

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

Permanent staff appointments fall at softer rate in June

KEY FINDINGS

Slower, but still marked, falls in permanent placements and temp billings

Record increase in temporary candidate availability

Starting pay continues to fall amid weak demand for staff

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:

“It’s not surprising that both permanent and temporary vacancies fell again in the region last month, while the increasing labour supply in the region has compounded anxieties among jobseekers. That said, businesses and jobseekers should take some comfort from the fact that the decline in vacancies has slowed.”

“Businesses – in particular those that adopted the furlough scheme – are now in the process of looking at whether they can continue at the same capacity as pre-lockdown. Navigating the complexities of coming out of furlough, such as making changes to the supply chain, redundancies and a change to working patterns, is proving challenging for clients.”

“They are looking to the Government to get our economy moving again, and I expect by August we will have a much clearer idea of what business in the region will look like going forward.”

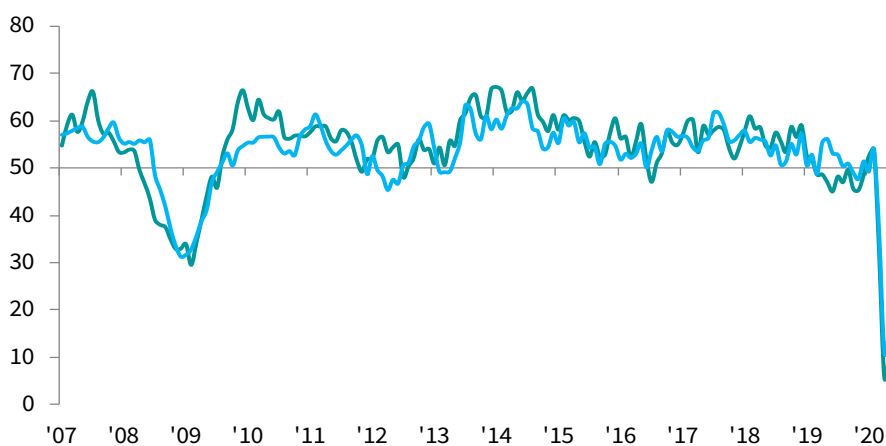
Neil Carberry, Chief Executive of the REC, said:

“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.”

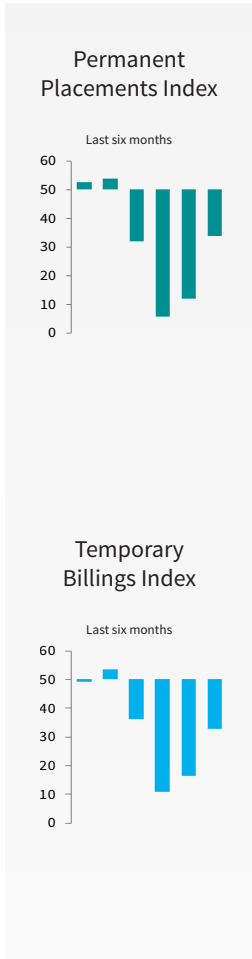
Permanent Placements Index / Temporary Billings Index

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 staff appointments decline at softer pace

June survey data signalled that the number of permanent staff appointments in the South of England fell for the fourth month running. Though still sharp, the rate of decline eased notably from the records seen in April and May. According to recruiters, the pandemic and lower vacancies drove the latest drop in permanent placements.

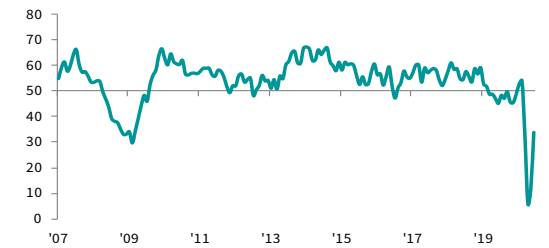
The number of people placed into permanent roles at the UK level also fell substantially in June, albeit at a slightly softer rate than seen in the South of England.

Weaker fall in temp billings during June

Adjusted for seasonal variation, the Temporary Billings Index remained below the neutral 50.0 threshold to point to a further fall in temp billings in the South of England during June. The pace of decline continued to ease from April's record, but remained among the sharpest in the series history. The reduction was also slightly quicker than that seen across the UK as a whole. Panel members widely linked the fall to the pandemic and greater economic uncertainty.

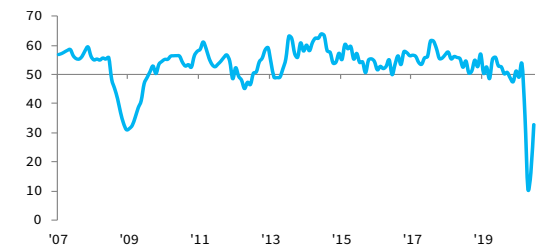
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
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
Jun-20	34.3	33.7	33.5	32.9

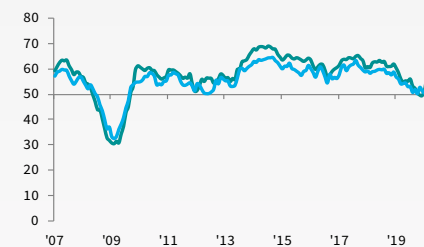
JOB VACANCIES

Demand for permanent staff in the South of England declined again in June. Though marked, the rate of reduction was notably slower than those seen in the prior two months. A softer, but still substantial, fall in permanent vacancies was also registered at the national level.

The downturn in temporary job vacancies in the South of England also eased at the end of the second quarter. Though sharp and quicker than the UK average, the fall was the least marked for three months.

Vacancies Index (Permanent/ Temporary)

sa, >50 = growth since previous month

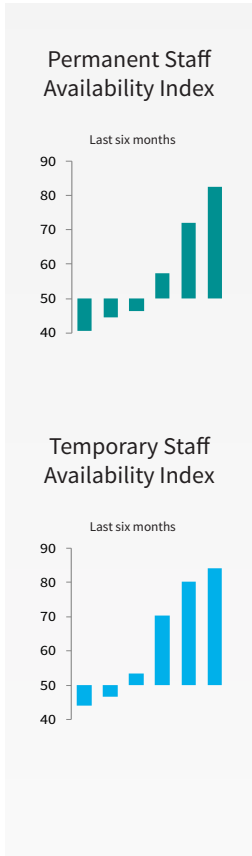


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jan-20	53.4	51.5	52.3	50.5
Feb-20	56.0	54.9	54.0	53.0
Mar-20	43.2	43.2	45.0	44.6
Apr-20	8.9	9.4	16.3	14.9
May-20	18.8	19.5	24.6	24.3
Jun-20	31.6	30.8	37.4	32.9

2 STAFF AVAILABILITY

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



Permanent candidate numbers rise at quickest rate since December 2008

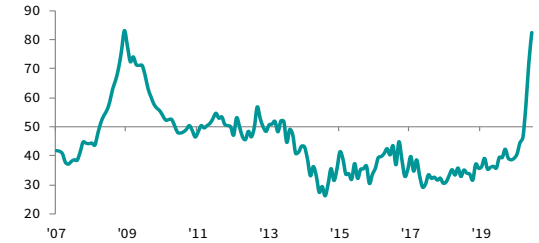
Recruiters in the South of England recorded a sharp and accelerated increase in permanent labour supply during June. Furthermore, the rate of expansion was the steepest seen since December 2008 and outpaced the UK-wide trend. Reports from survey respondents frequently mentioned that higher candidate supply stemmed from redundancies and furloughed workers concerned about current job security amid the COVID-19 outbreak.

Record increase in availability of temporary staff

The number of people available for short-term roles in the South of England rose at the steepest rate since the survey began in October 1997 during June. The upturn was also slightly faster than that recorded for the UK as a whole. Higher candidate supply was commonly linked to the coronavirus outbreak and subsequent company shutdowns and layoffs.

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
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
Jun-20	81.2	82.5	83.9	84.2

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 Finance Financial Planners Taxation	IT Technology
Blue Collar Drivers	Secretarial/Clerical Office Staff
Engineering Engineers Technicians	Other All Skilled
Executive/Professional Geologists Human Resources Legal Professional	
IT/Computing Analysts CNC Data Scientists Developers Digital	

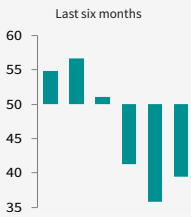
Skills in short supply: Temporary staff

Accounting/Financial Credit Controllers Payroll	
Blue Collar Drivers Forklift Drivers Industrial	
Engineering Engineers	
Executive/Professional Project Managers	
IT/Computing Data Scientists Developers IT Technology	
Secretarial/Clerical Office Staff	
Other All	

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.

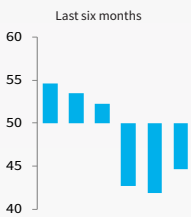
Permanent Salaries Index



Substantial decline in starting salaries

The seasonally adjusted Permanent Salaries Index signalled a third successive monthly reduction in starting salaries for permanent workers in the South of England in June. Although the rate of deflation eased from May's record pace, it was nonetheless the second-sharpest in nearly 23 years of data collection. The contraction was also quicker than that seen on average across the UK. Anecdotal evidence indicated that starting salaries fell due to softer demand for staff as well as rising candidate availability.

Temporary Wages Index

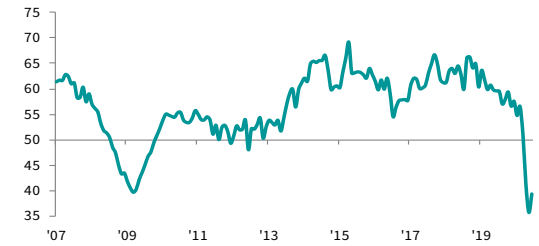


Temp wages remain on downward trend

Temp pay in the South of England declined in June, as has been the case throughout the second quarter. The rate of reduction was not as severe as those seen in the prior two months, but remained sharp overall. Panellists often commented that the pandemic and rising labour supply had pushed temp wages lower in the latest survey period. Pay for short-term staff also fell at the national level, and at a quicker rate than in the South of England.

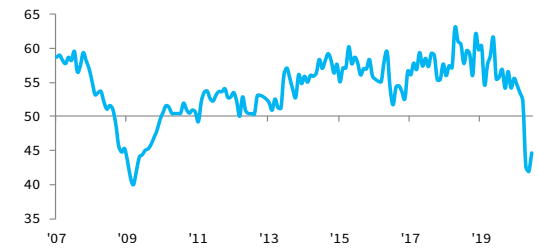
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



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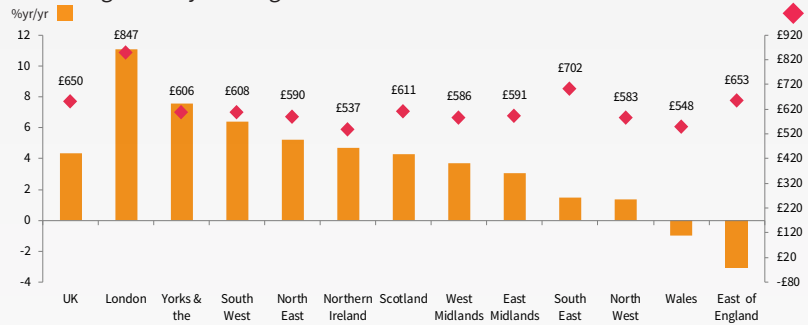
	Permanent		Temporary	
	UK	South	UK	South
Jan-20	55.1	54.8	54.4	54.7
Feb-20	58.9	56.6	53.9	53.5
Mar-20	52.9	51.1	51.0	52.2
Apr-20	39.9	41.3	42.2	42.7
May-20	37.7	35.8	40.8	41.9
Jun-20	41.1	39.4	43.3	44.6

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

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.

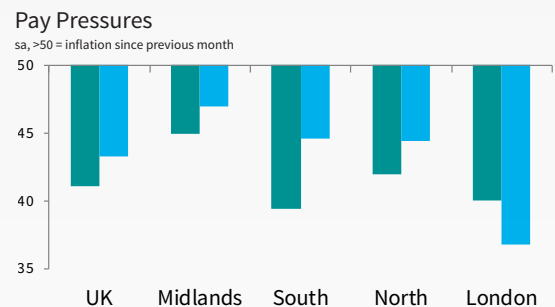
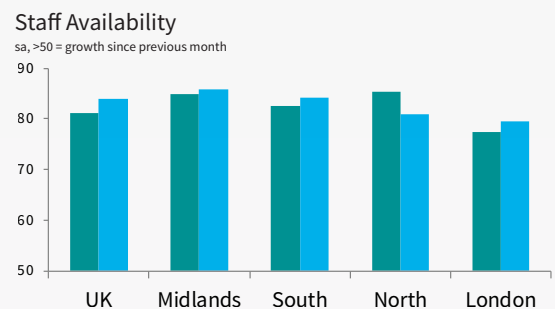
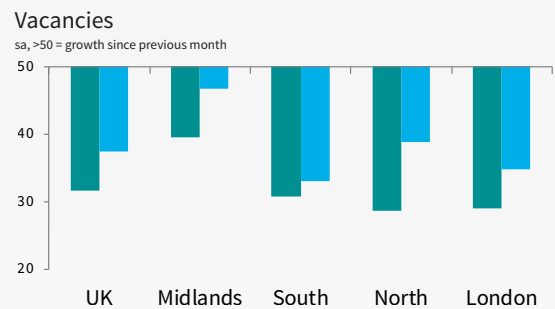
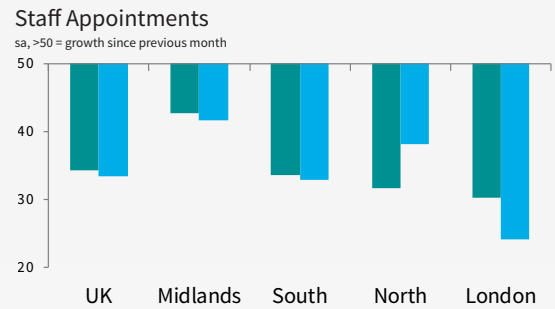
Similarly, the supply of temporary staff rose further at the UK level during June, extending the current sequence of increase to four months. Moreover, the expansion was the quickest recorded since the series began in October 1997. At the regional level, each of the four monitored regions registered 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: 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.

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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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