

KPMG AND REC, UK REPORT ON JOBS: NORTH OF ENGLAND

Sharpest rise in permanent placements since January 2018

KEY FINDINGS

Stronger increases in permanent placements and temp billings

Demand for workers improves further

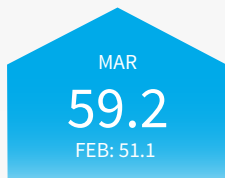
Permanent salaries rise for first time in 12 months

KEY DATA

Permanent Placements Index



Temporary Billings Index



The KPMG and REC, UK Report on Jobs: North of England is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England.

Jennifer Lee, Office Senior Partner for KPMG in Liverpool, said:

“The success of the vaccine roll-out and easing of lockdown restrictions is clearly having a positive impact on the North’s job market. Such a significant increase in permanent placements during the last month will offer encouragement to jobseekers across the region following an extremely challenging year. For employers, these findings show that they have been buoyed by the Government’s four-step roadmap and are eyeing a cautious return to relative normality in the summer. The rise in temp billings and permanent starters’ salaries similarly indicates another encouraging step on the road to economic recovery.”

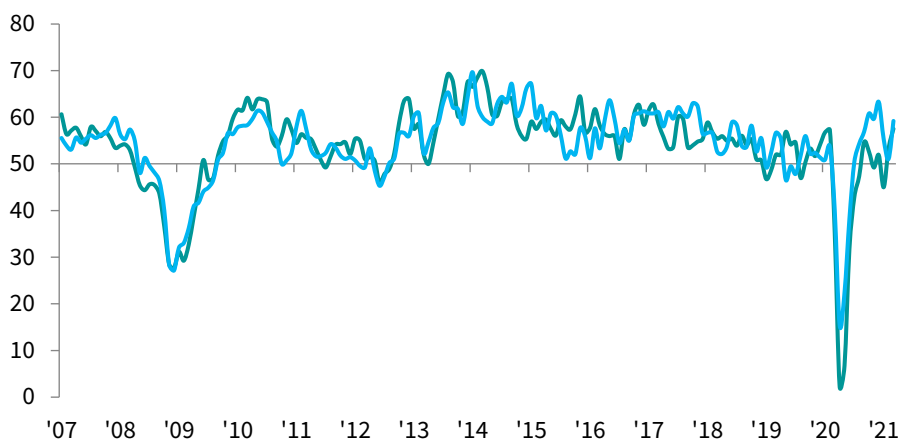
Neil Carberry, Chief Executive of the REC, said:

“For months, we have been talking about the potential recruiters saw for a recovery in hiring as we got on with vaccinations and the lockdown did its work. Today’s data shows that even during lockdown, our labour market was bouncing back. The strong temporary recruitment trend of the past few months has been maintained, but with a new addition – the fastest increase in permanent job placements since 2018 in the Midlands and North. Taken together with a long-awaited recovery in hiring in London, this is a sign that business confidence is starting to flow back, even at this early stage of unlocking.

“As companies start to recruit, they will need to appreciate that the labour market is still suffering from all sorts of shortages. So reviewing their hiring practices and doing things in the best way possible will matter more than ever. Inclusive hiring is not a tick-box exercise – it’s about finding the best candidate for the job no matter who they are, to help your business succeed. By working with professional recruiters, business leaders can help create fairer, more inclusive and more productive workplaces.”

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

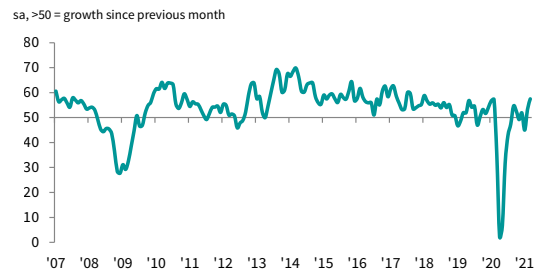
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Sharpest increase in permanent placements since January 2018

Following February's rebound, there was a further increase in permanent staff appointments across the North of England during March. Moreover, the rate of growth accelerated to the quickest since January 2018 and was historically marked. Anecdotal evidence pointed to a broad-based improvement in demand for workers amid strengthening economic conditions. Hiring was also supported by the forthcoming reopening of leisure and hospitality businesses.

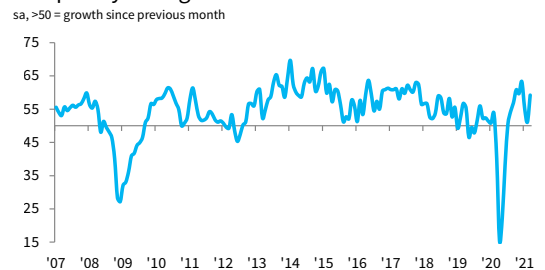
Permanent Placements Index



Fastest rise in temp billings for three months

Temporary billings continued to rise at the end of the first quarter, extending the current sequence of growth to nine months. The latest increase was the strongest since December 2020 and sharp overall. Recruiters often noted that improved confidence at their clients had driven the rise in hiring activity.

Temporary Billings Index



sa, >50 = growth since previous month

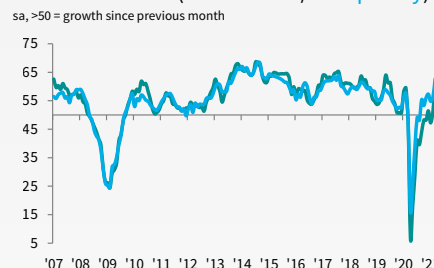
	Permanent		Temporary	
	UK	North	UK	North
Oct-20	48.8	52.6	56.4	60.8
Nov-20	48.2	49.2	56.1	59.6
Dec-20	51.1	51.9	57.9	63.3
Jan-21	43.8	45.0	55.0	55.3
Feb-21	47.1	53.3	51.6	51.1
Mar-21	59.2	57.5	59.6	59.2

JOB VACANCIES

Demand for both permanent and temporary workers in the North of England continued to rise during March.

Building on a slight recovery in February, the rate of growth in permanent vacancies accelerated in the latest survey period. Notably, the pace of expansion was the quickest since July 2019, despite lagging the UK average. Meanwhile, demand for temporary staff in the North rose for the seventh month running and the sharpest rate since August 2017.

Vacancies Index (Permanent / Temporary)

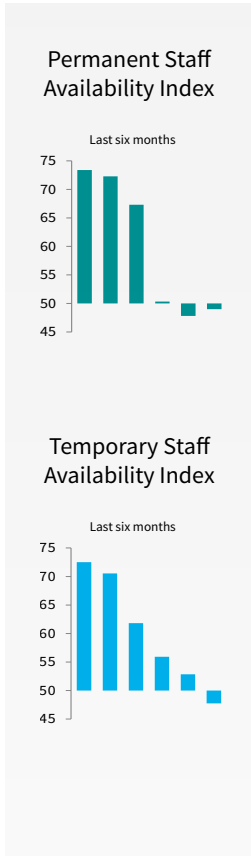


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Oct-20	47.3	48.2	52.7	53.3
Nov-20	46.5	48.2	51.9	56.1
Dec-20	50.2	51.5	54.7	57.3
Jan-21	45.3	47.2	51.3	54.8
Feb-21	50.7	50.9	54.1	56.1
Mar-21	61.4	60.7	60.8	62.7

2 STAFF AVAILABILITY

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.



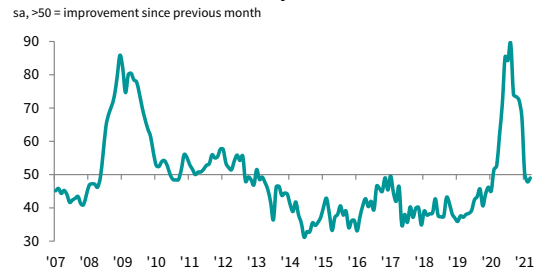
Permanent labour supply falls for the second month running

Following the first decrease for just over a year in February, there was another decline in permanent staff availability across the North of England in March. That said, the rate of reduction softened from the previous survey period and was only marginal overall. When explaining lower candidate numbers, some recruiters commented that workers were hesitant to change roles amid uncertainty surrounding the COVID-19 pandemic.

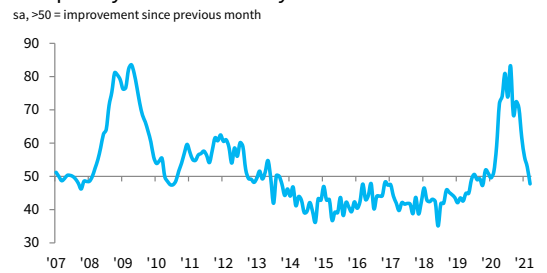
First reduction in temp labour supply since January 2020

Temporary staff availability across the North of England fell during the latest survey period, ending a 13-month run of expansion. The rate of decline was only modest overall, but stronger than the UK average. As was the case with permanent staff availability, recruiters noted that candidates were unwilling to move jobs amid COVID-19 uncertainty.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Oct-20	74.2	73.4	74.9	72.5
Nov-20	71.4	72.3	68.5	70.5
Dec-20	64.9	67.3	62.8	61.8
Jan-21	54.4	50.3	55.7	55.9
Feb-21	49.9	47.8	55.3	52.8
Mar-21	49.9	49.0	49.7	47.8

3 DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages during the latest month.

Skills in short supply: Permanent staff

Accounting/Financial Accountants Auditors Credit Controllers Estimators Payroll	Executive/Professional Business Analysts Directors Law Legal Management Procurement	Secretarial/Clerical Administration Other Buyers Commercial Customer Service Customs Sales Skilled
Blue Collar Drivers HVAC Industrials Refrigeration Warehouse	IT/Computing Agile Project Manager Azure BI C# Cyber Data Professionals Developers Digital IT Software Technology	
Construction Construction Quantity Surveyors	Nursing/Medical/Care Pharmacists	
Engineering Engineers Maintenance Engineers		

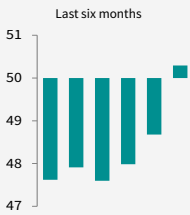
Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Credit Controllers	IT/Computing BI Cyber Data Professionals Digital IT Java Software Technology
Blue Collar Blue Collar Forklift Drivers Industrials Warehouse	Nursing/Medical/Care Doctors Nurses
Construction Bricklayers Joiners	Other Buyers Commercial Customer Service Sales Skilled
Executive/Professional Legal Project Managers	

4 PAY PRESSURES

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index

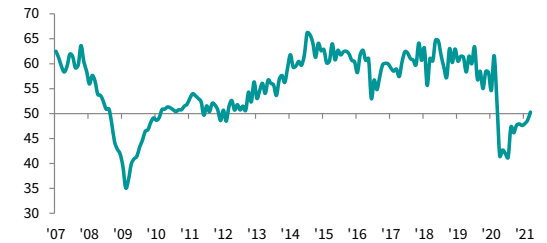


Permanent starters' salaries rise for the first time in a year

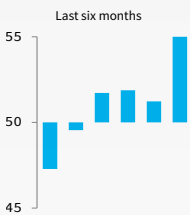
Recruiters in the North of England reported an increase in remuneration awarded to permanent new joiners during March. The result marked the first rise in starting salaries for a year. However, the rate of pay inflation was the softest across the four monitored English regions and only marginal overall.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

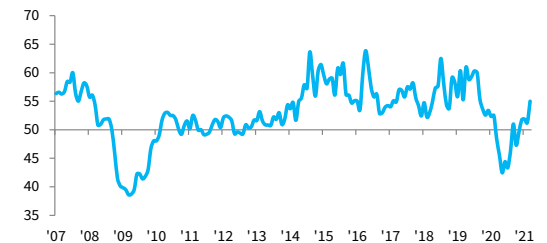


Temp pay rates rise markedly

As was the case in each of the previous three months, temporary wages paid to workers in the North of England rose during March. Moreover, the rate of inflation accelerated to the quickest since September 2019 and was marked overall. The increase was broadly in line with the UK average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

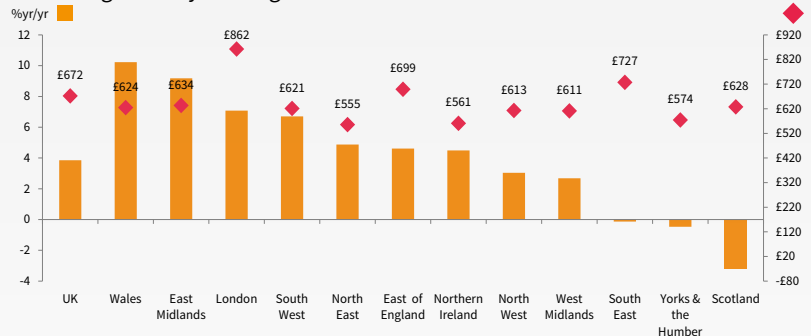
	Permanent		Temporary	
	UK	North	UK	North
Oct-20	44.5	47.6	46.4	47.3
Nov-20	45.6	47.9	48.6	49.6
Dec-20	50.2	47.6	51.4	51.7
Jan-21	47.7	48.0	49.6	51.9
Feb-21	48.6	48.7	49.9	51.2
Mar-21	55.1	50.3	54.8	55.0

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics signalled that average weekly earnings across the UK rose 3.8% year-on-year to £672 in the final quarter of 2020.

Wales posted the strongest annual increase, up 10.2% to £624. The sharpest fall was seen in Scotland, where average weekly earnings were down -3.2% on the previous year to £628.

UK average weekly earnings



Source: Office for National Statistics.

5 REGIONAL COMPARISON

The KPMG and REC, UK Report on Jobs: North of England is one of four regional reports tracking labour market trends across England. Reports are also available for London, the South of England and the Midlands.

Staff appointments

Permanent staff appointments across the UK rebounded during March, with the respective seasonally adjusted index posting above the 50.0 mark for the first time in three months. Moreover, the latest reading signalled the strongest upturn in permanent placements since April 2015. Across the monitored English regions, the increase was broad-based and led by the Midlands.

At the same time, temp billings rose again, extending the current sequence of higher billings to eight months. The rate of increase was the steepest since November 2017 and slightly quicker than that for permanent appointments. The Midlands saw by far the fastest upturn in temp billings across the four monitored English regions, and London the weakest.

Candidate availability

March data highlighted little change in permanent staff availability across the UK. The respective seasonally adjusted index registered only just below the 50.0 neutral mark for the second month running, signalling a broadly stable supply of permanent staff. Regional data highlighted notable divergences, as a renewed upturn in the Midlands and stronger growth in London was offset by falls in both the North and South of England.

Meanwhile, the supply of temporary candidates across the UK declined for the first time in over a year during March. That said, the rate of reduction was only slight overall. Across the four monitored English regions, the Midlands saw the quickest fall, followed by the North of England. London was the only region to register improved temp staff availability at the end of the first quarter.

Pay Pressures

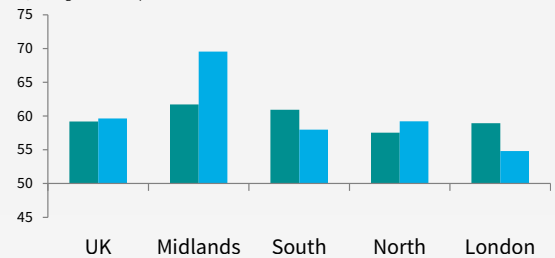
A surge in demand for staff placed renewed upwards pressure on pay rates across the UK in March. Salaries awarded to permanent new joiners increased for only the second time in 12 months, with the rate of inflation the sharpest since last February. Each of the four English regions registered a resumption in salary inflation during March, led by London.

A similar trend was recorded for temp pay rates across the UK during the closing month of the first quarter. Short term hourly rates rose for the first time in 2021 so far, with the uptick the quickest since December 2019 and sharp overall. The Midlands registered the steepest rate of temp wage inflation, followed by London.

March 2021
Permanent / Temporary

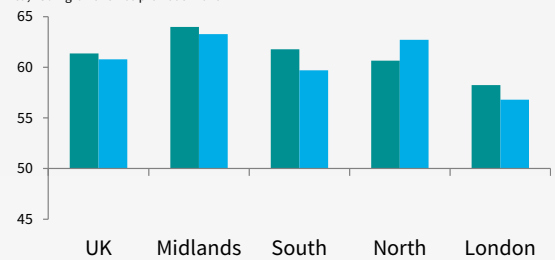
Staff Appointments

sa, >50 = growth since previous month



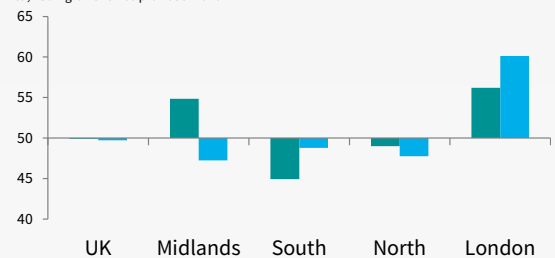
Vacancies

sa, >50 = growth since previous month



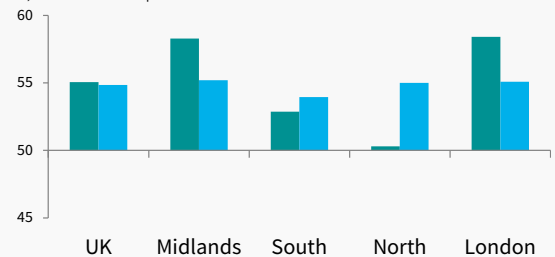
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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Methodology

The KPMG and REC, UK Report on Jobs: North of England is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England (defined as NUTS1 regions North West, Yorkshire & Humber and North East).

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact economics@ihsmarkit.com.

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