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KPMG AND REC, UK REPORT ON JOBS

Permanent staff appointments decline for second month running in November

Key findings

- Modest reduction in permanent placements...
- ...but temp billings continue to rise sharply
- Redundancies lead to further marked rise in candidate numbers

Data collected November 12-24

Summary

A further drop in permanent placements across the UK contrasted with a sustained upturn in temp billings in November, according to the latest **KPMG and REC, UK Report on Jobs** survey. Panel members frequently mentioned that staff hiring was dampened by uncertainty related to the coronavirus disease 2019 (COVID-19) pandemic as well as the renewed lockdown measures in November, with firms often opting for short-term workers for current business needs. Concurrently, overall demand for staff fell solidly, driven by a marked fall in permanent job vacancies.

Redundancies related to the pandemic meanwhile led to greater availability of both permanent and temporary candidates. Higher staff supply and weak demand meant that downward pressure on starting pay persisted, with recruiters signalling lower starting salaries and temp wages.

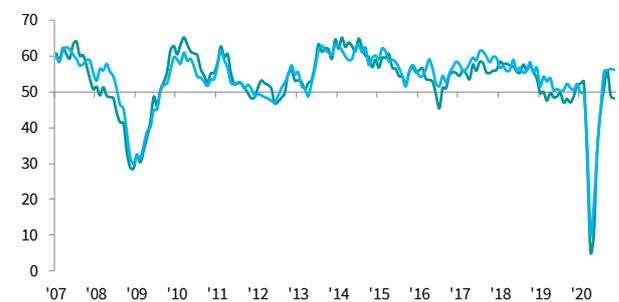
The report is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

Permanent placements decline again in November

The coronavirus disease 2019 (COVID-19) pandemic and the imposition of a second national lockdown weighed on recruitment decisions across the UK in November. Permanent placements fell for the second month in a row, albeit modestly, while a stronger preference for short-term staff led to a further marked

Permanent Placements / Temporary Billings

50.0 = no-change



Sources: KPMG, REC, IHS Markit

rise in temp billings.

Job vacancies fall at quicker rate

November survey data revealed a second successive monthly drop in overall demand for staff across the UK. The rate of deterioration was solid, and driven by a steep decline in permanent vacancies. In contrast, demand for temporary staff rose for the fourth month in a row, albeit at a softer rate than in October.

Candidate numbers continue to rise rapidly

The availability of both permanent and temporary staff continued to rise at historically sharp rates in November. This was despite rates of growth easing from the previous survey period. Greater candidate supply was frequently linked to redundancies stemming from the pandemic as well as employees seeking new roles due to fears of further layoffs.

Starting pay remains on a downward trend

Permanent starters' salaries declined again in November, with the rate of contraction being solid overall. Temp pay also declined, albeit modestly. Recruiters generally linked lower rates of pay to a substantial increase in candidate availability and relatively muted demand for workers.

Regional and Sector Variations

Permanent placements fell across all four monitored English regions in November. The steepest reduction was seen in London, while the softest was recorded in the South of England.

All four monitored English regions except London registered higher temp billings midway through the fourth quarter. The Midlands noted the fastest expansion, though rates of growth were also marked in the North and South of England.

November survey data signalled a renewed and solid fall in permanent private sector vacancies. At the same time, growth of temporary roles in the private sector was the weakest for four months. In the public sector, permanent positions also fell, with the rate of contraction sharp overall, while demand for short-term staff rose modestly.

Only two of the ten monitored job categories registered higher demand for permanent workers in November, namely IT & Computing and Engineering. The worst performers were Hotel & Catering and Retail, which have been heavily hit by restrictions.

Higher demand for temporary workers was seen in half of the ten monitored job categories in November, led by Blue Collar. Meanwhile, Hotel & Catering and Retail were at the bottom of the rankings, recording marked declines in short-term vacancies.

Comments

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

“The continual reluctance to recruit permanent staff and a further marked increase in people available for work, leaves the UK jobs market teetering on a precipice.

“However, looking ahead, there is reason for optimism with the welcome vaccine news, although challenges remain as the recent lockdown, new tier system and impending Brexit means it will be a long road back to the UK jobs market seen pre-Covid.

“While the extension of the furlough scheme may give the Government some breathing space, it needs to continue to support UK business and offer jobseekers the means to retrain and upskill, helping the recovery in jobs and reviving the UK’s productivity growth.”

Neil Carberry, Chief Executive of the REC, said:

“With lockdown measures in place in England last month, the slowdown in both demand for and placements of permanent staff is unsurprising – although the scale of it is much smaller than earlier in the year. Feedback from REC members indicates that employers are still looking to hire, with a lot of demand for permanent staff displaced to January as firms hope the COVID crisis is easing. For now though, temporary work continues to help businesses operate and people find jobs – some positive news as we head towards Christmas.

“With the vaccine on the way, we must remember not to get complacent – many firms will still need support in the coming months as the economy gradually recovers. This goes for workers too and, as recruiters are the jobs experts, an even closer partnership with the industry will help Government bring people back into work through JobCentres and the Restart scheme.”

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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

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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