

Embargoed until 0101 (UK) 13 January 2022

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

Permanent placements increase at quickest rate for three months

Key findings

- Steeper rises in permanent placements and temp billings
- Starting salary inflation hits new record high
- Availability of candidates falls at slowest rate since April

Data collected December 6-17

Summary

The latest **KPMG and REC, UK Report on Jobs: South of England** survey signalled a stronger increase in recruitment activity across the South of England during December. Permanent placements and temp billings expanded at the quickest rates for three and four months, respectively. Although softening since November, growth of both permanent and short-term vacancies was also robust.

The downturn in candidate availability meanwhile eased, with the supply of both temporary and permanent staff falling at the softest rates since April. However, ongoing shortages contributed to an unprecedented rise in starting salaries and the joint-quickest increase in temp pay in over 24 years of data collection.

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 placement growth improves to three-month high

Recruitment consultancies based in the South of England signalled a tenth successive monthly increase in the number of people placed into permanent roles in December. The rate of expansion was the sharpest seen for three months, albeit slightly weaker than the UK-wide trend. Where higher permanent staff appointments

were recorded, it was often linked to robust demand for staff and increased activity at clients.

All four monitored English regions signalled a rapid rise in permanent placements, led by the North of England.

The seasonally adjusted Temporary Billings Index signalled a further increase in billings received from the employment of temp staff across the South of England in December. Notably, the rate of growth was the quickest seen since August. The upturn was also slightly quicker than that seen across the UK as a whole. Anecdotal evidence indicated that greater efforts to fill vacancies, and in some cases a lack of permanent candidates, had boosted billings at the end of the year.

While London, the South of England and the Midlands reported faster increases in temp billings during December, recruiters in the North of England reported a softer, yet still robust increase in comparison to November.

Demand for permanent workers across the South of England rose for the eleventh month running in December. The rate of growth remained historically sharp, despite easing to the slowest since April. The increase was also faster than the UK-wide trend.

Temporary staff vacancies also rose markedly across the region at the end of the year. The expansion was the least marked since April, however, and slightly weaker than that seen across the UK as a whole.

Permanent candidate supply falls at slowest rate since April

December survey data pointed to a sustained drop in the availability of permanent workers across the South of England, thereby stretching the current period of decline to ten months. The latest drop was linked by recruiters to a generally low unemployment rate, uncertainty around the pandemic and strong demand for workers. Though sharp and much steeper than the series average, the rate of reduction was the least marked since April.

Regional data highlighted that the fall was broad-based, although all four monitored English regions recorded a softer decrease than compared to the previous month.

The rate of deterioration in temporary candidate supply across the South of England eased for the second month running in December. Though rapid and quicker than the UK-wide trend, the fall was the softest seen since April. The availability of short-term staff across the region has now deteriorated continuously since March. Reports from panel members indicated that fewer foreign workers, increased competition for staff and hesitancy among people to seek new roles amid COVID-19 uncertainty had weighed on temp candidate supply.

At the regional level, the South of England saw the sharpest reduction, of all monitored English regions, followed by the North of England. The Midlands saw the softest reduction for seven months while London-based recruiters reported the slowest overall reduction.

Sharpest increase in starting salaries on record

As has been the case since March, salaries awarded to new permanent joiners in the South of England rose in December. Furthermore, the rate of inflation accelerated to hit a fresh survey peak for the sixth month running. The upturn in starting salaries was also the fastest seen of all four monitored English regions. Survey respondents frequently mentioned that a marked imbalance between the supply and demand for staff had driven a further rise in salaries at the end of the year.

All four monitored English regions recorded increases, with recruiters in the North of England also seeing an acceleration in permanent salary inflation. Meanwhile, the Midlands and London saw salary growth ease, but remain substantial.

Hourly rates of pay for short-term staff across the South of England rose for the thirteenth month running in December. Furthermore, the rate of wage inflation picked up for the first time in three months, and was the joint-quickest on record (on par with September 2021). The South of England also noted the steepest increase in temp pay of all four monitored English regions. Higher rates of pay were widely linked by recruiters to efforts to attract applicants, skills shortages and IR35.

Comments

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

"The latest findings bring tangible reasons for optimism, with both permanent and temporary appointments significantly up and the availability of candidates across the South at its most stable for nine months. While the impact of staff shortages is still ongoing, as showcased by starting salary inflation hitting a new record high, the region's businesses will be hoping December's more positive trends are a sign of things to come."

"Although recent events have taught us to proceed with caution, employers will be drawing up their plans for recruitment with more confidence than at this time last year."

Neil Carberry, Chief Executive of the REC, said:

"2022 will be the year we discover staff shortages will outlive the pandemic as an economic issue. This survey shows again how tight the labour market was at the end of last year. Demand for staff is growing across every sector and region of the UK, and candidate availability is still falling. These trends have been slowing for the past few months, but that is not surprising considering the record pace of change earlier in the autumn of 2021."

"Businesses need to make sure they are reacting to the long-term challenges of this market, thinking harder about their offer to staff and how to shape their future workforce. Recruiters are ideally positioned to help employers with this, and support governments across the UK on the skills, immigration and tax reforms that are needed to keep us competitive."

Contact

KPMG

Alastair Henry

+44 (0) 161 235 0320

KPMGeducationskills@citypress.co.uk

REC

Josh Prentice

Comms Manager

T: +44 (0)20 7009 2129

josh.prentice@rec.uk.com

IHS Markit

Annabel Fiddes

Economics Associate Director

+44 (0)1491 461 010

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 South East England, East of England and South West England).

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 © 2022 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.