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KPMG AND REC, UK REPORT ON JOBS

Recruitment activity picks up again in June, as vacancy growth hits record high

Key findings

- Robust demand for staff drives unprecedented increase in permanent staff appointments
- Availability of workers deteriorates at record pace...
- ...leading to sharper rise in starting pay

Data collected June 11-24

Summary

The latest **KPMG and REC, UK Report on Jobs** survey showed that recruitment activity surged again in June amid reports of greater demand for staff and the return to more normal business conditions as lockdown measures eased. Permanent appointments growth hit a fresh series record, while the upturn in temp billings was among the fastest in the survey history. At the same time, vacancy growth hit a new series record.

The availability of workers declined at an unprecedented rate, however, driven by faster falls in the supply of both temporary and permanent staff. As a result, rates of starting pay rose rapidly at the end of the second quarter.

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

Permanent placement growth hits record high, temp billings also rise sharply

The steady return to more normal business operations, improved market confidence and greater demand for staff all drove a further marked increase in recruitment activity in June. Permanent staff appointments expanded at the quickest rate since the survey began in October 1997, while temp billings growth hit the highest for nearly 23 years.

Permanent Placements / Temporary Billings

50.0 = no-change



Sources: KPMG, REC, IHS Markit

Unprecedented increase in demand for workers

The upturn in demand for workers gathered further momentum in June, with overall vacancies rising to the greatest extent in the near 24-year survey history. Growth of demand for permanent staff hit a fresh series record, while temporary vacancies expanded at the fastest rate since December 1997.

Candidate availability drops at quickest rate on record

Improved demand for workers contributed to an unprecedented fall in the availability of candidates in June. Data showed that the supply of both permanent and temporary staff fell at the quickest rates on record. Recruiters noted that increased hiring, Brexit, pandemic-related uncertainty and the furlough scheme all weighed on candidate numbers.

Pay growth continues to accelerate

A sharp rebound in demand for labour and a notable fall in the supply of workers led to further rapid increases in both starting salaries and temp pay. Permanent starters' salaries rose at the sharpest rate since July 2014, while hourly rates of pay for short-term staff increased at the fastest pace since October 2004.

Continued...

Regional and Sector Variations

Substantial increases in permanent placements were recorded across all four monitored English regions, with growth led by the Midlands.

The South of England recorded the sharpest increase in temp billings out of the four English regions monitored by the survey. The softest upturn was seen in the capital, though even here growth was historically elevated.

Data split by sector showed that vacancies expanded at stronger rates across both the private and public sectors. The steepest increase in demand was seen for permanent private sector staff, closely followed by temporary private sector workers. Nonetheless, growth of demand for staff was also historically strong across the public sector.

IT & Computing led a broad-based expansion of demand for permanent staff during June, ahead of Hotel & Catering and Engineering. The slowest, but still sharp, growth was signalled for Nursing/Medical/Care.

Blue Collar was the most in-demand category for temp workers in the latest survey period. Nonetheless, all other monitored sectors also recorded marked increases in vacancies. The slowest growth was signalled for Executive/Professional.

Comments

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

“June’s data confirms that momentum in the jobs market continues to surge, with improved business confidence leading to record high recruitment activity. As we move towards the final easing of pandemic restrictions, permanent role availability increased at the quickest rate since the survey began in 1997 and temporary roles rose to the greatest extent for 23-and-a-half years.

“But for the fourth month running we’re seeing a decline in the availability of candidates to fill all these new roles and the most severe deterioration for 24 years. We need action from businesses and government to reskill and upskill furloughed and prospective workers now more than ever, as the increasing skills gap in the workforce has the potential to slow the UK’s economic recovery.”

Neil Carberry, Chief Executive of the REC, said:

“Recruiters are working flat out to fill roles across our economy. The jobs market is improving at the fastest pace we have ever seen, but it is still an unpredictable time. We can’t yet tell how much the ending of furlough and greater candidate confidence will help to meet this rising demand for staff. In some key shortage sectors like hospitality, food, driving and IT, more support is likely to be needed to avoid slowing the recovery. That means supporting transitions into growing sectors through unemployment support and new skills programmes, as well as making sure the new immigration system reacts to demand, as promised. But it also means that hiring companies need to re-assess their workforce plans. In a tight jobs market, working with professional recruiters to position your firm as an employer of choice is a must.”

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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 16,000 partners and staff. The UK firm recorded a revenue of £2.3 billion in the year ended 30 September 2020.

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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

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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