

KPMG and REC, UK Report on Jobs: London

Downturn in permanent placements softens notably in December

48.7

PERMANENT PLACEMENTS INDEX DEC '23

51.6

TEMPORARY BILLINGS INDEX DEC '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 in 15 months

Redundancies fuel supply of permanent candidates

Pay pressures moderate

Commenting on the latest survey results, Justine Andrew, Partner and Head of Education, Skills and Productivity at KPMG said:

"It's a muted end to the year for the labour market, which despite some loosening during 2023, continues to be tight. While the data for December shows hiring activity for both permanent and temporary roles fell at a softer rate than the previous month, businesses are still making redundancies and pausing hiring due to a lacklustre economic outlook. This has driven a further decline in permanent job opportunities, while we continue to see a rising number of people looking for new work."

"For those lucky enough to start a new role there was another sharp increase in starting salaries due to competition for skilled workers. But the rise wasn't as high as those seen in recent months as businesses face ongoing pressure on their budgets. Recruiters tell us this pressure is now impacting temporary contracts, with fewer people employed on a short-term basis."

"Businesses which successfully planned and managed their workforce through the intense Christmas period will be breathing a sigh of relief and hoping 2024 brings some much needed certainty to boost the UK economy and overall productivity."

Neil Carberry, REC Chief Executive, said:

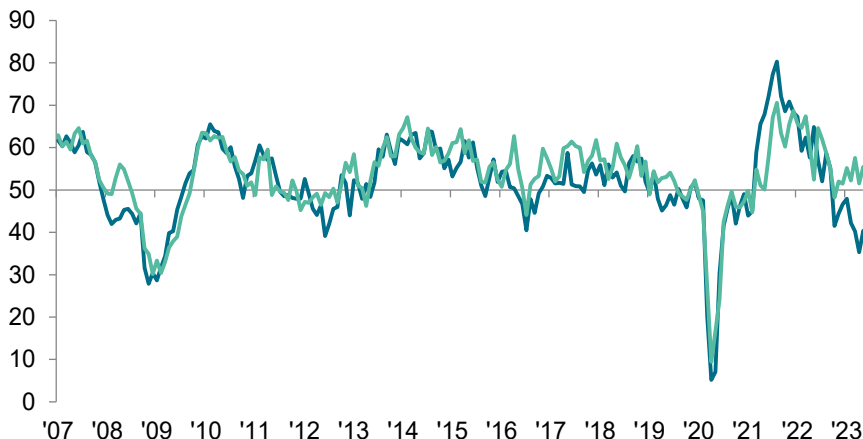
"The slowdown in our labour market seems to be easing a bit in London. Given that December is a time when employers generally postpone activity into the new year, this is a positive sign that the labour market is weathering the current economic storm."

"Recruiters went into 2024 with hope that an upturn is coming, based on feedback from clients. Driving this economic growth would be a huge benefit for us all, leading to more successful firms, higher pay, and the ability to cut taxes and fund public services. But the growth must come first. The Chancellor has already set a date for the Budget – he should use it to set out steps that set firms free to grow the economy, from skills reform to regulatory change, including a more balanced debate on immigration for work and its impact on growth."

"Rising demand for healthcare staff emphasises again the importance of supporting NHS performance. Recruiters can see the impact on long NHS waiting lists in the supply of candidates looking for work – addressing this will be a key way to tackle inactivity. But the plan for NHS staffing needs to deal with 21st Century labour market realities. Medical staff have choices in and power over their careers – working with unions, agencies and other stakeholders on a plan will get the NHS farther than diktat from Whitehall."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

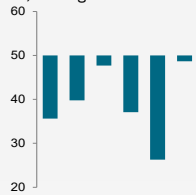


1 Staff appointments

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

Jul - Dec '23
sa, >50 = growth



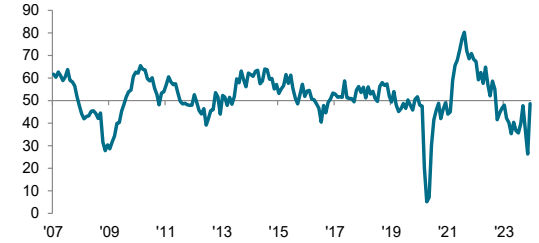
Downturn in permanent placements eases

A modest fall in permanent staff appointments was recorded across the capital during December. Recruiters cited reluctance at clients to fill roles. That said, the rate of decline eased substantially from November's recent low to signal the weakest reduction in the current 15-month sequence of decrease.

All four monitored English regions recorded a fall in permanent placements, with London registering the weakest rate of decline.

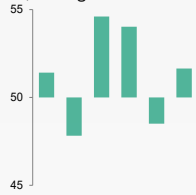
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Jul - Dec '23
sa, >50 = growth

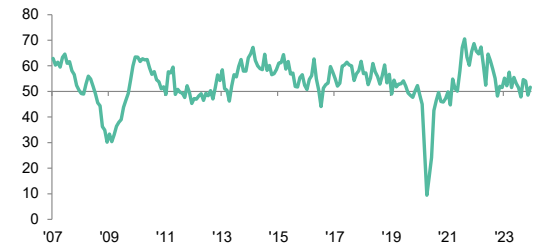


Fresh rise in temp billings

December data pointed to a renewed expansion in temp billings across London, with growth now noted in three of the past four survey periods. While the upturn was modest overall, it contrasted with the reduction seen at the UK level. Greater preference for variable labour was said to have driven the latest upturn.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Dec-23	45.6	48.7	48.8	51.6

Job vacancies

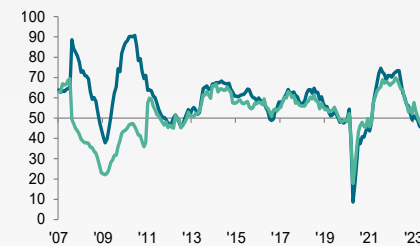
Recruiters across London reported a tenth successive monthly fall in permanent vacancies during December. The rate of contraction eased from November's recent low but remained solid overall.

In contrast, demand for temp workers rose further in December, with vacancies growing in each month in the final quarter of 2023. Moreover, the respective seasonally adjusted index ticked up to an 11-month high, indicating a solid expansion.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

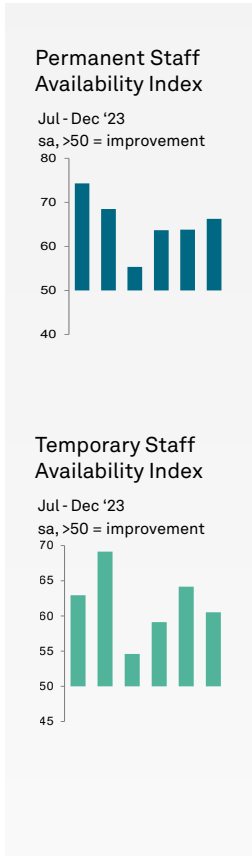


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Dec-23	49.2	47.0	50.8	53.9

2 Staff availability

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



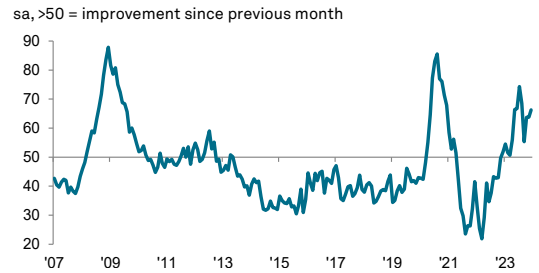
Supply of permanent candidates expands in December

The supply of permanent staff rose at a sharp and accelerated pace across London in December. The rate of growth quickened to a four-month high and outpaced the national trend. Surveyed recruiters attributed the latest uptick to a greater number of redundancies.

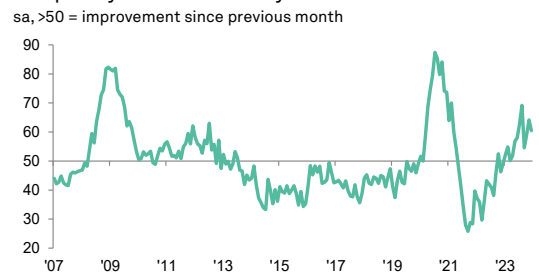
Sustained growth in temp staff supply

Adjusted for seasonality, the Temporary Staff Availability Index posted above the neutral 50.0 mark in December, as has been the case throughout 2023. The rate of growth eased from November but remained marked overall. The non-renewal of contracts and growing number of candidates in the market looking to supplement their income were reported to have pushed up the supply of temp staff.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Dec-23	59.7	66.3	58.3	60.5

3 Demand for skills

Skills in short supply: Permanent staff

Blue Collar	Hospitality
Cleaners	IT & Computing
Drivers	IT
Rail	Technology
Construction	Nursing/Medical/Care
Drainage Specialists	Carers
Planners	Doctors
Quantity Surveyors	Nurses
Engineering	Occupational Therapist
Electrical Engineers	Paramedics
Engineers	Physiotherapist
Executive/Professional	Psychologist
ESG Communications	Social Care Workers
Mid-senior Management	Other
PR	Commercial
Professional	Customs
Hotel & Catering	Sales
Chefs	

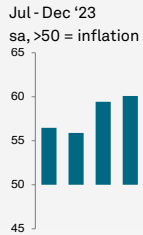
Skills in short supply: Temporary staff

Blue Collar
Security Guards
Construction
Labourers
Engineering
Electrical Engineers
Oil & Gas Process Engineers
Hotel & Catering
Chefs
Hospitality
Housekeeping
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 Salaries Index

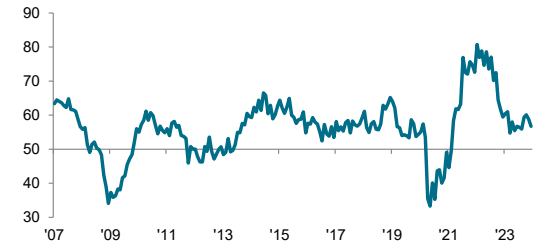


Starting salary inflation moderates

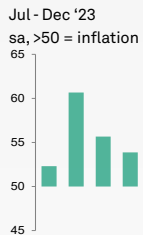
Recruitment consultancies across London reported a rapid rise in starting salaries awarded to new permanent joiners in December, thereby extending the current run of inflation to 34 months. Candidate shortages was found to have driven higher salaries. That said, the rate of salary growth was among the weakest recorded in the aforementioned sequence and broadly in line with the UK-wide trend.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

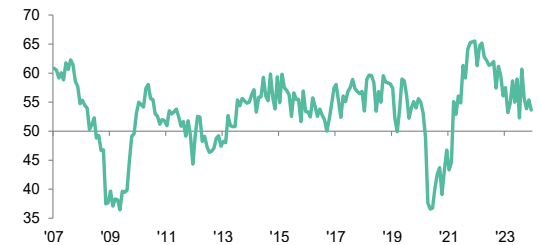


Solid rise in temp wages

Latest data indicated a modest uplift in temp wages across London, which respondents again widely linked to the rising cost of living. That said, the rate of temp wage inflation softened to a five-month low and was weaker than the national average for the first time since July. In fact, hourly wage inflation across London was the weakest recorded of all four monitored English regions.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Dec-23	56.5	56.7	54.6	53.6

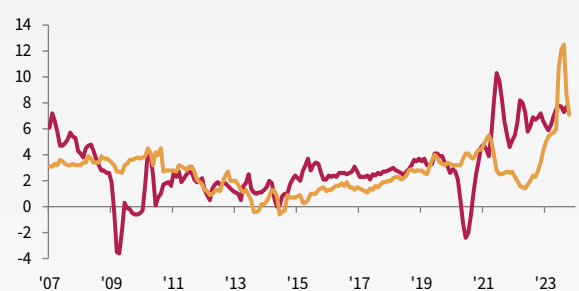
Official data: UK average weekly earnings

UK employee earnings (including bonuses) rose +7.2% year-on-year over the three months to October 2023, according to latest data from the Office for National Statistics (ONS). Although not as strong as the rates seen over the summer, the latest figure indicated that pay growth remained historically sharp overall.

Average earnings expanded at similarly marked rates across both the private and public sectors in the latest three-month period (+7.2% and +7.1%, respectively). The slowdown in pay growth in recent months was more pronounced in the public sector, largely due to one-off payments across the NHS and civil service over the summer, according to the ONS.

UK average weekly earnings

%yr/yr, 3mma



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 fifteenth month running in December. The rate of decline softened from that seen in November yet remained sharp overall. 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, where the pace of decrease was the slowest in the current 15-month sequence.

Temp billings fell across the UK for the second successive month in the latest survey period. The downturn softened from that seen in November and was modest overall. The reduction was led by moderate falls in the South of England and the Midlands. Recruiters in the North of England meanwhile recorded the steepest increase since April.

Candidate availability

The supply of permanent workers across the UK rose for the tenth consecutive month in December. The rate of improvement eased slightly from that seen in November, yet remained marked overall. Data broken down by English region indicated that the upturn was broad-based and led by the Midlands. Meanwhile, the North of England was the only region to see a dip in permanent staff availability, albeit one that was only marginal.

The supply of temporary labour also expanded robustly again in December, with the rate of growth softening only slightly from that seen in the previous survey period. All four monitored English regions saw rises in temp staff supply, led again by London, while the softest increase was signalled by recruiters in the Midlands.

Pay Pressures

Starting salaries awarded to new permanent starters in the UK increased in December, extending the current sequence of salary inflation to 34 months. The rise was steep overall and quickened from that seen in November. While all four English regions recorded increases in permanent pay, London and the North of England saw the rate of salary inflation ease, but there were accelerations in salary growth in the Midlands and South of England.

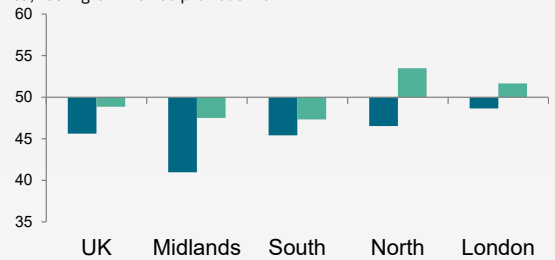
Average rates of pay for temporary workers across the UK also rose again during December. Notably, the rate of wage growth picked up from the previous survey period and was the steepest seen since August. Regional data highlighted strengthening momentum in temp pay in all monitored regions with the exception of London.

December 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



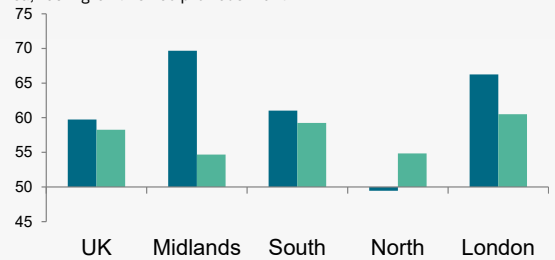
Vacancies

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 06-18 December 2023.

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