



KPMG AND REC, UK REPORT ON JOBS

Roadmap for lifting lockdown leads to substantial increase in hiring activity in March

KEY FINDINGS

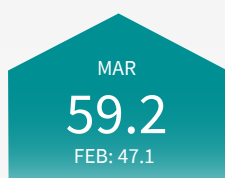
Permanent placements and temp billings rise sharply amid improved market confidence

Vacancies expand at quickest pace since August 2018

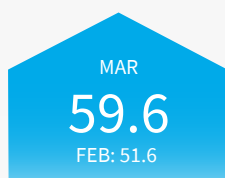
Renewed increases in both starting salaries and temp pay

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, Claire Warnes, Partner and Head of Education, Skills and Productivity at KPMG UK, said:

“The UK job market is starting to rebound off the back of the Government’s plan to ease national lockdown measures over the coming months, with the highest rise in permanent placements in six years and a sharp increase in temporary billings.

“This is good news for businesses, job seekers and the UK economy, but employers are still identifying a big skills gap across sectors including IT, construction and retail, with demand and supply not matching up.

“That’s why as we start to look beyond the pandemic, businesses will be even more crucial in making sure prospective and current employees are adaptable, productive and ready for new challenges.”

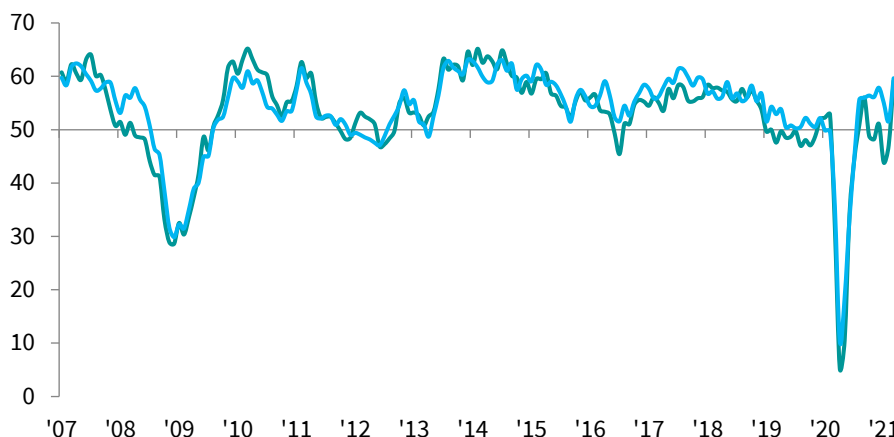
Neil Carberry, Chief Executive of the REC, said:

“For months, we have been talking about the potential recruiters saw for a recovery in hiring as we got on with vaccinations and the lockdown did its work. Today’s data shows that even during lockdown, our labour market was bouncing back. The strong temporary recruitment trend of the past few months has been maintained, but with a new addition – the fastest increase in permanent job placements since 2015. Taken together with a long-awaited recovery in hiring in London, this is a sign that business confidence is starting to flow back, even at this early stage of unlocking.

“As companies start to recruit, they will need to appreciate that the labour market is still suffering from all sorts of shortages. So reviewing their hiring practices and doing things in the best way possible will matter more than ever. Inclusive hiring is not a tick-box exercise – it’s about finding the best candidate for the job no matter who they are, to help your business succeed. By working with professional recruiters, business leaders can help create fairer, more inclusive and more productive workplaces.”

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 March are:

Recruitment activity rebounds as firms prepare for easing of lockdown measures

March survey data pointed to a substantial increase in hiring activity across the UK, as the easing of national lockdown measures to contain the coronavirus disease 2019 (COVID-19) pandemic and vaccine progress boosted confidence around the outlook. Notably, permanent placement growth hit a near six-year high, while temp billings expanded at the quickest rate since November 2017.

Substantial increase in overall vacancies

After rising only slightly in February, demand for workers grew rapidly at the end of the first quarter. Notably, the rate of expansion was the steepest seen for just over two-and-a-half years, driven by marked increases in both permanent and temporary vacancies.

Marked increases in initial pay for both permanent and temporary workers

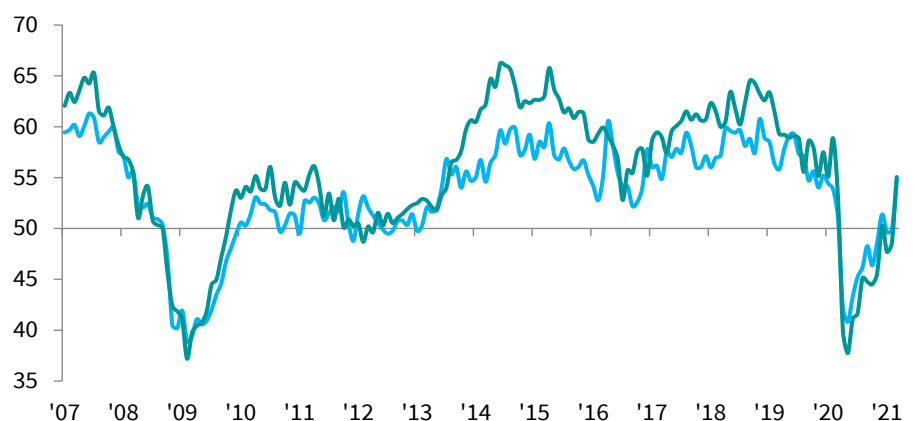
Stronger demand for staff led to improved pay trends in March. Moreover, starting salaries rose for the first time in 2021 to date and at a sharp rate. Temp wages also increased for the first time in three months, with the rate of inflation the quickest seen since December 2019.

Candidate supply remains broadly stagnant

The overall availability of candidates was broadly unchanged for the second month in a row in March. While there were still a number of reports that redundancies stemming from the pandemic had driven up labour supply, this impact was largely offset by people who were reluctant to pursue new roles amid fears over job security.

Permanent Salaries Index / Temporary Wages Index

sa, >50 = inflation since previous month

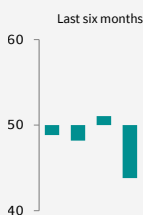


2 STAFF APPOINTMENTS

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



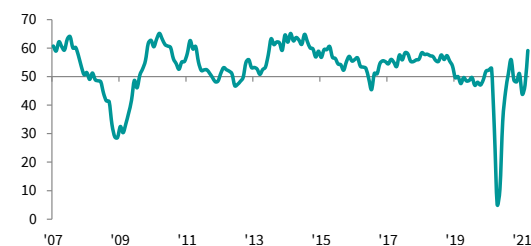
Permanent placements rebound sharply in March

The number of permanent staff appointments across the UK rose for the first time in 2021 to date in March. Furthermore, the rate of growth was the sharpest recorded since April 2015. Anecdotal evidence indicated that the government's roadmap to lift the national lockdown and vaccine progress had boosted market confidence and encouraged firms to hire more workers at the end of the first quarter.

Data broken down by region showed that permanent placements expanded markedly across all four monitored English areas, led by the Midlands.

Permanent Placements Index

sa, >50 = growth since previous month

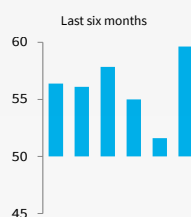


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Oct '20	48.8	42.0	46.6	55.6	52.6
Nov '20	48.2	46.2	49.5	48.0	49.2
Dec '20	51.1	49.0	51.2	56.9	51.9
Jan '21	43.8	44.0	42.2	40.1	45.0
Feb '21	47.1	45.0	44.3	48.0	53.3
Mar '21	59.2	58.9	60.9	61.7	57.5

Temporary Billings Index



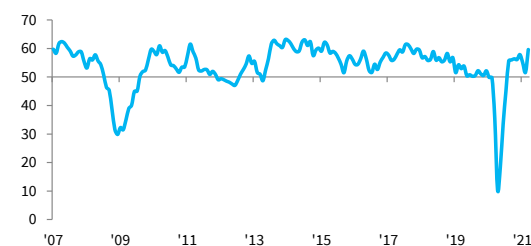
Temp billings growth hits 40-month high

Recruitment consultancies signalled a further increase in billings received from the employment of temporary workers at the end of the first quarter. Notably, the rate of expansion was the quickest seen since November 2017 and stronger than the series average. The anticipated easing of coronavirus-related lockdown measures and expectations of more normal business conditions were cited as key factors driving the latest increase in temp billings.

The Midlands recorded by far the sharpest increase in temp billings of all four monitored English regions, while the softest was seen in London.

Temporary Billings Index

sa, >50 = growth since previous month



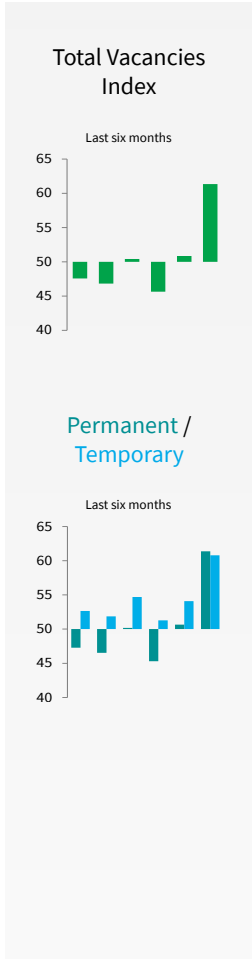
Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Oct '20	56.4	46.1	55.5	61.0	60.8
Nov '20	56.1	45.9	56.0	62.3	59.6
Dec '20	57.9	47.3	55.8	60.5	63.3
Jan '21	55.0	49.8	54.0	56.7	55.3
Feb '21	51.6	44.7	51.3	58.8	51.1
Mar '21	59.6	54.8	58.0	69.5	59.2

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.



Steepest increase in overall vacancies since August 2018

Latest data signalled a sharp and accelerated rise in demand for staff in March. At 61.3, the Total Vacancies Index was up sharply from 50.8 in February to indicate the steepest increase in roles since August 2018.

Permanent and temporary vacancies

Demand for both permanent and temporary workers expanded at much sharper rates during March. The upturn was slightly quicker for permanent roles, but in each case the rate of growth was the steepest seen since August 2018.

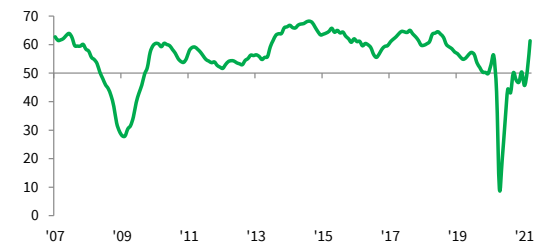
Public & private sector vacancies

In the private sector, permanent vacancies increased at the sharpest rate for 32 months, while growth of short-term positions hit the highest since September 2018.

Public sector vacancy growth was subdued in comparison, despite both permanent and temporary roles rising solidly overall.

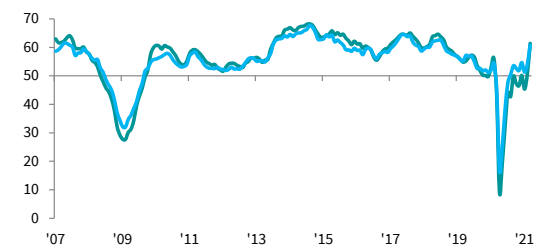
Total Vacancies Index

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.

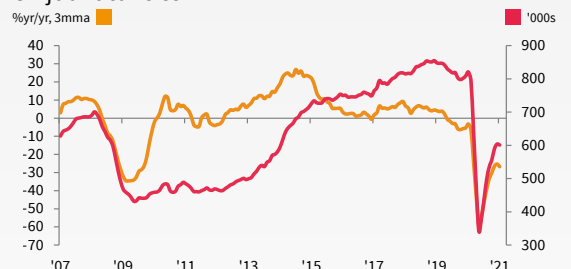
	Permanent				Temporary		
	Total	Total	Private*	Public*	Total	Private*	Public*
Oct '20	47.6	47.3	50.9	43.5	52.7	56.8	49.5
Nov '20	46.8	46.5	47.1	43.9	51.9	52.0	51.1
Dec '20	50.4	50.2	50.2	39.8	54.7	59.4	51.0
Jan '21	45.6	45.3	46.6	38.9	51.3	51.6	49.8
Feb '21	50.8	50.7	52.4	42.2	54.1	54.2	53.7
Mar '21	61.3	61.4	66.0	53.0	60.8	64.0	53.7

OFFICIAL DATA: UK JOB VACANCIES

Data from the Office for National Statistics (ONS) showed that the recovery in vacancies lost some momentum in the three months to February. At 601,000, the overall number of vacancies was little-changed from 604,000 in the prior three-month period.

On an annual basis, vacancies were -26.8% lower. Nonetheless, this was a marked improvement from the -58.7% year-on-year drop seen in the three months to June.

UK job vacancies



Source: Office for National Statistics.

4 VACANCIES BY SECTOR

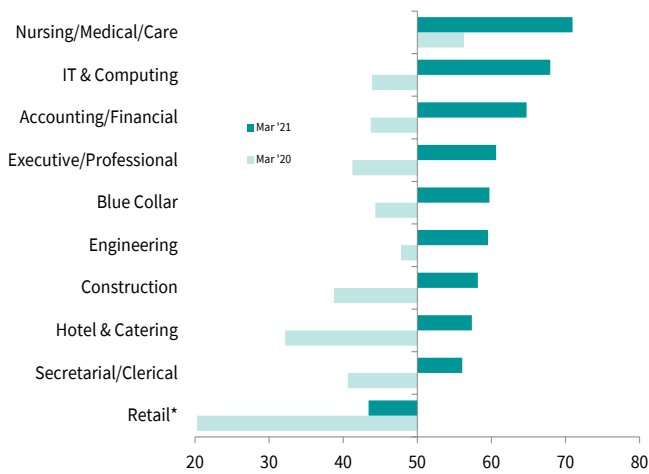
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

Nine of the ten monitored job categories recorded an increase in permanent staff vacancies in March. The steepest rates of expansion were seen in Nursing/Medical/Care and IT & Computing. Retail was the only sector to register a decline.

Permanent Vacancies Index

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

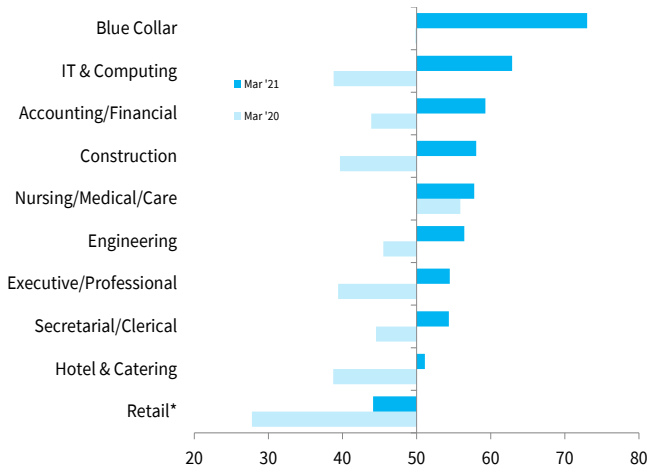


Temporary vacancies

Blue Collar led the upturn in demand for short-term staff during March. Nonetheless, marked rates of growth were also seen across the majority of the remaining job categories. The only sector to note lower demand was Retail.

Temporary Vacancies Index

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

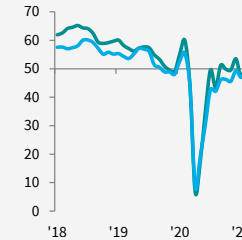


VACANCY INDEX BY SECTOR

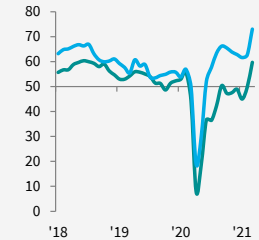
sa, >50 = growth since previous month

Permanent / Temporary

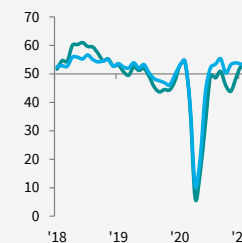
Accounting & Financial



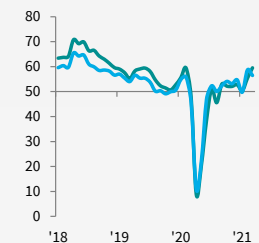
Blue Collar



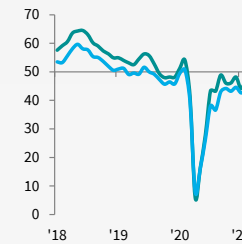
Construction



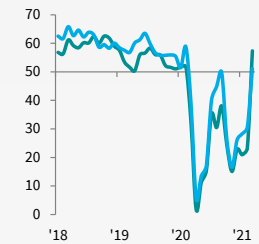
Engineering



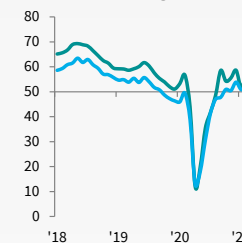
Executive & Professional



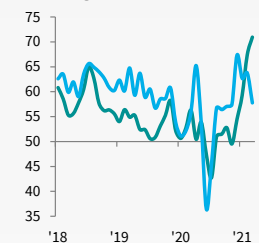
Hotels & Catering



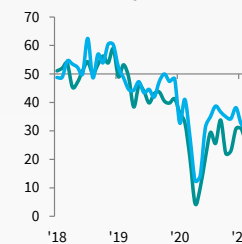
IT & Computing



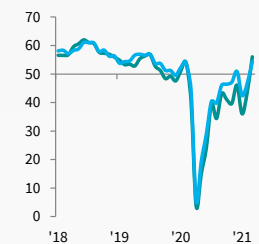
Nursing, Medical & Care



Retail (unadjusted)



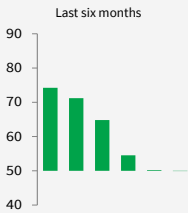
Secretarial & Clerical



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



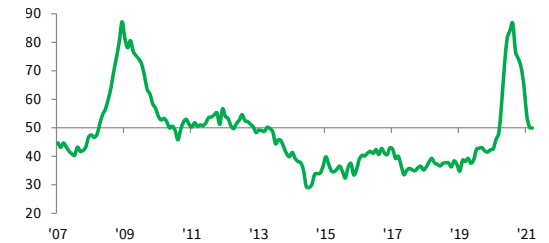
Overall candidate availability stagnates

At 49.9, the seasonally adjusted Total Staff Availability Index fell from 50.2 in February and was just below the neutral 50.0 mark, to indicate that the overall supply of workers was little-changed in March.

Underlying data signalled that permanent candidate availability was broadly stagnant, while temp worker supply fell only fractionally.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



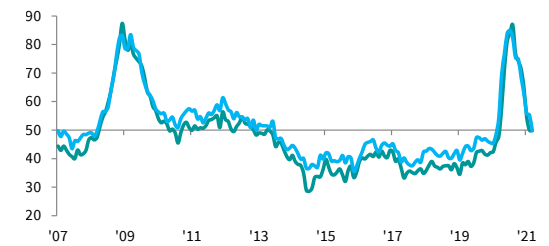
Permanent worker supply remains broadly stable

After rising sharply for most of the past year, permanent candidate supply was broadly unchanged for the second month running in March. Recruiters frequently mentioned that while redundancies due to the pandemic and lockdown had driven up candidate numbers, this was largely offset by people becoming more reluctant to seek new roles until the pandemic situation and economic conditions improve.

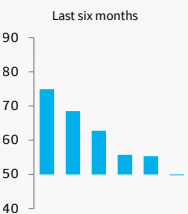
Trends diverged on a regional basis, with permanent labour supply falling in the South and North of England but increasing in London and the Midlands.

Permanent / Temporary

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Temp candidate numbers decline for first time in 13 months

UK recruitment consultancies signalled a decline in the availability of temporary workers at the end of the first quarter. Though only slight, it marked the first reduction in temp worker supply since February 2020. Reports from panel members indicated that the pandemic, Brexit and changes to IR35 legislation had reduced candidate numbers. However, there were still reports of job losses pushing up staff supply.

The supply of short-term staff fell in the Midlands, the South and North of England. Meanwhile, London recorded a slower, but still rapid, rise in temporary candidate numbers.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Oct '20	74.2	76.1	76.9	71.2	73.4
Nov '20	71.4	71.4	72.8	70.0	72.3
Dec '20	64.9	67.9	64.6	63.1	67.3
Jan '21	54.4	58.5	53.6	56.7	50.3
Feb '21	49.9	52.8	50.2	48.8	47.8
Mar '21	49.9	56.2	44.9	54.8	49.0

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Oct '20	74.9	84.1	77.6	66.1	72.5
Nov '20	68.5	74.1	70.7	59.4	70.5
Dec '20	62.8	73.6	61.0	54.6	61.8
Jan '21	55.7	64.0	55.2	49.6	55.9
Feb '21	55.3	70.0	53.1	51.7	52.8
Mar '21	49.7	60.1	48.8	47.2	47.8

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 Payroll Risk Taxation	Hotel/Catering Hospitality	Unskilled
Blue Collar Blue Collar Drivers Forklift Drivers HVAC Industrials Refrigeration Warehouse	IT/Computing Agile Project Manager Azure BI C# CAD Cyber Data Professionals Data Scientists Developers Digital Infrastructure Analysts IT Software Technology	
Construction Construction Quantity Surveyors	Nursing/Medical/Care Healthcare Assistants Nurses Optometrists Pharmacists Social Workers	
Engineering Engineers Hardware Engineers Maintenance Engineers Mechanical Engineers Senior Electronic Engineers Technicians	Retail Retail	
Executive/Professional B2B Business Analysts Compliance Digital Marketing Directors Human Resources Law Legal Management Marketing Procurement	Secretarial/Clerical Administration	
	Other All Types of Candidates Buyers Commercial Customer Service Customs Customs Clearance Graduates Health & Safety Life Sciences Sales Security Skilled	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Credit Controllers Finance Payroll Taxation	Nursing/Medical/Care Carers Doctors Healthcare Assistants Nurses Social Workers
Blue Collar Blue Collar Cleaners Drivers Forklift Drivers HGV Drivers Industrials Manufacturing Rail Warehouse	Secretarial/Clerical Administration
Construction Bricklayers Construction Joiners	Other All Types of Candidates Buyers Call Centre Commercial Customer Service Sales Security Semi Skilled Skilled
Engineering Design Engineers Engineers System Engineers	
Executive/Professional Legal Project Managers	
IT/Computing BI Cyber Data Professionals Developers Digital IT Java Software Software Engineers Technology	

Skills in excess supply: Permanent staff

Accounting/Financial Accountants Finance Payroll	Technology	Unskilled
Blue Collar Manufacturing Site Managers Taxi drivers Warehouse	Retail Retail	
Executive/Professional Executives Human Resources Management Marketing Project Managers	Secretarial/Clerical Administration Clerical Office Staff Personal Assistant Receptionist	
Hotel/Catering Chefs Hospitality	Other All Types of Candidates Aviation Customer Service Designers General Managers Graduates Juniors Leisure Operations Sales Testers	
IT/Computing IT		

Skills in excess supply: Temporary staff

Blue Collar Blue Collar Electricians Production Site Managers Warehouse	Secretarial/Clerical Administration Clerical Personal Assistant Receptionist
Executive/Professional Business Analysts Executives Marketing Project Managers	Other All Types of Candidates Commercial Designers Operations Sales Unskilled
Hotel/Catering Hospitality	
IT & Computing IT Technology	
Retail Retail	

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.

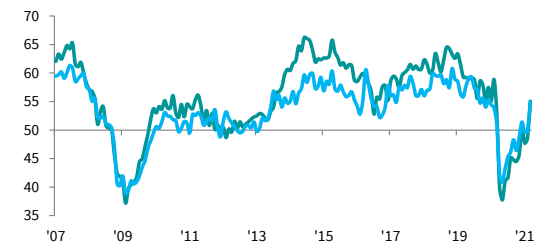
Renewed increase in starting salaries

Latest data signalled a renewed rise in starting salaries for people placed into permanent roles during March. The increase ended a two-month period of contraction, with the rate of inflation the steepest recorded since February 2020. Anecdotal evidence suggested that improved demand for workers had helped to lift salaries.

Permanent starters' pay rose across all four monitored English regions, with London recording the steepest rate of increase.

Permanent Salaries / Temporary Wages

sa, >50 = inflation since previous month



Permanent Salaries Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Oct '20	44.5	40.1	45.1	43.4	47.6
Nov '20	45.6	41.6	44.7	46.1	47.9
Dec '20	50.2	49.1	52.1	49.9	47.6
Jan '21	47.7	44.6	48.8	47.6	48.0
Feb '21	48.6	49.6	47.6	49.6	48.7
Mar '21	55.1	58.4	52.9	58.3	50.3

Solid rise in temp pay during March

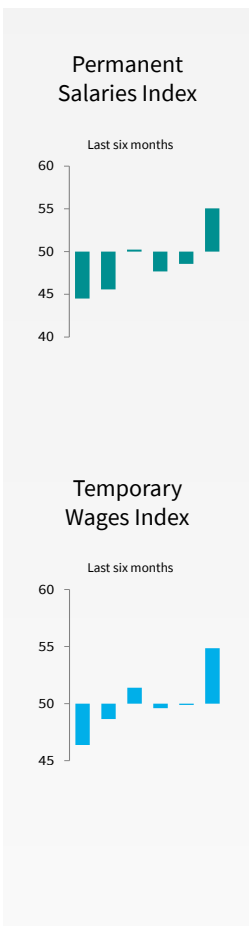
Adjusted for seasonal factors, the Temporary Wages Index pointed to a renewed and solid upturn in average hourly rates of pay in March. Furthermore, the rate of pay growth was the quickest seen since December 2019. Where higher temp wages were reported, this was generally linked to greater demand for short-term staff.

All four monitored English regions registered steep increases in temp pay at the end of the first quarter.

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Oct '20	46.4	39.1	48.3	46.0	47.3
Nov '20	48.6	43.3	49.8	49.7	49.6
Dec '20	51.4	46.7	51.3	55.2	51.7
Jan '21	49.6	43.3	50.5	50.4	51.9
Feb '21	49.9	44.6	50.9	52.5	51.2
Mar '21	54.8	55.1	54.0	55.2	55.0



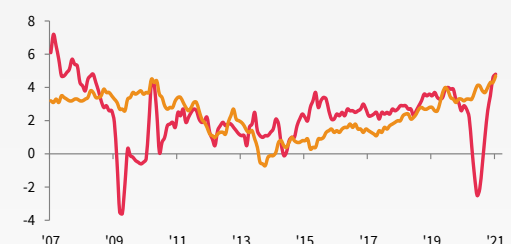
OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics showed that employee earnings (including bonuses) rose +4.8% on an annual basis in the three months to January 2021. This was slightly faster than the +4.7% increase seen in the prior three-month period and therefore marked the steepest rate of growth since the opening quarter of 2008. The ONS have highlighted that earnings growth was pushed higher due to declines in the proportion and number of lower paid jobs compared to before the pandemic.

The private sector recorded a +4.8% increase in earnings over the three months to January, while pay rose by +4.7% in the public sector.

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

RECRUITERS CAN PLAY A KEY ROLE IN FACILITATING THE TRANSITION TO THE NEW WORLD OF WORK

After a challenging start to the year, we have seen signs that the economy is well-positioned to recover from the negative effects of the coronavirus pandemic. However, there is still a long way to go until we adjust to the new normal.

The labour market has remained remarkably resilient in the first quarter of 2021, emphasising its importance to the economic recovery. New data from the REC's *JobsOutlook* shows that employers' confidence to make new hires and invest in their business rose to net: +13 in the last quarter, despite the widespread pessimism about the wider economic outlook. In February alone, sentiment surged to net: +29, as businesses start to gear up for re-opening when restrictions ease in early April. With the vaccine rollout well on the way and a clear path for easing the restrictions laid out by the government, businesses are now looking to bring in new staff as the economy continues to gradually open up. These are all positive signs, indicating that the labour market has weathered the latest national lockdown better than many had feared at the beginning of year.

The latest labour market figures from the ONS also suggest that the economy is well-positioned to bounce back in the coming months. The number of employees on company payrolls increased marginally into February 2021, and the headline employment and unemployment rates have been relatively stable. Furthermore, the quarter-on-quarter growth in temporary employment shows the fluid demand for staff during this latest lockdown, and how important these roles are for businesses to be able to respond to these unprecedented times.

The REC's latest Job Recovery Tracker saw 146,000 new job adverts being posted in the third week of March. This came on the back of a further 179,000 in the previous week, the two highest weekly figures since March 2020. Further to this, there has been a higher proportion of temporary job postings in the recent weeks. In mid-March 2021, temporary roles represented 16.3% of all active job adverts, in comparison to 15.1% in the beginning of July and 14.0% a year earlier when the pandemic struck.

Temporary workers have been instrumental to keeping businesses afloat as they continue to navigate the uncertainty around the coronavirus pandemic. They will also be vital to the more responsive labour market that will emerge in a post-pandemic Britain. The pandemic has raised many questions about new ways of working and recruiters can be a key player by leveraging their knowledge and expertise to help everyone to adapt more smoothly to the challenges of the new world of work.

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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 16,000 partners and staff. The UK firm recorded a revenue of £2.3 billion in the year ended 30 September 2020.

KPMG is a global organization of independent professional services firms providing Audit, Legal, 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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