

Salaries being driven down despite the cost-of-living crisis

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Despite the cost-of-living crisis, salaries have dropped since Covid, with the initial uptick in economic activity in 2020 failing to line the pockets of UK staff. That's according to the latest data from the Association of Professional Staffing Companies (APSCo) – the trade body for the professional recruitment sector.

The data - provided by the global leader in software for the staffing industry, Bullhorn – revealed that despite the increased demand for staff since Covid hit the country, average permanent salaries dropped 8% between August 2020 and August 2022. During this same period, the number of permanent jobs added increased 48%, while contract roles rose 71%.

With statistics from the Office for National Statistics (ONS) in August 2020 revealing a growth in GDP for the second consecutive month, this latest data from APSCo indicates that salary increases have failed to keep pace with changes across the economy.

A similar picture is evident in pre-Covid comparisons, with remuneration dropping 7% between August 2019 and August 2022. This suggests that salary inflation across the professional recruitment sector has declined despite demand for talent increasing.

Ann Swain, CEO of APSCo commented:

“Increasing salaries while our economic stability is being questioned is understandably unlikely to be a priority or even feasible for many businesses, but to see a decline in pre- and post- Covid salaries is worrying. Since 2019 we've witnessed a demand for talent on a significant scale and an initial surge in economic activity as restrictions were lifted, but salaries across the professional, highly skilled sectors haven't risen in line with this. The result is now being felt across the country. With the impact of Brexit also still playing out, this decline in financial incentives for new hires will only have a detrimental impact on the country's ability to attract the skills needed to bolster the UK's economy.”

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