

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

Permanent placements rise at faster pace in July

KEY FINDINGS

Permanent staff appointments rise markedly...

...but temp billings decline further

Temp candidate supply increases for the first time since September 2013

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.

Commenting on the latest survey results, Nicola Quayle, Office Senior Partner at KPMG in Manchester said:

“The North’s jobs market is largely performing well and recruitment activity over the past month points to an underlying resilience in the regional economy. The healthy and growing rate of permanent appointments, coupled with a sharp rise in new vacancies, suggests that employers are determined to press on with their long term growth plans and remain uncowed by uncertainty. Of course, time will tell whether our business community can keep up this momentum or more bearish sentiment elsewhere, and some of the nervousness over temporary roles, puts the brakes on local hires and expansion.”

Recruitment & Employment Confederation chief executive Neil Carberry said:

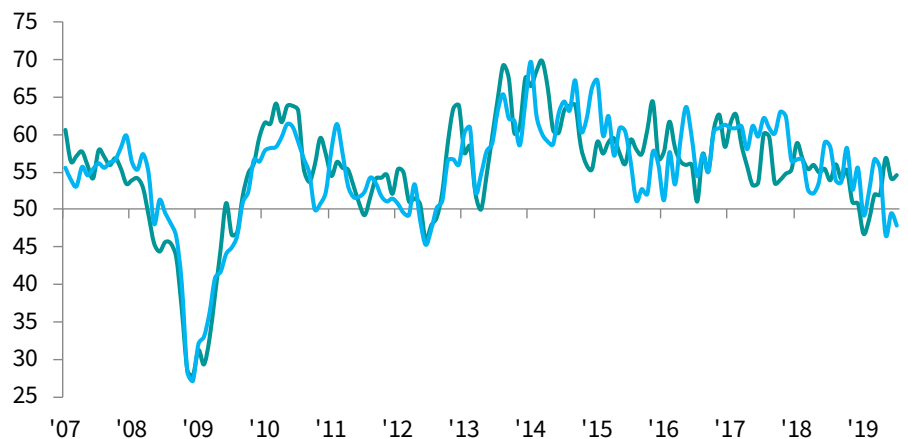
“Our flexible jobs market remains a key strength for the UK as we navigate an uncertain time. Permanent placements are increasing in the North despite the concerning weaker trend elsewhere, employment rates are high and starting salaries are growing.

“The new government should be focused on delivering the negotiated exit from the EU businesses need, but also on avoiding damaging changes that will undermine the strength of our jobs market. An improved approach to immigration, reforms to the apprenticeship levy and avoiding hasty changes to contractor tax rules should be top of the list.

“Recruiters are an invaluable source of local and industry expertise to businesses looking to hire new staff. The REC is helping its members to do this with new, local workforce intelligence data.”

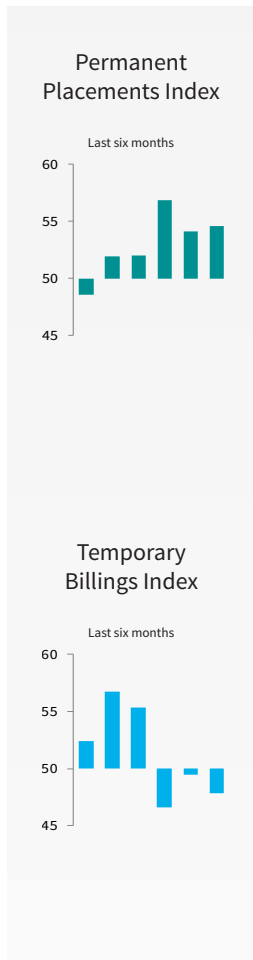
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

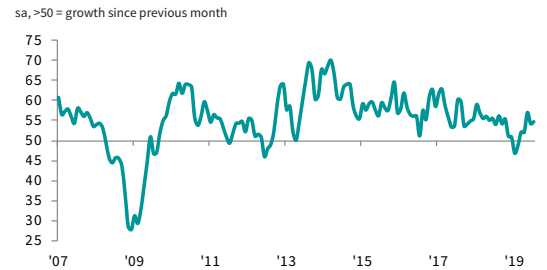
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Faster increase in permanent placements during July

Recruiters in the North of England recorded another rise in permanent placements at the start of the third quarter, extending the current sequence of growth to five months. The rate of expansion ticked up from June and was sharp overall, but remained softer than May's recent high. When explaining the latest increase, some panellists mentioned new business at their clients, particularly from the public sector.

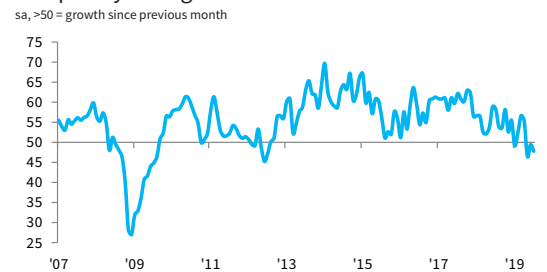
Permanent Placements Index



Temporary billings fall further

July data pointed to a third successive monthly decline in billings received from the employment of temporary staff in the North of England. The pace of contraction accelerated from June and was modest overall. Anecdotal evidence suggested that the latest reduction was driven by a fall in demand for short-term workers.

Temporary Billings Index



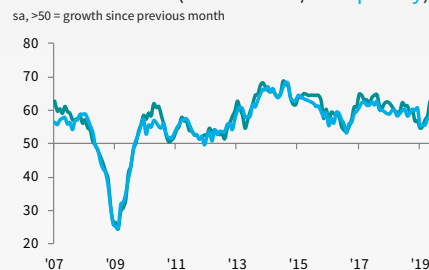
	Permanent		Temporary	
	UK	North	UK	North
Feb-19	50.0	48.6	54.3	52.4
Mar-19	47.6	52.0	52.9	56.7
Apr-19	49.7	52.0	53.8	55.4
May-19	48.5	56.9	50.4	46.6
Jun-19	48.7	54.1	50.8	49.5
Jul-19	49.7	54.6	50.3	47.9

JOB VACANCIES

Demand for both permanent and temporary staff continued to rise in the North of England during July.

Permanent job vacancies rose sharply, with the rate of increase accelerating from June. Moreover, growth in the region outstripped the UK average for the fifth month in a row. Demand for temporary workers in the North of England also rose at a faster pace than the national average, although the rate of growth in the region was broadly unchanged from June.

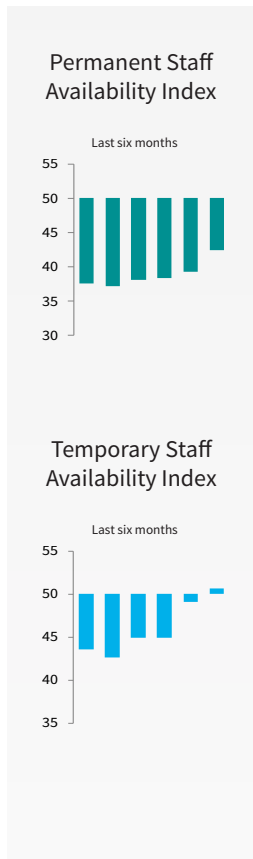
Vacancies Index (Permanent / Temporary)



	Permanent		Temporary	
	UK	North	UK	North
Feb-19	57.1	55.1	56.6	55.7
Mar-19	55.5	57.1	55.7	55.7
Apr-19	53.5	58.3	55.8	57.6
May-19	54.1	62.6	54.7	57.8
Jun-19	54.2	59.0	54.1	55.8
Jul-19	54.7	59.9	53.3	55.7

2 STAFF AVAILABILITY

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



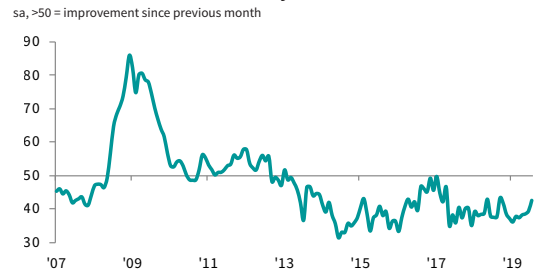
Slowest fall in permanent labour supply since September 2018

Permanent staff availability continued to fall in July, stretching the current run of decline to six-and-a-half years. However, the pace of contraction eased to the softest for ten months. Some recruiters associated the ongoing reduction to Brexit uncertainty.

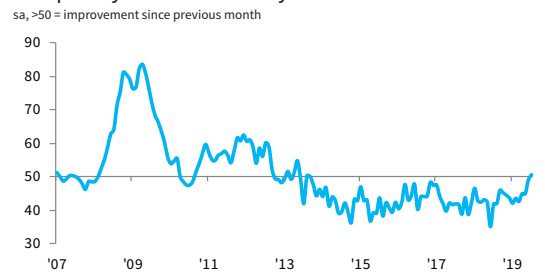
First rise in temp staff availability since September 2013

Recruiters in the North of England saw temporary worker availability increase during July. Although only marginal overall, the rise was the first recorded since September 2013. Anecdotal evidence pointed to an elevated number of recently redundant workers and reduced use of short-term staff.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Feb-19	38.5	37.6	41.8	43.6
Mar-19	37.8	37.2	44.2	42.6
Apr-19	39.0	38.0	44.4	44.9
May-19	37.3	38.3	42.8	45.0
Jun-19	38.5	39.2	43.6	49.1
Jul-19	42.1	42.4	47.4	50.6

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 Accounts Credit Controllers Estimators Finance Junior Accountants Pensions Administrators Tax	IT/Computing Cyber Data Developers IT Software Developers Technical
Construction Construction Workers Quantity Surveyors	Secretarial/Clerical Administrators Receptionists
Engineering Engineers	Other Buyers Customer Services Sales Technical Sales
Executive/Professional Legal Legal Secretaries Litigation Executives Portal Fee Earners Production Managers	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Accounts Assistants Accounts Credit Controllers Junior Accountants Payroll	Executive/Professional Commercial Litigation Executives Marketing Portal Fee Earners	Other Buyers Catering Customer Services Sales
Blue Collar Cleaning Electricians Painter & Decorators Platers Plumbers Warehouse Operatives Welders	Healthcare GPs Health Professionals Nurses	
Engineering Engineers	Hotel/Catering Catering	
	Secretarial/Clerical Administrators Receptionists Senior Administration	

4 PAY PRESSURES

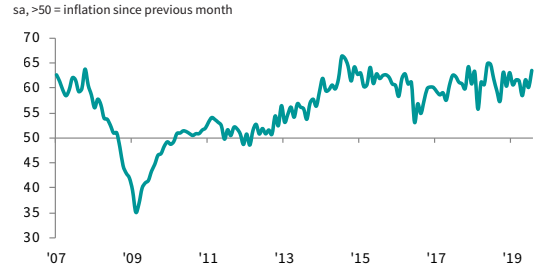
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Quickest rise in starting salaries since June 2018

As has been the case in each month since March 2012, recruitment firms in the North of England reported an increase in permanent starting salaries during July. Moreover, the rate of inflation accelerated to the fastest for just over a year and was sharp overall.

Permanent Salaries Index



Faster temp wage growth in July

Remuneration paid to temporary workers in the North of England rose for the eighty-third month in succession during July. The pace of growth quickened for the second month in a row, and was faster than the UK average for the first time since April. According to some panellists, inflationary pressures were driven by higher demand for staff.

Temporary Wages Index



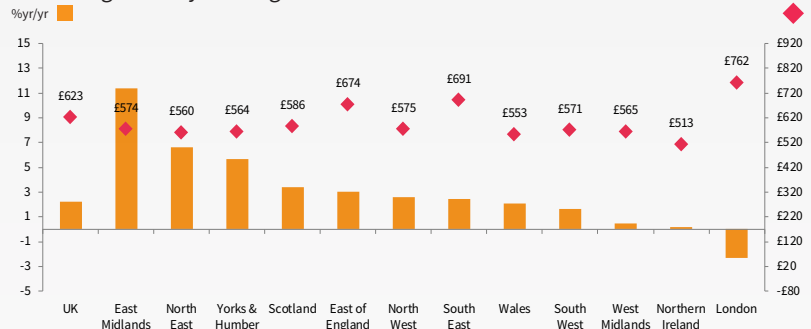
	Permanent		Temporary	
	UK	North	UK	North
Feb-19	61.5	61.5	56.4	60.4
Mar-19	59.3	61.3	55.8	55.2
Apr-19	59.2	58.3	57.8	61.0
May-19	58.9	61.5	59.1	58.8
Jun-19	59.1	60.0	59.3	59.3
Jul-19	58.8	63.4	57.3	60.3

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data published by the Office for National Statistics indicated that average weekly earnings across the UK increased by 2.2% year-on-year over the first quarter of 2019.

The upturn was led by the East Midlands, which saw pay increase 11.4% to £574. London was the only area to register lower pay compared to a year ago, with average weekly earnings falling by -2.3% to £762.

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 fell for the fifth month in a row during July. However, the pace of decline slowed for the second month running and was only marginal overall. The latest result was driven by reductions in three of the four monitored English regions, with only the North of England recording an increase. The fastest deterioration was seen in London.

Meanwhile, temporary staff billings across the UK continued to rise at the start of the third quarter, extending the current run of growth that began in May 2013. However, the rate of expansion eased to the softest over this period and was only slight overall. At the regional level, both the Midlands and the North of England registered moderate declines, whereas there were further increases in London and the South of England.

Candidate availability

As has been the case in each month since May 2013, the supply of permanent workers across the UK fell in July. That said, the rate of contraction was the slowest for two-and-a-half years. All four monitored English regions recorded declines in permanent candidate availability, but only the Midlands reported a faster reduction than in June.

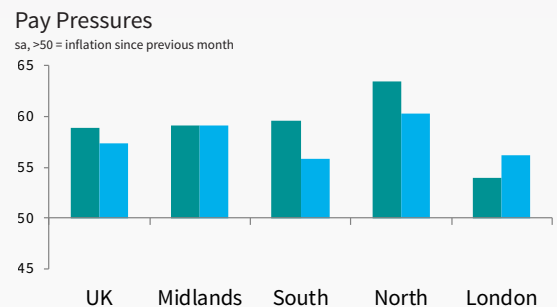
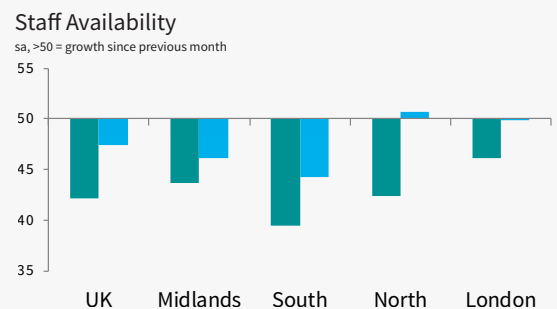
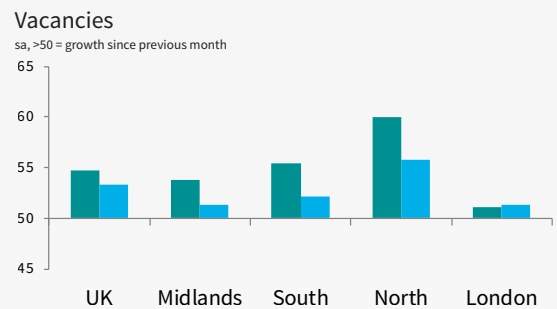
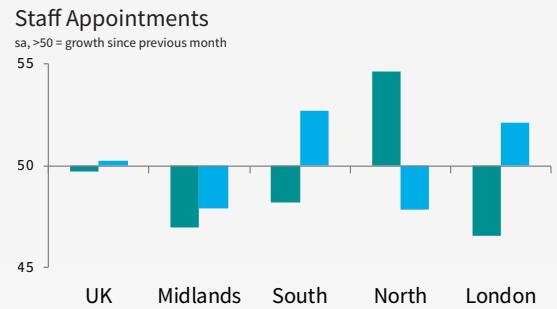
Similar to the trend for permanent staff availability, temporary labour supply across the UK declined during July. The result stretched the current run of reduction to just over six years, but the rate of decrease eased to the softest in that period. At the regional level, there were falls in three of the four monitored English regions, with the only exception being a marginal increase in the North of England.

Pay Pressures

Starting salaries for permanent workers across the UK continued to rise at the start of the third quarter. The rate of inflation remained historically marked, despite easing to a 27-month low. All four covered English regions registered higher starting salaries, with the fastest rise recorded in the North of England.

Temporary pay across the UK also rose in July. The pace of growth eased to the slowest in four months but remained sharp overall. At the regional level, faster rates of pay inflation in the North and South of England contrasted with slower rises in the Midlands and London.

July 2019
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.

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