

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

Permanent staff appointments rise as demand for workers begins to recover

KEY FINDINGS

Permanent placements and temp billings both increase

First rise in permanent vacancies since February

Growth of labour supply continues to ease

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.

Commenting on the latest survey results, Euan West, office senior partner for KPMG in Leeds, said:

“While the rise in both temporary and permanent placements across the North during December would ordinarily have been cause for cautious optimism, the latest national lockdown will no doubt bring renewed economic uncertainty and another possible decline in permanent staff recruitment. That said, the jobs market should be boosted by the impending vaccination roll-out, the added impetus from government investment in low carbon infrastructure, and the potential of the levelling up agenda. Northern firms and jobseekers will be keenly awaiting the benefits of all three.”

Neil Carberry, Chief Executive of the REC, said:

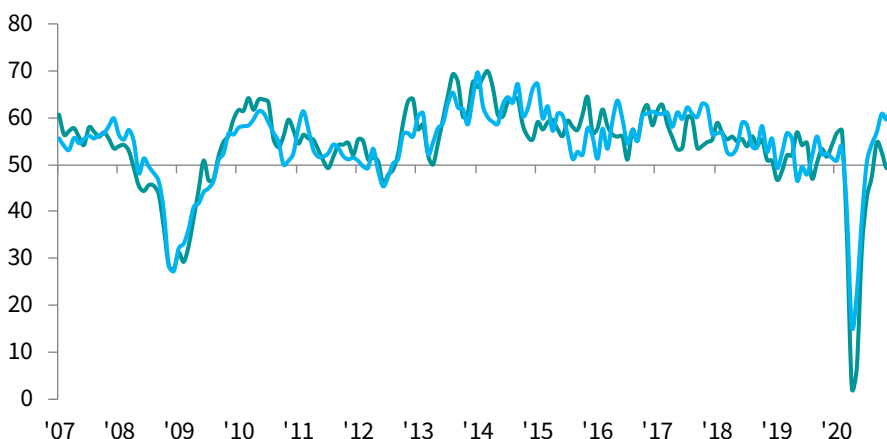
“The underlying strength of the British economy shone through in the December jobs figures. The biggest expansion in temporary recruitment since October 2018 shows how important the flexible jobs market is to that performance. Growing permanent placements and starting pay also emphasised the resilience of our economy.

“The important thing now is to maintain as much of that momentum as possible through the new lockdown. With business cashflows under renewed pressure, helping employers protect and create jobs is essential. We need a long-term plan to support businesses across the supply chain – not just those required to close. This should include wider-spread reductions on business rates, support on VAT repayments and support for self-employed business owners previously cut out of schemes. We need big ticket items now, like a reduction in the cost of furlough and employers National Insurance to help firms retain and hire staff in the coming months, alongside delivery of the vaccine.

“Regions have been recovering at different speeds and London continues to lag behind. London is home to some of the most deprived boroughs in the country, so this is particularly worrying. It underlines the urgency of action needed to help businesses retain workers and get the vaccine delivered.”

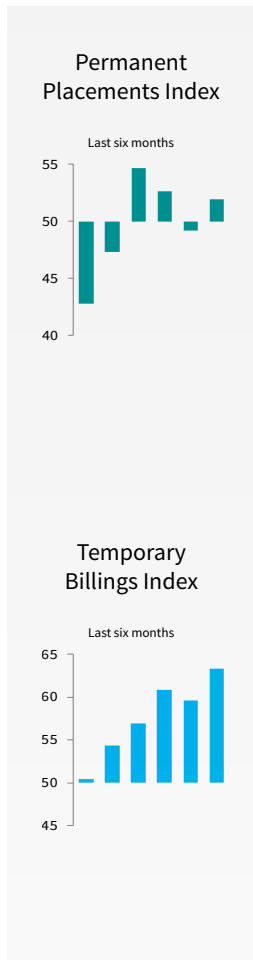
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

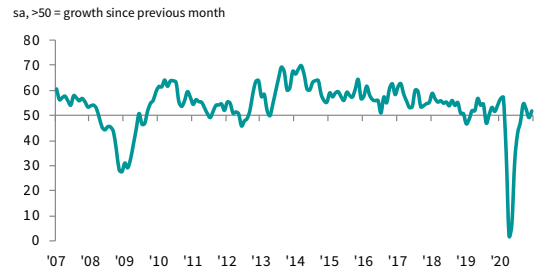
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



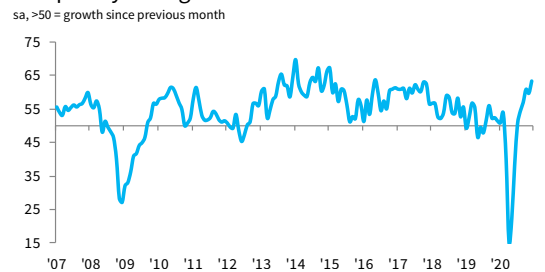
Renewed rise in permanent staff appointments

Following the first reduction for three months in November, there was a renewed increase in permanent placements across the North of England during December. Although the rate of increase was modest overall, it was stronger than the UK average. Recruiters often noted a broad-based rise in demand for workers at their clients.

Permanent Placements Index



Temporary Billings Index



Sharpest increase in temp billings since May 2016

December data pointed to another marked rise in temporary billings in the North of England. In fact, the rate of growth was the sharpest for just over four-and-a-half years and the quickest across the four monitored English regions. Anecdotal evidence indicated that demand for workers strengthened across a variety of sectors.

sa, >50 = growth since previous month

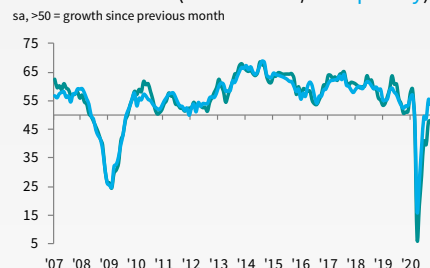
	Permanent		Temporary	
	UK	North	UK	North
Jul-20	44.7	42.8	45.1	50.4
Aug-20	50.9	47.4	55.6	54.3
Sep-20	56.0	54.6	56.0	56.9
Oct-20	48.8	52.6	56.4	60.8
Nov-20	48.2	49.2	56.1	59.6
Dec-20	51.1	51.9	57.9	63.3

JOB VACANCIES

Demand for both permanent and temporary staff in the North of England increased during December.

The rise in permanent vacancies was the first for ten months, with the rate of growth outpacing that seen at the national level. Meanwhile, temporary job postings increased for the fourth month running. The latest rise in demand for temporary staff was the quickest since May 2019 and the sharpest recorded across any of the four monitored English regions.

Vacancies Index (Permanent / Temporary)

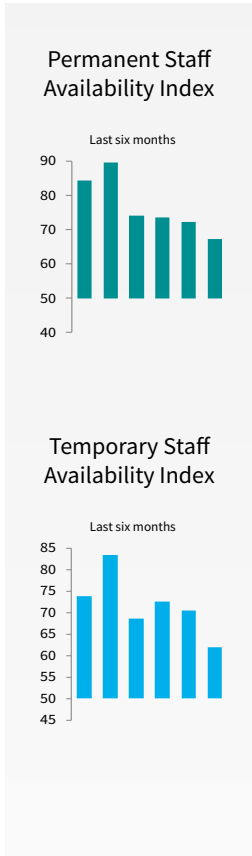


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-20	44.0	40.9	47.5	49.2
Aug-20	42.7	39.6	50.6	48.4
Sep-20	50.2	47.6	53.8	55.2
Oct-20	47.5	48.1	53.0	53.5
Nov-20	46.7	48.5	52.3	56.4
Dec-20	50.3	51.7	55.8	58.7

2 STAFF AVAILABILITY

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



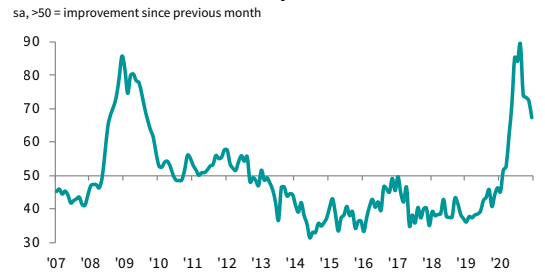
Growth of permanent labour supply continues to ease

Recruiters in the North of England recorded a further increase in permanent staff availability in the final month of 2020, extending the current run that began in February. However, the rate of growth eased for the fourth month running to reach the softest since April.

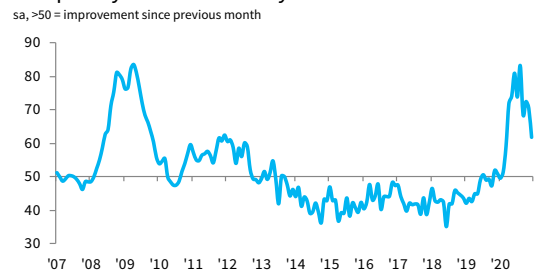
Slowest increase in temporary staff availability for nine months

Although the availability of temporary staff in the North of England continued to rise sharply in December, the rate of growth eased to the softest since March. The latest increase was, however, quicker than the UK-wide average. Some recruiters commented that the higher supply of temporary workers was linked to redundancies driven by the COVID-19 pandemic.

Permanent Staff Availability Index



Temporary Staff Availability Index



	Permanent		Temporary	
	UK	North	UK	North
Jul-20	84.0	84.2	85.0	73.9
Aug-20	86.8	89.4	82.3	83.3
Sep-20	76.7	74.1	75.3	68.6
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

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	IT/Computing
Accountants	Analysts
Auditors	BI
Credit Controllers	C#
Estimators	Cyber
Finance	Developers
Insurance	IT
Payroll	Software
Taxation	Technology
Blue Collar	Nursing/Medical/Care
Drivers	Care Home Managers
Forklift Drivers	Carers
Engineering	Medical
Engineers	Nurses
HVAC Engineers	Pharmacists
Executive/Professional	Secretarial/Clerical
Legal	Personal Assistant
Management	Other
	Sales

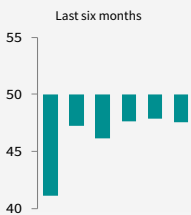
Skills in short supply: Temporary staff

Accounting/Financial	IT/Computing
Accountants	BI
Credit Controllers	Cyber
Finance	IT
Payroll	Software
Blue Collar	Technology
Decorators	Nursing/Medical/Care
Drivers	Doctors
Forklift Drivers	Nurses
Warehouse	Secretarial/Clerical
Engineering	Administration
Engineers	Receptionists
Technicians	Other
Executive/Professional	Sales
Legal	Teachers

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

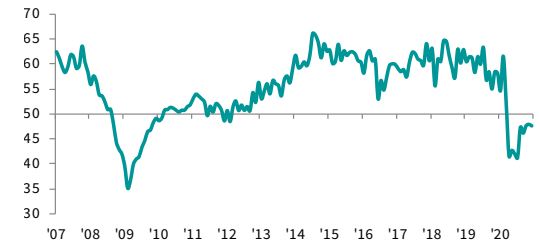


Permanent starters' salaries continue to decline in December

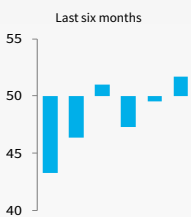
Starting salaries awarded to permanent workers in the North of England fell for the ninth month in succession during December. The rate of decline was slightly quicker than in November, but remained modest overall. Anecdotal evidence suggested that demand for workers remained relatively subdued compared to the volume of job seekers.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

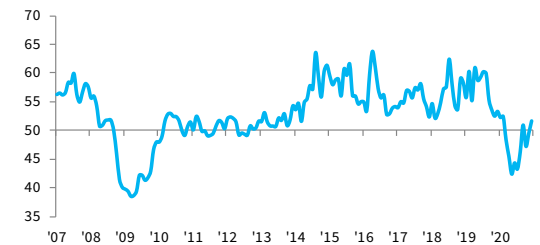


Quickest rise in temp wages since February

Remuneration for temporary staff in the North of England increased for the first time in three months at the end of 2020. Moreover, the rate of wage inflation was the quickest seen since February and slightly faster than the UK average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-20	41.6	41.2	45.2	43.3
Aug-20	45.1	47.3	46.2	46.4
Sep-20	44.7	46.1	48.3	51.0
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

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics indicated that average weekly earnings across the UK rose 4.0% on an annual basis over the third quarter of 2020 to £671.

On a regional basis, Wales recorded the strongest increase in pay, with earnings rising 10% on the year to £580. The only area to see a reduction in pay was the North East, where earnings fell 2.1% to £540.

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

December data highlighted a renewed rise in permanent placements across the UK following two successive monthly declines. The rate of increase was marginal overall, and subdued in the context of historical data. At the regional level, the sharpest rise in permanent staff appointments was recorded in the Midlands. Elsewhere, London was the only English region of the four monitored to register a fall.

Meanwhile, temp billings across the UK rose for the fifth month running during December, with the rate of increase the quickest since October 2018. Across the four monitored English regions, the North of England saw the most marked upturn in temp billings, followed by the Midlands. As was the case for permanent staff, London was the only monitored region to see a decline in temp billings at the close of the fourth quarter.

Candidate availability

The availability of permanent candidates across the UK increased further in December. The latest uptick was the slowest for eight months, but nonetheless sharp overall. At the regional level, the rise in permanent staff supply was broad-based and led by London.

At the same time, temp staff supply rose for the tenth straight month, although the rate of increase eased noticeably and was the softest since March. London recorded by far the steepest upturn in temp staff availability across the four monitored English regions, and the Midlands the weakest.

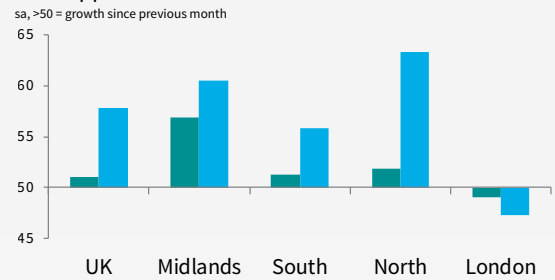
Pay Pressures

Upwards pay pressures returned during December. Salaries awarded to permanent new joiners across the UK rose for the first time since March, although the rate of inflation was only fractional. There was noticeable disparity at the regional level in December, with the overall increase in starting salaries driven by the South. Permanent starters' pay was meanwhile broadly stable in the Midlands, but fell in the North of England and London.

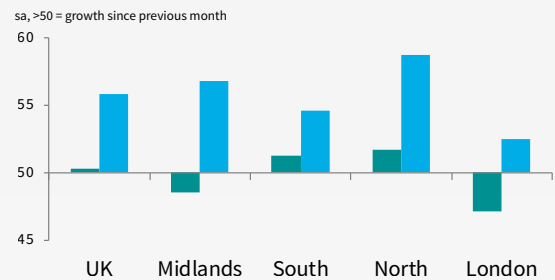
Average hourly pay rates for short term staff also rose for the first time in nine months, although the increase was marginal overall. Across the four monitored English regions, the Midlands recorded the sharpest rate of temp wage inflation, followed by the North of England. London saw temp rates decline for the tenth month running, however.

December 2020
Permanent / Temporary

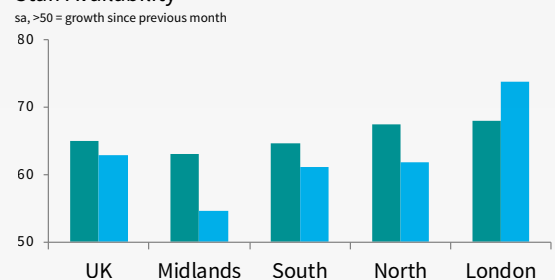
Staff Appointments



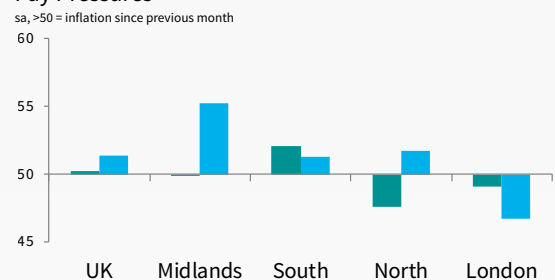
Vacancies



Staff Availability



Pay Pressures



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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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