

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

## Decline in permanent placements eases during June

### KEY FINDINGS

Demand for workers deteriorates at a slower pace

Labour supply expands at quicker rate

Starting pay continues to fall

### KEY DATA

#### Permanent Placements Index



#### Temporary Billings Index



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.

Euan West, office senior partner for KPMG in Leeds, said:

*“Despite an inevitable further drop in hiring activity for permanent and temporary staff, it is encouraging to see they both fell at softer rates than seen in April and May.*

*“However, the air of uncertainty around the COVID-19 pandemic will linger – and rebuilding confidence in the region’s jobs market will take time.*

*“All eyes will be on the Chancellor’s fiscal statement today, with job seekers hoping to see a focus on skills and retraining, while business will welcome further support packages so they can start to ramp up as lockdown eases, and recovery gets underway.”*

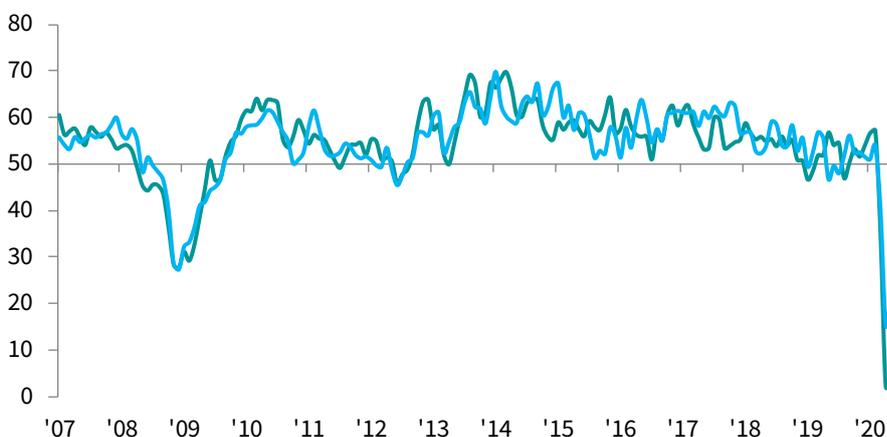
Neil Carberry, Chief Executive of the REC, said:

*“While there are signs that the worst declines are behind us, today’s figures show that it will be a while yet before we see job placements growing month on month. That’s no surprise, as businesses are focusing on bringing furloughed staff back to work, or making redundancies where they cannot be avoided. Recruiters will be key to helping those who lose their roles find new work – there are always vacancies out there for jobseekers, though they are at a lower level than normal right now.*

*“This is now a jobs crisis. Rishi Sunak should use today’s Summer Statement to boost job creation, with a cut in National Insurance designed to retain jobs and boost hiring. Action on skills will also be vital to getting people into growing sectors – including a more flexible approach to levy-funded training.”*

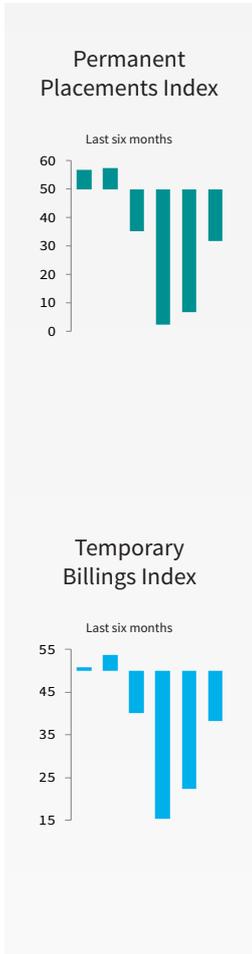
#### Permanent Placements Index / Temporary Billings Index

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.



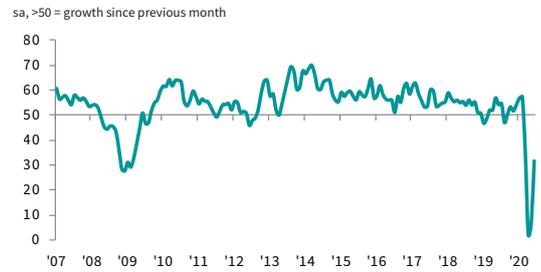
## Permanent placements decline at softer, but still marked, rate

Recruiters in the North of England reported another sharp reduction in permanent staff appointments during June. The result extended the current sequence of decline that began when lockdown restrictions were first introduced during March. That said, the rate of contraction was much softer than those registered in April and May. Anecdotal evidence suggested that a number of clients had imposed hiring freezes amid the coronavirus pandemic.

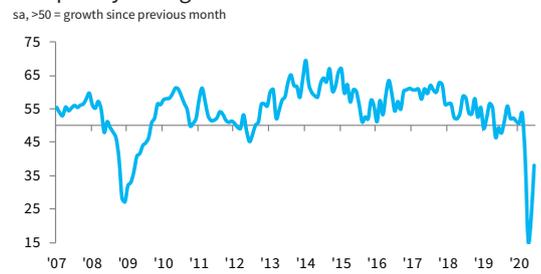
## Softest fall in temp billings for three months

Temporary billings across the North of England decreased for the fourth month in a row during June. Though historically marked, the rate of contraction eased for the second month running to reach the softest since March. The decline was also slower than that seen across the UK as a whole. Recruiters often associated the latest reduction in temp billings with weaker demand for workers.

## Permanent Placements Index



## Temporary Billings Index



sa, >50 = growth since previous month

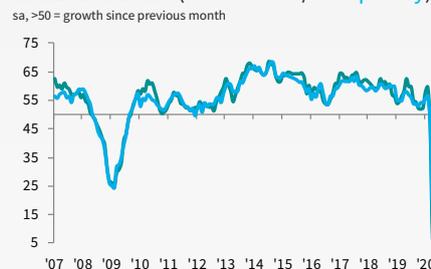
	Permanent		Temporary	
	UK	North	UK	North
Jan-20	52.3	56.7	49.8	50.9
Feb-20	52.9	57.3	49.7	53.7
Mar-20	31.7	35.3	35.6	40.1
Apr-20	5.3	2.4	10.4	15.5
May-20	10.5	6.7	18.6	22.4
Jun-20	34.3	31.7	33.5	38.2

## JOB VACANCIES

Demand for both permanent and temporary staff across the North of England continued to deteriorate in June, but rates of decline eased in both cases.

Permanent vacancies fell for the fourth month in a row, and although the pace of contraction was sharper than the UK average, it eased to the slowest since March. Meanwhile, demand for temporary workers fell at a softer rate than at the national level, albeit still markedly overall.

## Vacancies Index (Permanent / Temporary)

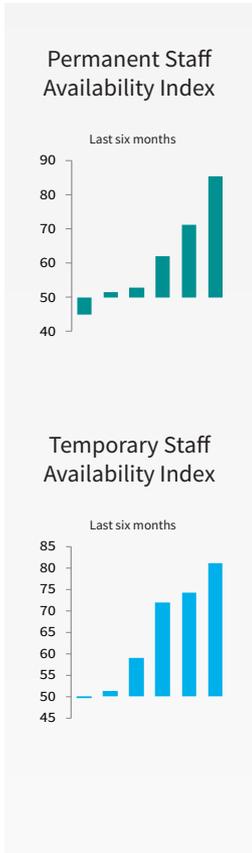


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-20	53.4	58.0	52.3	55.7
Feb-20	56.0	59.6	54.0	56.6
Mar-20	43.2	46.8	45.0	47.7
Apr-20	8.9	6.6	16.3	15.9
May-20	18.8	17.9	24.6	26.2
Jun-20	31.6	28.6	37.4	38.9

## 2 STAFF AVAILABILITY

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



### Sharpest rise in permanent staff availability since December 2008

Permanent staff availability in the North of England continued to soar at the end of the second quarter. In fact, the rate of growth accelerated to the second-sharpest in nearly 23 years of data collection (behind December 2008). Anecdotal evidence suggested the surge in labour supply was driven by widespread coronavirus-related redundancies.

### Temporary labour supply rises at fastest pace for just over 11 years

June data pointed to another sharp increase in temporary staff availability across the North of England. Moreover, the rate of expansion accelerated for the fourth month in a row to reach the quickest since May 2009. When explaining the rise in labour supply, recruiters suggested that many candidates were looking for short-term temporary positions while furloughed.

### Permanent Staff Availability Index



### Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-20	42.4	45.0	45.4	49.6
Feb-20	45.7	51.5	48.5	51.4
Mar-20	47.8	52.7	54.3	59.1
Apr-20	57.7	61.9	69.3	71.8
May-20	71.2	71.2	76.7	74.1
Jun-20	81.2	85.4	83.9	81.0

## 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
  - Accountants
  - Auditors
  - Taxation
- Engineering
  - Engineers
- Executive/Professional
  - Legal
  - Management
- IT/Computing
  - C#
  - Developers
  - IT
  - Technology
- Nursing/Medical/Care
  - Nurses
- Other
  - Sales

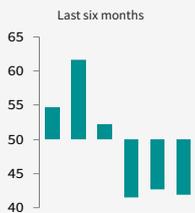
### Skills in short supply: Temporary staff

- Blue Collar
  - Cleaners
- Engineering
  - Engineers
- IT/Computing
  - IT
  - Technology
- Nursing/Medical/Care
  - Healthcare Assistants

## 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

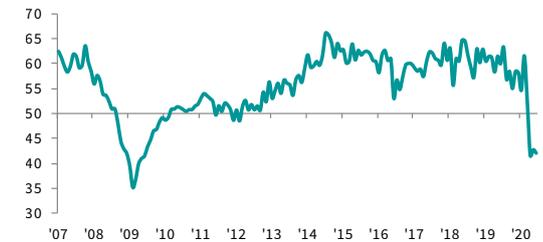


### Permanent starters' pay falls for the third month in succession

Recruiters in the North of England recorded a sharp decline in permanent starting salaries for the third month in a row during June. The rate of reduction was slightly quicker than that registered in May, and close to April's recent record. Anecdotal evidence suggested that wages were suppressed by a combination of weak demand for staff and rising labour supply.

### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

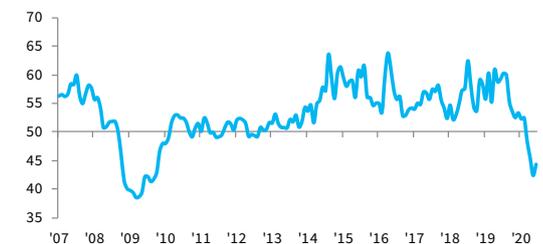


### Temp wages decline at softer pace in June

Remuneration awarded to temporary staff in the North of England continued to fall in June. Though sharp overall, the rate of reduction eased for the first time in the current four-month sequence of decline and was softer than the UK average. Some recruiters associated the latest decrease in wages to an excess supply of labour.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-20	55.1	54.7	54.4	52.3
Feb-20	58.9	61.6	53.9	52.5
Mar-20	52.9	52.3	51.0	48.4
Apr-20	39.9	41.5	42.2	45.6
May-20	37.7	42.7	40.8	42.4
Jun-20	41.1	42.0	43.3	44.4

## 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: North of England is one of four regional reports tracking labour market trends across England. Reports are also available for London, the South of England and the Midlands.

### Staff appointments

Permanent staff appointments across the UK declined for the fourth time in as many months in June, as the adverse impact of the COVID-19 pandemic continued to hit the labour market. The latest fall was the softest in the current sequence, albeit still marked overall. Each of the four monitored English regions registered a drop in permanent placements in June, with London recording the most marked decline, followed by the North of England. The Midlands posted the softest reduction.

Meanwhile, temp billings at the UK level fell again, stretching the current sequence of reduction to six months. The rate of decline, although still marked, was the slowest since March. At the regional level, the contraction was broad-based and led by London. The Midlands recorded the softest fall.

### Candidate availability

June data highlighted a third successive monthly increase in the availability of permanent candidates across the UK as a whole, with the uptick the quickest since January 2009. The North of England recorded the most marked rise, while London saw the slowest increase, albeit one that was still rapid.

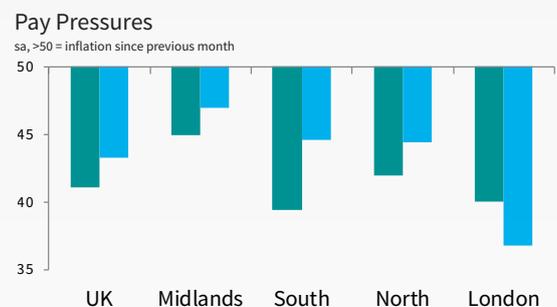
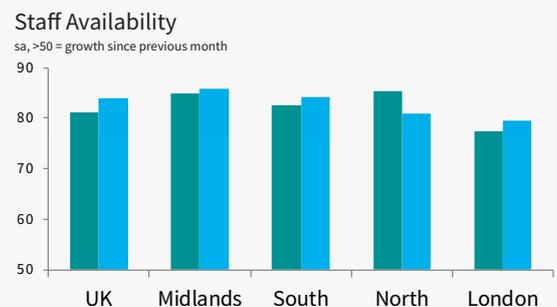
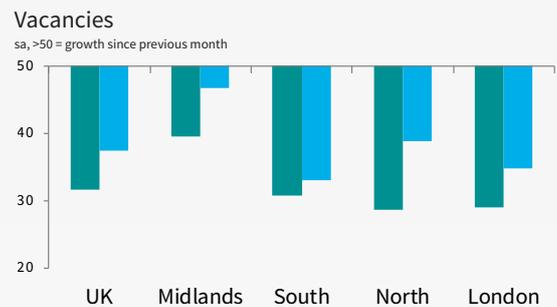
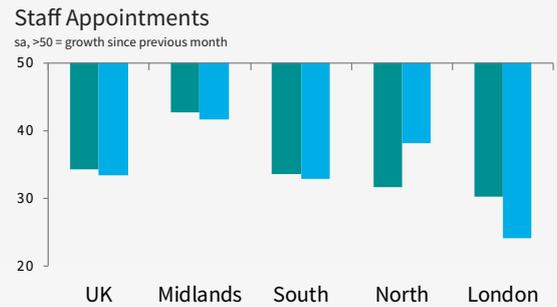
Similarly, the supply of temporary staff rose further at the UK level during June, extending the current sequence of increase to four months. Moreover, the expansion was the quickest recorded since the series began in October 1997. Each of the four monitored English regions registered an increase in the availability of temporary candidates, with the Midlands recording the quickest rise and London the slowest.

### Pay Pressures

With demand for staff weakening, salaries awarded to permanent new joiners across the UK fell for the third month running during June, with the rate of decline remaining marked despite easing. The South of England registered the fastest reduction and the Midlands the slowest, although the drop in salaries eased in each of the four monitored English regions apart from the North of England.

Average hourly rates awarded to short-term staff across the UK also fell during June, although the rate of decline was the softest in the current three-month sequence of wage deflation. Across the four monitored English regions, London recorded the most severe drop in temp wages. Meanwhile, the Midlands saw the softest fall in temp pay.

June 2020  
Permanent / Temporary



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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](mailto:economics@ihsmarkit.com).

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