



REC

Recruitment & Employment Confederation

Jobs Outlook

November 2021

Employer confidence growth slows markedly amidst uncertainty

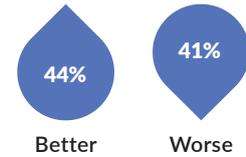
Confidence

In August-October 2021, business confidence in the UK economy fell sharply by 13 percentage points, to net: +3. This was the biggest fall in a single rolling quarter since the start of the pandemic.

Employer confidence in making hiring and investment decisions fell by nine percentage points to net: +13. This was the fourth consecutive rolling quarter where this measure declined.



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

The 2021 Budget will take place this autumn and set out the government's spending plans and priorities for the future. Which of the following, if any, do you think should be the main priorities for the review to support businesses and jobs in the UK?



Key priorities for UK businesses at the Budget were for government to invest in sectors still struggling from the pandemic (50%) and industries challenged by current worker shortages (48%).

A keen interest in bolstering the country's training infrastructure was also high on the agenda. Three in ten (31%) were interested in enhanced funding and training for lower-level skills and a quarter (24%) said reform of the apprenticeship levy scheme is a priority, to enable levy funds to be used more flexibly.

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

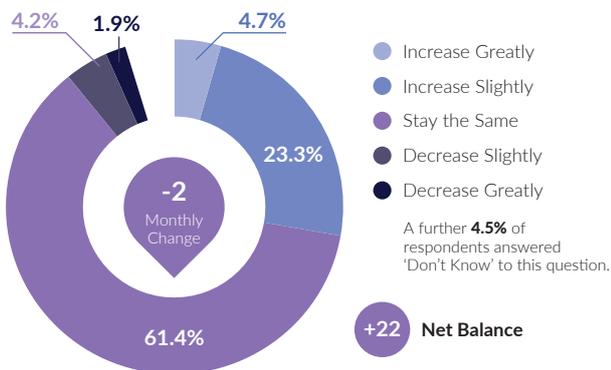
Throughout, figures based on fewer than 50 respondents are marked with an asterisk (*). Due to the small base size, these results should be considered indicative, rather than conclusive. Totals may not sum to 100% due to rounding. Data were weighted to be representative of UK adults in employment by 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?

In August-October 2021, employers' intentions to hire permanent staff in the short-term remained buoyant but fell by two percentage points to net: +22. Sentiment amongst large (250+ employee) organisations was the most resilient (net: +29) and weakest amongst those with 0-49 employees (net: +17). There was also a stark contrast in confidence levels between the private (net: +25) and public sectors (net: +9).

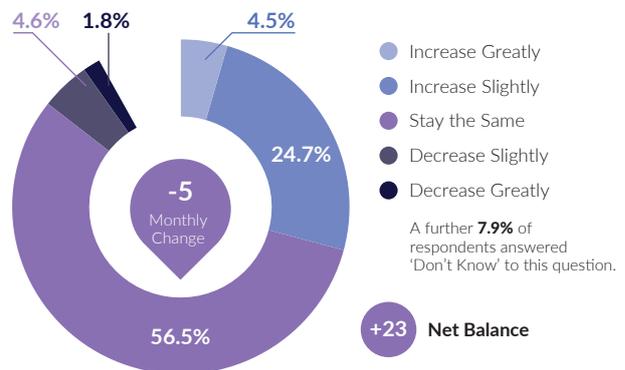


All who recruit permanent staff in any job functions (n=461)

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 five percentage points to net: +23. This was driven by a fall throughout the individual months of this rolling quarter, from net: +29 in August to net: +20 in October. Regionally, demand remained highest in London (net: +31) and the South (net: +28) and lowest outside England (net: +16). It was also notably higher in the private (net: +26) than the public sector (net: +8).



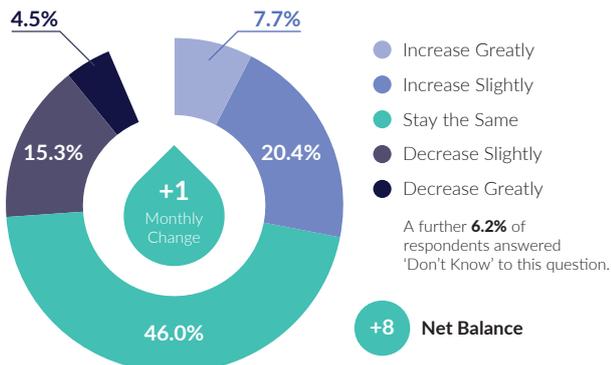
All who recruit permanent staff in any job functions (n=461)

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 stable at net: +8. Sentiment regained its momentum in October (net: +16), having weakened in August (net: +4) and September (net: +3). Regionally, there was stark differences between the North (net: -8) and the South (net: +19) across August-October. The sentiment was also negative amongst mid-sized enterprises (50-249 employees) and public sector respondents (net: -4 and net: -10 respectively).

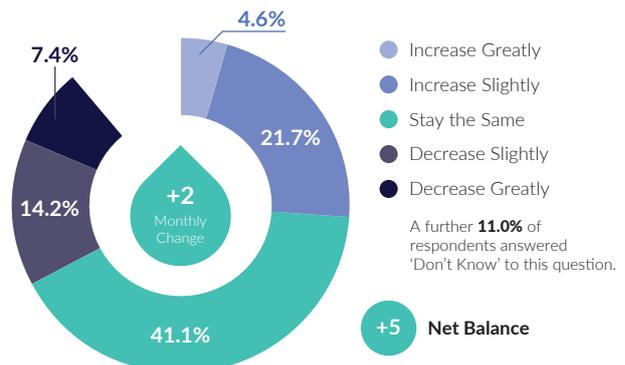


All who recruit temporary agency workers in any job function (n=138)

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?

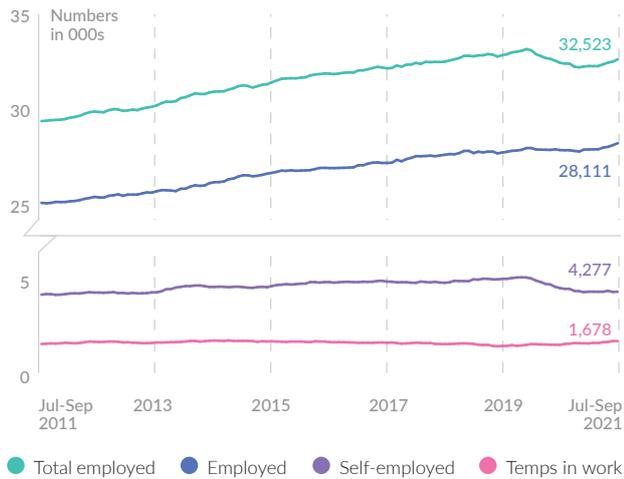
Medium-term hiring intentions for temporary agency workers rose by two percentage points to net: +5 in this rolling quarter. Sentiment was negative in August (net: -9) and September (net: -10) but rebounded in October to net: +27. Hiring intentions were higher amongst large organisations (250+ employee) than mid-sized enterprises (50-240 employee) - net: +17 and net: -5 respectively. Regionally, sentiment was also negative in London (net: -15).



All who recruit temporary agency workers in any job function (n=138)

Total Employment Permanent, temporary and self-employment

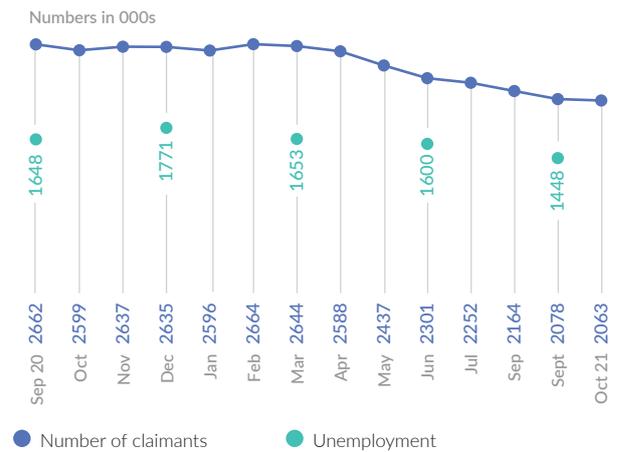
At 32.52 million in July-September 2021, the total UK workforce increased by 247,000 (0.8%), quarter-on-quarter, and by 173,000 (0.5%) from the same period last year. Self-employment was down by 192,000 (4%) year-on-year, whilst temporary employment was up by 201,000 (14%), fuelled by an increase in all forms of temporary labour. Most notably, agency contingent was up by 34%, year-on-year. At 1.17 million, official job vacancy numbers rose to a new record high in November, which were 387,000 (49%) higher than pre-pandemic (January-March 2020).



Source: Labour Force Survey (LFS), ONS

Unemployment and claimant numbers

The unemployment rate was 4.3% in July-September 2021, compared to 4.7% in April-June 2021 and 4.8% in the same period last year. At 1.45 million, unemployment was 10% (152,000) lower than the previous quarter and 12% (200,000) lower than the same period a year earlier. Numbers fell amongst all age groups, quarter-on-quarter, and in all except from 16-17-year-olds, year-on-year. At 2.06 million, the provisional Claimant Count in October 2021 was 1% (15,000) lower than the previous month and 21% (535,000) lower than a year earlier.



Source: Labour Market Statistics, Nov 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 July-September 2021. It continued to decline, however, falling to 2.2% from 3.4% last rolling quarter. Real terms total pay growth also slipped, quarter-on-quarter, from 4.7% to 3.1%.

For the single month of September, real terms regular pay growth dropped to 1.0% (from a revised 1.8% in August), whilst real terms total pay growth fell to 1.5% (from 2.7% in August). The ONS also notes that "the temporary factors that have inflated the headline growth rates (the base and compositional effects), are now reducing and having a smaller impact on growth rates".



ONS, Labour Market Overview: November 2021

Consumer Confidence Index

GfK's Consumer Confidence Index declined by four points in October to -17. This was the third consecutive monthly fall after six months of the barometer either holding firm or improving. As they did in September, expectations for the UK economy over the next 12 months fell by ten points to -6. This was still 24 points higher than in the same month in October 2020.

In contrast, respondents' views on their own personal finances over the next year fell by four points to +1, just one point higher than a year earlier. With the major purchase index falling by four points to -10 and the savings index staying static, GfK suggests that the financial mood of the nation has changed.



GfK Consumer Confidence Index: -17 in October 2021