

Embargoed until 0101 (UK) 8 July 2020

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

### Permanent staff appointments fall at softer rate in June

#### Key findings

- Slower, but still marked, falls in permanent placements and temp billings
- Record increase in temporary candidate availability
- Starting pay continues to fall amid weak demand for staff

Data collected June 12-24

#### Summary

Recruitment activity across the South of England declined at a softer pace in June, according to the latest **KPMG and REC, UK Report on Jobs: South of England** survey. That said, the falls in both permanent placements and temp billings remained historically marked, as clients continued to cut back on hiring due to the coronavirus disease 2019 (COVID-19) pandemic. Consequently, vacancies contracted at a substantial pace, despite the rate of reduction easing further from April's record. Meanwhile, reports of redundancies led to a sharp increase in the availability of workers. Subdued demand for staff coupled with rising labour supply led to further falls in starting pay for both permanent and temporary workers.

The KPMG and REC, UK Report on Jobs: South of England is compiled by IHS Markit from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South of England.

#### Permanent staff appointments decline at softer pace

June survey data signalled that the number of permanent staff appointments in the South of England fell for the fourth month running. Though still sharp, the rate of decline eased notably from the records seen in April and May. According to recruiters, the pandemic and lower vacancies drove the latest drop in permanent placements. At the UK level, permanent staff appointments declined for the fourth time in as many months in June, with falls seen in each of the four monitored English regions. London recorded the most marked rate of reduction, while the softest was seen in

the Midlands.

Adjusted for seasonal variation, the Temporary Billings Index remained below the neutral 50.0 threshold to point to a further fall in temp billings in the South of England during June. The pace of decline continued to ease from April's record, but remained among the sharpest in the series history. The reduction was also slightly quicker than that seen across the UK as a whole. Panel members widely linked the fall to the pandemic and greater economic uncertainty. Temp billings at the UK level declined at a pace that, although still marked, was the slowest since March. At the regional level, the contraction was broad-based and led by London.

Demand for permanent staff in the South of England declined again in June. Though marked, the rate of reduction was notably slower than those seen in the prior two months. A softer, but still substantial, fall in permanent vacancies was also registered at the national level. The downturn in temporary job vacancies in the South of England also eased at the end of the second quarter. Though sharp and quicker than the UK average, the fall was the least marked for three months.

#### Permanent candidate numbers rise at quickest rate since December 2008

Recruiters in the South of England recorded a sharp and accelerated increase in permanent labour supply during June. Furthermore, the rate of expansion was the steepest seen since December 2008 and outpaced the UK-wide trend. Reports from survey respondents frequently mentioned that higher candidate supply stemmed from redundancies and furloughed workers concerned about current job security amid the COVID-19 outbreak. Substantial increases in permanent candidate availability were also seen across the other three monitored English regions, with the North of England registering the most marked expansion.

The number of people available for short-term roles in the South of England rose at the steepest rate since the survey began in October 1997 during June. The upturn was also slightly faster than that recorded for the UK as a whole. Higher candidate supply was commonly linked

to the coronavirus outbreak and subsequent company shutdowns and layoffs. At the national level, temp worker supply rose at an unprecedented rate, driven by quicker increases across all four monitored English regions.

## Substantial decline in starting salaries

The seasonally adjusted Permanent Salaries Index signalled a third successive monthly reduction in starting salaries for permanent workers in the South of England in June. Although the rate of deflation eased from May's record pace, it was nonetheless the second-sharpest in nearly 23 years of data collection. The contraction was also quicker than that seen on average across the UK. Anecdotal evidence indicated that starting salaries fell due to softer demand for staff as well as rising candidate availability. Across the UK as a whole, starting salaries fell for the third month running

during June, with the rate of decline remaining marked despite easing since May. The South of England registered the fastest reduction, while the Midlands noted the slowest.

Temp pay in the South of England declined in June, as has been the case throughout the second quarter. The rate of reduction was not as severe as those seen in the prior two months, but remained sharp overall. Panellists often commented that the pandemic and rising labour supply had pushed temp wages lower in the latest survey period. Pay for short-term staff also fell at the national level, and at a quicker rate than in the South of England. Across the four monitored English regions, London recorded the most severe drop in temp wages. Meanwhile, the Midlands saw the softest fall in temp pay.

## Comments

Commenting on the latest survey results, Ian Brokenshire, Senior Partner for KPMG in Plymouth, said:

*"It's not surprising that both permanent and temporary vacancies fell again in the region last month, while the increasing labour supply in the region has compounded anxieties among jobseekers. That said, businesses and jobseekers should take some comfort from the fact that the decline in vacancies has slowed."*

*"Businesses – in particular those that adopted the furlough scheme – are now in the process of looking at whether they can continue at the same capacity as pre-lockdown. Navigating the complexities of coming out of furlough, such as making changes to the supply chain, redundancies and a change to working patterns, is proving challenging for clients."*

*"They are looking to the Government to get our economy moving again, and I expect by August we will have a much clearer idea of what business in the region will look like going forward."*

Neil Carberry, Chief Executive of the REC, said:

*"While there are signs that the worst declines are behind us, today's figures show that it will be a while yet before we see job placements growing month on month. That's no surprise, as businesses are focusing on bringing furloughed staff back to work, or making redundancies where they cannot be avoided. Recruiters will be key to helping those who lose their roles find new work – there are always vacancies out there for jobseekers, though they are at a lower level than normal right now."*

*"This is now a jobs crisis. Rishi Sunak should use today's Summer Statement to boost job creation, with a cut in National Insurance designed to retain jobs and boost hiring. Action on skills will also be vital to getting people into growing sectors – including a more flexible approach to levy-funded training."*

## Contact

### KPMG

Gill Carson  
+44 (0) 7768 635843  
[gill.carson@kpmg.co.uk](mailto:gill.carson@kpmg.co.uk)

### REC

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

### REC

Ciaran Price  
PR Manager  
+44 (0)20 7009 2192  
[ciaran.price@rec.uk.com](mailto:ciaran.price@rec.uk.com)

### IHS Markit

Annabel Fiddes  
Associate Director  
+44 1491 461 010  
[annabel.fiddes@ihsmarkit.com](mailto:annabel.fiddes@ihsmarkit.com)

## Methodology

The KPMG and REC, UK Report on Jobs: South of England is compiled by IHS Markit from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South 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).

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

## About KPMG

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](http://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.

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 © 2020 IHS Markit Ltd. All rights reserved.



## 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.