



REC

Recruitment
& Employment
Confederation

Jobs Outlook

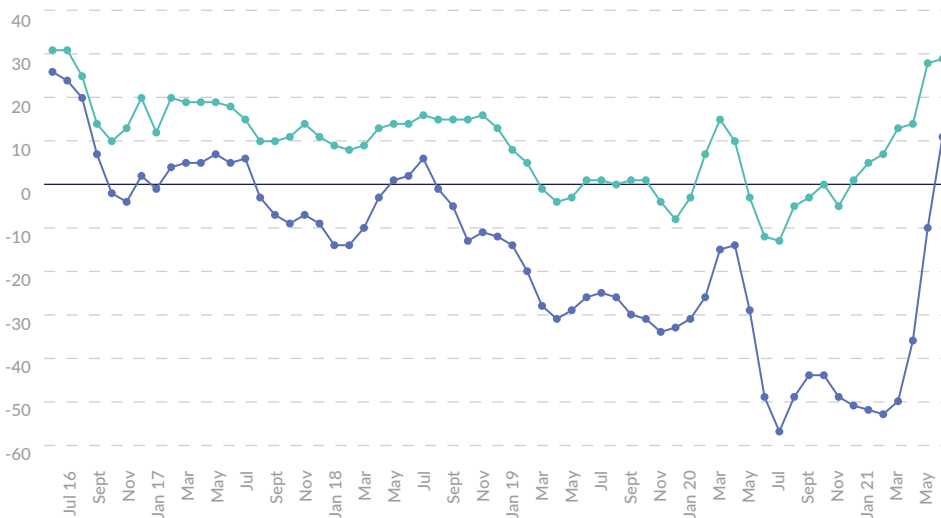
June 2021

Confidence in the UK economy turns positive for the first time in three years

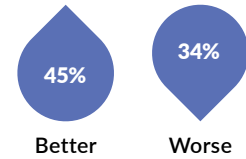
Confidence

Business confidence in the UK economy surged by a notable 21 percentage points in March-May 2021. At net: +11, this was this first time the barometer had been in positive territory since June 2018 (net: +6).

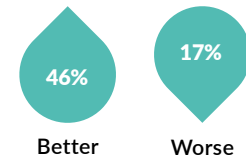
Employer confidence in making hiring and investment decisions (net: +29) was at the highest level since March 2016.



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...



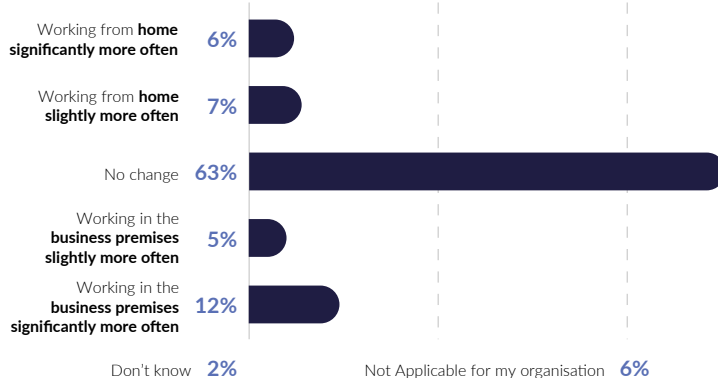
All involved in hiring (n=600).

- 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

Compared to before the pandemic, how do you expect your employees' working locations to change once COVID-19 restrictions have been lifted for several months?



When surveyed in May, marginally more employers (3%) anticipated an increase in employees working from their business premises than expected an increase in home-working once the pandemic restrictions have eased.

Mid-sized employers appear to expect the biggest return to on-premise working, with 15% more hirers planning for an increase (21%) than anticipating greater levels of home-working (6%).

Regionally, a higher proportion (25%) of Northern employers expected an increase in on-site working than greater levels of home-working (19%). In contrast, in London, there was an eight-percentage point swing in favour of increased home (24%) over on-premises working (16%).

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

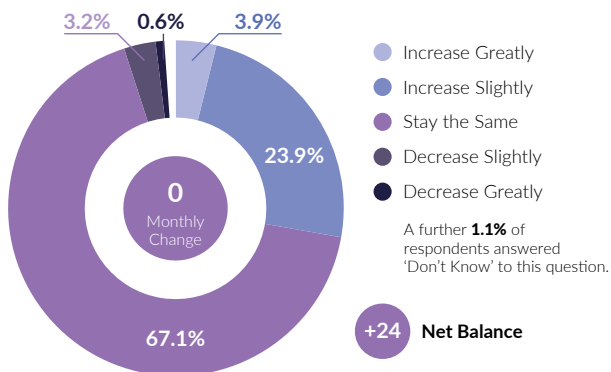
Throughout, figures based on fewer than 50 respondents are marked with an asterisk (*). Due to the small base size, these results should be considered indicative, rather than conclusive. Totals may not sum to 100% due to rounding. Data were weighted to be representative of UK adults in employment by 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 at net: +24 in this rolling quarter. In May alone, the balance of the sentiment decreased to net: +15, with the proportion of respondents planning to cut headcount rising to 7% from just 1% in March. Regionally, hiring intentions were highest in the North (net: +32) and lowest in the South excluding London (net: +16).

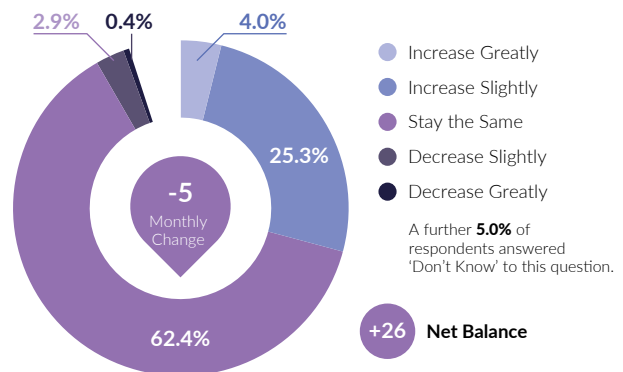


All who recruit permanent staff in any job functions (n=441)

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?

Employers' intentions to hire permanent staff in the medium term decreased to net: +26. This was five percentage points lower than the last rolling quarter. The contraction was underpinned by an increase in the proportion who were planning to reduce headcount (6% in May alone, compared to 2% in March). Hiring intentions were highest in the Midlands (net: +35) and the North (net: +29). This compared to net: +22 in London and the South, where 7% planned headcount cuts.



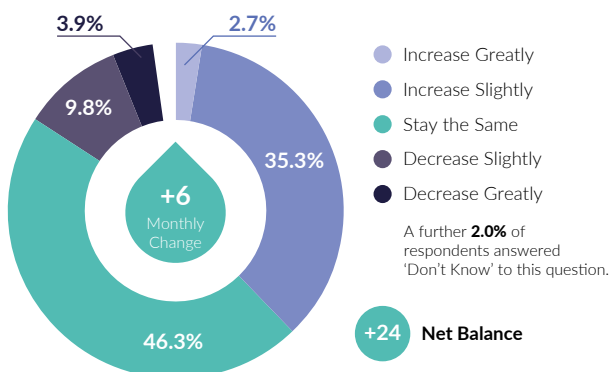
All who recruit permanent staff in any job functions (n=441)

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 increased by six percentage points to net: +24. In May alone, sentiment surged to net: +39, due to a notable reduction in the proportion planning to cut the number of agency workers they hire. Hiring intentions in large (250+ employee) organisations rose by eight percentage points from the previous rolling quarter to net: +26.

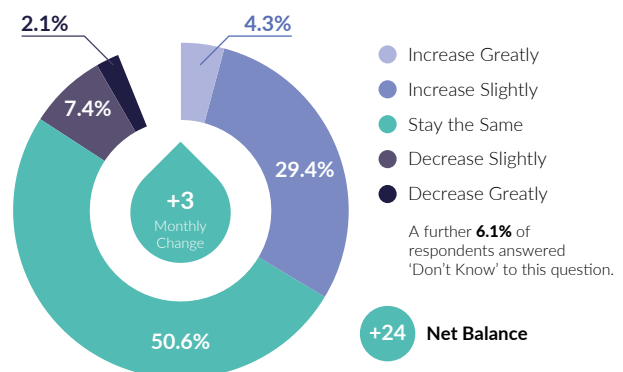


All who recruit temporary agency workers in any job function (n=120)

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?

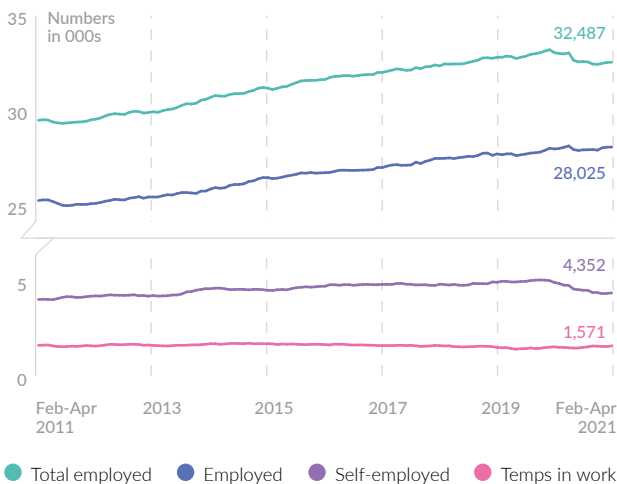
Medium-term hiring intentions for temporary agency workers improved by three percentage points this quarter and, at net: +24, were markedly higher than a year earlier (net: +7). Whilst 10% of all respondents across the quarter highlighted plans to reduce headcount, this had dropped to 3% in May alone. With 34% across the quarter planning to increase numbers, demand for agency workers will be high.



All who recruit temporary agency workers in any job function (n=120)

Total Employment Permanent, temporary and self-employment

At 32.5 million in February-April 2021, the UK workforce was 113,000 larger than in the previous quarter but still 353,000 smaller than in the same period last year. In terms of opportunities, however, by March-May 2021, the number of official vacancies reached 758,000. This is 27,000 (3%) fewer than in the pre-pandemic period of January-March 2020. At 4.4 million, the number of self-employed workers decreased by 513,000 (11%) year-on-year. In contrast, at 1.6 million, the number of temporary employees was 56,000 (4%) higher than the same period last year.

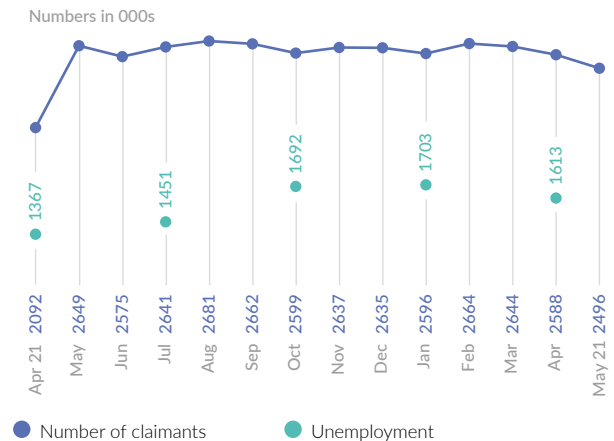


Source: Labour Force Survey (LFS), ONS

Unemployment and claimant numbers

In the three months to April, the unemployment rate was 4.7%, compared to 5.0% last quarter and 4.0% in the same period last year. At 1.6 million, this represented a 90,000 (5%) decrease on the previous quarter but was 246,000 (18%) higher than the same period a year earlier.

There were 142,000 (26%) more unemployed 25-49 year olds and 109,000 (39%) more people aged 50+ officially out of work than the same period last year. At 2.5 million in May 2021, the Claimant Count was down by 93,000 (4%) month-on-month and was 153,000 (6%) smaller than a year earlier.



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

Real Wage Growth

Annual growth in average employee pay increased further in the year to February-April 2021. However, the Office for National Statistics (ONS) continued to stress that this was largely driven by the "compositional effects of a fall in the number and proportion of lower-paid employee jobs (affecting the notional rate upwards by c. 1.5 percentage points) and because the latest month is now compared with April 2020 when earnings were first affected by the pandemic (the base effect)".

Notional regular pay growth for the quarter was 5.6%, but in real terms (adjusted for inflation), it was 4.4% higher. The quarterly average was affected up, however, by a 5.6% growth rate in April.



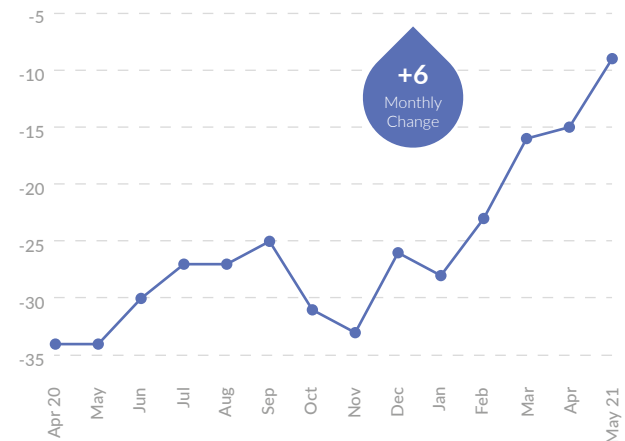
ONS, Average Weekly earnings in GB: June 2021. Source: Monthly Wages and Salaries Survey (MWSS), ONS.

Consumer Confidence Index

GfK's UK Consumer Confidence Index increased by six points, in May, to -9.

With lockdown restrictions continuing to ease, expectations for the general economic situation over the forthcoming year improved by fifteen points and, notably, returned this barometer to positive territory, at +4. This was 58 points higher than in May 2020.

In terms of how this translated into respondents' forecasts for their own personal finances over the next 12 months, this indicator remained at +10. This was, however, 19 points higher than in May 2020. Whilst still in negative territory, the Major Purchase Index also improved by five points to -7, which was 40 points higher than a year earlier.



GfK Consumer Confidence Index: -9 in May 2021