Hiring activity increases in August, led by steep rise in temp billings

Key findings
- Permanent placements and temp billings return to growth
- Substantial increase in candidate supply amid redundancies
- Starting salaries and wages continue to decline

Summary
The latest KPMG and REC, UK Report on Jobs survey signalled a renewed upturn in hiring activity in August as more parts of the economy reopened following the coronavirus disease 2019 (COVID-19) outbreak. Although permanent placements rose only slightly, temp billings expanded at the quickest rate for 20 months.

The availability of candidates meanwhile rose at the second-steepest rate in over two-decades of data collection amid reports of widespread redundancies. At the same time, vacancy trends remained subdued, with overall demand for staff falling further in August. Consequently, recruiters signalled further drops in 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.

Recruitment activity picks up in August
August’s survey showed a renewed increase in hiring activity following the relaxation of public health measures and reopening of the UK economy after the coronavirus disease 2019 (COVID-19) outbreak. Permanent placements rose only marginally overall, but temp billings expanded at the steepest rate since December 2018.

Candidate availability continues to rise sharply...
The overall availability of workers continued to expand at a historically sharp rate in August. Notably, the rate of growth was the second-sharpest on record (after December 2008). Recruiters frequently mentioned that company lay-offs had raised candidate numbers, with both permanent and temporary worker supply rising markedly.

...maintaining downwards pressure on pay
Recruiters indicated that increased worker availability and muted demand for staff continued to weigh on starting pay in August. However, both starting salaries and temporary wages declined at weaker rates compared with those seen in the previous four months.

Overall demand for staff remains weak
Overall vacancies fell for the sixth month running in August, with the rate of decrease quickening slightly since July. Underlying data highlighted divergent trends, with permanent staff demand deteriorating sharply, while short-term vacancies stabilised.

Regional and Sector Variations
Regional data highlighted divergent trends, with permanent staff appointments rising in the South of

All monitored English regions bar London recorded higher temp billings in August. The steepest increase was seen in the South of England.

Private sector vacancy trends diverged in August, with a solid rise in demand for temporary workers contrasting with a further fall in permanent vacancies. Demand for staff continued to decline across the public sector. The reduction in permanent vacancies was much quicker than that seen for short-term roles.

All ten monitored sectors recorded lower demand for permanent staff in August bar Nursing/Medical/Care. Retail continued to record the steepest drop in vacancies, followed by Hotel & Catering.

Temporary vacancies increased across three of the ten monitored sectors during August, with Blue Collar seeing the strongest rate of expansion. Meanwhile, Executive/Professional and Retail saw the quickest falls in demand for short-term staff.

Comments

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

“It’s positive to see an uptick in hiring activity, particularly for temporary staff, which could mark a turning point with businesses appearing more willing and able to hire as more parts of the UK economy reopen.

“But with total candidate availability rising at a near-record pace, strong and sustained rises are needed to move the UK jobs market back to levels seen pre-COVID – and with concerns around a possible second wave of infections, the winding down of the furlough scheme and a Brexit deal outcome, there are still many challenges ahead.

“This paves the way for government to not only provide short-term support but also to 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:

“A return to growth on permanent placements and temporary billings is good news – though it is also expected, given we are comparing activity now with the lockdown. Temporary work is critical in any recovery - businesses turn to temps to help them ramp up and meet demand while the future looks uncertain. At the same time, it enables people to find work quickly. Past recessions show that temporary work bounces back more quickly – it is one of our jobs market’s biggest strengths and that’s really showing now.

“Slower growth in permanent staff appointments is concerning. It reflects the uncertainty businesses face about what will happen over coming months with the pandemic and Brexit. Government can take action to address this – by focussing on getting a trade deal in place and supporting businesses to keep people employed. A reduction to employers’ National Insurance Contributions, and greater flexibility on skills support would both help firms to maintain jobs and hire more people.”
News Release

Contact

KPMG
Gill Carson
+44 (0) 7768 635843
gill.carson@kpmg.co.uk

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

REC
Ciaran Price
PR Manager
+44 (0)20 7009 2192
ciaran.price@rec.uk.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.

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. KPMG is a global network of professional firms providing Audit, Tax, Legal and Advisory services. It operates in 154 countries and has 200,000 professionals 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.

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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.
News Release

Disclaimer

The intellectual property rights to these data are owned by or licensed to IHS Markit and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit’s prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.