

KPMG and REC, UK Report on Jobs

Hiring activity growth softens further in May

59.2

PERMANENT PLACEMENTS INDEX
MAY '22

58.3

TEMPORARY BILLINGS INDEX
MAY '22

The KPMG and REC, UK Report on Jobs is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

Slower increases in permanent placements and temp billings

Downturn in candidate supply eases only slightly

Pay pressures remain historically sharp

Commenting on the latest survey results, Claire Warnes, Head of Education, Skills and Productivity at KPMG UK, said:

“For over a year now, we have seen a sustained mismatch in the growing numbers of vacancies in every sector of the economy against the inadequate supply of skilled candidates. The initial effects of this have been obvious, in particular the driving up of starting salaries. However, perhaps we are starting to see wider consequences of the systemic issues in the available workforce to support the growth opportunities which employers are chasing. We’ve seen the softest rise in permanent placements and temporary billings for over a year, and the growth in total vacancies hit a three month low. Candidate availability is still falling, so it remains a hot market for those well-qualified in their sectors. But are employers starting to rethink their growth plans because of skills shortages which are proving difficult to fix as quickly as they need?”

“Job-seekers and employers alike are facing the greatest cost of living challenges in recent years. As these are expected to increase, at least in the short term, we will need to closely monitor the impact on recruitment confidence as well as growth appetite in key sectors of the economy. Employers are also continuing to face rising business costs and supply chain disruption, which will test the resilience of many as geo-political and economic turbulence continues.”

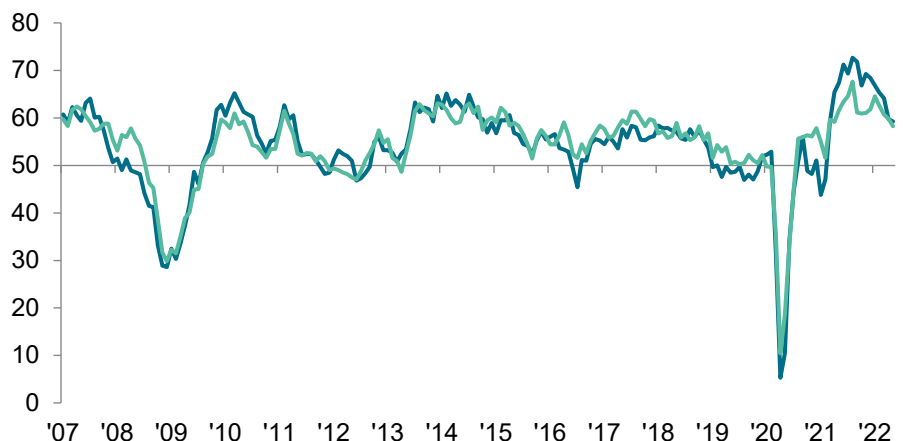
Neil Carberry, Chief Executive of the REC, said:

“These numbers show a hugely positive jobs market if you are looking for work. While the pace of growth has dropped after a stellar first quarter, by any normal measure there are still lots of vacancies out there, offering improved wages. For companies, they emphasise again that hiring is a challenge in this market, and getting it right matters—the help of professional recruiters will be vital. The market for temporary work is stabilising faster than for permanent staff, which could suggest a little caution creeping into employers’ thinking in the face of high inflation.”

“But compared to pre-pandemic, labour supply is still the big issue we have to solve. With over half a million people missing from the jobs market, and demand still growing strongly, this is a big, strategic issue for the UK. Growth is essential to funding public services and paying higher wages sustainably. Any plan for growth must include action to help people into work from inactivity, skills reform, support for innovation on productivity and targeted immigration reform.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



Contents

- 1 Executive summary
- 2 Staff appointments
- 3 Vacancies
- 4 Vacancies by sector
- 5 Staff availability
- 6 Demand for skills
- 7 Pay pressures
- 8 Special feature
- 9 Further information

1 Executive summary

The Report on Jobs is unique in providing the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies and employers to provide the first indication each month of labour market trends.

The main findings for May are:

Sustained slowdown in growth of recruitment activity

May survey data pointed to a further robust increase in hiring activity across the UK, though there were signs of a further slowdown in overall growth. Notably, permanent staff appointments expanded at the softest rate since March 2021, while temp billings increased at the weakest pace in 15 months. Recruiters often mentioned that candidate shortages had weighed on placements.

Candidate availability continues to fall rapidly

A further marked deterioration in overall candidate supply was seen in May. This was despite the rate of reduction easing to the softest in four months. Underlying data indicated that permanent candidates continued to decline at a faster pace than that seen for temporary workers. Moreover, the latest reduction in short-term staff supply was the least severe for just over a year. Panel members often mentioned that greater caution around the outlook, widespread skills shortages and fewer foreign workers had weighed on staff availability.

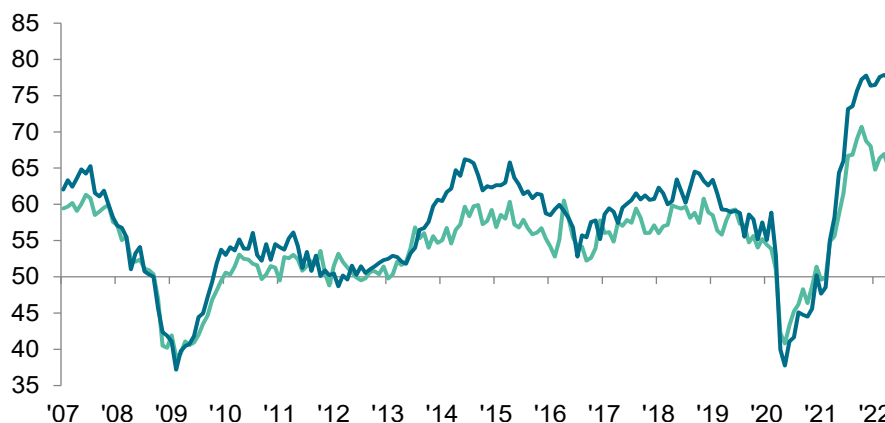
Overall vacancies expand sharply

Demand for staff continued to rise at a historically sharp pace in May. Broken down by job type, permanent vacancies continued to expand at a quicker rate than that seen for temp roles. Notably, demand for short-term staff increased at the softest pace for five months.

Starting salary inflation remains close to record-high

With the supply of workers falling further and demand for staff remaining robust, recruiters noted sustained upward pressure on rates of starting pay in May. Despite softening to a four-month low, permanent starters' salaries rose at a rapid pace that was among the quickest since the survey began in October 1997. Temp pay growth was also sharp, albeit the slowest seen for 11 months.

■ Permanent Salaries Index
 ■ Temporary Wages Index
 sa, >50 = inflation since previous month

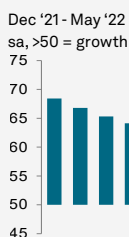


2 Staff Appointments

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.

An index reading above 50 signals a higher number of placements/billings than the previous month. Readings below 50 signal a decline compared with the previous month.

Permanent Placements Index



Permanent placement growth moderates further in May

The number of permanent staff appointments across the UK continued to increase in May. Though sharp and much quicker than the series average, the rate of growth was the joint-softest seen over the current 15-month sequence of expansion. Recruitment agencies often attributed the rise to strong demand for staff as many of their clients looked to expand capacity, but at the same time there were frequent reports of candidate shortages holding back growth.

London registered the strongest increase in permanent placements of all four monitored English regions, while the softest was seen in the South of England.

Permanent Placements Index

sa, >50 = growth since previous month

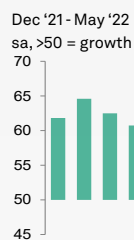


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Dec '21	68.4	68.3	68.0	68.6	69.4
Jan '22	66.8	67.3	67.5	65.0	62.2
Feb '22	65.3	59.2	63.2	64.8	67.4
Mar '22	64.1	62.4	61.4	67.3	61.5
Apr '22	59.8	57.6	59.8	61.9	56.0
May '22	59.2	64.8	54.0	57.9	61.6

Temporary Billings Index



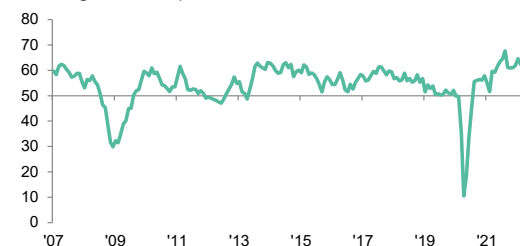
Temp billings expand at softest rate in 15 months

The seasonally adjusted Temporary Billings Index remained above the neutral 50.0 mark, to signal a sustained rise in billings received from the employment of short-term staff in May. The rate of expansion slipped to a 15-month low, but remained historically sharp overall. Reports from panel members indicated that robust demand for staff across a variety of sectors and greater efforts to fill vacancies had helped to boost billings in the latest survey period. A number of recruiters mentioned that a lack of suitable candidates had dampened the upturn, however, and made it challenging to fill some roles.

All four monitored English regions registered softer rises in temp billings in May except the North of England, which saw the strongest overall rise.

Temporary Billings Index

sa, >50 = growth since previous month



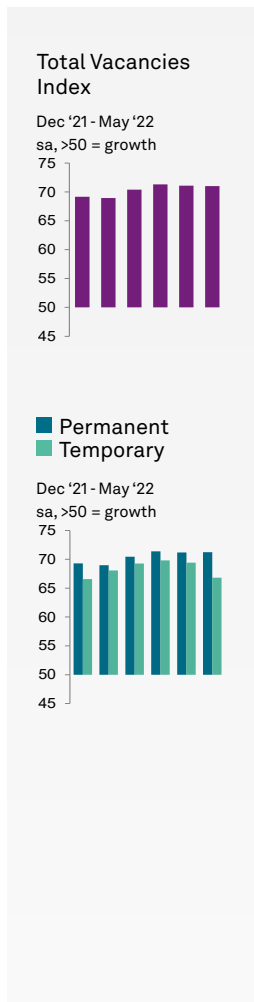
Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Dec '21	61.8	68.7	62.1	58.5	60.3
Jan '22	64.6	65.7	64.0	64.2	68.8
Feb '22	62.5	64.6	62.2	61.7	63.7
Mar '22	60.7	67.4	56.4	64.0	58.0
Apr '22	59.8	60.3	57.0	63.6	55.2
May '22	58.3	52.5	56.9	57.9	61.6

3 Vacancies

Recruitment consultants are asked to specify whether the demand for staff from employers has changed on the previous month, thereby providing an indicator of the number of job vacancies.



Further marked increase in vacancies during May

The seasonally adjusted Total Vacancies Index edged down from 71.1 in April to 71.0 in May, to signal a further steep increase in demand for workers. Vacancies have now risen for the past 16 months, though the latest upturn was the softest seen since February.

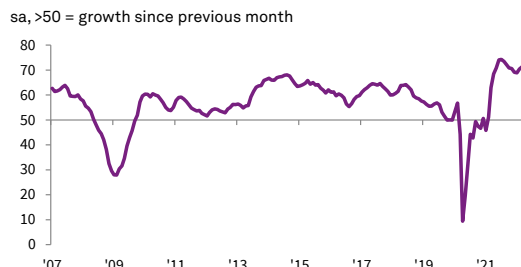
Permanent and temporary vacancies

As has been the case since April 2021, demand for permanent staff increased at a quicker rate than that seen for temporary workers. Overall, the rate of permanent vacancy growth was unchanged from April and among the fastest on record. Vacancies for short-term staff meanwhile expanded at the softest rate for five months, albeit sharply.

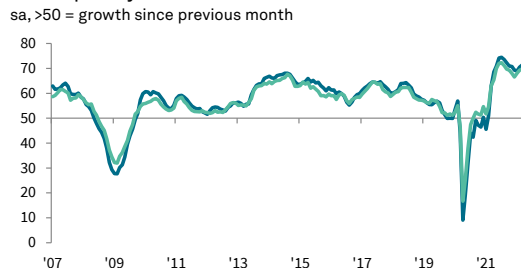
Public & private sector vacancies

Sector data showed that demand for staff in the private sector continued to outpace that seen in the public sector during May. The quickest rise in vacancies was seen for permanent roles in the private sector, even though the pace of expansion softened to a 13-month low. Meanwhile, the softest upturn in demand was signalled for short-term staff in the public sector.

Total Vacancies Index



Permanent Vacancies Index / Temporary Vacancies Index



Vacancy Index summary

sa, >50 = growth since previous month. *Not seasonally adjusted.

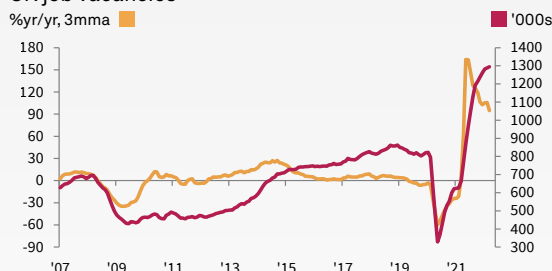
	Total	Permanent		Temporary			
		Total	Private*	Public*	Total	Private*	Public*
Dec '21	69.2	69.3	73.9	62.1	66.6	70.6	60.0
Jan '22	68.9	69.0	75.3	63.9	68.1	65.1	63.4
Feb '22	70.4	70.4	78.0	66.7	69.3	71.1	67.0
Mar '22	71.3	71.4	77.6	66.5	69.8	71.9	67.9
Apr '22	71.1	71.2	73.7	65.2	69.4	66.2	64.2
May '22	71.0	71.2	72.3	65.9	66.8	67.4	63.9

Official data: UK job vacancies

Data from the Office for National Statistics (ONS) pointed to a further increase in overall UK vacancies in the three months to April 2022. Overall, the number of roles hit a fresh record high of 1,295,000, which was up from 1,288,000 in the three months to March.

However, the year-on-year growth rate in vacancies softened over the latest period, easing from +105.8% over the first quarter to +94.7%. Though rapid, this marked the softest year-on-year expansion since the three months to May 2021.

UK job vacancies



4 Vacancies by sector

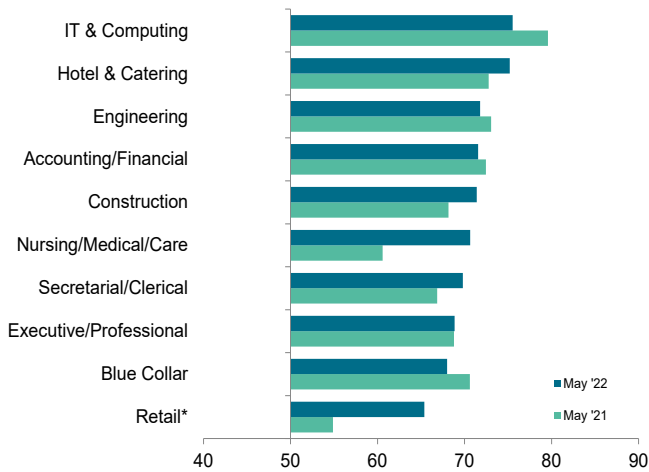
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

IT & Computing posted the strongest increase in demand for permanent staff in May, closely followed by Hotel & Catering. Nonetheless, steep increases in vacancies were also seen across the other eight monitored job categories.

Permanent Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

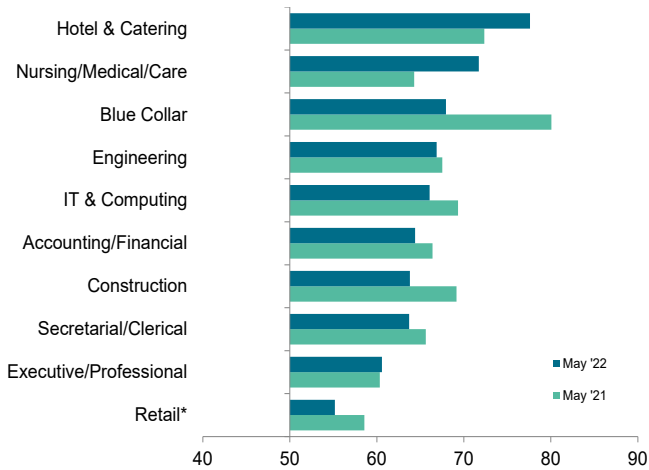


Temporary vacancies

May survey data also pointed to a broad-based increase in demand for short-term staff, led by Hotel & Catering. The softest rise in temporary vacancies was meanwhile signalled for Retail.

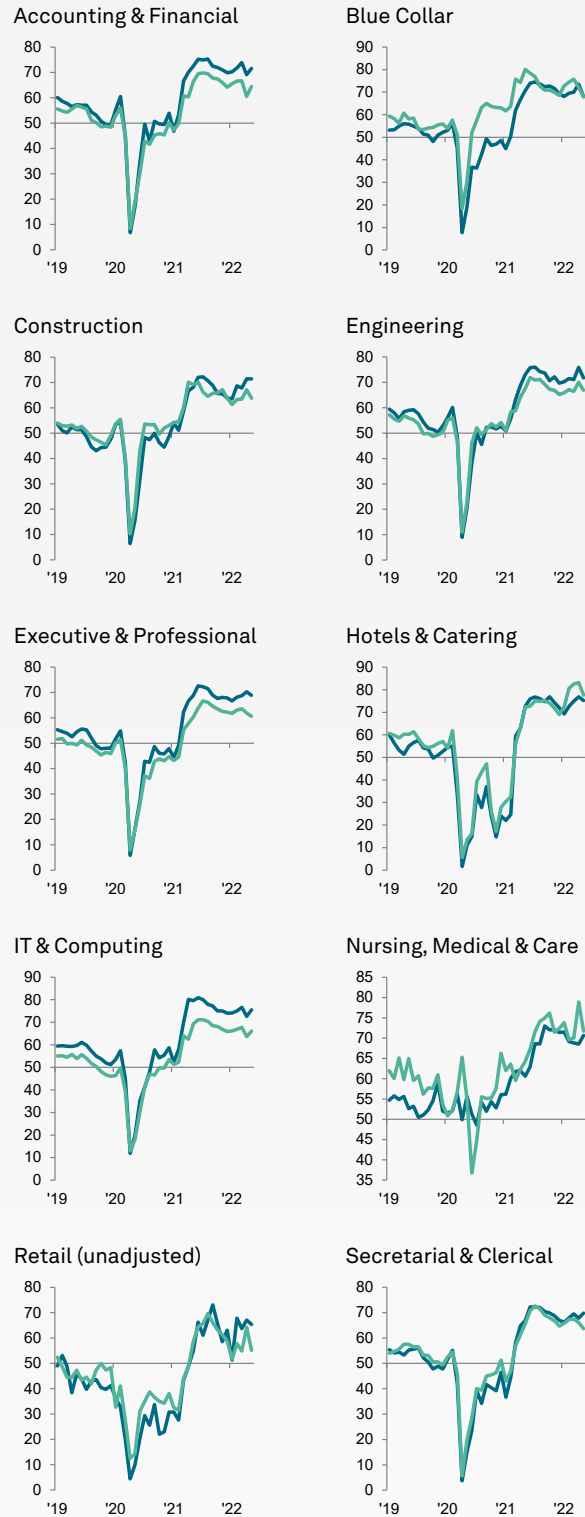
Temporary Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.



Vacancy index by sector

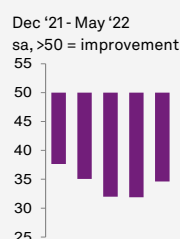
■ Permanent ■ Temporary
sa, >50 = growth since previous month



5 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month. An overall indicator of staff availability is also calculated.

Total Staff Availability Index



Softest decline in staff availability for four months

The seasonally adjusted Total Staff Availability Index increased from 34.6 in April to 35.0 in May, to signal a softer reduction in candidate availability. The latest deterioration in staff supply was the weakest seen since the start of 2022, albeit still rapid overall.

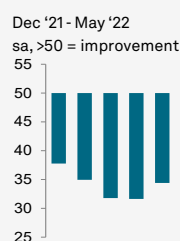
Underlying data pointed to slightly slower drops in both permanent and temporary candidate numbers midway through the second quarter.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



Slightly slower reduction in permanent candidate numbers

Recruitment consultancies signalled a decline in the number of permanent candidates in May, thereby stretching the current period of reduction to 16 months. The rate of deterioration was the slowest seen for four months, but still substantial. Notably, approximately 40% of recruiters noted a drop in permanent staff supply, compared to 7% that saw an improvement. When explaining the latest fall in candidate numbers, recruiters cited the generally low unemployment rate, widespread skill shortages, and greater caution among some people to apply for new roles due to increased economic uncertainty.

The South of England registered the steepest drop in permanent staff availability.

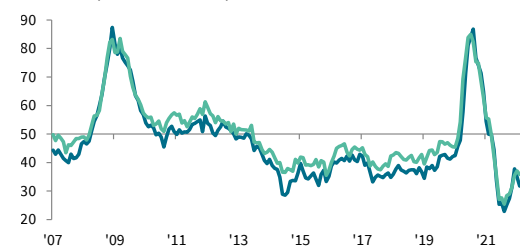
Supply of temporary workers falls at weakest rate for 13 months

The supply of temporary staff across the UK fell for the fifteenth month in a row during May. Though rapid and much quicker than the series average (49.5), the reduction was the softest seen for just over a year. Panellists often commented on a general lack of staff due to strong demand for workers, fewer foreign candidates and a greater preference among some workers for permanent roles.

On a regional basis, all four monitored English regions noted softer falls in temp candidate supply, with the slowest reduction seen in London.

Permanent Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Dec '21	37.8	41.5	35.9	37.1	38.8
Jan '22	34.9	33.1	34.4	35.2	34.0
Feb '22	31.8	25.4	30.5	35.6	35.2
Mar '22	31.6	21.9	31.8	35.0	34.8
Apr '22	34.4	29.1	35.3	38.1	35.2
May '22	34.8	41.1	32.6	35.0	36.0

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Dec '21	35.5	39.7	33.5	36.3	34.0
Jan '22	37.1	37.1	38.9	37.8	34.4
Feb '22	35.8	35.9	35.1	35.2	39.4
Mar '22	36.1	29.7	36.9	39.0	37.6
Apr '22	38.3	36.1	36.6	41.0	41.7
May '22	39.7	43.2	37.8	42.3	41.9

6 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 Accountants Auditors Book Keepers Credit Controllers Estimators Finance Finance Directors Financial Planners Paraplanners Payroll Taxation	Executive/Professional Business Analysts Business Development Human Resources Legal Management Marketing Project Managers Recruitment Consultants Scientists	Retail Retail
Blue Collar Drivers HVAC Industrials Manufacturing Production Refrigeration Security Guards Site Managers Trades Warehouse	Hotel/Catering Catering Chefs Hospitality	Secretarial/Clerical Administration Clerical Office Staff Personal Assistant Receptionist Secretary
Construction Architectural Tech Construction Site Managers Quantity Surveyors	IT/Computing Analysts CAD Data Professionals Developers Digital IT Software Software Engineers Technical Sales Technology	Other All Types of Candidates Customer Service Logistics Multilingual Quality Control Sales Skilled Supply Chain Telemarketing Telesales Unskilled
Engineering Electrical Engineers Engineers Industrial Engineers Mechanical Engineers Senior Electronic Engineers Technicians	Nursing/Medical/Care Carers Chemists Healthcare Assistants Nurses Social Workers	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Finance Directors Payroll Taxation	Chefs Hospitality Kitchen Porters	Telesales Unskilled
Blue Collar Blue Collar Decorators Drivers Forklift Drivers HGV Drivers Industrials Labour Production Security Guards Warehouse Welders	IT/Computing Developers IT Software Engineers Technology	
Construction Architectural Tech Bricklayers Construction	Nursing/Medical/Care Carers Healthcare Assistants Nurses Social Workers	
Engineering Engineers Mechanical Engineers	Retail Retail	
Executive/Professional Legal	Secretarial/Clerical Administration Clerical Office Staff Personal Assistant Receptionist Secretary	
Hotel/Catering Catering	Other All Types of Candidates Customer Service Graduates Multilingual Sales Skilled Supervisors Telemarketing	

Skills in excess supply: Permanent staff

Accounting/Financial Finance Directors	IT/Computing IT
Blue Collar Production Site Managers Warehouse	Secretarial/Clerical Administration Personal Assistant
Engineering Engineers	Other Customer Service Graduates Life Sciences Sales Testers Unskilled
Executive/Professional Human Resources Legal Project Managers Scientists	
Hotel/Catering Hospitality	

Skills in excess supply: Temporary staff

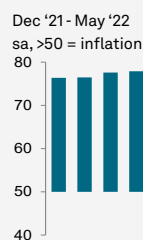
Blue Collar Factory Production Site Managers Warehouse	Other Customer Service Unskilled
Executive/Professional Business Analysts Human Resources Project Managers	
Hotel/Catering Hospitality	
Nursing/Medical/Care Doctors Nurses	

Note : Skills can be reported as being both in short supply and excess supply as we survey various recruitment agencies across the country, so there is geographical variation as well as the possibility of candidates with particular skills being concentrated in certain areas.

7 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

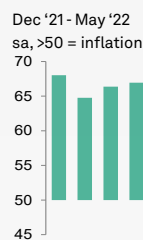


Starting salaries continue to rise rapidly in May

Salaries awarded to permanent new joiners rose for the fifteenth successive month in May. The rate of inflation remained rapid, despite edging down to a four-month low. Moreover, around 56% of recruiters recorded higher starting salaries, compared to less than 2% that saw a fall. Reports from survey respondents frequently linked higher pay to greater competition for scarce workers.

London registered the quickest rate of salary inflation in May, while the softest was seen in the North of England.

Temporary Wages Index



Softest increase in temp pay for 11 months

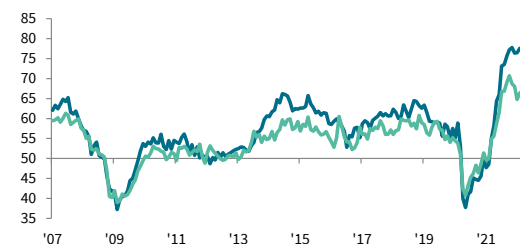
Adjusted for seasonal influences, the Temporary Wages Index signalled a sustained increase in average hourly wages in May. Though sharp and much quicker than the series average, the rate of growth eased to the softest for nearly a year. Candidate shortages and strong demand for staff were cited as key drivers of wage inflation.

The South of England was the only monitored English region to note a quicker rise in temp pay, as rates of growth softened elsewhere.

Permanent Salaries Index

Temporary Wages Index

sa, >50 = inflation since previous month



Permanent Salaries Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Dec '21	76.4	72.6	78.6	74.4	76.0
Jan '22	76.5	80.8	76.4	75.6	76.6
Feb '22	77.6	76.9	77.8	74.5	82.0
Mar '22	77.9	78.9	76.2	74.1	81.6
Apr '22	77.4	74.6	77.4	73.6	79.8
May '22	76.6	78.6	77.3	76.5	72.1

Temporary Wages Index

sa, >50 = inflation since previous month

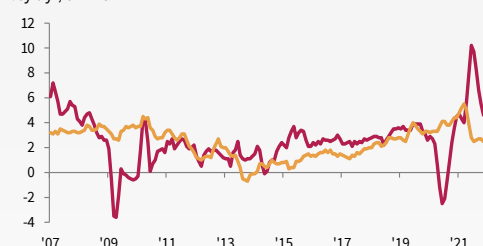
	UK	London	South	Midlands	North
Dec '21	68.0	65.5	70.5	66.8	69.3
Jan '22	64.8	61.3	68.0	66.2	62.5
Feb '22	66.4	64.7	68.0	64.5	68.3
Mar '22	66.9	65.2	66.1	67.1	70.8
Apr '22	64.9	62.8	66.6	64.6	66.4
May '22	64.5	62.2	68.4	60.6	64.3

Official data: UK average weekly earnings

Data from the Office for National Statistics (ONS) showed that employee earnings (including bonuses) rose +7.0% year-on-year over the first quarter of 2022. This was quicker than the +5.6% upturn seen in the three months to February 2022, and the strongest rate of growth since the three months to August 2021.

Sector data showed that the steeper rise in earnings was driven by the private sector, where pay increased +8.2% (up from +6.5%), as earnings growth eased to the weakest for over four-and-a-half years in the public sector (+1.6%).

UK average weekly earnings



Source: Office for National Statistics.

8 Special feature

This section features data from the Recruitment and Employment Confederation

Uncertainty continues as employers focus on recruitment and retention

This year continues to be a turbulent one for the UK economy. Unemployment continues to fall and the number of job vacancies continues to rise, which is making the labour market extremely tight.

Data from the [Office for National Statistics \(ONS\)](#) tells us that it's a great time to be job hunting with vacancies rising month-on-month. But those businesses that are hiring are struggling to fill roles. Many report that there are currently not enough people to fill these vacancies. Unemployment is at a record low, and there are also over 8.8 million people in the UK who are 'economically inactive' – neither working nor looking for a job. That number is around 460,000 higher than it was before the pandemic, including almost 200,000 more people on long-term sick leave.

The [Institute for Employment Studies](#) emphasises how recruitment challenges are being driven by exceptionally high labour market turnover. In the first quarter of 2022, there were near-record levels of resignations, and a record number of people changing jobs. Now that, in the UK at least, it feels like the worst of the pandemic is over, and with the cost of living soaring, it makes sense that people are taking this opportunity to find a new job and try to increase their pay.

We are seeing increased numbers of people moving into work, from both unemployment and economic inactivity. But the combination of lower employment levels, labour shortages and spiralling inflation is a toxic mix for the economy. The only way forward is for business and government to work together on ways to attract more people back into the labour market. Recruiters, as labour market specialists, will be instrumental in helping businesses both attract and retain staff.

And it will mean firms working with recruitment experts to think more carefully about their workforce planning – how they will get the right staff with the right skills at the right time. Recruiting experienced staff, developing young people, retraining workers who are changing careers, reaching under-used pools of talent, and borrowing temporary staff when needed – all of these will play a vital role in helping businesses to move forward. But companies may have to adapt to these new circumstances and do things differently than in the past.

Contact

KPMG

Chris Mostyn
Deputy Head of Media Relations
T: +44 (0)7512 448000
chris.mostyn@kpmg.co.uk

REC

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

S&P Global

Annabel Fiddes
Economics Associate Director
S&P Global Market Intelligence
T: +44 149 146 1010
annabel.fiddes@spglobal.com

Joanna Vickers
Corporate Communications
S&P Global
T: +44 207 260 2234
joanna.vickers@spglobal.com

Methodology

The KPMG and REC, UK Report on Jobs is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

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 S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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. www.spglobal.com.

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 15,300 partners and staff. The UK firm recorded a revenue of £2.43 billion in the year ended 30 September 2021.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 145 countries and territories with more than 236,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

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 the data provided herein are owned by or licensed to S&P Global 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 S&P Global's prior consent. S&P Global 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 S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.