



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

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:

“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.”

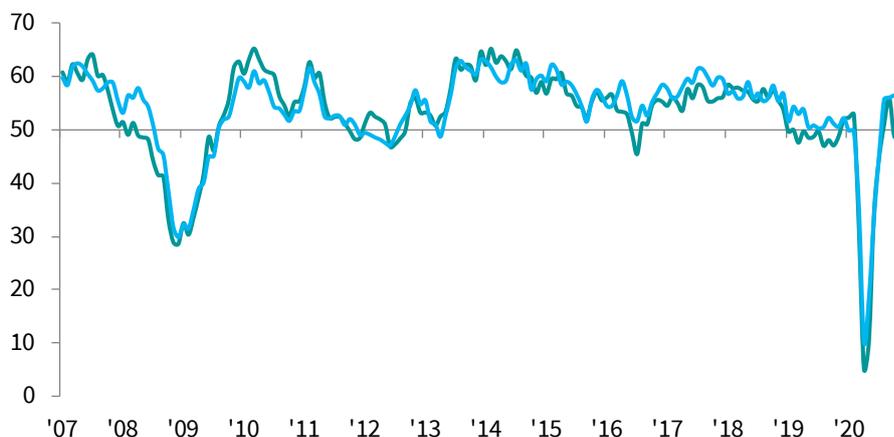
Neil Carberry, Chief Executive of the REC, said:

“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.”

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



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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 November are:

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 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

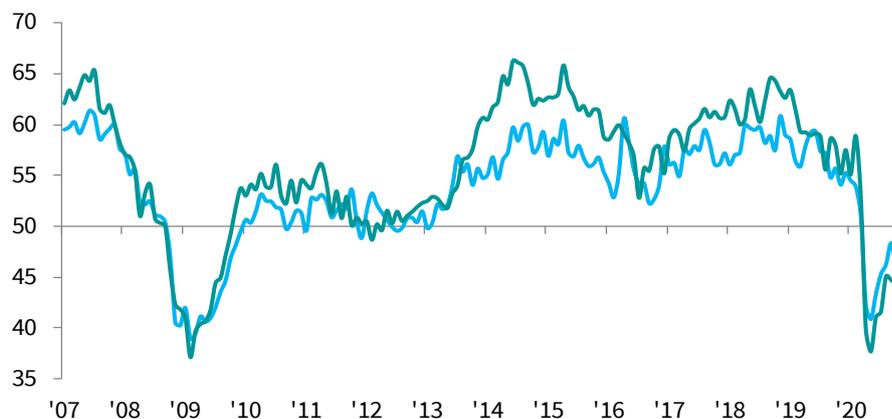
The availability of both permanent and temporary staff continued to rise at historically sharp rates in November. This was despite rates of growth easing from the previous survey period. Greater candidate supply was frequently linked to redundancies stemming from the pandemic as well as employees seeking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

Permanent Salaries Index / Temporary Wages Index

sa, >50 = inflation since previous month

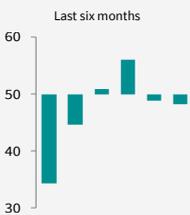


2 STAFF APPOINTMENTS

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



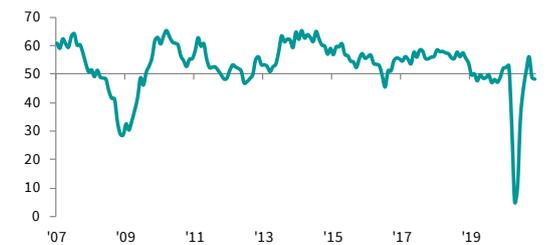
Permanent placements fall for second month running

November survey data revealed that permanent staff appointments across the UK fell for the second consecutive month. The rate of reduction quickened since October, but remained modest overall and much softer than those seen during the height of the pandemic. Recruiters frequently linked the decline to the COVID-19 pandemic, renewed lockdown measures and uncertainty over the outlook, which in turn led clients to cancel or delay recruitment plans.

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.

Permanent Placements Index

sa, >50 = growth since previous month

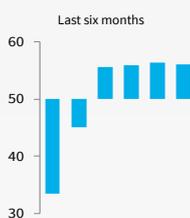


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
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
Sep '20	56.0	48.8	58.0	59.1	54.6
Oct '20	48.8	42.0	46.6	55.6	52.6
Nov '20	48.2	46.2	49.5	48.0	49.2

Temporary Billings Index



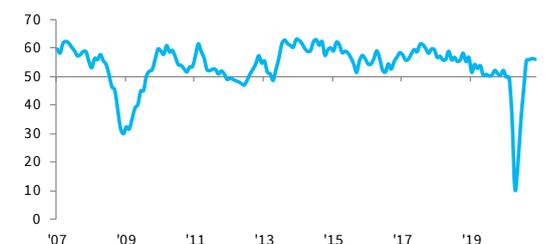
Growth of temp billings remains marked in November

Recruitment consultancies in the UK recorded a further rise in billings received from the employment of temporary staff in November, thereby stretching the current sequence of expansion to four months. The rate of increase remained sharp, despite easing from October's 22-month record. Higher temp billings were often attributed to a gradual increase in market activity, new projects and greater demand for short-term staff. Nonetheless, there were still reports that the pandemic and renewed lockdown measures had limited overall growth.

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.

Temporary Billings Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
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
Sep '20	56.0	49.6	56.1	60.2	56.9
Oct '20	56.4	46.1	55.5	61.0	60.8
Nov '20	56.1	45.9	56.0	62.3	59.6

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.



Solid drop in overall vacancies

At 47.0 in November, the Total Vacancies Index fell from 47.9 in October, signalling back-to-back monthly declines in total demand for staff. The rate of reduction was solid, albeit much slower than those seen earlier in the year at the height of the pandemic.

Permanent and temporary vacancies

Underlying data showed divergent trends, with a further fall in permanent staff demand contrasting with sustained growth of temp roles.

The latest decline in permanent vacancies was the quickest for three months and marked. Meanwhile, growth of demand for short-term staff softened since October, but remained strong.

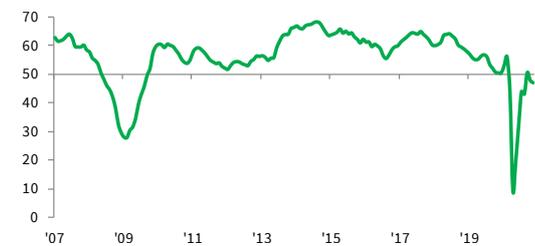
Public & private sector vacancies

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.

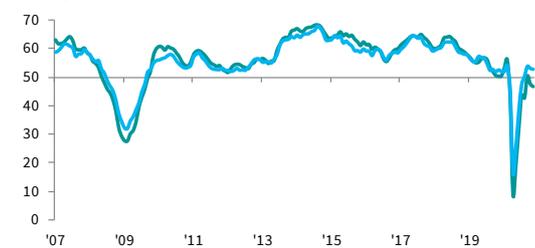
Total Vacancies Index

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*
Jun '20	32.0	31.7	29.3	33.3	37.8	38.2	35.3
Jul '20	43.9	43.7	44.4	40.3	47.2	47.8	44.6
Aug '20	43.0	42.6	49.0	41.9	50.2	54.5	49.5
Sep '20	50.5	50.3	53.3	46.6	53.7	61.2	51.4
Oct '20	47.9	47.6	50.9	43.5	53.0	56.8	49.5
Nov '20	47.0	46.7	47.2	44.0	52.7	52.9	52.0

OFFICIAL DATA: UK JOB VACANCIES

Latest data from the Office for National Statistics (ONS) indicated that total vacancies remained well below the levels seen before the pandemic. Overall vacancies fell -34.6% in the three months to October compared to a year ago.

Although down over a third compared to last year, the number of vacancies continued to steadily increase from the nadir seen in the three months to June (343,000), rising to 525,000 in the latest survey period.

UK job vacancies



Source: Office for National Statistics.

4 VACANCIES BY SECTOR

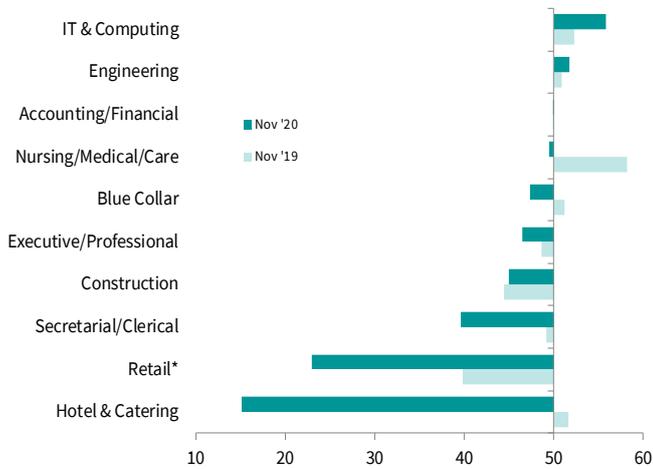
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

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.

Permanent Vacancies Index

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

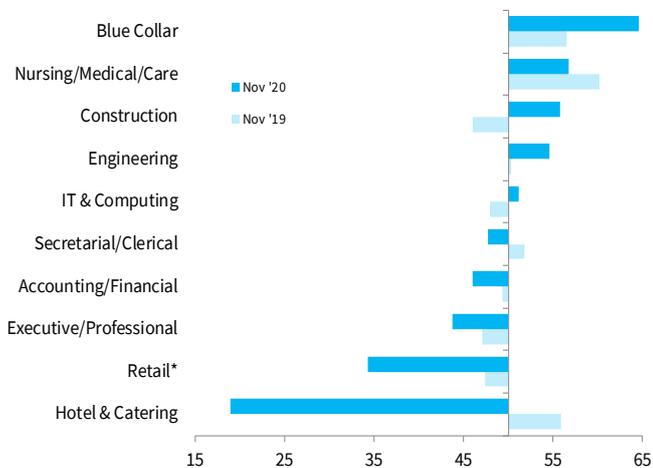


Temporary vacancies

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.

Temporary Vacancies Index

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



VACANCY INDEX BY SECTOR

sa, >50 = growth since previous month

Permanent / Temporary

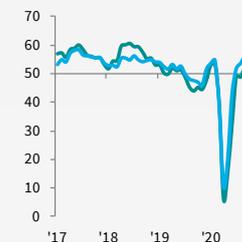
Accounting & Financial



Blue Collar



Construction



Engineering



Executive & Professional



Hotels & Catering



IT & Computing



Nursing, Medical & Care



Retail (unadjusted)



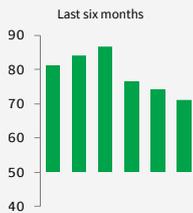
Secretarial & Clerical



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



Total candidate numbers expand at slower, but still marked, rate

The overall availability of candidates across the UK continued to rise sharply in November, despite the rate of growth edging down to a seven-month low.

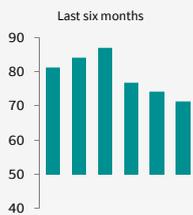
Underlying data indicated that the upturn was driven by marked increases in candidates seeking both permanent and temporary roles, with the former noting the sharper rate of growth.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



Permanent staff supply expands at softest rate for six months

UK recruiters indicated that the supply of permanent workers rose for the eighth consecutive month in November. Although weakening to a six-month low, the rate of expansion remained historically sharp and among the quickest since the global financial crisis. Anecdotal evidence suggested that the supply of permanent workers had risen primarily due to redundancies, as well as employees seeking new roles due to fears of further job cuts.

Historically steep increases in permanent candidate availability were seen across all four monitored regions, led by the South of England.

Permanent / Temporary

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Temp staff numbers increase to weakest extent since March

The seasonally adjusted Temporary Staff Availability Index remained well above the neutral 50.0 value, to signal a further increase in the number of temporary workers. Notably, the rate of growth was among the steepest recorded over the past 11 years, despite easing to the least marked since March. Redundancies due to the COVID-19 outbreak and ongoing market uncertainty were again cited as key drivers of higher temp staff supply.

The sharpest increase in short-term worker availability was seen in London, while the softest was recorded in the Midlands.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
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
Sep '20	76.7	77.0	75.7	83.0	74.1
Oct '20	74.2	76.1	76.9	71.2	73.4
Nov '20	71.4	71.4	72.8	70.0	72.3

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
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
Sep '20	75.3	79.8	77.7	72.8	68.6
Oct '20	74.9	84.1	77.6	66.1	72.5
Nov '20	68.5	74.1	70.7	59.4	70.5

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 Credit Controllers Estimators Finance Financial Controllers Risk Taxation	Hotel & Catering Hospitality
Blue Collar Blue Collar Drivers Forklift Drivers HGV Drivers LGV Drivers Manufacturing Production Warehouse	IT/Computing Agile Project Manager Analysts BI C# CAD Data Scientists Database Developers Developers Digital IT Java Software Software Engineers Technical Sales Technology
Construction Architectural Tech Construction Sales Quantity Surveyors	Nursing/Medical/Care Carers Clinical Professionals Health Care Assistants Hearing Aid Dispensers Medical Nurses Optometrists Pharmacists Social Workers
Engineering Engineers Gas Engineers Hardware Engineers Radio-Frequency Engineers Senior Electronic Engineers Technicians	Secretarial/Clerical Administration Office Staff
Executive/Professional Business Development Compliance Executives Human Resources Legal Management Operations Managers PR Project Managers Scientists Solicitors	Other All Types of Candidates Buyers Commercial Designers Languages Sales Skilled Telesales Unskilled

Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Credit Controllers Finance Payroll Taxation	IT/Computing Data Scientists Database Developers Developers Digital IT Technology
Blue Collar Blue Collar Cleaners Drivers Factory Forklift Drivers HGV Drivers Industrials Labour LGV Drivers Manufacturing Packers Production Warehouse	Nursing/Medical/Care Carers Health Care Assistants Hearing Aid Dispensers Nurses Optometrists
Construction Architectural Tech Bricklayers Construction Labourers	Secretarial/Clerical Administration Office Staff Receptionist
Engineering Design Engineers Engineers Mechanical Engineers System Engineers Technicians	Other All Types of Candidates Buyers Call Centre Sales Supervisors Unskilled
Executive/Professional Legal	
Hotel & Catering Catering Hospitality	

Skills in excess supply: Permanent staff

Accounting/Financial Finance Finance Directors Financial Controllers Payroll	Hotel/Catering Chefs Hospitality	Designers General Managers Graduates Leisure Retired Sales Unskilled
Blue Collar Automotive Blue Collar Production Site Managers Warehouse	IT/Computing IT	
Executive/Professional Business Analysts Executives Human Resources Management Marketing Project Managers Recruitment Consultants	Nursing/Medical/Care Pharmacists Support Workers	
	Retail Retail Sales Staff	
	Secretarial/Clerical Administration Office Staff Secretary	
	Other All Types of Candidates Aviation Customer Service	

Skills in excess supply: Temporary staff

Accounting/Financial Finance	Retail Retail
Blue Collar Automotive Blue Collar Electricians Production Site Managers Unskilled Labour Warehouse	Secretarial/Clerical Administration Clerical Office Staff Secretary
Executive/Professional Human Resources Management Project Managers	Other All Types of Candidates Aviation Commercial Customer Service Graduates Operations Unskilled
Hotel/Catering Hospitality	
IT & Computing IT	

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

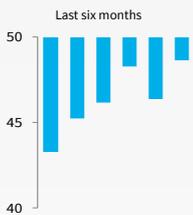


Decline in starting salaries eases, but remains solid

Average starting salaries for people placed in permanent jobs fell further during November. The pace of decline was solid, despite easing to the weakest in the current eight-month period of reduction. According to panel members, starting salaries remained on a downward trend due to a rapid rise in candidate numbers and subdued demand for workers.

On a regional basis, London recorded the quickest drop in pay, followed by the South of England.

Temporary Wages Index



Modest drop in temp wages in November

Recruitment agencies across the UK signalled that hourly rates of pay for staff in temporary/contract employment fell for the eighth month running in November. That said, the rate of reduction was the slowest seen over this period and only mild. Where lower short-term pay was reported, it was generally linked to the pandemic and weaker demand for staff.

All four monitored English regions registered lower temp wages, led by a sharp reduction in the capital.

Permanent Salaries / Temporary Wages

sa, >50 = inflation since previous month



Permanent Salaries Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
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
Sep '20	44.7	44.0	45.2	44.2	46.1
Oct '20	44.5	40.1	45.1	43.4	47.6
Nov '20	45.6	41.6	44.7	46.1	47.9

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
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
Sep '20	48.3	43.7	49.6	50.1	51.0
Oct '20	46.4	39.1	48.3	46.0	47.3
Nov '20	48.6	43.3	49.8	49.7	49.6

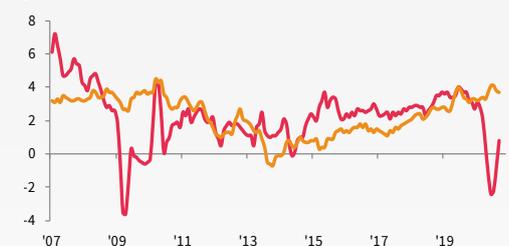
OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics indicated that employee earnings (including bonuses) rose +1.3% on an annual basis in the three months to September. This contrasted with broadly stable earnings over the previous three-month period, when pay increased just +0.1%.

In the private sector, earnings rose for the first time since the three months to April, expanding +0.8% over the third quarter. Pay growth meanwhile remained solid across the public sector, which recorded a +3.7% increase in earnings.

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

WITH RECRUITERS' SUPPORT, THINGS ARE STARTING TO LOOK UP FOR 2021

This year has been a very difficult one in the jobs market, and that has been compounded during the last month, with England sat in a second lockdown and more health restrictions in place in the devolved nations. However, we also had some positive news which should give everyone some encouragement for the year to come, despite what the data tells us about the situation leading up to October.

Ongoing challenges

The REC's latest *JobsOutlook* report showed employer confidence declining again in the three months to October, after starting to recover over the preceding quarter. The improvements in hiring intentions for permanent staff also stalled as COVID case numbers rose and England headed towards its second lockdown. Business began to turn more towards temporary staff for support, and this month's Report on Jobs figures show that trend continuing through November.

This rollercoaster of easing and tightening restrictions, and the uncertainty about what will happen next, makes workforce planning incredibly difficult for employers. Of course, public health must be the top priority, and restrictions on people's activity will help to control the spread of the virus. But not knowing what level of restriction they will be under from month to month is very disruptive for business planning.

Then we have the effect of Brexit on top of that. At time of writing, the EU and UK negotiating teams have still not agreed a deal that would facilitate trade across the border, either in terms of goods or services. With less than a month to go until 2021, firms have essentially no time to prepare.

Moving in a positive direction

The news that a number of vaccines will be on the way in the first half of 2021 is sure to boost confidence levels for both business and consumers. There is now a feeling that the end of the pandemic is in sight – but it could be months before a vaccine is rolled out to even the most vulnerable people. We will have to temper our expectations for a while yet.

The Chancellor's announcements in the Spending Review are welcome, particularly the money for the Restart Scheme and skills investment. These measures should help more people into work. But they will need the help of the real jobs experts – recruiters. The REC is already working with government to support businesses and workers, but an even closer partnership would allow jobseekers to access the real expertise that recruiters have, and make these schemes even more effective.

The success, or failure, of all of these factors will have an effect on employers' confidence and planning, and their ability to hire new staff. We don't know what the outcome will be yet – but there are signs that we are moving in a positive direction. Whatever 2021 brings, the recruitment industry will be there to support workers, businesses and the economy – as we always do.

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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.

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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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 organisation of independent professional services 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. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

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.

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