

Embargoed until 0101 (UK) 8 January 2021

KPMG AND REC, UK REPORT ON JOBS

Permanent staff appointments increase for first time since September

Key findings

- Permanent placements rise marginally...
- ...while temp billings expand at sharpest pace since October 2018
- Total demand for staff rises for first time in three months

Data collected December 4-17

Summary

The latest **KPMG and REC, UK Report on Jobs** survey signalled a renewed rise in permanent placements at the end of 2020, as increased market activity and vaccine news led some firms to press on with hiring plans. At the same time, temp billings rose at the sharpest pace for over two years, as companies often opted for short-term staff due to lingering uncertainty around the coronavirus disease 2019 (COVID-19) pandemic and Brexit.

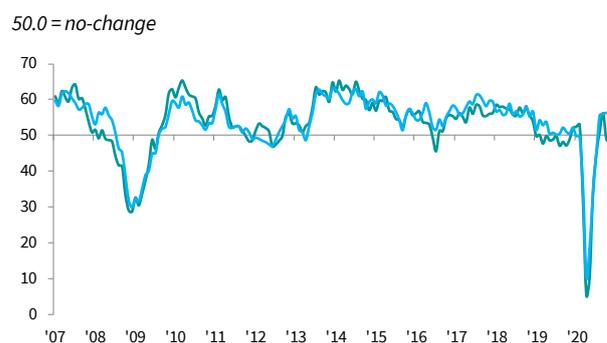
Demand for staff also increased in December, though temporary vacancies rose at a much steeper rate than that seen for permanent workers. At the same time, both permanent pay and temp wages rose for the first time since March, albeit at mild rates. The availability of workers meanwhile expanded at a softer, but still sharp, rate at the end of 2020. Recruiters frequently mentioned that staff supply rose due to redundancies and worries over current job security.

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

Renewed increase in permanent placements

December survey data revealed the first increase in permanent staff appointments since September, albeit one that was only slight. Recruiters indicated that the upturn was driven by increased market activity and greater confidence, partly due to recent vaccine news.

Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

Nonetheless, lingering uncertainty over the COVID-19 pandemic and Brexit led to the strongest increase in temp billings for over two years as companies opted to take on short-term workers.

Overall vacancies increase after two months of decline

Total demand for workers improved for the first time since September, albeit only slightly. The upturn was predominantly driven by an increase in temporary vacancies, the sharpest for 18 months, as demand for permanent staff expanded only marginally.

Tentative improvement in starting pay rates

UK recruitment consultancies signalled a tentative improvement in pay trends for both permanent and temporary workers in December. Starting salaries and temp wages both increased for the first time since March. That said, permanent pay rose only fractionally and the upturn in temp wages was mild overall.

Candidate availability expands at slower, but still rapid, rate

Redundancies related to the pandemic and fears over current job security drove a further marked increase in the availability of both permanent and short-term staff in December. That said, the overall rate of expansion was the softest recorded since April.

Regional and Sector Variations

There were mixed trends across the four monitored English regions. While permanent placements rose in the South of England, the Midlands and the North of England, London recorded a further decline.

The South of England, the Midlands and the North of England all registered marked increases in temp billings. London was the only monitored English region to see a fall, which extended the current period of decline to 12 months.

Vacancies for both permanent and temporary staff in the private sector rose during December. The increase in demand for permanent staff was modest overall, while temp roles expanded sharply. In contrast, demand fell for both permanent and temporary staff in the public sector, with the former noting the steeper rate of decline.

Half of the ten monitored job categories recorded greater demand for permanent staff at the end of 2020. IT & Computing and Nursing/Medical/Care saw the steepest rates of expansion. Hotel/Catering meanwhile saw the sharpest drop in vacancies.

Nursing/Medical/Care registered the sharpest rise in temporary vacancies during December, followed by Blue Collar. Of the four sectors to note lower demand for short-term staff, Hotel & Catering saw the steepest rate of contraction.

Comments

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

“The emergence of a vaccine did bring more confidence to the jobs market in December with a small increase in permanent appointments. Temporary billings were also sharply up across the UK although London was a notable exception.

“However, we will have to see what January brings with a new national lockdown sure to fuel economic uncertainty, alongside preparing and adapting to the new relationship with the EU.

“But with the UK leading the way on the vaccine roll out and continued government financial support, there is hopefully light at the end of the tunnel for both business and jobseekers.”

Neil Carberry, Chief Executive of the REC, said:

“The underlying strength of the British economy shone through in the December jobs figures. The biggest expansion in temporary recruitment since October 2018 shows how important the flexible jobs market is to that performance. Growing permanent placements and starting pay also emphasised the resilience of our economy.

“The important thing now is to maintain as much of that momentum as possible through the new lockdown. With business cashflows under renewed pressure, helping employers protect and create jobs is essential. We need a long-term plan to support businesses across the supply chain – not just those required to close. This should include wider-spread reductions on business rates, support on VAT repayments and support for self-employed business owners previously cut out of schemes. We need big ticket items now, like a reduction in the cost of furlough and employers National Insurance to help firms retain and hire staff in the coming months, alongside delivery of the vaccine.

“Regions have been recovering at different speeds and London continues to lag behind. London is home to some of the most deprived boroughs in the country, so this is particularly worrying. It underlines the urgency of action needed to help businesses retain workers and get the vaccine delivered.”

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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.

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

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 21 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.

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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.

About IHS Markit

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