



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

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:

“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.”

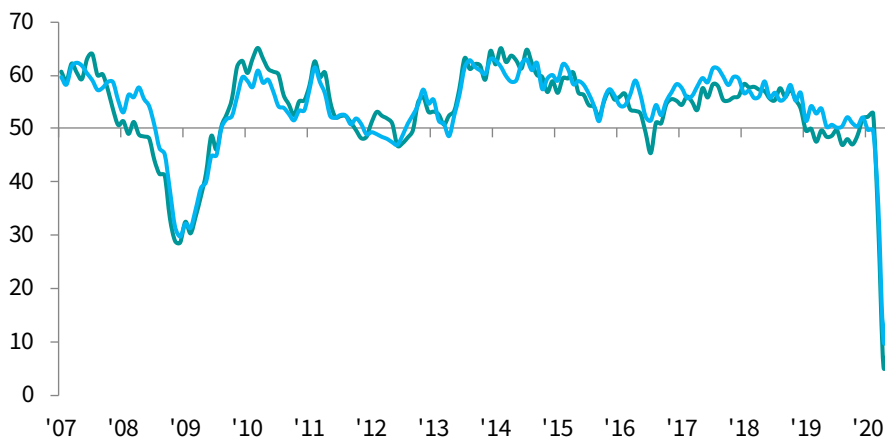
Neil Carberry, Chief Executive of the REC, said:

“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.”

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 June are:

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 coronavirus disease 2019 (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 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

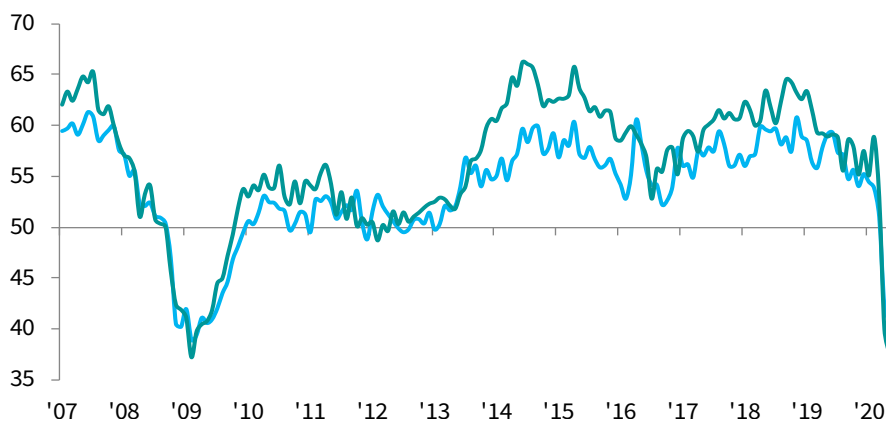
Starting pay for both permanent and short-term staff fell further in June as demand for workers remained weak and labour supply continued to increase. Though not as severe as in May, rates of reduction remained sharp for both starting salaries and temp wages.

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.

Permanent Salaries Index / Temporary Wages Index

sa, >50 = inflation since previous month

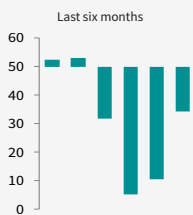


2 STAFF APPOINTMENTS

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



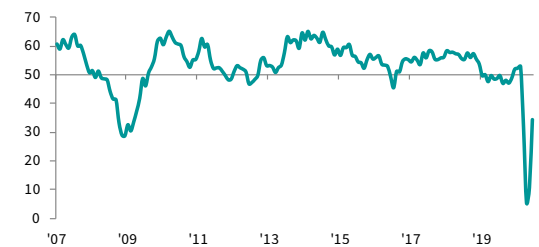
Softer decline in permanent placements

UK recruitment consultancies signalled a fourth successive monthly drop in the number of people placed into permanent jobs in June. The rate of decline eased notably from the records seen in April and May, but remained sharp overall. According to survey respondents, the coronavirus pandemic continued to weigh heavily on recruitment activity at the end of the second quarter, with clients implementing recruitment freezes or cancelling hires until the outlook brightened. In cases where placements had risen, recruiters linked this to an easing of lockdown measures, but many also stated that placements had risen only modestly.

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.

Permanent Placements Index

sa, >50 = growth since previous month

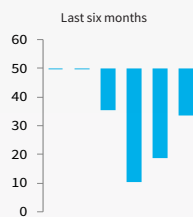


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Jan '20	52.3	48.0	52.4	48.2	56.7
Feb '20	52.9	47.5	53.9	52.5	57.3
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

Temporary Billings Index



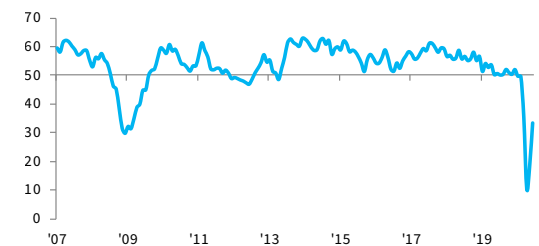
Temp billings fall further, but downturn eases since May

Adjusted for seasonal factors, the Temporary Billings Index signalled a decline in temp billings in June, as has been the case in each of the past four months. The rate of contraction eased further from April's record pace but remained severe overall. When explaining the drop in temp billings, panel members frequently mentioned that the COVID-19 outbreak had sharply reduced demand for short-term workers. Panellists that noted higher temp billings generally linked this to the slow reopening of the economy and some clients preferring to hire contract staff as opposed to permanent.

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.

Temporary Billings Index

sa, >50 = growth since previous month



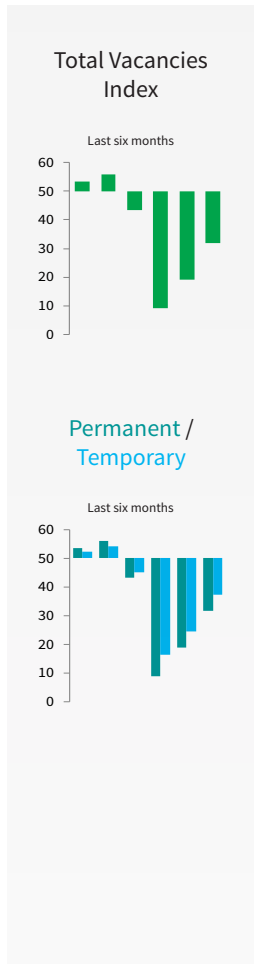
Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Jan '20	49.8	48.5	49.1	53.4	50.9
Feb '20	49.7	45.0	53.6	48.9	53.7
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

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.



Overall vacancies fall at softer rate in June

Latest survey data showed a softer, but still marked, reduction in total vacancies in June. At 31.9, up from 19.1 in May, the respective seasonally adjusted index rose further from April's record low to a three-month high, but remained well below the neutral 50.0 threshold.

Permanent and temporary vacancies

The drop in overall vacancies was driven by lower demand for both permanent and temporary workers at the end of the second quarter.

Permanent staff vacancies continued to fall at a sharper pace than that seen for short-term roles. That said, in both cases the rates of decline were not as severe as those registered in April and May.

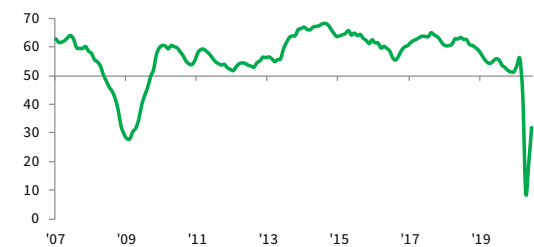
Public & private sector vacancies

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.

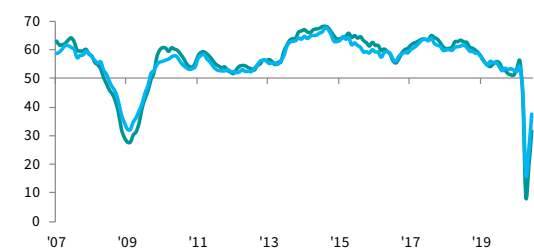
Total Vacancies Index

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*
Jan '20	53.4	53.4	60.4	47.8	52.3	49.5	47.6
Feb '20	55.9	56.0	65.8	51.1	54.0	57.1	53.5
Mar '20	43.3	43.2	42.3	47.4	45.0	44.0	50.1
Apr '20	9.2	8.9	2.9	14.7	16.3	8.0	24.6
May '20	19.1	18.8	18.4	20.9	24.6	23.5	29.6
Jun '20	31.9	31.6	29.3	33.3	37.4	38.2	35.3

OFFICIAL DATA: UK JOB VACANCIES

Latest data from the Office for National Statistics (ONS) showed a sharp and accelerated reduction in overall UK job vacancies. Overall vacancies fell 43.5% year-on-year in the three months to May, which marked the largest quarterly decrease in vacancies since the series began in 2001. At 476,000, the number of vacancies was therefore the lowest since the three months to June 2012.

The steep drop in official vacancies corroborates the advance signal provided by the UK Report on Jobs, which has recorded a record deterioration in demand for staff since the COVID-19 pandemic escalated.

UK job vacancies



Source: Office for National Statistics.

4 VACANCIES BY SECTOR

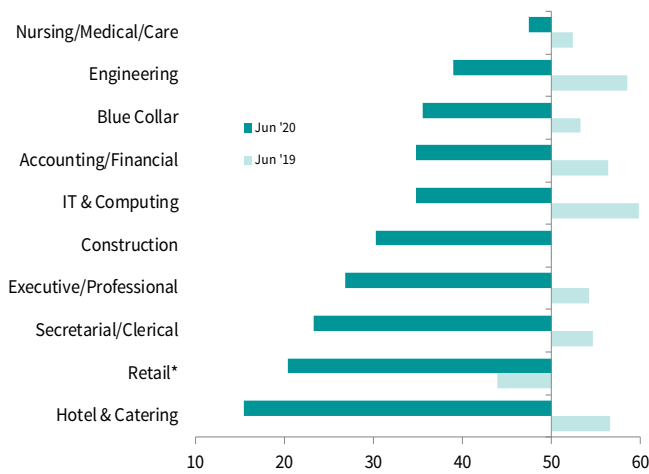
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

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.

Permanent Vacancies Index

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

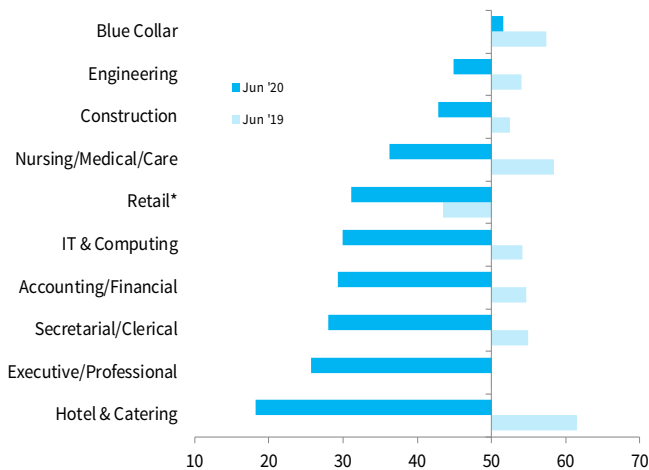


Temporary vacancies

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.

Temporary Vacancies Index

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

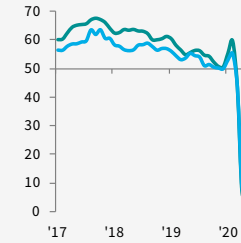


VACANCY INDEX BY SECTOR

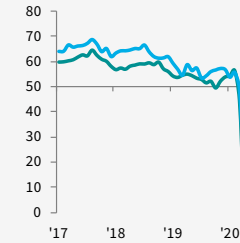
sa, >50 = growth since previous month

Permanent / Temporary

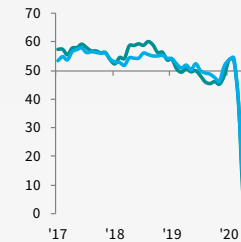
Accounting & Financial



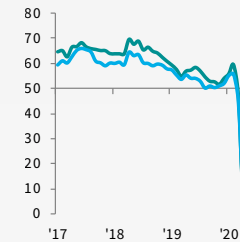
Blue Collar



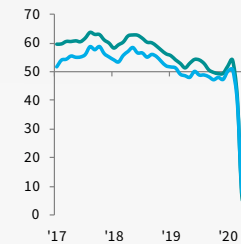
Construction



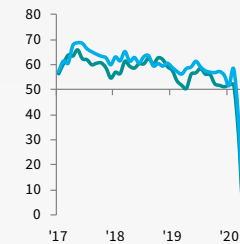
Engineering



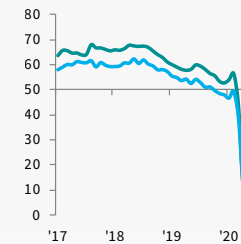
Executive & Professional



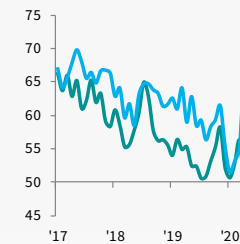
Hotels & Catering



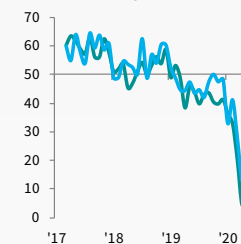
IT & Computing



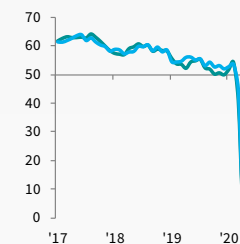
Nursing, Medical & Care



Retail (unadjusted)



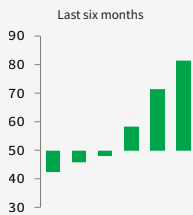
Secretarial & Clerical



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



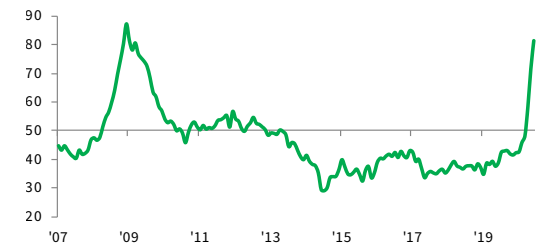
Sharpest rise in overall candidate availability since January 2009

Latest data signalled a further marked increase in the availability of candidates at the end of the second quarter. Notably, the rate of growth was the sharpest since the depths of the global financial crisis in January 2009. The increase was therefore among the steepest since the survey began in October 1997.

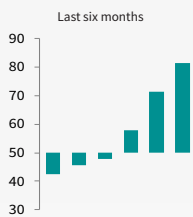
Underlying data showed that both permanent and temporary candidate supply rose at faster rates in the latest survey period.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



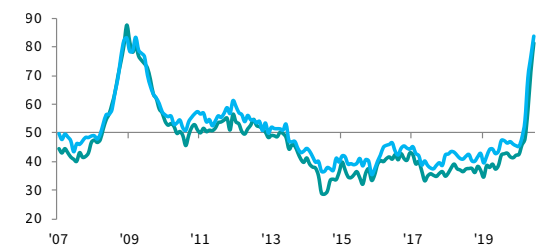
Supply of permanent labour rises at accelerated pace

Recruitment consultancies registered a sharp and accelerated increase in the availability of permanent staff during June. Furthermore, the respective seasonally adjusted index posted its highest reading since January 2009. Panel members frequently linked the supply upturn to increased redundancies due to the pandemic and a subsequent deterioration in economic conditions. Recruiters also noted that many staff placed on furlough were seeking new roles due to concerns they too could be made redundant.

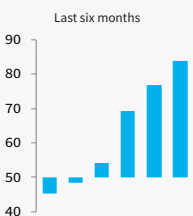
All four monitored English regions saw substantial increases in permanent staff supply in June.

Permanent / Temporary

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Record increase in availability of temporary workers

The supply of short-term staff across the UK increased at the sharpest pace in over two decades of data collection during June, surpassing the previous record seen in March 2009. Higher temp candidate numbers were a result of company layoffs and staff that were placed on furlough due to the COVID-19 outbreak, according to panel members.

The availability of temporary staff rose at a steeper rate in each of the four monitored English regions, led by the Midlands.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Jan '20	42.4	42.8	40.6	43.0	45.0
Feb '20	45.7	42.4	44.5	45.6	51.5
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

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Jan '20	45.4	51.6	44.2	41.3	49.6
Feb '20	48.5	50.0	46.8	44.3	51.4
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

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	Secretarial/Clerical
Accountants Auditors Credit Controllers Finance Financial Planners Risk Taxation	Office Staff Personal Assistant
Blue Collar	Other
Drivers Forklift Drivers HGV Drivers Welders	All Types of Candidates Commercial Dutch Speakers German Speakers Sales Scandinavian Speakers Skilled Tool Makers
Engineering	
Engineers Mechanical Engineers Senior Electronic Engineers Technicians	
Executive/Professional	
Compliance Geologists Human Resources Legal Management Professional	
IT/Computing	
Analysts C# CNC Data Scientists Developers Digital IT Technology	
Nursing/Medical/Care	
Carers Nurses	

Skills in short supply: Temporary staff

Accounting/Financial	Other
Accountants Credit Controllers Payroll	All Types of Candidates Dutch Speakers German Speakers
Blue Collar	
Blue Collar Cleaners Drivers Forklift Drivers HGV Drivers Industrials Production Warehouse	
Construction	
Construction	
Engineering	
Design Engineers Engineers System Engineers	
Executive/Professional	
Project Managers	
IT/Computing	
C# Data Scientists Developers IT Technology	
Nursing/Medical/Care	
Carers Doctors Health Care Assistants Nurses	
Secretarial/Clerical	
Personal Assistant	

Skills in excess supply: Permanent staff

Accounting/Financial	Hotel/Catering	Aviation Customer Service Graduates Sales Unskilled
Accountants Book Keepers Credit Controllers Finance	Hospitality	
Blue Collar	IT/Computing	
Blue Collar Distribution Drivers Labour	Developers IT Technology	
Executive/Professional	Nursing/Medical/Care	
Business Analysts Business Development Managers Conveyancers Digital Marketing Directors Management Marketing Project Managers	Childcare	
	Retail	
	E-commerce Retail	
	Secretarial/Clerical	
	Administration Clerical Office Staff Receptionist Secretary	
	Other	
	All	

Skills in excess supply: Temporary staff

Accounting/Financial	Nursing/Medical/Care
Accountants Book Keepers Credit Controllers	Childcare Doctors Health Care Assistants Nurses
Blue Collar	Retail
Blue Collar Drivers Industrials Manufacturing Operatives	E-commerce Retail
Construction	Secretarial/Clerical
Construction	Administration Clerical Receptionist
Executive/Professional	Other
Marketing Project Managers	All Aviation Horticulture Semi Skilled Unskilled
Hotel/Catering	
Chefs Hospitality	

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

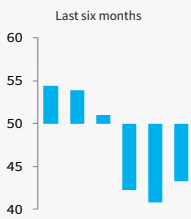


Starting salaries continue to decline sharply

Adjusted for seasonal factors, the Permanent Salaries Index signalled a third successive monthly decline in salaries awarded to new permanent staff in June. The rate of reduction remained steep overall, despite easing since May. According to survey respondents, clients had cut their budgets due to the pandemic and increased uncertainty.

The steepest reduction in starting salaries was recorded in the South of England, while the softest was in the Midlands.

Temporary Wages Index



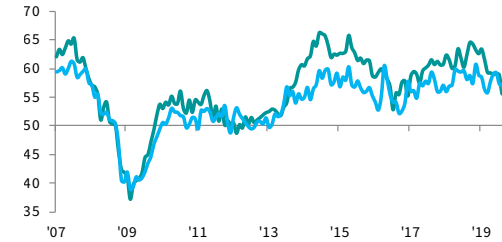
Further marked reduction in temp pay in June

Recruiters across the UK signalled a further reduction in hourly rates of pay for temporary workers during June. The rate of decline softened from May's 11-year record, but remained historically sharp overall. Panellists indicated that a combination of relatively subdued demand for workers and rising candidate supply had driven down pay at the end of the second quarter.

The most severe drop in temp wages was seen in London. In contrast, the Midlands noted only a modest reduction in short-term pay.

Permanent Salaries / Temporary Wages

sa, >50 = inflation since previous month



Permanent Salaries Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Jan '20	55.1	55.1	54.8	56.8	54.7
Feb '20	58.9	57.4	56.6	62.9	61.6
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

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Jan '20	54.4	55.0	54.7	53.9	52.3
Feb '20	53.9	53.1	53.5	55.9	52.5
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

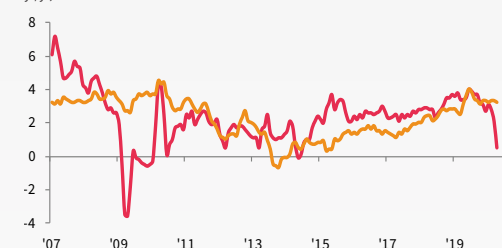
OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics signalled that employee earnings (including bonuses) rose by just 1.0% year-on-year in the three months to April. This was notably weaker than the 2.3% rate of growth recorded for the previous three-month period and marked the slowest rise in pay since the three months to September 2014.

More detailed data showed that private sector earnings growth slowed to just 0.5%, which was the weakest increase since Q2 2014. In the public sector, pay growth remained relatively stable, edging down only slightly from 3.3% to 3.2%.

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’s survey of employers and the UK Report on Jobs

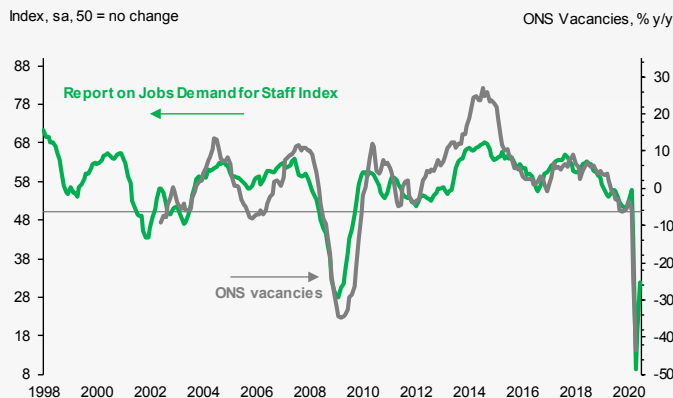
SENTIMENT IMPROVES AS KEY SECTORS OPEN UP

As public health measures ease following months of a general lockdown, there are signs that sentiment is improving.

Ahead of key sectors of the economy opening up, the REC’s *JobsOutlook* survey conducted during the first half of June found that business confidence in the UK economy was at a net level of -46, still strongly negative, but a notable improvement of 17 percentage points from early May. Encouragingly, employers’ hiring intentions had also improved, and an increasing proportion expected to be able to take on new staff in both the short term (in the next three months) and medium term (in the next 4-12 months).

Looking at the most recent *UK Report on Jobs* survey, the data also suggest that the worst of the COVID-19 induced downturn may certainly be behind us. A number of the survey’s indicators, including permanent staff appointments, temp billings and overall vacancies, rose to the greatest extent ever seen on a monthly basis in June, and posted well above the all-time lows recorded in April when the impact of the lockdown was most severe.

Downturn in demand for staff eases



Although remaining on a downward trend overall, this added to signs that conditions across the labour market are steadily moving towards stabilisation. Notably, the proportion of recruitment agencies recording lower permanent staff appointments in June stood at 53%, down from 83% in May and 92% in April. Of the 21% of survey respondents that posted an increase in permanent placements during June, many mentioned that employers were looking to take on new staff as the economy began to reopen.

While many businesses will start with taking staff off furlough as the lockdown eases, the relative improvement the *UK Report on Jobs* and *JobsOutlook* surveys are recording is welcoming news. As the country’s jobs experts, the recruitment industry has already been playing its part in supporting employers and jobseekers during this unprecedented crisis and will continue to do so in the months ahead.

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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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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.

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