

KPMG and REC, UK Report on Jobs: London

Downturn in permanent placements deepens in October

37.1

PERMANENT PLACEMENTS INDEX OCT '23

54.0

TEMPORARY BILLINGS INDEX OCT '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 placements fall at quicker rate

Steeper increase in staff availability

Fresh rise in demand for temporary staff

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

"Employers in London have not put the brakes on recruitment, but they are choosing to fill vacancies with temporary staff as they wait for the economy to start to show signs of growth. Those employers who are making targeted hires are seeing the pool of available talent grow, however, starting salaries across both permanent and temporary placements show no sign of slowing down as competition to secure specific skills remains fierce."

"The jobs market across the UK remains volatile and employers in London really need to focus and invest in retaining and reskilling their staff as they head into a new year where the economy could start to turn the corner, putting growth firmly back on the agenda."

Neil Carberry, REC Chief Executive, said:

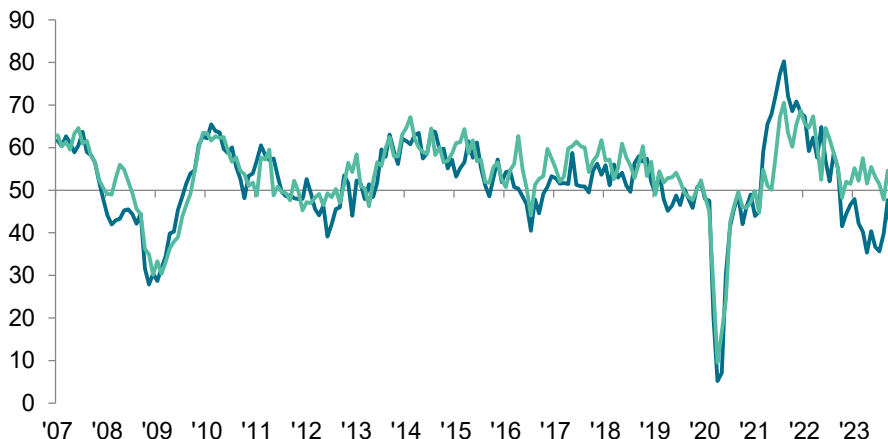
"In many ways, the labour market is marking time waiting for the brakes to be taken off growth by the Bank of England. While permanent hiring is still declining, temporary hiring continues to pick up the slack – with billings growing solidly on the back of rising wages. While the rate of pay growth has now returned to more normal parameters, it is still strong, especially in sectors where staff remain in short supply in London, such as blue collar and hospitality. Redundancies and weakening demand for labour were key factors behind the growth in available permanent workers. Looking to the Autumn Statement, businesses and Government need to be aware that the return of growth will reveal shortages more widely – action on skills, welfare-to-work programmes and immigration reform will be needed to prevent a return to growth being squandered."

Neil Carberry added:

"Healthcare providers are ramping up their hiring ahead of the winter, but candidate supply is short. Agency medical staff are keeping wards open and getting patients treated - they need a bit more support from Government. Reforming capped on-framework agency rates so pay for temps working on-framework can rise for the first time in four years will save Government money as they will end up using far fewer emergency shifts, and it will reward a part of the NHS workforce that is too often overlooked."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

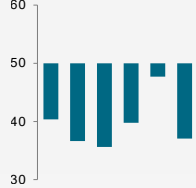


1 Staff appointments

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

May - Oct '23
sa, >50 = growth



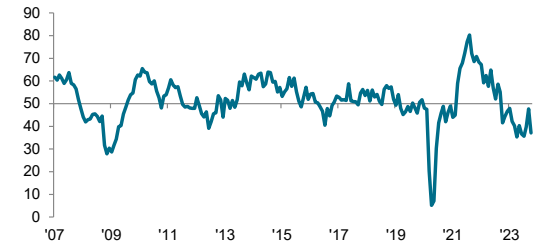
Sharp and accelerated downturn in permanent placements

Recruiters based in London indicated a thirteenth consecutive monthly contraction in permanent staff appointments during October. The rate of decrease accelerated notably from September to signal a substantial decline that was the quickest in three months. Surveyed recruiters reported fewer vacancies due to economic uncertainty, hiring freezes and a growing preference for short-term labour among clients amid the current climate.

Of the four monitored English regions, London recorded by far the most pronounced drop in placements.

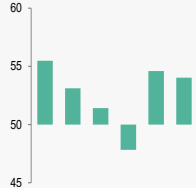
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

May - Oct '23
sa, >50 = growth



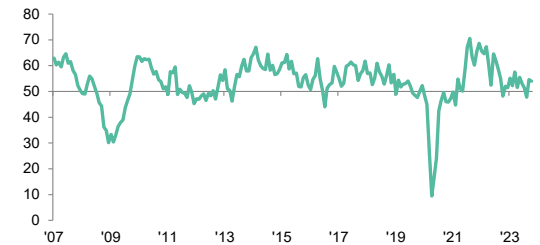
Sustained growth in temp billings

October data highlighted back-to-back expansions in temp billings across the capital. The rate of increase was slightly weaker than seen in September, but strong overall. A growing appetite for short-term staff among employers was said to have driven the latest upturn.

Three of the four surveyed English regions registered an uptick in billings received from the employment of temporary staff, with London recording the strongest expansion for the second month running.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Oct-23	45.8	37.1	50.9	54.0

Job vacancies

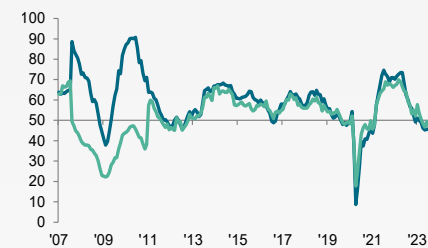
Latest survey data signalled a further deterioration in demand for permanent staff across London, with vacancies falling for the eighth consecutive month. That said, the rate of reduction eased to the weakest since March and was modest overall.

Meanwhile, a fresh rise in temp vacancies was recorded during October, thereby ending a six-month sequence of contraction. The upturn was modest overall and in line with the UK average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

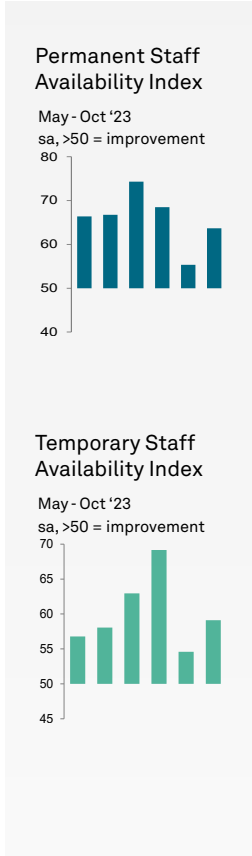


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Oct-23	49.9	48.3	51.7	51.7

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 expands at quicker rate

The supply of candidates available to fill permanent positions in London rose markedly in October, thereby stretching the current run of expansion to 11 successive months. The respective seasonally adjusted index ticked up notably from September's six-month low and was the highest of the four monitored English regions.

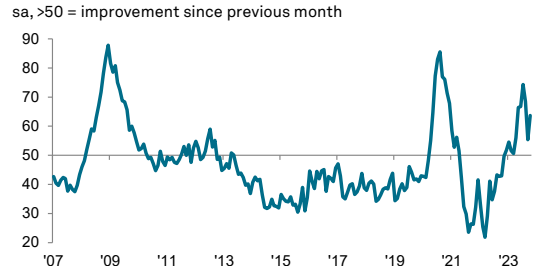
According to panellists, redundancies and weakening demand for labour were key factors behind the latest expansion.

Temp staff supply rises sharply in October

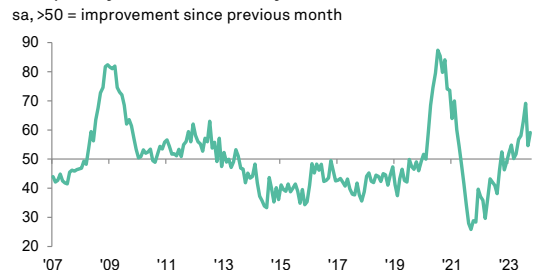
Recruitment agencies across London signalled a tenth consecutive monthly expansion in temp staff availability in October. The rate of growth accelerated from September's five-month low and was historically elevated. There were reports that redundancies as well as fewer projects and vacancies had pushed up the supply of temporary workers available in the market.

The upturn recorded across London was stronger than that seen across the UK as a whole.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Oct-23	59.1	63.7	57.8	59.1

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Estimators	Hotel & Catering Chefs Hospitality	Call Centre European Speakers Property Sales
Blue Collar Cleaners Drivers Site Managers	IT & Computing IT Technology	
Construction Quantity Surveyors Surveyors	Nursing/Medical/Care Carers Doctors Healthcare Communications Nurses Occupational Therapist Paramedics Physiotherapist Psychologist Social Care Workers	
Engineering Engineers Technicians	Other All Types of Candidates	
Executive/Professional Business Development Managers Compliance Executive PR Project Managers		

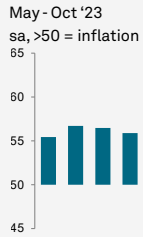
Skills in short supply: Temporary staff

Blue Collar Carpenters Security Guards
Construction Drainage Specialists Labourers Structural Staff
Hotel & Catering Chefs Hospitality Housekeeping
IT & Computing Digital Software Engineers Technology
Other All Types of Candidates Remote 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



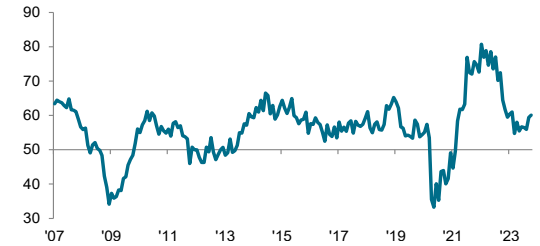
Permanent salary inflation quickens to eight-month high

October data revealed a sustained rise in permanent starting salaries across London. The rate of salary inflation was the strongest since February and marked overall. According to anecdotal evidence, increased competition for suitably-skilled labour and the growing cost of living were behind the latest strengthening of pay pressures.

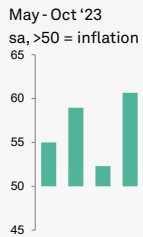
Furthermore, the uptick in starting pay across London was the most pronounced of the four surveyed English regions.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

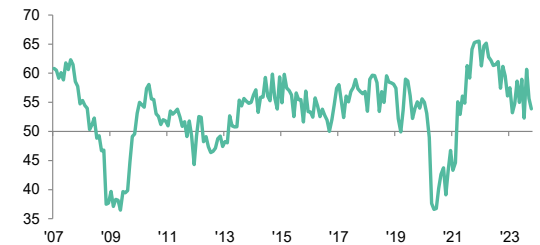


Temp wage growth dips to three-month low

As has been the case since March 2021, temp wages continued to increase across London during October. That said, the rate of inflation was the weakest since July and softer than the historical average. The latest uptick was also only slightly quicker than that seen at the UK level.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Oct-23	57.4	60.1	53.5	53.9

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 downturn in permanent staff hiring across the UK persisted in October, in line with the trend seen for just over a year. Furthermore, the rate of decline was strong, despite easing slightly to its weakest since June. The Midlands was the only monitored English region to register growth (albeit only marginally). The steepest contraction was seen in London.

In contrast, temporary billings rose across the UK at the start of the fourth quarter for a second month in a row. The North of England bucked the broader trend, posting a moderate decrease, while growth was recorded for the other three monitored English regions.

Candidate availability

October survey data indicated a sustained and accelerated improvement in permanent candidate availability across the UK. All four monitored English regions saw a rise in permanent labour supply, with London leading the upturn.

At the start of the fourth quarter, temporary candidate numbers also rose at the national level. The rate of improvement did however ease, to its weakest since May. The most marked increase in temporary staff supply was seen in the South of England.

Pay Pressures

As has been the case since March 2021, the latest Report on Jobs survey signalled a further increase in starting pay for new permanent joiners in the UK. That said, the rate of salary inflation cooled to a 31-month low, bringing it back down in line with its historical average. London continued to lead the permanent starting pay growth at the English regional level.

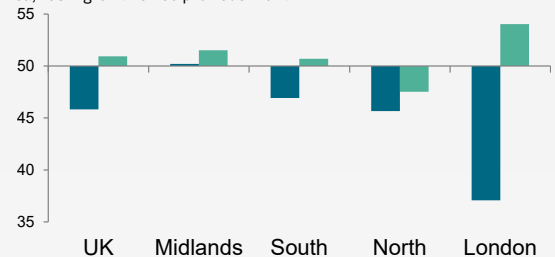
Hourly rates of pay across the UK likewise increased at the start of the fourth quarter, even rising at a slightly faster pace than in September. That said, temp wage growth was the second-slowest seen across the current 32-month inflationary sequence. All four English regions continued to register higher temp pay, with the North of England topping October's rankings.

October 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



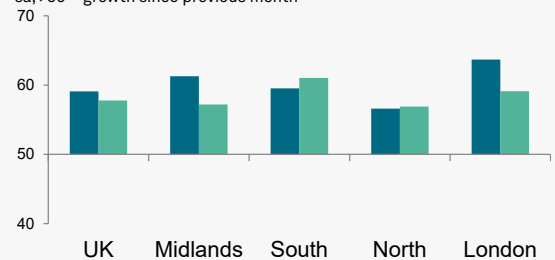
Vacancies

sa, >50 = growth since previous month



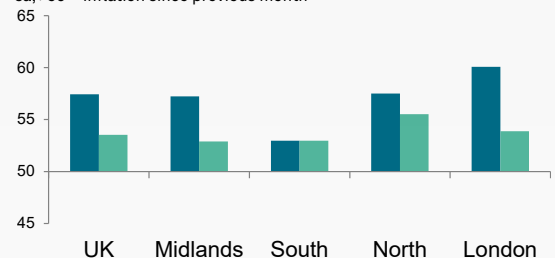
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

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

REC

Hamant Verma
Communications Manager
T: +44 (0)20 7009 2129
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

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
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@spglobal.com.

Survey Dates

Data were collected 12-25 October 2023.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 143 countries and territories with more than 265,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.