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

### Permanent placements increase at quickest rate since December 2018

#### Key findings

- Steep increases in both permanent placements and temp billings
- Candidate supply expands at softer, but still rapid, pace
- Demand for workers increases for first time since February

Data collected September 11-24

#### Summary

The latest **KPMG and REC, UK Report on Jobs: South of England** survey showed that recruitment activity continued to recover in September, with permanent placements and temp billings both expanding sharply. At the same time, demand for staff across the region rose for the first time in seven months, albeit modestly.

Recruitment consultancies continued to report a substantial rise in candidate availability, however, amid widespread reports of redundancies. Higher candidate supply and tighter client budgets led to further falls in starting pay, particularly for permanent staff.

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.

#### Steepest increase in permanent placements since December 2018

The number of people placed into permanent roles in the South of England rose for the second month running in September. Furthermore, the rate of growth accelerated to the sharpest since December 2018 and continued to outpace the UK average. Recruiters frequently mentioned that the gradual reopening of the economy following an easing of coronavirus disease 2019 (COVID-19) lockdown measures had helped to lift

placements at the end of the third quarter. Data broken down by region showed that the Midlands recorded the sharpest rise in permanent staff appointments, followed by the South of England. Elsewhere, London recorded a further contraction, albeit one that was only mild.

Adjusted for seasonal variation, the Temporary Billings Index signalled a back-to-back monthly rise in temp billings across the South of England in September. Panel members often mentioned that greater market activity and the resumption of projects had driven the latest increase in billings. Although the rate of expansion softened from August's three-year high, it remained sharp overall and was broadly in line with the national average. At the regional level, the Midlands registered the fastest rise in temp billings, while London was the only area to record a fall.

Demand for permanent workers in the South of England increased for the first time in seven months in September. Though only modest, the upturn was quicker than that seen across the UK as a whole. Temporary vacancies also rose across the South of England at the end of the third quarter, thereby ending a six-month period of decline. However, the rate of expansion was mild and slower than the solid pace recorded at the national level.

#### Permanent candidate supply rises at softer, but still sharp, rate

September survey data pointed to a slower rise in permanent staff availability across the South of England. Although not as strong as those seen in the prior three months, the rate of expansion remained among the sharpest seen since the global financial crisis. Higher staff supply was frequently linked to redundancies stemming from the pandemic. The latest upturn in permanent candidate numbers was slightly softer than that seen for the UK as a whole, however. Across the four monitored English regions, the increase was broad based. The Midlands saw the most marked rise in permanent candidate availability, with the North

of England recording the weakest.

As has been the case since March, the availability of temporary workers in the South of England rose during September. Although the rate of growth was the softest seen for five months, it remained rapid overall and was quicker than the national average. Anecdotal evidence suggested that company layoffs amid the COVID-19 outbreak had driven the latest increase in temp candidate numbers. At the regional level, London registered the fastest increase in temp staff supply in September.

### **Permanent starters' salaries decline at weaker pace**

Salaries awarded to newly-placed permanent staff in the South of England fell further in September, as highlighted by the respective seasonally adjusted index posting below the neutral 50.0 level. The rate of reduction quickened slightly since August and was solid overall. That said, it remained marginally weaker than the UK average. Where lower starting salaries were reported, panel members linked this to greater candidate numbers and tighter client budgets. Across the four monitored English regions, London saw the steepest drop in permanent salaries and the North of England the weakest.

Average hourly rates of pay for short-term staff in the South of England fell at a much softer rate in September. Notably, the decline was marginal and the weakest recorded since the current period of reduction began in April. The drop in wages was also slower than that seen across the UK as a whole, where pay fell modestly overall. Recruiters that registered a fall indicated this was due to higher candidate availability and efforts to contain costs. The only other monitored English region to register a fall in temp pay was London, as wages were broadly stable in the Midlands and rose slightly in the North of England.

### **Comments**

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

*"It's refreshing that the last month's data reveals a marked shift in demand for permanent workers. The fact that this demand is increasing at a sharper rate than the UK average should give some reassurance to local businesses. It's good news for job hunters too, and the continued uptick in temp billings and permanent placements is evidence of an active market.*

*"That said, as we head into winter, we are faced with the obvious risk that there will be further local lockdowns and restrictions. This, combined with the end of the Job Retention Scheme, means businesses will need to quickly come up with innovative ways to continue to operate. The most successful businesses have invested in e-commerce, or have pivoted away from the usual day-to-day business to take advantage of the crisis over the coming months."*

Neil Carberry, Chief Executive of the REC, said:

*"Growing permanent placements and temp billings in September confirm the positive trend recruiters around the country have been reporting to the REC. Given the scale of falls in demand during the lockdown, we would expect a return to positive territory at this stage as demand for staff recovers. But it is great to see it happen. Across the country, the story varies between sectors, but today's survey emphasises the fact that the labour market is always creating roles – our challenge is to help people to find them. That's where the UK's world-leading recruitment sector comes in.*

*"Recruiters are experts on where opportunities lie, and at supporting people to get those new jobs. We have a huge part to play in getting the economy moving again and Government schemes need to leverage the skills we have to offer."*

## 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.

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