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# KPMG AND REC, UK REPORT ON JOBS

## Stronger increase in recruitment activity as more parts of the economy reopen

### Key findings

- Permanent placements and temp billings both rise sharply
- Vacancies expand for first time since February, albeit marginally
- Redundancies drive a further rapid rise in candidate numbers

Data collected September 11-24

### Summary

A further recovery in hiring activity was seen during September, according to the latest **KPMG and REC, UK Report on Jobs** survey, with both permanent placements and temp billings rising at steeper rates. Panel members indicated that the easing of lockdown measures to contain the coronavirus disease 2019 (COVID-19) outbreak had led clients to take on more staff. At the same time, overall vacancies rose for the first time since February, albeit only slightly.

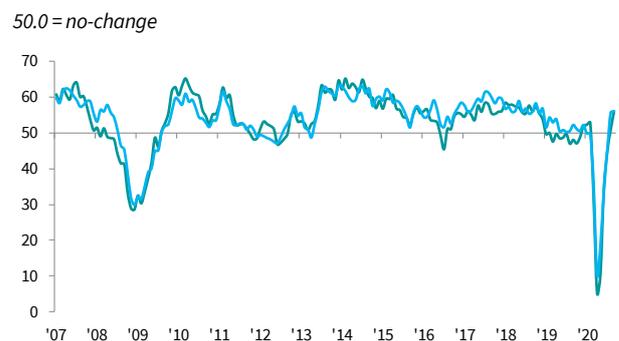
Nonetheless, redundancies stemming from the pandemic led to a further substantial increase in staff supply, which dampened pay trends for both permanent and temporary workers.

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

#### Hiring activity rises sharply in September

UK recruitment consultancies signalled a further increase in overall recruitment activity during September. Notably, permanent placement growth was the strongest for nearly two years, while temp billings expanded at the quickest rate since the end of 2018. The upturns were widely linked to the reopening of the UK economy and the recommencement of projects following the easing of coronavirus disease 2019 (COVID-19) lockdown measures.

### Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

#### Slight improvement in demand for staff

September data pointed to the first increase in overall vacancies since February, albeit marginal. The expansion was supported by a renewed rise in demand for permanent workers and a solid increase in temporary vacancies.

#### Supply of workers continues to expand rapidly

Total candidate availability continued to rise at a substantial pace in September, despite the rate of growth easing from August's near-record high. Underlying data showed that both permanent and temporary staff supply rose at softer, but still historically sharp, rates. Higher candidate numbers were widely linked to ongoing redundancies.

#### Starting pay remains on downward trend

Starting salaries awarded to permanent workers continued to fall solidly in September, with the rate of decline accelerating slightly since August. Meanwhile, temp wages fell only modestly. In both cases, rising candidate numbers, subdued demand for workers and greater pressure on clients' budgets were linked to reduced pay.

#### Regional and Sector Variations

Permanent staff appointments rose across all four monitored English regions bar London. The steepest

rate of growth was recorded in the Midlands.

The Midlands recorded the fastest increase in temp billings, followed by the North of England. London was the only monitored English region to register a decline during September, albeit marginal.

Latest data pointed to an increase in vacancies across the private sector during September. Temporary vacancies expanded sharply overall, while permanent roles rose for the first time since February. In the public sector, temporary vacancies rose for the first time in six months, albeit modestly. Meanwhile, permanent roles continued to decline.

Six of the ten monitored job categories noted higher permanent vacancies in September. IT & Computing topped the rankings, and saw a sharp rise in demand overall. Retail and Hotel & Catering saw the most marked drops in permanent vacancies.

Blue Collar saw by far the sharpest increase in temporary vacancies of all ten monitored job categories during September. Steep rises were also signalled for Construction and Engineering roles. The quickest drop in temp staff demand was seen in Retail.

## Comments

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

*“While it’s encouraging to see a further recovery in hiring activity and that growth in permanent staff appointments was the strongest for almost two years, it’s concerning to see another rapid rise in total candidate availability.”*

*“With increasing unease over what will happen in the coming months with the pandemic, Brexit and with the end of the furlough scheme in sight, the uncertainty for UK business is not going to dissipate anytime soon.”*

*“The Government has got challenging times ahead to continue to offer adequate support to business, opportunities for jobs seekers to upskill while helping instil confidence in the UK workforce.”*

Neil Carberry, Chief Executive of the REC, said:

*“Growing permanent placements and temp billings in September confirm the positive trend recruiters around the country have been reporting to the REC. Given the scale of falls in demand during the lockdown, we would expect a return to positive territory at this stage as demand for staff recovers. But it is great to see it happen. Across the country, the story varies between sectors, but today’s survey emphasises the fact that the labour market is always creating roles – our challenge is to help people to find them. That’s where the UK’s world-leading recruitment sector comes in.”*

*“Recruiters are experts on where opportunities lie, and at supporting people to get those new jobs. We have a huge part to play in getting the economy moving again and Government schemes need to leverage the skills we have to offer.”*

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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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