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

First increase in permanent placements since February

Key findings

- Permanent placements and temp billings increase
- Candidate numbers continue to rise sharply
- Inflation of temporary pay recorded

Data collected September 11-24

Summary

The latest **KPMG and REC, UK Report on Jobs: North of England** survey signalled a return to growth of permanent placements in September, joining temp billings in expansion territory as a gradual reopening of the economy following the coronavirus disease 2019 (COVID-19) lockdown continued. That said, ongoing redundancies related to the pandemic meant that candidate availability rose sharply again at the end of the third quarter.

The report, which is compiled by IHS Markit, is based on responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England.

Permanent placements rise for first time in seven months

The North of England saw permanent staff placements return to growth during September, thereby ending a six-month sequence of contraction. Recruitment firms indicated that there were signs of companies being more prepared to hire following a reopening of the economy. The rise in permanent placements in the North was slightly slower than the UK average. At the regional level, the Midlands registered the quickest increase in permanent staff appointments, followed by the South of England. Elsewhere, London recorded a further contraction, albeit one that was only mild.

September data pointed to a third successive monthly increase in temp billings in the North of England. Moreover, the rate of expansion continued to accelerate, reaching the fastest since October 2018. The rise in the North was also sharper than the UK average. Where temp billings increased, respondents mentioned

improving demand for staff as some parts of the economy returned to normal following the easing of coronavirus disease 2019 (COVID-19) restrictions. As was the case for permanent placements, the Midlands registered the fastest rise in temp billings across the four monitored English regions, while London was the only area to record a fall.

Recruiters in the North of England saw demand for temporary staff improve for the first time in seven months during September. The marked increase was faster than the UK average. On the other hand, vacancies for permanent roles continued to fall. That said, the decline was much softer than that seen in August and the weakest in the current seven-month sequence of reduction. The fall in demand in the North of England compared with a slight rise across the UK as a whole.

Permanent candidate numbers rise sharply again

Although the rate of increase in permanent candidates eased from the record pace seen in August, the rise in availability remained substantial at the end of the third quarter. According to respondents, redundancies was the principal factor leading to higher candidate numbers. The rise in the North was the softest of the four monitored English regions. The Midlands saw the most marked rise in permanent candidate availability.

The number of candidates for temporary positions continued to increase sharply during September, extending the current sequence of expansion to eight months. That said, the latest rise was the slowest since March and the weakest of the four English regions. As was the case with regards to permanent labour supply, the increase in temporary staff availability was widely linked to redundancies as a result of the COVID-19 pandemic. At the regional level, London registered the fastest increase in temp staff supply in September.

Temp pay rises for first time since February

As has been the case in each of the past six months, permanent starting salaries in the North of England decreased in September. The solid reduction was faster than that seen in the previous month. That said, the fall

in salaries in the North was the slowest of the four English regions covered by the survey. London saw the steepest drop in permanent salaries.

Recruiters in the North of England signalled an increase in wages for temporary staff during September, thereby ending a six-month sequence of decline. The rise in the

North contrasted with a fall across the UK as a whole. The rate of pay inflation was slight, and below the series average. Elsewhere, temp wages were broadly stable in the Midlands. Meanwhile, the South of England saw a slight fall and London recorded a further marked drop in temp pay.

Comment

Commenting on the latest survey results, Euan West, office senior partner for KPMG in Leeds, said:

“While it’s encouraging to see recovery in hiring activity, with growth in permanent staff appointments for the first time in seven months, it’s concerning to see another rapid rise in candidate availability.

“With increasing unease over what will happen in the coming months with the pandemic, Brexit and with the end of the furlough scheme in sight, the uncertainty for UK business is not going to dissipate anytime soon.

“The Government has got challenging times ahead to continue to offer adequate support to business, opportunities for jobs seekers to upskill while helping instil confidence in the workforce of the region.”

Neil Carberry, Chief Executive of the REC, said:

“Growing permanent placements and temp billings in September confirm the positive trend recruiters around the country have been reporting to the REC. Given the scale of falls in demand during the lockdown, we would expect a return to positive territory at this stage as demand for staff recovers. But it is great to see it happen. Across the country, the story varies between sectors, but today’s survey emphasises the fact that the labour market is always creating roles – our challenge is to help people to find them. That’s where the UK’s world-leading recruitment sector comes in.”

“Recruiters are experts on where opportunities lie, and at supporting people to get those new jobs. We have a huge part to play in getting the economy moving again and Government schemes need to leverage the skills we have to offer.”

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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.

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact economics@ihsmarkit.com.

About KPMG in the UK

KPMG LLP, a UK limited liability partnership, operates from 21 offices across the UK with approximately 17,600 partners and staff. The UK firm recorded a revenue of £2.40 billion in the year ended 30 September 2019. KPMG is a global network of professional firms providing Audit, Tax, Legal and Advisory services. It operates in 154 countries and has 200,000 professionals working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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.

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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