News Release

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

Permanent staff appointments continue to fall sharply in May

Key findings

- Demand for workers drops considerably
- Labour supply rises markedly amid reports of redundancies
- Weak demand for staff drives pay rates lower

Data collected May 12-22

Summary

The latest KPMG and REC, UK Report on Jobs: North of England survey pointed to another sharp reduction in recruitment activity during May. Both permanent placements and temporary billings fell sharply, albeit not quite as severely as in April. This was predominantly driven by a steep contraction in demand for workers amid the coronavirus disease 2019 (COVID) pandemic. Meanwhile, redundancies related to the coronavirus led to another substantial increase in candidate availability. 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 continue to fall at substantial pace

Recruiters in the North of England reported another sharp reduction in permanent staff appointments during May. Although the rate of contraction eased from April’s survey record, it was nonetheless the second-fastest since data collection began in October 1997. Moreover, the decline was the quickest across all four monitored English regions. Anecdotal evidence indicated that coronavirus-related business closures continued to suppress demand for workers. Across the UK as a whole, May data highlighted a further rapid reduction in the permanent staff appointments. The reduction was broad-based across the four monitored English regions, with the Midlands seeing the slowest drop.

Temporary billings in the North of England fell for the third month in a row during May. Though substantial, the pace of decline decelerated from April and was the slowest of all four covered English regions. When explaining the latest decrease in temp billings, recruiters cited company closures and weak overall demand for staff. At the national level, temporary billings fell at the second-fastest rate on record. Each of the four monitored English regions registered a drop in temporary billings, the sharpest of which was seen in the South of England.

Demand for both permanent and temporary staff in the North of England continued to deteriorate in May, extending the current period of decline to three months. Permanent vacancies contracted at the second-quickest pace on record (after April), with the rate of decline slightly faster than the UK average. The latest reduction in demand for temporary staff was also softer than that seen in April but remained among the quickest since data collection began.

Fastest rise in permanent staff availability since July 2009

Permanent labour supply in the North of England grew sharply for the second month in succession during May. Moreover, the rate of expansion accelerated from April’s recent high to reach the fastest for almost 11 years. Recruiters suggested that the increase in availability was driven by coronavirus-related redundancies and widespread use of the UK’s furlough scheme. Permanent candidate numbers rose at an identically sharp pace across the UK as a whole. Steep and accelerated increases in permanent candidate supply were also seen across the three other English regions monitored by the survey.

Recruiters in the North of England recorded another marked increase in temporary staff availability during
May. In fact, the rate of growth accelerated from the previous period to reach the quickest since June 2009. Anecdotal evidence indicated that there were more people seeking temporary roles after being made redundant due to COVID-19. The availability of temporary candidates also expanded markedly at the national level, with the pace of increase slightly exceeding that seen in the North of England. On a regional basis, the Midlands and the South of England noted the joint-quickest upturn in temporary labour supply.

**Permanent starters’ pay falls for second month in a row**

Salaries awarded to permanent starters in the North of England continued to fall sharply midway through the second quarter. The result marked only the second monthly decline in over eight years, following a decrease in April. That said, the rate of reduction remained softer than the UK average. Across the UK as a whole, salaries awarded to permanent new joiners fell at the quickest pace in over 11 years. At the regional level, the reduction in pay was most marked in London.

Faltering demand for workers and rising economic uncertainty drove temp wages across the North of England lower in May. The result extended the current sequence of decline to three months. Moreover, the rate of reduction accelerated to the sharpest since September 2009. At the national level, average hourly pay rates for short-term staff declined at the fastest rate since May 2009. A fall in temp wages was recorded in each of the four monitored English regions during May, with London noting the quickest rate of decline. The softest reduction was seen in the Midlands.

**Comment**

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

“As the government begins to slowly ease its lockdown measures, businesses across the North are working hard to get their operations back up to speed.

“Coronavirus-related business closures have continued to suppress the job market across the North with the repercussions of the last few months expected to be felt for some time, as businesses focus on maximising their current resources rather than onboarding new talent. Indeed, all eyes will be on the recovery phase, and whether mooted government measures around skills, retraining and adaptability materialise.”

Recruitment & Employment Confederation chief executive Neil Carberry said:

“Given the impact of the lockdown in early May, it’s no surprise that these figures look bleak. But in the two weeks since this data was collected, lockdown rules have been eased and the feedback we get from recruiters every day suggests that the slight improvements that we can see in the placements and vacancies data have continued. I’m also hearing from business leaders all over the country that things are starting to look up. There is a long way to go, but it’s time to talk about how we recover from this crisis.

“Collaboration between government, businesses and recruiters will be vital as we try to get the economy up and running again. The UK’s staffing and recruitment companies are experts at helping people find work, and we are ready to support jobseekers in the months ahead.”
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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

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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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