

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

Solid rebound in permanent placements during February

KEY FINDINGS

Permanent placements rise amid improved demand for workers

First fall in permanent labour supply since January 2020

Permanent starting salaries decline but temp wages rise

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 uptick in permanent placements in the North of England last month is encouraging, especially following a sharp decline during January amid the latest lockdown, and is hopefully a trend we’ll see continue. February also saw the first fall in permanent labour supply in more than a year, which suggests that workers are reluctant to move jobs while uncertainty remains, but also points to signs of stability in the job market.

“These early signs suggest that businesses in the North are eyeing a cautious return to relative normality in the summer, encouraged by the Government’s roadmap out of lockdown. The region’s business leaders will no doubt now have one eye on the progress of Whitehall’s levelling up and skills agendas, in the coming months to make sure these tentative steps towards recovery continue. The doubling of incentive payments for businesses to take on apprentices, along with the Kickstart, Restart and Help to Grow schemes, announced in this week’s Budget, will go some way to accelerating this recovery.”

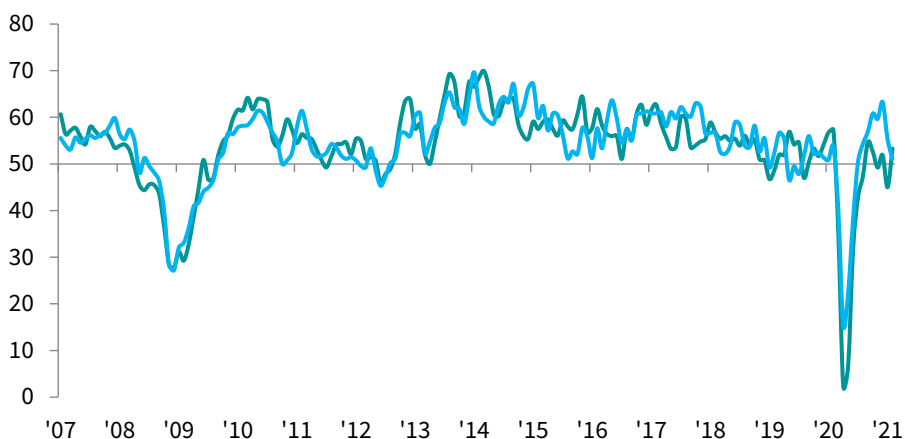
Neil Carberry, Chief Executive of the REC, said:

“Given the national lockdown that has been in place for the past two months, the labour market has coped remarkably well. Permanent placements have risen, while vacancies have broadly stabilised. Meanwhile, businesses have continued to use temporary work to help them through this tough period. We are well-positioned for a recovery as restrictions are lifted – but both businesses and workers will need help to do so.

“With that in mind, there was some good news in this week’s Budget. It was sensible to extend support measures like the furlough scheme and business tax deferrals while health restrictions are still in place, and expand support for the self-employed. But more could have been done to tackle the big economic transitions we face, encouraging growth and reducing unemployment. For example, cutting employers’ National Insurance to encourage job retention and creation, replacing the failed apprenticeship levy with a flexible levy that meets the economy’s needs, and investing in job finding services with recruiters at their heart.”

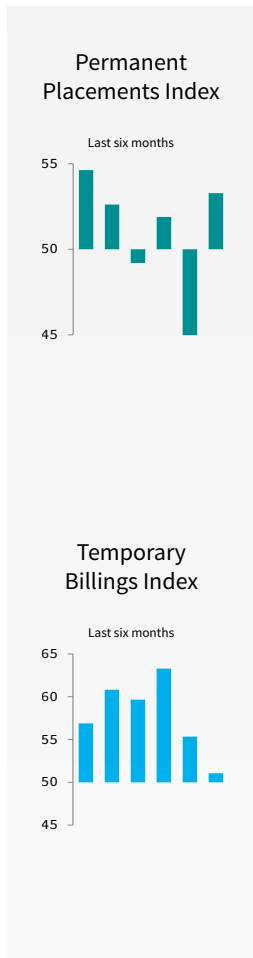
Permanent Placements Index / Temporary Billings Index

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.



Solid rebound in permanent placements

Following a sharp decline in January, there was a fresh increase in permanent staff appointments across the North of England in February. Moreover, the rate of growth was the quickest for five months and solid overall. Some recruiters noted stronger demand for workers from their clients. The North of England was the only monitored English region to register an increase in permanent placements during February.

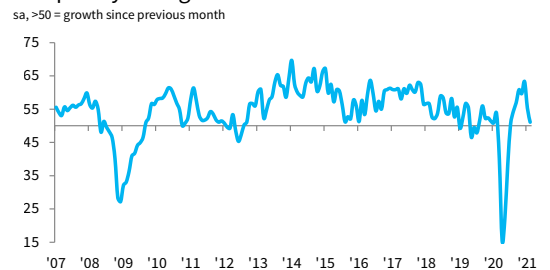
Permanent Placements Index



Temp billings growth eases further

Recruiters in the North of England recorded a further rise in temporary billings during February, extending the current run of growth to eight months. Anecdotal evidence indicated that the expansion was supported by strengthening demand for workers. That said, the rate of increase eased for the second month running to a marginal pace that was the softest since last July.

Temporary Billings Index



sa, >50 = growth since previous month

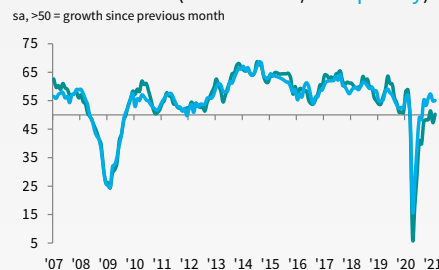
	Permanent		Temporary	
	UK	North	UK	North
Sep-20	56.0	54.6	56.0	56.9
Oct-20	48.8	52.6	56.4	60.8
Nov-20	48.2	49.2	56.1	59.6
Dec-20	51.1	51.9	57.9	63.3
Jan-21	43.8	45.0	55.0	55.3
Feb-21	47.1	53.3	51.6	51.1

JOB VACANCIES

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

The rise in permanent vacancies was only fractional, but represented a tentative recovery in demand following the quickest reduction in vacancies for five months in January. Meanwhile, demand for temporary workers rose for the sixth month running. The rate of growth was little-changed from the previous survey period and marked overall.

Vacancies Index (Permanent / Temporary)

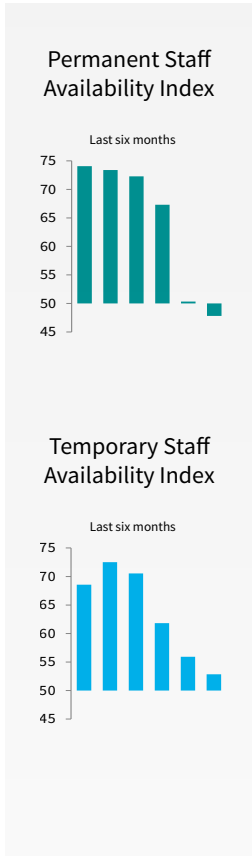


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Sep-20	50.0	47.7	53.8	55.2
Oct-20	47.4	48.3	52.8	53.3
Nov-20	46.6	48.4	51.9	56.0
Dec-20	50.1	51.4	54.7	57.3
Jan-21	45.5	47.3	51.4	54.9
Feb-21	49.7	50.2	53.0	55.0

2 STAFF AVAILABILITY

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



First reduction in permanent labour supply since January 2020

February data pointed to a decline in permanent staff availability across the North of England, thereby ending a one-year sequence of expansion. Though modest, the rate of deterioration was the quickest seen across the four monitored English regions. Recruiters often commented that candidates were unwilling to move jobs amid uncertainty surrounding the COVID-19 pandemic.

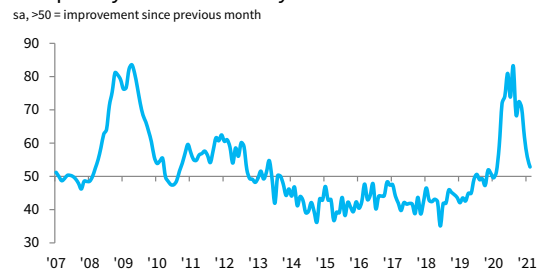
Softest rise in temporary staff availability for a year

Although temporary labour supply in the North of England continued to expand in February, the pace of growth eased for the fourth month in a row. Notably, the latest increase in availability was the slowest since before the escalation of the COVID-19 pandemic in March 2020. Where higher candidate numbers were recorded, some recruiters cited job losses linked to the virus.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Jan-21	54.4	50.3	55.7	55.9
Feb-21	49.9	47.8	55.3	52.8

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	Executive/Professional	Other
Accountants Auditors Book Keepers Credit Controllers Estimators Finance Management Accountants Payroll Taxation	Directors Executive Human Resources Legal Management Project Managers	Freight Logistics Sales Stock Controllers
Blue Collar	IT/Computing	
Drivers Warehouse	Agile Project Manager BI C# CNC Cyber Cyber Security Developers IT	
Construction	Nursing/Medical/Care	
Quantity Surveyors	Healthcare Assistants Medical	
Engineering		
Engineers		

Skills in short supply: Temporary staff

Accounting/Financial	Executive/Professional	Other
Accountants Auditors Book Keepers Finance Payroll	Human Resources Legal	Freight Logistics Sales Skilled Stock Controllers
Blue Collar	IT/Computing	
Drivers Electricians Forklift Drivers Manufacturing Sewing Machinists Upholsterers Warehouse	BI Cyber IT Java Software Technology	
Construction	Nursing/Medical/Care	
Bricklayers	Carers Doctors Nurses	
Engineering	Secretarial/Clerical	
Engineers	Administration	

4 PAY PRESSURES

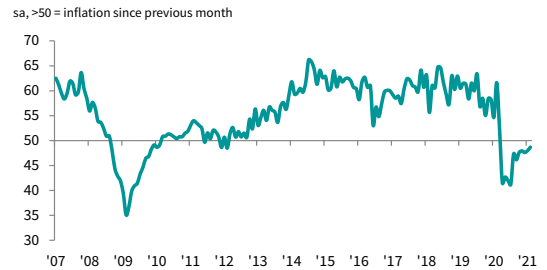
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Slowest fall in permanent starters' salaries for 11 months

Recruiters in the North of England reported a further decrease in remuneration awarded to permanent new joiners in February. The result extended the current run of decline that began in April 2020. That said, the rate of reduction eased to the softest in this sequence and was modest overall.

Permanent Salaries Index



Temp wages increase for the third month running

Wages earned by temporary workers in the North of England increased for the third month in a row during the latest survey period. However, the rate of pay inflation eased to the softest seen over this period and was modest overall. Across the UK as a whole, temp wages were broadly unchanged during February.

Temporary Wages Index



sa, >50 = inflation since previous month

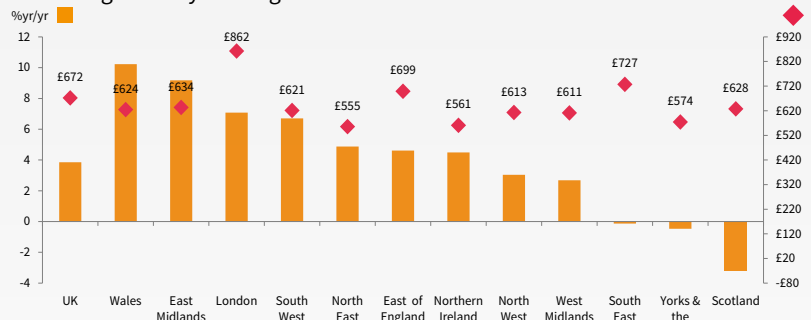
	Permanent		Temporary	
	UK	North	UK	North
Sep-20	44.7	46.1	48.3	51.0
Oct-20	44.5	47.6	46.4	47.3
Nov-20	45.6	47.9	48.6	49.6
Dec-20	50.2	47.6	51.4	51.7
Jan-21	47.7	48.0	49.6	51.9
Feb-21	48.6	48.7	49.9	51.2

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

The number of permanent staff appointments across the UK fell for the second month in a row during February. The rate of decline was strong, although it did ease noticeably on the month. Across the four monitored regions, the South of England recorded the quickest fall, followed by London. The North of England was the only area to see permanent placements rise in February.

At the same time, temp billings increased again, but the upturn was the slowest in the current seven-month sequence of expansion and only mild. Across the four monitored English regions, a steep rise in temp billings in the Midlands and slight upturns in both the North and South of England were partially offset by a sharp decrease in London.

Candidate availability

February data highlighted a broadly unchanged supply of permanent candidates across the UK during February. Following a ten-month long sequence of increase, the respective seasonally adjusted index posted just below the 50.0 mark to signal broadly stable permanent staff availability. Regional trends highlighted divergences, as renewed falls in permanent staff supply in the Midlands and North of England were cancelled out by further rises in the South of England and London.

Meanwhile, the availability of temporary staff rose further. The rate of increase was the slowest for nearly a year, but nonetheless sharp. At the regional level, the upturn in temp staff supply was broad based, but London registered a markedly faster increase than the three remaining monitored English regions.

Pay Pressures

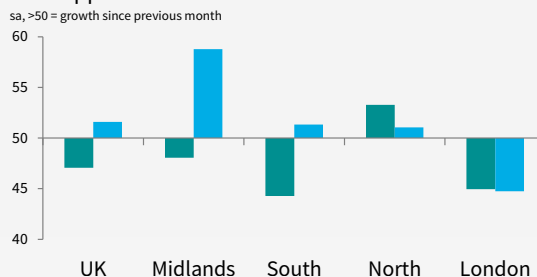
There were further signs of deflationary pay pressures in the UK labour market during February, as salaries awarded to permanent new joiners fell. Declines were recorded in each of the four monitored English regions, with the South of England seeing the fastest reduction.

Permanent salaries across the UK have now fallen in all but one of the past 11 months.

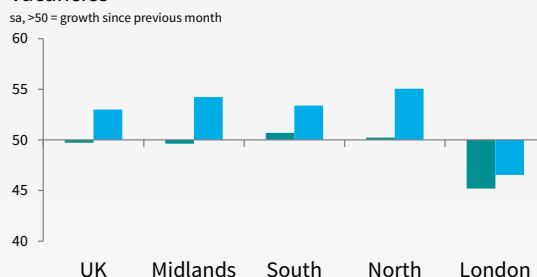
Turning to temporary pay, February data pointed to broadly stable hourly wage rates for short-term staff across the UK, with the respective seasonally adjusted index rising to just below the neutral 50.0 mark. Sustained wage inflation in the Midlands, South and North of England offset another sharp reduction in temp rates in London.

February 2021
Permanent / Temporary

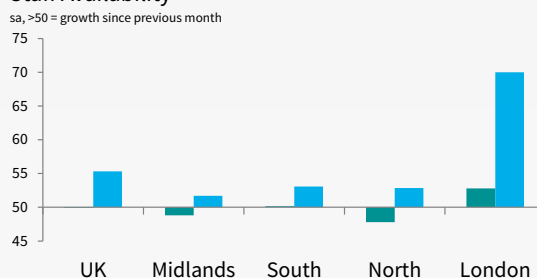
Staff Appointments



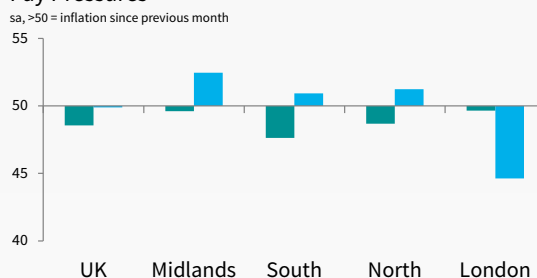
Vacancies



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.

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