



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

Temp billings expand at fastest rate since June 1998

KEY FINDINGS

Hiring activity rises rapidly as COVID-19 restrictions ease further

Vacancies increase at quickest rate for over 23 years

Downturn in candidate availability intensifies

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 the South West, said:

“No one could have predicted six months ago that we’d be seeing activity in the temporary billings space that has been unseen for over 20 years.

“The return to a more normal way of life has also prompted the impressive increase in permanent placements. However, this may be hindered in the coming months by lack of available candidates, particularly as many of our overseas workers have now returned home. That said, we may see renewed confidence among potential local job hunters who see now as a good time to change roles, after putting plans on ice for a year.”

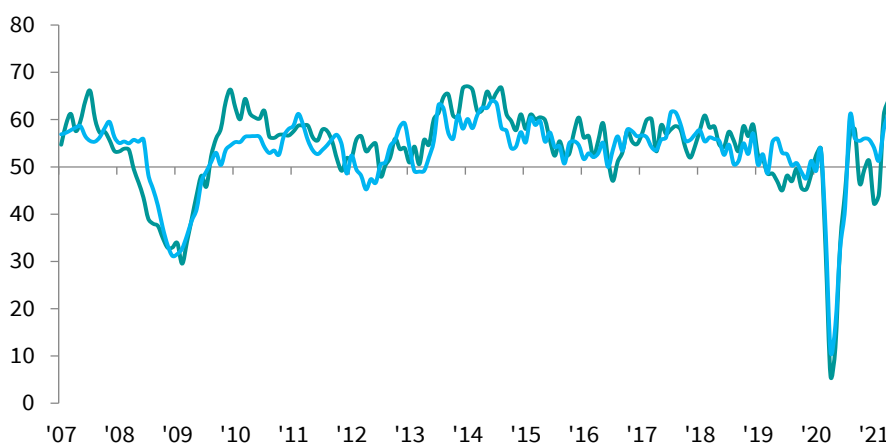
Kate Shoesmith, Deputy CEO of the REC, said:

“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 South, permanent placements are growing at the fastest pace since 2014, and temp billings at the quickest for 23 years.

“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.”

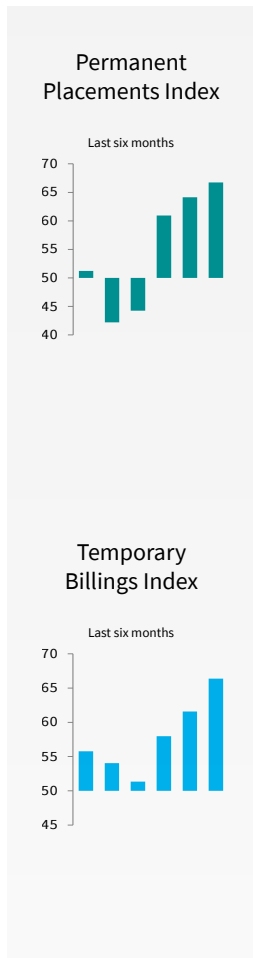
Permanent Placements Index / Temporary Billings Index

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.



Substantial rise in permanent staff appointments

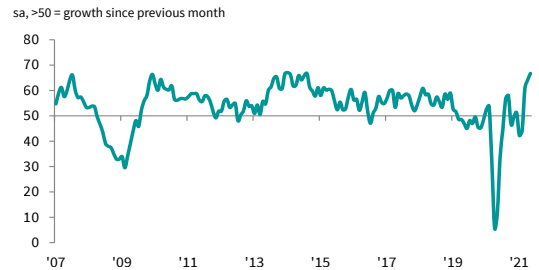
Recruitment consultants in the South of England signalled a third consecutive monthly rise in permanent staff appointments during May. Notably, the rate of growth was the steepest recorded since August 2014. Panel members generally linked the upturn to increased business activity and stronger market confidence following the recent easing of COVID-19 restrictions.

At the national level, permanent placements also rose rapidly, and at a slightly faster pace than seen in the South of England.

Sharpest increase in temp billings since June 1998

Latest survey data indicated a further acceleration in the rate of growth in temp billings during May. Furthermore, the respective seasonally adjusted index pointed to the quickest upturn for nearly 23 years, with the expansion also exceeding the UK-wide trend. Anecdotal evidence linked the rise to stronger demand for workers amid an easing of lockdown measures and the return to more normal business conditions.

Permanent Placements Index



Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Dec-20	51.1	51.2	57.9	55.8
Jan-21	43.8	42.2	55.0	54.0
Feb-21	47.1	44.3	51.6	51.3
Mar-21	59.2	60.9	59.6	58.0
Apr-21	65.4	64.1	59.2	61.6
May-21	67.4	66.7	61.6	66.4

JOB VACANCIES

Recruiters based in the South of England signalled a substantial increase in demand for permanent workers in May. Moreover, the rate of growth was the sharpest since January 1998, and the quickest of all four monitored English regions.

The number of temporary roles also expanded rapidly during May, with the rate of increase the steepest since March 1998. Growth of temp vacancies in the South of England also exceeded the national average.

Vacancies Index (Permanent/ Temporary)



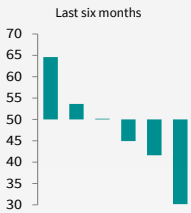
sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Dec-20	50.1	51.0	54.4	53.2
Jan-21	45.0	48.2	51.3	50.6
Feb-21	50.9	51.8	54.3	54.8
Mar-21	63.2	63.7	62.5	62.1
Apr-21	69.0	69.6	65.3	65.2
May-21	70.8	72.0	69.6	70.5

2 STAFF AVAILABILITY

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

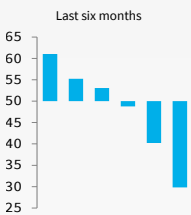
Permanent Staff Availability Index



Supply of permanent staff declines rapidly in May

The availability of permanent workers in the South of England deteriorated for the third month running in May. The rate of decline accelerated notably since April, and was the most severe since June 2017. The fall was also quicker than the UK-wide trend. According to panellists, concerns over changing roles amid the pandemic, skills shortages, fewer EU workers and the furlough scheme had all reduced the pool of available workers.

Temporary Staff Availability Index

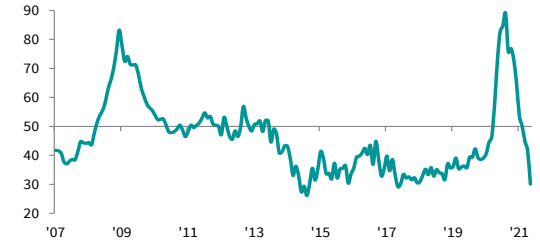


Record fall in availability of temp workers

The seasonally adjusted Temporary Staff Availability Index fell sharply lower in May, to signal the quickest drop in short-term candidate supply in the South of England on record. The deterioration was also faster than that seen across the UK as a whole. When explaining the latest drop in temp staff numbers, recruiters often commented on Brexit, pandemic-related uncertainty, IR35 legislation and workers on furlough.

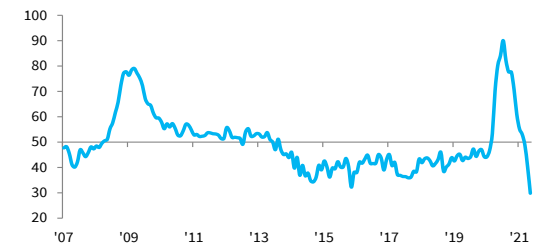
Permanent Staff Availability Index

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-20	64.9	64.6	62.8	61.0
Jan-21	54.4	53.6	55.7	55.2
Feb-21	49.9	50.2	55.3	53.1
Mar-21	49.9	44.9	49.7	48.8
Apr-21	44.5	41.6	42.2	40.2
May-21	33.7	30.2	35.3	29.8

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 Book Keepers Estimators Finance Payroll Tax Professionals Taxation	Executive/Professional B2B Compliance Human Resources Legal Management Marketing Project Managers Recruitment Consultants
Blue Collar Blue Collar Drivers Factory Forklift Drivers Manufacturing Production Warehouse	Hotel & Catering Catering Chefs Front of House Hospitality
Construction Architecture Construction Labourers	IT/Computing C# CAD Data Professionals Data Scientists Database Developers Developers Digital IT Java Maximo Technical Sales
Engineering Design Engineers Engineers Technicians	Other All Types of Candidates Bid Managers Call Centre Customer Service Customs Designers Freight Life Sciences Operations Sales Security Skilled Supply Chain Unskilled

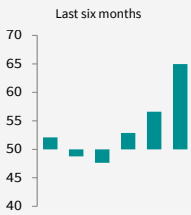
Skills in short supply: Temporary staff

Accounting/Financial Accountants Credit Controllers Finance Financial Planners Risk Taxation	Executive/Professional B2B Compliance Human Resources	All Types of Candidates Call Centre Customer Service Security Skilled Unskilled White Collar
Blue Collar Administration Clerical Office Staff	Hotel & Catering Catering Chefs Hospitality	
Construction Construction Labourers	IT/Computing Data Scientists Database Developers Developers IT Software Technology	
Engineering Engineering	Nursing/Medical/Care Carers Pharmacists	
	Secretarial/Clerical Administration Office Staff	
	Other Agricultural	

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

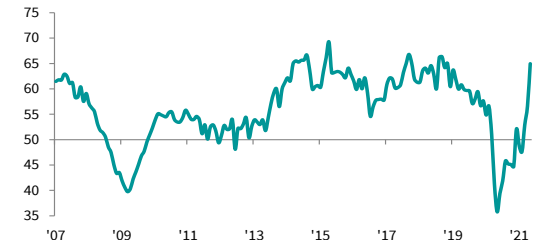


Starting salary inflation hits two-and-a-half-year high in May

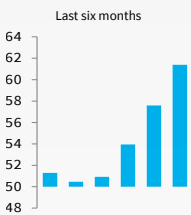
Salaries for newly-placed permanent staff in the South of England rose for the third successive month in May. The rate of inflation accelerated since April and was the sharpest recorded since November 2018. The increase was also slightly faster than the UK-wide trend. Recruiters generally attributed the latest rise in starting salaries to lower candidate supply and greater competition for workers.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

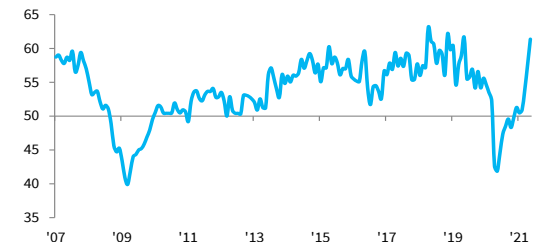


Sharpest increase in temp wages for two years

The rate of temp wage inflation picked up across the South of England for the fourth month running in May. Notably, the increase in average hourly pay was the quickest seen since May 2019, with a number of recruiters commenting that temp wages rose in order to attract scarce candidates. Pay for short-term staff also rose at the UK level, albeit at a weaker pace than that 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-20	50.2	52.1	51.4	51.3
Jan-21	47.7	48.8	49.6	50.5
Feb-21	48.6	47.6	49.9	50.9
Mar-21	55.1	52.9	54.8	54.0
Apr-21	58.2	56.6	55.6	57.6
May-21	64.4	65.0	58.6	61.4

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics indicated that average weekly earnings across the UK rose 5.1% on an annual basis to £684 in the first quarter of 2021.

The strongest annual rise was seen in Wales, where earnings rose 10.5% to £606. Out of the three regions to register a fall in average weekly earnings, the steepest reduction was seen in the East Midlands, where earnings dropped -1.2% on the previous year to £584.

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 rise in permanent staff appointments across the UK, marking the third increase in as many months. Moreover, the rate of increase was the sharpest since the survey began in October 1997. At the regional level, the rise was broad-based and led by the North of England. The Midlands recorded the softest increase in permanent placements, albeit one that was still marked.

Meanwhile, temporary billings across the UK continued to rise in May. The latest upturn was the fastest in the current ten-month sequence, and the steepest recorded since February 2015. Across the four monitored English regions, the North of England registered the quickest rate of growth, followed by the South of England. Elsewhere, London-based recruiters saw temp billings remain broadly unchanged during May.

Candidate availability

Recruiters across the UK reported another decrease in the availability of permanent candidates during May. The latest fall was the fourth in a row, and the most marked since May 2017. Each of the four monitored English regions saw permanent staff supply fall in May, with the North of England recording the sharpest reduction.

A similar trend was recorded for short-term staff in the latest survey period. as temp staff supply across the UK fell for the third month running, and at the quickest rate since November 1997. The North of England saw the most marked reduction in temporary candidate availability, while London recorded the softest fall of the monitored regions.

Pay Pressures

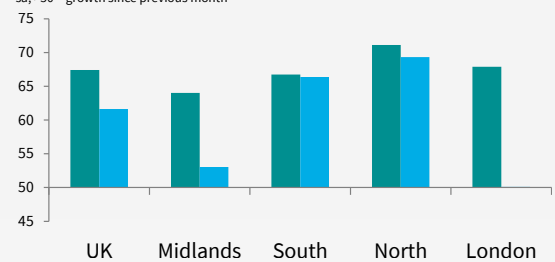
Salaries awarded to new permanent joiners across the UK rose for the third consecutive month during May. The rate of salary inflation was robust, and the steepest recorded since September 2018. Across the four monitored English regions, the rise in starting salaries was broad-based, with the South of England reporting the strongest rise.

There was also further upward pressure on average pay rates for short-term staff during May, with the rate of increase in temp wages marked overall. Moreover, temp wage inflation in the UK was the strongest reported since June 2019. At the regional level, the rise was robust across the four monitored regions, led by the South of England.

May 2021
Permanent / Temporary

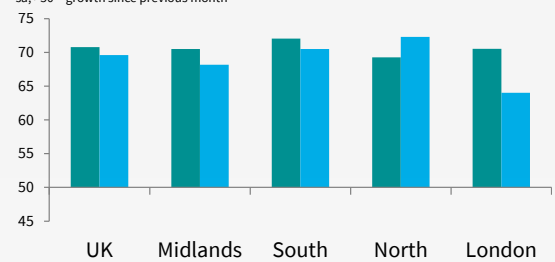
Staff Appointments

sa, >50 = growth since previous month



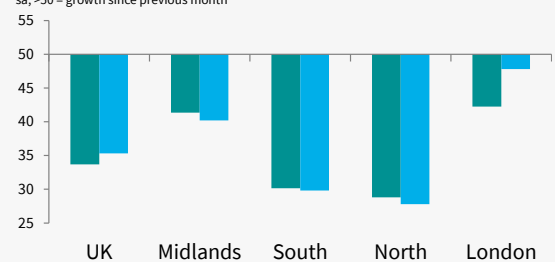
Vacancies

sa, >50 = growth since previous month



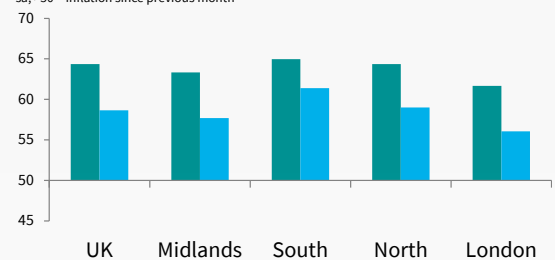
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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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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