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# KPMG AND REC, UK REPORT ON JOBS

## Roadmap for lifting lockdown leads to substantial increase in hiring activity in March

### Key findings

- Permanent placements and temp billings rise sharply amid improved market confidence
- Vacancies expand at quickest pace since August 2018
- Renewed increases in both starting salaries and temp pay

Data collected March 12-25

### Summary

The UK government’s plan to ease lockdown measures to return to more normal business operations in the months ahead and vaccine progress led to a marked improvement in recruitment activity in March. The latest **KPMG and REC, UK Report on Jobs** survey pointed to the sharpest rise in permanent placements for nearly six years, while temp billings growth accelerated sharply.

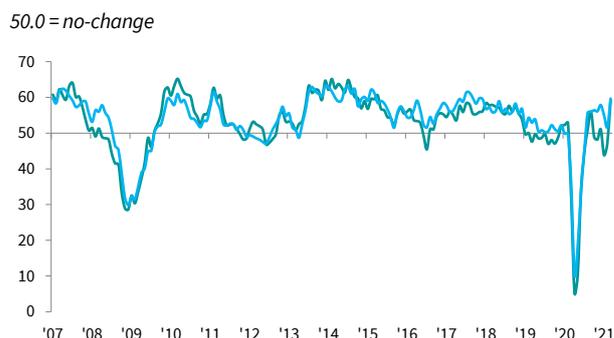
The anticipated upturn in activity once coronavirus disease 2019 (COVID-19) restrictions are eased drove the quickest increase in overall vacancies since August 2018. As a result, there were signs of improving pay trends, with both starting salaries and temp wages expanding for the first time in three months. However, the availability of candidates remained broadly stagnant, largely due to concerns around how secure any new employment would be.

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

### Recruitment activity rebounds as firms prepare for easing of lockdown measures

March survey data pointed to a substantial increase in hiring activity across the UK, as the easing of national lockdown measures to contain the coronavirus disease 2019 (COVID-19) pandemic and vaccine progress

### Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

boosted confidence around the outlook. Notably, permanent placement growth hit a near six-year high, while temp billings expanded at the quickest rate since November 2017.

### Substantial increase in overall vacancies

After rising only slightly in February, demand for workers grew rapidly at the end of the first quarter. Notably, the rate of expansion was the steepest seen for just over two-and-a-half years, driven by marked increases in both permanent and temporary vacancies.

### Marked increases in initial pay for both permanent and temporary workers

Stronger demand for staff led to improved pay trends in March. Moreover, starting salaries rose for the first time in 2021 to date and at a sharp rate. Temp wages also increased for the first time in three months, with the rate of inflation the quickest seen since December 2019.

### Candidate supply remains broadly stagnant

The overall availability of candidates was broadly unchanged for the second month in a row in March. While there were still a number of reports that redundancies stemming from the pandemic had driven up labour supply, this impact was largely offset by people who were reluctant to pursue new roles amid fears over job security.

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## Regional and Sector Variations

Data broken down by region showed that permanent placements expanded markedly across all four monitored English areas, led by the Midlands.

The Midlands recorded by far the sharpest increase in temp billings of all four monitored English regions, while the softest was seen in London.

In the private sector, permanent vacancies increased at the sharpest rate for 32 months, while growth of short-term positions hit the highest since September 2018. Public sector vacancy growth was subdued in comparison, despite both permanent and temporary roles rising solidly overall.

Nine of the ten monitored job categories recorded an increase in permanent staff vacancies in March. The steepest rates of expansion were seen in Nursing/Medical/Care and IT & Computing. Retail was the only sector to register a decline.

Blue Collar led the upturn in demand for short-term staff during March. Nonetheless, marked rates of growth were also seen across the majority of the remaining job categories. The only sector to note lower demand was Retail.

## Comments

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

*“The UK job market is starting to rebound off the back of the Government’s plan to ease national lockdown measures over the coming months, with the highest rise in permanent placements in six years and a sharp increase in temporary billings.*

*“This is good news for businesses, job seekers and the UK economy, but employers are still identifying a big skills gap across sectors including IT, construction and retail, with demand and supply not matching up.*

*“That’s why as we start to look beyond the pandemic, businesses will be even more crucial in making sure prospective and current employees are adaptable, productive and ready for new challenges.”*

Neil Carberry, Chief Executive of the REC, said:

*“For months, we have been talking about the potential recruiters saw for a recovery in hiring as we got on with vaccinations and the lockdown did its work. Today’s data shows that even during lockdown, our labour market was bouncing back. The strong temporary recruitment trend of the past few months has been maintained, but with a new addition – the fastest increase in permanent job placements since 2015. Taken together with a long-awaited recovery in hiring in London, this is a sign that business confidence is starting to flow back, even at this early stage of unlocking.*

*“As companies start to recruit, they will need to appreciate that the labour market is still suffering from all sorts of shortages. So reviewing their hiring practices and doing things in the best way possible will matter more than ever. Inclusive hiring is not a tick-box exercise – it’s about finding the best candidate for the job no matter who they are, to help your business succeed. By working with professional recruiters, business leaders can help create fairer, more inclusive and more productive workplaces.”*

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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](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 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.

KPMG is a global organization of independent professional services firms providing Audit, Legal, 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. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

## 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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