

KPMG AND REC, UK REPORT ON JOBS

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

KEY DATA

Permanent Placements Index



Temporary Billings Index



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.

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.”

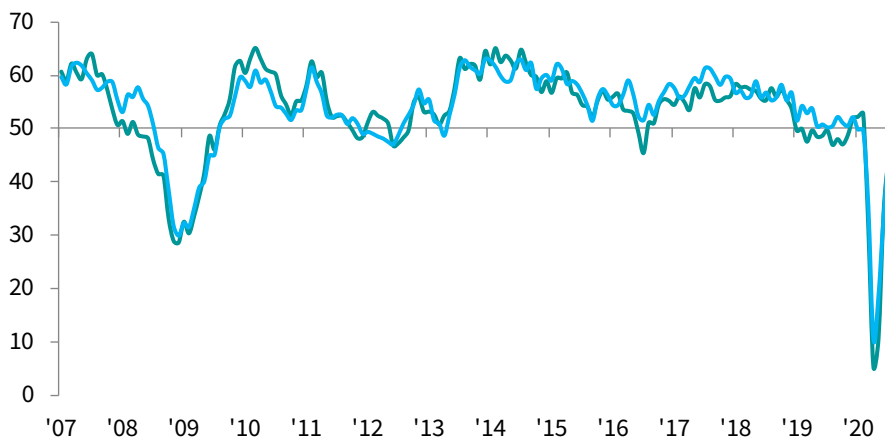
Neil Carberry, Chief Executive of the REC, said:

“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.”

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



CONTENTS

- 1 Executive summary
- 2 Staff appointments
- 3 Vacancies
- 4 Vacancies by sector
- 5 Staff availability
- 6 Demand for skills
- 7 Pay pressures
- 8 Special feature
- 9 Further information

1 EXECUTIVE SUMMARY

The Report on Jobs is unique in providing the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies and employers to provide the first indication each month of labour market trends.

The main findings for August are:

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

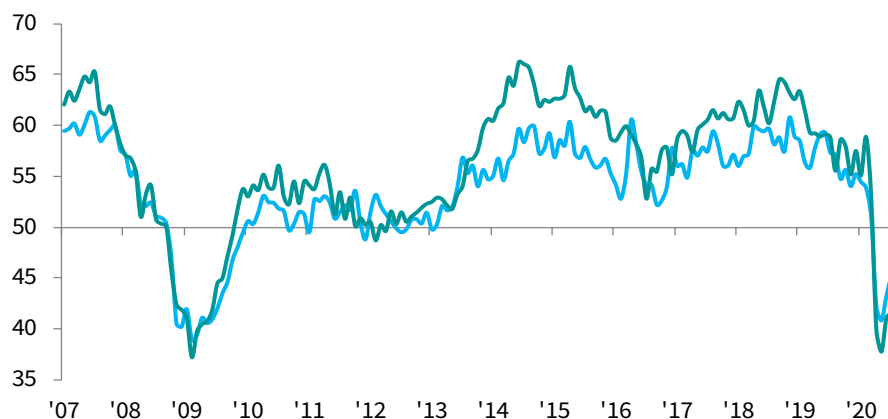
Recruiters indicated that increased worker availability and muted demand for staff continued to weigh on starting pay in August. However, both starting salaries and temporary wages declined at weaker rates compared with those seen in the previous four months.

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.

Permanent Salaries Index / Temporary Wages Index

sa, >50 = inflation since previous month

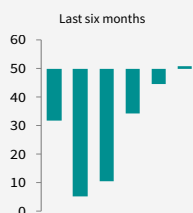


2 STAFF APPOINTMENTS

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

An index reading above 50 signals a higher number of placements/billings than the previous month. Readings below 50 signal a decline compared with the previous month.

Permanent Placements Index



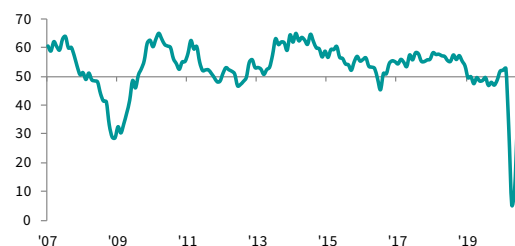
Permanent placements increase for the first time in six months

UK recruitment consultancies signalled the first increase in permanent staff appointments for six months in August. Though only slight, the upturn was a marked improvement on the severe drops seen in prior months when the COVID-19 outbreak led many firms to cancel or delay staff hiring. According to anecdotal evidence, the relaxation of public health measures and reopening of the economy had supported the increase in permanent placements. That said, there were still reports that demand remained relatively subdued due to uncertainty over the pandemic and the economic outlook.

Regional data highlighted divergent trends, with permanent staff appointments rising in the South of England and the Midlands, but declining in the North of England and London.

Permanent Placements Index

sa, >50 = growth since previous month

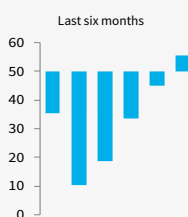


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Mar '20	31.7	20.3	32.0	35.1	35.3
Apr '20	5.3	5.2	5.8	4.7	2.4
May '20	10.5	7.1	11.8	16.6	6.7
Jun '20	34.3	30.3	33.7	42.6	31.7
Jul '20	44.7	41.5	44.6	48.3	42.8
Aug '20	50.9	45.8	56.6	52.9	47.4

Temporary Billings Index



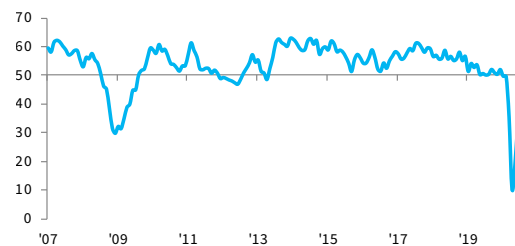
Temp billings rise at quickest rate since December 2018

Latest data signalled that billings received from the employment of temporary workers increased during August, thereby ending a seven-month period of decline. Furthermore, the rate of growth was the sharpest recorded since December 2018. Recruiters that registered higher temp billings frequently mentioned that demand for workers had increased due to an easing of lockdown measures and return to more normal market conditions. However, the COVID-19 pandemic was still cited as having weighed on hiring decisions at some firms.

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

Temporary Billings Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Mar '20	35.6	27.2	36.1	33.9	40.1
Apr '20	10.4	9.5	11.0	5.5	15.5
May '20	18.6	16.7	16.4	19.1	22.4
Jun '20	33.5	24.2	32.9	41.7	38.2
Jul '20	45.1	42.5	41.4	52.5	50.4
Aug '20	55.6	46.4	60.8	60.5	54.3

3 VACANCIES

Recruitment consultants are asked to specify whether the demand for staff from employers has changed on the previous month, thereby providing an indicator of the number of job vacancies.



Demand for staff remains subdued

The Total Vacancies Index slipped from 43.4 in July to 42.8 in August, to signal a further drop in overall demand for staff. The rate of reduction was sharp overall, but remained much weaker than those recorded throughout the second quarter at the peak of the pandemic.

Permanent and temporary vacancies

Latest vacancies data showed a further marked drop in demand for permanent staff during August, with the rate of decline accelerating slightly since July.

Temporary vacancies meanwhile stabilised midway through the third quarter, which ended a five-month sequence of contraction.

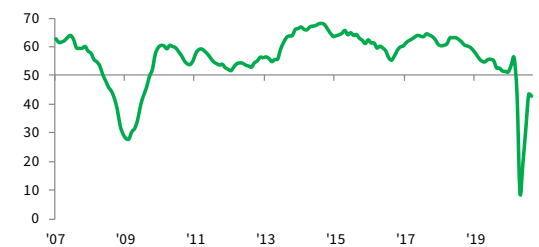
Public & private sector vacancies

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.

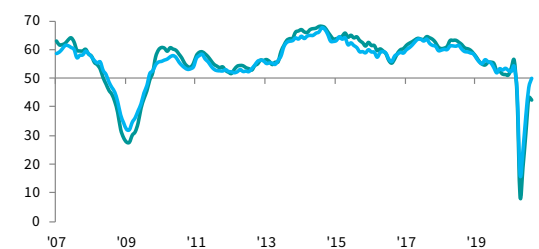
Total Vacancies Index

sa, >50 = growth since previous month



Permanent / Temporary

sa, >50 = growth since previous month



Vacancy Index summary

sa, >50 = growth since previous month. *Not seasonally adjusted.

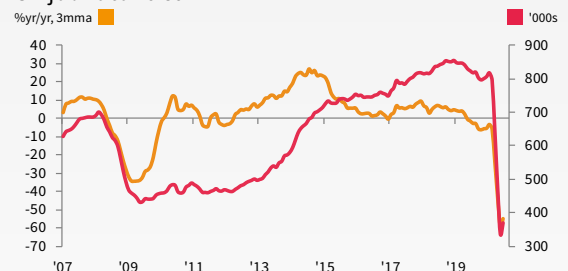
	Permanent				Temporary		
	Total	Total	Private*	Public*	Total	Private*	Public*
Mar '20	43.6	43.5	42.7	47.8	45.4	44.4	50.5
Apr '20	9.3	9.0	2.9	14.7	16.4	8.0	24.6
May '20	19.3	19.0	18.6	21.1	24.8	23.7	29.9
Jun '20	31.2	30.9	29.3	33.3	36.9	38.2	35.3
Jul '20	43.4	43.2	43.9	39.9	46.8	47.3	44.2
Aug '20	42.8	42.4	49.0	41.9	50.0	54.5	49.5

OFFICIAL DATA: UK JOB VACANCIES

Labour market data from the Office for National Statistics (ONS) showed a further steep decline in overall UK job vacancies in the three months to July. Vacancies fell -55.1% on an annual basis during the latest three-month period. Consequently, the total number of vacancies held close to a record low at 370,000.

The marked deterioration in the official vacancies data corroborates with the advance signals provided by the Report on Jobs survey, which has registered a marked drop in demand for staff since the onset of the COVID-19 crisis.

UK job vacancies



Source: Office for National Statistics.

4 VACANCIES BY SECTOR

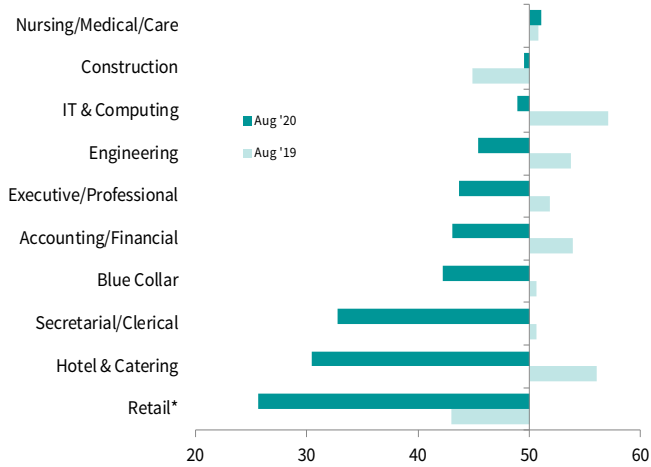
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

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.

Permanent Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

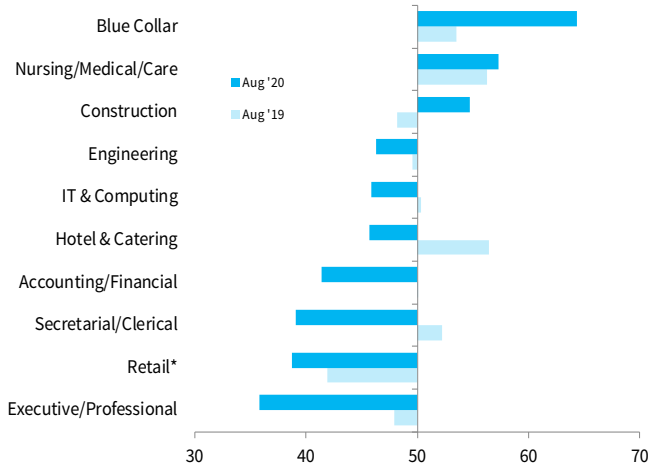


Temporary vacancies

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.

Temporary Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

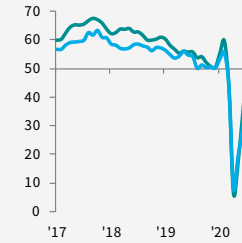


VACANCY INDEX BY SECTOR

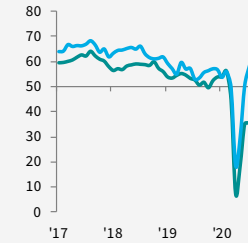
sa, >50 = growth since previous month

Permanent / Temporary

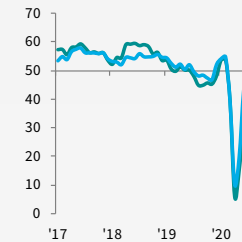
Accounting & Financial



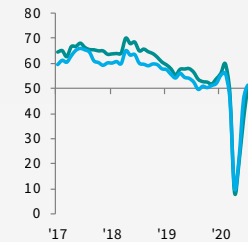
Blue Collar



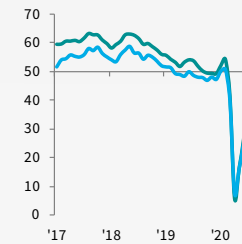
Construction



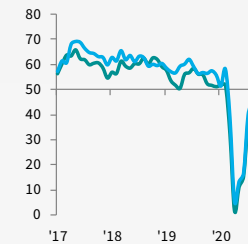
Engineering



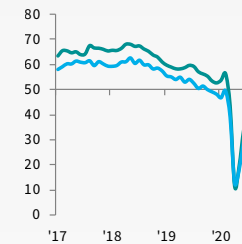
Executive & Professional



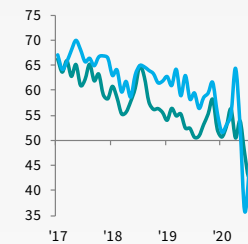
Hotels & Catering



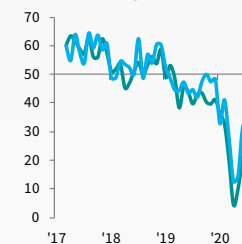
IT & Computing



Nursing, Medical & Care



Retail (unadjusted)



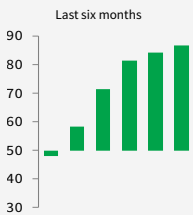
Secretarial & Clerical



5 STAFF AVAILABILITY

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month. An overall indicator of staff availability is also calculated.

Total Staff Availability Index



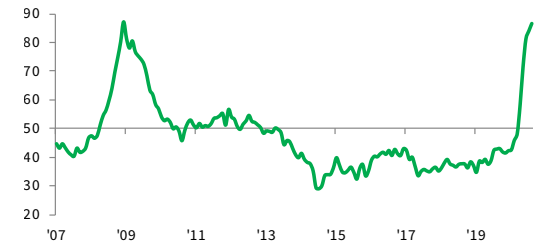
Overall candidate availability expands at accelerated rate

Total staff availability rose at a substantial and accelerated rate during August. Furthermore, the rate of increase was the second-sharpest in nearly 23 years of data collection, exceeded only by that recorded in December 2008.

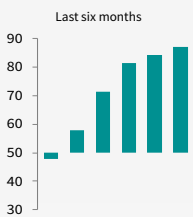
The marked rise in staff supply was driven by historically steep increases in both permanent and temporary labour.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



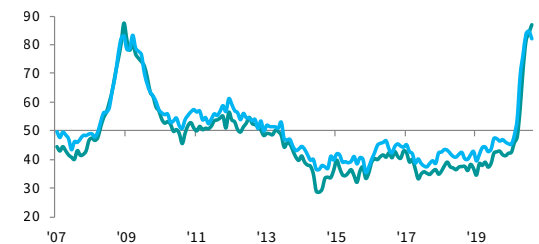
Sharpest rise in permanent labour supply since December 2008

UK recruitment agencies signalled a further increase in permanent candidate numbers during August. Notably, the rate of growth accelerated for the fourth month running, and was the second-quickest since data collection began in 1997 (after December 2008). According to panel members, redundancies stemming from the pandemic and subsequent drop in economic activity was the main factor driving up permanent staff supply. There were also reports of staff who were placed on furlough seeking new roles.

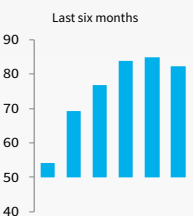
Permanent candidate numbers rose substantially across all four monitored English regions.

Permanent / Temporary

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Temp staff numbers expand at near-record pace

The availability of temporary workers continued to rise at a historically sharp rate in August. This was highlighted by the respective seasonally adjusted index holding close to July's record high. Recruiters that registered higher short-term staff supply frequently cited company layoffs amid the ongoing COVID-19 pandemic.

The steepest increase in temporary candidate numbers was seen in London, though all other three monitored regions also recorded sharp rates of growth.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Mar '20	47.8	48.1	46.4	48.9	52.7
Apr '20	57.7	55.0	57.3	62.1	61.9
May '20	71.2	64.6	72.0	82.4	71.2
Jun '20	81.2	77.3	82.5	84.9	85.4
Jul '20	84.0	83.0	84.6	91.6	84.2
Aug '20	86.8	85.5	89.0	85.0	89.4

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Mar '20	54.3	58.9	53.4	45.7	59.1
Apr '20	69.3	68.5	70.3	67.3	71.8
May '20	76.7	74.5	80.3	80.3	74.1
Jun '20	83.9	79.5	84.2	85.7	81.0
Jul '20	85.0	87.4	90.1	87.1	73.9
Aug '20	82.3	85.4	82.2	78.0	83.3

6 DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages during the latest month.

Skills in short supply: Permanent staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Estimators Finance Financial Controllers Financial Planners Investment Risk Tax professionals Taxation	Hotel & Catering Chefs IT/Computing Agile Project Manager Analysts BI C# Cyber Security Data Scientists Database Developers Developers Digital IT Java Software Engineers Technology
Blue Collar Drivers Forklift Drivers LGV Drivers Manufacturing Mechanics Welders	Nursing/Medical/Care Carers Health Care Assistants Nurses Social Workers
Construction Architectural Tech Building Service Engineers Construction Labourers Quantity Surveyors	Secretarial/Clerical Administration Secretary
Engineering Engineers Senior Electronic Engineers System Engineers	Other All Types of Candidates Call Centre Sales Skilled Telesales
Executive/Professional Compliance Digital Marketing Directors Human Resources Legal Management Project Managers Scientists Solicitors	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Finance Payroll Taxation	IT/Computing C# Data Scientists Database Developers Developers IT Programmers Technology
Blue Collar Blue Collar Decorators Drivers Factory Forklift Drivers HGV Drivers Industrials LGV Drivers Manufacturing Warehouse Welders	Nursing/Medical/Care Carers Doctors Health Care Assistants Nurses Social Workers
Construction Construction Dryliners Labourers	Secretarial/Clerical Administration Office Staff Receptionist
Engineering Design Engineers Engineers System Engineers	Other All Types of Candidates Call Centre Skilled Telesales
Executive/Professional Compliance Human Resources Legal Project Managers Scientists Solicitors	
Hotel & Catering Kitchen Porters	

Skills in excess supply: Permanent staff

Accounting/Financial Accountants Book Keepers Credit Controllers Finance Finance Directors Financial Controllers	Marketing Project Managers Recruitment Consultants Hotel/Catering Catering Chefs Hospitality IT/Computing Analysts IT Media	Office Staff Personal Assistant Secretary Other All Types of Candidates Aviation Customer Service Graduates Juniors Logistics Operations Sales School Leavers Unskilled
Blue Collar Production Site Managers Warehouse	Nursing/Medical/Care Carers Support Workers	
Engineering Design Engineers	Retail Retail Sales Staff	
Executive/Professional Business Development Managers Directors Executives Human Resources Management	Secretarial/Clerical Administration	

Skills in excess supply: Temporary staff

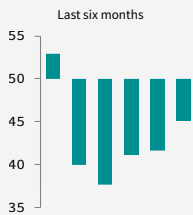
Accounting/Financial Accountants Credit Controllers	Nursing/Medical/Care Carers Support Workers
Blue Collar Blue Collar Electricians Scaffolders Site Managers Warehouse	Retail Retail
Construction Labourers	Secretarial/Clerical Administration Clerical Office Staff Personal Assistant Receptionist
Executive/Professional Management Project Managers	Other All Types of Candidates Customer Service Graduates Logistics Operations Students Unskilled White Collar
Hotel/Catering Hospitality	
IT & Computing Analysts Programmers	

Note : Skills can be reported as being both in short supply and excess supply as we survey various recruitment agencies across the country, so there is geographical variation as well as the possibility of candidates with particular skills being concentrated in certain areas.

7 PAY PRESSURES

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index

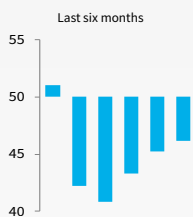


Softer reduction in starting salaries in August

Salaries awarded to newly-placed permanent staff fell again during August. Though solid, the rate of reduction was the slowest in the current five-month sequence of decline. Recruiters often mentioned that subdued demand for staff along with greater candidate availability had dampened pay trends. There were also reports of clients having budgets cut due to the ongoing pandemic.

All four monitored English regions recorded lower starting salaries in August, led by London.

Temporary Wages Index



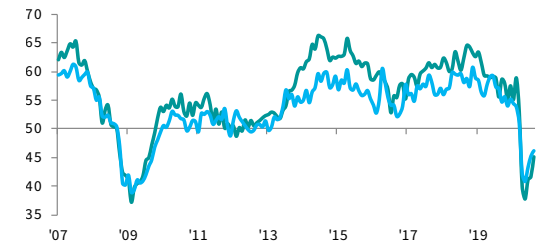
Temp pay falls at weakest rate for five months

The downturn in temp pay eased further in August, with the latest reduction the softest since the current period of decline began in April. Nonetheless, the respective index remained much lower than the series average and indicated a solid fall overall. Panellists indicated that the pandemic and subdued market conditions had driven down rates of pay.

The quickest drop in average hourly wages was seen in London, while the softest was in the South of England.

Permanent Salaries / Temporary Wages

sa, >50 = inflation since previous month



Permanent Salaries Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Mar '20	52.9	53.5	51.1	54.5	52.3
Apr '20	39.9	35.5	41.3	38.3	41.5
May '20	37.7	33.3	35.8	41.8	42.7
Jun '20	41.1	40.1	39.4	45.0	42.0
Jul '20	41.6	35.3	41.9	48.8	41.2
Aug '20	45.1	43.6	45.8	44.6	47.3

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Mar '20	51.0	49.0	52.2	51.1	48.4
Apr '20	42.2	37.6	42.7	39.3	45.6
May '20	40.8	36.6	41.9	44.4	42.4
Jun '20	43.3	36.8	44.6	47.0	44.4
Jul '20	45.2	40.2	47.3	47.3	43.3
Aug '20	46.2	42.6	48.5	46.2	46.4

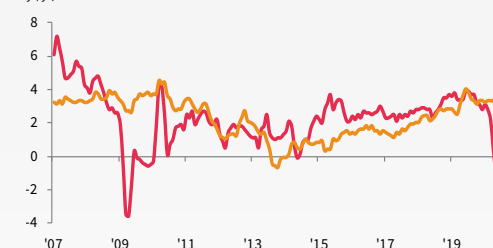
OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics showed that employee earnings (including bonuses) declined by -1.2% on an annual basis in the three months to June. This was quicker than the -0.3% drop seen in the previous three-month period and marked the fastest rate of contraction since the three months to April 2009.

The drop in earnings was driven by reduced private sector pay, which fell by 2.4% over the second quarter compared to a year ago. Meanwhile, earnings growth across the public sector strengthened to 4.1%.

UK average weekly earnings (private / public)

%yr/yr, 3mma



Source: Office for National Statistics.

8 SPECIAL FEATURE

This section features data from the Recruitment and Employment Confederation

TEMPORARY LABOUR MARKET HELPING TO KICK-START RECOVERY

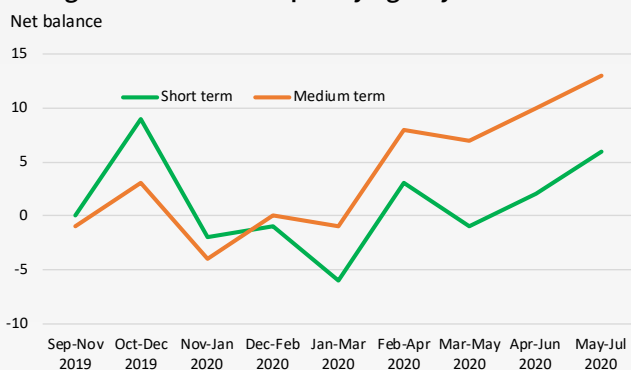
While times are still tough, with the economy continuing to open up slowly, there are encouraging signs of recovery after COVID-19. And activity has started to increase in the labour market as part of that – especially for temporary staffing.

Our latest JobsOutlook survey shows that things have started to improve in a number of different ways, and the most important of those is confidence. While confidence levels are still low, they have been rising since the record lows of April and May. Between March and July, employers’ confidence in the UK economy improved by 22 percentage points, while their confidence in their ability to make hiring and investment decisions rose by 25 percentage points.

The same is true of hiring intentions. In April and May, more businesses were expecting to decrease their staffing levels than increase them. Those are now back in positive territory again, and employers expect to be taking on new staff in the coming months. In May-July, intentions to hire permanent staff in the short term reached net: +5. The number of online job adverts has also been steadily increasing, and in the last week of August, there were 1.12 million adverts active in the UK.

Recruiters have been telling us that they expected the temporary staffing market to rebound quicker than for permanent staff, and interestingly, that is starting to be reflected in our employer survey too. In the three months to July, employers’ intentions to hire temporary agency workers in the short term were at net: +6, the highest level since October-December 2019. It is also the first time that businesses have been more positive about hiring agency workers than permanent staff since mid-2018.

Hiring intentions for temporary agency workers



Source: REC.

This trend can be seen in the roles that are being advertised as well. Over the past several weeks we have seen significant rises in job adverts for blue collar roles such as LGV drivers, as well as construction workers and skilled trades like carpenters, bricklayers and roofers. These are roles where temporary work is relatively common. Meanwhile, the number of job postings for white collar professionals, who are more likely to be in permanent positions, have been much slower to recover.

In times of crisis, the UK’s flexible jobs market has been one of its greatest assets, ensuring that workers and businesses have options. Temporary work becomes increasingly important for businesses in the recovery period after a crisis – it allows them to create jobs sooner, bring in the skills they need quickly and adapt to a rapidly-changing environment. In the three months to July, two-thirds (67%) of employers said that temporary agency workers were important for short-term access to key skills, up from 53% in the three months to March, before the pandemic hit.

Previous REC research has also shown that temporary roles are important for workers. Two in five Brits have done temporary, contract or freelance work during their life, and the vast majority do this by choice. Many do it as a quick way to find work and earn money, while others use it as a stepping stone into a permanent role.

Temporary work is a vital asset for businesses and workers in the UK, and it will play an important role as the UK strives to bounce back.

CONTACT

KPMG

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

REC

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

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

IHS Markit

Annabel Fiddes
Associate Director
+44 149 146 1010
annabel.fiddes@ihsmarkit.com

Katherine Smith
Public Relations
T: +1 781 301 9311
katherine.smith@ihsmarkit.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.

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.

ihsmarkit.com/products/pmi.html

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 22 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, and Advisory services. It operates in 147 countries and territories and has more than 219,000 people 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.

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.