

KPMG AND REC, UK REPORT ON JOBS: LONDON

Hiring activity weakens only slightly in September

KEY FINDINGS

Marginal drop in permanent placements

Temp vacancies start to rise

Softer, but still marked, increase in staff supply

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:

“While it’s encouraging to see hiring activity in London move closer to stabilisation at the end of the third quarter, it’s concerning to see another rapid rise in total candidate availability.

“With increasing unease over what will happen in the coming months with the pandemic, Brexit and with the end of the furlough scheme in sight, the uncertainty for UK business is not going to dissipate anytime soon.

“The Government has got challenging times ahead to continue to offer adequate support to business, opportunities for jobs seekers to upskill while helping instil confidence in the UK workforce.”

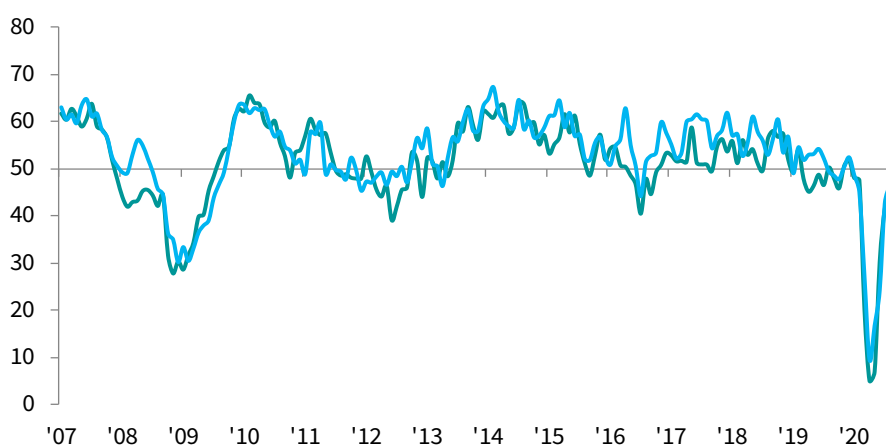
Neil Carberry, Chief Executive at the REC, said:

“Placements and demand for permanent staff continue to fall in London, although at a slower pace than previously. This makes London an outlier by comparison to other parts of the country – reflecting the unique challenges of re-opening the city’s economy. A plan for safely returning to workplaces in the capital – rather than advising people to stay at home – will be important to London catching up with the rest of the UK. Recruiters around the country have been reporting a positive trend to the REC, and this survey has returned to positive territory elsewhere.

“Across the UK, the story varies between sectors, but it’s important to emphasise the fact that the labour market is always creating roles – our challenge is to help people to find them. That’s where the UK’s world-leading recruitment sector comes in. Recruiters are experts on where opportunities lie, and at supporting people to get those new jobs. We have a huge part to play in getting the economy moving again and Government schemes need to leverage the skills we have to offer.”

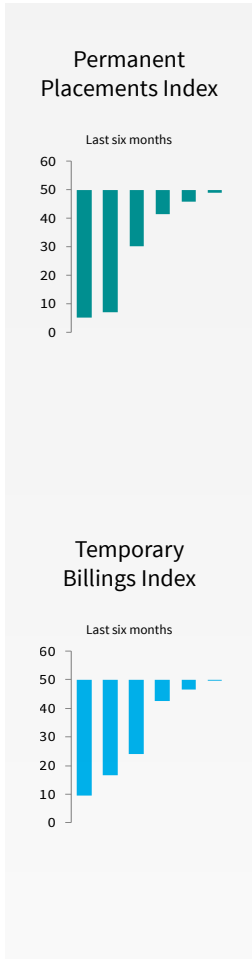
Permanent Placements Index / Temporary Billings Index

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 appointments fall only slightly

London recruitment consultancies saw a slower fall in permanent staff placements for the fifth consecutive month in September. Moreover, the decrease was the weakest since the current period of decline began in January and only marginal. Where a fall was noted, panellists linked this to challenging market conditions due to the COVID-19 pandemic. However, some recruiters saw an uplift in hires as some companies resumed operations.

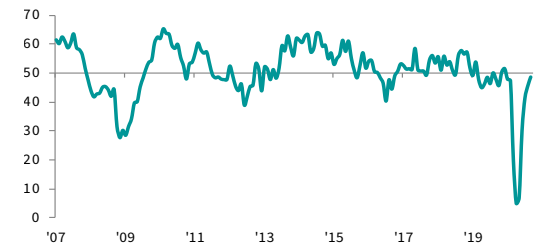
Meanwhile, the UK as a whole saw a second monthly increase in permanent placements, and one that was sharp overall.

Temp billings decline at weakest pace for nine months

Adjusted for seasonal factors, the Temporary Billings Index posted just below the 50.0 neutral mark in September, to signal a slight fall in billings from the placement of temp workers in London. The rate of decline was the softest seen in the current nine-month sequence of contraction, as more recruiters saw a recovery in temp roles. That said, this compared with a further sharp rise in temporary billings at the national level.

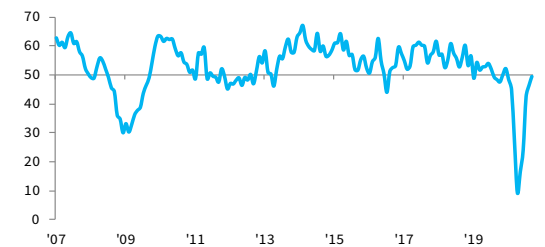
Permanent Placements Index

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-20	5.3	5.2	10.4	9.5
May-20	10.5	7.1	18.6	16.7
Jun-20	34.3	30.3	33.5	24.2
Jul-20	44.7	41.5	45.1	42.5
Aug-20	50.9	45.8	55.6	46.4
Sep-20	56.0	48.8	56.0	49.6

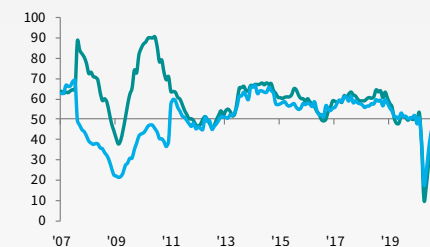
JOB VACANCIES

The number of permanent vacancies across the capital continued to fall in September, although the rate of decline slowed since August. Meanwhile, there was a slight rise in open roles at the national level.

Notably, temporary vacancies in London began to increase during September, marking the first expansion in short-term positions since February. The upturn was marginal, however, and slower than the UK average.

Vacancies Index (Permanent / Temporary)

sa, >50 = growth since previous month

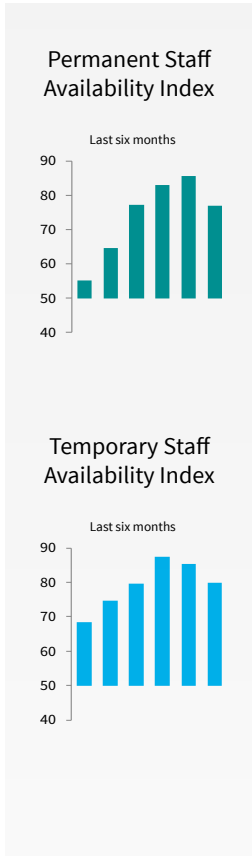


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Apr-20	9.0	10.4	16.4	17.9
May-20	19.0	16.9	24.9	24.5
Jun-20	31.4	28.5	37.4	35.2
Jul-20	43.5	40.0	47.0	43.2
Aug-20	42.5	38.7	50.6	47.8
Sep-20	50.4	44.7	54.3	50.5

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 continues to rise sharply in September

Latest survey data signalled a further rise in the availability of permanent workers across London in September. The increase in people looking for permanent jobs was the least marked since May, but remained historically strong overall and was broadly in line with the average seen across the UK. Recruiters highlighted greater amounts of redundancies as a key reason for higher candidate supply.

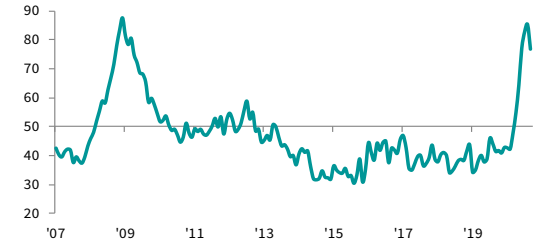
Temp candidate numbers expand at slower, but still marked, rate

London-based recruitment consultancies continued to see a sharp rise in candidate numbers for temp jobs at the end of the third quarter. However, the rate of growth slowed further from July's record, and was the softest seen for three months. Where higher availability was noted, panellists cited redundancies and the winding down of the government's current furlough scheme.

Continuing the recent trend, the rise in temp staff supply in the capital was stronger than the UK average.

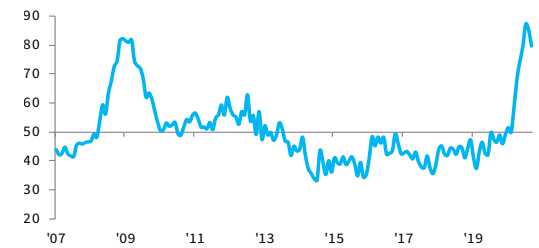
Permanent Staff Availability Index

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
Apr-20	57.7	55.0	69.3	68.5
May-20	71.2	64.6	76.7	74.5
Jun-20	81.2	77.3	83.9	79.5
Jul-20	84.0	83.0	85.0	87.4
Aug-20	86.8	85.5	82.3	85.4
Sep-20	76.7	77.0	75.3	79.8

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 Auditors Finance Risk	Secretarial/Clerical Administration Staff
Executive/Professional Compliance Legal	Other Sales
Hotel & Catering Chefs	
IT & Computing Java	
Nursing/Medical/Care Health Care Assistants Social Workers	

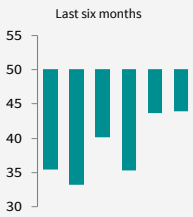
Skills in short supply: Temporary staff

IT & Computing Software Engineers

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



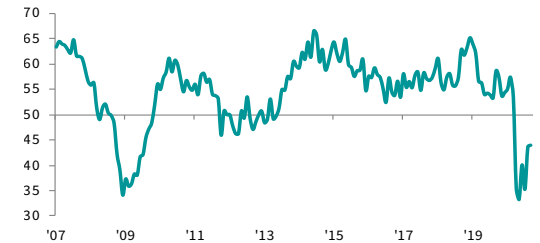
Starting salaries fall for sixth month running

Recruiters in London registered a further drop in salaries paid to newly-placed permanent staff in September, extending the run of decline that began in April. The rate of reduction was sharp, albeit the softest seen in this sequence. Panellists mainly attributed the fall in salaries to a rise in candidate supply.

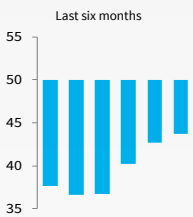
Moreover, the rate of salary deflation exceeded that seen across the UK as a whole for the sixth month running.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

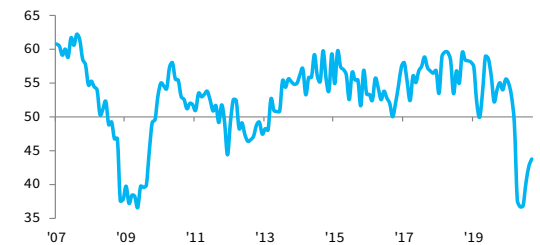


Temp wage cuts soften for fourth straight month

Wages for temporary workers fell at a softer pace in September, as the respective seasonally adjusted index rose for the fourth month in a row. Nevertheless, the rate of decline remained solid, and was linked to budget cuts and a rise in temp candidate numbers. London also saw a much sharper fall in wages compared to the national average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

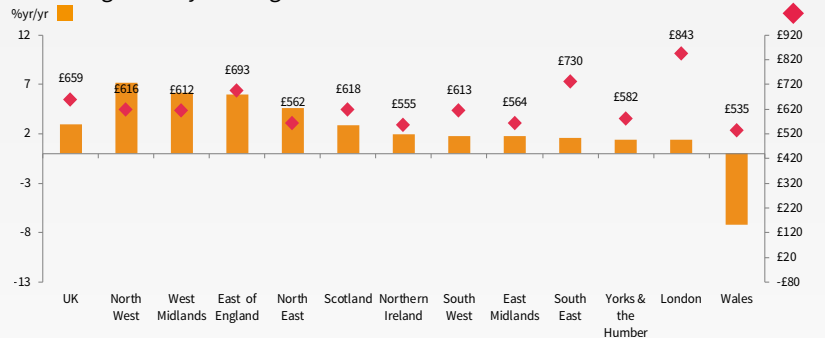
	Permanent		Temporary	
	UK	London	UK	London
Apr-20	39.9	35.5	42.2	37.6
May-20	37.7	33.3	40.8	36.6
Jun-20	41.1	40.1	43.3	36.8
Jul-20	41.6	35.3	45.2	40.2
Aug-20	45.1	43.6	46.2	42.6
Sep-20	44.7	44.0	48.3	43.7

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics showed that average weekly earnings across the UK increased 3.0% year-on-year over the second quarter of 2020 to £659.

The quickest increase in earnings during the second quarter was seen in the North West, which registered a 7.2% rise to £616. The only UK region to see reduced pay was Wales, where earnings fell 7.2% to £535.

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

A second consecutive monthly rise in permanent placements across the UK was recorded in September. Moreover, the rate of increase was the quickest since October 2018 and sharp. At the regional level, the Midlands registered the quickest increase in permanent staff appointments, followed by the South of England. Elsewhere, London recorded a further contraction, albeit one that was only mild.

September data also highlighted an increase in temp billings across the UK, with the rate of expansion the fastest for nearly two years. As was the case for permanent placements, the Midlands registered the fastest rise in temp billings across the four monitored English regions, while London was the only area to record a fall.

Candidate availability

Recruiters across the UK signalled a sixth consecutive monthly rise in the supply of permanent candidates during September. The rate of increase eased from August, but remained sharp nonetheless. Across the four monitored English regions, the increase was broad based. The Midlands saw the most marked rise in permanent candidate availability, with the North of England recording the weakest.

Meanwhile, temp candidate availability increased across the UK during September, extending the current sequence of growth to seven months. The rate of expansion softened further from July's record, but remained rapid overall. At the regional level, London registered the fastest increase in temp staff supply in September.

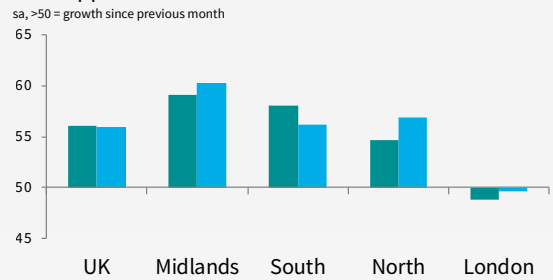
Pay pressures

September data provided further evidence of weaker pay pressures across the UK. Average salaries awarded to permanent new joiners fell for the sixth month in a row, with the rate of deflation accelerating from August. Across the four monitored English regions, London saw the steepest drop in permanent salaries and the North of England the weakest.

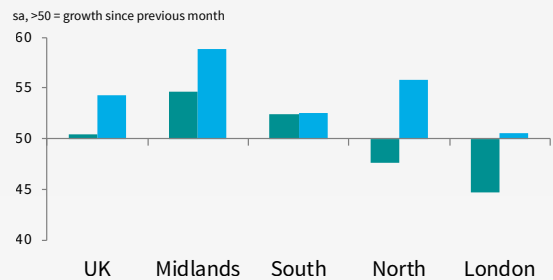
Similarly, average hourly rates of pay for short-term staff across the UK declined again in September, as has been the case in each month since April. The latest reduction was the softest in the aforementioned sequence and only mild, however. Furthermore, there was noticeable disparity at the regional level in September. The North of England registered a mild uptick, while temp wages were broadly stable in the Midlands. Meanwhile, the South of England saw a slight fall and London recorded a further marked drop in temp pay.

September 2020
Permanent / Temporary

Staff Appointments



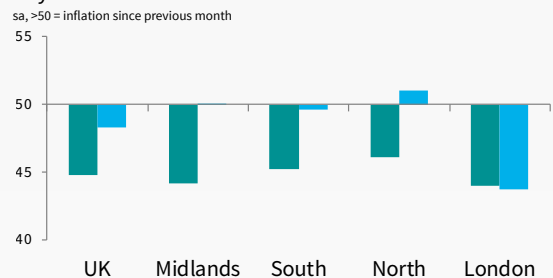
Vacancies



Staff Availability



Pay Pressures



CONTACT

KPMG

Gill Carson
+44 (0) 7768 635843
gill.carson@kpmg.co.uk

REC

Josh Prentice
Comms & Research Officer
+44 (0)20 7009 2129
josh.prentice@rec.uk.com

Ciaran Price
PR Manager
+44 (0)20 7009 2192
ciarans.price@rec.uk.com

IHS Markit

David Owen
Economist
+44 2070 646 237
david.owen@ihsmarkit.com

Katherine Smith
Public Relations
T: +1 781 301 9311
katherine.smith@ihsmarkit.com

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.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 21 offices across the UK with approximately 17,600 partners and staff. The UK firm recorded a revenue of £2.40 billion in the year ended 30 September 2019. KPMG is a global network of professional firms providing Audit, Tax, Legal and Advisory services. It operates in 154 countries and has 200,000 professionals working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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 these data are owned by or licensed to IHS Markit 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 IHS Markit's prior consent. IHS Markit 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.