

KPMG and REC, UK Report on Jobs: London

London records sharper fall in permanent placements in January

43.4

PERMANENT PLACEMENTS INDEX
JAN '24

44.8

TEMPORARY BILLINGS INDEX
JAN '24

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.

Steep decline in permanent staff appointments

Renewed fall in temp billings

Starting salaries continue to rise sharply amid rising living costs

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

"New year, new job? Traditionally January is the busiest month for recruiters but with the economic conditions remaining challenging, both employers and job seekers are taking a very cautious approach to recruitment with the number of permanent roles available declining and the available talent pool growing less steadily."

"Starting salaries are still on the rise for those candidates that can fill highly skilled roles but businesses are facing a host of cost challenges and are walking a fine line between attracting new talent and retaining existing employees through pay rises."

"With the recruitment landscape at a standstill for the moment, those employers looking to minimise a talent drain from their business need to focus on re-skilling existing staff, offering flexible benefits and looking at work life balance policies in order to keep staff motivated."

"The current jobs market in London remains volatile, and recruiters and employers need to think more creatively about how to attract and retain permanent staff to bring about stability. As we celebrate Apprenticeship Week, taking on an apprentice can also be a cost-effective way to tackle skills gaps, grow talent and develop a motivated and qualified workforce where they are needed most. Those employers who hold their nerve and continue to invest in skills in particular are likely to benefit most when the economic upturn comes."

Neil Carberry, REC Chief Executive, said:

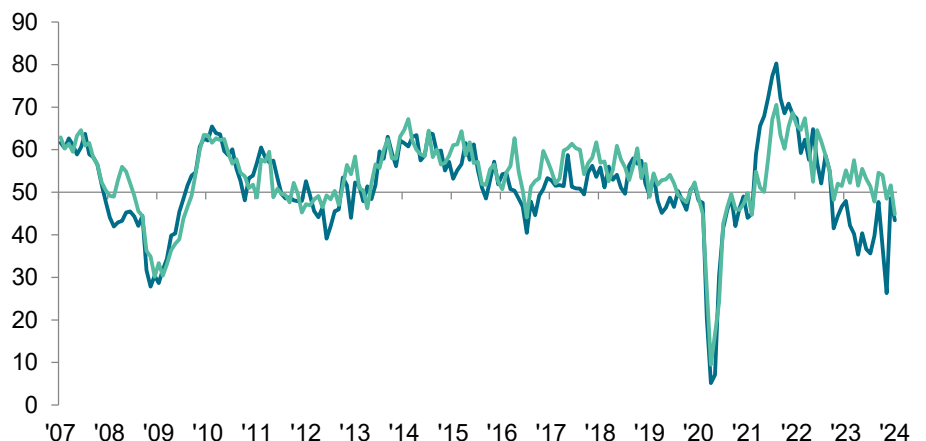
"The labour market's resilience is a great strength of the British economy - but it can't last for ever without sustained economic growth. Pay in London is moving to something that looks more pre-pandemic normal and that is true for the UK. And with inflation dropping and the hiring market cooling for a year now - it's high time that the Bank of England starts releasing the brake pedal on our economy."

"The Chancellor has the perfect opportunity in the Spring Budget to give some clear signals on growth. A long-term plan to tackle skills and labour shortages, economic inactivity and weak productivity is essential. A Spring Budget full of practical steps on skills, welfare to work and the cost of doing business will help hugely."

"We can get the wheels of investment turning by recognising that the people stuff matters as much as capital expenditure. Investment in new industries and technologies such as green skills and AI is great and necessary, but we must get more of firms thinking about how they organise work, and how to build new skills to fuel local economies across the UK."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

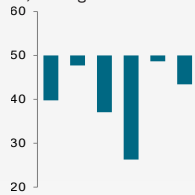


1 Staff appointments

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

Aug '23 - Jan '24
sa, >50 = growth



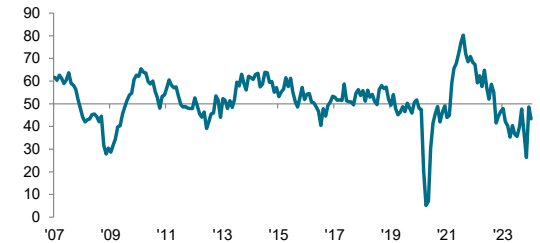
Steeper decline in permanent placements

January survey data revealed a sixteenth successive monthly fall in permanent staff appointments across the capital. The rate of contraction quickened from December and was rapid overall. Fewer vacancies and an increased reluctance among candidates to move roles were said to have weighed on hiring activity.

Permanent placements fell at an identical pace at the national level.

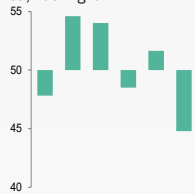
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Aug '23 - Jan '24
sa, >50 = growth



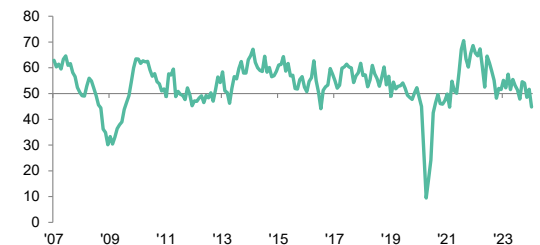
Fresh and solid decline in temp billings

Following a modest expansion in December, recruitment agencies based in London recorded a renewed drop in temp staff billings during January. The decline was the most marked in nearly three years and solid overall. Billings have now fallen in two of the last three months.

Moreover, the downturn in temp billings across London exceeded that seen on average across the UK as a whole.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-24	43.4	43.4	48.9	44.8

Job vacancies

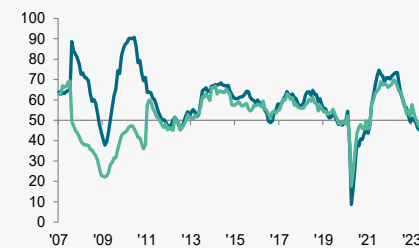
Demand for permanent staff in London deteriorated in January, thereby extending the current run of decrease to 11 months. The rate of contraction accelerated from December to one that was solid and sharper than the national trend.

In contrast, demand for short-term staff improved for the fourth month running across the capital in January. The rise in temp vacancies was strong overall and quicker than the UK average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

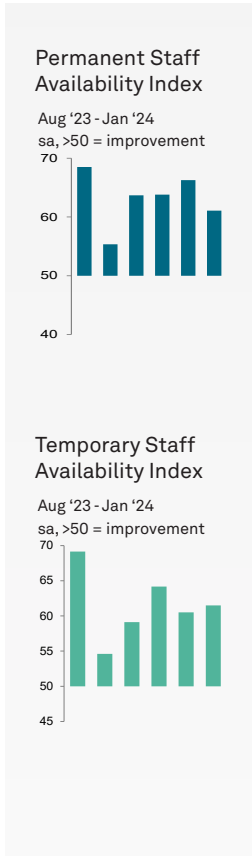


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-24	49.3	45.1	50.7	53.0

2 Staff availability

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



Growth in permanent staff supply softens, but remains marked

As has been the case in each month since December 2022, London recruiters saw a rise in the availability of permanent job seekers in January. While the respective seasonally adjusted index slipped to a four-month low, it signalled a marked rise in permanent candidate numbers overall. The latest upturn was partly linked to redundancies.

All four monitored English recorded a rise in permanent staff supply during January, with London leading the expansion.

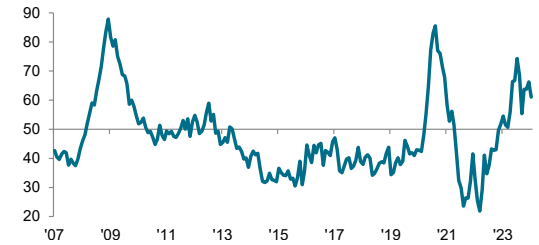
Rapid rise in temp staff availability

Temporary candidate numbers increased rapidly across London during January, with expansions now noted in each of the past 13 months. The rate of growth quickened from December and was much sharper than the long-run average. Panellists noted that reduced recruitment activity and a greater preference for temporary roles drove up the supply of temp candidates.

Of the four monitored English areas, London recorded the strongest upturn in temp worker supply for the third month running.

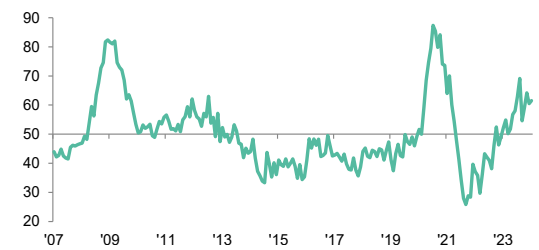
Permanent Staff Availability Index

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
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
Jan-24	57.6	61.1	56.2	61.5

3 Demand for skills

Skills in short supply: Permanent staff

Accounting	IT & Computing
Compliance	IT
Professionals Estimators	Technology
Blue Collar	Nursing/Medical/Care
Drivers	Carers
Security Guards	Doctors
Site Managers	Nurses
Construction	Occupational Therapist
Quantity Surveyors	Paramedics
Engineering	Physiotherapist
Engineers	Psychologist
Executive/Professional	Specialist Nurses
PR	Other
Project Managers	Commercial
Hotel & Catering	Operations
Chefs	
Hospitality	

Skills in short supply: Temporary staff

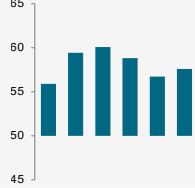
Blue Collar
Security Guards
Construction
Planners
Executive/Professional
Operations Managers
Hotel & Catering
Chefs
Nursing/Medical/Care
Social Workers
Other
Commercial

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

Aug '23 - Jan '24
sa, >50 = inflation

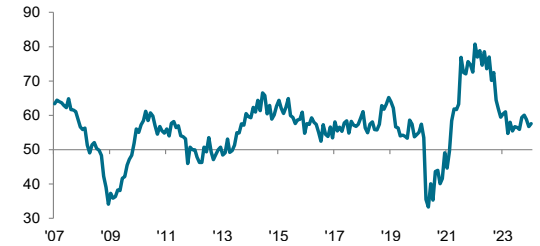


Sustained rise in permanent salaries

Salaries awarded to permanent new joiners rose sharply across London in January. The rate of inflation quickened from December and was the strongest of the four monitored English regions. Recruiters noted that salaries continued to trend up with clients looking to attract high quality talent amid ongoing increases in living costs.

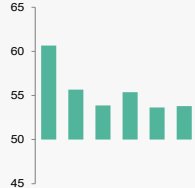
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Aug '23 - Jan '24
sa, >50 = inflation

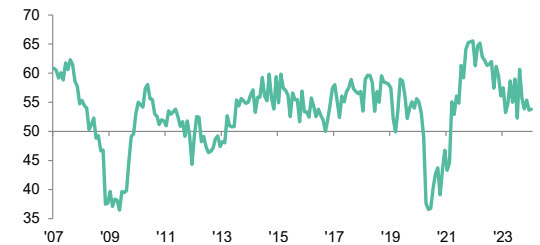


Temp wages rise at modest pace

Temp hourly pay rates also increased in the capital at the start of the year. That said, the pace of inflation remained broadly unchanged from that seen in December and was historically subdued. Moreover, temp wages grew at a softer rate than that recorded for the UK as a whole.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Jan-24	55.8	57.6	54.8	53.8

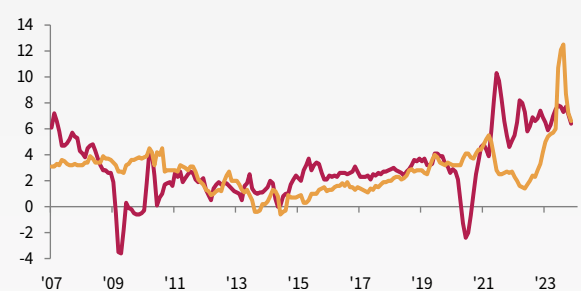
Official data: UK average weekly earnings

Data from the Office for National Statistics (ONS) indicated that total employee earnings (including bonuses) increased +6.5% on an annual basis over the three months to November 2023. Though strong in the context of historical data, this marked the softest rate of pay growth since the three months to March 2023.

Similarly steep increases in average earnings were recorded across both the private and public sectors in the latest three-month period (+6.4% and +6.6%, respectively). In both cases, growth rates have cooled since last summer, particularly in the public sector which, at the time, was boosted by one-off payments across the NHS and civil service, 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 into permanent jobs across the UK fell for the sixteenth month running in January. The rate of decline strengthened from December and was among the strongest in the sequence. All four monitored English regions registered sharp drops in permanent staff appointments, with the quickest reduction seen in the Midlands, closely followed by the South of England.

There was also a further fall in temporary billings in the UK, the third in as many months. The decrease was only modest, and the softest in the current sequence of reduction. The North and South of England recorded an uplift in temp billings in January, with rates of expansion their quickest for ten and eight months respectively. Conversely, there were strong declines reported in London and the Midlands.

Candidate availability

Candidate availability for permanent roles across the UK increased at the start of 2024, extending the current sequence of improvement to 11 months. That said, the uplift slowed from December and was the softest since last September. All four monitored English regions saw an uptick in permanent staff supply, the sharpest of which was recorded in London.

At the national level, although the number of temporary candidates available through recruiters rose steeply, the strength of the upturn was the slowest since last May. London and the Midlands both saw the respective rates of increase strengthen on the month, while there were softer expansions recorded in the North and South of England.

Pay Pressures

Average starting pay for permanent new joiners in the UK continued to increase during January, thereby extending the current sequence of inflation to 35 months. The rate of inflation slipped to the lowest since March 2021, but remained sharp overall. On a regional basis, the steepest increase in starting salaries was seen in London, followed by the North of England. The softest increase was recorded in the South of England.

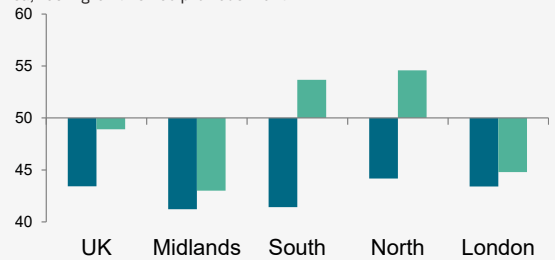
Latest survey data pointed to a further rise in temp wages across the UK in January. Notably, the latest increase in short-term pay was the fastest in five months and solid overall. The South of England and London both saw temp wage growth accelerate, while the Midlands and North of England saw hourly pay inflation ease from the previous survey period.

January 2024

■ Permanent
■ Temporary

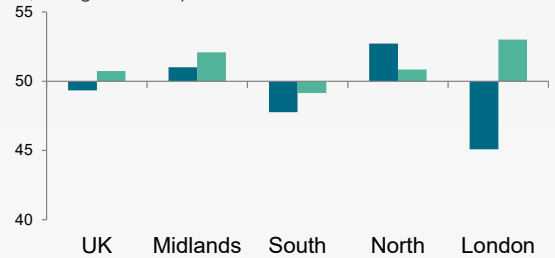
Staff Appointments

sa, >50 = growth since previous month



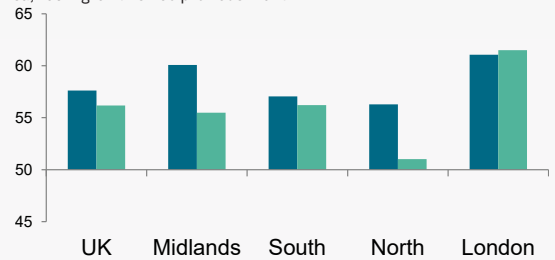
Vacancies

sa, >50 = growth since previous month



Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Tanya Holden
Deputy Head of Media Relations
T: +44 (0) 7874 999 656
tanya.holden@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 11-25 January 2024.

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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.

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