

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

Fastest rise in permanent staff appointments since February 2017

KEY FINDINGS

Permanent placements and temp billings rise sharply

Candidate availability falls at notably sharper rate

Starting rates of pay increase amid stronger demand for workers

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 is great to see another positive month for the jobs market in the North. Further growth in permanent staff appointments and temp billings suggest we are now on a steady path to recovery as the roadmap to easing restrictions across the country progresses. Not only have we seen a return to pre-pandemic levels of permanent staff appointments but it is at its highest rate in more than four years and temp billings have seen its fastest rise since 2015. It is clear that confidence is returning across the North East as employers in our area look to hire for a more optimistic and busy year ahead.”

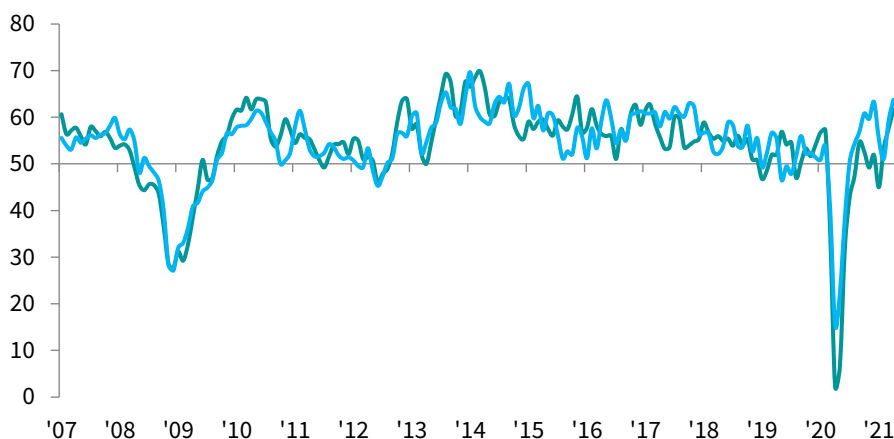
Neil Carberry, Chief Executive of the REC, said:

“The jobs market is improving at one of the fastest rates we have ever seen, and that’s great news. We are bouncing back from a record low – and many people are still struggling – but the data shows that job creation is firing up again. This month’s numbers for permanent hiring are the best we’ve seen in many years. Temporary hiring has chalked up its tenth straight month of growth, demonstrating again how important temporary agency work is to getting families and businesses back on their feet.”

“The message for government and employers alike is that the long-term challenge is less likely to be high unemployment than attracting and training enough staff to keep our economy firing. Companies need to be thinking about their workforce planning and employee offer, which professional recruitment firms are best placed to support them with. Government needs to urgently tackle shortfalls in the skills system, and make sure the new immigration system is more responsive to our economic needs.”

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

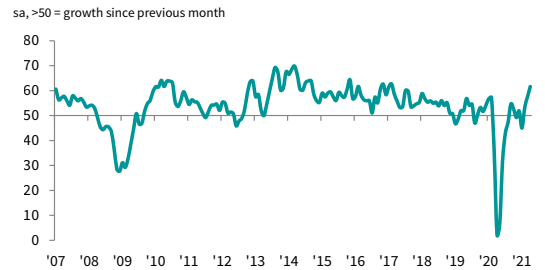
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Sharpest increase in permanent placements since February 2017

April data pointed to a third successive monthly increase in permanent staff appointments across the North of England. Moreover, the rate of growth accelerated to the quickest since February 2017. Recruiters often noted stronger demand for workers at their clients as coronavirus-related restrictions eased. Although sharp overall, the latest increase was slower than the UK-wide average.

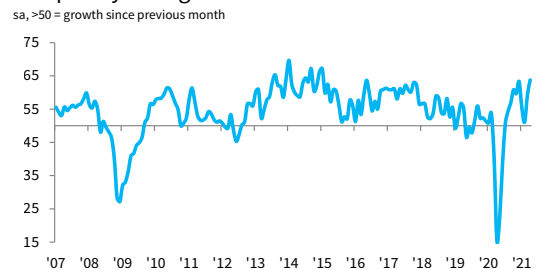
Permanent Placements Index



Fastest temp billings growth since January 2015

As was the case in each of the previous nine months, temp billings across the North of England rose in April. In fact, the latest increase was the quickest since the start of 2015, and also outpaced the UK average. Anecdotal evidence indicated that firms were hiring more staff ahead of the further relaxation of COVID-19 restrictions.

Temporary Billings Index



sa, >50 = growth since previous month

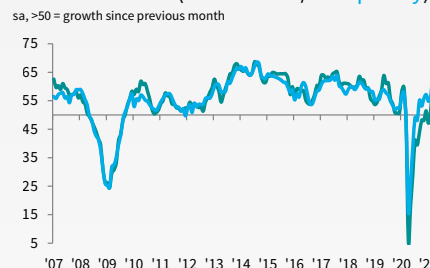
	Permanent		Temporary	
	UK	North	UK	North
Nov-20	48.2	49.2	56.1	59.6
Dec-20	51.1	51.9	57.9	63.3
Jan-21	43.8	45.0	55.0	55.3
Feb-21	47.1	53.3	51.6	51.1
Mar-21	59.2	57.5	59.6	59.2
Apr-21	65.4	61.7	59.2	63.8

JOB VACANCIES

Demand for both permanent and temporary workers across the North of England continued to soar in April, with vacancy growth accelerating in both cases.

Permanent positions increased at the strongest rate for just over six-and-a-half years, although April's increase was slower than the national average. Demand for temporary staff rose at the quickest pace since September 2014, with the latest increase surpassing the UK-wide average.

Vacancies Index (Permanent / Temporary)

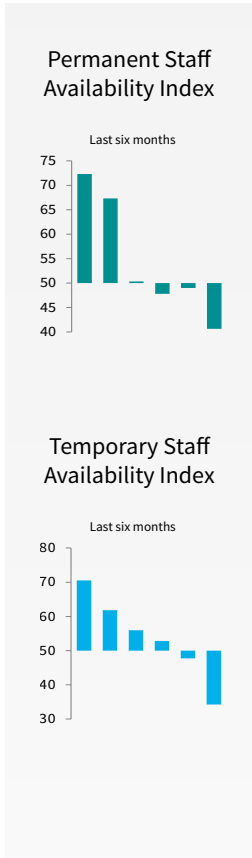


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Nov-20	46.4	48.1	51.6	55.9
Dec-20	50.1	51.5	54.5	57.2
Jan-21	45.1	47.1	51.3	54.8
Feb-21	50.9	51.3	54.4	56.5
Mar-21	62.9	62.2	62.1	64.0
Apr-21	68.5	66.2	64.7	65.9

2 STAFF AVAILABILITY

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



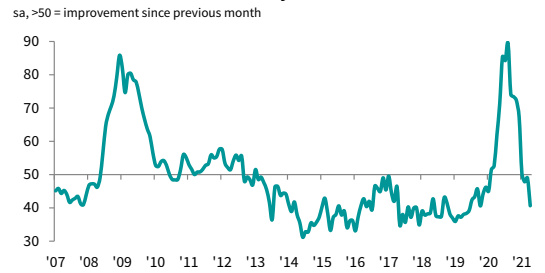
Strongest decline in permanent staff availability for 18 months

Permanent labour supply across the North of England continued to fall at the start of the second quarter, extending the current sequence of decline to three months. Moreover, the rate of reduction accelerated to the quickest since October 2019 and was historically marked. Some recruiters noted that competition for candidates was increasing amid stronger demand for workers, while there were also mentions of furlough having reduced the pool of available workers.

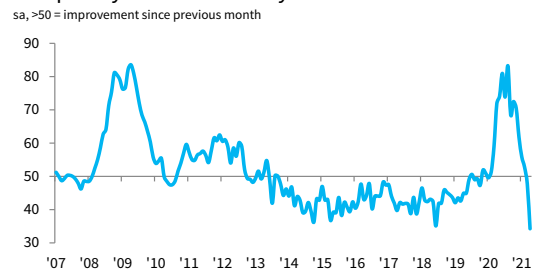
Temp labour supply drops at sharpest rate for over 20 years

Following the first reduction in temporary labour supply across the North of England for 14 months in March, there was a further decrease in April. In fact, the rate of contraction was the strongest since December 2000 and far stronger than the UK average. Anecdotal evidence indicated that a reluctance for people to actively seek new roles due to the pandemic and increasing demand for staff were leading to fewer candidates on the market.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Apr-21	44.5	40.6	42.2	34.3

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 Finance Payroll Taxation	Engineering Engineers Maintenance Engineers Technicians Executive/Professional Conveyancers Human Resources Law Legal Management Project Managers IT/Computing Agile Project Manager BI C# Cyber Data Professionals Developers IT Software Technology	Retail E-commerce Secretarial/Clerical Administration Office Staff Sales Administrator Other Customer Service Customs Sales Skilled Supply Chain
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Skills in short supply: Temporary staff

Accounting/Financial Accountants Credit Controllers Finance Payroll Blue Collar Blue Collar Forklift Drivers Production Warehouse Welders Construction Bricklayers Construction Labourers Engineering Electrical Engineers Executive/Professional Legal	IT/Computing BI Cyber Data Professionals IT Java Software Technology Nursing/Medical/Care Doctors Retail E-commerce Secretarial/Clerical Administration Receptionist	Other Customer Service Sales Skilled Unskilled
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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.

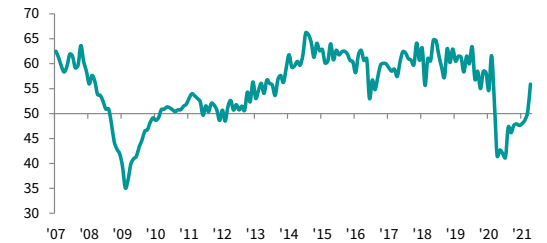


Quickest rise in permanent salaries since before UK lockdown

Recruiters in the North of England recorded a further rise in remuneration awarded to permanent workers in April. The result followed the first increase for a year in March. Notably, the rate of pay inflation in the latest survey period was the quickest since February 2020, before the introduction of the UK's initial COVID-19 lockdown in March 2020. Higher salaries were often associated with stronger demand for workers.

Permanent Salaries Index

sa, >50 = inflation since previous month

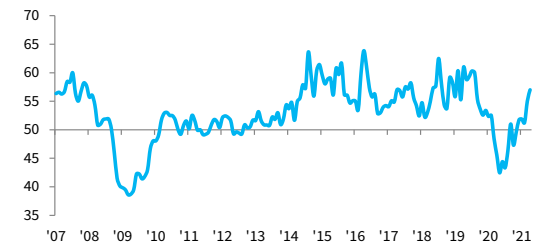


Temp wage inflation accelerates in April

Wages paid to temporary workers in the North of England continued to rise in the latest survey period, stretching the current run of growth to five months. Furthermore, the rate of wage inflation quickened for the second month running to the fastest since August 2019. The increase also exceeded that seen at the national level.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

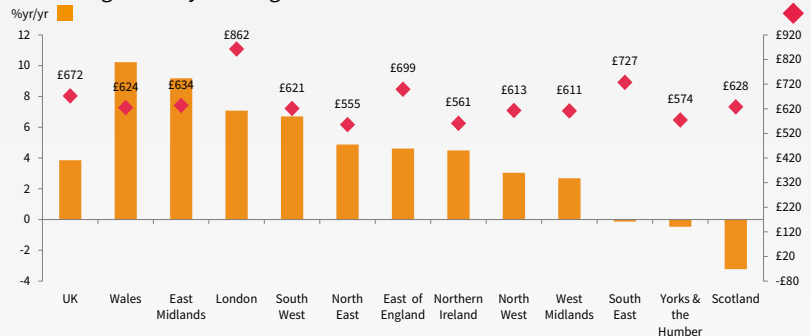
	Permanent		Temporary	
	UK	North	UK	North
Nov-20	45.6	47.9	48.6	49.6
Dec-20	50.2	47.6	51.4	51.7
Jan-21	47.7	48.0	49.6	51.9
Feb-21	48.6	48.7	49.9	51.2
Mar-21	55.1	50.3	54.8	55.0
Apr-21	58.2	55.9	55.6	57.0

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

The number of permanent staff appointments across the UK rose for the second successive month during April. The rate of increase accelerated from the previous month, and was the fastest recorded since the opening month of data collection in October 1997. All four monitored English regions signalled a marked rise in permanent placements, led by the Midlands.

At the same time, temp billings increased for the ninth month in a row in April. The upturn remained strong overall, as the North and South of England along with the Midlands reported a further steep rise. Meanwhile, recruiters in London signalled a softer, mild increase in comparison to March.

Candidate availability

April data highlighted a solid reduction in the supply of permanent candidates across the UK. The respective seasonally adjusted index was below the 50.0 no-change threshold for the third consecutive month in April, with the latest decrease the quickest since January 2020. Regional trends signalled strong divergences, with only London showing an increase in the number of available candidates. Of the remaining monitored regions, the fall in the North of England was sharpest, and the fastest recorded since October 2019.

Similarly, the availability of temporary staff also decreased for a second time in as many months. The rate of decline was the fastest since February 2019, and marked overall. At the regional level, the North of England registered the quickest fall, followed by broadly similar decreases in the South of England and Midlands. London, meanwhile, signalled a further, albeit softer, rise in the supply of temporary candidates.

Pay Pressures

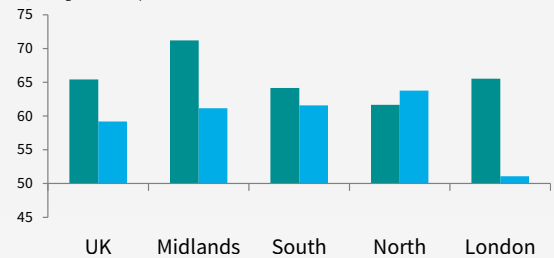
Inflationary pay pressures were evident in the UK labour market for the second month in a row during April. Salaries awarded to new permanent joiners rose at a quicker pace compared to March, and at the steepest rate for 14 months. All four monitored English regions recorded increases, with London-based recruiters seeing the fastest increase, followed by the Midlands.

A similar trend was evident in hourly wage rates, as the seasonally adjusted Temporary Wages Index remained above the neutral 50.0 mark for a second month running across the UK. Temporary wage inflation was sustained across the four monitored English regions in April, led by recruiters in the South of England.

April 2021
Permanent / Temporary

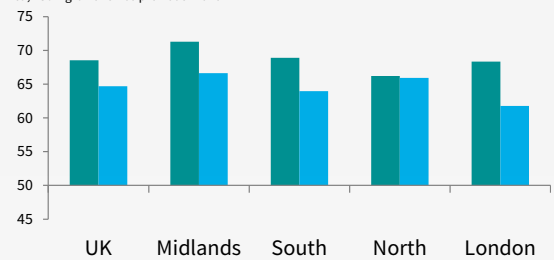
Staff Appointments

sa, >50 = growth since previous month



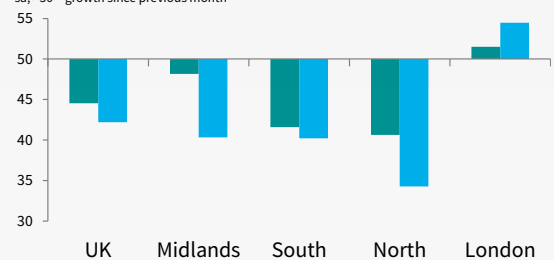
Vacancies

sa, >50 = growth since previous month



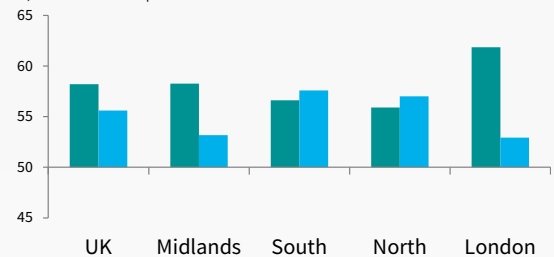
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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

Eliot Kerr
Economist
+44 (0)20 3159 3381
eliot.kerr@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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KPMG LLP, a UK limited liability partnership, operates from 21 offices across the UK with approximately 16,000 partners and staff. The UK firm recorded a revenue of £2.3 billion in the year ended 30 September 2020.

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