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# KPMG AND REC, UK REPORT ON JOBS

## Hiring freezes amid COVID-19 pandemic leads to substantial contraction of recruitment activity

### Key findings

- Record falls in permanent placements and temp billings
- Demand for staff plummets and starting pay declines
- Staff availability rises at quickest rate since November 2009 amid reports of redundancies

Data collected April 7-24

### Summary

The latest **KPMG and REC, UK Report on Jobs** survey pointed to a sharp deterioration in conditions across the UK jobs market as businesses put their recruitment plans on ice amid the ongoing coronavirus disease 2019 (COVID-19) pandemic. Overall, permanent staff appointments and temp billings fell at the sharpest rates in the survey’s 22-year history.

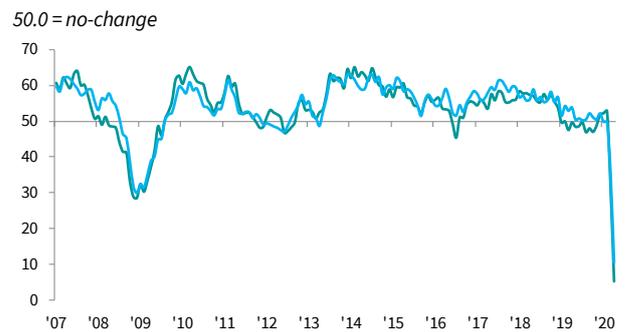
Strict measures to contain the spread of the virus, which include temporary company closures, also led to a record drop in overall vacancies. Weaker demand for staff also drove renewed falls in starting pay. At the same time, the availability of candidates rose at the steepest rate since 2009 amid widespread reports of redundancies.

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

#### Unprecedented fall in recruitment activity

Recruitment consultancies across the UK signalled a severe drop in overall hiring activity at the start of the second quarter as the COVID-19 pandemic led companies to put hiring plans on hold. As a result, both permanent placements and temp billings fell at rates far exceeding those seen even at the height of the global financial crisis.

### Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

#### Staff vacancies fall at sharpest rate on record

The pandemic also weighed on demand for staff as uncertainty over the outlook, including the longevity of any measures to contain the virus, led clients to reassess their staffing needs. Vacancies for both permanent and temporary workers fell at the sharpest rates ever seen since the survey began in October 1997.

#### Renewed fall in pay as demand for staff weakens

After rising at notably slower rates in March, starting salaries and temp wages both fell during April. Permanent starting salaries declined at the quickest rate since March 2009, while pay awarded to short-term staff dropped to the greatest extent since July 2009.

#### Labour supply increases for first time in seven years

The availability of candidates rose for the first time since April 2013, with the rate of expansion the steepest since November 2009. Recruiters widely commented that redundancies had led to marked increases in the supply of both permanent and temporary staff.

#### Regional and Sector Variations

Permanent staff appointments fell at record rates across all four monitored English regions in April, led by the North of England.

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Similarly, all four English regions registered the most severe drops in temp billings since data collection began in October 1997.

April data highlighted a broad-based decline in staff vacancies across the public and private sector. The most severe falls in demand for staff were seen for permanent and temporary workers in the private sector. That said, the public sector also saw record declines in vacancies for both permanent and short-term staff.

Substantial falls in demand for permanent workers were seen across all monitored job categories except for Nursing/Medical/Care in April. The nine sectors posting falls all saw record rates of decline, led by Hotels & Catering.

Nursing/Medical/Care was also the only sector to register higher demand for short-term staff during April. In contrast, record falls were seen across all nine remaining categories. Secretarial/Clerical and Hotels & Catering recorded the most severe declines.

### Comments

Commenting on the latest survey results, James Stewart, Vice Chair at KPMG, said:

“The COVID-19 pandemic continues to wreak havoc on the UK jobs market with a record drop in vacancies and recruitment plans frozen.

“The uncertainty over the outlook is weighing heavily on the nation – we estimate that as many as 13 million jobs are highly affected by the lockdown, representing just over a third of all jobs in the UK.

“It’s an unprecedented situation for UK business and resilience, then recovery, is key to navigating through the crisis. All eyes will also be on the Government’s forthcoming announcement on easing current restrictions so confidence in the jobs market can start to rebuild.”

Neil Carberry, Chief Executive of the REC, said:

“These numbers set records in all the wrong ways – but they are not unexpected, given the lockdown and the hit the economy is taking. While fighting the virus must remain our priority, the strain the lockdown is placing the economy under cannot be sustained indefinitely without very significant and long-lasting effects on unemployment and job creation.”

“The good news is that the capacity for our economy to recover quickly is definitely there – but we won’t get back to strong growth instantly when the lockdown eases. Government needs to work with businesses to ensure that the support they have offered tapers out as the economy returns to normal, rather than leaving firms facing a cliff-edge and having to cut costs quickly through things like higher redundancies. This approach will also allow firms to invest in the future – creating new jobs to drive the economy and help the UK bounce back.”

## Contact

### KPMG

Gill Carson  
+44 (0) 7768 635843  
[gill.carson@kpmg.co.uk](mailto:gill.carson@kpmg.co.uk)

### REC

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

### REC

Ciaran Price  
PR Manager  
+44 (0)20 7009 2192  
[ciaran.price@rec.uk.com](mailto:ciaran.price@rec.uk.com)

### IHS Markit

Annabel Fiddes  
Principal Economist  
+44 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 22 offices across the UK with approximately 17,600 partners and staff. The UK firm recorded a revenue of £2.40 billion in the year ended 30 September 2019. KPMG is a global network of professional firms providing Audit, 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. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

## 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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