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

### Permanent staff appointments fall solidly in October

#### Key findings

- Renewed fall in permanent placements, but temp billings rise further
- Rising staff supply adds further downward pressure on pay
- Permanent vacancies decline, after modest rise in September

Data collected October 12-26

#### Summary

Hiring trends diverged in the South of England in October, according to the latest **KPMG and REC, UK Report on Jobs: South of England** survey. While recruiters reported a renewed and solid drop in permanent placements, temp billings continued to rise sharply. A preference for short-term staff was also highlighted by vacancies data, which showed a further rise in temp roles but a decline in permanent ones, as uncertainty stemming from the coronavirus disease 2019 (COVID-19) pandemic continued to impact hiring decisions.

The availability of workers meanwhile rose rapidly again in October amid reports of redundancies, which added further downwards pressure on starting pay.

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.

#### Recruiters signal renewed drop in permanent placements

Recruitment consultancies in the South of England recorded a fall in permanent staff appointments in October. This marked the first reduction for three months. Furthermore, the rate of decline was solid and quicker than the UK-wide trend. Uncertainty linked to the COVID-19 pandemic, and concerns over the reintroduction of more strict public health measures, weighed on hiring decisions in October, according to

panellists. Trends diverged on a regional basis, with London the only other area to record a drop in permanent placements in October, as upturns were seen in the Midlands and North of England.

Billings received from the employment of temporary workers in the South of England rose further in October. The rate of growth was sharp, despite easing to the slowest over the current three-month period of expansion. Temp billings also rose markedly across the UK as a whole during October. Panel members attributed the increase to firmer demand for short-term staff and the resumption of previously delayed projects. Marked increases in temp billings were also reported in the Midlands and North of England, while London was the only monitored English region to register a decline.

After a modest increase in September, permanent staff vacancies in the South of England fell during October. Demand for permanent workers has now fallen in seven of the past eight months. That said, the latest reduction was only slight and softer than the UK-wide trend. Latest data signalled a back-to-back monthly increase in short-term vacancies in the South of England. Notably, the rate of growth was the strongest seen since February and solid. The upturn was not quite as strong as that seen for the UK as a whole, however.

#### Availability of permanent staff continues to rise rapidly

As has been the case since April, the supply of permanent workers in the South of England increased in October. The rate of growth quickened slightly from September, and was among the sharpest seen since the global financial crisis. Furthermore, the expansion was faster than the UK average. According to respondents, the upturn was driven by pandemic-related redundancies and fears over current job security. At the regional level, the uptick was broad-based and led by the South of England, while the Midlands registered the softest increase.

Adjusted for seasonal influences, the Temporary Staff Availability Index signalled a further substantial rise in the supply of short-term workers in the South of

England at the start of the fourth quarter. This was despite the rate of growth edging down to a six-month low. As was the case for permanent staff supply, recruiters frequently linked the increase to lay-offs that were driven by the COVID-19 virus. A rapid rise in temporary worker availability was also seen at the UK level, albeit one that was slightly weaker than seen in the South of England. Across the four monitored English regions, London registered the most marked uptick in temp availability and the Midlands the slowest.

### Further solid decline in starting salaries

The salaries of new starters in permanent jobs in the South of England contracted further in October. Starting salaries have now fallen in each of the past seven months. The rate of reduction was solid, albeit not quite as severe as that seen across the UK as a whole. Recruiters that recorded lower starting pay indicated this was due to rising candidate numbers and weaker demand for staff. On a regional basis, London registered the fastest reduction in permanent salaries.

October data pointed to a further decrease in hourly rates of pay for staff in temporary employment across the South of England. The rate of reduction quickened from September, but was modest overall. According to panel members, greater numbers of job seekers placed downward pressure on rates of pay. Temp wages at the UK level also fell during October, with the decline accelerating to a solid pace. The South of England reported the slowest reduction in temp pay of all four monitored English regions, however, while London saw the fastest.

### Comments

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

*“Just as things were starting to look up, it’s clear that continuing uncertainty among businesses hampered permanent recruitment last month.*

*“Adding the nationwide second lockdown to the mix, government support is unlikely to change short-term thinking among the region’s businesses, which will ultimately slow down recruitment in November.*

*“That said, the majority of business leaders I’ve been speaking to had plans in place to prepare for a second lockdown, so they are now in a much better position than last time to diversify and find new ways of working.*

*“In the run up to Christmas, job seekers will no doubt be looking for new ways to use their skills.”*

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.”*

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## 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.

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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](http://www.rec.uk.com).

## About IHS Markit

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