



**REC**

Recruitment  
& Employment  
Confederation

# JobsOutlook

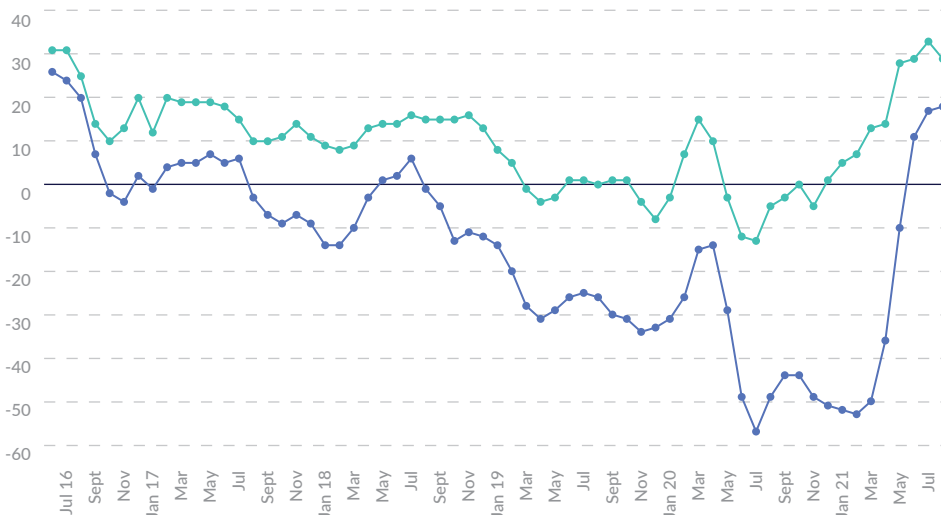
August 2021

## Employers' intentions to hire permanent and temporary staff remain high

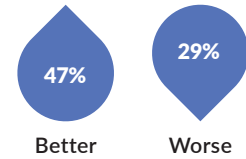
### Confidence

Business confidence in the UK economy remained high in May-July 2021, rising by one percentage point (net: +18), sitting firmly in positive territory for the third successive rolling quarter.

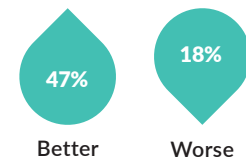
Employer confidence in making hiring and investment decisions fell by four percentage points but remained high at net: +29.



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...



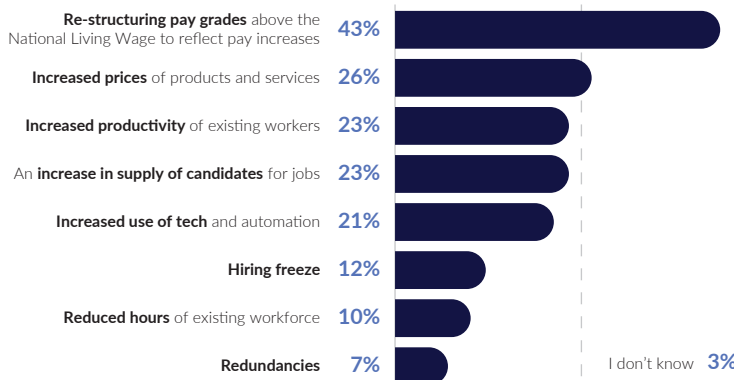
All involved in hiring (n=600).

- 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

In April 2021, the National Living Wage (NLW) for people aged 23 and over (previously 25 and over) was raised from £8.72 to £8.91. What impact, if any, has this change had on your business?



For two in five employers (43%), the impact of the April 2021 age change of the NLW positively resulted in the restructuring of pay grades to reflect pay increases.

For one in five employers (23%), pay rises for existing workers lead to increased productivity. A similar proportion (23%) also reported an increased supply of candidates because of the pay improvements for this age cohort.

For a quarter of employers (26%), however, increased input costs called for price inflation for products and services. And for one in five (21%), increased costs appear to have fuelled plans for increased use of tech and automation.

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

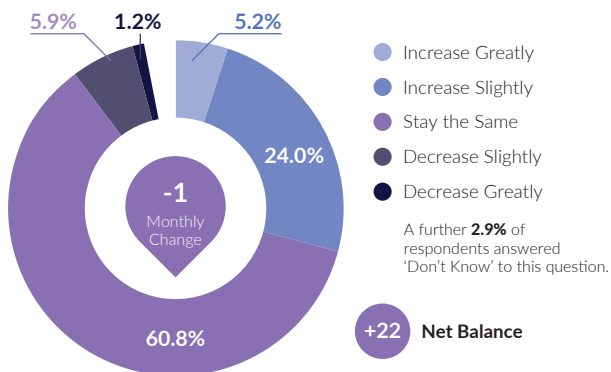
Throughout, figures based on fewer than 50 respondents are marked with an asterisk (\*). Due to the small base size, these results should be considered indicative, rather than conclusive. Totals may not sum to 100% due to rounding. Data were weighted to be representative of UK adults in employment by 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 buoyant, at net: +22 in May-July 2021. Moreover, sentiment has continuously improved through the individual months of this rolling quarter, growing from net: +19 in May to +33 in July. Regionally, hiring intentions were strongest in the North (net: +26) and weakest outside England (net: +17). One in ten (9%) of those in the South and London were looking to decrease their employee count.

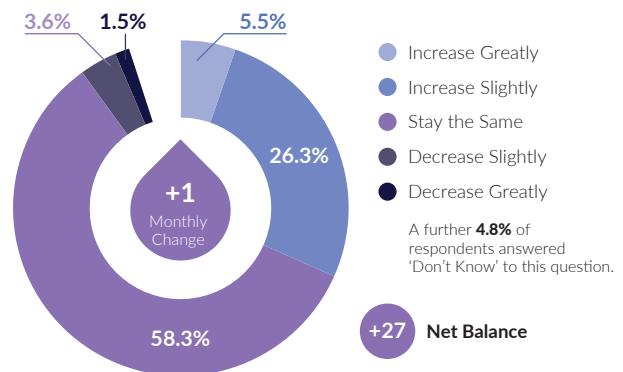


All who recruit permanent staff in any job functions (n=462)

### 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 remained stable this quarter (net: +26), with sentiment in June (net: +27) and July (net: +33) markedly higher than in May (net: +19). Notably, 8% of large (250+ employee) organisations surveyed across the quarter had plans to increase headcount significantly. Regionally, demand across the quarter was highest in the North (net: +30) and lowest in the South, excluding London (net: +22).



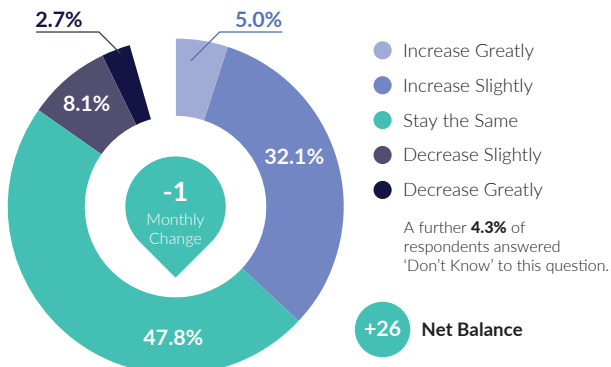
All who recruit permanent staff in any job functions (n=462)

## 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?**

Employers' intentions to hire temporary agency workers in the short term remained high this rolling quarter (net: +26). Regionally, hiring intentions continued to be stable and high amongst employers in London this rolling quarter at net: +46. This was in stark comparison to the rest of the South, excluding London (net: +16). Demand was high (net: +48) amongst medium (50-249 employee) enterprises, compared to net: +14 amongst large (250+ employee) organisations.

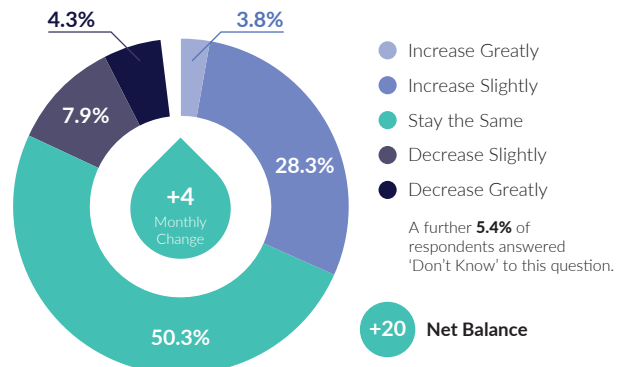


All who recruit temporary agency workers in any job function (n=129)

### 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?**

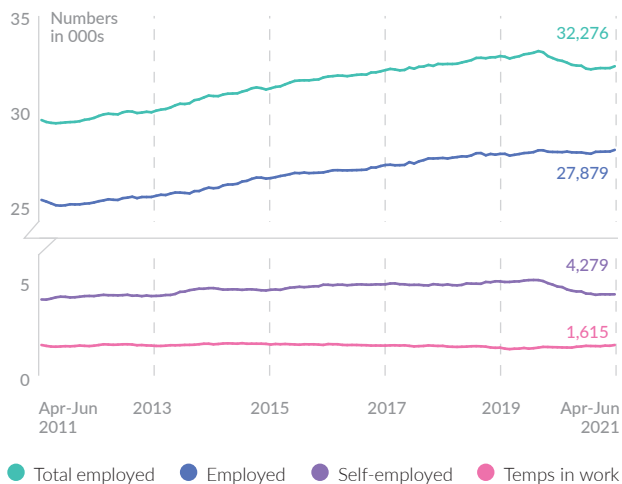
Medium-term hiring intentions for temporary agency workers improved by four percentage points this quarter to net: +20, fuelled by a recovery in sentiment in July from June (net: +23 vs. +12 respectively). Regionally, demand for workers was strongest in London (net: +32) and amongst mid-sized (50-249 employee) enterprises (net: +34). In contrast, demand was weakest outside England and amongst large hirers (250+ employees), both at net: +5.



All who recruit temporary agency workers in any job function (n=129)

## Total Employment Permanent, temporary and self-employment

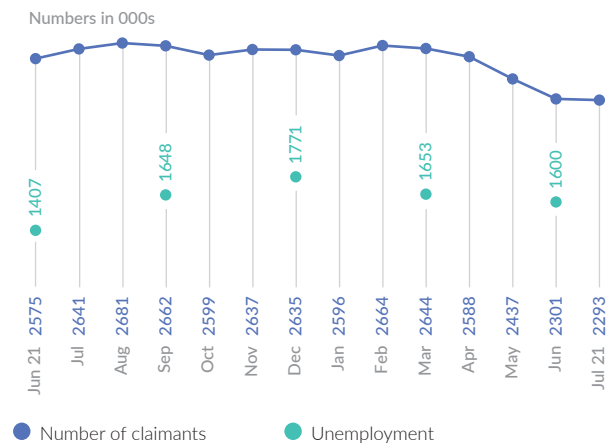
At 32.28 million in April-June 2021, there were 95,000 more employees in the UK workforce than the previous quarter but still 329,000 fewer than a year earlier. Whilst self-employment flat-lined, quarter-on-quarter, it was down 9% (411,000) year-on-year. In contrast, there was a 4% (64,000) quarterly rise and an 8% (119,000) annual rise in temporary employment. The annual rise was fuelled by a growth in both Fixed Term Contract (up by 9%, 63,000) and agency working (up by 22%, 51,000). Official vacancies numbers averaged 953,000 across May-July which was 21% higher than in January-March 2020.



Source: Labour Force Survey (LFS), ONS

## Unemployment and claimant numbers

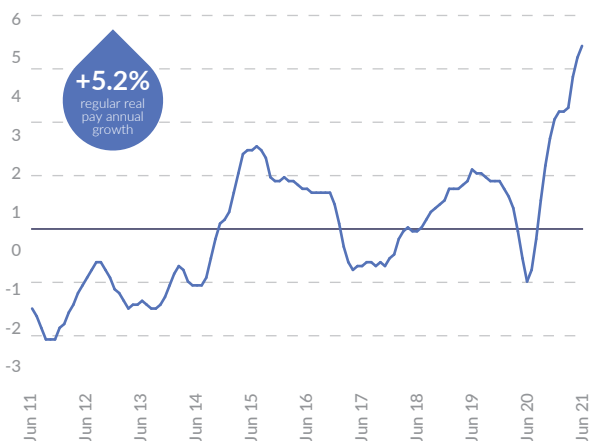
In April-June 2021, the unemployment rate was 4.7%, compared to 4.9% last quarter and 4.1% in the same period last year. At 1.60 million, this represented a 3% (53,000) decrease from the previous quarter but was 14% (193,000) higher than the same period last year. The number of unemployed 25-49-year-olds was a notable 22% (123,000) higher, year-on-year, and it was 35% (97,000) higher amongst those aged 50+. In contrast, there were 10% (45,000) fewer unemployed aged 18-24 than in April-June 2020. At 2.29 million, the provisional Claimant Count in July 2021 was just 8,000 lower than the previous month but 13% (348,000) lower than a year earlier.



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

## Real Wage Growth

Beneath the headline figure of a 7.4% rise in nominal real wage growth in the year to April-June 2021, the real-terms figure (adjusted for inflation) was 5.2%. In the last month of the quarter (June), the figures were 7.2% and 4.7%, respectively. The ONS continues to caution on these figures, however, due to the 'base effect' (the distortion to last year's comparison period, which saw lower earnings due to furloughing and reduced hours) and the 'compositional effect' (fewer lower paid workers in the workforce, increasing average earnings). In July 2021, they suggested that the combined effect of these two forces was inflating nominal wage growth by between 2.2 and 3.4 percentage points.



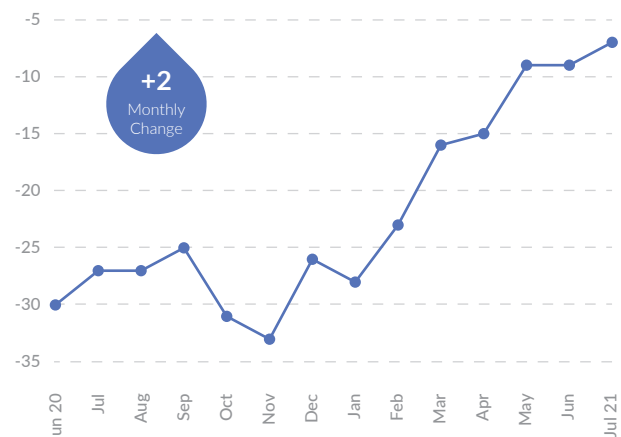
ONS - Far from average: How COVID-19 has impacted the Average Weekly Earnings data, July 2021

## Consumer Confidence Index

GfK's UK Consumer Confidence Index improved by two points in July, to -7, and edged ahead of its pre-pandemic level from March 2020. The barometer has now held firm or improved for six months in a row.

Whilst expectations for the UK economy over the next 12 months dropped by three points to -5, this was still 36 points higher than July 2020.

In contrast, forecasts for respondents' own personal finances over the next 12 months stayed steady at +11, which was 11 points higher than this time last year. The Major Purchase Index notably moved into positive territory, improving by seven points to +2, which is 28 points higher than in July 2020.



GfK Consumer Confidence Index: -7 in July 2021