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

Hiring activity surges in May as lockdown measures ease

Key findings

- Record upturn in permanent staff appointments
- Fastest increase in temp billings since January 2014
- Permanent candidate availability drops at record rate

Data collected May 12-24

Summary

The latest **KPMG and REC, UK Report on Jobs: North of England** survey highlighted a surge in hiring activity during May as lockdown measures eased further. Permanent staff appointments rose at the fastest rate on record, while the latest upturn in temp billings was the quickest since January 2014. However, permanent candidate availability declined at the steepest pace in the history of the survey, while temp staff supply fell at the joint-fastest rate on record. Greater competition for scarce workers led to rapid increases in starting pay for both permanent and short-term staff.

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 rise at quickest rate on record

May data highlighted a further upturn in the number of permanent staff appointments across the North of England, amid reports of surging staff demand due to looser COVID-19 measures and more favourable economic conditions. The rate of increase quickened noticeably since April and was the most marked on record.

Across the monitored English regions, the North of England saw the fastest increase in permanent placements during May.

Billings received from the employment of temporary staff across the North of England rose for the eleventh straight month during May. Panellists attributed the

latest upturn to the easing of lockdown restrictions and greater demand for temp staff. Notably, the rate of increase was the most marked since January 2014 and the third-fastest on record.

As was the case for permanent staff, the North of England registered the strongest upturn in temp billings across the four monitored English regions in May.

Demand for staff across the North of England rose further during May amid looser COVID-19 restrictions and the reopening of several sectors. The number of permanent vacancies rose for the fourth straight month, with the rate of increase the fastest since November 1997 and marked.

For temporary staff, the latest rise in vacancies was the joint-steepest on record, with the North of England also registering the most marked upturn in demand for temp staff across the four monitored English regions.

Record drop in permanent staff supply in May

Recruiters in the North of England registered a steep reduction in permanent candidate availability during May. The respective seasonally adjusted index shed nearly 12 points on the month and signalled the quickest fall in permanent staff supply on record. The North of England also saw the most severe of all four monitored English regions, though rates of decline were also marked elsewhere.

Anecdotal evidence linked the latest fall with surging demand for staff and a reluctance among candidates to switch roles due to COVID-19 related uncertainty.

As was the case for permanent staff, May data highlighted a more pronounced drop in the supply of temporary candidates in the North of England. Respondents cited increased demand for candidates, the government's furlough scheme and uncertainty surrounding changing roles. The rate of reduction in temp staff availability was the second-fastest on record, behind only the first month in the survey's history, October 1997.

A rapid fall in temp candidate numbers was also seen at the national level in May, albeit one that was less

marked that than seen in the North of England.

Fastest increase in starting salaries since June 2018

May data highlighted another round of starting salary inflation across the North of England, stretching the current sequence of expansion to three months. Stronger competition for candidates, due in part to skills shortages, and strong demand for staff had pushed salaries up, according to anecdotal evidence. Notably, the latest rise in salaries was the quickest since June 2018 and marked. The rate of inflation was also in line

Comment

Warren Middleton, office senior partner for KPMG in Manchester said:

“The continued rise in permanent and temporary staff appointments across the North is in line with the further loosening of restrictions we saw towards the end of May. While it is great to see so many businesses advertising their roles across the region to meet the surge in demand, we must do more to encourage those who have lost jobs in the pandemic to consider working in a different sector. Businesses in the North should look at how they can retrain workers to help fill the gap left by the lack of candidate availability.”

with the trend seen across the UK as a whole.

A sixth consecutive monthly increase in average hourly pay rates for short-term staff across the North of England was recorded in May. Panellists mainly attributed the latest rise to an increased competition for candidates. The rate of wage inflation was the sharpest since August 2019 and slightly quicker than the UK-wide trend.

Kate Shoesmith, Deputy CEO of the REC, said:

“We now have a consistent picture over the past few months to show that confidence is growing and hiring plans are in motion. The data is mirroring exactly what recruiters tell us daily. In the North, permanent placements are growing at the fastest pace we’ve ever seen, and temp billings at the quickest since 2014.

“So now is the time for action. With demand spiking, the skills and labour shortages that already existed in the UK have come into sharper focus – and COVID has only made them worse. This is the most pressing issue in the jobs market right now, and has the potential to slow down the recovery. Employers must think about how they can attract the staff they need, for example by looking at the wage and benefits package on offer – there is particular demand for more flexible and hybrid work. But government also needs to urgently look at improving access to work and opportunities for everyone to participate in training that will lead to a job. This should start with careers information that signals where job openings are being created and funding for the relevant work-related training.”

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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

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.

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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

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