

Latest jobs data reveals dip in contract placements as businesses prepare for IR35

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- Permanent vacancies down 8.6% month-on-month
- Permanent vacancies up 9.3% year-on-year
- Contract vacancies down 7.4% month-on-month
- Contract vacancies up 7.7% year-on-year
- Contract placements down 10.1% month-on-month

IR35: Permanent placements up, contractors down

As the roll out of IR35 changes to the private sector draws closer, contract placements have dropped a sizeable 10.1% month-on-month, as employers shy away from contingent workers. That's according to the latest monthly Recruitment Trends Snapshot report from the Association of Professional Staffing Companies (APSCO) in conjunction with growth analytics platform cube19.

With certain banks such as HSBC scrapping contingent workers altogether – the drop is perhaps not unexpected. Permanent placements have fared well as a result, with a 0.9% increase month-on-month and 10.2% rise from last year's numbers.

Vacancies level out following seasonal uptick

The data also indicated a levelling out of recruitment demand in February after a huge seasonal uptick at the beginning of the year. Across permanent and contract jobs, openings fell 8.6% and 7.4% respectively between January and February 2020. However, permanent roles are up 9.3% year-on-year, and contract opportunities have increased 7.7%.

This may, in spite of coronavirus-related economic uncertainty, indicate greater stability for 2020. Between January and February 2019, perm vacancies dropped a notable 17.1%, significantly more than the latest figures.

Permanent best source of recruitment revenue

Along with growth in permanent placements, the data shows a huge uptick in recruitment sales revenue from permanent placements year-on-year, which increased 24.5% – another possible indication of the impact of IR35, with businesses reducing their reliance on contractors.

Ann Swain, CEO of APSCo commented on the latest figures:

“We always expect to see a dip in placements and vacancies across the board between January and February as activity levels out following seasonal hiring peaks. What’s incredibly encouraging is the year-on-year increases we’re seeing, which certainly indicate that economic positivity remains for now.”

“The private sector roll out of IR35 has clearly already had an impact on contract placements, however, we hope that the government’s decision to take a softer approach to off-payroll rules will encourage more businesses to continue to tap into the valuable contingent workforce.”

Jo McGuire, Global Sales Director at cube19 comments:

“Year over year growth is very positive on the perm side and what’s especially encouraging is the growth in permanent fees. Salaries remain neutral whilst revenue increases. This signifies that end clients recognise the value that staffing providers bring in securing top talent. IR35 is showing an impact in contract revenue but the YoY increase in contract jobs combined with the government’s softer approach to off-payroll rules will hopefully see this bounce back soon.”

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