

KPMG and REC, UK Report on Jobs: London

Permanent placements rise sharply in May, but temp billings growth softens

64.8

PERMANENT PLACEMENTS INDEX
MAY '22

52.5

TEMPORARY BILLINGS INDEX
MAY '22

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.

Strongest rise in permanent placements in four months

Temporary staff billings increase at weakest rate in a year

Softer falls in both permanent and temporary staff availability

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

"With the strongest rise in the number of people getting into permanent work seen across the country, London is full steam ahead into recovery."

"Whilst candidate availability has started to ease somewhat, businesses continue to struggle to find good quality candidates to fill their vacancies, and a tight labour market has resulted in starting salary inflation levels among the highest on record."

"Faced with their own rising cost agenda and spiralling starting salaries to fill vacancies it could become a challenging summer for many employers in the capital, hampered by a critical skills shortage. A long term and sustained focus on reskilling and improving skills in London is now paramount if we want to help our businesses recruit and grow."

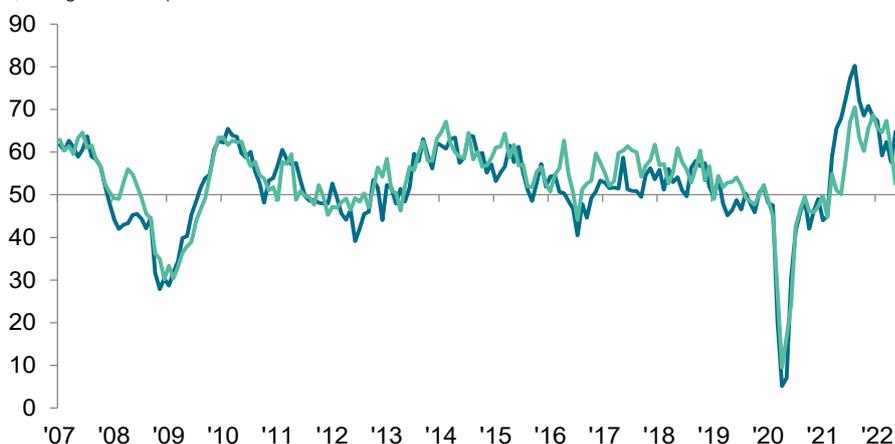
Neil Carberry, Chief Executive of the REC, said:

"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. Demand for temporary workers 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

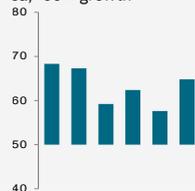


1 Staff appointments

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

Dec '21 - May '22
sa, >50 = growth



Faster increase in permanent placements

The number of people placed into permanent jobs in the capital rose sharply midway through the second quarter. After softening to a 14-month low in April, the rate of growth picked up to the strongest recorded since January, and was elevated in the context of the series history.

Where staff appointments rose, recruiters commonly linked this to higher demand. However, some reported that labour shortages constrained their ability to place workers into open positions.

Permanent placement growth in London was noticeably stronger than the UK average.

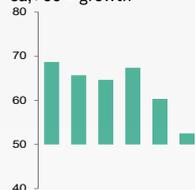
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Dec '21 - May '22
sa, >50 = growth



Temp billings rise at much weaker pace

May survey data indicated a softer and only modest increase in temporary work billings received by recruitment consultancies in London. Adjusted for seasonality, the Temporary Billings Index fell to its lowest level in 12 months and was below the long-run average. The uplift in temp billings was also considerably weaker than that seen nationwide.

While strong demand for short-term staff continued to drive billings higher, recruiters indicated that some firms had stopped looking for contractors.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Dec-21	68.4	68.3	61.8	68.7
Jan-22	66.8	67.3	64.6	65.7
Feb-22	65.3	59.2	62.5	64.6
Mar-22	64.1	62.4	60.7	67.4
Apr-22	59.8	57.6	59.8	60.3
May-22	59.2	64.8	58.3	52.5

Job vacancies

Permanent staff vacancies in London continued to increase at a historically marked rate during May. The rate of growth was unchanged from the previous month and faster than the UK average.

While temporary vacancies also rose sharply, the rate of expansion softened slightly to a three-month low. Notably, slower rises in temp open roles were registered in all four monitored English regions.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Dec-21	69.3	67.6	66.6	66.6
Jan-22	69.0	69.1	68.1	68.2
Feb-22	70.4	70.8	69.3	66.9
Mar-22	71.4	74.7	69.8	70.3
Apr-22	71.2	74.5	69.4	68.5
May-22	71.2	74.5	66.8	67.4

2 Staff availability

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



Weakest drop in permanent staff supply for five months

As has been the case since May 2021, the number of people looking for permanent jobs in London decreased half-way through the second quarter. Panellists continued to highlight a lack of suitably-skilled staff, particularly European-language speakers. However, the rate of decline in permanent staff availability eased for the second consecutive month to the softest recorded in 2022 so far. The decrease was also weaker than the UK average.

Temp staff availability falls at slowest rate for a year

Temporary staff availability also fell at a weaker rate in London over May. The pace of decline softened for the second month running and was the slowest seen in exactly one year. That said, staff shortages remained widespread, with several recruiters continuing to cite a lack of overseas candidates.

Similarly, temporary staff availability in the UK dropped at the weakest pace since April 2021, albeit still sharply overall.

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
Dec-21	37.8	41.5	35.5	39.7
Jan-22	34.9	33.1	37.1	37.1
Feb-22	31.8	25.4	35.8	35.9
Mar-22	31.6	21.9	36.1	29.7
Apr-22	34.4	29.1	38.3	36.1
May-22	34.8	41.1	39.7	43.2

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Finance	Recruitment Consultants
Blue Collar Security Guards Site Managers	Hotel & Catering Hospitality
Construction Quantity Surveyors Site Managers	IT & Computing Digital Technology
Executive/Professional Business Analysts Human Resources Marketing Project Managers	Nursing/Medical/Care Nurses
	Retail Retail Workers

Secretarial/Clerical Administration Personal Assistant
Other Customer Service Multilingual Sales

Skills in short supply: Temporary staff

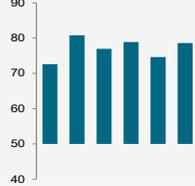
Blue Collar Security Guards
Hotel & Catering Catering Chefs
IT & Computing Software Engineers Technology
Retail Retail Workers
Other Multilingual Skilled

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

Dec '21 - May '22
sa, >50 = inflation

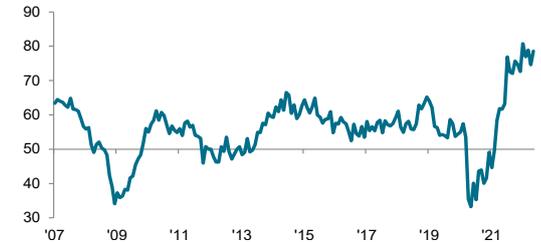


Steeper increase in starting salaries

The rate of growth in permanent starting salaries in the capital was again historically marked in May, ticking up from April's four-month low to the third-highest on record (following those seen in January and March). Anecdotal reports suggested that strong demand for staff and a lack of candidates led to a further increase in salary offers, with approximately 64% of panellists registering higher pay levels compared to April. The uplift was also slightly faster than that seen at the national level.

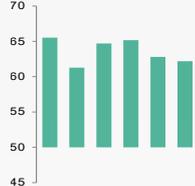
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Dec '21 - May '22
sa, >50 = inflation



Wage growth for new temporary staff drops to four-month low

While wages offered to newly-placed short-term staff in London rose substantially during May, linked by recruiters to higher staff demand, the rate of inflation softened for the second consecutive month to the slowest since January. The uptick in pay was also less marked than the UK average, as has been the case in each of the past 14 months.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
Dec-21	76.4	72.6	68.0	65.5
Jan-22	76.5	80.8	64.8	61.3
Feb-22	77.6	76.9	66.4	64.7
Mar-22	77.9	78.9	66.9	65.2
Apr-22	77.4	74.6	64.9	62.8
May-22	76.6	78.6	64.5	62.2

Official data: UK average weekly earnings

Latest data from the Office for National Statistics showed that average weekly earnings across the UK increased 3.3% year-on-year to £700 during the first quarter of 2022.

All UK regions registered higher pay, with the East of England seeing the strongest rise (9.4% increase to £734), followed by the East Midlands (a rise of 7.6% to £622). The slowest increases in earnings were seen in the West Midlands (0.2% to £628) and the South West (0.3% to £658).

UK average weekly earnings

%yr/yr



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

May data highlighted a further rise in permanent staff appointments across the UK, marking the fifteenth increase in as many months. While marked, the rate of increase was the joint-slowest recorded in the current sequence of growth. At the regional level, growth was led by London. The South of England recorded the softest increase in permanent placements, albeit one that was still solid.

At the same time, temporary billings across the UK continued to rise in May. The latest uptick extended the current sequence of higher temporary appointments to 22 months, though the rise was the softest since February 2021. The North of England saw the strongest rise in temp billings and was the only region to see an acceleration in May. The remaining monitored regions all saw softer increases, with the slowest expansion recorded in London.

Candidate availability

Recruiters across the UK reported another decrease in the availability of permanent candidates during May. The latest fall was the sixteenth in a row, albeit the softest since January. Each of the four monitored regions saw permanent staff supply fall in May, with the South of England recording the sharpest reduction.

A similar trend was reported for short-term staff in the latest survey period, as temp staff supply fell for the fifteenth month running. That said, the rate of decrease was the softest for 13 months. Recruiters based in the South of England saw the most marked reduction in temporary candidate availability, while London-based recruiters signalled the softest fall of the monitored English regions.

Pay Pressures

Salaries awarded to new permanent joiners across the UK rose for the fifteenth consecutive month during May. The rate of salary inflation eased for the second month running to the softest since January, yet remained rapid overall. Across the four monitored English regions, the rise in starting salaries was broad-based, with recruiters in London reporting the strongest rise in salaries.

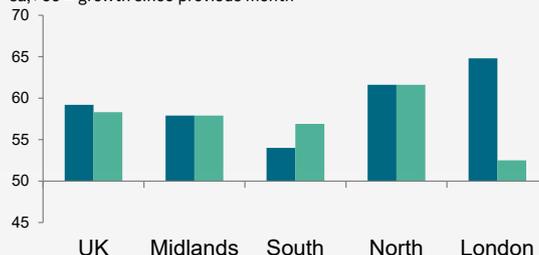
There was also further upward pressure on average pay rates for short-term staff in May, with another substantial increase in temp wages. That said, temp wage inflation in the UK was the softest reported for almost a year. At the regional level, the rise was led by the South of England.

May 2022

■ Permanent
■ Temporary

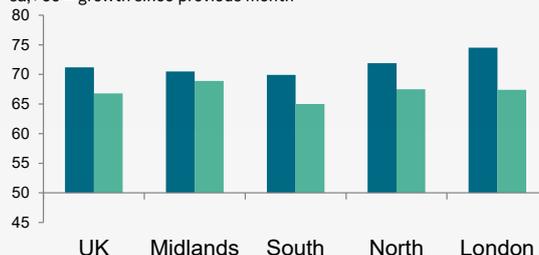
Staff Appointments

sa, >50 = growth since previous month



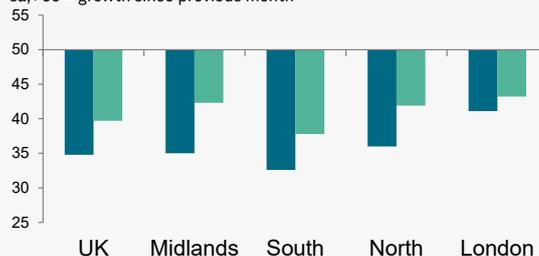
Vacancies

sa, >50 = growth since previous month



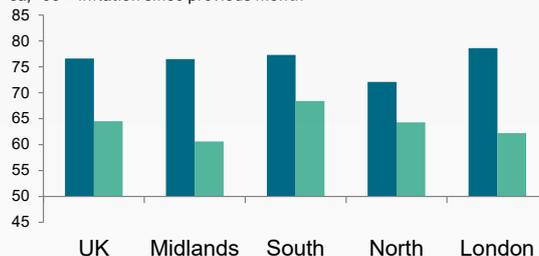
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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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@ihsmarkit.com.

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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.

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