

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

Fastest rise in permanent placements since July

KEY FINDINGS

Further marked increase in permanent starters' pay

Slowest fall in permanent labour supply since April 2017

Stronger demand for both permanent and temp workers

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:

“With last month’s general election providing some future clarity for the economy, we’re seeing a knock-on effect in confidence, with employers in the region exploring growth plans which will require support from the right mix of talent. If the jobs market continues to loosen in 2020 job-seekers will be increasingly pursuing new opportunities with the wind of ongoing pay inflation behind them.”

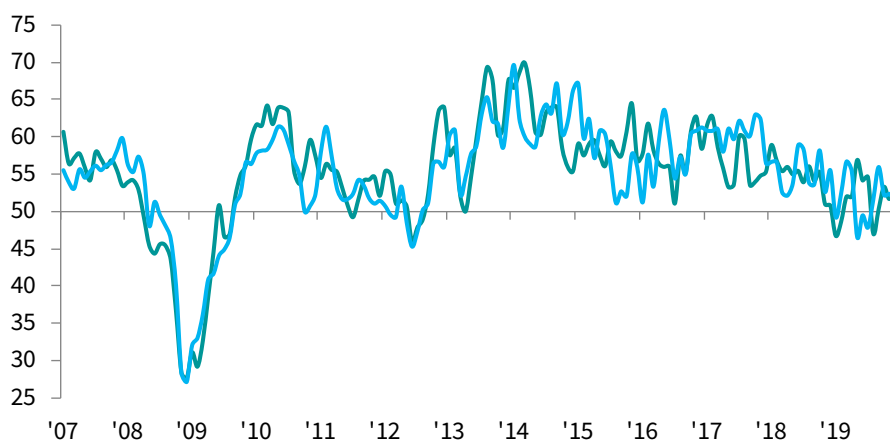
Recruitment & Employment Confederation chief executive Neil Carberry said:

“After the uncertainty of 2019, there are some signs of a clearer outlook for hiring in today’s survey. With a new government in place and the path ahead looking more predictable, some businesses have decided that they have waited long enough. The quickest increase in permanent placements in the North since July should give encouragement to both recruiters and employers – let’s hope this is a sign of positive things to come.

“Feedback from recruiters shows that the upcoming IR35 changes are affecting both placements and the availability of flexible workers. This is a delicate period for the jobs market, and is the worst time to push through sweeping changes to the way we tax contractors. It is right that government engages further with business on the changes, but they should also delay implementation until next year to allow time for a full, independent review and effective regulation of the umbrella sector. As it stands, the government risks damaging ethical businesses and encouraging non-compliance.”

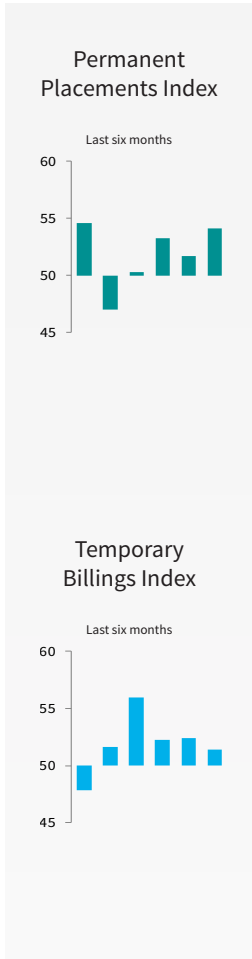
Permanent Placements Index / Temporary Billings Index

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.



Sharpest rise in permanent placements for five months

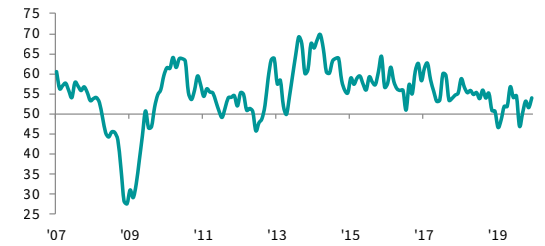
Recruiters in the North of England reported a marked increase in permanent appointments in the final month of 2019. The rate of growth accelerated to the quickest since July and outpaced the national average. Anecdotal evidence attributed the latest upturn to stronger demand for workers.

Temporary billings growth eases

Although temporary billings in the North of England continued to increase during December, the pace of expansion edged down to a five-month low. In fact, the latest rise was moderate and slower than the average seen across the UK as a whole.

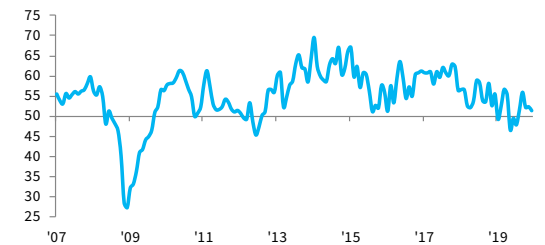
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-19	49.7	54.6	50.3	47.9
Aug-19	47.0	47.0	50.5	51.6
Sep-19	48.1	50.3	52.2	56.0
Oct-19	47.1	53.3	51.1	52.2
Nov-19	48.8	51.7	50.5	52.4
Dec-19	51.9	54.1	52.2	51.4

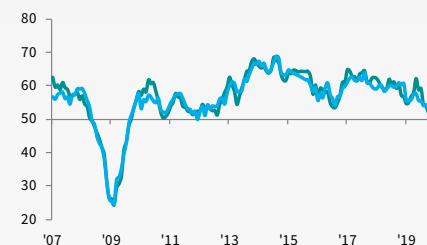
JOB VACANCIES

Demand for both permanent and temporary workers in the North of England continued to increase in the final month of 2019.

Permanent vacancies in the region rose at the quickest pace for three months and solidly overall. The rate of growth was again quicker than that recorded at the national level. Similarly, there was a faster increase in temporary staff demand during December. The latest rise was the fastest since July and sharp overall.

Vacancies Index (Permanent / Temporary)

sa, >50 = growth since previous month

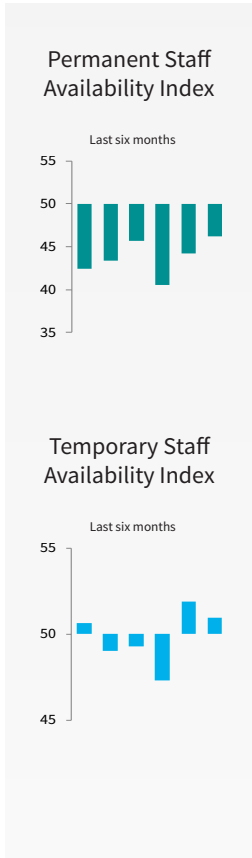


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-19	54.4	59.3	53.4	55.3
Aug-19	53.0	54.4	52.2	53.9
Sep-19	52.5	54.1	53.4	54.1
Oct-19	51.7	52.2	52.9	53.5
Nov-19	51.4	52.3	53.5	54.3
Dec-19	52.1	52.9	53.2	54.5

2 STAFF AVAILABILITY

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



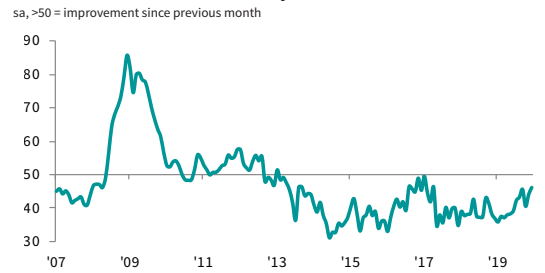
Softest decline in permanent staff availability since April 2017

The supply of permanent workers in the North of England continued to fall during December, extending the current run of deterioration that began in February 2013. Though solid, the rate of decline eased to the softest for over two-and-a-half years. When explaining the latest reduction in permanent availability, some recruiters suggested that workers were unwilling to move jobs amid uncertainty surrounding Brexit and the UK general election.

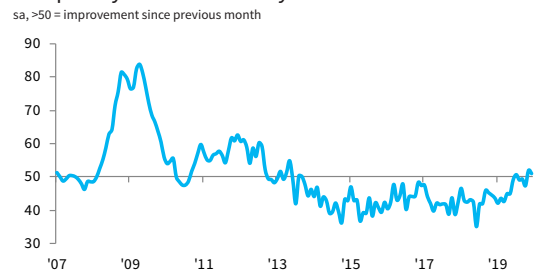
Marginal increase in temporary staff availability

The availability of temporary workers in the North of England increased for the second month running during December. That said, the rate of growth softened from November and was only marginal. Some recruiters suggested that increased temporary labour supply was due to the impending changes to IR35 legislation.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-19	42.1	42.4	47.4	50.6
Aug-19	42.6	43.4	47.3	49.0
Sep-19	42.8	45.7	46.5	49.3
Oct-19	41.6	40.6	47.0	47.3
Nov-19	41.2	44.2	46.1	51.9
Dec-19	42.1	46.2	45.5	50.9

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 Credit Controllers Estimators Management Accountants Pensions Admin Taxation	Engineering Engineers Executive/Professional Architectural Technicians Human Resources Law Marketing Portal Fee Project Managers IT/Computing CNC Data Scientists Developers IT Technology Retail Sales Staff	Secretarial/Clerical Administration Receptionists Secretaries Other Buyers Customer Service Sales
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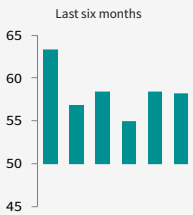
Skills in short supply: Temporary staff

Accounting/Financial Accountants Credit Controllers Payroll Pensions Admin Blue Collar Carpenters Manufacturing Warehouse Construction Joiners Engineering Engineers Executive/Professional Agile Project Manager Law Portal Fee	IT/Computing CAD CNC Data Scientists Developers IT Java Secretarial/Clerical Administration Receptionist Other Buyers Call Centre Customer Service Testers
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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

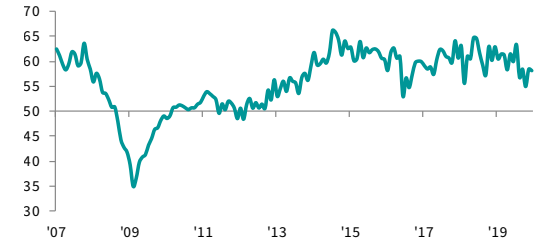


Permanent starting pay increases markedly

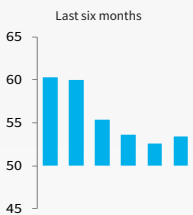
As has been the case throughout 2019, starting salaries for permanent staff in the North of England rose markedly in December. The rate of inflation was fractionally softer than that registered in November, but remained stronger than the national average. Recruiters often linked higher pay offers to attempts to attract suitably skilled workers.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

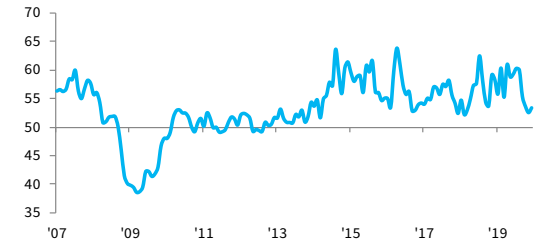


Temp pay inflation accelerates slightly in the final month of 2019

Remuneration awarded to temporary workers in the North of England continued to rise in December. The rate of inflation accelerated from November, when it was the slowest since February 2018. That said, the latest increase was softer than the long-run trend and subdued relative to the UK average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

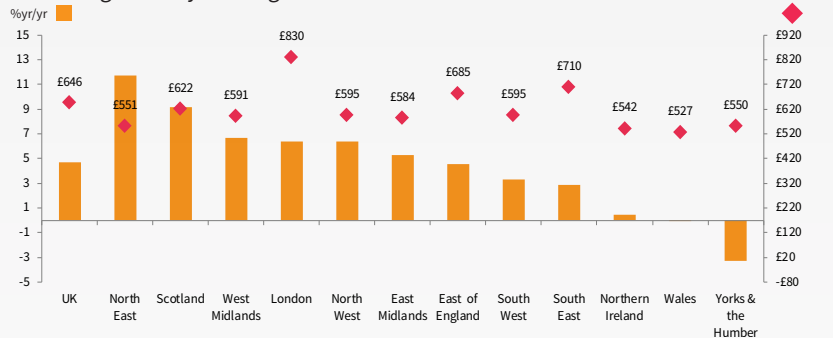
	Permanent		Temporary	
	UK	North	UK	North
Jul-19	58.8	63.4	57.3	60.3
Aug-19	55.5	56.9	57.1	60.0
Sep-19	58.6	58.5	54.7	55.4
Oct-19	57.9	55.0	55.6	53.6
Nov-19	55.2	58.4	54.0	52.5
Dec-19	57.5	58.2	55.2	53.4

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics showed that average weekly earnings across the UK increased 4.7% year-on-year over the third quarter of 2019 to £646.

The quickest increase in earnings during the third quarter was seen in the North East, which registered a 11.7% rise to £551. The only UK region to see reduced pay was Yorkshire & the Humber, where earnings fell 3.3% to £550.

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 increased for the first time for 12 months during December, although the uptick was only mild overall and subdued in the context of historical data. Driving the overall rise were increases in three of the four monitored English regions, the sharpest of which was recorded in the North of England. The South of England was the only region to report a decline in December.

Meanwhile, temporary billings rose across the UK in December, as has been the case in each month since May 2013. The expansion was the joint-fastest since April, although only modest overall. All four of the monitored English regions signalled an uptick in temp billings, with the Midlands recording the quickest rise, followed by London. The softest increase was reported in the South of England.

Candidate availability

December survey data pointed to another decline in the availability of permanent staff across the UK, extending the current sequence of deterioration to over six-and-a-half years. The latest reduction was the softest for three months, but marked nonetheless, driven by falls across all four monitored English regions. The steepest contraction was seen in the South of England, whilst the North of England recorded the softest rate of decline.

In line with the trend for permanent staff, temp labour supply also fell during December, as has been the case in each month since July 2013. The rate of decline was the quickest for six months and sharp overall. At the regional level, the fastest deterioration was reported in the Midlands, followed by the South of England. In contrast to the overall trend in December, the North of England recorded an improvement in temp candidate availability, albeit one that was only mild.

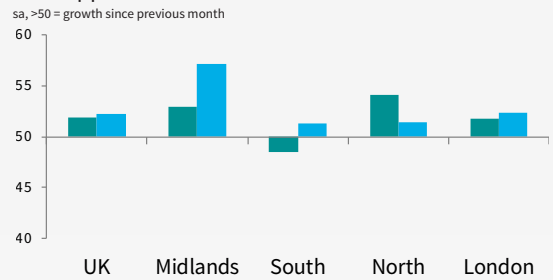
Pay Pressures

December data highlighted a further increase in starting salaries for permanent staff across the UK, stretching the current sequence of inflation to over seven-and-a-half years. The rate of inflation accelerated from November and was sharp overall, with all four of the monitored English regions recording a rise. The North of England reported the quickest increase, whilst London noted the softest rate of pay growth.

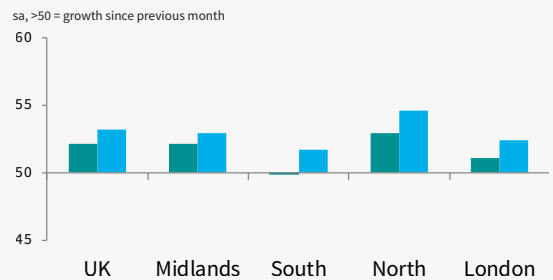
Meanwhile, temp staff wages across the UK rose further during the latest survey period, with wage inflation quickening from November to a solid rate. Of the four monitored English regions, pay growth was most marked in the South of England and London, whilst the North of England recorded the softest rise.

December 2019
Permanent / Temporary

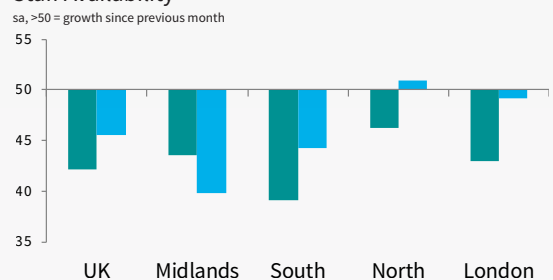
Staff Appointments



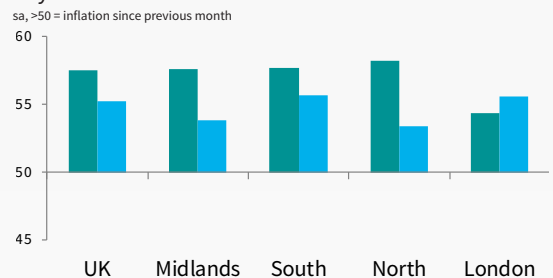
Vacancies



Staff Availability



Pay Pressures



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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.

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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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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.

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