News Release

Embargoed until 0101 (UK) 7 May 2020

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

Unprecedented decline in permanent placements amid COVID-19 lockdown

**Key findings**

- Record falls in both permanent and temporary staff hiring
- Widespread business closures stifle demand for workers
- Sharpest rise in staff supply since the global financial crisis

Data collected April 7-24

**Summary**

The latest KPMG and REC, UK Report on Jobs: North of England survey pointed to an unprecedented reduction in recruitment activity during April. Both permanent placements and temporary billings fell at the quickest rates on record, as business closures and increased uncertainty meant that demand for workers evaporated. This was exemplified by the sharpest declines in both permanent and temporary staff vacancies since the survey began in 1997. Meanwhile, redundancies related to the coronavirus led to the fastest increases in candidate availability for over a decade. The plunge in demand for workers combined with rising staff supply led to sharp falls in starting salaries and temp wages.

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 plummet at unprecedented rate in April**

Recruiters in the North of England reported another sharp decline in permanent staff appointments during April, as the COVID-19 lockdown drove widespread hiring freezes across the region. The reduction in permanent placements was the fastest since data collection began in October 1997, eclipsing the previous record set in December 2008. Across the UK as a whole, permanent staff appointment also declined at a substantial rate in April, amid record falls in each of the four covered regions. The sharpest drop was in the North of England, while the softest was in the South of England.

April data pointed to an unprecedented reduction in temporary billings across the North of England. The decline was by far the fastest on record, with recruiters often citing widespread business closures amid the COVID-19 outbreak. That said, the reduction was the slowest recorded across all four monitored English regions. At the national level, temporary billings also fell at a record pace, with the Midlands registering the fastest rate of decline.

Demand for both permanent and temporary staff across the North of England plunged at record rates during April. The historic contractions came amid temporary business shutdowns driven by restrictions to help stem the spread of virus. The reduction in permanent vacancies was the quickest seen among all four monitored English regions. Meanwhile, demand for temporary workers fell at a slightly sharper pace than the UK average.

**Sharpest rise in permanent staff availability since October 2009**

Following back-to-back rises in February and March, permanent labour supply in the North of England grew further in April. However, the rate of increase accelerated sharply to the quickest for ten-and-a-half years. Recruiters commonly associated higher candidate numbers with widespread layoffs driven by the COVID-19 lockdown. Across the UK as a whole, permanent candidate availability rose for the first time in seven years, with each of the four monitored English regions posting sharp increases.

Recruitment consultancies based in the North of England reported a sharp increase in temporary staff availability during April. In fact, the latest rise was the fastest since the depths of the global financial crisis in
July 2009. The rate of growth was also the steepest recorded of all four monitored English regions. At the national level, the supply of temporary staff increased for the second month in a row. Moreover, the rate of expansion accelerated to the quickest since July 2009, driven by marked increases in each of the four monitored English regions.

**Fastest reduction in permanent starters' pay since mid-2009**

Starting pay awarded to permanent workers fell for the first time in just over eight years during April. Moreover, the rate of decline was the fastest since June 2009 and one of the sharpest on record. Some recruiters suggested that salaries fell as their clients sought to cut costs during the coronavirus crisis. Across the UK as a whole, pay awarded to permanent joiners fell for the first time in eight years. The reduction was driven by sharp declines in all four monitored English regions, led by London.

Following the first reduction in temporary staff pay for just over seven-and-a-half years in March, remuneration fell further in April. In fact, the rate of decline accelerated to the fastest since October 2009, with recruiters often citing client budget cuts. However, the latest reduction in temp wages was softer than the UK average. Across the UK as a whole, temp pay fell at the fastest pace since July 2009, amid steep reductions across all four monitored English regions.

**Comment**

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

“Aside from those businesses experiencing exceptional demand, there has been precious little recruitment in the region during lockdown with many businesses forced to shut their doors temporarily. Coronavirus has impacted businesses across the North and the majority are now focusing on how best to utilise their existing resources while government measures are eased. How quickly firms are able to get their operations back up to speed in the next few months will likely determine the shape of the job market up until the end of 2020 at least.”

Recruitment & Employment Confederation chief executive Neil Carberry said:

“These numbers set records in all the wrong ways – but they are not unexpected, given the lockdown and the hit the economy is taking. While fighting the virus must remain our priority, the strain the lockdown is placing the economy under cannot be sustained indefinitely without very significant and long-lasting effects on unemployment and job creation.

“The good news is that the capacity for our economy to recover quickly is definitely there – but we won’t get back to strong growth instantly when the lockdown eases. Government needs to work with businesses to ensure that the support they have offered tapers out as the economy returns to normal, rather than leaving firms facing a cliff-edge and having to cut costs quickly through things like higher redundancies. This approach will also allow firms to invest in the future – creating new jobs to drive the economy and help the UK bounce back.”
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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 22 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, and Advisory services. It operates in 147 countries and territories and has more than 219,000 people 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)

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