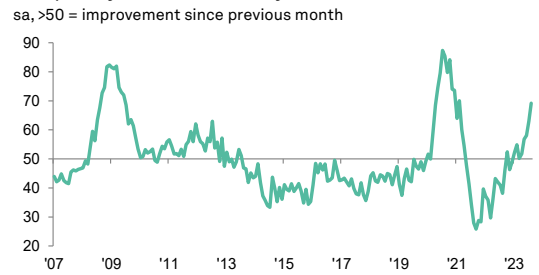
### Growth in temp staff supply strongest in 30 months

Temp candidate availability expanded substantially across London in August. Moreover, the rate of growth quickened for the fifth month running to the quickest in two-and-a-half years. The upturn was driven by the non-renewal of contracts and layoffs, and in some cases, a preference for flexible work. Of the four English monitored regions, London recorded the strongest improvement in short-term labour availability by a notable margin.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jul-23	61.6	74.3	58.8	62.9
Aug-23	60.3	68.5	59.1	69.1

## 3 Demand for skills

### Skills in short supply: Permanent staff

<b>Accounting/Financial</b> Accountants Compliance Professionals Estimators
<b>Blue Collar</b> Cleaners Site Managers
<b>Construction</b> Construction Professionals Quantity Surveyors
<b>Executive/Professional</b> Market Research Specialists Marketing Mid-senior management
<b>Hotel &amp; Catering</b> Chefs Hospitality
<b>IT &amp; Computing</b> Analysts Cyber Data Professionals Software Software Engineers
<b>Nursing/Medical/Care</b> Doctors Health Professionals Nurses Occupational Therapist
<b>Other</b> German Speakers
Languages Sales

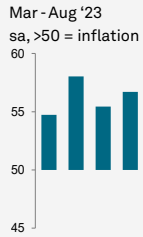
### Skills in short supply: Temporary staff

<b>Blue Collar</b> Carpenters Security Guards
<b>Construction</b> Labourers
<b>Hotel &amp; Catering</b> Chefs Hospitality Housekeeping
<b>Nursing/Medical/Care</b> Social Workers
<b>Retail</b> Retail

## 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



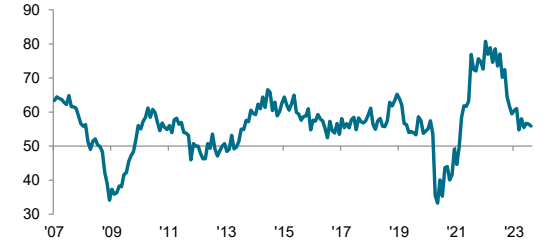
### Starting salary inflation cools for second straight month

Latest survey data pointed to another sharp rise in starting salaries offered to permanent workers across the capital. Recruiters often mentioned that the higher cost of living and shortages of specific candidates continued to push up pay. That said, the rate of inflation was among the weakest in the current run of growth that began in March 2021, and softer than the UK-wide average.

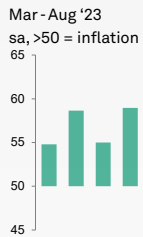
The only other monitored English region to register a softer rise in starting salaries than London during August was the South of England.

### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

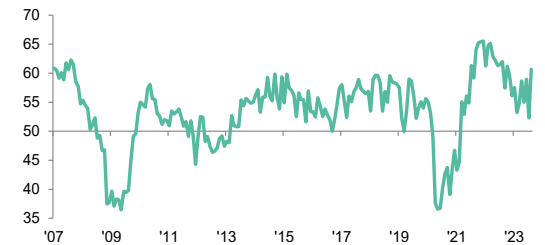


### Temp wage inflation quickens to ten-month high

Recruiters across London signalled a marked increase in temp wages during August, thereby extending the current run of inflation to 30 months. After having eased to a 29-month low in July, the pace of increase accelerated to the fastest since October 2022. According to anecdotal evidence, greater competition for labour with specific skills contributed to the marked increase in temp pay.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

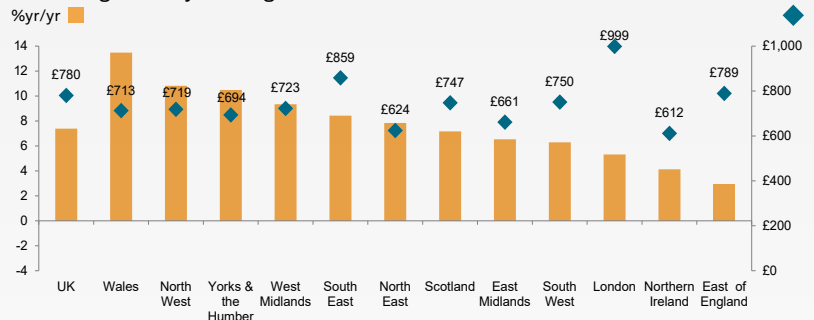
	Permanent		Temporary	
	UK	London	UK	London
Mar-23	61.1	54.7	57.5	54.8
Apr-23	61.4	58.0	57.9	58.6
May-23	59.6	55.4	57.4	55.0
Jun-23	58.6	56.7	56.4	59.0
Jul-23	58.3	56.5	54.6	52.3
Aug-23	58.2	55.9	55.9	60.7

## Official data: UK average weekly earnings

Latest data from the Office for National Statistics showed that average weekly earnings across the UK rose by 7.4% on an annual basis to £780 during the second quarter of 2023.

Wales posted the strongest annual rise of all 12 UK regions (up 13.5% to £713), followed by the North West (up 10.8% to £719). The softest rate of pay growth was meanwhile seen in the East of England, where earnings increased by 2.9% to £789.

### 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 in permanent job roles across the UK fell for the eleventh month running in August. Furthermore, the rate of decline accelerated from July and was the steepest recorded since June 2020. Permanent staff appointments fell across all four monitored English regions, with the Midlands seeing the strongest reduction. The softest contraction meanwhile was seen in London, although the rate of decline was also marked here.

Temp billings fell across the UK for the first time since July 2020 in the latest survey period, though the downturn was only marginal overall. The reduction was led by a moderate fall in temp billings in London, alongside marginal contractions in the South and North of England. Recruiters in the Midlands meanwhile bucked the wider trend to signal a third consecutive rise in temp staff billings.

### Candidate availability

The supply of permanent workers across the UK rose for the sixth successive month in August. The rate of improvement eased slightly from that seen in July, yet remained robust overall. Data broken down by English region indicated that the upturn was broad-based and led by London. The softest increase in candidate numbers was seen in the South of England.

The supply of temporary labour also expanded again in August, with the rate of growth accelerating to a marked rate that was the strongest since December 2020. All four monitored English regions saw robust rises in temp staff supply, led again by London, while the softest increase was signalled by recruiters in the North of England.

### Pay Pressures

Starting salaries awarded to permanent new starters in the UK increased in August, extending the current sequence of salary inflation to two-and-a-half years. The rate of growth was strong overall yet eased slightly from July to the softest since April 2021. While all four English regions recorded increases in permanent pay, London and the South of England saw the rate of salary inflation ease, but there were accelerations in salary growth in the North of England and the Midlands.

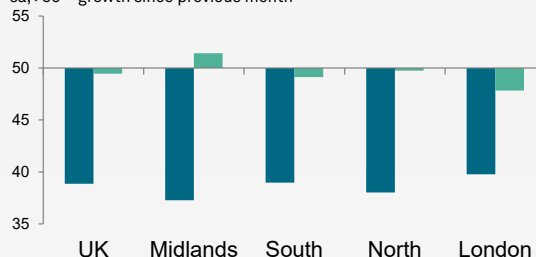
Average rates of pay for temporary workers across the UK also rose again during August. Notably, the rate of wage growth edged up from the previous survey period and was steep overall. Regional data highlighted sharper increases in temp pay in London and the Midlands, while the North and South of England saw pay growth ease on the month.

August 2023

■ Permanent  
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



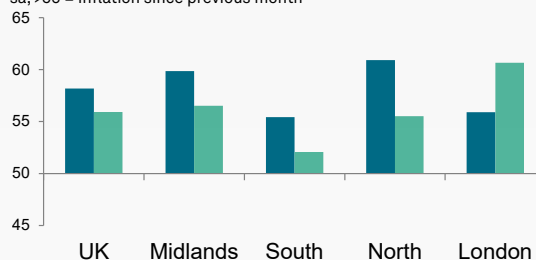
Staff Availability

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](mailto:economics@ihsmarkit.com).

### Survey Dates

Data were collected 10-24 August 2023.

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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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