

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

## Permanent placement growth hits fresh survey record in September

### KEY FINDINGS

Permanent staff appointments rise at unprecedented rate

Job vacancies continue to rise sharply

Pay pressures hit survey record as firms look to entice talent

### 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, Ian Beaumont, office senior partner for KPMG in Newcastle, said:

*"We're unmistakably seeing confidence return to the market in the North as employers once again invest in talent. Permanent appointments in the region have risen at the fastest rate since data collection began 24 years ago, proving that businesses are ready to turn their focus from resilience to growth, and are seeking out the right talent to help them with that transition."*

*"We are, though, seeing an imbalance between supply and demand of talent being exacerbated by competition for some skills, from London based businesses and beyond, as geographic barriers are lowered due to changes in mindset around remote working. This is likely to be contributing to the North's sharp wage inflation."*

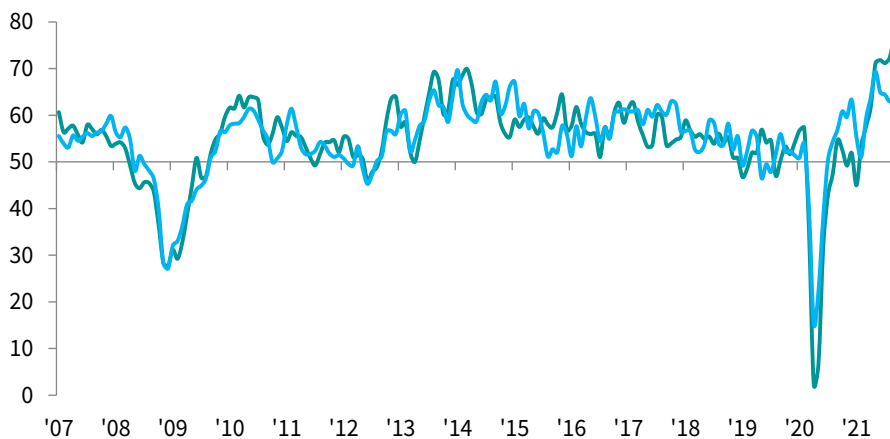
Neil Carberry, Chief Executive of the REC, said:

*"Demand for workers continued to grow last month, while staff availability fell at a near record pace. Competition for staff has led to the fastest growth in starting salaries since this survey began – not just in logistics and food processing, but in white collar professions as well. But we have all seen how labour shortages have affected our everyday lives over the past few weeks, whether that's an empty petrol station or fewer goods on supermarket shelves."*

*"The scale of the shortages we are seeing cannot be explained by one factor alone, but are a major challenge to businesses' ability to drive the prosperity of the UK in the months and years to come – supporting families and paying the taxes that fund public services. While the current crises will pass, rising input costs and further tax rises would only mean higher prices and lower investment in the medium term. It is essential that government works in partnership with business to deliver sustainable growth and rising wages, rather than a crisis-driven sugar rush. That includes working on policies that encourage business investment, an international outlook and skills development, especially at Levels 1 and 2 where shortages are most acute – this will also help unemployed young people get into work."*

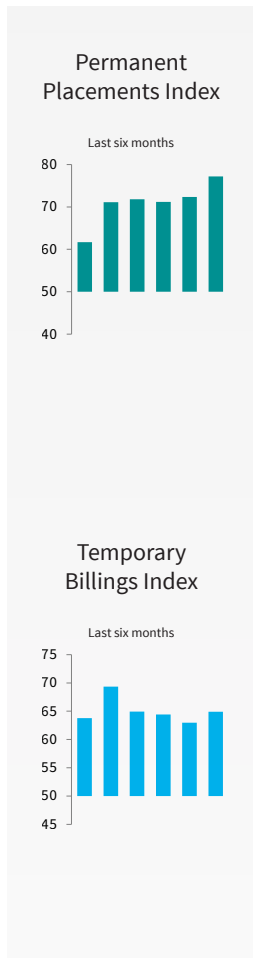
### Permanent Placements Index / Temporary Billings Index

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.

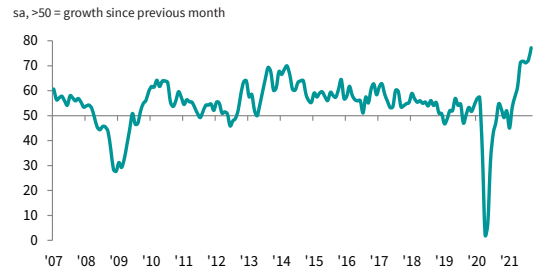


## Permanent placements growth hits new survey record

Permanent staff appointments in the North of England increased substantially in September, with the rate of growth accelerating markedly to reach a new survey peak (since October 1997) and surpassed the previous high set in August. Moreover, the expansion was the strongest of the monitored English regions by a notable margin.

According to surveyed recruiters, more people were placed into permanent roles as a result of higher economic activity.

## Permanent Placements Index

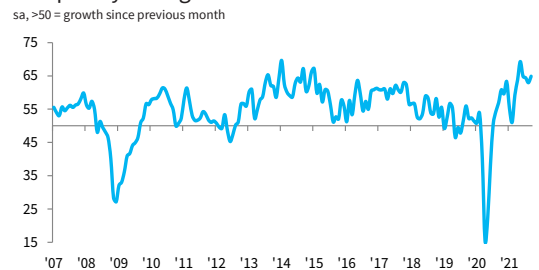


## Short-term staff billings rise sharply in September

Recruitment agencies in the North of England signalled another sharp monthly rise in billings received from the employment of temporary staff in September. The rate of increase strengthened from August and was the joint-fastest since May.

There were several reports of strong staff demand as a result of rising workloads. In some cases, contractors were hired while companies looked to fill positions on a permanent basis.

## Temporary Billings Index



sa, >50 = growth since previous month

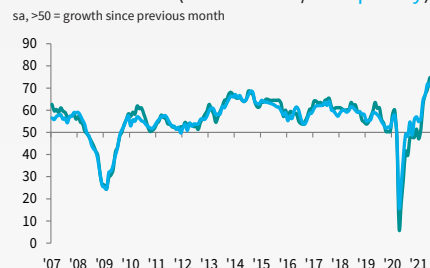
	Permanent		Temporary	
	UK	North	UK	North
Apr-21	65.4	61.7	59.2	63.8
May-21	67.4	71.1	61.6	69.3
Jun-21	71.2	71.8	63.4	64.9
Jul-21	69.3	71.2	64.6	64.4
Aug-21	72.7	72.3	67.7	63.0
Sep-21	71.8	77.2	61.1	64.9

## JOB VACANCIES

Although vacancy growth in the North of England subsided during September, both permanent and temporary staff demand increased at rates which, prior to the last few months, were unprecedented in the context of the survey history (stretching back to October 1997).

The North of England was also the top-performing English region, recording the joint-quickest growth rate in permanent job vacancies, level with the South of England, and the sharpest rise in temp job openings by a considerable margin.

## Vacancies Index (Permanent / Temporary)

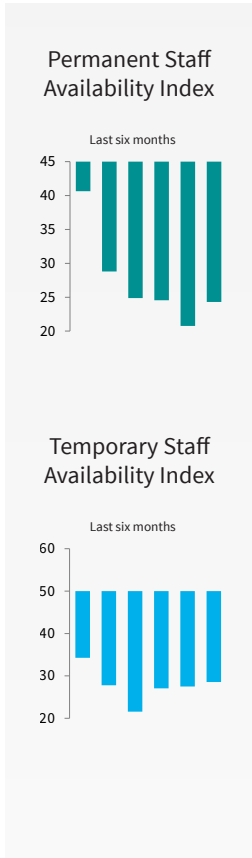


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Apr-21	68.8	67.1	65.6	66.9
May-21	70.7	69.4	69.4	71.8
Jun-21	74.3	74.4	72.0	71.0
Jul-21	74.5	75.0	72.2	73.8
Aug-21	74.1	76.0	71.6	74.2
Sep-21	73.0	73.5	70.3	74.0

## 2 STAFF AVAILABILITY

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



### Permanent candidate supply falls at steep rate again

Recruitment consultancies in the North of England continued to report a sharp deterioration in the availability of candidates for permanent job roles during September. The latest drop in supply was the second-worst on record, beaten only by that seen in August.

Anecdotal evidence indicated that excess demand for staff had been a key cause of candidate shortages, while some recruiters noted difficulties in enticing workers to leave their current roles.

### Further substantial decline in temp staff availability

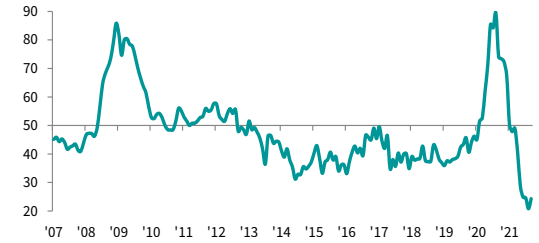
The supply of temporary workers in the North of England fell sharply in September, as has been the case throughout the past six months.

Recruiters mentioned Brexit, a lack of suitably-skilled candidates (due to many already being in employment), and strong competition for staff as factors weighing on the supply of temp labour.

That said, the rate of deterioration was the least severe for five months. Some panellists suggested that high levels of short-term work helped to attract applicants.

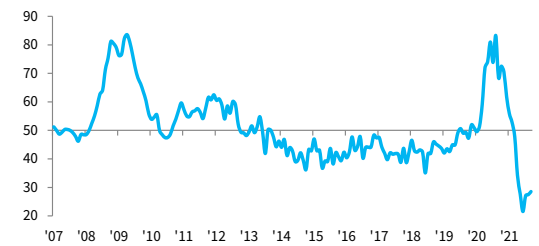
### Permanent Staff Availability Index

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
Apr-21	44.5	40.6	42.2	34.3
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

## 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 Credit Controllers Estimators Finance Payroll Purchase Ledger Taxation	<b>Executive/Professional</b> Directors Human Resources Legal Management Marketing Recruitment Consultants	<b>Other</b> Buyers Customer Service Logistics Sales Telemarketing
<b>Blue Collar</b> Drivers Manufacturing Welders	<b>Hotel/Catering</b> Chefs Hospitality	
<b>Construction</b> Labourers Quantity Surveyors	<b>IT/Computing</b> BI C# Developers IT Technology	
<b>Engineering</b> Electrical Engineers Mechanical Engineers	<b>Secretarial/Clerical</b> Administration	

### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Accountants Credit Controllers Finance Payroll Purchase Ledger Taxation	<b>Hotel/Catering</b> Catering Chefs Hospitality
<b>Blue Collar</b> Blue Collar Cleaners Industrials LGV Drivers Manufacturing Warehouse	<b>IT/Computing</b> IT Technology
<b>Construction</b> Bricklayers Joiners Labourers	<b>Nursing/Medical/Care</b> Dentists Nurses
<b>Executive/Professional</b> Procurement	<b>Other</b> Customer Service Sales

## 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



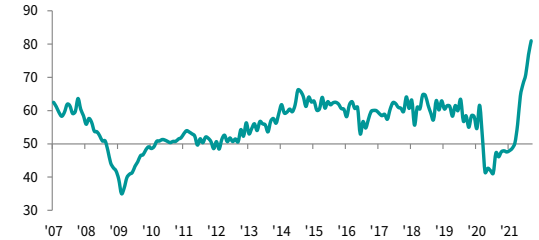
### Starting salary inflation reaches unprecedented rate

Starting salaries awarded to permanent new joiners in the North of England increased at another record-breaking rate in September, surpassing August's previous peak.

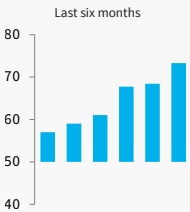
The unprecedented rate of inflation was overwhelmingly attributed by recruiters to excess demand for permanent staff relative to supply, which generated strong pay pressures as businesses competed for talent.

### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index



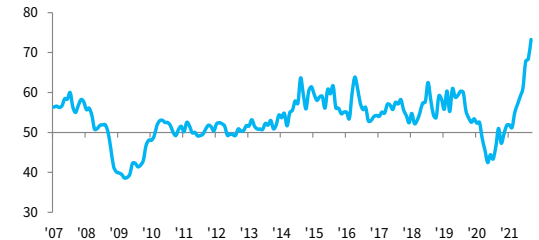
### Temporary worker pay rates rise at survey-record pace

Hourly pay rates for short-term staff in the North of England increased substantially in September, and at the fastest pace since data collection began 24 years ago. The source of pay pressures for temp staff was the same as for permanent workers, with an imbalance between demand and supply causing wages to rise to attract skilled workers.

Notably, temporary wages in the North of England increased at a faster rate than those seen across the other three monitored English regions.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

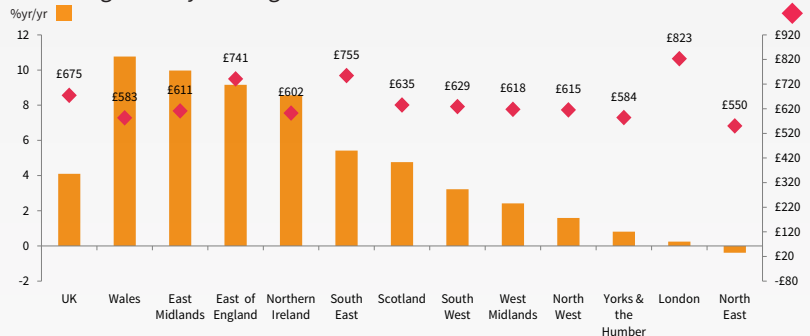
	Permanent		Temporary	
	UK	North	UK	North
Apr-21	58.2	55.9	55.6	57.0
May-21	64.4	64.4	58.6	59.0
Jun-21	66.0	68.0	61.6	61.0
Jul-21	73.2	70.9	66.7	67.7
Aug-21	73.5	76.8	66.8	68.4
Sep-21	75.7	81.0	69.1	73.3

## 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

September data highlighted a further rise in permanent staff appointments across the UK, marking the seventh increase in as many months. Though softening slightly in comparison to August, the rate of increase was the second-fastest 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.

At the same time, temporary billings across the UK continued to rise in September. The latest uptick extended the current sequence of higher temporary appointments to 14 months, though the rise was the softest since April. Across the four monitored English regions, the North of England registered the quickest rate of growth, and was the only region to note an acceleration. The rise in the North was followed by those seen in London, the South of England and Midlands respectively.

### Candidate availability

Recruiters across the UK reported another decrease in the availability of permanent candidates during September. The latest fall was the eighth in a row, though the rate of decline eased from August's record. Each of the four monitored English regions saw permanent staff supply fall in September, with the North and South of England recording the joint-sharpest reductions.

A similar trend was reported for short-term staff in the latest survey period, as temp staff supply fell for the seventh month running. That said, the rate of decrease was the softest for four months. London-based recruiters saw the most marked reduction in temporary candidate availability, while the South of England recorded the softest fall of the monitored regions.

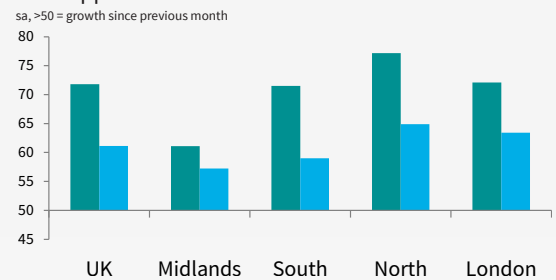
### Pay Pressures

Salaries awarded to new permanent joiners across the UK rose for the seventh consecutive month during September. The rate of salary inflation quickened to a record high and was rapid overall. Across the four monitored English regions, the rise in starting salaries was broad-based, with the North of England reporting the strongest inflation.

There was also further upward pressure on average pay rates for short-term staff during September, with the rate of increase in temp wages robust overall. Moreover, temp wage inflation in the UK was the strongest reported since the survey began in October 1997. At the regional level, the rise was led by the North of England.

September 2021  
Permanent / Temporary

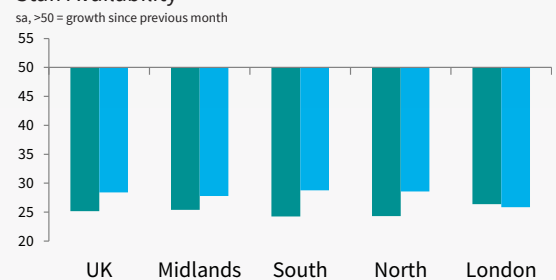
#### Staff Appointments



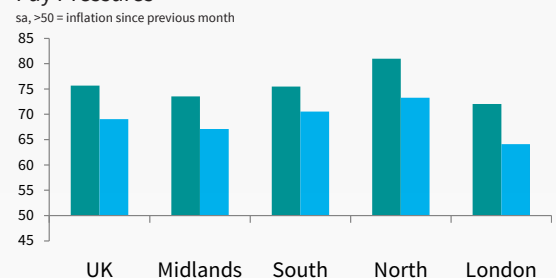
#### Vacancies



#### Staff Availability



#### Pay Pressures



## CONTACT

### KPMG

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

### REC

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

### IHS Markit

Joe Hayes  
Senior Economist  
+44 (0)1344 328 099  
[joseph.hayes@ihsmarkit.com](mailto:joseph.hayes@ihsmarkit.com)

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

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.  
[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

### About KPMG

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.

### About REC

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).

### Disclaimer

The intellectual property rights to these data are owned by or licensed to IHS Markit and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.