

Embargoed until 0101 (UK) 8 April 2021

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

Hiring activity surges in March

Key findings

- Upturn in permanent placements strongest since February 2015
- Temp billings rise at quickest pace for seven months
- Demand for staff booms

Data collected March 12-25

Summary

The South of England saw a surge in hiring activity during the closing month of the first quarter, according to the latest **KPMG and REC, UK Report on Jobs: South of England** survey. Permanent staff appointments rose for the first time in three months, and at the strongest rate since February 2015, while the upturn in temp billings was the most marked since last August.

Amid reports that firms were stepping up hiring, demand for staff in the South surged during March. The rise in permanent vacancies was the strongest since August 2018, while demand for temp staff increased at the sharpest pace for over two-and-a-half years. Data also highlighted a renewed fall in staff supply across the South. As a result, starting salaries rose for the first time since last December and the rate of temp wage inflation quickened.

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 rebound at end of first quarter

The number of permanent placements across the South of England rose for the first time in three months during March, amid reports of a greater degree of confidence in the market due to the planned loosening of lockdown measures and higher demand for staff. Notably, the increase in permanent appointments was the strongest

since February 2015.

Across the four monitored English regions, only the Midlands saw a steeper rate of increase.

Recruiters across the South of England registered an eighth straight monthly upturn in temp billings in March. Anecdotal evidence attributed the latest rise to a surge in demand for staff and a partial recovery in the labour market amid the planned easing of COVID-19 restrictions. Furthermore, the rate of increase in temp billings was the fastest since last August and marked.

Temp billings also rose across the UK as a whole during March. The rate of increase was slightly quicker than in the South of England.

Permanent vacancies in the South rose further at the end of the first quarter. Moreover, the respective seasonally adjusted index gained 10 points on the month and signalled the steepest upturn in demand for permanent staff since August 2018.

Demand for temporary candidates also rose during March. The rate of increase was slightly slower than for permanent staff, but still the most marked for over two-and-a-half years.

Permanent staff supply declines for first time in a year

Adjusted for seasonal variation, the South of England Permanent Staff Availability Index dipped below the 50.0 mark in March and signalled the first fall in permanent staff supply for a year. Panellists attributed the decline, which was sharp, to an increase in staff appointments and ongoing uncertainty due to COVID-19 making candidates wary of switching roles.

At the UK level, permanent staff supply was largely unchanged for the second month running in March, with the respective seasonally adjusted index posting just below the neutral 50.0 mark.

A similar trend was recorded for temporary staff during March, with the availability of short-term candidates in the South of England declining for the first time since February 2020. COVID-19, IR35 regulations, Brexit, and

the return of employees from furlough were all cited as reasons for the fall. The rate of reduction was marginal overall.

Temp staff supply also decreased at the UK level in March, albeit at a slower rate than in the South.

Fresh increase in starting salaries during March

Recruiters across the South of England recorded a renewed upturn in permanent starting salaries during March, amid reports that a drop in the supply of candidates drove up pay rates. The increase was the fastest since last February and moderate overall, but nonetheless slower than that seen across the UK as a whole.

Average hourly pay rates for short-term staff across the South of England rose further during March. Panellists attributed the latest increase to high demand for candidates. Moreover, the rate of wage inflation was the fastest since January 2020 and solid overall.

Temp wages also rose across the UK as a whole at the end of the first quarter. The rise at the national level was slightly faster than that recorded in the South.

Comments

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

“The vaccine rollout and extension of COVID-support schemes in March’s Budget has given a renewed sense of optimism among the region’s businesses. This is reflected in the rise in permanent placements for the first time in three months, with the rate of increase at its strongest pace since February 2015. Things are certainly looking up.”

Neil Carberry, Chief Executive of the REC, said:

“For months, we have been talking about the potential recruiters saw for a recovery in hiring as we got on with vaccinations and the lockdown did its work. Today’s data shows that even during lockdown, our labour market was bouncing back. The strong temporary recruitment trend of the past few months has been maintained, but with a new addition – the fastest increase in permanent job placements since 2015. Taken together with a long-awaited recovery in hiring in London, this is a sign that business confidence is starting to flow back, even at this early stage of unlocking.

“As companies start to recruit, they will need to appreciate that the labour market is still suffering from all sorts of shortages. So reviewing their hiring practices and doing things in the best way possible will matter more than ever. Inclusive hiring is not a tick-box exercise – it’s about finding the best candidate for the job no matter who they are, to help your business succeed. By working with professional recruiters, business leaders can help create fairer, more inclusive and more productive workplaces.”

Contact

KPMG

Tanya Holden
+44 (0) 203 078 3996
tanya.holden@kpmg.co.uk

REC

Josh Prentice
Comms Manager
T: +44 (0)20 7009 2129
josh.prentice@rec.uk.com

IHS Markit

Lewis Cooper
Economist
+44 1491 461 019
lewis.cooper@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.

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.

KPMG is a global organization of independent professional services firms providing Audit, Legal, 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. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

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.

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 © 2021 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.