

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

Recruitment activity continues to fall sharply amid COVID-19 pandemic

KEY FINDINGS

Substantial falls in permanent placements and temp billings

Starting salaries decline at quickest rate on record

Candidate availability rises sharply

KEY DATA

Permanent Placements Index



Temporary Billings Index



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.

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

“The latest figures make uncomfortable reading, and it’s a worrying time for both employees and businesses in the region. It comes as no surprise that we’re seeing the sharpest falls in temp billings and permanent placements for decades, coupled with a drop in salaries. That said, it’s interesting to see that weekly earnings in the region are amongst the highest of all 12 UK regions, according to latest ONS data.

“I have faith that the resilience of the region’s businesses will be evidenced in improving numbers in the coming months. Businesses now need to plan carefully to navigate the legal and logistical challenges as they exit lockdown.”

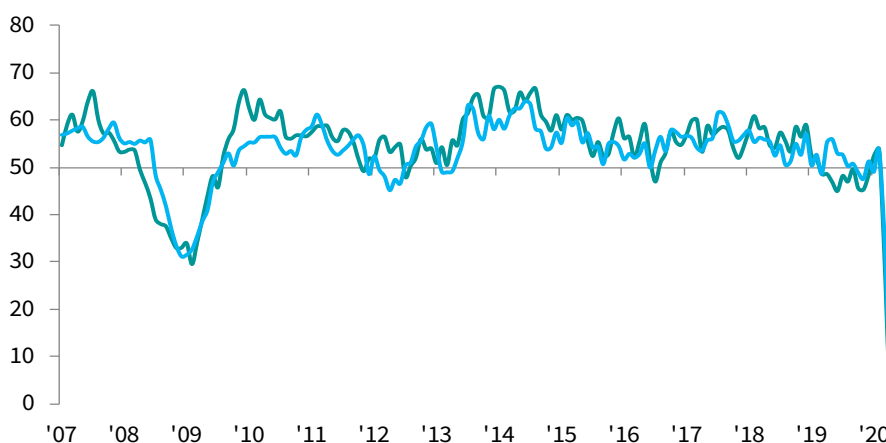
Neil Carberry, Chief Executive of the REC, said:

“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.”

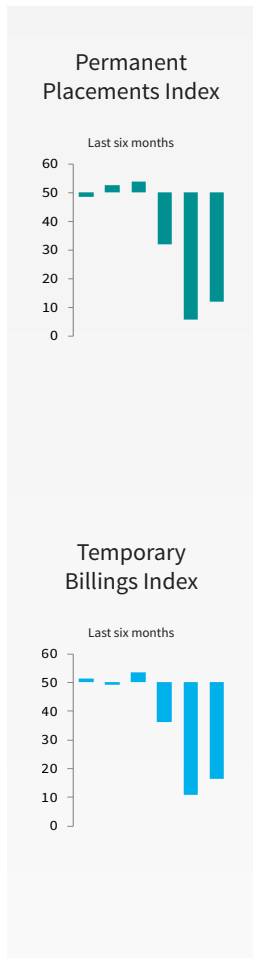
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



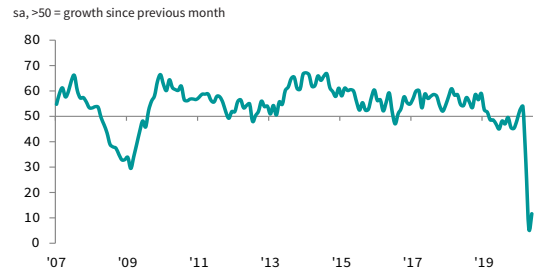
Permanent placements continue to decline markedly

Adjusted for seasonal factors, the Permanent Placements Index signalled a third successive monthly drop in the number of people placed into permanent jobs in the South of England during May. The rate of contraction eased only slightly from April's record pace and was the second-quickest since the survey began in October 1997. That said, the reduction was softer than the UK-wide trend. Panel members often mentioned that the COVID-19 pandemic and subsequent lockdown led to hiring freezes among clients.

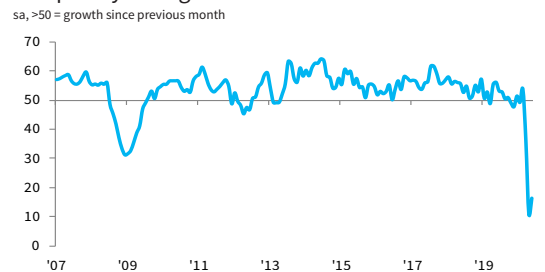
Temp billings fall at substantial pace

Recruitment consultancies based in the South of England signalled a further steep reduction in billings received from the employment of short-term staff in May. Notably, the rate of reduction was substantial and exceeded only by April. A considerable drop in temp billings was also seen at the UK level, albeit one that was not quite as severe as that seen in the South of England. According to recruiters, company closures and economic uncertainty weighed on billings.

Permanent Placements Index



Temporary Billings Index



sa, >50 = growth since previous month

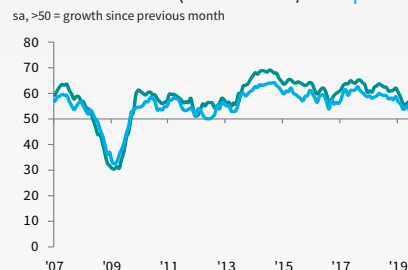
	Permanent		Temporary	
	UK	South	UK	South
Dec-19	51.9	48.4	52.2	51.3
Jan-20	52.3	52.4	49.8	49.1
Feb-20	52.9	53.9	49.7	53.6
Mar-20	31.7	32.0	35.6	36.1
Apr-20	5.3	5.8	10.4	11.0
May-20	10.5	11.8	18.6	16.4

JOB VACANCIES

Permanent vacancies continued to decline at a considerable pace in May, despite the rate of contraction easing from April's series record. Demand for permanent workers also fell at the national level, and at a slightly faster rate than in the South of England.

Short-term vacancies also declined sharply midway through the second quarter. Although softer than that seen in April, the fall was nonetheless the second-fastest on record. Temp vacancies fell at a similarly sharp rate across the UK as a whole.

Vacancies Index (Permanent/ Temporary)

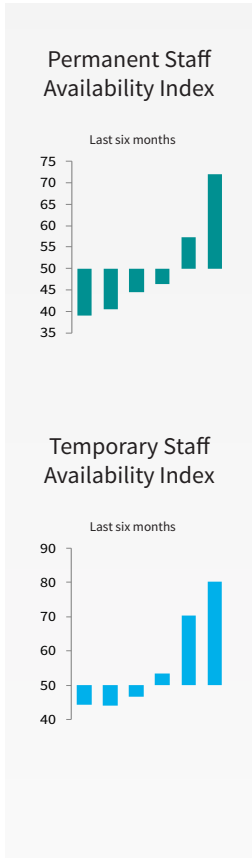


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Dec-19	51.2	49.5	52.9	51.4
Jan-20	53.6	51.5	52.4	50.6
Feb-20	56.2	54.9	54.1	53.0
Mar-20	43.2	43.3	45.2	44.5
Apr-20	8.9	9.5	16.1	14.7
May-20	19.0	19.8	24.7	24.5

2 STAFF AVAILABILITY

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.



Sharpest increase in permanent labour supply since March 2009

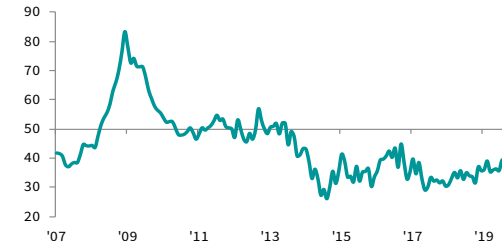
Latest survey data signalled a back-to-back monthly rise in the availability of permanent candidates in the South of England. Notably, the rate of growth accelerated from April to reach the quickest since March 2009. The increase was also slightly quicker than that seen on average across the UK. The upturn in permanent staff supply was often linked by panel members to redundancies and people placed on furlough.

Temp candidate availability rises at record pace

The supply of temporary candidates in the South of England increased at the sharpest rate in 22-and-a-half years of data collection during May. The upturn also outpaced that seen across the UK as a whole. Recruiters often mentioned that temp staff supply rose as companies shed staff or placed workers on furlough due to the COVID-19 pandemic.

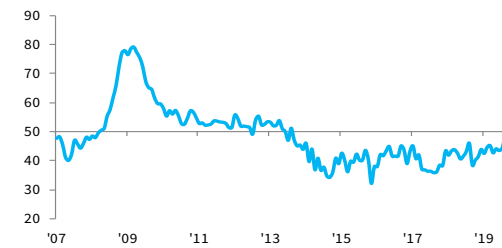
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	South	UK	South
Dec-19	42.1	39.1	45.5	44.3
Jan-20	42.4	40.6	45.4	44.2
Feb-20	45.7	44.5	48.5	46.8
Mar-20	47.8	46.4	54.3	53.4
Apr-20	57.7	57.3	69.3	70.3
May-20	71.2	72.0	76.7	80.3

3 DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages during the latest month.

Skills in short supply: Permanent staff

Accounting/Financial	Other
Accountants Auditors Estimators Taxation	All
Construction	
Planners Quantity Surveyors	
Engineering	
Design Engineers Engineers Mechanical Engineers Technicians	
IT/Computing	
Data Scientists Database Developers Design Managers IT Software Engineers Technology	
Secretarial/Clerical	
Office Staff	

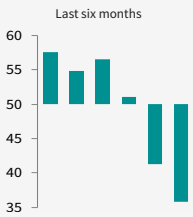
Skills in short supply: Temporary staff

Accounting/Financial	Other
Accountants Credit Controllers	All Semi Skilled
Blue Collar	
Drivers Industrials Welders	
Engineering	
Engineers	
IT/Computing	
Data Scientists Database Developers IT Technology	
Nursing/Medical/Care	
Health Care Assistants Nurses Pharmacists	
Secretarial/Clerical	
Office Staff	

4 PAY PRESSURES

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index

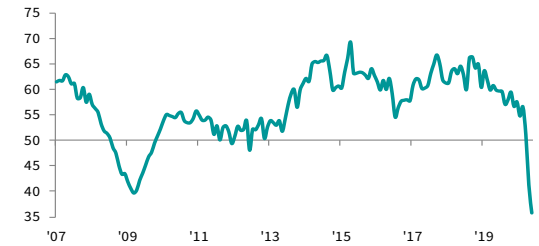


Starting salaries decline at survey-record rate

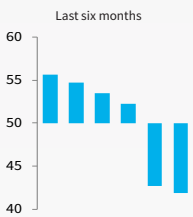
Starting salaries awarded to permanent staff in the South of England declined further in May. Moreover, the rate of reduction was the most severe since data collection began in October 1997 and substantial. The fall in starting pay also exceeded that seen at the national level. Anecdotal evidence indicated that the COVID-19 pandemic and weaker demand for staff had placed downward pressure on salaries.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

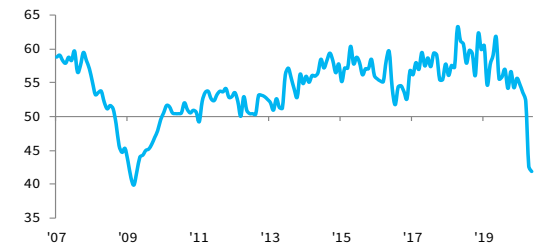


May data signals considerable drop in temp pay rates

Average hourly rates of pay for temporary workers in the South of England fell for the second straight month in May. The rate of decline quickened since April and was the steepest since April 2009. Lower pay was widely linked to the pandemic and reduced demand for workers. Temp wages also fell sharply across the UK as a whole, with the rate of decline slightly quicker than seen in the South of England.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

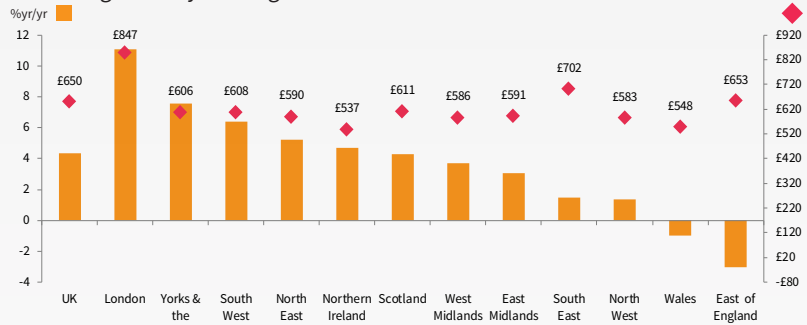
	Permanent		Temporary	
	UK	South	UK	South
Dec-19	57.5	57.6	55.2	55.6
Jan-20	55.1	54.8	54.4	54.7
Feb-20	58.9	56.6	53.9	53.5
Mar-20	52.9	51.1	51.0	52.2
Apr-20	39.9	41.3	42.2	42.7
May-20	37.7	35.8	40.8	41.9

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics showed that average weekly earnings across the UK increased by 4.4% on an annual basis in the opening quarter of 2020 to £650.

The quickest increase in earnings was seen in London, where pay rose 11.1% to £847. The second-strongest rate of growth was recorded in Yorkshire & the Humber, where earnings expanded 7.5% to £606. Only two regions noted a drop in pay, with the fastest reduction seen in the East of England where earnings fell 3.1% to £653.

UK average weekly earnings



Source: Office for National Statistics.

5 REGIONAL COMPARISON

The KPMG and REC, UK Report on Jobs: South of England is one of four regional reports tracking labour market trends across England. Reports are also available for London, the Midlands and the North of England.

Staff appointments

May data highlighted a further rapid reduction in the number of permanent staff appointments across the UK. The rate of decline eased from April's record, but was still the second-quickest in more than 22-and-a-half years of data collection. Across the four monitored English regions, the reduction was broad-based and led by the North of England. Meanwhile, the Midlands saw the slowest drop.

Temporary billings across the UK as a whole also fell in May, extending the current sequence of contraction to five months. The fall was not as sharp as in April, but nonetheless the second-fastest on record and substantial overall. Each of the four monitored English regions registered a drop in temporary billings, the sharpest of which was seen in the South of England. Meanwhile, the North of England noted the softest pace of decline.

Candidate availability

Permanent candidate availability across the UK rose for the second month running in May, as job cuts amid the COVID-19 pandemic flooded the labour market with candidates. Moreover, the rate of increase was the most marked since July 2009. Of the four monitored English regions, the quickest increase was recorded in the Midlands.

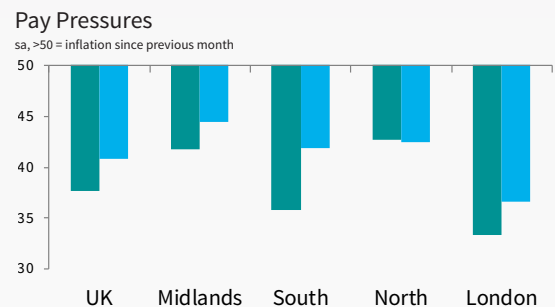
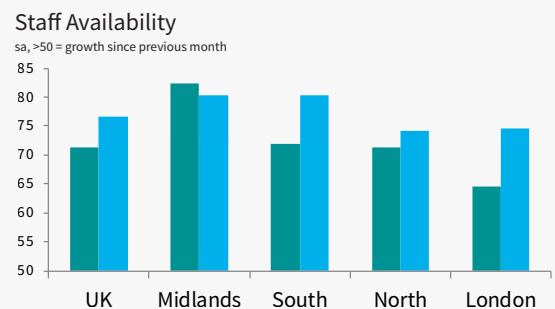
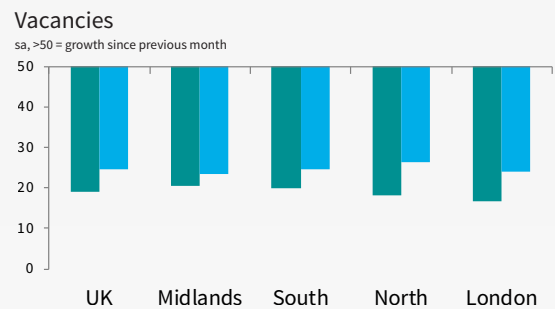
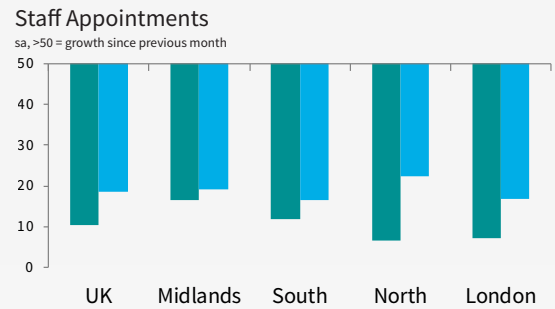
Meanwhile, the supply of temporary staff rose in May, as has been the case in each of the past three months. Moreover, the rate of expansion accelerated from April and was the quickest for nearly 11 years. Each of the four monitored English regions registered an increase in the availability of temporary candidates in May, with the Midlands and South of England posting the sharpest rises. Meanwhile, the North of England saw the softest expansion.

Pay Pressures

Salaries awarded to permanent new joiners across the UK fell for the second month in a row during May, with the rate of decline accelerating to the quickest in over 11 years. At the regional level, the reduction in salaries was most marked in London, while the North of England saw the softest reduction.

In line with the trend for permanent staff, average hourly pay rates for short-term staff declined further. The reduction was the fastest recorded since the depths of the global financial crisis in 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.

May 2020
Permanent / Temporary



CONTACT

KPMG

Gill Carson
+44 (0) 7768 635843
gill.carson@kpmg.co.uk

REC

Josh Prentice
Comms & Research Officer
+44 (0)20 7009 2129
josh.prentice@rec.uk.com

Ciaran Price
PR Manager
+44 (0)20 7009 2192
ciaran.price@rec.uk.com

IHS Markit

Annabel Fiddes
Associate Director
+44 1491 461 010
annabel.fiddes@ihsmarkit.com

Katherine Smith
Public Relations
T: +1 781 301 9311
katherine.smith@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.

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 © 2020 IHS Markit Ltd. All rights reserved.
ihsmarkit.com/products/pmi.html

About KPMG

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.

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.