

# KPMG AND REC, UK REPORT ON JOBS: LONDON

## New job placements plummet in April

### KEY FINDINGS

Permanent and temporary staff appointments collapse

Redundancies cause spike in staff availability

Employers reduce starting salaries and wages sharply

### KEY DATA

Permanent Placements Index



Temporary Billings Index



The KPMG and REC, UK Report on Jobs: London is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

Commenting on the latest survey results, James Stewart, Vice Chair at KPMG, said:

*“The COVID-19 pandemic continues to wreak havoc on the UK jobs market with a record drop in vacancies and recruitment plans frozen.*

*“The uncertainty over the outlook is weighing heavily on the nation – we estimate that as many as 13 million jobs are highly affected by the lockdown, representing just over a third of all jobs in the UK.*

*“It’s an unprecedented situation for UK business and resilience, then recovery, is key to navigating through the crisis. All eyes will also be on the Government’s forthcoming announcement on easing current restrictions so confidence in the jobs market can start to rebuild.”*

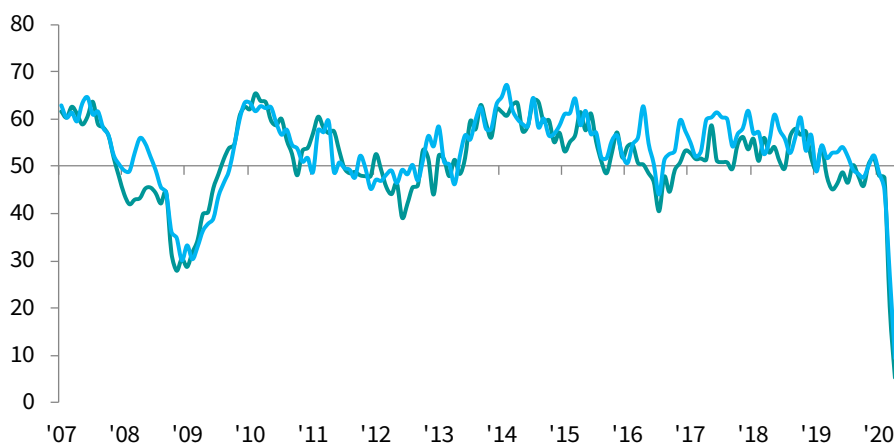
Neil Carberry, Chief Executive at the REC, said:

*“These numbers set records in all the wrong ways – but they are not unexpected, given the lockdown and the hit the economy is taking. While fighting the virus must remain our priority, the strain the lockdown is placing the economy under cannot be sustained indefinitely without very significant and long-lasting effects on unemployment and job creation.”*

*“The good news is that the capacity for our economy to recover quickly is definitely there – but we won’t get back to strong growth instantly when the lockdown eases. Government needs to work with businesses to ensure that the support they have offered tapers out as the economy returns to normal, rather than leaving firms facing a cliff-edge and having to cut costs quickly through things like higher redundancies. This approach will also allow firms to invest in the future – creating new jobs to drive the economy and help the UK bounce back.”*

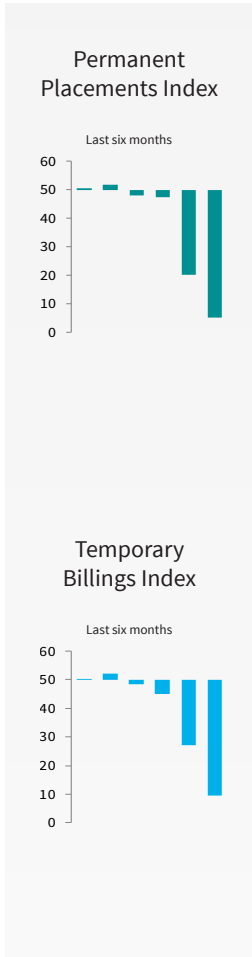
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



# 1 STAFF APPOINTMENTS

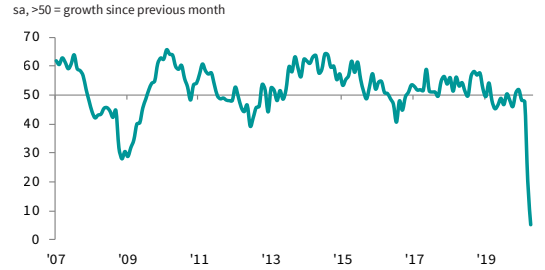
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



## Permanent staff placements collapse in April

Latest survey data indicated a further steep decline in the placement of permanent staff in London. The rate of decrease was the quickest ever recorded in the over 22-year series in April, beating March's previous record. Recruiters overwhelmingly linked the fall in placements to the coronavirus disease 2019 (COVID-19), mentioning that many employers had put hiring decisions on hold amid working-from-home policies and shutdowns. The decline was broadly on par with that seen at the national level.

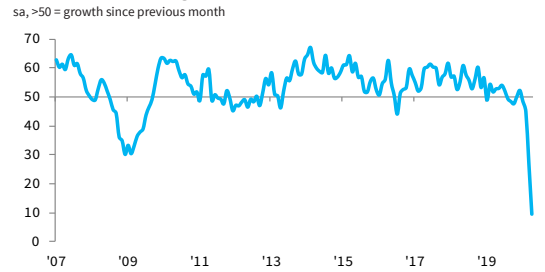
## Permanent Placements Index



## Temp billings decrease at even faster pace

Recruitment consultancies in London reported a further reduction in billings received for the placement of temporary staff during April. In addition, the rate of decline followed the accelerating trend observed since February, as panellists highlighted a deterioration in demand for short-term staff amid the UK-wide lockdown. Over 86% of respondents saw lower temp billings compared to the end of the first quarter.

## Temporary Billings Index



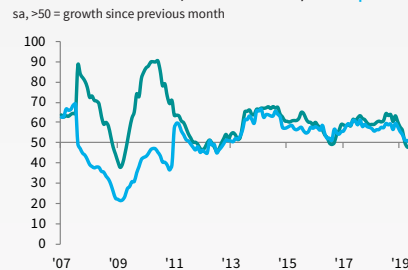
	Permanent		Temporary	
	UK	London	UK	London
Nov-19	48.8	50.6	50.5	50.2
Dec-19	51.9	51.7	52.2	52.3
Jan-20	52.3	48.0	49.8	48.5
Feb-20	52.9	47.5	49.7	45.0
Mar-20	31.7	20.3	35.6	27.2
Apr-20	5.3	5.2	10.4	9.5

# JOB VACANCIES

Job vacancies for both permanent and temporary workers in London collapsed in April, marking the second successive month of falling demand for staff. In both cases, the rate at which vacancies decreased was the sharpest seen since data collection began in 1997.

However, falls in the number of open roles in the capital were slower compared to the UK-wide average for permanent and temporary staff positions.

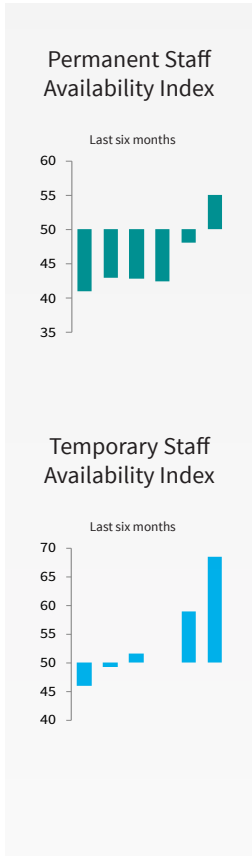
## Vacancies Index (Permanent / Temporary)



	Permanent		Temporary	
	UK	London	UK	London
Nov-19	51.4	49.9	53.3	51.1
Dec-19	51.4	50.4	53.2	51.9
Jan-20	54.0	50.5	52.7	47.7
Feb-20	56.7	54.0	54.5	51.1
Mar-20	43.7	36.9	45.8	38.0
Apr-20	8.9	10.4	16.2	17.8

## 2 STAFF AVAILABILITY

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



### Permanent staff supply rises for first time in nearly seven years

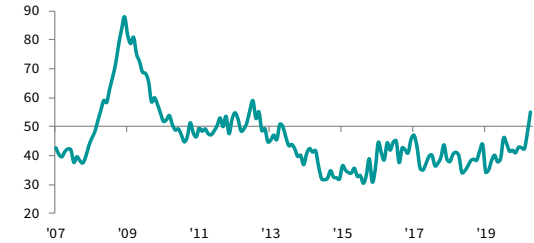
Adjusted for seasonal variation, the Permanent Staff Availability Index rose above the 50.0 neutral threshold in April, to signal a rise in the supply of permanent candidates in London. This was largely related to redundancies in the capital due to COVID-19, although some recruiters noted that prospective workers had job offers removed. Moreover, the overall increase in staff supply was sharp and the first in almost seven years. That said, it was weaker than the UK-wide trend.

### Job losses drive temp staff availability higher

London recruiters highlighted that redundancies of temporary workers and a reduction in hiring activity caused a further shift up in the number of available temporary staff in April. The increase was also quicker than seen in March, and the fastest since July 2009. Respondents mentioned that working-from-home policies meant that some employers had released contractors during the month.

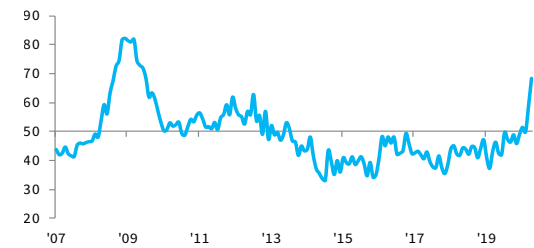
### Permanent Staff Availability Index

sa, >50 = improvement since previous month



### Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Nov-19	41.2	41.0	46.1	46.0
Dec-19	42.1	42.9	45.5	49.2
Jan-20	42.4	42.8	45.4	51.6
Feb-20	45.7	42.4	48.5	50.0
Mar-20	47.8	48.1	54.3	58.9
Apr-20	57.7	55.0	69.3	68.5

## 3 DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages during the latest month.

### Skills in short supply: Permanent staff

Accounting/Financial	Other
Auditors Risk	Commercial Sales Security
Engineering	
Technicians	
Executive/Professional	
Compliance	
IT/Computing	
Data Professionals Developers IT Technology	
Nursing/Medical/Care	
Carers Health Care Assistants	

### Skills in short supply: Temporary staff

Blue Collar
Cleaners
Hotel/Catering
Catering
Nursing/Medical/Care
Health Care Assistants 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.



### Starting salaries fall at steep pace

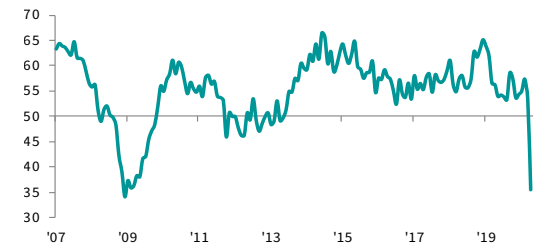
Salaries paid to newly-placed permanent staff in London were hugely impacted by the COVID-19 crisis during April. The seasonally adjusted Permanent Salaries Index signalled a sharp fall in earnings, ending a prior 82-month sequence of increase. Panellists reported that, of the few open positions in the capital, many employers advertised lower salaries than before. This trend was apparent across all monitored UK regions, with the country as a whole recording a weaker drop in starting salaries than in London.

### Decline in temp wages accelerates in April

Recruiters in London observed a second consecutive month of falling wages paid to new temporary staff at the start of the second quarter. Moreover, the decrease quickened to a substantial pace that was the fastest seen for almost 11 years. Hiring consultants linked the drop in wages to COVID-19 and the closure of businesses such as catering and retail outlets.

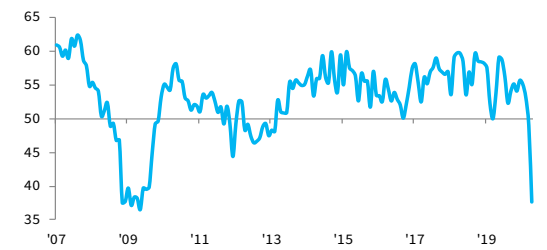
### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

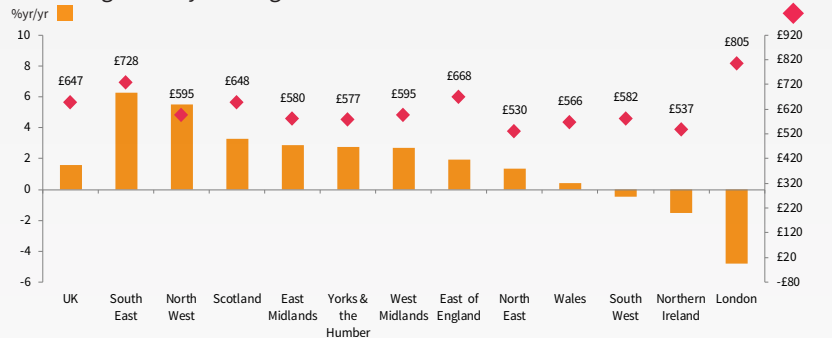
	Permanent		Temporary	
	UK	London	UK	London
Nov-19	55.2	53.7	54.0	54.0
Dec-19	57.5	54.4	55.2	55.6
Jan-20	55.1	55.1	54.4	55.0
Feb-20	58.9	57.4	53.9	53.1
Mar-20	52.9	53.5	51.0	49.0
Apr-20	39.9	35.5	42.2	37.6

## OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics indicated that average weekly earnings across the UK rose by 1.6% on an annual basis during the final quarter of 2019 to £647.

The South East recorded the fastest rate of earnings growth of all UK regions during the fourth quarter, with pay rising 6.3% to £728. Meanwhile, the sharpest fall was seen in London, where average weekly earnings dropped -4.8% on the previous year to £805.

### UK average weekly earnings



Source: Office for National Statistics.

## 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 staff appointments across the UK plummeted at an unprecedented rate during April, as the seasonally adjusted Permanent Placements Index shed a substantial 26.4 points from March's recent nadir to reach a fresh series low (since October 1997). Record rates of decline were recorded across each of the four monitored English regions during April, with the most marked fall in the North of England. Meanwhile, the South of England reported the softest decline.

April data also highlighted a further drop in temporary billings at the UK level, with the rate of decline the quickest recorded in over 22 years of data collection. The reduction was broad based across the four monitored English regions and led by the Midlands, while the North of England reported the slowest pace of decline.

### Candidate availability

Latest data pointed to the first improvement in permanent candidate availability across the UK for seven years in April. Moreover, the expansion was the quickest since November 2009 and sharp overall. A rise was recorded across each of the four monitored English regions during April, the quickest of which was reported in the Midlands.

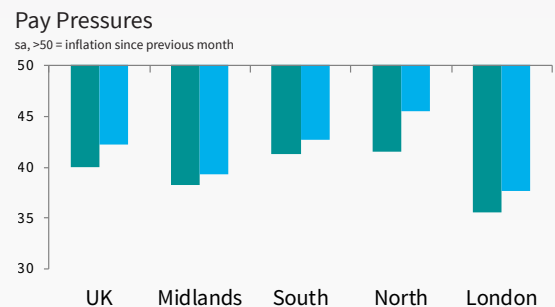
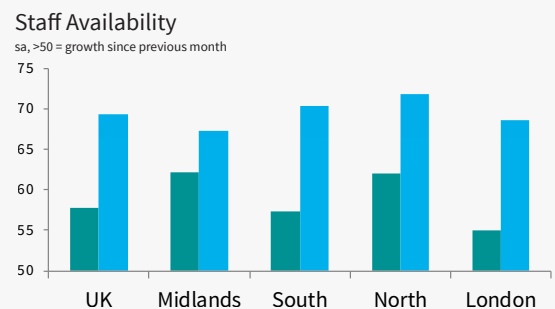
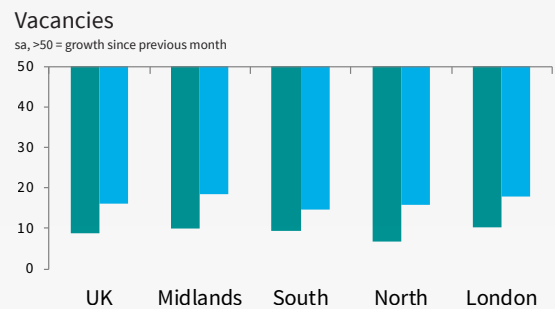
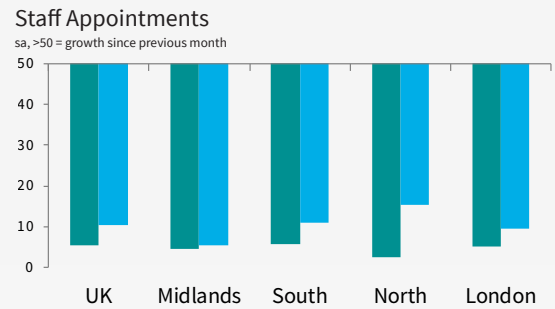
Concurrently, the supply of temporary staff at the UK level increased for the second month in a row during April, with the rate of expansion the most marked since July 2009. Each of the four monitored regions recorded an increase in temp candidate availability during April. The North of England posted the most marked rise, while the rate of increase was slowest in the Midlands.

### Pay pressures

Permanent starting salaries across the UK declined for the first time in eight years in April, with the rate of reduction the quickest since the height of the financial crisis in March 2009. Furthermore, each of the four monitored English regions recorded a fall in salaries, with the decline sharpest in London.

In line with the trend for permanent staff, average hourly pay rates for short-term staff across the UK also fell during April, thereby ending a more than seven-year sequence of wage growth. The reduction was the fastest since mid-2009 and marked overall. At the regional level, the most substantial drop was recorded in London, while the decline was softest in the North of England.

April 2020  
Permanent / Temporary



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### Methodology

The KPMG and REC, UK Report on Jobs: London is compiled by IHS Markit 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).

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