

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

Hiring activity surges in May as lockdown measures ease

KEY FINDINGS

Record upturn in permanent staff appointments

Fastest increase in temp billings since January 2014

Permanent candidate availability drops at record rate

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.

Warren Middleton, office senior partner for KPMG in Manchester said:

“The continued rise in permanent and temporary staff appointments across the North is in line with the further loosening of restrictions we saw towards the end of May. While it is great to see so many businesses advertising their roles across the region to meet the surge in demand, we must do more to encourage those who have lost jobs in the pandemic to consider working in a different sector. Businesses in the North should look at how they can retrain workers to help fill the gap left by the lack of candidate availability.”

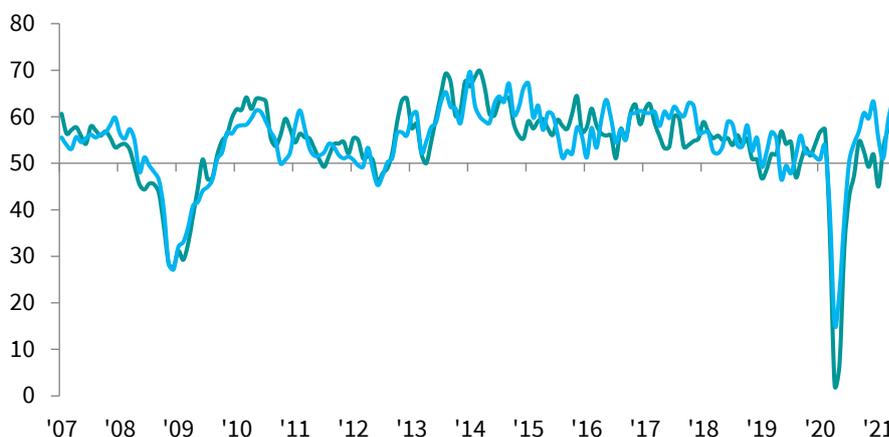
Kate Shoesmith, Deputy CEO of the REC, said:

“We now have a consistent picture over the past few months to show that confidence is growing and hiring plans are in motion. The data is mirroring exactly what recruiters tell us daily. In the North, permanent placements are growing at the fastest pace we’ve ever seen, and temp billings at the quickest since 2014.

“So now is the time for action. With demand spiking, the skills and labour shortages that already existed in the UK have come into sharper focus – and COVID has only made them worse. This is the most pressing issue in the jobs market right now, and has the potential to slow down the recovery. Employers must think about how they can attract the staff they need, for example by looking at the wage and benefits package on offer – there is particular demand for more flexible and hybrid work. But government also needs to urgently look at improving access to work and opportunities for everyone to participate in training that will lead to a job. This should start with careers information that signals where job openings are being created and funding for the relevant work-related training.”

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 placements rise at quickest rate on record

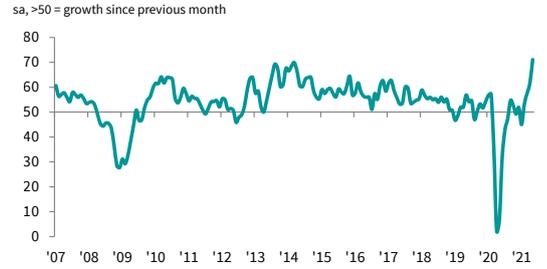
May data highlighted a further upturn in the number of permanent staff appointments across the North of England, amid reports of surging staff demand due to looser COVID-19 measures and more favourable economic conditions. The rate of increase quickened noticeably since April and was the most marked on record.

Across the monitored English regions, the North of England saw the fastest increase in permanent placements during May.

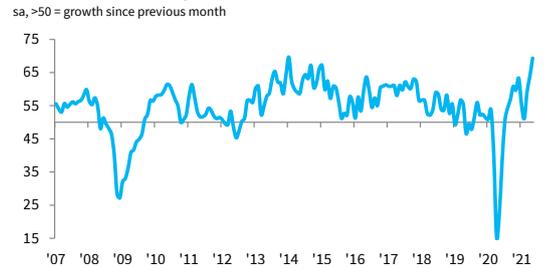
Upturn in temp billings quickens to near record pace

Billings received from the employment of temporary staff across the North of England rose for the eleventh straight month during May. Panellists attributed the latest upturn to the easing of lockdown restrictions and greater demand for temp staff. Notably, the rate of increase was the most marked since January 2014 and the third-fastest on record.

Permanent Placements Index



Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Apr-21	65.4	61.7	59.2	63.8
May-21	67.4	71.1	61.6	69.3

JOB VACANCIES

Demand for staff across the North of England rose further during May amid looser COVID-19 restrictions and the reopening of several sectors. The number of permanent vacancies rose for the fourth straight month, with the rate of increase the fastest since November 1997 and marked.

For temporary staff, the latest rise in vacancies was the joint-steepest on record, with the North of England also registering the most marked upturn in demand for temp staff across the four monitored English regions.

Vacancies Index (Permanent / Temporary)

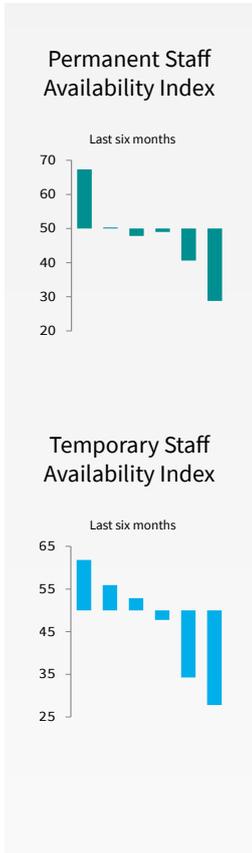


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Dec-20	50.1	51.5	54.5	57.2
Jan-21	45.0	47.3	51.3	54.8
Feb-21	50.9	51.6	54.3	56.3
Mar-21	63.2	62.9	62.5	64.4
Apr-21	69.0	67.2	65.3	66.8
May-21	70.8	69.3	69.6	72.3

2 STAFF AVAILABILITY

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



Record drop in permanent staff supply in May

Recruiters in the North of England registered a steep reduction in permanent candidate availability during May. The respective seasonally adjusted index shed nearly 12 points on the month and signalled the quickest fall in permanent staff supply on record.

Anecdotal evidence linked the latest decline with surging demand for staff and a reluctance among candidates to switch roles due to COVID-19 related uncertainty.

Temp availability declines at near series record pace

As was the case for permanent staff, May data highlighted a more pronounced drop in the supply of temporary candidates in the North of England. Respondents cited increased demand for candidates, the government's furlough scheme and uncertainty surrounding changing roles. The rate of reduction in temp staff availability was the second-fastest on record, behind only the first month in the survey's history, October 1997.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Apr-21	44.5	40.6	42.2	34.3
May-21	33.7	28.8	35.3	27.8

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 Finance Financial Controllers Management Accountants Payroll Taxation	Executive/Professional B2B Business Development Human Resources Legal Management Marketing Project Managers	Other Commercial Customer Service Customs Logistics Sales Telemarketing
Blue Collar Forklift Drivers Manufacturing Production Warehouse	IT/Computing BI C# Developers IT Technology	
Construction Architectural Tech Quantity Surveyors	Retail E-commerce	
Engineering Engineers	Secretarial/Clerical Administration Office Staff Personal Assistants	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Payroll	IT/Computing BI CNC IT Java Technology
Blue Collar Blue Collar Carpenters Decorators Forklift Drivers HGV Drivers Industrials Trades Warehouse	Nursing/Medical/Care Doctors Nurses
Construction Bricklayers	Retail E-commerce
Engineering Engineers	Secretarial/Clerical Administration Personal Assistants
Executive/Professional B2B Legal	Other Customer Service Logistics Sales Telemarketing

4 PAY PRESSURES

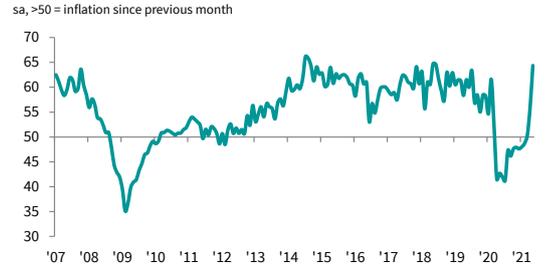
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Fastest increase in starting salaries since June 2018

May data highlighted another round of starting salary inflation across the North of England, stretching the current sequence of expansion to three months. Stronger competition for candidates, due in part to skills shortages, and strong demand for staff had pushed salaries up, according to anecdotal evidence. Notably, the latest rise in salaries was the quickest since June 2018 and marked.

Permanent Salaries Index



Temp wage inflation gathers further pace in May

A sixth consecutive monthly increase in average hourly pay rates for short-term staff across the North of England was recorded in May. Panellists mainly attributed the latest rise to an increased competition for candidates. The rate of wage inflation was the fastest since August 2019 and sharp.

Temporary Wages Index



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Apr-21	58.2	55.9	55.6	57.0
May-21	64.4	64.4	58.6	59.0

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

May data highlighted a further rise in permanent staff appointments across the UK, marking the third increase in as many months. Moreover, the rate of increase was the sharpest since the survey began in October 1997. At the regional level, the rise was broad-based and led by the North of England. The Midlands recorded the softest increase in permanent placements, albeit one that was still marked.

Meanwhile, temporary billings across the UK continued to rise in May. The latest upturn was the fastest in the current ten-month sequence, and the steepest recorded since February 2015. Across the four monitored English regions, the North of England registered the quickest rate of growth, followed by the South of England. Elsewhere, London-based recruiters saw temp billings remain broadly unchanged during May.

Candidate availability

Recruiters across the UK reported another decrease in the availability of permanent candidates during May. The latest fall was the fourth in a row, and the most marked since May 2017. Each of the four monitored English regions saw permanent staff supply fall in May, with the North of England recording the sharpest reduction.

A similar trend was recorded for short-term staff in the latest survey period. as temp staff supply across the UK fell for the third month running, and at the quickest rate since November 1997. The North of England saw the most marked reduction in temporary candidate availability, while London recorded the softest fall of the monitored regions.

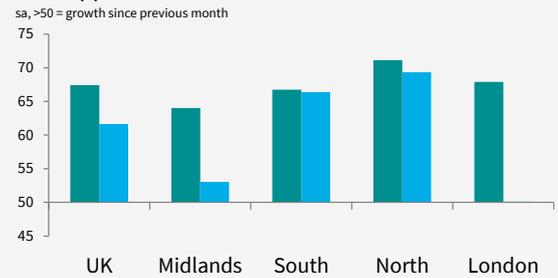
Pay Pressures

Salaries awarded to new permanent joiners across the UK rose for the third consecutive month during May. The rate of salary inflation was robust, and the steepest recorded since September 2018. Across the four monitored English regions, the rise in starting salaries was broad-based, with the South of England reporting the strongest rise.

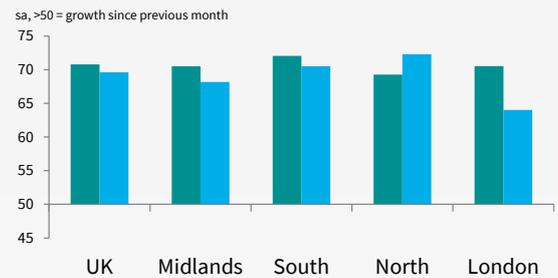
There was also further upward pressure on average pay rates for short-term staff during May, with the rate of increase in temp wages marked overall. Moreover, temp wage inflation in the UK was the strongest reported since June 2019. At the regional level, the rise was robust across the four monitored regions, led by the South of England.

May 2021
Permanent / Temporary

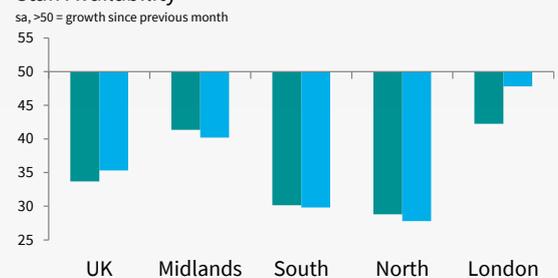
Staff Appointments



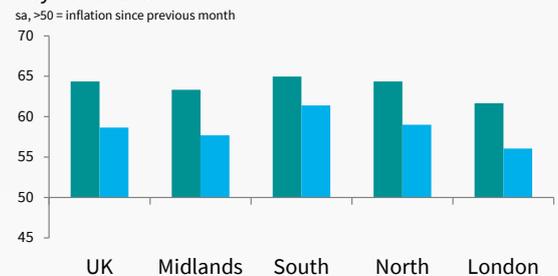
Vacancies



Staff Availability



Pay Pressures



CONTACT

KPMG

Tanya Holden
+44 (0)20 3078 3996
tanya.holden@KPMG.co.uk

REC

Josh Prentice
Comms Manager
+44 (0)20 7009 2129
josh.prentice@rec.uk.com

IHS Markit

Lewis Cooper
Economist
+44 (0)1491 461 019
lewis.cooper@ihsmarkit.com

Joanna Vickers
Corporate Communications
+44 (0)20 7260 2234
joanna.vickers@ihsmarkit.com

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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