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## KPMG and REC, UK Report on Jobs

### Permanent placement growth weakens to 16-month low in June

#### Key findings

Notable slowdown in permanent placement growth...

...as vacancies expand at softest rate for over a year

Pay pressures ease only slightly as labour supply drops further

Data collected June 13-24

#### Summary

Permanent staff appointments and temp billings expanded at the softest rates for 16 months in June, according to the latest **KPMG and REC, UK Report on Jobs** survey, compiled by S&P Global. Recruiters mentioned that candidate shortages continued to limit hiring activity, but slower decision-making at clients amid greater economic uncertainty also dampened growth. At the same time, overall demand for workers increased at the slowest rate since March 2021.

The availability of staff meanwhile continued to deteriorate rapidly, with the rate of decline the quickest for three months. Efforts to attract and secure candidates led to further marked increases in starting pay, though rates of salary and wage inflation softened slightly since May.

The report is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

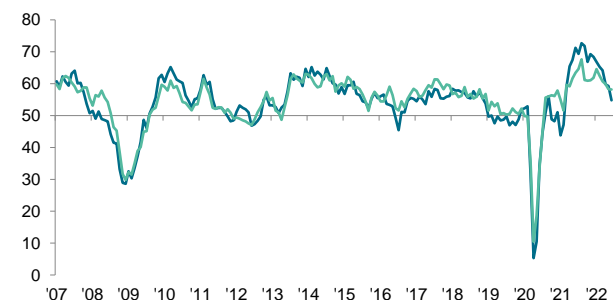
#### Notable slowdown in permanent placement growth

Recruitment activity continued to expand across the UK during June, with temp billings rising to a greater extent than permanent placements. Notably, permanent staff appointments increased at the slowest rate for 16 months, which was blamed on a combination of candidate shortages and slower decision-making at clients

#### Permanent Placements Index

#### Temporary Billings

50.0 = no-change



Sources: KPMG, REC, S&P Global

amid greater uncertainty around the outlook and rising costs.

#### Softest increase in vacancies since March 2021

Although overall vacancies continued to rise at a historically sharp pace in June, the latest upturn was the least marked for 15 months. Softer rises in demand were signalled for both permanent and temporary workers at the end of the second quarter, with the former noting the quicker rate of expansion.

#### Steeper reduction in overall candidate availability

The availability of staff continued to decline at a severe pace in June. Furthermore, the pace of deterioration quickened to the sharpest for three months, with both permanent and temporary labour supply falling at faster rates. Recruitment consultancies often attributed lower candidate numbers to a generally low unemployment rate, fewer foreign workers, robust demand for staff and hesitancy to switch roles in the increasingly uncertain economic climate.

#### Pay pressures moderate slightly, but remain sharp

The ongoing imbalance between the supply and demand for workers drove further steep increases in rates of starting pay during June. Though sharp and well above the series average, the rate of

starting salary inflation eased to the softest since August 2021, while temp wage growth edged down to a 12-month low.

## Regional and Sector Variations

All four monitored English regions noted softer rises in permanent placements, with the North of England seeing the weakest upturn overall that was only fractional.

London saw the sharpest increase in temp billings at the end of the second quarter, while the softest expansion was registered in the Midlands.

The strongest increase in vacancies was signalled for permanent workers in the private sector, followed by permanent staff in the public sector. This was despite the former seeing a notable slowdown in the rate growth compared to May. The softest, but still marked, rise in vacancies was seen for temporary workers in the public sector.

June survey data signalled steep increases in permanent staff demand across all ten monitored employment categories. Hotel & Catering saw the sharpest upturn in vacancies overall, followed by IT & Computing and Nursing/Medical/Care.

Recruiters signalled higher temp vacancies in nine of the ten monitored job categories at the end of the second quarter. Hotel & Catering topped the rankings, while Retail was the only sector to note reduced demand. That said, the rate of contraction was only modest.

## Comments

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

*"The apparent buoyancy of the jobs market overall continues to mask some increasingly concerning trends. Firstly, the fluctuations in demand for permanent and temporary workers in some sectors may be showing a sustained downward trend, as it becomes clear that current economic pressures are impacting employers' confidence to grow. Secondly, the supply of candidates in all sectors continues to decline, with the rate of contraction accelerating to the quickest for three months in June. Added to that, competition for candidates pervades all sectors with employers offering financial incentives to retain talent, so increasing wage inflation. This latest data could be signalling that the UK jobs market may be more fragile than it seems."*

Neil Carberry, Chief Executive of the REC, said:

*"The labour market is still strong, with demand for new staff high. That said, today's data show that we are likely to be past the peak of the post-pandemic hiring spree. That pace of growth was always going to be temporary – the big question now is the effect that inflation has on pay and consumer demand over the course of the rest of the year. Whether we will see the market settle at close to normal levels, or see a slowdown, is unpredictable at this point."*

*"Part of the reason for unpredictability in the market is a slower economy accompanied by severe labour and skills shortages. These are already proving a constraint on growth in many firms. The government should be thinking about how to ensure all its departments enable greater labour market participation and encourage business investment funds to help address this."*

*"It is important to note that plenty of hiring is happening in this tight market – there are candidates out there for firms who get it right. Skilled recruitment professionals are at the heart of this, making a difference to opportunity and growth for companies and workers."*

# News Release



Recruitment  
& Employment  
Confederation

## Contact

### KPMG

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

### REC

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

### S&P Global

Annabel Fiddes  
Economics Associate Director  
S&P Global Market Intelligence  
T: +44 (0)1491 461 010  
[annabel.fiddes@spglobal.com](mailto:annabel.fiddes@spglobal.com)

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44 207 260 2234  
[joanna.vickers@spglobal.com](mailto: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@hismarkit.com](mailto:economics@hismarkit.com).

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

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## 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 S&P Global

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