

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

## Hiring activity rises sharply, but labour supply constraints dampen momentum

### KEY FINDINGS

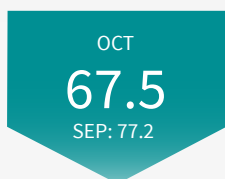
Permanent placement growth slows, but remains steep

Demand for staff continues to rise at substantial rate...

...but deteriorating supply keeps pay pressures elevated

### 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:

*"The demand for staff continues to be strong despite permanent placements slowing down due to lack of candidate availability. Many skills are in short supply, meaning there are not enough people with the right skills to fill the amount of vacancies. While this is clearly a problem in well-talked about sectors such as hospitality and retail, and with HGV drivers, this has become a widespread problem across many sectors, with companies struggling to find qualified staff. It is important that businesses and the government look at ways to provide skills to those looking for work who may not have relevant experience but who are keen to learn and who may have some transferable skills."*

*"While this is clearly a challenging time for businesses as they try to attract and retain staff while dealing with substantial rising costs, the labour supply constraints have meant that this is a great time to be looking for a job, as salaries and wages continue to increase to attract candidates."*

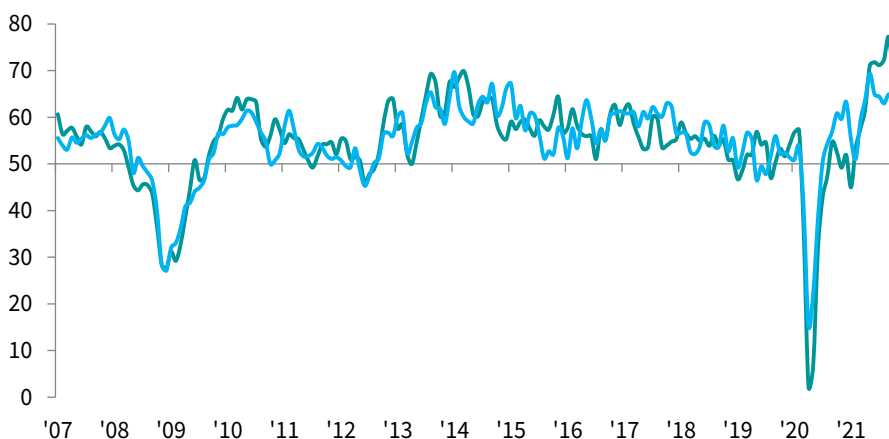
Kate Shoesmith, Deputy CEO of the REC, said:

*"This latest data shows the robust growth in the jobs market continuing. Starting salary growth is still at near-record highs as shortages continue to bite and companies compete to hire the staff they need. But we are starting to see signs that we are moving into a new phase of the recovery, as the initial bounceback in demand starts to ease."*

*"It's also important to note that these salary rises are not universal. Recruiters tell us that candidates in some sectors and regions have been able to secure a substantial pay rise, but many employers can't afford to offer this. As we move into the next stage of recovery, it's vital the government put measures in place that will help companies to invest and grow, stimulate the UK's productivity and support the levers that help those furthest from the jobs market into work. Last week's Budget was a start, but there needs to be a radical shift across government departments to collaborate in order to deliver a skills revolution in the UK. This will only be successful if government and business work together to plan for future workforce needs. Recruiters are keen to work with government in such a joint forum."*

#### 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.

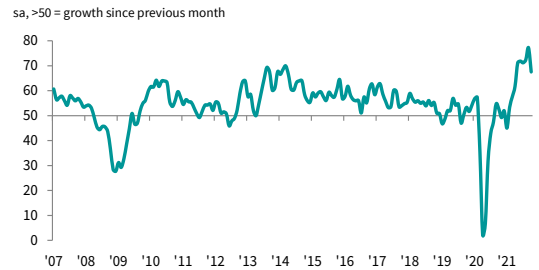


## Permanent placement growth softens, but remains steep

The seasonally adjusted Permanent Placements Index remained above the 50.0 no-change mark in October, but slumped by almost ten points, signalling a notable slowdown in growth of permanent staff appointments across the North of England.

That said, the index was still indicative of one of the sharpest expansions in the survey history. Increased confidence and strong demand for permanent staff was reported by recruiters.

## Permanent Placements Index

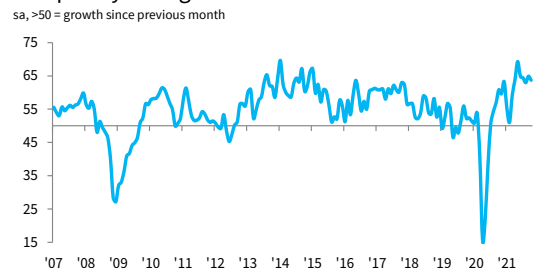


## Temp billings continue to rise at sharp pace in October

Recruitment consultants in the North of England recorded increased billings from the employment of short-term staff during October. Respondents linked the upturn to higher workloads at clients. Some recruiters also mentioned that short-term staff were drafted in as a stop-gap until positions were filled on a permanent basis.

Overall, temp billings growth in the North of England was sharp and the strongest of the four monitored English regions.

## Temporary Billings Index



sa, >50 = growth since previous month

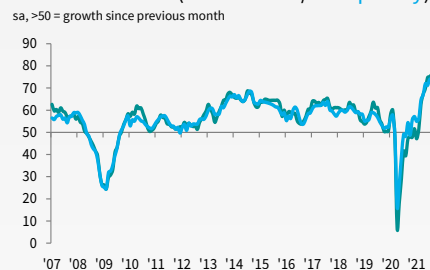
	Permanent		Temporary	
	UK	North	UK	North
May-21	67.4	71.1	61.6	69.3
Jun-21	71.2	71.8	63.4	64.9
Jul-21	69.3	71.2	64.6	64.4
Aug-21	72.7	72.3	67.7	63.0
Sep-21	71.8	77.2	61.1	64.9
Oct-21	66.8	67.5	60.9	63.7

## JOB VACANCIES

Demand for permanent staff in the North of England continued to rise at a considerable pace during October, despite the rate of expansion easing to a five-month low. In fact, permanent job vacancies increased at a rate which, prior to June, was unprecedented.

Latest survey data also signalled a substantial rise in temporary job openings across the North of England. While the increase was the weakest since June, it was the sharpest of the four monitored English regions for a fourth straight month.

## Vacancies Index (Permanent / Temporary)

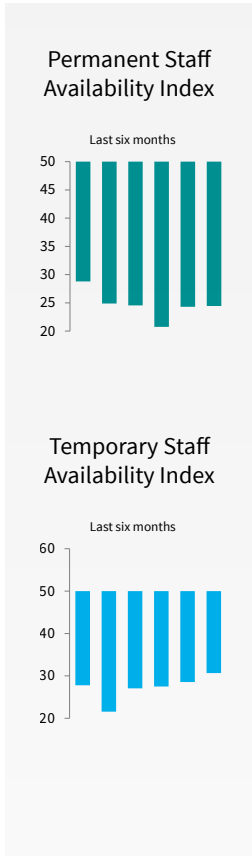


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
May-21	70.7	69.7	69.5	72.0
Jun-21	74.4	74.6	72.1	71.2
Jul-21	74.6	75.1	72.3	73.9
Aug-21	74.0	75.8	71.6	74.1
Sep-21	72.8	72.9	70.3	73.7
Oct-21	71.4	70.1	69.8	71.9

## 2 STAFF AVAILABILITY

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



### Further sharp decline in permanent candidate supply

The supply of candidates available to fill permanent positions in the North of England continued to decline at a steep rate during October. The deterioration was little-changed from September and among the fastest on record.

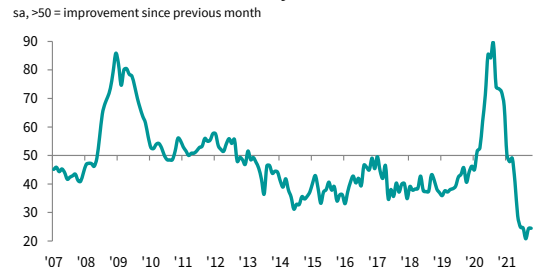
According to surveyed recruiters, nervousness among candidates to move roles was a major restraint on permanent staff supply.

### Temporary staff supply falls at softest rate for six months

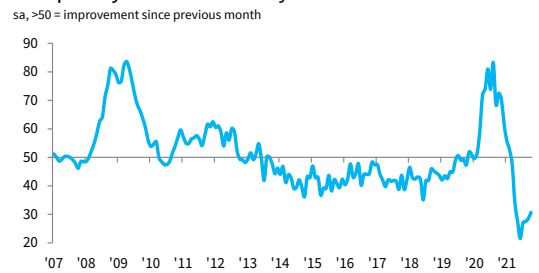
Recruitment agencies in the North of England recorded the slowest decline in temp candidate availability since April during the latest survey period. Nonetheless, supply continued to shrink sharply, which panellists attributed to high staff demand and limited pools of suitably-skilled candidates.

In comparison to the other monitored English regions, the North of England recorded the softest contraction in temp staff availability.

### Permanent Staff Availability Index



### Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
May-21	33.7	28.8	35.3	27.8
Jun-21	25.3	24.9	27.0	21.6
Jul-21	25.9	24.6	27.6	27.1
Aug-21	22.8	20.8	25.4	27.5
Sep-21	25.2	24.3	28.4	28.6
Oct-21	27.4	24.4	28.9	30.7

## 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 Auditors Finance Payroll Taxation	Legal Marketing Management Project Managers Solicitors	Languages Logistics Sales Telemarketing Telesales
<b>Blue Collar</b> Drivers Electricians Forklift Drivers Manufacturing Warehouse	<b>Hotel/Catering</b> Chefs	
<b>Construction</b> Architectural Tech Quantity Surveyors	<b>IT/Computing</b> Agile Project Manager BI C# Developers Digital Technology	
<b>Engineering</b> Engineers	<b>Secretarial/Clerical</b> Administration	
<b>Executive/Professional</b> Human Resources	<b>Other</b> All Types of Candidates Customer Service	

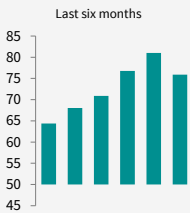
### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Accountants Credit Controllers Finance Payroll	<b>Hotel/Catering</b> Hospitality
<b>Blue Collar</b> Blue Collar Decorators Drivers Forklift Drivers Production Warehouse	<b>IT/Computing</b> Digital IT Software Engineers
<b>Construction</b> Bricklayers Construction Joiners Labourers	<b>Nursing/Medical/Care</b> Dentists Nurses
<b>Executive/Professional</b> Legal	<b>Other</b> All Types of Candidates Customer Service Education Sales Skilled Telemarketing Telesales Unskilled

## 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



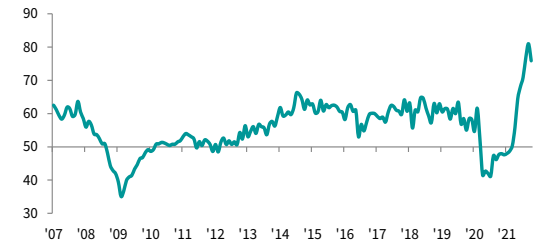
### Permanent starting salaries rise substantially once again

Latest survey data pointed to another steep increase in starting salaries awarded to new permanent joiners in the North of England, despite the rate of inflation easing to a three-month low. Overall, the latest increase was the third-sharpest on record, outpaced only by those seen in the two previous months.

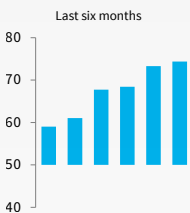
Anecdotal evidence suggested that excess demand for staff had pressured businesses to offer more competitive salaries.

### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index



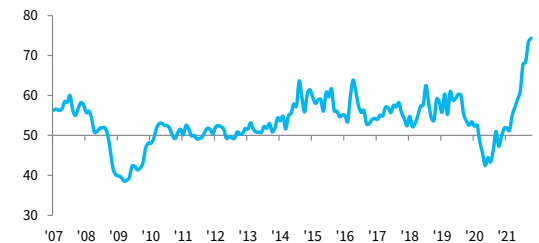
### Temp pay rates surge at record pace in October

Pay pressures for temporary workers continued to build during October, with the rate of wage inflation rising for an eighth month in a row to reach a new survey peak. Increased temporary pay rates were overwhelmingly attributed by recruiters to candidate shortages.

Furthermore, The North of England recorded the quickest rate of temp wage inflation of the four monitored English regions by a notable margin.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

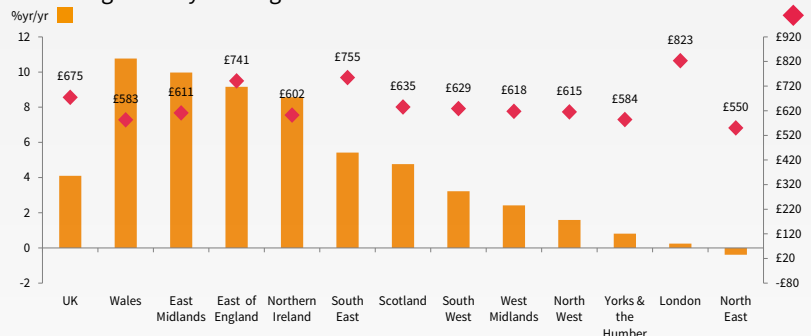
	Permanent		Temporary	
	UK	North	UK	North
May-21	64.4	64.4	58.6	59.0
Jun-21	66.0	68.0	61.6	61.0
Jul-21	73.2	70.9	66.7	67.7
Aug-21	73.5	76.8	66.8	68.4
Sep-21	75.7	81.0	69.1	73.3
Oct-21	77.2	75.9	70.7	74.4

## OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics signalled that average weekly earnings across the UK increased 4.1% year-on-year to £675 in the second quarter of 2021.

Wales recorded the steepest annual rise in pay, where earnings increased 10.8% to £583, closely followed by the East Midlands (up 10% to £611). The North East was the only region to register a fall in average weekly earnings, where earnings were down -0.4% on the previous year to £550.

### 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 eighth month in a row during October. While robust overall, the rate of increase eased for the second successive month to reach the softest since April. Across the four monitored regions, London saw the fastest rise, followed by the North of England. That said, all regions barring the Midlands saw the rate of growth in permanent placements ease in October.

At the same time, temp billings increased further at the UK level, though the latest upturn was the softest for six months. All four monitored English regions signalled a marked increase in temporary appointments, led by recruiters in the North of England. That said, only the Midlands reported an acceleration in the rate of increase, with the remaining regions all noting softer expansions.

### Candidate availability

Latest data indicated a ninth consecutive reduction in the supply of permanent candidates across the UK at the start of the fourth quarter. Though rapid overall, the rate of decline was the softest reported since May. The national decrease in permanent staff availability was led by broadly unchanged rates of reduction in both the North of England and London, while the Midlands saw the softest fall in permanent staff availability.

At the same time, the availability of temporary staff fell for the eighth time in as many months in October. The rate of decrease was rapid, though eased to the softest in five months. At the regional level, the downturn in temp staff supply was broad-based, with the South of England registering the steepest reduction overall and being the only region to record a quicker fall in temp staff availability.

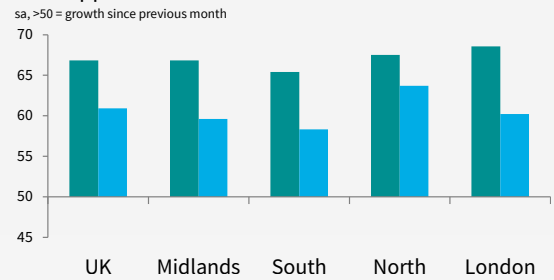
### Pay Pressures

There were sustained inflationary pay pressures in the UK labour market during October, as salaries awarded to permanent new joiners rose for the eighth consecutive month. The rate of wage inflation accelerated from September and reached the fastest in the history of the survey (since October 1997). The Midlands saw the fastest rise in permanent salaries followed by the South of England, both of which recorded series record increases in permanent salaries.

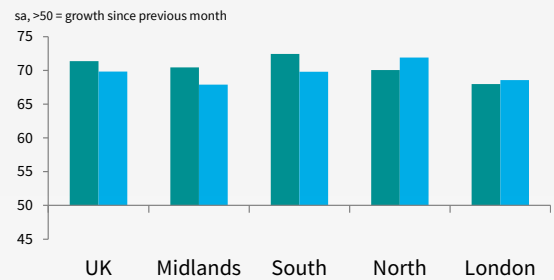
Turning to temporary pay, October data pointed to a quicker rise in hourly wage rates for short-term staff across the UK, with the respective seasonally adjusted index rising to the highest level since the survey began. Sustained wage inflation was recorded in all four monitored English regions led by a record rise in the North of England.

October 2021  
Permanent / Temporary

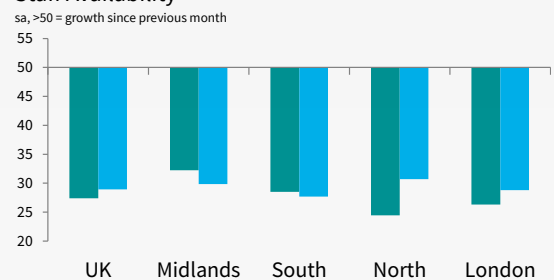
#### Staff Appointments



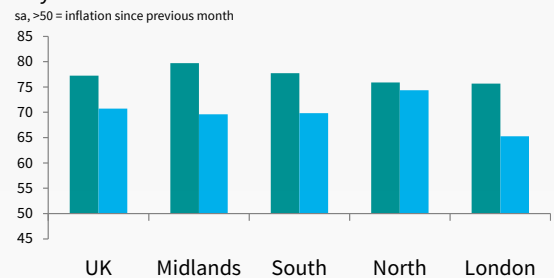
#### Vacancies



#### 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).

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 147 countries and territories and has more than 219,000 people working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

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The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at [www.rec.uk.com](http://www.rec.uk.com).

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