

Embargoed until 0101 (UK) 8 July 2020

# KPMG AND REC, UK REPORT ON JOBS

## Downturn in recruitment activity eases in June

### Key findings

- Softer, but still steep, falls in permanent placements and temp billings
- Quickest rise in staff supply since start of 2009
- Starting pay continues to fall as vacancies decline further

Data collected June 12-24

### Summary

The latest **KPMG and REC, UK Report on Jobs** survey indicated a further drop in hiring activity during June as clients continued to freeze or cut back on their recruitment plans due to the coronavirus disease 2019 (COVID-19) pandemic. That said, both permanent placements and temp billings fell at notably softer rates than in April and May. Demand for staff also fell at a weaker, albeit still marked, rate.

However, redundancies and furloughed workers led to the steepest increase in labour supply since January 2009, with temp candidate numbers rising at a record pace. This, combined with subdued demand for staff, added further downward pressure on pay.

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

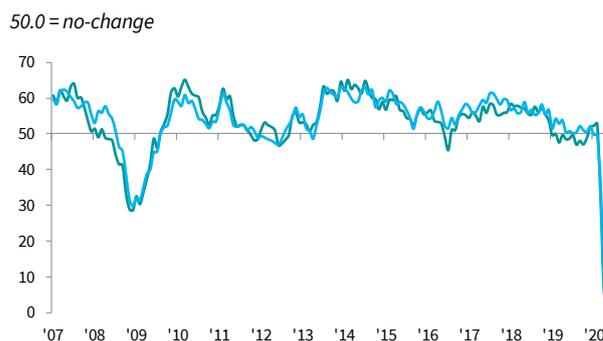
#### Softer fall in overall recruitment activity

Recruitment consultancies signalled a softer decline in hiring activity at the end of the second quarter. Permanent staff placements and temporary billings both fell at notably weaker rates than in April and May when the COVID-19 pandemic was at its most severe. That said, rates of contraction remained sharp amid reports that clients continued to either pause or cancel recruitment plans.

#### Steepest rise in staff supply since global financial crisis

The availability of workers rose at the quickest rate

### Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

since January 2009 in June. There were widespread reports of staff supply increasing due to redundancies and workers who were on furlough and seeking new roles. Substantial increases were signalled for both permanent and temporary staff numbers, with the latter rising at the quickest rate in the survey's 23-year history.

#### Downward pressure on pay

Starting pay for both permanent and short-term staff fell further in June as demand for workers remained weak and labour supply continued to increase. Though not as severe as in May, rates of reduction remained sharp for both starting salaries and temp wages.

#### Vacancies decline at weaker, but still sharp, rate

Demand for staff remained historically weak during June, despite the decline in overall vacancies easing further from April's record pace. While permanent staff vacancies continued to contract at a faster pace than seen for temporary roles, rates of decline were substantial in both cases.

#### Regional and Sector Variations

On a regional basis, permanent staff appointments fell markedly across each of the four monitored English regions. The steepest reduction was seen in London, while the softest was in the Midlands.

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The steepest decline in temp billings was seen in London, while the Midlands saw the slowest reduction. Nonetheless, rates of decrease remained sharp across all four monitored English regions.

June data showed softer, but still sharp, decreases in demand for staff in both the private and public sectors. Permanent vacancies continued to decline at a steeper rate in the private sector compared to the public sector. In contrast, demand for short-term workers deteriorated at a quicker pace in the public sector.

Demand for permanent staff fell across each of the ten monitored job categories during June. Nursing/Medical/Care noted the softest rate of decline. Meanwhile, the steepest drops in vacancies were seen in Hotel & Catering and Retail.

Blue Collar was the only monitored category to register higher demand for temporary staff in June, though the rate of vacancy growth was only modest. The steepest reduction in demand for short-term workers was meanwhile seen in Hotel & Catering.

## Comments

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

*“Despite an inevitable further drop in hiring activity for permanent and temporary staff, it is encouraging to see they both fell at softer rates than seen in April and May.*

*“However, the air of uncertainty around the COVID-19 pandemic will linger – and rebuilding confidence in the UK jobs market will take time.*

*“All eyes will be on the Chancellor’s fiscal statement today, with job seekers hoping to see a focus on skills and retraining. While UK business will welcome further support packages so they can start to ramp up as lockdown eases, and recovery gets underway.”*

Neil Carberry, Chief Executive of the REC, said:

*“While there are signs that the worst declines are behind us, today’s figures show that it will be a while yet before we see job placements growing month on month. That’s no surprise, as businesses are focusing on bringing furloughed staff back to work, or making redundancies where they cannot be avoided. Recruiters will be key to helping those who lose their roles find new work – there are always vacancies out there for jobseekers, though they are at a lower level than normal right now.*

*“This is now a jobs crisis. Rishi Sunak should use today’s Summer Statement to boost job creation, with a cut in National Insurance designed to retain jobs and boost hiring. Action on skills will also be vital to getting people into growing sectors – including a more flexible approach to levy-funded training.”*

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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 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](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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