



**REC**

Recruitment  
& Employment  
Confederation

# Jobs Outlook

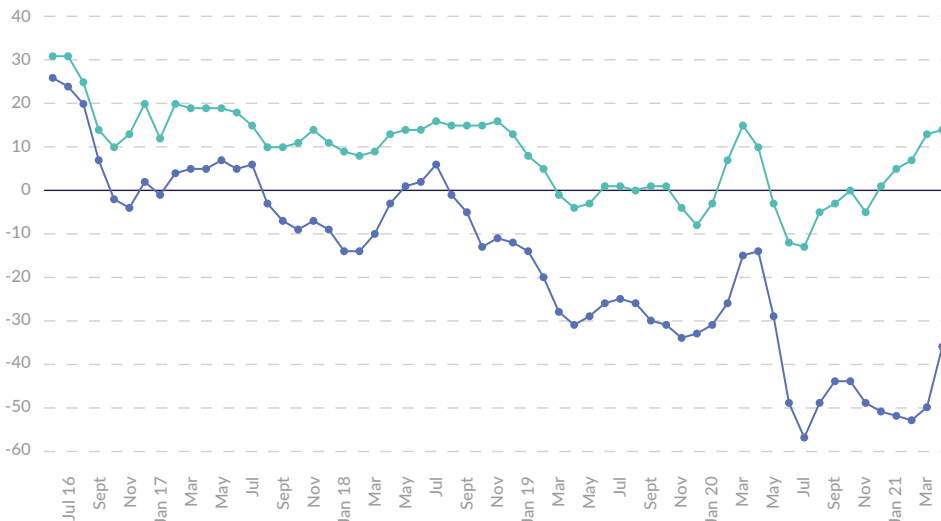
April 2021

Demand for temporary agency workers surges as economic outlook improves

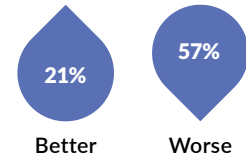
## Confidence

Business confidence in the UK economy improved significantly in January-March, with the balance of sentiment increasing by a notable 14 percentage points to net: -36. In March alone, sentiment surged to net: -8.

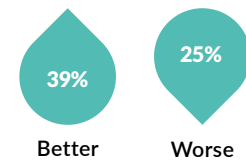
Employer confidence in making hiring and investment decisions remained stable at net: +14. This is nine percentage points higher than the final quarter of 2020.



Do you think economic conditions in the country as a whole are getting...



In view of the economic conditions, do you/does your organisation expect confidence in hiring and investment decisions to get...



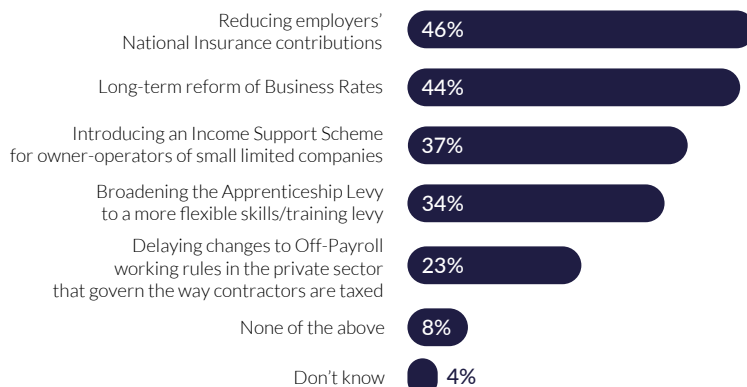
All involved in hiring (n=600).

- Economic conditions (net)
- Hiring and investment decisions (net)

The net percentage is calculated by subtracting the % of respondents answering 'worse' from the % of respondents answering 'better'.

## Topical Question

Which of the following measures, if any, would bring the most benefit to your business?



UK employers indicate that significant reform of employers' National Insurance (ENICs) and business rates would benefit them the most. This is considered more important than continual tinkering with smaller elements of business costs, such as the Apprenticeship Levy and Off-Payroll taxation.

The benefit of reduced ENICs rates was highlighted by 46% of respondents. This business cost was brought into focus by the events of last year, when its payment was a requirement of furloughing during a large part of the Coronavirus Job Retention Scheme. A similar proportion (44%) felt that a reform of business rates would benefit their business.

All involved in hiring, surveyed in March 2021 (n=200)

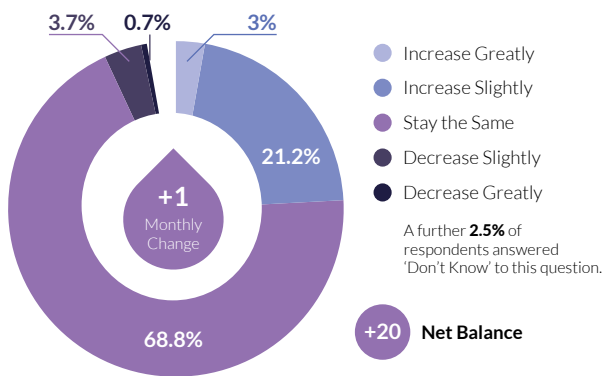
Throughout, figures based on fewer than 50 respondents are marked with an asterisk (\*). Due to the small base size, these results should be considered indicative, rather than conclusive. Totals may not sum to 100% due to rounding. Data were weighted to be representative of UK adults in employment by region, broad industry sector and public/private split. Savanta ComRes is a member of the British Polling Council and abides by its rules.

## Permanent Recruitment

### Short-term outlook

**Do you think the number of permanent workers in your organisation will increase or decrease in the next three months?**

Employers' intentions to hire permanent staff in the short term remained stable in the first quarter of 2021 at net: +20. This was one percentage point higher than both the previous rolling quarter and the first quarter of 2020. Hiring intentions were highest in London (net: +30) and lowest in the devolved nations (net: +12). There were also notably higher in micro/small (net: +22) and medium (net: +24) enterprises than in the UK's largest organisations (net: +13).

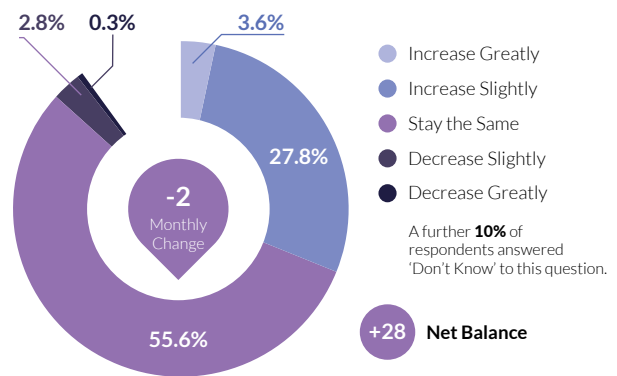


All who recruit permanent staff in any job functions (n=426)

### Medium-term outlook

**Do you think the number of permanent workers in your organisation will increase or decrease in the next four to twelve months?**

Intentions to hire permanent staff in the medium term decreased by two percentage points from the previous rolling quarter to net: +28. This was six percentage points higher than a year earlier. Hiring intentions were highest in the Midlands (net: +33) and the South (including London) (net: +31), and lowest in the devolved nations (net: +19). They were higher in micro/small (net: +34) enterprises than medium-sized (net: +25) or large (net: +24) organisations.



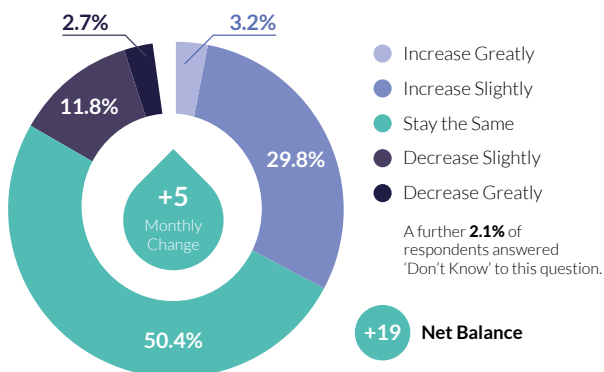
All who recruit permanent staff in any job functions (n=426)

## Temporary Recruitment

### Short-term outlook

**Do you think the number of agency workers in your organisation will increase or decrease in the next three months?**

Short-term hiring intentions for temporary agency workers continued to surge, increasing by five percentage points from the previous rolling quarter to net: +19. Moreover, this was 25 percentage points higher than in January-March 2020. Sentiment also improved across the individual months of the first quarter of 2021, from net: +13 in January to net: +21 in March.

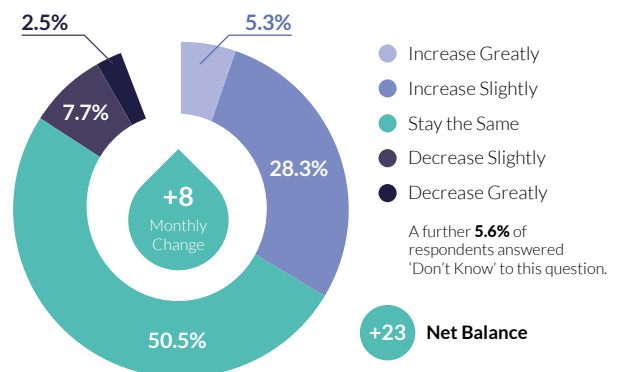


All who recruit temporary agency workers in any job function (n=90)

### Medium-term outlook

**Do you think the number of agency workers in your organisation will increase or decrease in the next four to twelve months?**

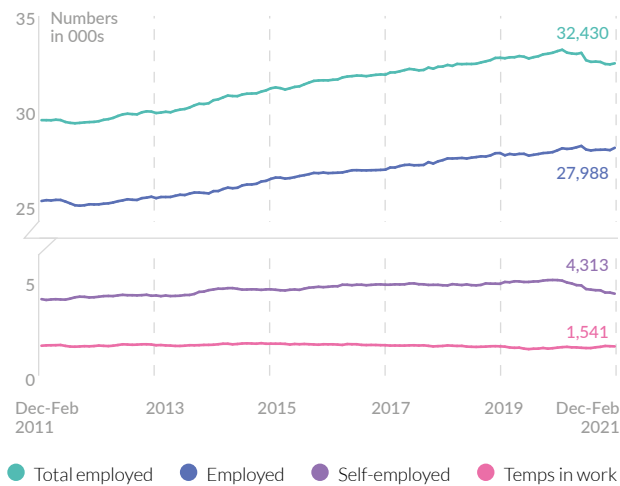
Medium-term hiring intentions for temporary agency workers rose sharply by eight percentage points this quarter. At net: +23, this was 24 percentage points higher than the level recorded in January-March 2020. The surge was largely driven by a positive shift in sentiment amongst employers in March at net: +32, this was sixteen percentage points higher than in January alone.



All who recruit temporary agency workers in any job function (n=90)

## Total Employment Permanent, temporary and self-employment

At 32.4 million in December 2020–February 2021, the UK workforce was 643,000 (1.9%) smaller than a year earlier. This decline was wholly attributable to a fall in self-employment, which reduced by 14% (715,000) year-on-year. Beyond this, however, HMRC data evidences a 2.8% (813,000) year-on-year fall, in March, in the number of workers on a payroll, supporting ONS' view that many people (including zero hours workers), whilst still employed, are temporarily away from work and not earning. The official vacancy number across January–March 2021 remained 23% below the prior year level.

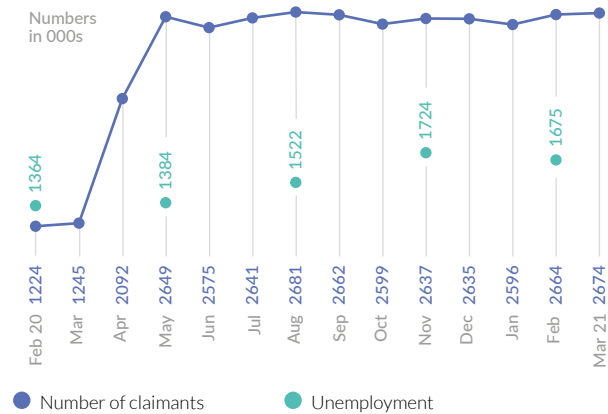


Source: Labour Force Survey (LFS), ONS

## Unemployment and claimant numbers

At 4.9%, the unemployment rate across December-February 2021 compared to 5.0% in the last rolling quarter and 4.0% in the same period last year. Whilst, at 1.68 million, this represented a 50,000 (2.9%) quarterly fall, the figure was 311,000 higher than a year earlier. Additionally, many more workers were undoubtedly protected from unemployment by being furloughed - the numbers of which averaged 4.0 million December 2020, 5.0 million in January and 4.8 million across February 2021, according to provisional data from HMRC.

At 2.76 million in March 2021, the Claimant Count increased by 10,000 (<0%) month-on-month and was 1.43 million (114%) higher than a year earlier.



Source: Labour Market Statistics, Apr 2021: unemployment (quarterly) and seasonally adjusted claimant count (monthly)

## Real Wage Growth

In real terms (when adjusted for inflation), regular non-bonus pay growth for employees in Great Britain was 3.6% higher across the year to December-February 2021 than a year earlier. On a monthly basis, the increase rose from 3.4% in the year to January to 3.8% in the year to February 2021.

The ONS continued to stress, however, that wage growth has been upwardly affected by a fall in the number and proportion of lower-paid jobs compared with before the pandemic. With nominal regular pay growth for the same period at 4.4% (not adjusted for inflation), it estimates the net impact of recent job losses has inflated average pay by around 1.9%, suggesting an underlying nominal wage growth of around 2.5%.



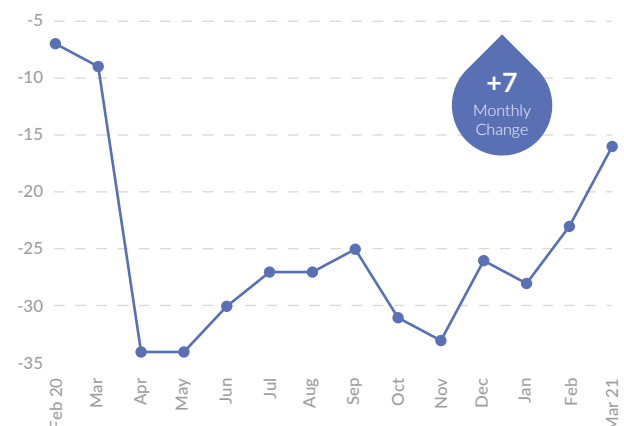
Source: Monthly Wages and Salaries Survey (MWSS), ONS.

## Consumer Confidence Index

With a partial re-opening from Lockdown 3 firmly in view and the vaccination programme in full swing, the GfK Consumer Confidence Index improved by a further seven points, to -16, after a five point improvement in February. This was the barometer's best reading since March 2020.

Expectations for the general economic situation over the next 12 months jumped by 13 points in March to -17. This was a notable ten points higher than a year earlier.

In terms of how this translated into expectations for respondents' own personal finances over the next 12 months, the forward-looking measure increased by six points to +10 – seven points higher than in March 2020.



Source: GfK Consumer Confidence Index: -16 in March 2021