

KPMG and REC, UK Report on Jobs: London

Strongest fall in permanent placements in three-and-a-half years

26.3

PERMANENT PLACEMENTS INDEX NOV '23

48.5

TEMPORARY BILLINGS INDEX NOV '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 decline rapidly in November

Redundancies contribute to marked upturn in labour supply

Pressures on pay remain sharp

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

"The UK labour market remains tight as we move towards the end of a difficult year for the UK economy. The balance of supply vs demand is out of sync: we're seeing even more people looking for work, with candidate supply rising at the fastest pace since the initial pandemic wave three years ago, but the number of available roles falling again in November. Employers are reining in hiring and continuing with redundancies in response to the sustained economic slowdown."

"Businesses want to plan for the year ahead, but the prospect of faltering UK economic growth means the certainty they need isn't there. This is now impacting starting salaries, as pay inflation isn't as sharp as in previous months."

"Even temp staff billings - which have given much needed flexibility to employers in key sectors such as Health & Care and IT - are facing some contraction. And with the Bank of England looking like it will be keeping interest rates high for now, businesses will need to stay resilient to manage this period of flux."

Neil Carberry, REC Chief Executive, said:

"2023 has been a testing year in our labour market, with permanent hiring dropping and temporary hiring flat or growing only a little. That's the story again in this month's data, though the market is quieter overall as firms start to move activity into 2024 rather than pressing ahead now."

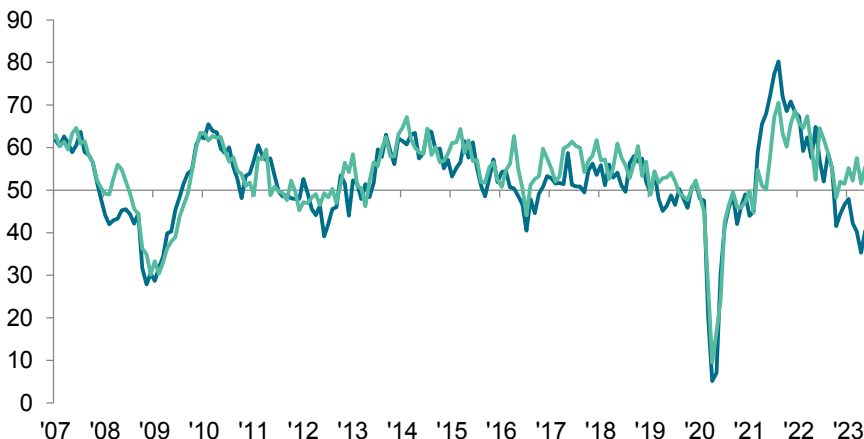
"The rise in permanent candidates points to a growing number of redundancies and fewer job opportunities, and the continuing increase in temp candidates can be attributed to greater demand for part-time work, with some workers looking to supplement their income. The rise in salaries for permanent starters reflects efforts to attract and secure suitably skilled candidates."

"Anecdote from REC members supports our client survey finding that employers are considering coming back to the market, but that in many cases the activity will be next year. So, while these figures represent a further slowdown in current hiring conditions, recruiters are more positive about the new year."

"For policy makers, any return to growth will put strain on a labour market with embedded shortages - this week's pro-election rather than pro-economy decision on immigration will exacerbate that. Any return to growth could drive domestically-generated inflation unless we adopt a proper plan for workforce capacity, embracing better welfare-to-work support, finally reforming the Apprenticeship Levy, funding Further Education properly and the kind of support for school leavers suggested by today's Broken Ladders report from EDSK and REED on the school-to-work transition."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

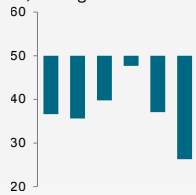


1 Staff appointments

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

Jun - Nov '23
sa, >50 = growth



Sharpest decline in permanent placements since May 2020

November data signalled a marked reduction in permanent placements in London, thereby extending the current period of decline to 14 months. Moreover, the respective seasonally adjusted index plunged to the lowest since May 2020 when hiring was hit by the initial wave of the COVID-19 pandemic. Weaker employer confidence regarding the broader economic outlook and subsequent hiring freezes and drops in vacancies were linked by recruiters to the latest fall.

Of the four monitored English regions, London registered by far the steepest downturn in permanent staff appointments in November.

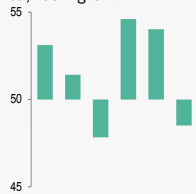
Fresh fall in temp billings

Following back-to-back expansions in September and October, temp billings fell modestly across the capital during November. The decline in temp billings was often linked to lower activity levels at clients and the non-renewal of contracts.

In line with the trend seen across London, a fresh decline in temp billings was also observed at the national level.

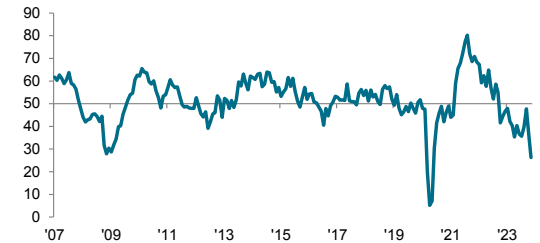
Temporary Billings Index

Jun - Nov '23
sa, >50 = growth



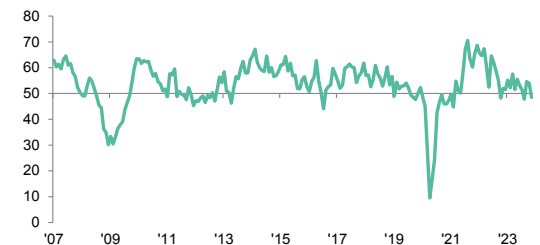
Permanent Placements Index

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
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
Nov-23	41.6	26.3	48.0	48.5

Job vacancies

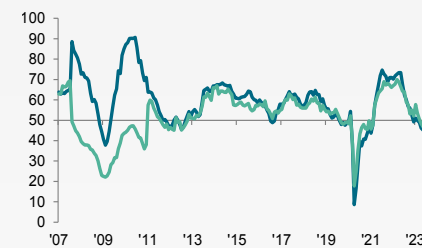
London-based recruiters signalled a ninth consecutive monthly fall in demand for permanent labour in November. Moreover, the pace of reduction was the steepest since January 2021 and sharp overall.

Meanwhile, temp vacancies grew across the capital for the second month running. The rate of growth quickened since October but was modest overall.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

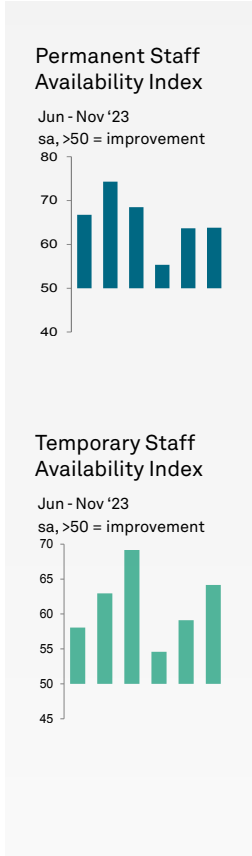


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Nov-23	49.0	44.1	51.7	52.5

2 Staff availability

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



Sustained expansion in permanent staff supply

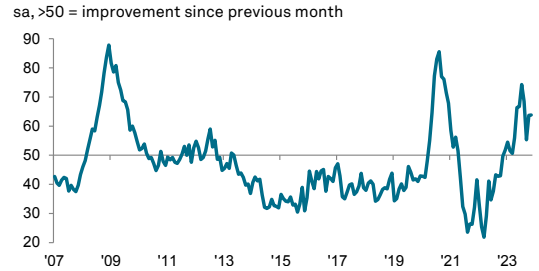
The number of candidates for permanent positions in London increased during November, thereby extending the current run of expansion to a year. The rate of growth accelerated to a three-month high and was rapid overall. Respondents linked the rise to a growing number of redundancies and fewer job opportunities.

The expansion in permanent labour supply across London was quicker than that seen across the UK as a whole.

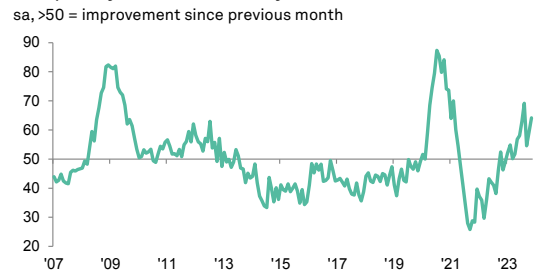
Temp staff supply expands at faster rate

An eleventh successive monthly increase in the number of temporary candidates was recorded across London in November. The rate of expansion was the strongest since August and much faster than that seen across the UK as a whole. Panellists attributed the rise to greater demand for part-time work, with some workers looking to supplement their income.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Nov-23	62.0	63.8	59.8	64.2

3 Demand for skills

Skills in short supply: Permanent staff

Blue Collar	IT & Computing
Cleaners	IT
Drivers	Technology
Scaffolders	Nursing/Medical/Care
Construction	Carers
Quantity Surveyors	Doctors
Engineering	Nurses
Engineers	Occupational Therapist
Technicians	Paramedics
Executive/Professional	Physiotherapist
ESG Communications	Psychologist
PR	Other
Professional	Freight
Hotel & Catering	Logistics
Chefs	Sales
Hospitality	Security

Skills in short supply: Temporary staff

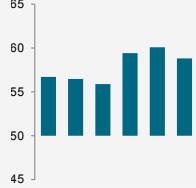
Blue Collar
Security Guards
Construction
Drainage Specialists
Labourers
Structural Staff
Executive/Professional
Mid-senior Management
Hotel & Catering
Chefs
Hospitality
Housekeeping
Nursing/Medical/Care
Pharma Communications
Social Workers

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

Jun - Nov '23
sa, >50 = inflation



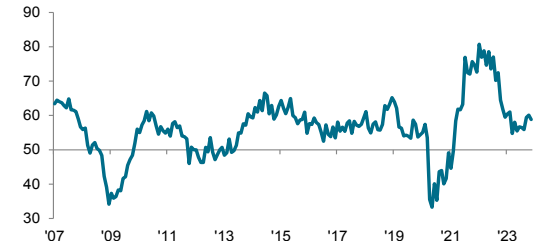
Starting salary inflation remains sharp

Salaries awarded to permanent starters rose across London in November. While the rate of inflation eased to a three-month low, it remained sharp and historically strong. Panellists mainly attributed the rise in salaries to efforts to attract and secure suitably-skilled candidates.

London recorded the quickest rise in starting salaries out of all four monitored English regions.

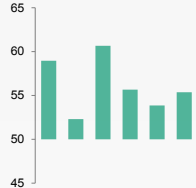
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Jun - Nov '23
sa, >50 = inflation



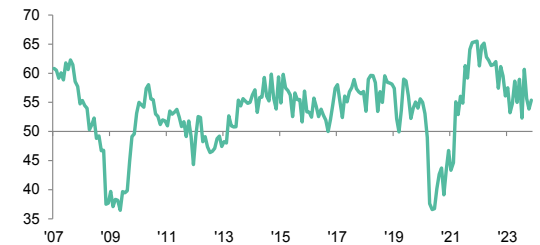
Temp wage growth quickens in November

November data signalled a sharp rise in temp wages across London. The rate of pay inflation remained softer than seen on average over the past two years, however, despite quickening from October. Some survey respondents noted that high inflation had led employers to raise their hourly pay rates.

London recorded a sharper rise in temp wages compared to the national average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Nov-23	56.0	58.8	52.2	55.4

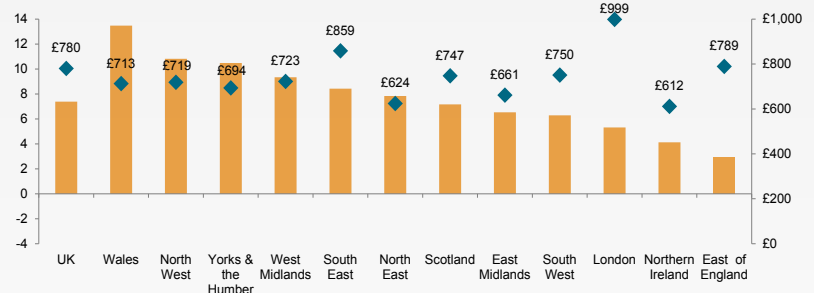
Official data: UK average weekly earnings

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

%yr/yr



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

Permanent placements in the UK decreased at a sharp and accelerated pace in November, with the rate of contraction the most marked in three months. The overall decline was driven by a severe reduction in permanent placements in London. Meanwhile, the Midlands bucked the wider trend and posted an increase in permanent placements.

The UK also registered a reduction in temporary billings during November, thereby ending a two-month sequence of expansion. That said, the fall in temporary billings was much softer than that seen for permanent placements as growth was signalled in the Midlands and North of England. The South of England posted the sharpest reduction in temp billings.

Candidate availability

With permanent placements falling, recruiters in the UK signalled a sharp increase in candidate availability midway through the final quarter. The rise in candidate numbers for permanent positions was the most pronounced since December 2020. Marked increases were seen across each of the four English regions.

Widespread increases in candidates for temporary positions were also signalled in November, led by London. The UK as a whole posted a marked rise in temporary candidate availability, and one that was the sharpest in just under three years.

Pay Pressures

Although permanent starting salaries continued to increase in the UK during November, the pace of inflation eased for the seventh consecutive month and was the softest since March 2021. London posted the fastest rise in permanent pay pressures, with the softest increase in the South of England.

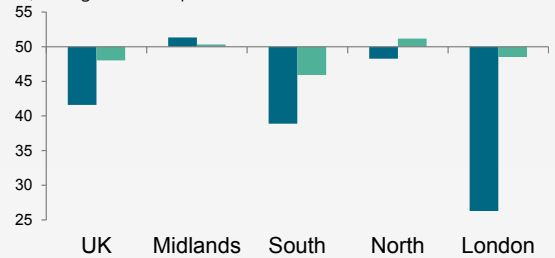
A softer pace of inflation for temporary wages was also recorded in November. The latest increase was the weakest in the current 33-month sequence of rising pay rates for short-term staff. The strongest increase in pay for temps was registered in London, while the North of England was the only English region to signal a drop in wages.

November 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 09-24 November 2023.

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