

London firms struggling to recruit as Brexit hits talent pool and wages soar, new KPMG report finds

London firms are struggling to recruit [staff](#) amid “rapid falls” in applicant numbers in part due to [Brexit](#), a major new report has shown.

The Report on [Jobs](#), released on Friday by Big Four firm [KPMG](#) and the Recruitment and Employment Federation (REC), found a combination of more job opportunities on [offer](#) with a sharp fall in candidate numbers has led to “rapid” [inflation](#) in [salaries](#).

Its London-specific survey was carried out by IHS Market with around 100 recruitment and employment consultancies in the capital last month. Firms surveyed reported seeing the supply of candidates for roles decline “at a near-record pace”.

The report concluded: “Among the reasons for the latest fall in candidate numbers were signs of an unwillingness among people to move jobs and the impact of Brexit.”

Companies are facing having to pay both permanent and temporary staff higher wages, with short-term worker wage inflation running at its highest level since 1998.

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When the pandemic hit in March 2020 companies around the world slashed headcount or implemented recruiting freezes as the world went into lockdown. But the jobs market has boomed in recent months as economies reopened and businesses look to grow.

Latest ONS figures suggest there are now over 1 million job vacancies in the UK.

In the tech sector a skills shortage is seeing soaring wage inflation as start-ups compete to hire software talent, while over in the hospitality industry labour shortages show little sign of letting up. Hospitality bosses have called on the Government to offer two-to-three year working visas to young EU workers to help alleviate the staffing crisis.

KPMG's London office senior partner, Anna Purchas, said: "London continues to move full steam ahead into recovery with record demand for both permanent and temporary staff.

"The high demand for staff in the capital and worrying decline in available candidates has resulted in employers offering higher salaries to attract and secure talent. Starting salary inflation has now hit another record high this month – but we know this isn't a long-term solution, or the answer to boosting productivity and is a particular issue for our SME businesses."

Purchas said that the "growing gulf between the amount of roles vacant with employers and the number people available to fill them is a warning signal" to companies to invest in growing in-house and British talent.

The REC's deputy CEO, Kate Shoesmith, pointed out that it is important to note that salary rises being seen are not universal.

It comes after months where recruitment in the City has picked up quickly, with significant increases in specialist jobs and rapid hiring in roles linked to London's booming IPO market.

The boss of recruitment giant Hays, Alistair Cox, recently told the Standard that in addition to higher wages businesses are having to offer flexible working to attract the best talent.