

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

Permanent placements rise at softer rate

KEY FINDINGS

Permanent placements growth eases, while temp billings rise sharply

Redundancies drive labour supply higher

Permanent starting salaries continue to decline

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:

“With the growth in permanent staff recruitment starting to soften, and a big increase in people available for work, the impending lockdown puts our regional jobs market in a precarious position.

“While the furlough scheme extension may give a brief respite, it will fuel economic uncertainty and further dampen prospects for jobseekers, hitting hiring activity hard.

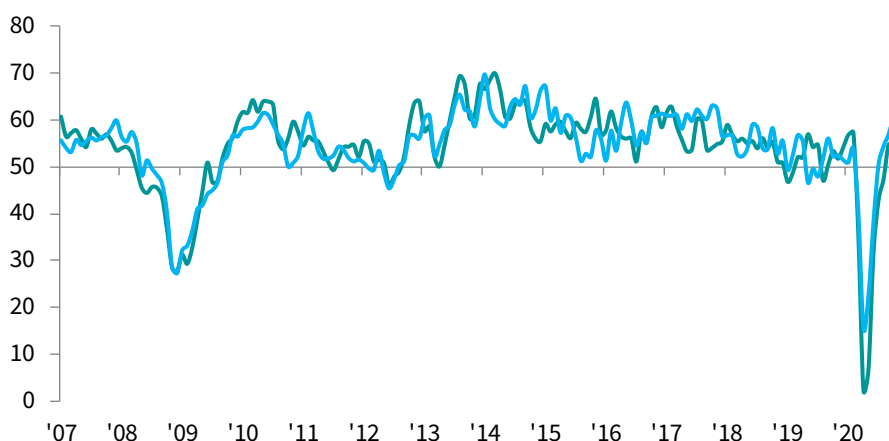
“The Government needs to ensure it offers enough financial support to the region’s businesses and opportunities for jobseekers to upskill as we continue to navigate through this crisis.”

Neil Carberry, Chief Executive of the REC, said:

“October brought a dose of realism after a quick economic bounce in the summer. While a new England-wide lockdown starts this week, similar restrictions were already in force in much of the UK last month. These figures show that hiring was still going on – and we believe that firms are better prepared to trade through these new restrictions than they were in March. Nevertheless, the outlook remains uncertain, and concerning. We face a challenging winter and temporary work will be a vital tool for keeping businesses going and people in work. All businesses are looking to Government to use the lockdown wisely and provide the Test and Trace system, vaccine and economic support that firms will need if they are to drive our recovery in 2021.”

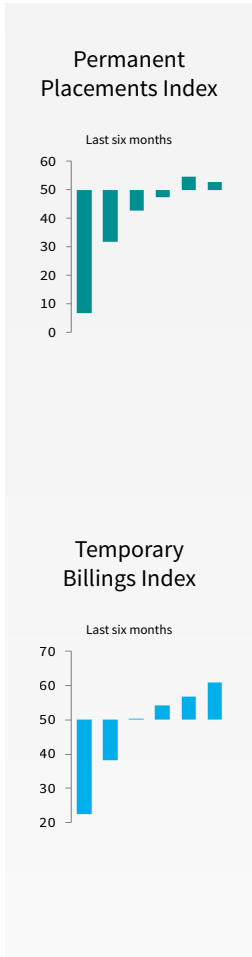
Permanent Placements Index / Temporary Billings Index

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.



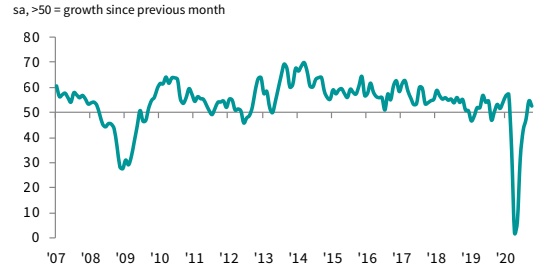
Permanent placements rise further but at softer rate

Recruiters in the North of England reported a second successive monthly increase in permanent staff appointments during October. That said, the rate of growth eased from September and was historically subdued. Anecdotal evidence indicated that the further rise in permanent placements was driven by a recovery in demand for workers following the coronavirus disease 2019 (COVID-19) lockdown.

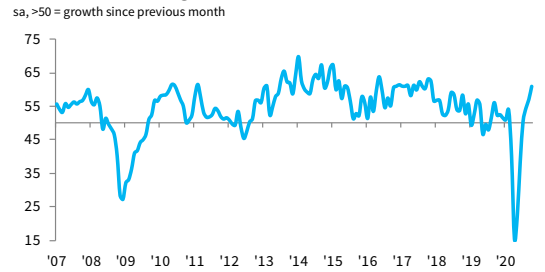
Quickest increase in temp billings for nearly three years

Temporary billings across the North of England continued to rise at the start of the fourth quarter, extending the current sequence of growth to four months. Moreover, the latest increase was the fastest since November 2017, with recruiters continuing to report elevated demand for short-term workers.

Permanent Placements Index



Temporary Billings Index



sa, >50 = growth since previous month

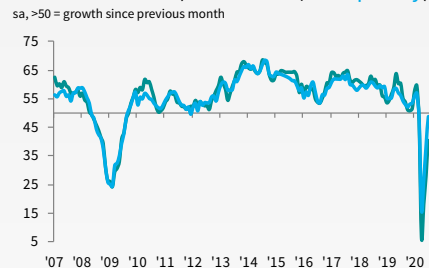
	Permanent		Temporary	
	UK	North	UK	North
May-20	10.5	6.7	18.6	22.4
Jun-20	34.3	31.7	33.5	38.2
Jul-20	44.7	42.8	45.1	50.4
Aug-20	50.9	47.4	55.6	54.3
Sep-20	56.0	54.6	56.0	56.9
Oct-20	48.8	52.6	56.4	60.8

JOB VACANCIES

Demand for permanent staff across the North of England continued to decline at the start of the fourth quarter. That said, the rate of deterioration eased to the softest in the current eight-month sequence and was only marginal overall. The latest reduction was also softer than the UK average.

Meanwhile, temporary staff vacancies in the North of England increased for the second month running. Despite easing from September, the rate of growth remained faster than the UK-wide trend.

Vacancies Index (Permanent / Temporary)

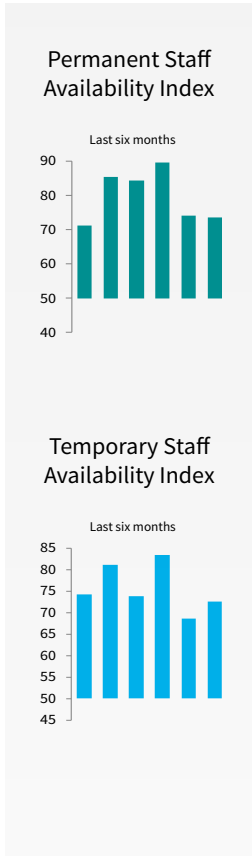


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
May-20	19.1	18.2	25.1	26.6
Jun-20	31.5	28.2	37.6	38.6
Jul-20	43.6	40.4	47.1	48.8
Aug-20	42.7	39.3	50.3	48.1
Sep-20	50.4	48.0	54.0	55.4
Oct-20	48.2	49.2	53.6	53.9

2 STAFF AVAILABILITY

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



Softest increase in permanent labour supply for five months

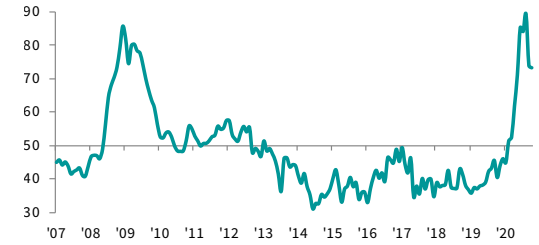
October data pointed to another sharp rise in permanent staff availability across the North of England. Panellists continued to comment on an increase in candidate numbers amid redundancies related to the COVID-19 pandemic. The expansion in permanent labour supply was, however, the softest since May.

Temporary staff availability continues to rise markedly

Amid widespread reports of job losses related to the pandemic, temporary labour supply in the North of England continued to grow during October. Although softer than the average recorded since the introduction of restrictions in March, the rate of increase accelerated from September and was marked overall.

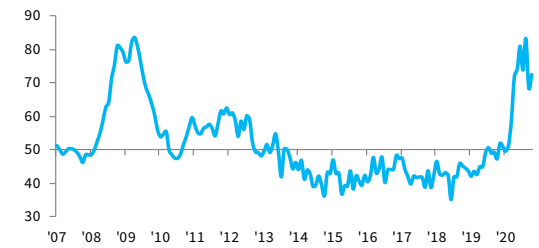
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
May-20	71.2	71.2	76.7	74.1
Jun-20	81.2	85.4	83.9	81.0
Jul-20	84.0	84.2	85.0	73.9
Aug-20	86.8	89.4	82.3	83.3
Sep-20	76.7	74.1	75.3	68.6
Oct-20	74.2	73.4	74.9	72.5

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 Taxation	Executive/Professional Legal Management Professional	Other Sales Skilled
Blue Collar HVAC Manufacturing Refrigeration	IT/Computing AWS Cloud Azure BI C# IT Python Technology Teradata	
Construction Construction Quantity Surveyors	Nursing/Medical/Care Nurses	
Engineering Engineers Technicians	Retail E-commerce	

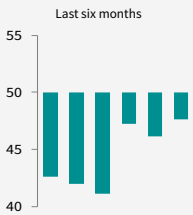
Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Payroll	IT/Computing AWS Cloud Azure BI Python Teradata
Blue Collar Forklift Drivers Industrials LGV Drivers Welders	Nursing/Medical/Care Nurse
Construction Bricklayers	Other Sales Upholsterers
Engineering Engineers	
Executive/Professional Legal Professional	

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

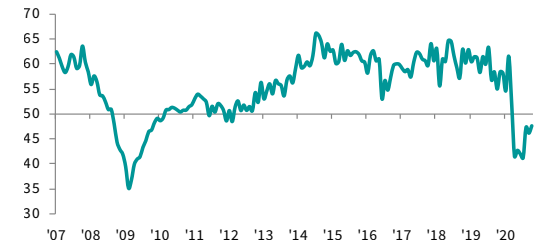


Permanent starting salaries fall at softer rate

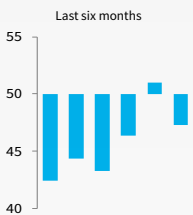
Starting salaries awarded to permanent workers in the North of England fell further in the latest survey period. That said, the rate of reduction was the softest in the current seven-month sequence of decline and modest overall. When explaining decreases in pay, recruiters often cited an oversupply of candidates.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

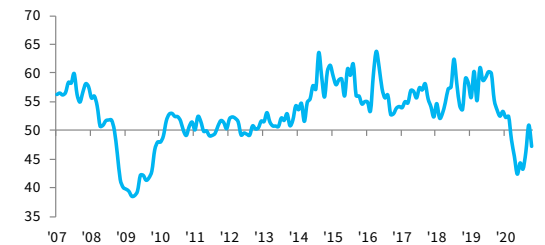


Temp wages fall back into contraction territory

Following the first increase for seven months during September, there was a renewed decline in remuneration awarded to temporary staff during October. The reduction was, however, the second-softest across the four monitored English regions, behind only the South of England.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

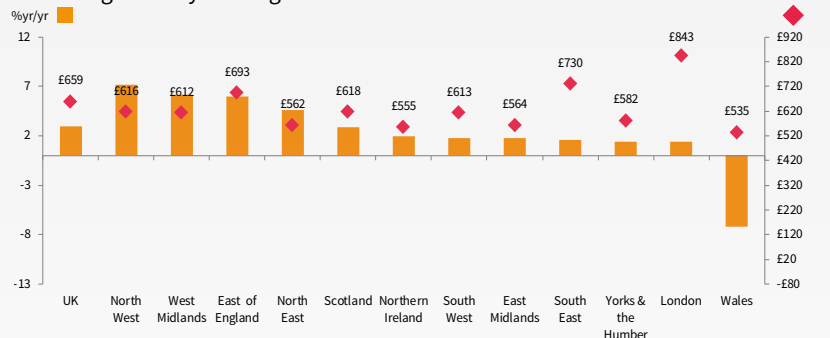
	Permanent		Temporary	
	UK	North	UK	North
May-20	37.7	42.7	40.8	42.4
Jun-20	41.1	42.0	43.3	44.4
Jul-20	41.6	41.2	45.2	43.3
Aug-20	45.1	47.3	46.2	46.4
Sep-20	44.7	46.1	48.3	51.0
Oct-20	44.5	47.6	46.4	47.3

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics showed that average weekly earnings across the UK increased 3.0% year-on-year over the second quarter of 2020 to £659.

The quickest increase in earnings during the second quarter was seen in the North West, which registered a 7.2% rise to £616. The only UK region to see reduced pay was Wales, where earnings fell 7.2% to £535.

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

Following a sharp increase in the previous survey period, October data highlighted a renewed fall in the number of permanent staff appointments across the UK. That said, the rate of decline was only mild, and much slower than those recorded in the spring. Regional data highlighted notable divergences. Permanent appointments continued to rise across the Midlands and the North of England, while the South of England recorded a renewed fall. Meanwhile, London saw permanent placements decline at the fastest pace since July.

The trend for temporary staff contrasted with that for permanent employees during October, as recruitment consultancies across the UK signalled a third successive increase in temp billings. Moreover, the expansion was the quickest in almost two years and sharp. Across the four monitored English regions, the Midlands saw the quickest increase, followed by the North of England. London was the only monitored region to record a fall.

Candidate availability

As has been the case in each month since April, the availability of permanent staff across the UK rose during October. The latest increase was the slowest since May, although still marked overall. At the regional level, the uptick was broad-based and led by the South of England, while the Midlands registered the softest increase.

At the same time, the supply of temporary staff across the UK rose again, extending the current sequence of increase to eight months. Growth was the slowest since April, but still sharp. Across the four monitored English regions, London registered the most marked uptick in temp availability and the Midlands the slowest.

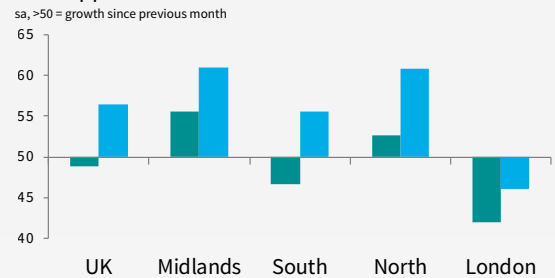
Pay Pressures

October data provided further evidence of downwards pay pressures across the UK. Salaries awarded to permanent new joiners declined for the seventh month running, with the rate of deflation quickening slightly on the month and remaining sharp. Across the four monitored English regions, London registered the fastest reduction in permanent salaries.

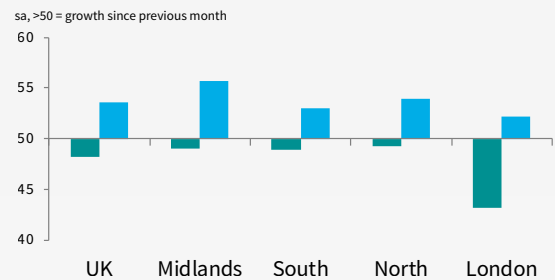
Temp wages at the UK level also fell during October, with the decline accelerating to a solid pace. As was the case for permanent salaries, London saw the fastest rate of wage deflation. Meanwhile, the South of England reported the slowest reduction in average hourly rates for short-term staff.

October 2020
Permanent / Temporary

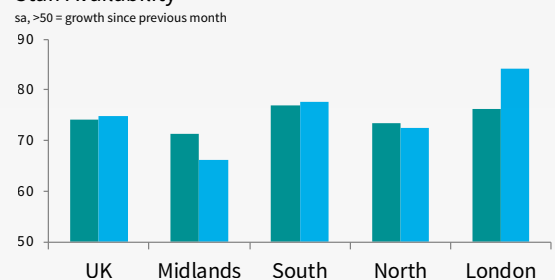
Staff Appointments



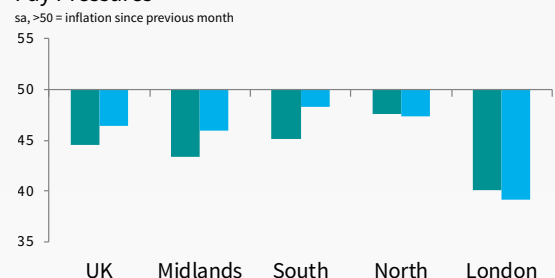
Vacancies



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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