

KPMG and REC, UK Report on Jobs: London

Permanent staff appointments fall at softer pace

47.7

PERMANENT PLACEMENTS INDEX
SEP '23

54.6

TEMPORARY BILLINGS INDEX
SEP '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.

Weakest decline in permanent placements since January

Renewed increase in temp billings

Starting salary inflation hits seven-month high

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

"A concerning feature of this month's data is that demand for staff is losing momentum, with total UK vacancies falling for the first time since February 2021 amid a fresh reduction in permanent vacancies. While both reductions are slight, employers are clearly nervous due to the long-term economic uncertainty and budget constraints that are impacting businesses everywhere. This in turn is leading to a continued reliance on temporary staff."

"For several months, strong pay growth across the UK has been a consequence of a tight labour market. But strains on employers' budgets are now affecting the rate of starting salary inflation which is at a two-and-a-half-year low at the UK, while temporary wages increased at the slowest rate in 31 months."

"Skill shortages across a range of sectors – from permanent IT staff to temporary nursing roles – also continue to be an area of long-term concern for the economy."

"The labour market is starting to look slightly precarious again and recruiters will be wondering and hoping that the recent slight calming of inflation rates positively impacts the outlook for both employers and jobseekers."

Neil Carberry, REC Chief Executive, said:

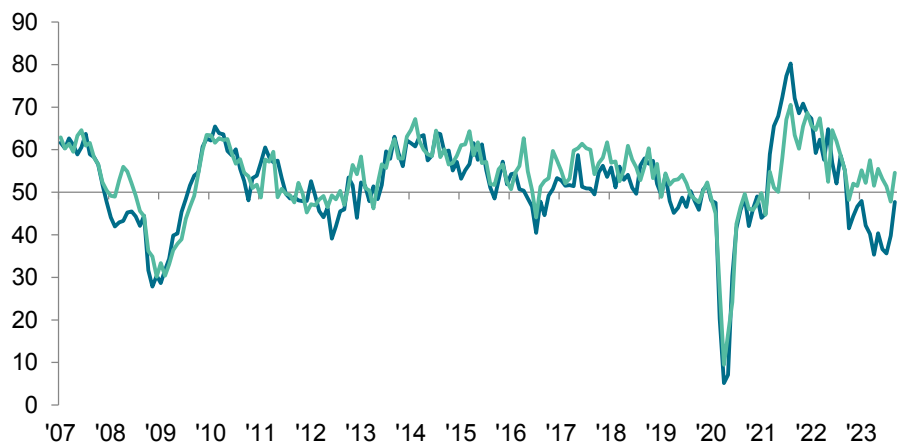
"Employers tell us they are feeling better about themselves as the year moves on, and today's data does suggest the possibility of a turnaround in hiring over the next few months. Permanent placements have been falling for a year now from abnormal post-pandemic highs. While permanent hiring activity continues to slow in London, the rate of decrease softened for the second consecutive month to the weakest since January. But temporary hiring remains robust, with recruiters in the capital signalling a renewed and strong rise in billings in September."

"This feels like a market that is finding the bottom of a year-long slowdown. And the relative buoyancy of the private sector is likely to be driving this more positive outlook. Some sectors such as accounting/financial, hospitality and healthcare continue to experience very strong demand in London. Along with high inflation, this is likely to be contributing to the sharp growth of pay for temps and perms alike."

"As we move towards the Autumn Statement, action to help people find high quality roles is essential as the picture varies so widely from sector to sector. The REC would like to see a focus on skills, finally reforming the system to deliver a mix of high-quality courses within the levy framework, and action to tackle inactivity – like extending the Restart programme which has helped recruiters place thousands of long-term unemployed people into work. Both of these could form part of a long-overdue people and growth strategy. From reforming government procurement to better and more effective regulation, there is a lot government could do in partnership with recruiters to drive growth and prosperity."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

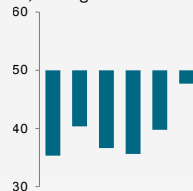


1 Staff appointments

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

Apr - Sep '23
sa, >50 = growth



Permanent placements fall at softest pace since January

September data revealed a solid fall in permanent staff appointments across London, thereby stretching the current run of contraction to a year. Where a fall was reported, recruiters often noted recruitment freezes, fewer vacancies, as well as some clients opting to use temporary labour instead. That said, the rate of decrease softened for the second consecutive month to the weakest since January.

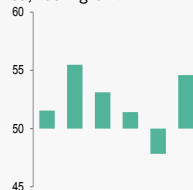
All four monitored English regions recorded a softer reduction in permanent placements in the latest survey period, with London again registering the weakest downturn.

Fresh and strong rise in temp billings in September

Following the first fall in ten months during August, recruiters in the capital signalled a renewed and strong rise in billings received from the employment of temporary staff in September. The respective seasonally adjusted index rose to a four-month high and was broadly in line with the historical average. According to anecdotal evidence, the latest uptick was largely linked to an increased preference for temporary workers.

Temporary Billings Index

Apr - Sep '23
sa, >50 = growth



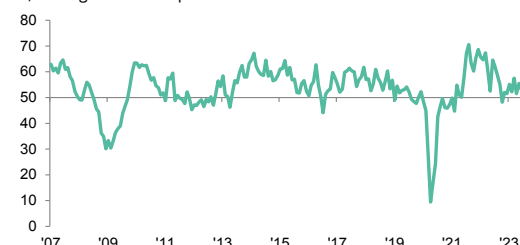
Permanent Placements Index

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
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
Sep-23	45.1	47.7	51.6	54.6

Job vacancies

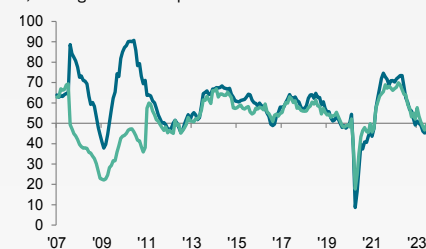
Latest data signalled a further drop in the number of permanent vacancies across London. While the rate of contraction eased to a six-month low, it was stronger than the average recorded for the UK as a whole. At the national level, a fresh fall was recorded following two-and-a-half years of growth.

Temp roles fell for the sixth month running across London. Though the rate of decrease was the weakest in three months and marginal overall, London remained the only monitored English region to register a decline.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

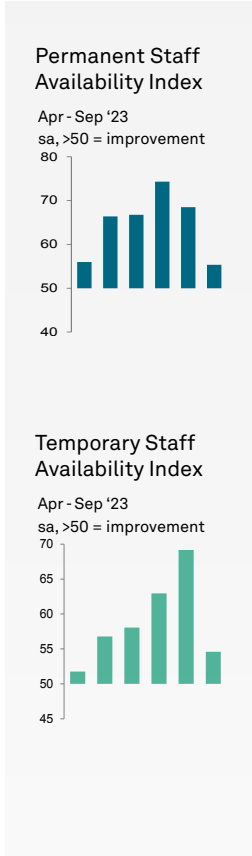


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Sep-23	49.1	46.8	52.0	49.1

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 softest in six months

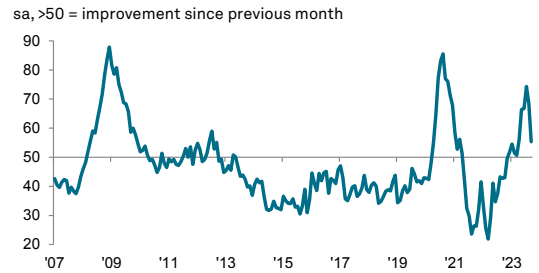
For the tenth month running, permanent staff availability rose across London in September. Some recruiters linked the upturn to a preference for permanent positions among workers and candidates seeking better paying roles. While the rate of growth was sharp and in line with the UK average, it remained notably weaker than that seen at the start of the third quarter and was the least pronounced in six months.

Temp staff availability increases at slower pace

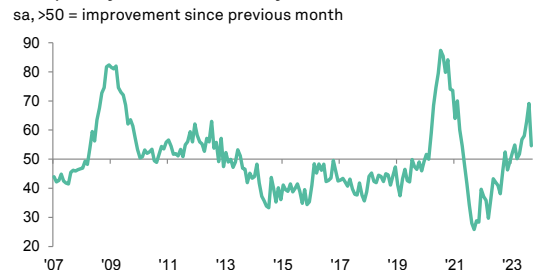
Recruitment consultancies in the capital recorded a rise in the number of temporary workers available for hire during September, thereby extending the current sequence of growth to nine months. The upturn was generally linked to redundancies and cautious hiring policies among firms.

However, the pace of expansion ticked down notably from August and was the weakest since April.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Sep-23	55.3	55.3	58.2	54.6

3 Demand for skills

Skills in short supply: Permanent staff

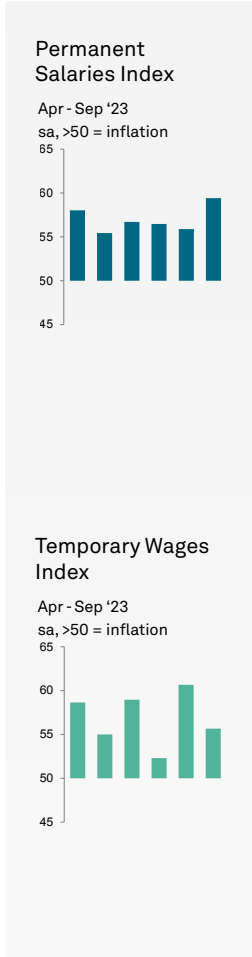
Accounting/Financial	Project Managers	Other
Accountants	Hotel & Catering	
Compliance Professionals	Chefs	Logistics
Estimators	Hospitality	
Blue Collar	IT & Computing	
Cleaners	IT	
Rail	Nursing/Medical/Care	
Security Guards	Doctors	
Construction	Health Professionals	
Construction Site Managers	Nurses	
Drainage Specialists	Occupational Therapist	
Quantity Surveyors	Paramedics	
Engineering	Physiotherapist	
Electrical Engineers	Social Workers	
Executive/Professional	Secretarial/Clerical	
Energy & Renewables	Office Support Staff	
Mid-senior Management		
PR		

Skills in short supply: Temporary staff

Blue Collar	Retail
Carpenters	Retail
Decorators	Secretarial/Clerical
Rail	Administration
Security Guards	Receptionist
Construction	
Drainage Specialists	
Labourers	
Hotel & Catering	
Chefs	
Hospitality	
Housekeeping	
IT & Computing	
BIM Modellers	
IT	
Nursing/Medical/Care	
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 starters' pay rises at fastest rate for seven months

Recruiters in the capital reported a rapid rise in pay awarded to new permanent joiners in September. Moreover, the rate of growth quickened to a seven-month high and was the strongest of the four surveyed English regions. The increasing cost of living meant that firms often raised their salaries to try and keep up with high inflation. A lack of suitably-skilled candidates also exerted upward pressure on pay.

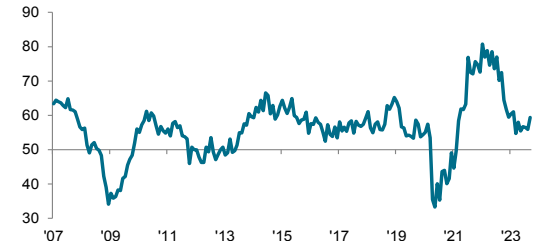
Temp wage growth softens but remains sharp overall

September data pointed to a sustained rise in temporary wages across London, thereby extending the current run of wage growth to 31 months. The rate of increase eased notably from August's ten-month high, but nevertheless remained sharp overall and was quicker than the UK-wide average. According to panellists, average hourly pay rates were raised because of the increased cost of living and efforts to attract desirable candidates.

The rate of wage inflation moderated across all four monitored English regions during September.

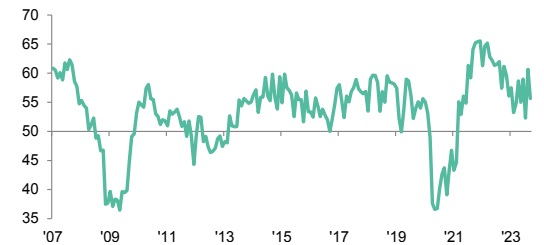
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

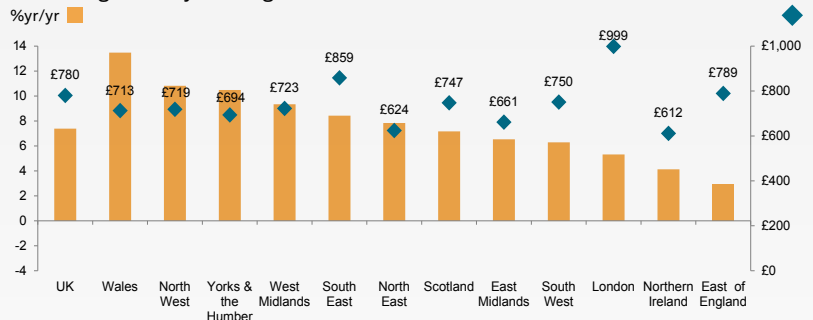
	Permanent		Temporary	
	UK	London	UK	London
Apr-23	61.4	58.0	57.9	58.6
May-23	59.6	55.4	57.4	55.0
Jun-23	58.6	56.7	56.4	59.0
Jul-23	58.3	56.5	54.6	52.3
Aug-23	58.2	55.9	55.9	60.7
Sep-23	57.6	59.4	52.9	55.7

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 into permanent jobs across the UK fell for the twelfth month running in September. The rate of decline eased from August and was the softest seen since June, though remained sharp overall. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in the South of England.

By contrast, temporary billings saw a renewed rise in the UK, reversing the slight reduction seen in August. The increase was modest overall, but the strongest recorded for five months. Three of the four monitored English regions saw an uptick in temp billings in September, led by London. The South of England was the only region to see a decrease.

Candidate availability

The availability of staff for permanent roles across the UK increased in September, extending the current sequence of growth to seven months. That said, the rate of accumulation slowed sharply from August and was the softest since April. All four monitored English regions saw an uptick in permanent staff supply, the sharpest of which was recorded in the North of England.

At the national level, the number of temporary candidates rose at a strong pace that was nonetheless the slowest seen since June. For the fifth month running, all four monitored regions saw temp staff availability increase, with the South of England seeing the strongest upturn, followed by the North of England.

Pay Pressures

Average starting pay for permanent new joiners in the UK continued to increase during September, thereby extending the current sequence of inflation to 31 months. The rate of inflation slipped to the lowest since March 2021, but remained strong overall. On a regional basis, the steepest increase in starting salaries was seen in London, followed closely by the North of England. The softest increase was recorded in the South of England.

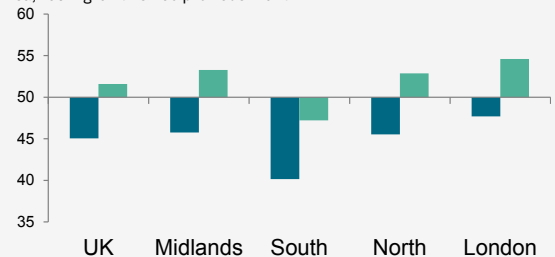
Latest survey data pointed to a further rise in temp wages across the UK in September. Notably, the latest increase in short-term pay was the slowest in the current 31-month sequence of rising rates and only modest overall. All four monitored English regions saw a slower rise in temp wages, with London seeing the strongest increase and the North of England the softest.

September 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



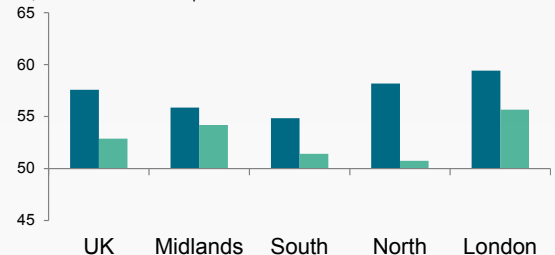
Staff Availability

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@spglobal.com.

Survey Dates

Data were collected 12-25 September 2023.

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