

# KPMG AND REC, UK REPORT ON JOBS: LONDON

## Growth of permanent placements surges to new record

### KEY FINDINGS

Sharp increases in permanent placements and temp billings

Steeper declines in the supply of candidates

Permanent salary inflation accelerates amid supply and demand mismatch

### 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, Anna Purchas, Senior Partner for KPMG in London, said:

*“London’s recruitment market is booming, with record numbers of people getting into permanent roles as the city looks to rebuild following the pandemic.”*

*“There are huge red flags on the horizon right now for employers in London, with the sharpest rise in vacancies for permanent staff in over a decade. Businesses are struggling to fill vital roles as candidates remain nervous around moving roles and employers struggle to find the skills they need to enable London to meet its full potential for post-pandemic recovery.”*

*“With one of the highest unemployment levels in the country, the skills challenge in London is at an acute level. Businesses need to take the lead in reskilling their current workforce for the new digital future and working with education and training providers to train the staff they need in the future. We are at a critical point where a more tailored, relevant, flexible approach to help young Londoners transition from education to employment is needed.”*

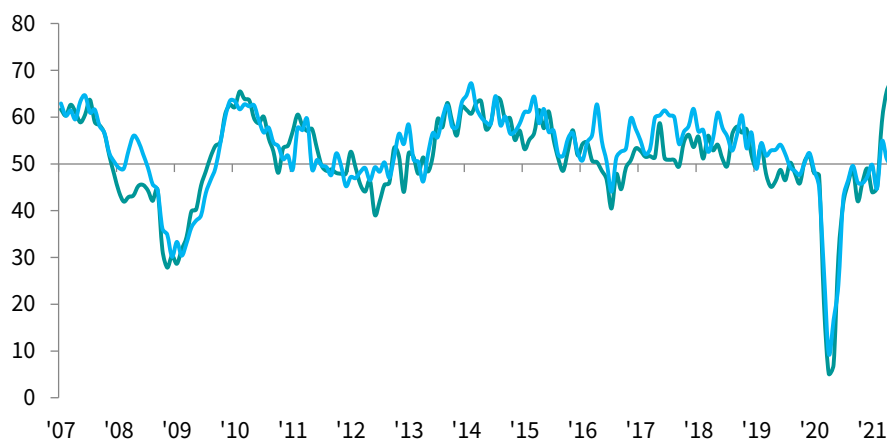
*“As employers in London face recovery head on, they will need a laser focus on how they can get Londoners into careers and continue upskilling them to meet the digital needs of the future.”*

Neil Carberry, Chief Executive of the REC, said:

*“Recruiters are working flat out to fill roles across our economy. The jobs market is improving at the fastest pace we have ever seen, but it is still an unpredictable time. We can’t yet tell how much the ending of furlough and greater candidate confidence will help to meet this rising demand for staff. In some key shortage sectors like hospitality, food, driving and IT, more support is likely to be needed to avoid slowing the recovery. That means supporting transitions into growing sectors through unemployment support and new skills programmes, as well as making sure the new immigration system reacts to demand, as promised. But it also means that hiring companies need to re-assess their workforce plans. In a tight jobs market, working with professional recruiters to position your firm as an employer of choice is a must.”*

### 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.



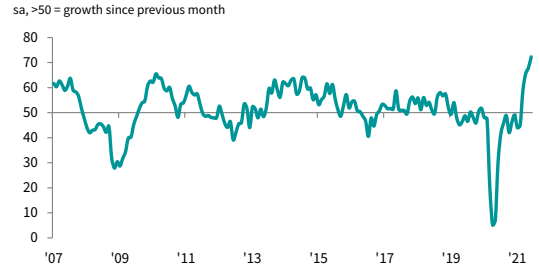
## Fresh record rise in permanent placements

The rate of growth in permanent placements in London surged to a new survey high in June, surpassing the previous record set in May. Recruitment consultancies have now recorded increases in permanent placements in each of the past four months as COVID-19 lockdown measures have been eased. There were some reports in June of rising demand for hospitality staff. Around 60% of respondents signalled an increase in permanent placements over the month.

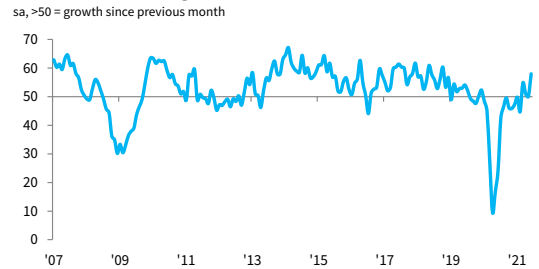
## Sharp rise in temporary billings

Temporary billings increased sharply at the end of the second quarter, after having been broadly unchanged during May. Moreover, the rate of expansion was the fastest since October 2018. Lockdown easing was mentioned by those agencies that noted higher temp billings, with reports that some companies were using short-term staff to help them expand quickly. The rise in temporary billings in London was softer than the UK average.

## Permanent Placements Index



## Temporary Billings Index



sa, >50 = growth since previous month

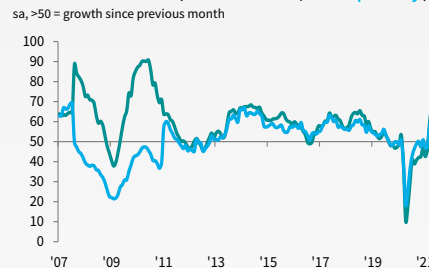
	Permanent		Temporary	
	UK	London	UK	London
Jan-21	43.8	44.0	55.0	49.8
Feb-21	47.1	45.0	51.6	44.7
Mar-21	59.2	58.9	59.6	54.8
Apr-21	65.4	65.5	59.2	51.1
May-21	67.4	67.9	61.6	50.1
Jun-21	71.2	72.3	63.4	58.0

## JOB VACANCIES

June data pointed to a strong rise in vacancies for permanent workers in the capital. Moreover, the rate of expansion quickened for the third month running and was the sharpest since September 2010.

A marked and accelerated increase in demand for temporary staff was also recorded during June, with the rate of growth quickening to the fastest in more than seven years. Vacancies for short-term positions have now risen in four successive months.

## Vacancies Index (Permanent / Temporary)

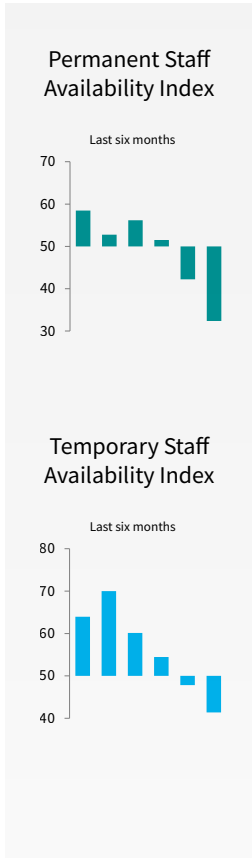


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-21	44.8	42.5	51.2	47.0
Feb-21	50.4	46.1	54.2	47.3
Mar-21	62.7	59.7	62.4	57.7
Apr-21	68.8	67.9	65.4	61.5
May-21	70.8	70.5	69.5	64.0
Jun-21	74.9	75.4	72.7	66.0

## 2 STAFF AVAILABILITY

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



### Steepest reduction in permanent candidates since November 2015

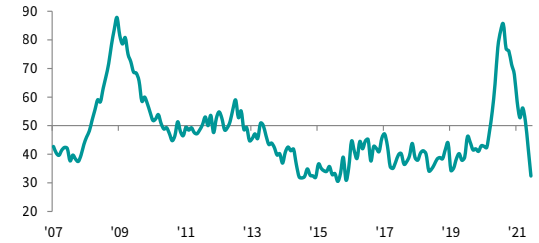
Recruitment consultants in London reported a steep reduction in the availability of permanent staff during June. The fall was the second in as many months and the most marked since November 2015. Respondents indicated a reluctance among workers to move roles, while sharp growth in permanent placements had also reduced the pool of available candidates.

### Temporary candidate numbers fall for second month running

Temporary staff availability decreased for the second successive month in June, with the rate of decline accelerating to the sharpest since February 2019. The fall in London was much softer than that seen at the UK level, however. A number of recruitment agencies indicated that a lack of migrant labour from the EU was behind the supply shortage of temporary staff.

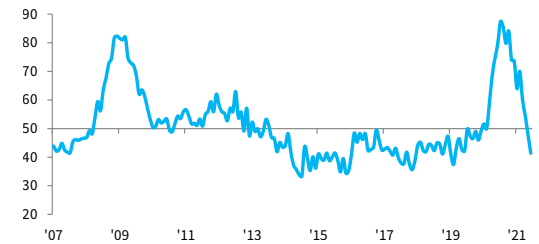
### Permanent Staff Availability Index

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
Jan-21	54.4	58.5	55.7	64.0
Feb-21	49.9	52.8	55.3	70.0
Mar-21	49.9	56.2	49.7	60.1
Apr-21	44.5	51.5	42.2	54.5
May-21	33.7	42.2	35.3	47.8
Jun-21	25.3	32.4	27.0	41.4

## 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

<b>Accounting/Financial</b> Accountants Auditors Finance Risk	<b>Hotel &amp; Catering</b> Catering Chefs Hospitality	<b>Other</b> Sales
<b>Blue Collar</b> Drivers Electricians Warehouse Welders	<b>IT &amp; Computing</b> Developers IT Media Technology	
<b>Construction</b> Surveyors	<b>Nursing/Medical/Care</b> Carers Nurses	
<b>Executive/Professional</b> Compliance Marketing PR Procurement	<b>Secretarial/Clerical</b> Administration Office Staff Personal Assistants Receptionists	

### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Finance	Hospitality	<b>Other</b> German Speakers
<b>Blue Collar</b> Carpenters Drivers Factory Food Process Warehouse	<b>IT &amp; Computing</b> Cyber Digital IT Scala Technology	
<b>Construction</b> Labourers	<b>Nursing/Medical/Care</b> Carers Healthcare Assistants Nurses Occupational Therapists Social Workers	
<b>Engineering</b> Engineers	<b>Secretarial/Clerical</b> Office Staff Personal Assistants Receptionists	
<b>Hotel &amp; Catering</b> Catering Chefs		

## 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.

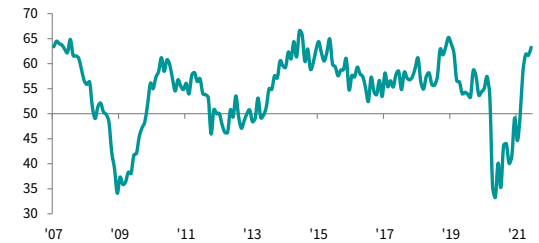


### Permanent salary inflation accelerates

Average starting salaries for permanent staff in London increased sharply again in June. Moreover, the rate of inflation quickened to the fastest in almost two-and-a-half years. Anecdotal evidence suggested that the increase in salaries reflected a combination of strong demand for permanent staff and a fall in the supply of candidates.

### Permanent Salaries Index

sa, >50 = inflation since previous month

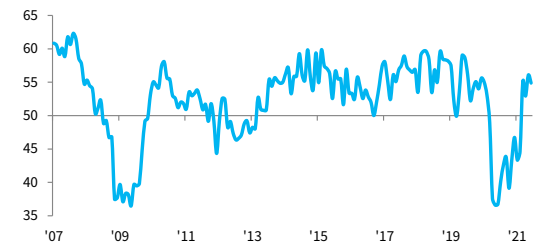


### Fourth successive rise in temp pay

June data pointed to a further increase in wages for temporary staff in the capital, extending the current sequence of inflation to four months. The latest increase was marked, albeit slower than that seen in May and weaker than the UK average. Temporary candidate shortages was the main factor leading to higher pay rates.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jan-21	47.7	44.6	49.6	43.3
Feb-21	48.6	49.6	49.9	44.6
Mar-21	55.1	58.4	54.8	55.1
Apr-21	58.2	61.9	55.6	52.9
May-21	64.4	61.7	58.6	56.1
Jun-21	66.0	63.3	61.6	54.9

## OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics indicated that average weekly earnings across the UK rose 5.1% on an annual basis to £684 in the first quarter of 2021.

The strongest annual rise was seen in Wales, where earnings rose 10.5% to £606. Out of the three regions to register a fall in average weekly earnings, the steepest reduction was seen in the East Midlands, where earnings dropped -1.2% on the previous year to £584.

### 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

The number of permanent staff appointments across the UK rose for the fourth month in a row during June. The rate of increase accelerated from May, and was the quickest recorded in the survey's history (since October 1997). Across the four monitored regions, the Midlands saw the fastest rise, followed by London. In fact, all four regions recorded a record upturn in permanent placements.

At the same time, temp billings increased further, with the latest upturn the sharpest since July 1998. All four monitored English regions signalled a marked increase in temporary appointments, led by recruiters in the South of England.

### Candidate availability

Latest data indicated a record reduction in the supply of permanent candidates across the UK at the end of the second quarter. The fall in June was the fifth in as many months and rapid overall. The national decrease in permanent staff availability was led by a survey-record fall in the North and South of England, with the latter indicating the quickest decrease of the monitored English regions.

Similarly, the availability of temporary staff fell at the quickest pace since the survey began. The rate of decrease was marked, and extended the current sequence of decline to four months. At the regional level, the downturn in temp staff supply was broad-based, with the North of England registering the steepest reduction overall, and one that was the fastest on record.

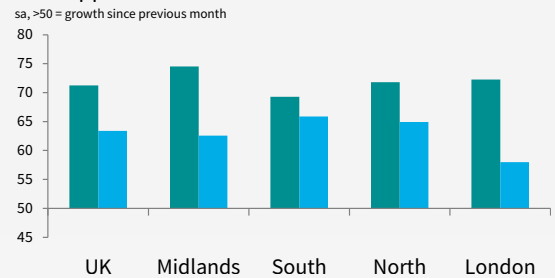
### Pay pressures

There were further signs of inflationary pay pressures in the UK labour market during June, as salaries to permanent new joiners rose for the fourth consecutive month. The rate of wage inflation accelerated to the second-fastest in the history of the survey (joint with July 2014). The North of England saw the fastest rise in permanent salaries, and a series record.

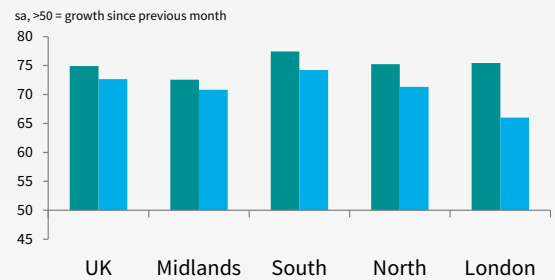
Turning to temporary pay, June data pointed to a quicker increase in hourly wage rates for short-term staff across the UK, with the respective seasonally adjusted Index rising to the highest level since October 2004. Sustained wage inflation was recorded in all four monitored English regions, led by the Midlands.

June 2021  
Permanent / Temporary

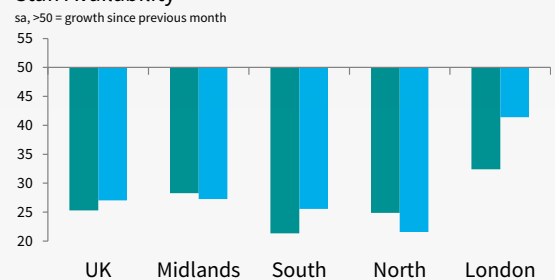
#### Staff Appointments



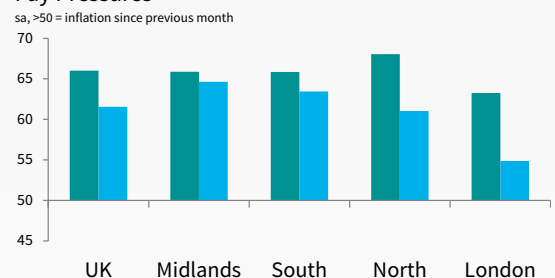
#### Vacancies



#### Staff Availability



#### Pay Pressures



## CONTACT

### KPMG

Tanya Holden  
+44 (0) 203 078 3996  
[tanya.holden@kpmg.co.uk](mailto:tanya.holden@kpmg.co.uk)

### REC

Josh Prentice  
Comms Manager  
T: +44 (0)20 7009 2129  
[josh.prentice@rec.uk.com](mailto:josh.prentice@rec.uk.com)

### IHS Markit

Andrew Harker  
Economics Director  
+44 1491 461 016  
[andrew.harker@ihsmarkit.com](mailto:andrew.harker@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@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](mailto:economics@ihsmarkit.com).

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