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

Hiring activity continues to boom during June

Key findings

- Permanent placements rise at survey-record pace
- Job openings continue to rise sharply
- Reduced staff supply exerts strong upward pressure on starting pay

Data collected June 11-24

Summary

The latest **KPMG and REC, UK Report on Jobs: North of England** survey signalled a further surge in hiring activity across the North of England in June. Permanent staff placements grew at the fastest rate ever recorded, while temp billings expanded sharply and for the twelfth successive month. Meanwhile, a strong appetite for new staff was indicated by a survey-record rise in permanent job vacancies, while demand for temp workers rose substantially. However, both permanent and temporary staff availability deteriorated at record rates, leading to sharp upward pressure on starting pay.

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 staff appointments rise at strongest rate in survey history

Fresh off the back of a survey high in May, the latest data showed an accelerated rate of growth and thus a fresh survey-record expansion in permanent placements across the North of England in June. According to recruiters, increased confidence among clients and stronger demand for workers underpinned the sharp upturn. Across the four monitored regions, record upturns in permanent placements were registered in each case, though it was the Midlands which led the expansion.

Recruitment consultancies in the North of England signalled a twelfth successive monthly increase in billings received from the employment of temporary

staff in June. Although the expansion lost pace from May's 88-month high, it remained steep overall and well above the long-run average. Of the four monitored English regions, only the South of England registered a faster increase in temp billings in June.

Latest data signalled another substantial increase in demand for permanent staff in the North of England. The number of permanent job openings increased at the fastest pace since survey data were first collected in October 1997. Similarly, temporary job vacancies in the North of England grew sharply once again during June, continuing the growth sequence which began last September. Although the rate of expansion slowed slightly, it was among the sharpest on record.

Severe drop in permanent staff supply in June

Recruitment firms in the North of England signalled a substantial decline in the availability of workers for permanent roles at the end of the second quarter. The reduction was by far the strongest recorded in almost 24 years of data collection. According to panel members, uncertainties regarding a return to work amid the ongoing pandemic meant that people were often reluctant to take on or change roles. The South of England registered the fastest month-on-month deterioration in permanent staff availability across the four monitored English regions.

Similar to the trend in permanent staff supply, the availability of temp workers in the North of England plummeted in June at a rate that was previously unseen since the survey's inception in October 1997. Recruiters that registered a reduction suggested that there was lower availability of suitably-skilled temp workers as many had already been placed into positions. In comparison to the other monitored English regions, the North registered the strongest drop in temp availability by a notable margin.

Permanent starting salaries increase at the fastest rate on record

Starting salaries awarded to permanent workers in the North of England increased during June, stretching the current expansionary sequence to four months.

Furthermore, the respective index has now gained almost 18 points since March, signalling a rapid acceleration in the rate of salary inflation. The latest increase was the strongest ever recorded in nearly 24 years of data collection and outstripped the other monitored English regions.

Hourly rates of pay for temp workers in the North of England continued to increase during June, as has been the case since December 2020. Moreover, the rate of inflation gathered pace for a fourth month in succession

Comment

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

“It’s great to see another rise in permanent placements in June as the loosening of restrictions boosted confidence among employers and staff are needed to meet increased demand. However, the severe drop in staff availability, both temporary and permanent, that we saw in June should be a cause of concern. More must be done to meet the shortage of skills we face in the north so we can fill vacancies. Reskilling and upskilling, including training on the job, must become more readily available and achievable to encourage those who are out of jobs to look in other sectors and diversify their skills.”

and was the joint-strongest in almost three years. According to panel member comments, higher rates of pay reflected temp staff shortages. Sustained wage inflation was recorded in all four monitored English regions, led by the Midlands.

Neil Carberry, Chief Executive of the REC, said:

“Recruiters are working flat out to fill roles across our economy. The jobs market is improving at the fastest pace we have ever seen, but it is still an unpredictable time. We can’t yet tell how much the ending of furlough and greater candidate confidence will help to meet this rising demand for staff. In some key shortage sectors like hospitality, food, driving and IT, more support is likely to be needed to avoid slowing the recovery. That means supporting transitions into growing sectors through unemployment support and new skills programmes, as well as making sure the new immigration system reacts to demand, as promised. But it also means that hiring companies need to re-assess their workforce plans. In a tight jobs market, working with professional recruiters to position your firm as an employer of choice is a must.”

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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

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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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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