

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

## Hiring activity continues to boom during June

### KEY FINDINGS

Permanent placements rise at survey-record pace

Job openings continue to rise sharply

Reduced staff supply exerts strong upward pressure on pay

### 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.

Ian Beaumont, office senior partner for KPMG in Newcastle, said:

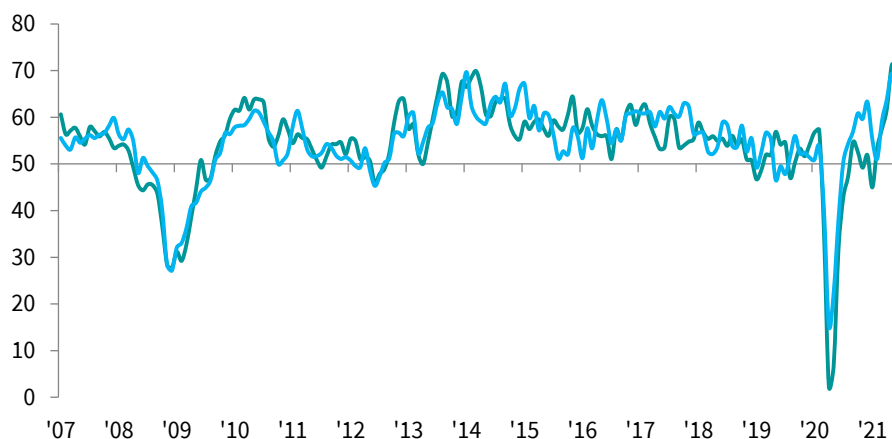
*“It’s great to see another rise in permanent placements in June as the loosening of restrictions boosted confidence among employers and staff are needed to meet increased demand. However, the severe drop in staff availability, both temporary and permanent, that we saw in June should be a cause of concern. More must be done to meet the shortage of skills we face in the north so we can fill vacancies. Reskilling and upskilling, including training on the job, must become more readily available and achievable to encourage those who are out of jobs to look in other sectors and diversify their skills.”*

Neil Carberry, Chief Executive of the REC, said:

*“Recruiters are working flat out to fill roles across our economy. The jobs market is improving at the fastest pace we have ever seen, but it is still an unpredictable time. We can’t yet tell how much the ending of furlough and greater candidate confidence will help to meet this rising demand for staff. In some key shortage sectors like hospitality, food, driving and IT, more support is likely to be needed to avoid slowing the recovery. That means supporting transitions into growing sectors through unemployment support and new skills programmes, as well as making sure the new immigration system reacts to demand, as promised. But it also means that hiring companies need to re-assess their workforce plans. In a tight jobs market, working with professional recruiters to position your firm as an employer of choice is a must.”*

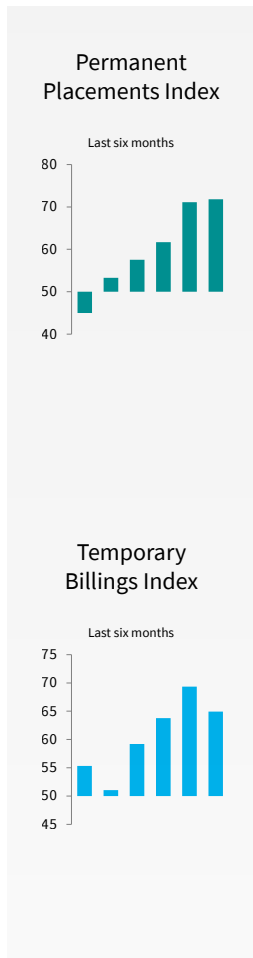
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



# 1 STAFF APPOINTMENTS

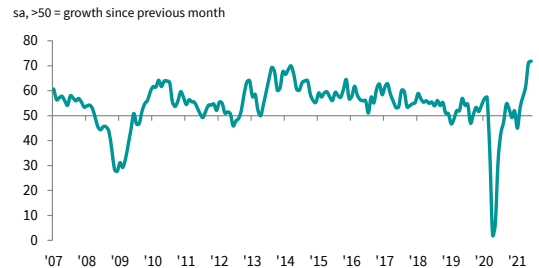
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



## Permanent staff appointments rise at strongest rate in survey history

Fresh off the back of a survey high in May, the latest data showed an accelerated rate of growth and thus a fresh survey-record expansion in permanent placements across the North of England in June. According to recruiters, increased confidence among clients and stronger demand for workers underpinned the sharp upturn.

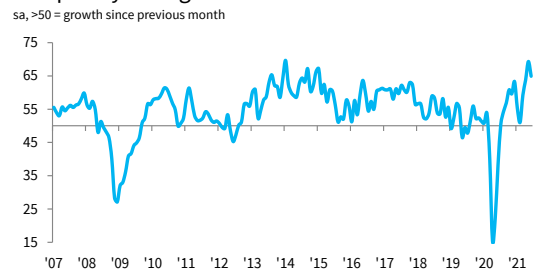
## Permanent Placements Index



## Temp billings growth remains steep, despite easing

Recruitment consultancies in the North of England signalled a twelfth successive monthly increase in billings received from the employment of temporary staff in June. Although the expansion lost pace from May's 88-month high, it remained steep overall and well above the long-run average.

## Temporary Billings Index



Of the four monitored English regions, only the South of England registered a faster increase in temp billings.

sa, >50 = growth since previous month

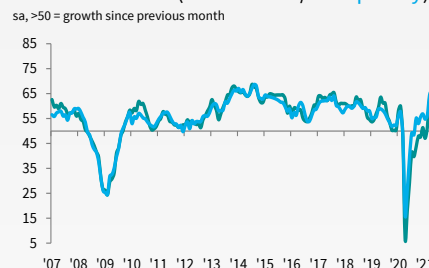
	Permanent		Temporary	
	UK	North	UK	North
Jan-21	43.8	45.0	55.0	55.3
Feb-21	47.1	53.3	51.6	51.1
Mar-21	59.2	57.5	59.6	59.2
Apr-21	65.4	61.7	59.2	63.8
May-21	67.4	71.1	61.6	69.3
Jun-21	71.2	71.8	63.4	64.9

## JOB VACANCIES

June data signalled another substantial increase in demand for permanent staff in the North of England. The number of permanent job openings increased at the fastest pace since survey data were first collected in October 1997.

Similarly, temporary job vacancies in the North of England grew sharply once again during June, continuing the growth sequence which began last September. Although the rate of expansion slowed slightly, it was among the sharpest on record.

## Vacancies Index (Permanent / Temporary)

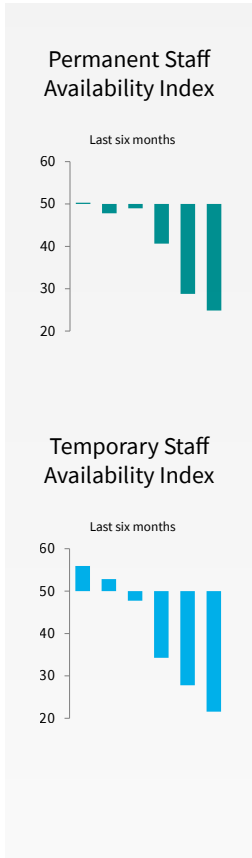


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-21	44.8	47.1	51.2	54.7
Feb-21	50.4	51.3	54.2	56.2
Mar-21	62.7	62.3	62.4	64.3
Apr-21	68.8	67.1	65.4	66.8
May-21	70.8	69.6	69.5	71.8
Jun-21	74.9	75.2	72.7	71.3

## 2 STAFF AVAILABILITY

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



### Severe drop in permanent staff supply in June

Recruitment firms in the North of England signalled a substantial decline in the availability of workers for permanent roles at the end of the second quarter. The reduction was by far the strongest recorded in almost 24 years of data collection.

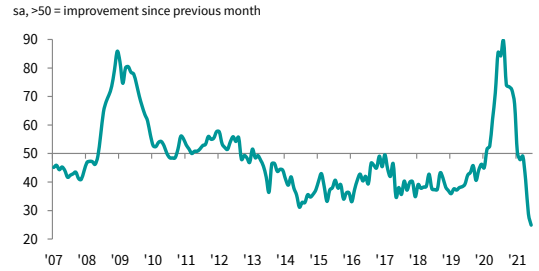
According to panel members, uncertainties regarding a return to work amid the ongoing pandemic meant that people were often reluctant to take on or change roles.

### Temporary worker availability sinks further

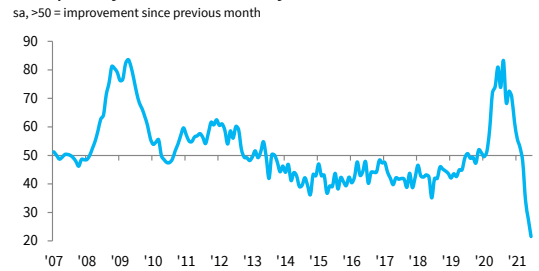
Similar to the trend in permanent staff supply, the availability of temp workers in the North of England plummeted in June at a rate that was previously unseen since the survey's inception in October 1997. Recruiters that registered a reduction suggested that there was lower availability of suitably-skilled temp workers as many had already been placed into positions.

In comparison to the other monitored English regions, the North registered the strongest drop in temp availability by a notable margin.

### Permanent Staff Availability Index



### Temporary Staff Availability Index



	Permanent		Temporary	
	UK	North	UK	North
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
Apr-21	44.5	40.6	42.2	34.3
May-21	33.7	28.8	35.3	27.8
Jun-21	25.3	24.9	27.0	21.6

## 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

<b>Accounting/Financial</b> Accountants Credit Controllers Estimators Finance Management Accountants Payroll Taxation	<b>Executive/Professional</b> Human Resources Legal Management Marketing Recruitment Consultants	E-commerce <b>Secretarial/Clerical</b> Administration Office Staff
<b>Blue Collar</b> Blue Collar Drivers Industrials Manufacturing Production Warehouse	<b>Hotel/Catering</b> Catering	<b>Other</b> Commercial Customer Service Customs Logistics Sales Supply Chain White Collar
<b>Construction</b> Construction Quantity Surveyors	<b>IT/Computing</b> BI C# Developers IT Technology	
<b>Engineering</b> Engineers	<b>Nursing/Medical/Care</b> Clinical Leads Nurses	
	<b>Retail</b> Retail	

### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Accountants Payroll Purchase Ledger	<b>IT/Computing</b> BI CNC IT Java
<b>Blue Collar</b> Blue Collar Carpenters Drivers Forklift Drivers Industrials Manufacturing Warehouse	<b>Nursing/Medical/Care</b> Doctors
<b>Construction</b> Bricklayers	<b>Retail</b> Retail
<b>Engineering</b> Engineers	<b>Secretarial/Clerical</b> Receptionist
<b>Executive/Professional</b> Legal	<b>Other</b> Call Centre Customer Service Commercial Logistics Sales

## 4 PAY PRESSURES

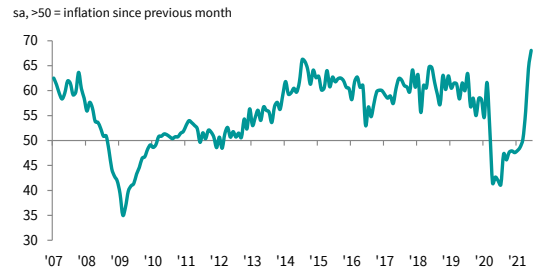
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



### Permanent starting salaries increase at the fastest rate on record

Starting salaries awarded to permanent workers in the North of England increased during June, stretching the current expansionary sequence to four months. Furthermore, the respective index has now gained almost 18 points since March, signalling a rapid acceleration in the rate of salary inflation. The latest increase was the strongest ever recorded in nearly 24 years of data collection and outstripped the other monitored English regions.

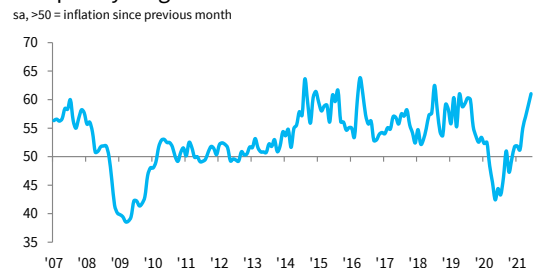
### Permanent Salaries Index



### Temp wages rise at joint-quickest rate since July 2018

Hourly rates of pay for temp workers in the North of England continued to increase during June, as has been the case since December 2020. Moreover, the rate of inflation gathered pace for a fourth month in succession and was the joint-strongest in almost three years. According to panel member comments, higher rates of pay reflected temp staff shortages.

### Temporary Wages Index



sa, >50 = inflation since previous month

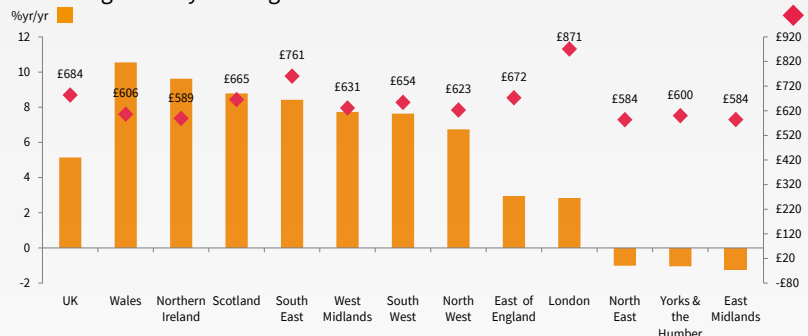
	Permanent		Temporary	
	UK	North	UK	North
Jan-21	47.7	48.0	49.6	51.9
Feb-21	48.6	48.7	49.9	51.2
Mar-21	55.1	50.3	54.8	55.0
Apr-21	58.2	55.9	55.6	57.0
May-21	64.4	64.4	58.6	59.0
Jun-21	66.0	68.0	61.6	61.0

## OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics indicated that average weekly earnings across the UK rose 5.1% on an annual basis to £684 in the first quarter of 2021.

The strongest annual rise was seen in Wales, where earnings rose 10.5% to £606. Out of the three regions to register a fall in average weekly earnings, the steepest reduction was seen in the East Midlands, where earnings dropped -1.2% on the previous year to £584.

### 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

The number of permanent staff appointments across the UK rose for the fourth month in a row during June. The rate of increase accelerated from May, and was the quickest recorded in the survey's history (since October 1997). Across the four monitored regions, the Midlands saw the fastest rise, followed by London. In fact, all four regions recorded a record upturn in permanent placements.

At the same time, temp billings increased further, with the latest upturn the sharpest since July 1998. All four monitored English regions signalled a marked increase in temporary appointments, led by recruiters in the South of England.

### Candidate availability

Latest data indicated a record reduction in the supply of permanent candidates across the UK at the end of the second quarter. The fall in June was the fifth in as many months and rapid overall. The national decrease in permanent staff availability was led by a survey-record fall in the North and South of England, with the latter indicating the quickest decrease of the monitored English regions.

Similarly, the availability of temporary staff fell at the quickest pace since the survey began. The rate of decrease was marked, and extended the current sequence of decline to four months. At the regional level, the downturn in temp staff supply was broad-based, with the North of England registering the steepest reduction overall, and one that was the fastest on record.

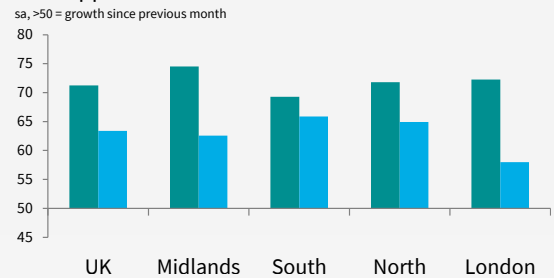
### Pay Pressures

There were further signs of inflationary pay pressures in the UK labour market during June, as salaries to permanent new joiners rose for the fourth consecutive month. The rate of wage inflation accelerated to the second-fastest in the history of the survey (joint with July 2014). The North of England saw the fastest rise in permanent salaries, and a series record.

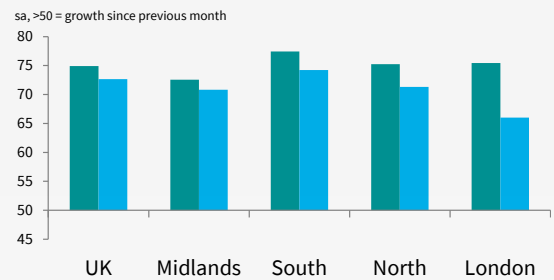
Turning to temporary pay, June data pointed to a quicker increase in hourly wage rates for short-term staff across the UK, with the respective seasonally adjusted Index rising to the highest level since October 2004. Sustained wage inflation was recorded in all four monitored English regions, led by the Midlands.

June 2021  
Permanent / Temporary

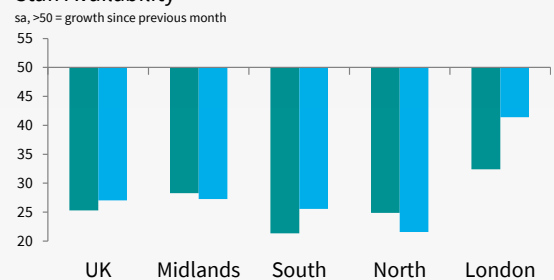
Staff Appointments



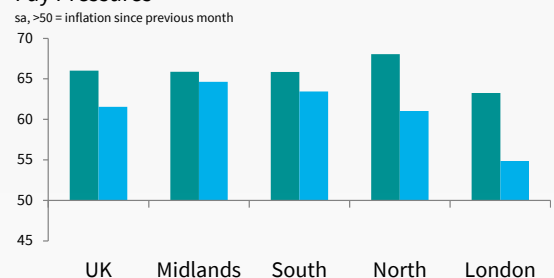
Vacancies



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](mailto:economics@ihsmarkit.com).

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