

KPMG and REC, UK Report on Jobs

Permanent placements decline for first time since February 2021

45.0

PERMANENT PLACEMENTS INDEX
OCT '22

50.1

TEMPORARY BILLINGS INDEX
OCT '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.

Permanent placements fall, temp billings stagnate

Further slowdown in vacancy growth

Starting salary inflation slips to 18-month low

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

“The looming recession is clearly impacting the UK jobs market. Employers’ caution in hiring combined with fewer available candidates has resulted in the number of permanent placements falling for the first time in nearly two years. Now more than ever, it’s essential that we focus on upskilling the workforce to support and boost economic recovery when it comes. The jobs market will bounce back, particularly if we invest in the skills of the workforce across all sectors of the economy.”

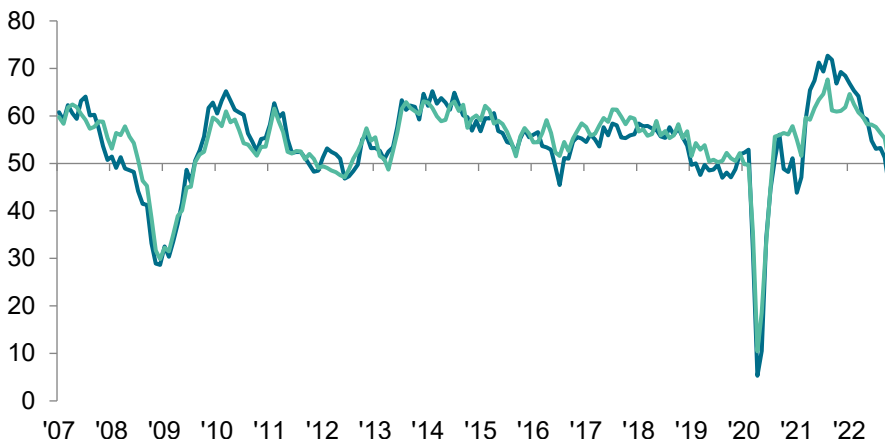
Neil Carberry, Chief Executive of the REC, said:

“The economic and political uncertainty of September and October has caused employers to become more cautious in their approach to hiring than during the frenzy of earlier in the year. Decision-making timelines for permanent hires have extended, for instance. But vacancies and pay are still rising, temporary worker demand is high, and permanent hiring has fallen for the first time in almost two years. Activity, overall, is still well in advance of pre-pandemic levels. We will need to watch how this story develops over months to come, but so far this data suggests heightened employer caution, not a retreat from the market.”

“It remains the case that firms in many sectors are struggling to hire, as hours worked remain below their pre-pandemic level despite record-low unemployment. We’re looking to the Autumn Statement later this month to help with removing the brakes on growth by reforming the apprenticeship levy to build a more effective skills system, improving support to help people move from inactivity to work, and align other policy areas – like work permits – with a growth strategy.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



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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 October are:

Fresh fall in permanent staff appointments

Recruitment consultancies indicated that hiring activity waned at the start of the fourth quarter, as the number of permanent placements fell for the first time in 20 months and temp billings stagnated. Survey respondents often mentioned that heightened economic uncertainty had led some clients to reassess their recruitment plans, while candidate shortages also dampened hiring.

Vacancy growth eases again in October

Although demand for staff continued to increase in October, the rate of vacancy growth softened for the sixth month running. Notably, the upturn in demand was the weakest seen since the current period of expansion began in February 2021, with both permanent and short-term vacancies rising at slower rates.

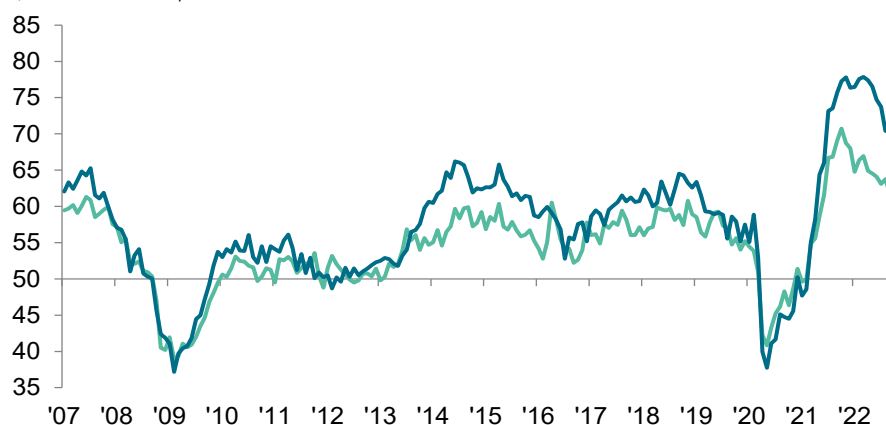
Overall availability of staff continues to drop sharply

The total supply of candidates fell sharply once again during October, despite the rate of reduction easing fractionally to the slowest since April 2021. The decline in permanent staff availability remained more acute than that seen for temporary labour. When explaining the latest drop in candidate numbers, recruiters commented that people had become more reluctant to switch or seek out new roles due to concerns around the weaker economic outlook, fewer foreign workers and a low unemployment rate.

Starting salary inflation dips to 18-month low

Latest survey data pointed to a softening of pay pressures during October. Although sharp overall, pay awarded to new permanent joiners increased at the slowest rate for a year-and-a-half. At the same time, temp wage inflation slipped to its lowest since May 2021. According to recruiters, starting rates of pay increased due to the rising cost of living and competition for staff.

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

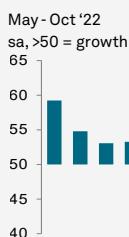


2 Staff Appointments

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



October sees renewed drop in permanent staff appointments

Recruitment agencies across the UK signalled a fresh fall in permanent placements in October, with the respective seasonally adjusted index posting below the neutral 50.0 threshold for the first time since February 2021. Moreover, the rate of contraction was the quickest seen in 21 months. According to panel members, increased market uncertainty – which led some clients to pause or scale back recruitment plans – and candidate shortages dampened staff hiring at the start of the fourth quarter.

Permanent staff appointments fell across all four monitored English regions in October, with London seeing the steepest rate of reduction.

Permanent Placements Index

sa, >50 = growth since previous month

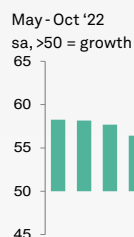


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
May '22	59.2	64.8	54.0	57.9	61.6
Jun '22	54.8	57.0	53.0	57.0	50.1
Jul '22	53.1	52.1	52.6	54.1	52.3
Aug '22	53.3	58.6	51.4	59.4	47.1
Sep '22	51.2	55.1	48.1	50.6	51.8
Oct '22	45.0	41.5	48.9	43.5	45.5

Temporary Billings Index



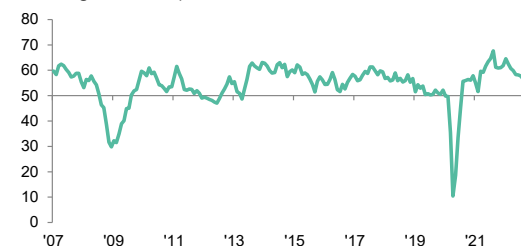
Temp billings stagnate in October

After rising sharply through much of the past two years, billings received from the employment of temporary workers were broadly stagnant in October. This was signalled by the respective seasonally adjusted index posting only fractionally above the neutral 50.0 level. Increased billings were generally attributed to strong demand for short-term workers and efforts to boost capacity. However, other recruiters mentioned that increased economic uncertainty and a preference for permanent workers had weighed on the upturn.

The Midlands registered the quickest decline in temp billings of all four monitored English regions. Fresh falls were meanwhile seen in London and the North of England, while the South of England bucked the overall trend and recorded a marked expansion.

Temporary Billings Index

sa, >50 = growth since previous month



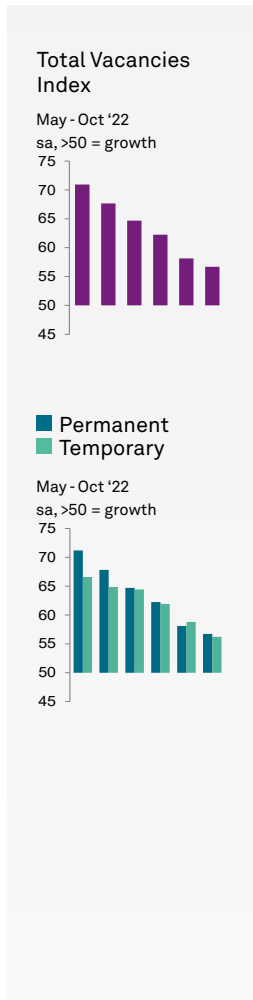
Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
May '22	58.3	52.5	56.9	57.9	61.6
Jun '22	58.2	64.6	53.5	52.3	62.3
Jul '22	57.7	62.0	55.3	50.7	59.6
Aug '22	56.4	58.7	58.0	55.2	55.0
Sep '22	55.3	55.1	55.4	48.4	56.9
Oct '22	50.1	48.2	57.3	46.6	46.8

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.



Overall vacancy growth continues to moderate

At 56.7 in October, the seasonally adjusted Total Vacancies Index dropped from 58.1 in September and signalled a further slowdown in growth of demand for staff. Though marked, the latest upturn in vacancies was the softest seen since February 2021 and weaker than the series trend.

Permanent and temporary vacancies

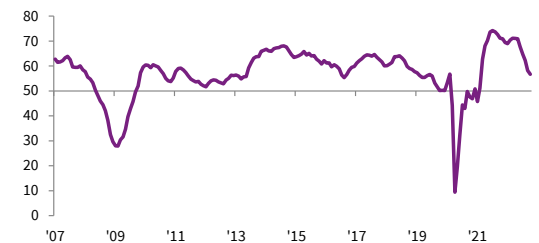
Underlying data highlighted slower increases in both permanent and temporary vacancies during October. In both instances, rates of expansion were the softest seen for 20 months, and notably slower than those recorded during the first half of the year.

Public & private sector vacancies

Slower increases in staff demand were registered across both the private and public sector at the start of the fourth quarter, with only growth of permanent positions in the public sector ticking higher. The weakest upturn in vacancies was signalled for temporary roles in the public sector, while the quickest was seen for permanent positions in the private sector.

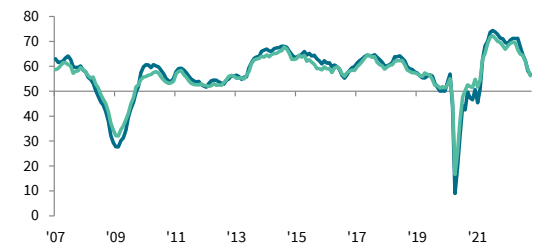
Total Vacancies Index

sa, >50 = growth since previous month



Permanent Vacancies Index

sa, >50 = growth since previous month



Vacancy Index summary

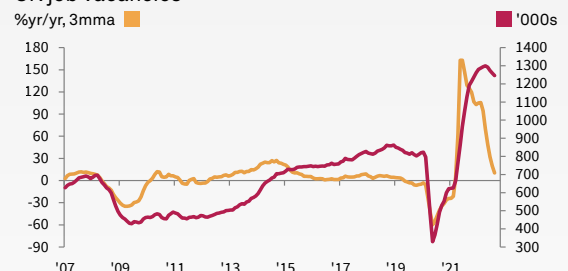
sa, >50 = growth since previous month. *Not seasonally adjusted.

	Permanent				Temporary		
	Total	Total	Private*	Public*	Total	Private*	Public*
May '22	70.9	71.2	72.2	65.8	66.6	67.2	63.7
Jun '22	67.7	67.8	68.2	65.8	64.8	65.5	61.5
Jul '22	64.7	64.7	65.6	59.3	64.4	64.6	61.0
Aug '22	62.2	62.3	63.3	57.2	61.9	63.2	55.6
Sep '22	58.1	58.1	60.0	55.1	58.8	62.5	56.0
Oct '22	56.7	56.7	57.0	55.3	56.2	56.6	54.2

Official data: UK job vacancies

Data from the Office for National Statistics (ONS) showed that overall vacancies across the UK fell slightly in the three months to September but remained high by historical standards. At 1,246,000, the number of open roles was +10.4% higher than that seen over the same period a year ago. However, this marked the softest annual rate of growth since the three months to April 2021. Notably, the number of open positions had actually declined by 46,000 compared to the second quarter.

UK job vacancies



Source: Office for National Statistics.

4 Vacancies by sector

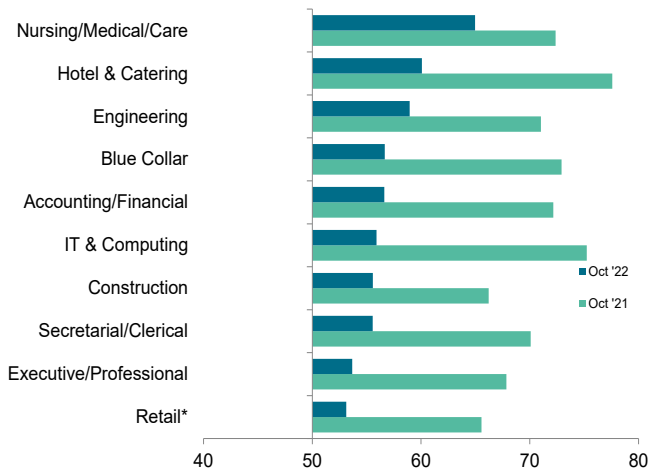
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

Permanent staff vacancies continued to rise across all ten monitored job categories in October, albeit at notably weaker rates than those seen a year ago in the majority of cases. Nursing/Medical/Care topped the rankings, while Retail was placed at the bottom of the league table.

Permanent Vacancies Index

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

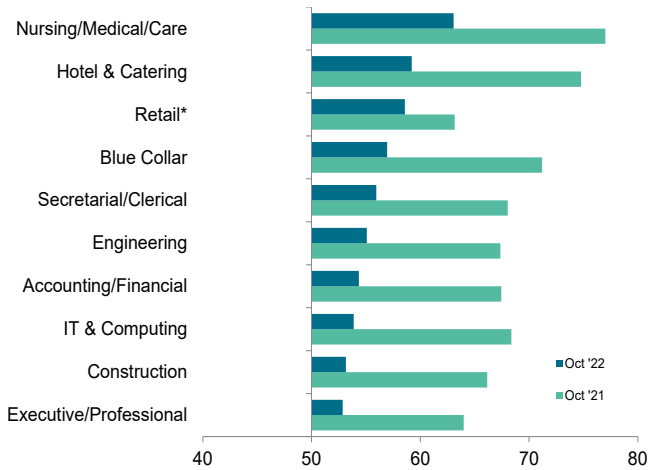


Temporary vacancies

Demand for short-term staff continued to rise across all ten monitored job categories at the start of the fourth quarter. Nursing/Medical/Care, Hotel & Catering and Retail registered the strongest increases in temporary vacancies, while Executive/Professional saw the slowest.

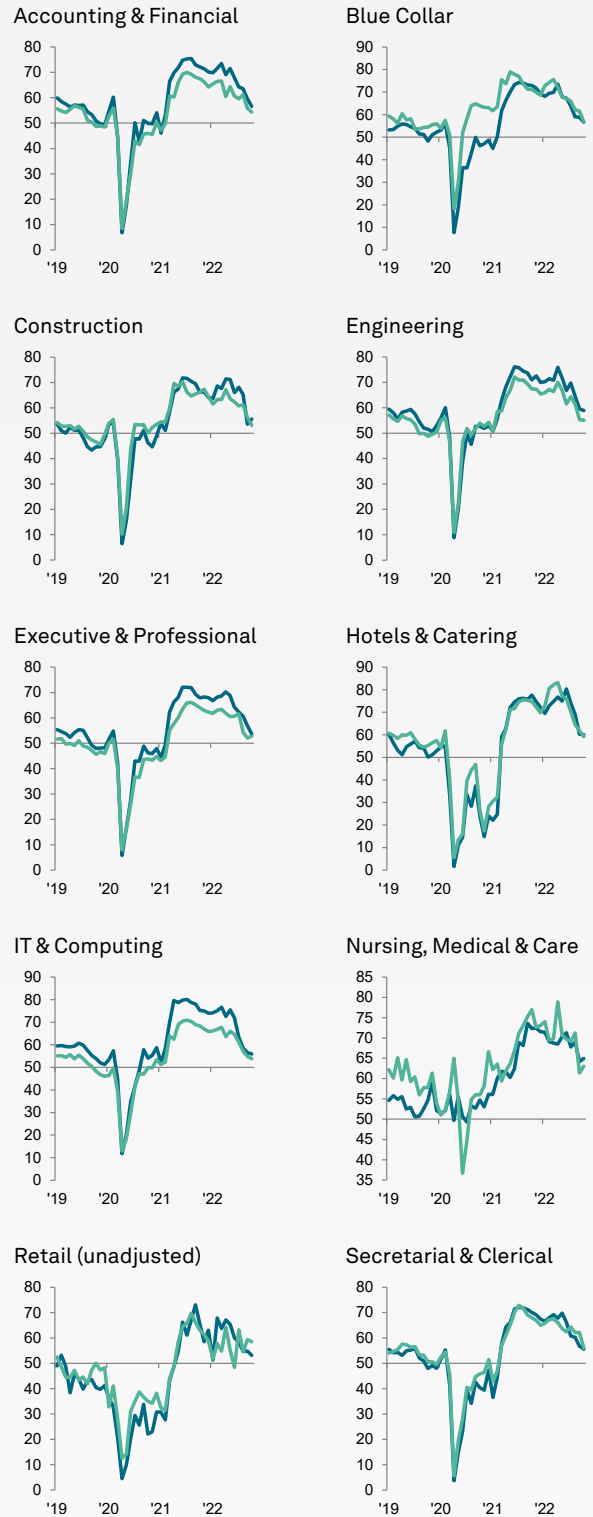
Temporary Vacancies Index

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



Vacancy index by sector

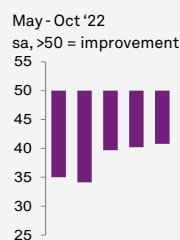
■ Permanent ■ Temporary
sa, >50 = growth since previous month



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



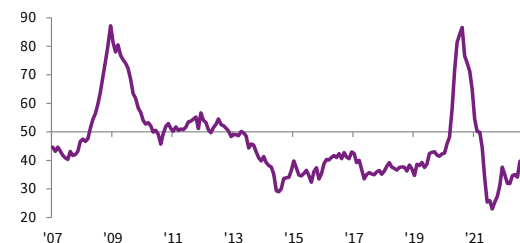
Downturn in overall candidate availability remains marked

At 40.9 in October, the seasonally adjusted Total Staff Availability Index picked up only slightly from 40.8 in September. This signalled a further sharp reduction in the overall availability of candidates, albeit one that was the softest seen since April 2021.

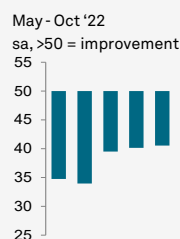
Permanent candidate shortages remained more widespread than that seen for temporary staff, with the latter falling at the softest rate for just over a year-and-a-half.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



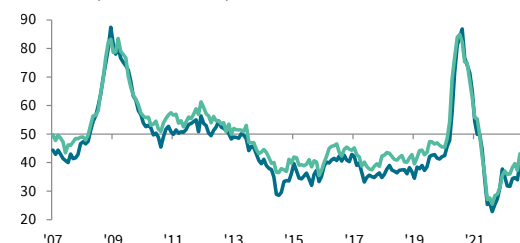
Further sharp decline in supply of permanent workers

The availability of permanent staff across the UK fell for the twenty-first month running in October. The rate of reduction was sharp overall and much quicker than the series trend, despite easing fractionally to the least severe in 18 months. According to panel members, weaker economic conditions and increased uncertainty over the outlook had led people to become more hesitant to seek out or switch to new roles. A generally low unemployment rate also restricted the pool of available workers.

The North of England posted the quickest deterioration in the supply of permanent staff. Nevertheless, rates of decline remained marked elsewhere.

Permanent Staff Availability Index

sa, >50 = improvement since previous month



Softest reduction in temp candidate numbers for 19 months

As has been the case since March 2021, the availability of temporary workers continued to decline during October. The rate of reduction was the softest for just over a year-and-a-half, albeit solid overall. Recruiters indicated that a preference for permanent roles, fewer foreign workers and skill shortages had driven the latest decline in short-term staff supply.

All four monitored English regions bar London saw a reduction in temporary staff availability in the latest survey period. The North of England posted the fastest decline overall.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
May '22	34.8	41.1	32.6	35.0	36.0
Jun '22	34.0	34.7	35.0	32.6	31.2
Jul '22	39.5	37.6	41.1	40.5	39.0
Aug '22	40.1	43.3	40.2	39.9	37.0
Sep '22	40.5	42.8	40.3	43.6	36.3
Oct '22	40.6	43.0	40.9	43.1	36.9

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
May '22	39.7	43.2	37.8	42.3	41.9
Jun '22	37.3	42.1	36.0	37.3	35.2
Jul '22	43.1	41.0	45.1	43.8	40.9
Aug '22	41.2	38.1	44.2	39.1	39.2
Sep '22	45.1	46.1	48.8	44.5	41.9
Oct '22	45.8	52.4	45.7	46.1	45.0

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	Executive/Professional
Accountants Auditors Book Keepers Credit Controllers Finance Insurance Investment Payroll Purchase Ledger Taxation	B2B Digital Marketing Directors Human Resources Legal Legal Secretarial Marketing Project Managers Real Estate Recruitment Consultants
Blue Collar	Hotel/Catering
Blue Collar Cleaners Drivers HGV Drivers Industrials Manufacturing Mechanics Warehouse Welders	Catering Chefs Food Safety Hospitality Managers
Construction	IT/Computing
Quantity Surveyors	Analysts Data Engineers Data Professionals Developers Digital Infrastructure IT Software Engineers Technical Sales Technology
Engineering	Nursing/Medical/Care
Electrical Engineers Engineers Hardware Engineers Mechanical Engineers Radio-Frequency Engineer Senior Electronic Engineers Technicians	Carers Doctors Nurses Social Workers

Secretarial/Clerical
Administration Office Staff Personal Assistant Secretary
Other
All Types of Candidates Call Centre Commercial Customer Service Graduates Health & Safety Logistics Sales Skilled Supply Chain Telemarketing Telesales Unskilled

Skills in short supply: Temporary staff

Accounting/Financial	Hotel/Catering	Teachers Telesales Unskilled
Accountants Auditors Credit Controllers Finance Payroll Taxation	Catering Chefs Front of House Hospitality Kitchen Porters	
Blue Collar	IT/Computing	
Blue Collar Cleaners Decorators Drivers Electricians Forklift Drivers HGV Drivers Industrials Manufacturing Production Security Guards Warehouse Welders	Automation Testers Data Professionals Developers IT Software Technology	
Construction	Nursing/Medical/Care	
Architectural Tech Bricklayers Labourers	Carers Nurses Social Workers	
Engineering	Secretarial/Clerical	
Engineers	Administration Office Staff Receptionist	
Executive/Professional	Other	
Executive Human Resources Legal Secretarial Management	All Types of Candidates Call Centre Customer Service English speakers General Assistants Graduates Operations Sales Skilled Supervisors	

Skills in excess supply: Permanent staff

Accounting/Financial	Nursing/Medical/Care
Mortgage Advisers	Carers Healthcare Assistants
Blue Collar	Retail
Cleaners Site Managers Warehouse	Retail
Executive/Professional	Secretarial/Clerical
Human Resources Marketing Project Managers Recruitment Consultants	Administration Clerical Secretary
IT/Computing	Other
Data Scientists IT	Customer Service Graduates Operations Remote Workers Testers Unskilled

Skills in excess supply: Temporary staff

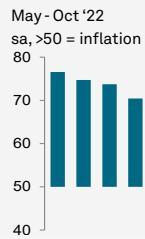
Blue Collar	Secretarial/Clerical
Site Managers Warehouse	Administration Clerical Secretary
Executive/Professional	Other
Business Analysts Project Managers	Customer Service Graduates Operations Remote Workers Testers Unskilled White Collar
IT/Computing	
IT	
Nursing/Medical/Care	
Healthcare Assistants Practice Nurse Support Workers	
Retail	
Retail	

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.

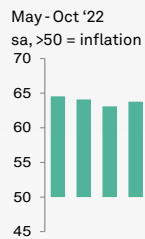
7 Pay pressures

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



Temporary Wages Index



Starting salary inflation slides to 18-month low

Adjusted for seasonal factors, the Permanent Salaries Index pointed to a further rise in salaries awarded to new permanent joiners in October. The rate of inflation eased notably on the month, however, and though sharp was the softest recorded for a year-and-a-half. According to panellists, salaries were increased due to efforts to attract and secure scarce workers as well as the rising cost of living.

Data split by English region showed that the quickest increase in permanent pay was seen in London, and the softest in the Midlands.

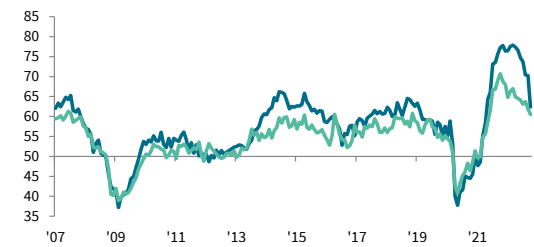
Softest rise in temp pay since May 2021

The rate of temp wage inflation softened for the second month in a row during October, to register the slowest increase in pay since May 2021. Nevertheless, the rate of pay growth remained sharp overall and comfortably above the long-run series trend. Candidate shortages were cited as the key driver of higher wages, while cost-of-living pressures were also mentioned as having pushed up rates of pay.

London registered the fastest rise in wages during October, though marked increases were also seen 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
May '22	76.6	78.6	77.3	76.5	72.1
Jun '22	74.7	73.5	74.5	75.0	73.2
Jul '22	73.7	77.0	73.1	71.4	73.1
Aug '22	70.4	70.2	70.0	72.1	68.3
Sep '22	70.2	72.5	70.9	72.2	68.3
Oct '22	62.4	64.5	63.8	61.9	63.8

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
May '22	64.5	62.2	68.4	60.6	64.3
Jun '22	64.1	61.3	66.3	62.0	65.5
Jul '22	63.1	61.5	66.5	61.0	61.4
Aug '22	63.8	62.0	63.1	67.4	60.0
Sep '22	61.9	57.4	63.3	61.5	63.2
Oct '22	60.5	61.2	60.6	58.5	59.1

Official data: UK average weekly earnings

Latest data from the Office for National Statistics (ONS) showed that employee earnings (including bonuses) expanded +6.0% compared to a year ago in the three months to August. This was quicker than the rate of growth seen in the three months to July (+5.5%) and among the quickest upturns seen over the past 15 years.

Stronger increases in pay were seen in both the private and public sectors, though the former remained much quicker than that seen for the latter (+6.8% versus +2.4%).

UK average weekly earnings %yr/yr, 3mma



Source: Office for National Statistics.

8 Special feature

This section features data from the Recruitment and Employment Confederation

Labour demand remains high amid economic uncertainty

In the last quarter of 2022, we're experiencing some challenging recruitment conditions, but the number of vacancies remains high compared to pre-pandemic levels. Candidate supply continues to fall at a historically sharp pace and employers are still struggling to fill their vacancies.

The REC's latest [JobsOutlook](#) reveals that in July-September 2022, business confidence in the UK economy fell by a further 3% from the previous rolling quarter to a new record low. Employers' confidence in making hiring and investment decisions also fell slightly. This is not surprising, given the bleak economic outlook with record high inflation and rising interest rates. Despite this drop in confidence, the immediate outlook for hiring remains positive — employers in September were more optimistic than in August and said that they intend to grow their workforces if they can find suitable candidates.

According to the REC's [Labour Market Tracker](#), the number of active postings has stayed at a similar level since mid-August. The [Institute for Employment Studies](#) also points out that vacancies are continuing to grow in the public sector, which likely reflects that more people are leaving public sector jobs for better paid work in the private sector, as well as the struggles to recruit new staff in a highly competitive labour market. Businesses are still hiring, which signals that the jobs market remains robust amid economic uncertainty.

As vacancy levels remain high, employers continue to face challenges in filling vacancies. The latest data from the [Office for National Statistics \(ONS\)](#) shows that the UK unemployment rate for June to August 2022 decreased by 0.3% on the quarter to 3.5%, the lowest rate since December to February 1974. Moreover, the economic inactivity rate increased by 0.6% to 21.7% in June to August 2022. The lowest unemployment rate, along with growing economic inactivity, suggests that the developments in labour supply are worrisome.

Economic inactivity rose during the pandemic as people got sick, retired early, or stayed in full-time education. However, the number of people who are economically inactive because of long-term sickness has increased to a record high. The UK labour force is contracting and is not meeting the demands of the economy. In a market where firms are under pressure but still need to hire, recruitment professionals are more important than ever as they are providing such an essential matching service. Government should tap into the knowledge of labour market experts to tackle regional disparities, improve productivity and support those who are currently economically inactive back into work.

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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.

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