

Embargoed until 0101 (UK) 13 January 2022

# KPMG AND REC, UK REPORT ON JOBS

## Recruitment activity continues to rise sharply in December

### Key findings

- Recruiters signal further steep increases in permanent placements and temp billings
- Candidate availability falls at slowest rate for eight months
- Substantial upward pressure on starting pay

Data collected December 06-17

### Summary

Recruitment consultancies across the UK continued to signal tight labour market conditions at the end of 2021, according to the latest **KPMG and REC, UK Report on Jobs** survey. Permanent staff appointments and temp billings continued to rise at historically sharp rates, despite the upturns remaining weaker than the peaks seen during the summer.

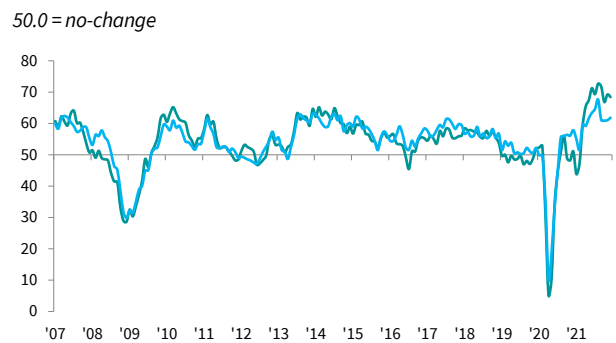
Vacancy growth softened slightly again, easing to an eight-month low, though overall demand for staff remained robust. At the same time, there were signs that candidate availability was moving in the right direction, with the latest drop in staff supply the least severe in eight months. Nonetheless, competition for scarce workers pushed up rates of starting pay for both permanent and temporary staff again, with the respective rates of inflation among the quickest on record.

The report is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

### Hiring activity continues to rise sharply

Recruitment consultancies registered further substantial increases in both permanent placements and temp billings at the end of 2021 amid reports of robust demand for staff and greater client requirements. Permanent placement growth continued to outpace the upturn seen for temp billings.

### Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

### Vacancy growth slips to eight-month low

December survey data signalled a further easing in the rate of total vacancy growth across the UK. The latest increase in demand for staff was the softest seen since April, albeit rapid overall. Softer increases in vacancies were signalled for both permanent and temporary roles.

### Recruiters signal least severe drop in candidate numbers since April

The supply of overall candidates continued to fall sharply during December, but the rate of deterioration eased for the fourth month running. Notably, the latest drop in candidate supply was the least severe since April. Nonetheless, recruiters noted that uncertainty around the pandemic and the economic outlook, a generally low unemployment rate and fewer foreign workers had weighed on candidate numbers.

### Shortages continue to push up rates of starting pay

Starting salaries for permanent workers and temp hourly pay continued to rise rapidly in December, with the respective rates of inflation holding close to record-highs. Panellists frequently mentioned that starting salaries and wages had risen as demand for staff continued to outstrip supply.

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## Regional and Sector Variations

Permanent staff appointments increased across all four monitored English regions in December, with the North of England registering the fastest upturn.

Regional data highlighted that the upturn in temp billings was broad-based across all four monitored English regions. The quickest expansion was seen in London, while the softest was in the Midlands.

Vacancies continued to increase at a stronger pace in the private sector than in the public sector in December. The fastest growth rate was signalled for private sector permanent roles, while the softest rise was indicated for public sector temporary jobs.

IT & Computing was the most in-demand category for permanent staff during December, as was the case in the previous month. Nonetheless, steep increases in vacancies were also seen across the other nine monitored sectors.

Nursing/Medical/Care was at the top of the rankings for temporary staff vacancies at the end of the year. The softest increase in demand was meanwhile signalled for short-term Retail workers.

## Comments

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

*"The UK jobs market rocketed to near historic levels as New Year approached. That's despite it losing a little fizz with the pace of accelerating demand for staff, wage and salary growth and vacancies all easing slightly. Employers in all sectors haven't lost their appetite to hire, but many will be frustrated by the pressure these inflationary and competitive conditions, which are likely to continue for some time, are putting on their operating costs and ability to expand."*

*"The data show that the availability of staff is particularly pressing in the health and care sector, where demand for qualified personnel is running far hotter than availability of permanent and temporary candidates to fill roles. This has been exacerbated by Omicron, through sickness to workers and the need to self-isolate."*

*"The availability of workers is testing the resolve of employers across the economy and will likely cause distortion in recruitment patterns as businesses shift focus from long-term growth to short-term cover. However, we shouldn't underestimate the business community's ability to adapt to these new conditions and look to training and technology solutions to find a way forward."*

Neil Carberry, Chief Executive of the REC, said:

*"2022 will be the year we discover staff shortages will outlive the pandemic as an economic issue. This survey shows again how tight the labour market was at the end of last year. Demand for staff is growing across every sector and region of the UK, and candidate availability is still falling. These trends have been slowing for the past few months, but that is not surprising considering the record pace of change earlier in the autumn of 2021."*

*"Businesses need to make sure they are reacting to the long-term challenges of this market, thinking harder about their offer to staff and how to shape their future workforce. Recruiters are ideally positioned to help employers with this, and support governments across the UK on the skills, immigration and tax reforms that are needed to keep us competitive."*

## Contact

### KPMG

Alastair Henry  
+44 (0) 161 235 0320  
[KPMGeducationskills@citypress.co.uk](mailto:KPMGeducationskills@citypress.co.uk)

### REC

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

### IHS Markit

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

### IHS Markit

Annabel Fiddes  
Economics Associate Director  
+44 (0)1491 461 010  
[annabel.fiddes@ihsmarkit.com](mailto:annabel.fiddes@ihsmarkit.com)

## Methodology

The KPMG and REC, UK Report on Jobs is compiled by IHS Markit 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](mailto:economics@ihsmarkit.com).

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## About KPMG

KPMG LLP, a UK limited liability partnership, operates from 21 offices across the UK with approximately 16,000 partners and staff. The UK firm recorded a revenue of £2.3 billion in the year ended 30 September 2020.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 147 countries and territories and has more than 219,000 people 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](http://www.rec.uk.com).

## About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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