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## KPMG AND REC UK REPORT ON JOBS

### Staff appointments rise at faster rate in October

#### Key findings

- Steeper increases in both permanent placements and temp billings
- Starting salary inflation close to September's recent high
- Steeper decline in candidate supply

#### Summary

The KPMG and REC UK Report on Jobs is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

The Report on Jobs is unique in providing the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies and employers to provide the first indication each month of labour market trends.

#### Staff appointments increase at quicker pace...

The number of people placed into permanent jobs in the UK rose at a sharp and accelerated rate in October. Notably, the latest increase was the second-fastest since March. At the same time, billings for temp staff expanded at the quickest pace since May.

#### ...as demand for staff remains robust

Although job vacancies expanded at the softest pace for nearly two years in October, growth of demand for staff remained historically sharp at the start of the fourth quarter.

#### Starting salary inflation holds close to multi-year high...

Starting salaries continued to rise sharply in October, with the rate of inflation holding close to September's 41-month record. Hourly pay rates for temporary staff also increased markedly, despite the rate of growth

edging down to the least marked since March.

#### ...driven by sustained fall in candidate availability

Overall candidate availability declined at the quickest pace for nine months in October. The supply of both permanent workers and temporary staff fell at steeper rates compared to September, with the former noting the sharper pace of reduction.

#### Regional variation

All four English regions monitored by the survey registered steep increases in permanent placements, led by the South of England.

The Midlands saw the quickest increase in temp billings in the latest survey period, though sharp rates of growth were also registered elsewhere.

#### Sector variation

Demand for staff continued to increase at a quicker pace across the private sector compared to the public sector during October.

In the private sector, both permanent and temporary staff vacancies rose at softer, but still sharp, rates. In the public sector, demand for permanent staff increased at a faster pace, but softened for temporary workers.

Vacancies for permanent staff rose across all ten monitored job categories in October. IT & Computing and Engineering registered the steepest increases in demand, while the slowest (but still marked) rise was seen for Construction staff.

Nursing/Medical/Care topped the rankings in terms of demand for temporary workers at the start of the fourth quarter. That said, all other categories also noted higher vacancies for short-term staff.

### Comment

Commenting on the latest survey results, James Stewart, Vice Chair at KPMG, said:

*“Whilst Brexit may be dampening overall business investment, firms continue to hire new staff at near record rates. With the jobs market so heated, businesses across the country, of all types, are struggling to find work ready staff. Particular pinch points include IT, engineering, nursing and care staff. Some clients tell us they are seeing the worst period of staff availability for 20 years. A four-decade low in unemployment and a dwindling supply of EU workers means good candidates are at a premium. Consequently, we’re seeing wages pushed upwards and a trend of canny workers job hopping to secure a pay rise rather than remaining loyal to their existing employers.”*

Neil Carberry, Chief Executive at the REC says:

*“Skills shortages are a long-standing feature of our economy. They affect the ability of employers to grow and create jobs. That we have shortages in key skilled roles like IT, engineering and health is a sign that the right training and support is not in place for people to progress into these jobs from lower skilled work.*

*“While firms spend a lot every year on training, this mismatch persists. It’s time for businesses and government to work together to address it. Renewed investment from firms must be partnered with openness from Government to doing things differently, starting with the reform the Apprenticeship levy needs, turning it into a skills levy that supports all workers to have access to the training they need.”*

*“A new partnership is also necessary in our NHS. As we head towards winter we are once again seeing potential shortages of nursing, medical and social care staff. Working with recruiters to address this should be a Government policy priority - without access to agency workers key front line services could be put under threat.”*

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## Methodology

The KPMG and REC UK Report on Jobs is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

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.

The headline figure is the Permanent Placements Index, calculated from responses to the question "Is the number of people placed in permanent jobs higher, the same or lower than one month ago?".

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).

Full reports and historical data from the KPMG and REC UK Report on Jobs are available by subscription. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## About KPMG

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 14,500 partners and staff. The UK firm recorded a revenue of £2.2 billion in the year ended 30 September 2017. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 154 countries and territories and has 200,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

## About REC

Jobs transform lives, which is why we are building the best recruitment industry in the world. As the professional body for recruitment we're determined to make businesses more successful by helping them secure the people they need. We are absolutely passionate and totally committed in this pursuit for recruiters, employers, and the people they hire. Find out more about the Recruitment & Employment Confederation at [www.rec.uk.com](http://www.rec.uk.com).

## About IHS Markit

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