



REC

Recruitment & Employment Confederation

Jobs Outlook

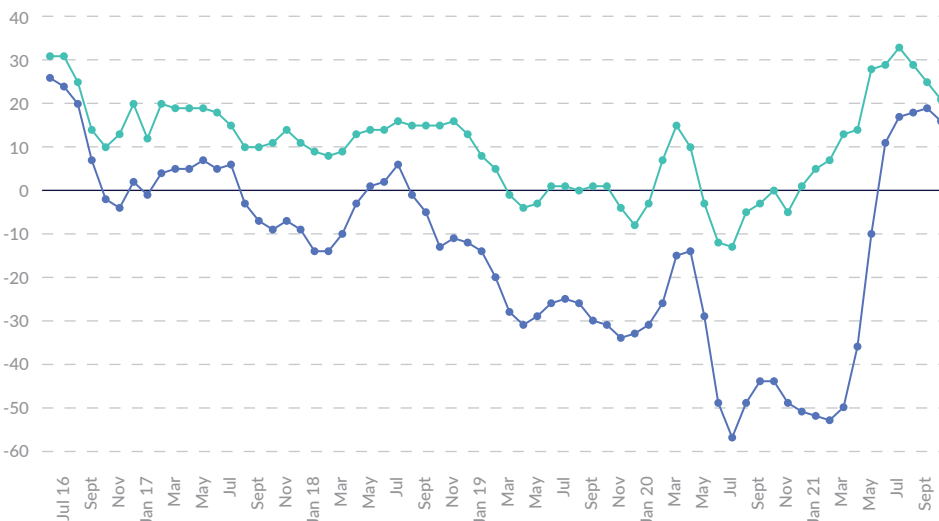
October 2021

Employer confidence in hiring still high, but weakening in face of winter uncertainties

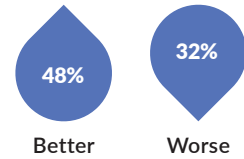
Confidence

In July-September 2021, business confidence in the UK economy fell by four percentage points from the previous rolling quarter to net: +16. This was the fifth successive rolling quarter in positive territory but the first fall in 2021.

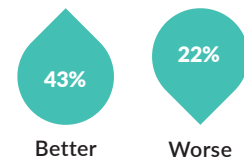
Employer confidence in making hiring and investment decisions deteriorated for a third consecutive rolling quarter, falling by four percentage points to net: +21.



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

Is your organisation currently facing any labour shortages, or finding it difficult to recruit? If so, which of the following measures, if any, do you think would most help to solve these issues?



Half (50%) of UK employers are currently experiencing labour shortages, but 55% of those believe that they could address this challenge by offering higher starting salaries.

Almost four in ten (37%) believe that they could tackle some of their challenges if they were to improve some in-work benefits, such as flexible working.

Interest in widening the recruitment pool also scores highly – 22% highlight that opening new routes into the organisation, such as apprenticeships, would help. One in five favour using more contingent workers to access talent, whilst 17% are interested in working with organisations who help the disadvantaged into work.

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

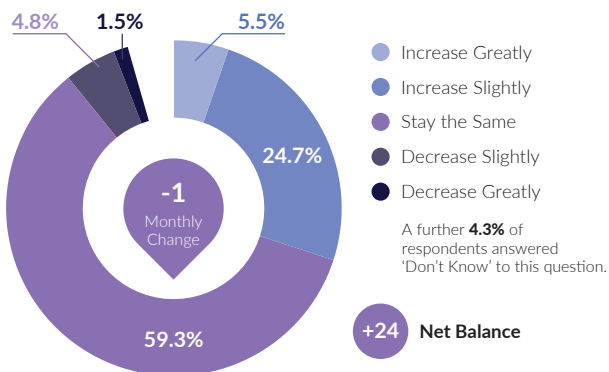
Throughout, figures based on fewer than 50 respondents are marked with an asterisk (*). Due to the small base size, these results should be considered indicative, rather than conclusive. Totals may not sum to 100% due to rounding. Data were weighted to be representative of UK adults in employment by 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 in the three months to September, falling by just one percentage point to net: +24. Regionally, demand was strongest in the South, outside London (net: +30), and the North (net: +27). In contrast, it was just net: +20 in London and net: +18 in the Midlands, largely impacted by 11% and 9% of employers, respectively, planning headcount cuts in those regions.

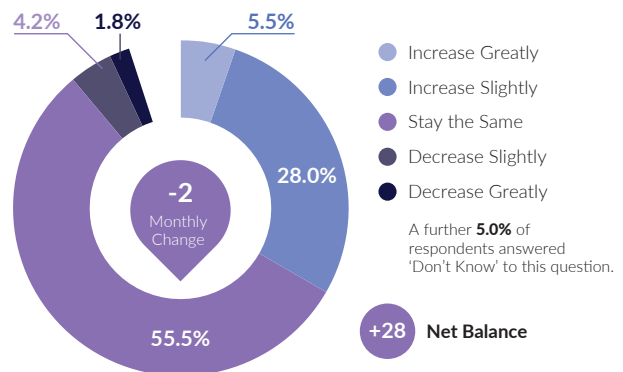


All who recruit permanent staff in any job functions (n=456)

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 fell by two percentage points to net: +28. This was driven by contraction in September, during which 10% planned cuts. Regionally, demand was highest in London (net: +31) and the South (net: +34) and lowest in the Midlands (net: 23). It was also notably higher in the private (net: +31) than the public sector (net: +10), where 16% reported plans to cut headcount.



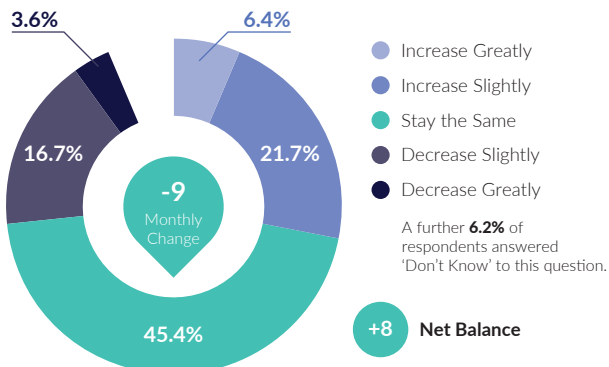
All who recruit permanent staff in any job functions (n=456)

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 fell by nine percentage points to net: +8, for a second consecutive time this rolling quarter. This was mainly driven by a contraction through the individual months of this rolling quarter. Whilst the proportion planning increases was buoyant, those planning reductions spiked in August (22%) and September (26%). Moreover, sentiment turned negative this rolling quarter in the North (net: -4) and the South (net: -3).

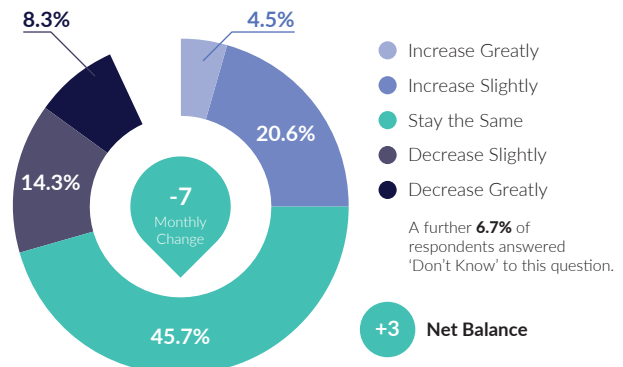


All who recruit temporary agency workers in any job function (n=132)

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?

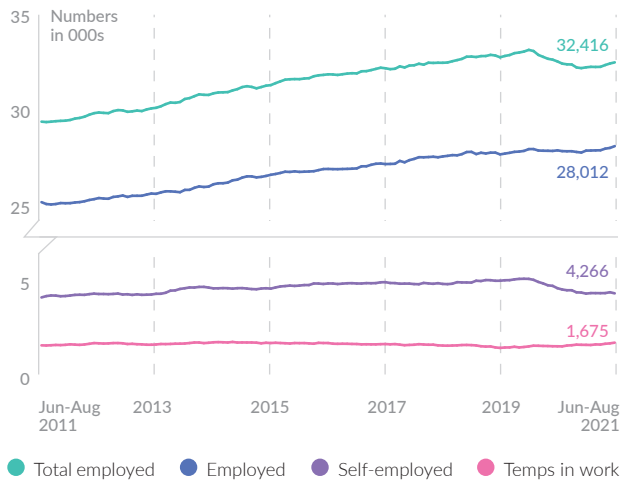
Whilst medium-term hiring intentions for temporary agency workers fell a further seven percentage points this quarter, it was still positive (net: +3), in contrast to the same time last year (net: -3). Sentiment turned negative in both August (net: -9) and September (net: -10). This was driven by a month-on-month reduction in the proportion planning to add headcount coupled with a spike in numbers planning cuts (28% in September).



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

Total Employment Permanent, temporary and self-employment

At 32.4 million in June-August 2021, the total UK workforce increased by 235,000, quarter-on-quarter, but remained 49,000 smaller than in the same period last year. Self-employment fell by 10,000 this quarter and was down 271,000 (6%) year-on-year. In contrast, temporary employment increased by 102,000, quarter-on-quarter, and 192,000 (13%) year-on-year. At 1.1 million across July-September 2021, job vacancy levels reached another high; up 239,000 (28%), in this quarter, and 606,000 (122%) year-on-year. And experimental Office for National Statistics (ONS) data for the single month of September recorded almost 1.2 million openings.

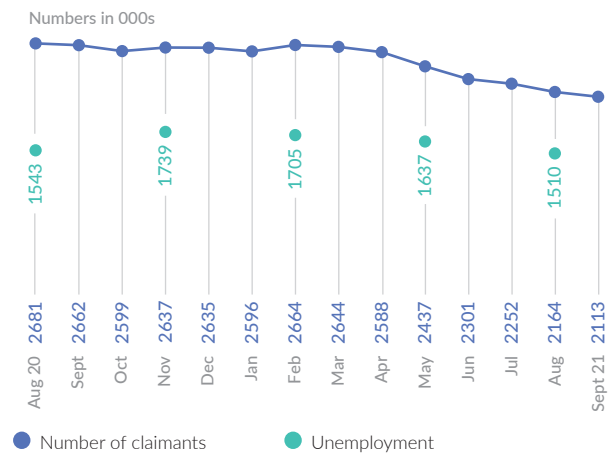


Source: Labour Force Survey (LFS), ONS

Unemployment and claimant numbers

The unemployment rate was 4.5% in June-August 2021, compared to 4.8% in March-May and 4.5% in the same period last year. At 1.5 million, the number was 8% (126,000) lower in this quarter, and down 2% (33,000) year-on-year.

Notably, 9% of 16-17-year-olds had been without work for more than 12 months. In contrast, this rose to 23% amongst 18-24-year-olds, 31% amongst those aged 25-49 and 42% amongst the unemployed aged 50+. The Claimant Count also continued to fall. At 2.1 million in September 2021, it was 2% (51,000) lower than the previous month and 21% (549,000) lower than a year earlier.



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

Real Wage Growth

In real terms (adjusted for inflation) regular pay growth (excluding bonuses) for GB employees remained positive across the year to June-August 2021, but declined by 1.1% in the last rolling quarter. Real terms total pay growth also slipped, in this quarter, from 6.0% to 4.7%. In August, real terms regular pay growth halved, to 1.9% from 3.8% in July, whilst real terms total pay growth fell to 2.7% (from 5.1% in July).

The Office of National Statistics also continues to caution on pay growth figures, however, stressing that they are inflated due to the 'base effect' (the distortion to last year's mid-pandemic comparison period) and the 'compositional effect' (fewer lower paid workers in the workforce, increasing average earnings).



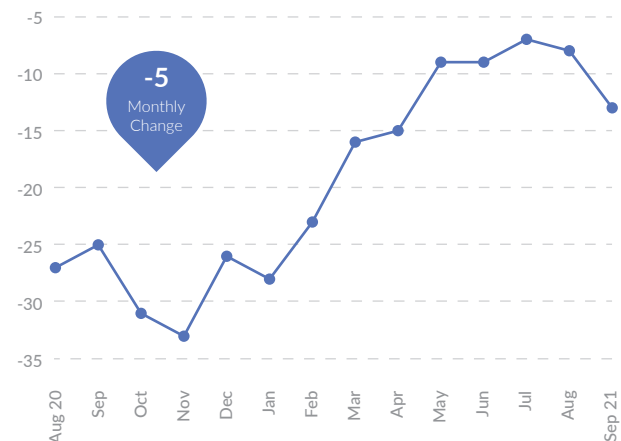
ONS - Far from average: How COVID-19 has impacted the Average Weekly Earnings data, July 2021

Consumer Confidence Index

GfK's Consumer Confidence Index declined by five points to -13 in September. This was the second consecutive monthly fall after six months of buoyant performance.

Whilst expectations for the UK economy over the next 12 months fell by ten points to -16, this was still 22 points higher than September 2020.

Forecasts for respondents' own personal finances over the next year also fell by six points to +5, just four points higher than a year earlier. Furthermore, a three-point fall in the major purchase index (to -6) was coupled with a three-point decline in the savings index (to +22), which GfK suggests is a sign that consumers are concerned about a potential cost of living crisis.



GfK Consumer Confidence Index: -13 in September 2021