



**REC**

Recruitment & Employment Confederation

# Jobs Outlook

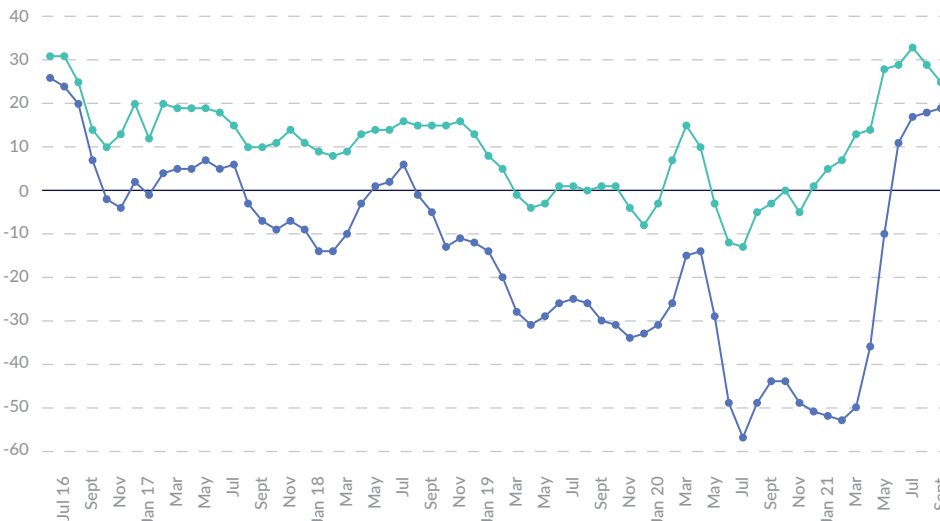
September 2021

## Employer hiring intentions rise amidst growing labour shortage concerns

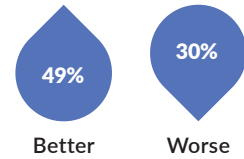
### Confidence

In June-August 2021, business confidence in the UK economy rose by one percentage point to net: +19. This was the fourth consecutive rolling quarter in positive territory and the highest level on record.

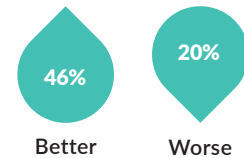
Employer confidence in making hiring and investment decisions fell by four percentage points but remained high at net: +25.



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...



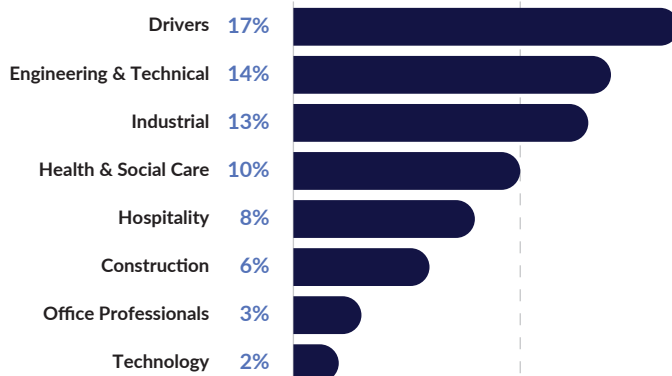
All involved in hiring (n=600).

- 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 which, if any, of these job functions are you currently finding a shortage of appropriate candidates for temporary roles?



Almost six in ten (58%) employers who recruit temporary agency workers were experiencing a shortage of suitable candidates to fill current roles when surveyed in August 2021.

All of the job functions in which respondents were experiencing sourcing challenges are those in which UK employers have historically relied upon non-UK workers, like logistics, engineering, technical and industrial occupations.

Available numbers remain notably lower than pre-pandemic levels. By this year's second quarter (April-June 2021), the UK workforce had 211,000 (8.7%) fewer EU27 nationals with just 3,000 (0.2%) more non-UK nationals from the rest of the world.

All involved in recruiting temporary agency workers, surveyed in August 2021 (n=43)

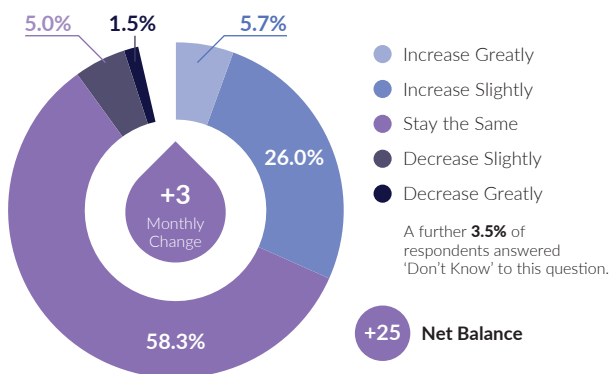
Throughout, figures based on fewer than 50 respondents are marked with an asterisk (\*). Due to the small base size, these results should be considered indicative, rather than conclusive. Totals may not sum to 100% due to rounding. Data were weighted to be representative of UK adults in employment by 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 rose by three percentage points to net: +25 in the three months to August. Moreover, the sentiment remained positive throughout the individual months of this rolling quarter. Regionally, hiring intentions were strongest in the South, outside London (net: +33). In contrast, it was net: +19 outside England. Large (250+ employee) enterprises were the most optimistic, with 8% planning to greatly increase numbers over the next three months.

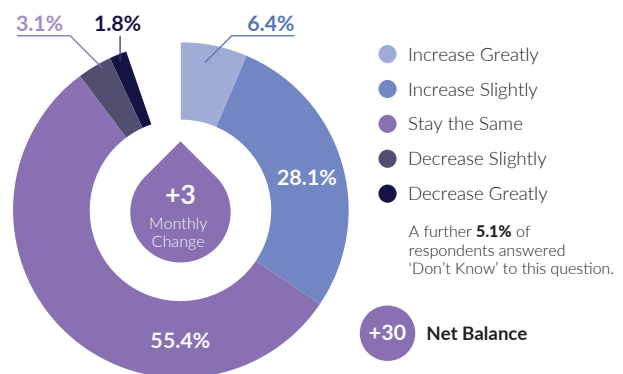


All who recruit permanent staff in any job functions (n=464)

### 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?**

Medium-term permanent hiring intentions rose again this quarter, by three percentage points to net: +30. Notably, 11% of large (250+ employee) organisations planned to greatly increase headcount, compared to 6% of all employers. Whilst London had the highest proportion planning to increase staff numbers (42% versus 35%), it also had the greatest proportion planning cuts (9% versus 5%). Amongst public sector employers, 8% also planned reductions.



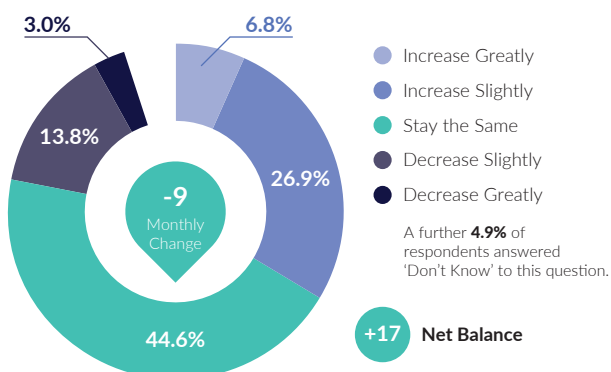
All who recruit permanent staff in any job functions (n=464)

## 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?**

In June-August 2021, employers' intentions to hire temporary agency workers in the short-term fell by nine percentage points to net: +17. The downward shift was driven by both a fall in the percentage planning to hire and a rise in the proportion indicating that they would be reducing headcount. However, compared to the same period last year, hiring intentions were significantly stronger (net: +2).

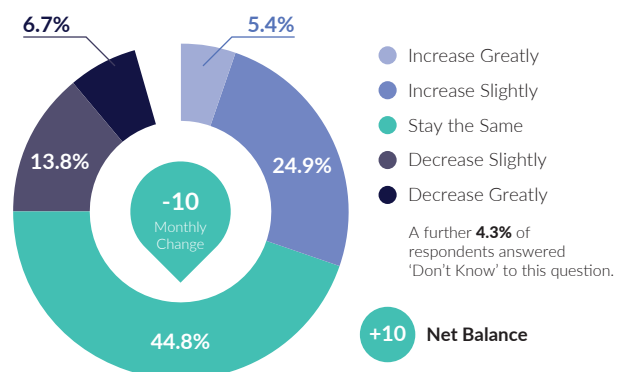


All who recruit temporary agency workers in any job function (n=132)

### 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?**

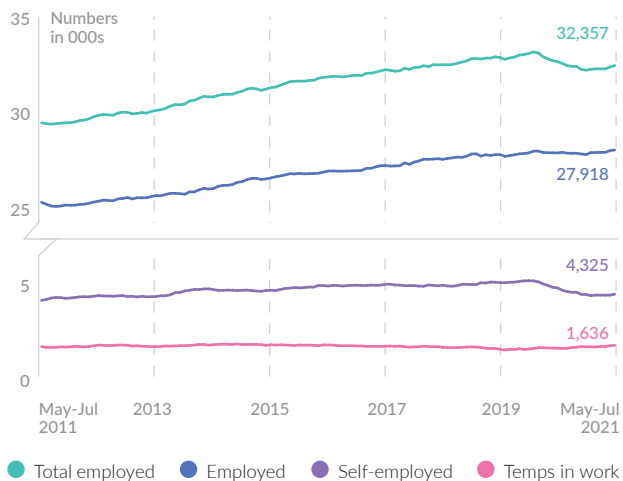
Medium-term hiring intentions for temporary agency workers fell by ten percentage points this quarter, but remained notably stronger than in the same period last year (net: +10 versus net: -1). The shift was underpinned by both a month-on-month reduction in the proportion planning to add headcount, coupled with a spike in numbers planning cuts. One in five hirers (21%) planned reductions across the quarter, including 34% in August.



All who recruit temporary agency workers in any job function (n=132)

## Total Employment Permanent, temporary and self-employment

At 32.36 million across May-July 2021, the total UK workforce increased by 183,000, quarter-on-quarter, but was still 202,000 smaller than in the same period last year. Self-employment returned to growth this quarter, rising by 46,000 (1%) in February-April, but it was still down 336,000 (7%) year-on-year. Temporary employment rose by 55,000 (4%) quarter-on-quarter and by 151,000 (10%) year-on-year. In terms of opportunities, vacancy numbers topped 1 million for the first time since records began, with numbers up by 249,000 (32%) on pre-pandemic levels (Q1 2020).

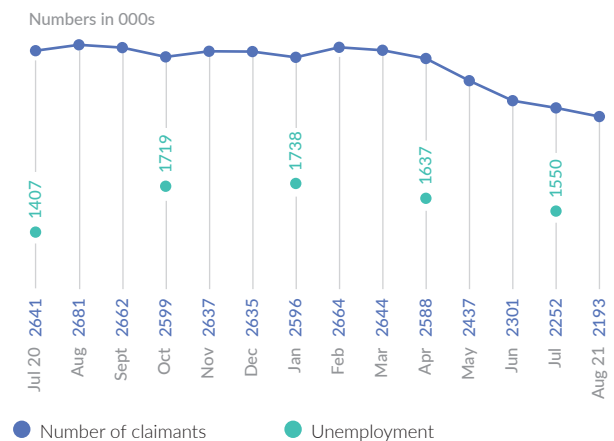


Source: Labour Force Survey (LFS), ONS

## Unemployment and claimant numbers

Across May-July 2021 both the official unemployment total and the claimant count continue to decline. At 4.6% (1.55 million), the unemployment rate was down from 4.8% (1.64 million) last quarter but was up from 4.3% (1.47 million) in the same period last year.

Notably, more than half a million (525,000) of those unemployed were under 25, although this was down from 572,000 in May-July 2020. At 2.19 million, the provisional Claimant Count in August 2021 was 59,000 (3%) lower than the previous month and was 488,000 (18%) smaller than a year earlier.



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

## Real Wage Growth

Across the year to May-July 2021, regular pay growth for GB employees (excluding bonuses) remained positive, but dropped to 4.5% from 5.2% last rolling quarter. Moreover, for the single month of July, real-terms regular pay growth dropped to 3.8% (from an adjusted 4.6% in June).

The Office for National Statistics (ONS) continues to caution that nominal growth figures (6.8% for regular pay in the year to May-July) could be inflated by between 2.2 and 3.4 percentage points. This is due to the 'base effect' (the distortion to last year's comparison period) and the 'compositional effect' (fewer lower paid workers in the workforce, increasing average earnings).



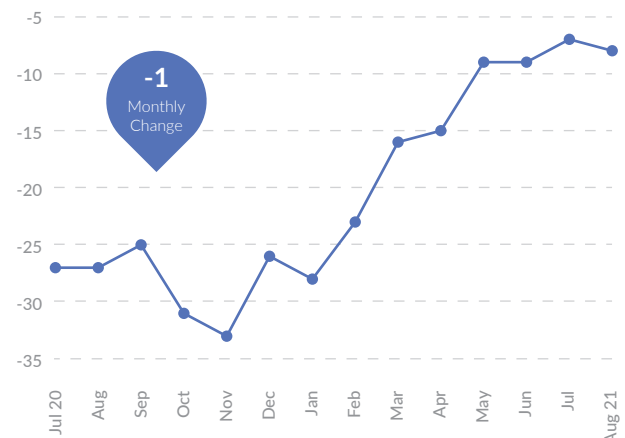
ONS - Far from average: How COVID-19 has impacted the Average Weekly Earnings data, July 2021

## Consumer Confidence Index

GfK's UK Consumer Confidence Index declined by one point in August, to -8. This was the first contraction after six months of growth.

Whilst expectations for the UK economy over the next 12 months dropped by one point to -6, this was still 36 points higher than August 2020.

In contrast, forecasts for respondents' own personal finances over the next 12 months remained steady at +11, which was ten points higher than this time last year. Of note, the five-point fall in the major purchase index was counterbalanced by a five-point rise in the savings index, which GfK suggests may be a sign that consumers are switching to saving rather than spending.



GfK Consumer Confidence Index: -8 in August 2021