

KPMG and REC, UK Report on Jobs

Candidate shortages and economic uncertainty weigh on permanent placements in November

46.4

PERMANENT PLACEMENTS INDEX NOV '22

51.5

TEMPORARY BILLINGS INDEX NOV '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 expand modestly

Softest increase in vacancies for 21 months

Pay pressures ease slightly amid softer drop in staff supply

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

"Of particular note this month is the softer rise in permanent starters' salaries, with the rate of pay inflation easing to a 19-month low in November. This reflects the combined effects of employers reining in recruitment, candidate availability continuing to decline, and workers staying put for job security. So despite the cost of living pressures that households are enduring and the industrial relations impasse within many sectors, wage growth may well be trending down in the months ahead. Employers who are able to offer existing workers and candidates opportunities to upskill and reskill, rather than focusing solely on core pay, may well benefit most in this tight jobs market."

Neil Carberry, Chief Executive of the REC, said:

"This month's data emphasises that while employers are moderately more cautious in the face of economic uncertainty, this is not yet a major slowdown in hiring. While permanent recruitment activity has dropped from the very high levels of earlier in the year, the pace of that drop has tempered this month."

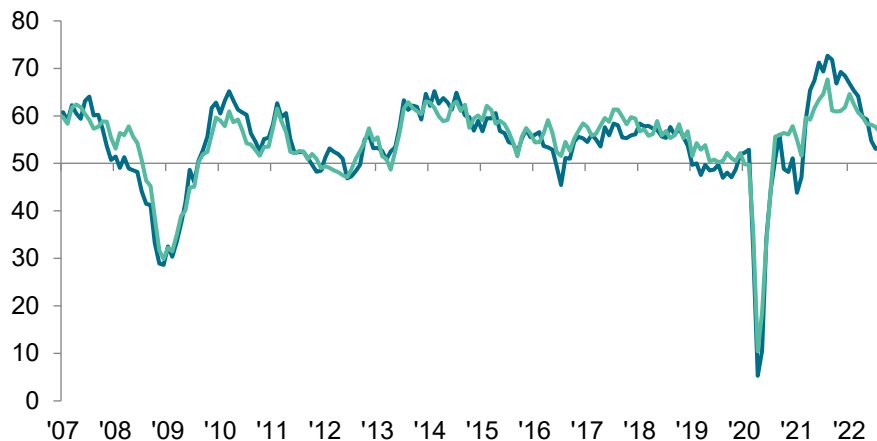
"In contrast, temporary hiring has accelerated again in the run-up to Christmas. There are clearly some seasonal factors at work here, with retail and healthcare recruitment leading the way. But there may also be some switching to temporary going on, as firms maintain flexibility ahead of next year."

"As the economic outlook weakens, we can expect to see falls from historic highs across our measures, but it is notable that pay and vacancies are still growing, although at a much lower rate."

"A flatter period in the labour market is inevitable in this current economic climate, but demand is being supported by some major underlying factors, including labour shortages and technological change. The main way to boost performance is to unlock growth by businesses putting their people planning first, as a strategic way to enhance productivity. Government can help through skills and immigration reform. Boosting growth is the only way to ensure a prosperous country for all of us."

■ 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 November are:

Permanent placements fall for second month in a row

Latest survey data indicated that candidate shortages and uncertainty around the economic outlook dampened recruitment during November. Permanent placements fell for the second successive month, albeit at a softer rate than that seen in October. Meanwhile, temp billings rose modestly after broadly stagnating in the previous month.

Growth of demand for staff continues to moderate

Overall demand for workers expanded at the softest rate since February 2021 during November. While temporary vacancies continued to expand more sharply than that seen for permanent roles, in both cases the increases were the slowest seen for 21 months and below their respective long-run trends.

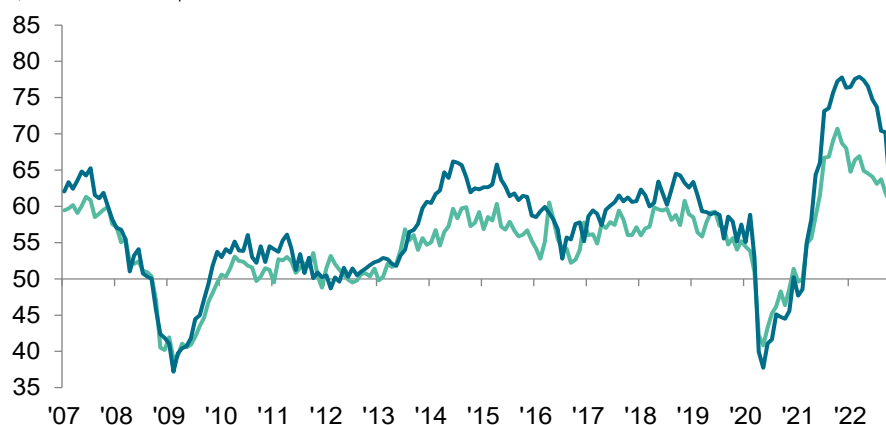
Softest increase in permanent starters' salaries in 19 months

Although pay pressures remained historically elevated during November, the latest survey indicated that rates of inflation for both starting salaries and temp wages eased further. The latest increase in permanent starters' pay was the least marked since April 2021, while temp pay growth moderated to an 18-month low. Higher rates of pay were generally linked to competition for workers and the rising cost of living.

Candidate supply declines at slowest rate since April 2021

The overall availability of workers continued to deteriorate during November, and at a steeper pace than seen on average since the survey began 25 years ago. Tight labour market conditions, fewer foreign workers and a greater hesitancy among people to take up new roles due to increased economic uncertainty all dampened candidate numbers, according to recruiters. However, the latest fall was the weakest recorded for just over a year-and-a-half amid softer declines in both permanent and temporary staff supply.

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

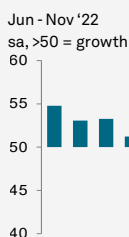


2 Staff Appointments

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 placements decline again in November

November survey data signalled a second successive monthly reduction in permanent staff appointments across the UK. The rate of contraction softened from October's 21-month record, but was strong overall. Where lower permanent placements were reported, recruiters cited low candidate supply and greater caution around the economic outlook. The latter reportedly led clients to become more hesitant to hire and people more reluctant to take up new roles.

Three of the four monitored English regions registered lower permanent staff appointments in November, with the quickest reduction seen in London. The Midlands bucked the trend, and recorded a fresh rise in placements, albeit one that was modest.

Permanent Placements Index

sa, >50 = growth since previous month

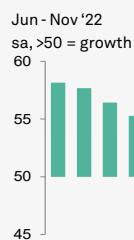


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
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
Nov '22	46.4	44.4	45.8	52.5	45.7

Temporary Billings Index



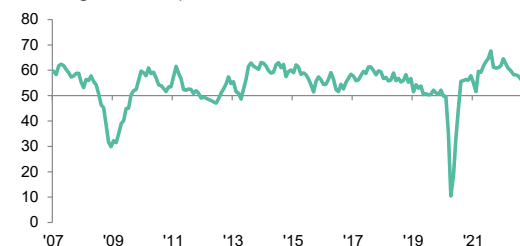
Modest upturn in temp billings

After broadly stagnating at the start of the fourth quarter, temp billings rose in November. That said, the rate of expansion was mild and much slower than its long-run trend (55.2). According to panellists, a preference for temp staff and efforts to expand capacity at clients had driven the latest upturn in billings. That said, there were also reports that a slowdown in market activity and greater economic uncertainty had weighed on recruitment.

Temp billings continued to rise sharply in the South of England, and expanded modestly in London. Further declines were meanwhile registered in the Midlands and the North of England, with the latter seeing the steeper rate of contraction.

Temporary Billings Index

sa, >50 = growth since previous month



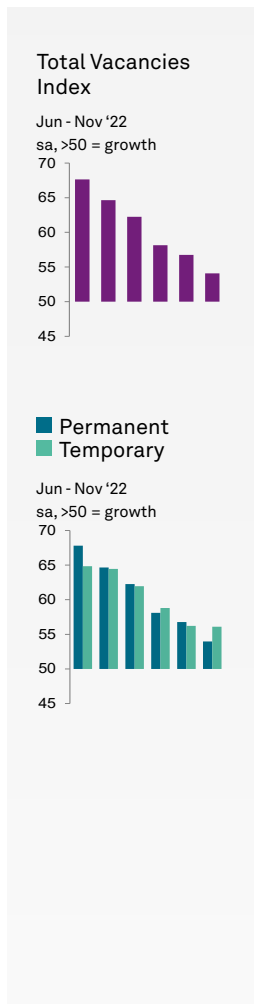
Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
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
Nov '22	51.5	52.0	56.5	49.2	45.4

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.



Vacancy growth edges down to 21-month low

The seasonally adjusted Total Vacancies Index remained above the neutral 50.0 level at 54.1 in November, to signal a sustained rise in demand for staff. However, the reading was down from 56.7 in October, and pointed to the weakest increase in overall vacancies for 21 months.

Permanent and temporary vacancies

The slowdown in growth of overall demand for workers was largely driven by a softer upturn in permanent vacancies. November data indicated that permanent job roles expanded at the weakest rate since February 2021. Meanwhile, growth of demand for temp workers inched down to a 21-month low, but remained sharp overall.

Public & private sector vacancies

The steepest increase in demand for staff was signalled for temporary workers in the private sector, with the upturn quickening slightly since October. In contrast, temporary vacancies in the public sector fell for the first time since December 2020, albeit marginally. Growth of demand for permanent workers meanwhile moderated across both the private and public sectors, but remained strong overall.

Total Vacancies Index



Permanent Vacancies Index
Temporary Vacancies Index



Vacancy Index summary

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

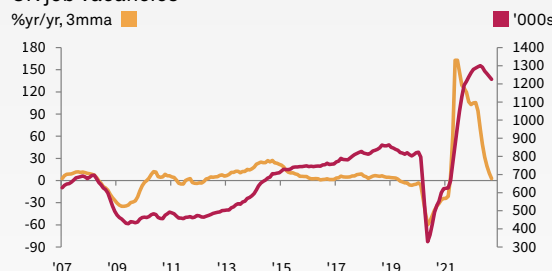
	Total	Permanent		Temporary			
		Total	Private*	Public*	Total	Private*	Public*
Jun '22	67.6	67.8	68.2	65.8	64.8	65.5	61.5
Jul '22	64.6	64.6	65.6	59.3	64.4	64.6	61.0
Aug '22	62.2	62.3	63.3	57.2	62.0	63.2	55.6
Sep '22	58.1	58.1	60.0	55.1	58.8	62.5	56.0
Oct '22	56.7	56.8	57.1	55.3	56.2	56.6	54.2
Nov '22	54.1	54.0	54.1	53.2	56.1	57.4	49.8

Official data: UK job vacancies

Latest data from the Office for National Statistics (ONS) signalled that total vacancies fell by 46,000 on a quarter-on-quarter basis, to stand at 1,225,000 in the three months to October. This marked the lowest figure since the three months to November 2021.

Nevertheless, vacancies remained elevated by historical standards, and were nearly 50% higher than the number recorded before the pandemic (823,000 in the three months to February 2020).

UK job vacancies



4 Vacancies by sector

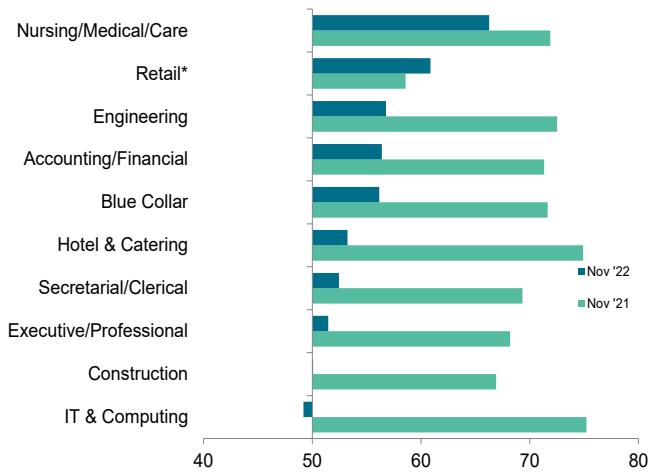
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

Eight of the ten broad job categories registered increased demand for permanent staff during November, led by Nursing/Medical/Care. Vacancies were meanwhile broadly unchanged in Construction, while IT & Computing noted a slight reduction.

Permanent Vacancies Index

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

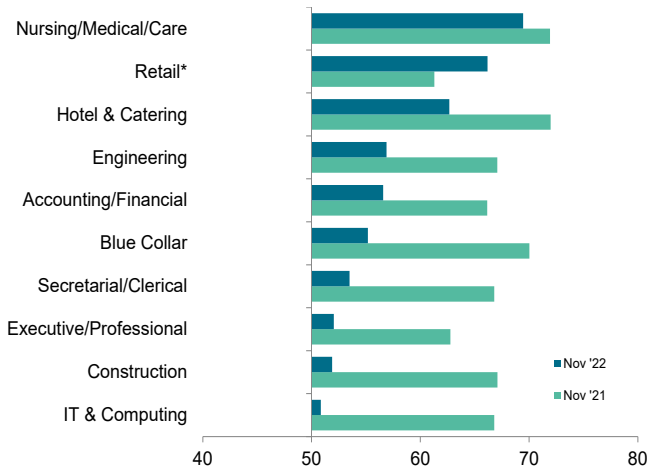


Temporary vacancies

The upturn in demand for temporary workers remained broad-based across all ten employment categories in November. The quickest rise in vacancies was seen in Nursing/Medical/Care. IT/Computing slipped to the bottom of the rankings, and saw only a marginal uptick.

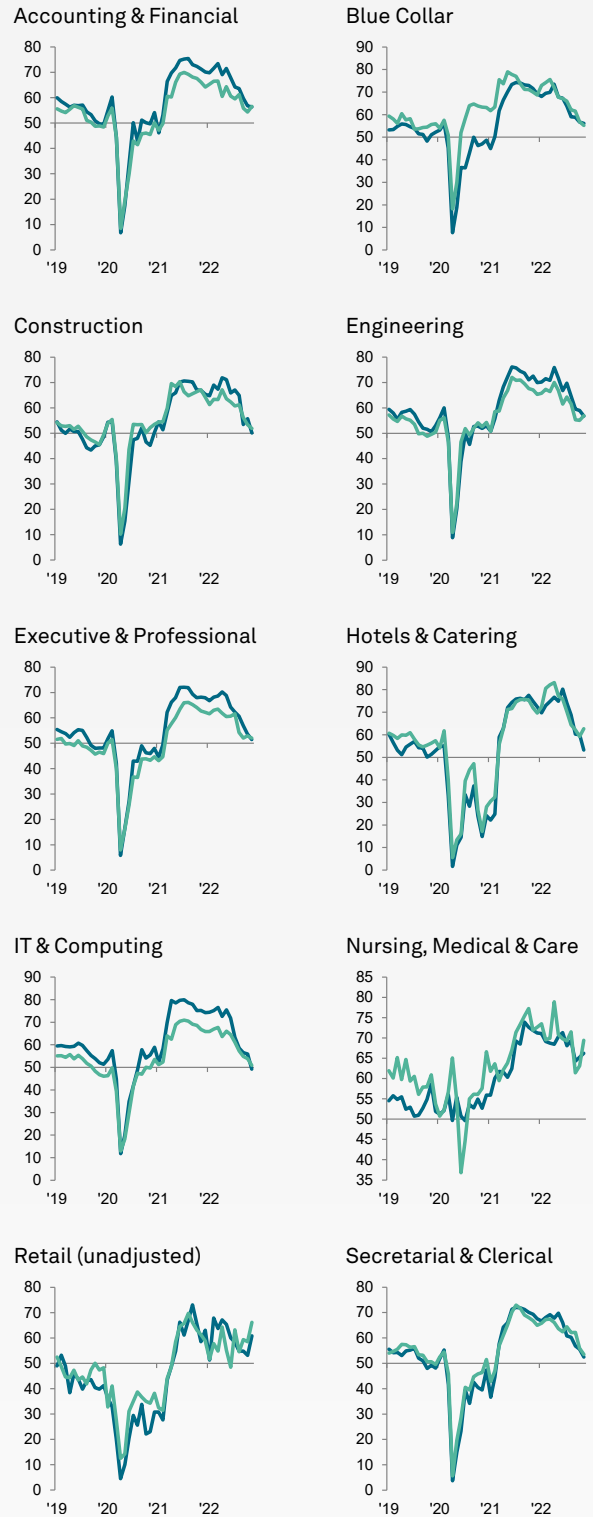
Temporary Vacancies Index

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



Vacancy index by sector

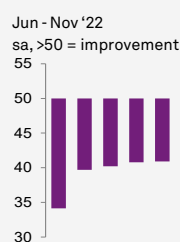
■ Permanent ■ Temporary
sa, >50 = growth since previous month



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



Candidate supply falls at softest rate for 19 months

Adjusted for seasonal factors, the Total Staff Availability Index remained below the neutral 50.0 threshold at 43.8 in November, to signal a sharp drop in total labour supply across the UK. That said, the reading was up from 40.9 in October, and pointed to the softest reduction since April 2021.

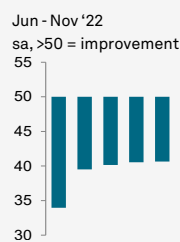
Underlying data indicated that both permanent and temporary candidate numbers fell at weaker rates midway through the fourth quarter.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



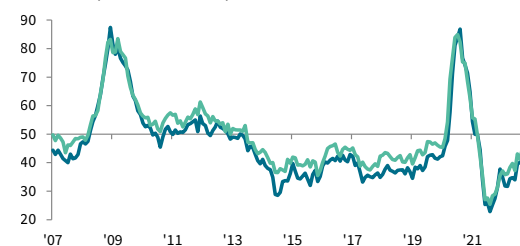
Downturn in permanent labour supply eases in November

Recruitment consultancies signalled a further deterioration in permanent candidate availability during November, thereby stretching the current period of decline to 22 months. Though marked by historical standards, the rate of reduction was the least severe since April 2021. Panellists often linked lower permanent staff supply to a tight labour market, hesitancy among workers to seek or switch to new roles due to an uncertain economic climate, and fewer foreign workers. That said, there were also reports that redundancies had limited the overall decline.

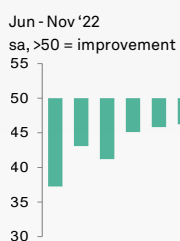
All four monitored English areas bar the Midlands noted lower permanent labour supply.

Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Weakest drop in temp candidate numbers since March 2021

Temporary candidate availability also remained on a downward trend during November. Though solid, the latest reduction in temp staff supply was the slowest seen since March 2021. When explaining the latest deterioration, recruiters often mentioned that candidates preferred permanent positions, while a generally low unemployment rate and fewer overseas workers had also squeezed candidate numbers.

Similarly solid falls in temp labour supply were seen across London, the South of England and the Midlands. In contrast, candidate numbers were broadly stable in the North of England.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
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
Nov '22	43.6	49.7	48.1	50.4	33.2

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
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
Nov '22	46.2	46.3	46.6	46.4	50.1

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 Payroll Purchase Ledger Taxation	Executive/Professional Digital Marketing Executives Human Resources Legal Marketing Project Managers Recruitment Consultants	Optometrists Paramedics Pharmacists Social Workers
Blue Collar Blue Collar Cleaners Decorators Electricians HGV Drivers HVAC Labour Manufacturing Refrigeration Sewing Machinists Welders	Hotel/Catering Catering Chefs Hospitality	Secretarial/Clerical Administration Office Staff Secretary
Construction Architectural Tech Cladders Construction Quantity Surveyors	IT/Computing Automation Testers CAD Cyber Security Data Engineers Developers Digital Infrastructure Analysts IT Software Software Engineers Technical Sales Technology Web	Other All Types of Candidates Buyers Commercial Customer Service Education German Speakers Graduates Health & Safety Logistics Multilingual Sales Security Skilled Supply Chain Teachers Telemarketing Telesales Testers Unskilled
Engineering Design Engineers Electrical Engineers Engineers Mechanical Engineers Senior Electronic Engineers Technicians	Nursing/Medical/Care Carers Doctors Healthcare Assistants Hearing Aid Dispensers Nurses Occupational Therapist	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Credit Controllers Finance Payroll Taxation	Hotel/Catering Catering Chefs Hospitality	Security Skilled Teachers Unskilled
Blue Collar Blue Collar Carpenters Cleaners Decorators Drivers Forklift Drivers HGV Drivers Industrials Manufacturing Rail Security Guards Sewing Machinists Warehouse Welders	IT/Computing Cyber Security Developers Digital IT Software Software Engineers Technology	
Construction Bricklayers Labourers	Nursing/Medical/Care Carers Healthcare Assistants Nurses Social Workers	
Engineering Design Engineers Engineers	Retail Retail	
Executive/Professional Executive Human Resources Legal Secretarial Project Managers	Secretarial/Clerical Administration Clerical Office Staff Personal Assistant Receptionist	
	Other All Types of Candidates Customer Service Education Health & Safety Multilingual	

Skills in excess supply: Permanent staff

Accounting/Financial Finance Directors	Hospitality	Other Customer Service Dutch Speakers German Speakers Graduates Sales Testers Unemployable Unskilled
Blue Collar Industrials Site Managers Warehouse	IT/Computing Data Scientists IT Software Technology	
Executive/Professional Business Analysts Directors Human Resources Marketing Project Managers Recruitment Consultants Scientists	Nursing/Medical/Care Carers	
Hotel/Catering Chefs	Retail Retail	
	Secretarial/Clerical Administration Clerical Personal Assistant Secretary	

Skills in excess supply: Temporary staff

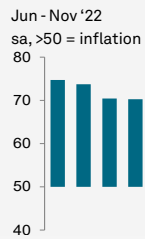
Blue Collar Blue Collar Drivers Factory HGV Drivers Labour Production Site Managers Warehouse	Nursing/Medical/Care Healthcare Assistants
Executive/Professional Operations Managers Project Managers	Retail Retail
Hotel/Catering Chefs	Secretarial/Clerical Administration Clerical Secretary
IT/Computing IT	Other Dutch Speakers German Speakers Graduates Unskilled

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.

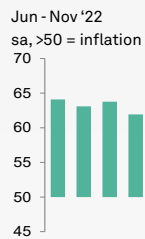
7 Pay pressures

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



Permanent starters' pay rises at softest rate for 19 months

As has been the case in each month since March 2021, permanent starting salaries increased during November. Although sharp, the rate of inflation softened for the eighth month in a row, and was the softest seen since April 2021. Higher rates of pay were often linked to efforts to attract and secure candidates as competition for staff remained intense. There were also reports that the higher cost of living had pushed up salaries.

The Midlands registered the steepest upturn in pay, and was the only area to see the rate of inflation quicken since October.

Temp pay growth slips to 18-month low

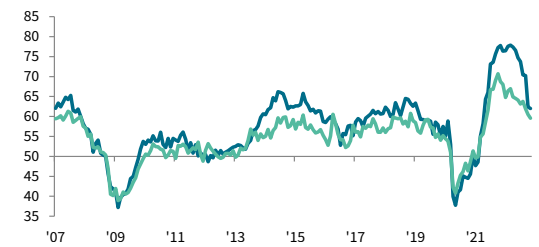
The seasonally adjusted Temporary Wages Index pointed to an increase in average hourly pay for the twenty-first month running in November. Though sharp in the context of historical data, the rate of wage growth was the slowest seen for a year-and-a-half, having eased in each of the last three months. Anecdotal evidence suggested that candidate shortages and greater living costs had pushed up wages.

The North of England noted the quickest rise in temp pay, while the softest was seen in the South of England.

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
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
Nov '22	62.0	61.7	63.4	63.7	58.9

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
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
Nov '22	59.6	59.5	56.2	57.3	62.6

Official data: UK average weekly earnings

Latest data from the Office for National Statistics (ONS) showed that employee earnings (including bonuses) rose +6.0% year-on-year over the third quarter of 2022. Though softer than the upturns seen in the first half of the year, the rate of pay growth nevertheless remained among the highest seen over the past 15 years.

The private sector continued to register a much quicker increase in earnings than the public sector (+6.8% versus +2.4%).

UK average weekly earnings



Source: Office for National Statistics.

8 Special feature

This section features data from the Recruitment and Employment Confederation

Hiring intentions remain high, but candidate supply continues to fall

As we head into the end of 2022, high levels of job vacancies persist and candidate supply continues to shrink. Similar to last month, the UK unemployment rate continues to remain at record lows and skills shortages are still a key problem for the economy.

The latest data from the [Office for National Statistics \(ONS\)](#) backs this up and continues to show signs of a tight labour market. The UK unemployment rate for July to September 2022 decreased by 0.2% on the quarter. At 3.6%, it remains close to record lows. Economic inactivity rate, however, rose again by 0.2% to 21.6% in the same period, despite high levels of unfilled vacancies. Between June and August 2022, around 2.5 million working-age adults are out of work because of long-term sickness, up from around 2 million in spring 2019. Candidate supply has continued to fall sharply, and businesses are still struggling to fill their vacancies.

According to the REC's latest [JobsOutlook](#), hiring intentions in August-October 2022 increased, despite economic confidence dropping. For both permanent and temporary recruitment in the short-term and medium-term, sentiment rose by at least 1% compared to the previous rolling quarter. Employers are still recruiting, but without available candidates, vacancies have been left open for longer. The [Resolution Foundation](#) found that on average, it is taking firms almost two months to fill vacancies.

As the [Institute for Employment Studies](#) points out, the UK is one of the only five developed economies where employment remains lower now than it was before the pandemic. Labour shortages are holding back growth, adding to inflationary pressures, and leading to lower living standards for more people. The competition for talent is not only affecting productivity, but also affecting pay.

The UK GDP is estimated to have fallen by 0.6% in September, after a fall of 0.1% in August 2022. The need for growth is evident. Businesses and Governments should work together to boost labour supply via a joined-up workforce strategy — to deliver the skills where they are needed and create the capacity for the economy to grow. Recruitment professionals are vital in this process, as they understand demand across sectors and know what skills are most sought after in a competitive market.

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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.

Survey Dates

Data were collected 11-24 November 2022.

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