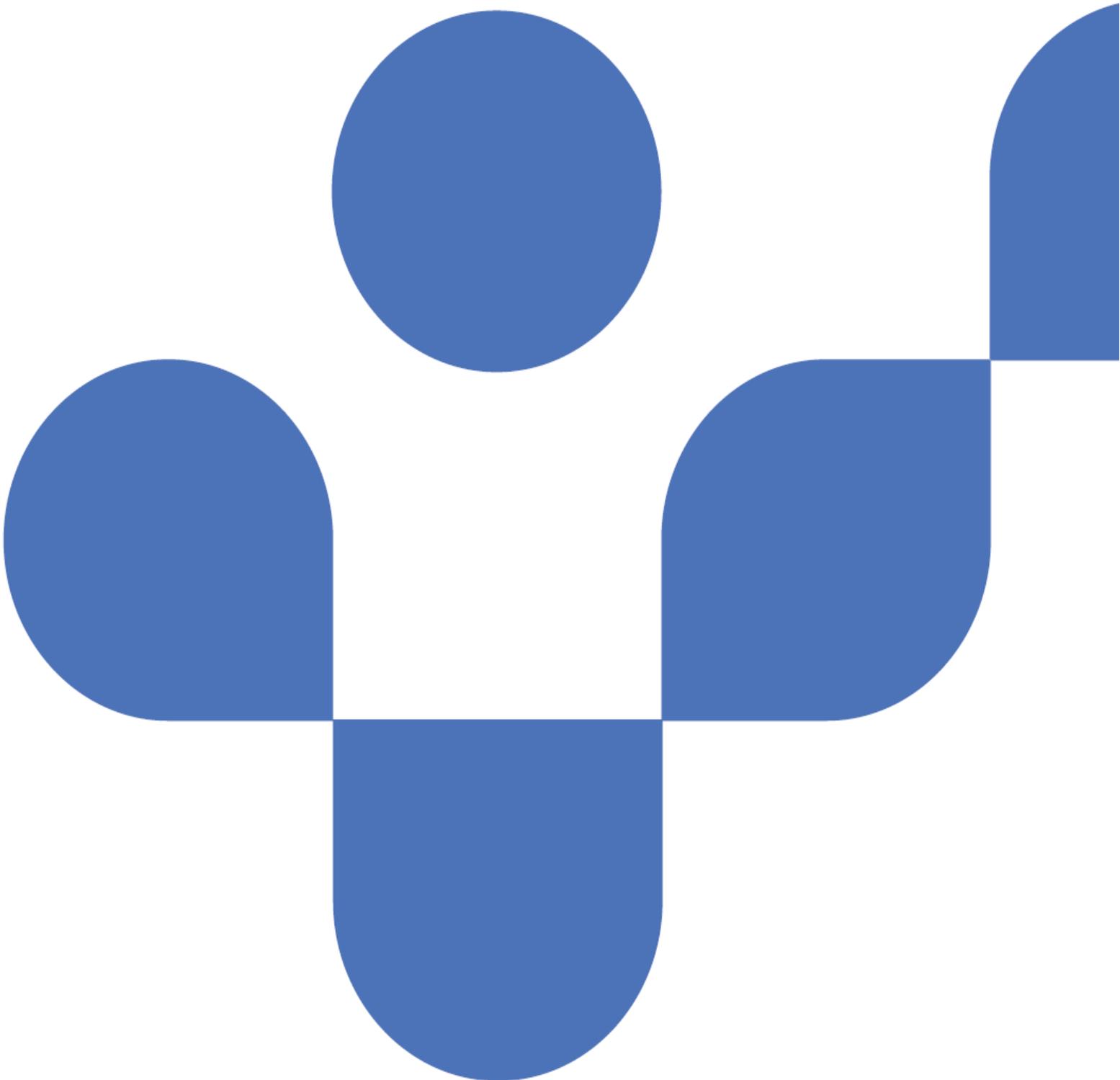


# Autumn Budget 2024

A submission from the Recruitment & Employment  
Confederation (REC)

September 2024



Dear Chancellor,

This Autumn Budget is one of the most eagerly anticipated in years. You have set out that the priority of the new Government is economic growth, and that this is the way in which the fiscal picture will be improved overall. Businesses understand that there are some difficult choices to make, on both revenue and spending lines. But the essential test of the overall package will be whether it sets out a clear, optimistic and targeted path to growth over the long-term. Too often in the past decade fiscal events have damaged long-term growth to address short-term issues in the Government finances.

This Budget will set the tone for a new Government. Over the summer we have seen signs in data and anecdotes from businesses waiting to make investment decisions based on the steps taken this autumn. Unlocking private sector investment in the UK is key, building confidence and momentum over the course of the Parliament. **Firms are looking for a clear industrial strategy which takes more than a sector-by-sector approach and addresses the enablers of growth across our economy - the workforce, infrastructure, access to capital and the tax regime.**

REC jobs and economic confidence data indicated an upturn in the labour market earlier this year, though momentum has slowed over the summer. **We need a message of positivity to provide sustained business confidence after the Budget.** Government must seize the agenda with initiatives and reforms that help rather than hinder employers' ability to attract and retain workers. Ensuring that the Government's employment reforms are pragmatic in their implementation will be key to this.

The public sector is vital to the health of the economy, so **it is crucial that a reformed public sector procurement system allows us to focus on the quality of our public services** - especially addressing NHS waiting lists. We still haven't got a sustainable plan for solving the ongoing staffing problems in the NHS, with broken and impractical centralised frameworks actively driving up staffing costs as more and more shifts are taken on an emergency basis because staff can't and won't take shifts on rates that were last updated several years ago. The result is a system that spends pounds to save pennies. There is a better way - one that will save money and improve care - but it can only be delivered in partnership with REC members. By reforming the on/off framework dynamic, it is possible to better utilise existing spend, build a more sustainable supply chain, and reduce reliance on last minute, higher rate off-framework staff. Let's work together to achieve a procurement system that is affordable and sustainable for Trusts, suppliers and temporary workers, while demonstrating a reduction in spend for routine NHS staffing needs.

**The government's growth mission must be built in collaboration with businesses**, to make sure policies are practical and impactful, not just politically attractive. It is critical, however, that the measures **do not increase the cost of employment**, reduce business' ability to hire, or lead to costs being passed on in the form of lower private sector wage awards. To kickstart economic growth, the UK needs to be an attractive market for inward investment, and both a stable economy and competitive labour market are needed for that.

**No attempt to drive growth will succeed without a proper appreciation of workforce issues.**

Addressing ongoing skills and labour shortages, economic inactivity and low productivity will ensure we prosper and allow the overall tax burden to fall. On a human level, giving people more access to quality work (including temporary flexible work) and equipping them with the skills needed for the future, should drive wellbeing and productivity.

In preparing your Budget, it is also essential to have in mind that positive regulation and influence can be brought to bear by Government in its stewardship of the economy. Payment practice amongst larger firms has become an area of huge concern to many businesses this year, with payment periods for suppliers of agency workers (who were paid that week by the agency) of up to 120 days being demanded. This is not good business - **government should do more to support prompt payment terms throughout the supply chain.**

### ***The economic impact of the recruitment industry***

The recruitment and staffing sector - the members of the REC - contributes over £40bn to UK GDP each year. That is bigger in scale than either law or accountancy. Our members see the pressures of supply and demand in the labour market first hand, both across all industries and throughout the UK. They **place a million people into new permanent roles every year, and a million temporary workers into workplaces every day**. We truly understand the challenges, and opportunities, facing the UK labour market.

The first part of our submission sets out four key themes, supplemented by focused recommendations that, if taken, would underpin a return to economic prosperity. They strike a balance between cost and return on investment, at a time when public spending is tight. Many do not require initial capital investment, but those that do will generate greater returns in the medium and long term.

The four themes we set out are:

- Building a clearer understanding of the modern labour market and its challenges, and how to work with business to address these. Start with the challenge of creating growth by announcing a comprehensive Industrial Strategy.
- Incentivising investment in the skills needed to build a UK workforce aligned to the jobs of the future. This, in turn, will reduce the reliance on overseas talent and protect workers whose jobs may be disrupted by net zero or new technologies.
- Boosting workforce productivity and reducing labour market inactivity in the short-term by reforming access to training, increasing childcare accessibility and reviewing public sector staffing models.
- Regulating for a sustainable and dynamic labour market to safeguard workers' rights while supporting flexible work.

The second part of our submission provides our latest data insights for the UK labour market, which have informed our recommendations. Treasury and Bank of England officials already cite our data, as it is a robust and longstanding lead indicator on the labour market's performance and the pace of change.

If you or your team would like to discuss any of our submission in more detail, Jordan in my office ([jordan.price@rec.uk.com](mailto:jordan.price@rec.uk.com)) can arrange a meeting.

Yours sincerely,



Neil Carberry  
Chief Executive

## Part 1: Four Key Themes for Economic Prosperity

At the start of a new Parliament, the government has an opportunity to set out its long-term vision for the economy. It has been 14 years since the last Labour-led fiscal event, and this Autumn Budget presents an ideal platform for the new government to share a strategy for the economic growth this country needs. Throughout this submission, the REC aims to strike the balance between the need for caution in the short term, with the long-term economic benefits that will come from sensible investment in the right places at the right time. Our recommendations draw heavily from our evidence base and our manifesto, [Dynamic Labour Markets for Growth](#), but are updated where necessary to reflect the current political and economic climate.

Labour's long-term vision for growth cannot be achieved without taking the right action now to build an economy and labour market that has the right tools and potential to thrive. Immediate action is needed, for example to address the issues with staffing in the NHS to reduce wait times, tackle long-term sickness and allow people to return to work, boosting productivity and triggering growth. Likewise, introducing sensible regulation to the labour market, designed in partnership with businesses will allow workers and employers to continue to work in the most effective and productive way. These examples show where the correct short-term action can lead to long-term productivity and growth for the economy, and the other policy recommendations set out in the four subsections of this submission underline the need for this approach.

### Theme 1: Building a clearer understanding of the modern labour market and its challenges, and how to work with business to address these. Start with the challenge of creating growth by announcing a comprehensive Industrial Strategy.

Every business knows the power of a well thought-through strategy. It clarifies the goals, expectations and the path ahead; it identifies the risks and potential mitigations; and it provides staff and investors with confidence in the direction of travel. This first Budget of the new government gives an opportunity to provide that strategy and define a clear direction of travel.

This is not the same labour market as when Labour were last in power. It isn't even the same as the labour market we saw as we came out of the Covid lockdowns. Many of our members say that they have never experienced a labour market like it – despite 20, 30 and even 40 years of working in recruitment and talent management. And the data supports this. Understanding the jobs market is vital if we are to understand and predict the economic outlook. Measures of our economic resilience and ability to withstand future shocks are informed by the tightness versus slack in the current labour market, as well as wage inflation.

In the modern labour market, different ways of working all have a vital role to play. From full-time jobs to temporary, contract and interim placements, there is a necessary variety in the ways people work. Temporary work can give those struggling to engage with the labour market confidence to return to work or attain the skills they need to get into work, it helps businesses manage workloads more efficiently, and can help entrepreneurs get their startups off the ground. This is something to be celebrated and encouraged. It is often those demographics that find breaking into the labour market, such as young people, mothers, or the older generations, who seek to work in a non-traditional manner.

Policies need to be put in place to support and protect these choices, and barriers to participating in the job market should be avoided. But first we need to really understand the labour markets of today so we can action the right things. Our campaign, [Voice of the Worker](#), highlights how important agency work can be to allowing individuals the freedom to operate in the labour market. We found more than half of temp agency workers (53%) believe that this is the right kind of role for their current stage in life, and almost 1 in 3 respondents (28%) saying that without temp work they would likely struggle to find any work.

Temporary placements from the recruitment industry added £33.9bn to the economy in 2022/23 and this value must not be ignored when it comes to planning the future of the labour market.<sup>1</sup> A recent survey of employers by the World Employment Confederation and FT Longitude showed that 8 in 10 UK respondents were planning to increase their use of agency workers in the next two years. The same survey showed that 86% of UK respondents want legislation simplified so that workers are not prevented from choosing short-term contracts that suit their lives.<sup>2</sup> Government needs to embrace principles that allow good quality agency and flexible work contracts to continue, rather than unintentionally demonising any form of flexible work as inherently exploitative.

While the analysis of the current labour market and its challenges are underway, the UK urgently needs government to fulfil its pre-election promise of a brand-new industrial strategy that looks ahead and prepares the UK for 2030 and beyond. This strategy must be accompanied by a clear and credible long-term workforce plan. British businesses need to see this sooner rather than later. The strategy needs to recognise the modern labour market, with its different forms of working, and ensure people are skilled and able to support economic growth sectors. We need to modernise skills policy, which the government is already making progress on through Skills England, but this is not about skills alone. A full industrial strategy needs to account for investment, production and job design, and the supporting structures which matter to delivering the right environment for our economy to grow.

1. [Recommendation: Conduct a Workplace Employment Relations Study \(WERS\) to inform policy.](#)
2. [Recommendation: Review and revise aspects of the Plan to Make Work Pay to better reflect the needs of flexible workers.](#)
3. [Recommendation: Work with businesses and employee representative bodies to develop a Workforce Plan for the UK to support a new Industrial Strategy.](#)

## Theme 2: Incentivising investment in the skills needed to build a UK workforce aligned to the jobs of the future. This, in turn, will reduce the reliance on overseas talent and protect workers whose jobs may be disrupted by net zero or new technologies.

We know that two mega-trends will disrupt the jobs market in the coming years - technological advances such as generative AI, and climate change. We also know that getting the most out of our workforce is critical to growing the UK economy. We will need to equip the workforce with the skills required for the jobs of the future, not the past or the present.

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<sup>1</sup> REC, UK Recruitment Industry Status Report 2022/23

<sup>2</sup> WEC, The Work We Want: Reimagining the world of work, 2024

If workers are given access to training and jobs, and businesses access to investment incentives and opportunities, together we can position the UK at the cutting edge of the global economy. We will not need to be as reliant on imported skills, nor will we lose talented individuals or innovative start-up businesses to more attractive overseas markets. Skills without jobs, and vice versa, will mean a missed opportunity and wasted investment. If we don't act, we are at risk. Jobs which could be created in the UK can easily be created in other more amenable countries – this is a global industrial revolution, and the UK workforce cannot afford to be left behind.

Fixing regional inequalities and ensuring every part of the UK has a dynamic jobs market, will help address social disillusionment, and allow our talented and ambitious young people to build careers in their local communities. We need strong regional job markets to support people in balancing their careers, finding local affordable housing, quality of life and proximity to their families (particularly where they have caring responsibilities). People should not be forced to relocate for housing or quality work. Equally, we know our largely regional industrial and manufacturing businesses will be unavoidably impacted by the drive to net zero and technological advances, so urgent action is needed to create replacement skills and jobs in those towns and cities. This will, in turn, create and sustain thriving local economies.

An integrated approach is required - from educating the next generation, to training existing workers, and importantly re-skilling those whose jobs are at risk. It also requires collaboration and alignment between policy makers, businesses, employee representatives, the investment community and labour market experts.

We must reframe the immigration debate to focus on the positive role that it has in boosting our economy and addressing labour market skills shortages, particularly in our vital public services. Sponsoring work visas needs to be more attractive to employers (reduce the cost, increase the length), and the restrictions and salary thresholds for Skilled Worker Visas need to be revisited in order to remain competitive.

Recruiters are experts in labour market trends and the government needs to use this expertise. We can provide insight on hiring needs, in-demand skills, and identify jobs and locations where supply and demand are misaligned.

4. Recommendation: Mandate labour market expert representation across Local Skills Improvement Plans (LSIPs), and work with devolved administrations to ensure a joined-up approach throughout the UK.
5. Recommendation: Work with industry to build a comprehensive skills and training strategy to deliver for workers, particularly in communities which we know are most at risk of large-scale displacement of jobs. A focused plan will help local workers to adapt, creating a talent pool to attract replacement jobs.
6. Recommendation: Conduct an impact assessment into how immigration policy impacts the labour market in the sectors with highest need (health and social care, and childcare).
7. Recommendation: Use careers advice (building on the Gatsby Benchmarks), existing job schemes such as Restart, and the welcome introduction of the Growth and Skills Levy to promote uptake of digital and green skills training.
8. Recommendation: Correct the mistakes of the failed Apprenticeship Levy by allowing temporary workers to use the Growth and Skills Levy on short-term modular courses, allowing a wider range of workers to access training and development.
9. Recommendation: Upgrade the UK's energy infrastructure, connectivity and planning processes to ensure that new green jobs are not delayed or lost to other countries.

## Theme 3: Boosting workforce productivity and reducing labour market inactivity in the short-term by reforming access to training, increasing childcare accessibility and reviewing public sector staffing models.

There are a multitude of reasons why people are economically inactive. We must make it easy, and attractive, for people to get into work, and that means understanding and addressing the barriers.

Some workers may be struggling without the necessary skills or experience to access the job market. At the other end of the spectrum, they may want to reduce working hours and increase flexibility as they move towards retirement. Some may have to fit work around caring responsibilities, whether for children or elderly parents. Others may no longer be able to work full-time due to health conditions. Temporary work is often a catalyst for allowing these groups to more easily access the labour market, with the freedom of genuine, pragmatic flexibility when needed.

Improving access to healthcare and reducing waiting times for treatment or surgery are critical in reducing the number of people who are unable to work for health reasons. This is why effective staffing for public services, especially the NHS, is so crucial. Currently the staffing model in the NHS is fundamentally broken and represents poor value for money for the taxpayer. Rates for contingent supply were set in 2016 and have not been revised since, leaving it increasingly difficult to supply at these rates. Combined with the rampant reduction in budget for permanent headcount across NHS trusts, this leaves the remaining workforce over-worked and under-appreciated. This broken set-up in turn pushes hiring off-framework or via staff banks, where rates are significantly more attractive to staff and the agencies or suppliers running the banks. It is possible to start to fix this by seeing all spend on staffing in the round. The government needs to free up the NHS to invest in a sustainable framework supply model, increasing rates of pay to make it easier to attract staff, and reducing the headline-grabbing off-framework spend. It is possible to spend less and improve outcomes, but requires collaboration between procurement, all suppliers and industry bodies to collectively redesign how the market operates. We know we must fix this, and a desire to improve patient outcomes must outweigh any political motivations to scapegoat suppliers or agency workers in the NHS.

Similar staffing shortages in the social care sector, as well as a lack of joined up thinking between health and care, results in people transferring caring responsibilities onto family and friends - which takes them out of the labour market. We need to prioritise attracting workers to the sector, whether through training, better rewards, or recognising the negative impact which restrictive immigration policies are having on the sector. Despite the role carers play in looking after the most vulnerable in society, they have often been overlooked as a profession when it comes to recruitment, training and development. The Labour government has a chance to reverse this trend by caring about care, generating a pipeline of candidates into the sector and valuing the role that both permanent and temporary staffing can play in providing a long overdue and cohesive care service.

The previous government took good steps to improve childcare by improving access for parents and carers, but this needs to be built on by Labour. A joined-up plan to increase the availability of childcare to working parents must recognise that staffing shortages in the childcare sector are a major obstacle to accessing affordable childcare. Childcare is not just essential for working parents (or grandparents), but also those undertaking training or education.

Once someone is in work, we know they can progress more easily, increase their earnings and, where applicable, move off state support. We also need UK businesses to retain the skills and productivity of more experienced workers which would otherwise be lost if they were to exit the job market because work became uneconomical or inflexible.

Inadequate transport infrastructure is also a major drag on UK productivity. A reliable and reasonably priced public transport network opens up greater economic opportunity to both workers and businesses. A proper rail network (that connects major cities with each other, not just with London) is critical to improving the regional balance of the UK economy, boosting local productivity, while also boosting the construction industry.

10. Recommendation: Urgently introduce a properly costed and revised framework system for NHS staffing procurement, working with suppliers to build a model that provides value for money for taxpayers, good care for patients and sustainability for agency workers and agencies.
11. Recommendation: Learn the lessons from NHS staffing procurement and reverse plans to introduce restrictions on the supply of agency staffing in the children's social care workforce, which puts welfare at risk.
12. Recommendation: Introduce a proper workforce plan for core sectors – such as the childcare sector - aiming to increase the availability of childcare, and improve the recruitment pipeline for childcare staff.
13. Recommendation: Set out a multi-year plan for investment in our regional and inter-city public transport networks. From the Elizabeth Line to the Borders Railway, this type of investment repeatedly outperforms Treasury growth expectations and has a significant labour market activation effect.

## Theme 4: Regulating for a sustainable and dynamic labour market to safeguard workers' rights while supporting flexible work.

According to ONS data, nearly half of the UK working population works in a non-permanent, flexible way. Too often, agency workers are forced to work around legislation designed for employees in permanent roles, resulting in confusion and sometimes a lack of clarity about the rights they have. Recognising that not all workers want permanent or full-time employment is important.

At the same time, changes to outdated legislation tend to be a result of case law, and when legislation is updated, it can be piecemeal. In addition, enforcement is poor, meaning that reputable and compliant firms shoulder increased costs which places them at a competitive disadvantage when compared to those who can exploit the system without much fear of getting caught. This must change, as ineffective regulation benefits no-one – it must target behaviour which genuinely impacts workers' rights and encourage investment in compliance. Policies that materially increase the cost of employment will negatively impact the ability of the UK labour market to compete on a global stage.

There is much anticipation surrounding the new Employment Bill, which is an excellent opportunity to build a pragmatic employment regulatory landscape fit for the future economy. An engaged workforce, good industrial relations, and a clear and practical regulatory regime, will make the UK an attractive place to invest. Introducing the Fair Work Agency (FWA) is a step towards this, but it is important that the FWA has clear and consistent regulations to enforce, aligned to the practicalities of the labour market which has evolved significantly since the current regulations were enacted. The REC has previously recommended suggestions to improve coherence around employment regulation in our [Labour Laws Fit for the Future](#) report.

Creating the correct regulatory environment requires genuine and comprehensive consultation with worker and industry representatives. Rushed introduction of politically expedient reforms may have unintended consequences and set the labour market back years. We appreciate the government's desire to improve worker rights in the UK, but meaningful improvements in workers' rights are best

served by tackling genuinely exploitative behaviours, improving enforcement of existing regulations, and ensuring that regulation is simple, clear and consistent.

For example, umbrella companies should be regulated in the same way as employment agencies (we still await the outcome of the 2023 consultation, and implementation of Matthew Taylor's recommendations from the Good Work Review in 2017), with industry regulation consolidated and updated to address the reality of the 21<sup>st</sup> century labour market. Regulation for umbrella companies not only boosts worker protections but also combats one of the key drivers of tax evasion and avoidance in the UK labour market. A 2022 survey by IPSE found that 15% of umbrella company workers indicated that they were either fairly or very concerned with tax non-compliance from their umbrella company.<sup>3</sup> And with over 700,000 umbrella workers in the UK, this represents potentially thousands of workers not correctly paying tax, which if rectified could represent huge returns to the Treasury.<sup>4</sup>

Prompt payment is a growing concern for many businesses. REC members, who pay their agency workers well in advance of receiving payment from the businesses to which the workers are supplied, are reporting clients imposing payment terms of up to and exceeding 120 days. Businesses would not get away with paying their own staff 4 months later, but they are happy to pay for their temporary workers in that way. This places significant strain on cashflow for many staffing businesses, and significant finance costs for all of them. We urge the Government to look at what measures could be introduced to curb the imposition of excessive payment terms in this manner, particularly where it relates to temporary worker wages.

14. Recommendation: Work with the recruitment industry to identify areas for regulatory reform that don't undermine the healthy flexibility which currently exists in the labour market.
15. Recommendation: Introduce formal regulation for umbrella companies and other payment intermediaries akin to the Conduct of Employment Agencies and Employment Businesses Regulations 2003.
16. Recommendation: Ensure the Fair Work Agency does not dilute the previous enforcement regime by retaining the sectoral expertise of the Employment Agency Standards Inspectorate.
17. Recommendation: Conduct research into unfair payment practices, and consider what steps may be appropriate to encourage prompt payment and moderate excessive payment terms being imposed upon suppliers.

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<sup>3</sup> IPSE, The umbrella company market: Assessing the attitudes and concerns of umbrella company workers, 2022

<sup>4</sup> PayePass, Shifting Sands: The cause, scale and implication of changes in the UK workforce engagement status 2019-23, 2023

## Part two: Latest research from the REC

The first quarter of the financial year 2024/25 has proven difficult for the labour market overall. However, some green shoots remain. A recent REC analysis, for example, discovered a surge in permanent hiring intentions among [London employers could be a bellwether for the rest of the country](#).

Overall hiring activity for both temporary and permanent staff has declined in the most recent months. Meanwhile, salaries continued to rise, albeit at a more marginal pace.

As the new government settles into its role as decision-makers for the economy and nation, this is the right time to reaffirm the REC's call for growth. This is the only way to deliver for workers and businesses alike, by creating the right conditions for a wide range of ways of working.

The latest data from the REC's Report on Jobs, Jobs Outlook and Labour Market Tracker is set out below.

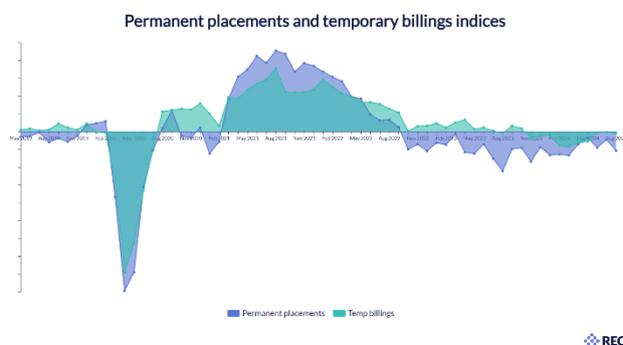
### Report on Jobs – September 2024

The KPMG and REC, UK Report on Jobs survey, compiled by S&P Global, signalled a softening of UK labour market conditions during August. Latest data showed that permanent placements continued to fall, and at an accelerated pace, amid reports of reduced demand amongst companies for new staff. Temp billings also declined over the month, albeit only marginally.

Permanent salaries meanwhile continued to rise, but at the weakest pace since March and at a rate well below the survey's historical trend. Concurrently, temp pay increased at the weakest pace for three-and-a-half years.

Reduced placements and slower pay growth occurred as recruitment consultants registered a fall in vacancies for a tenth successive month. Staff availability also rose amid some reports of increased redundancies.

The report is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.



### Staff appointments continue to fall during August

August's KPMG/REC Report on Jobs survey showed another reduction in permanent staff placements, extending the current downturn to 23 months. Moreover, the rate of contraction was the steepest since March amid reports of lower demand from clients and a lack of workplace vacancies. Temp billings also fell for similar reasons, although the rate of contraction was again only marginal, and little changed since July.

### Slower growth in permanent staff pay

Permanent staff salaries increased again in August, in line with a trend that stretches back three-and-a-half years. Starting pay was generally raised to attract candidates, especially for positions where supply was limited. However, the increase in permanent pay levels was the weakest since March and well below the survey's historical average. Moreover, temp pay rose only slightly and to the weakest degree for three-and-a-half years.

### Staff demand down slightly again in August

Latest vacancy data signalled a marginal decline in vacancy numbers during August. It was the tenth month in a row that demand for staff has fallen, with slight declines seen for both permanent and temporary workers. Notably, August marked the first fall in temporary staff demand since April.

### Strong growth of staff availability signalled

Staff availability continued to increase in August, both for permanent and temporary workers. Although similar, growth was the strongest in four months for temp workers but the slowest since February for perm staff. A mixture of redundancies and lower placement volumes reportedly led to the rise in availability.

## JobsOutlook – July 2024

The REC's September JobsOutlook will be published later this month. However, in the interest of providing our submission in good time we will provide this to Treasury at a later date. Below is some of the key data from the previous edition of JobsOutlook, published in July.

### Employers' intention to invest and hire surges again

#### Confidence

Across April-June 2024, business confidence in the UK economy was negative but improved by seven points (to net: -29) compared to the three months to April. The balance of optimism would have been higher had there not been a dip in May (to net: -35), which coincides with the month the Prime Minister announced a UK election.

The net balance of employers' confidence in making investment and hiring decisions surged by a further 12 points this quarter (as it did in the three months to April), establishing the barometer firmly back in positive territory (net: +16). And sentiment was fairly even across the quarter.

#### Permanent Recruitment

The UK-wide balance of employer sentiment towards short-term permanent hiring fell by six points this quarter (to net: +17), compared to the three months to April. It was largely courtesy of a planned

shift to stick with the size of their current employee base rather than increase or decrease headcount. The regional outlier is London, where a notable 34% planned to add to numbers while just 3% plan to cut headcount (net: +31). And in overall UK mid-sized (50-249 employees) companies were also more optimistic (net: +23) than either large (250+ employees) or small (0-49 employees) enterprises, at net: +19 and net: +14, respectively.

Similarly, the balance of medium-term permanent hiring sentiment across the UK fell by four points compared to the three months to April, courtesy of a shift from increasing to holding current headcount numbers. This was not the case in London, however, where the balance rose from net: +28 to net: +34 – more than double the UK average – with a notable 16% stating that they would be increasing numbers greatly. By size of organisation, the UK’s smallest (0-49 employee) enterprises were the most optimistic (net: +19), while the largest (250+ employee) organisations were less confident (net: +12).

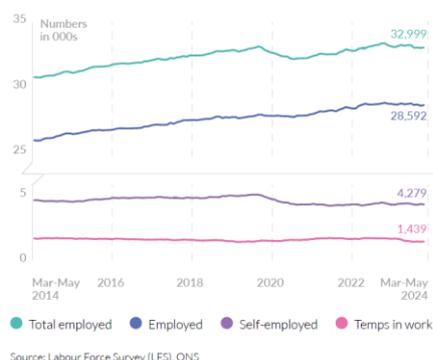
### Temporary Staffing

The trend of shifting from altering headcount to holding current numbers also impacted temporary staffing this quarter as well, resulting in a five-point fall in the net balance of short-term agency workers hiring sentiment (to net: +8). At net: +27, the balance of sentiment in London was more than three times the national average, however, with 15% stating that they will increase numbers greatly. The UK’s smallest (0-49 employee) enterprises also had heightened confidence in hiring (net:+27). In contrast, however, the balance of sentiment in the largest (250+ employee) organisations was negative (net: -7) – with 13% planning to cut numbers.

The nine-point fall in medium-term forecast demand for agency workers, compared to the three months to April, was driven by both a decline in those intending to increase numbers and a rise in the proportion planning to cut headcount. By size of organisation, sentiment within large (250+ employee) enterprises fell from net: -4 in the three months to April to net: -22 in the three months to June. It was also negative in the public sector (net: -17) and in the Midlands (net: -25). Bright spots included the UK’s smallest (0-49 employee) organisations (net: +21) and London (net: +24).

### Total Employment - Permanent, temporary and self-employment

At 33.00 million in March-May 2024, the UK workforce was 0.1% (19,000) larger than in the preceding quarter (December 2023-February 2024). And it was 0.9% (312,000) smaller than a year earlier. Year-on-year declines were experienced across all types of work, including temporary and self-employment. At 1.44 million, the number of temporary employees was 14.5% (243,000) fewer than a year earlier – and 15.9% (272,000) lower than the near-term, seasonally-adjusted peak of 1.71 million in September to November 2022. Similarly, the number of self-employed fell by 2.4% (105,000), year-on-year, and was 3.4% (149,000) lower than its near-term peak of 4.43 million in February-April 2023. And overall demand continued to wane. At an average of 889,000 across April-June, the number of official vacancies was 14.5% (151,000) lower than the prior year – with numbers down in all major industries, except Utilities. They remained 11.7% (93,000) higher than pre-pandemic (Q1 2020) levels, however.



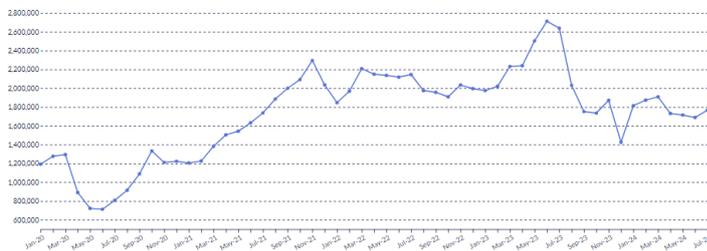
## Labour Market Tracker – August 2024

There were 748,211 new job postings in the UK last month, according to the latest Recruitment & Employment Confederation (REC) and Lightcast Labour Market Tracker. This is a 3.2% decline from the month before, though the overall number of active postings remained steady at around 1.7m.

- The number of overall active postings in July 2024 was 1,766,963 – up by 2.4% on the number of postings in June 2024 and still above pre-pandemic levels.
- There were 748,211 new job postings in July 2024 – a 3.2% decline from the month before, though the seasonal effect of summer holidays is likely to have played a role in this.
- Most UK regions saw an uptick in the number of active job postings as compared to the previous month.
- Of the top ten local areas with the highest increase in the number of job postings as compared to June 2024, four were in London.

#### Monthly job postings trend

This chart shows how the number of active job adverts in the UK has changed since the beginning of 2020



REC Chief Executive Neil Carberry said:

"Vacancies remain high by historical standards, despite the steady cooling of hiring in the past year. This resilience reflects shortages in skill and labour in some sectors, and a growing optimism from firms about the end of the year, with economic growth up, the start of interest rate cuts and inflation considerably lower than a year ago.

"It is reassuring to see the areas in the top ten for vacancy growth in July spread across the UK and the increase in some roles in construction, finance and retail are encouraging given their status as bellwethers for the economy.

"Both the high number and wide spread of vacancies in today's report is particularly beneficial for recent graduates and school leavers because they will aim to begin their careers this summer, as well as prove helpful for those re-entering the job market after a break.

"The government is right to make economic growth its focus. Only growth can turn employers' sentiment to hire and invest, into action. That means creating the right conditions for a wide range of ways of working – matching the needs of both workers and the economy. The government's plans to 'Make Work Pay' mustn't inadvertently jeopardise access to temporary work by spooking employers. Uncertainty about what new employment rules might mean - or concern about their impact – needs to be answered by designing the rules with business."

**For further information on this submission please contact:**

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