News Release

Embargoed until 0101 (UK) 8 August 2019

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

Summary

The latest KPMG and REC, UK Report on Jobs: North of England pointed to a faster rise in permanent placements in the region during July.

The report, which is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England, signalled a sharp rise in permanent staff appointments at the start of the third quarter. This contrasted with another fall in temp billings. Meanwhile, temporary staff availability rose for the first time since September 2013, with some recruiters linking this to redundancies and reduced use of short-term staff.

Faster increase in permanent placements during July

Recruiters in the North of England recorded another rise in permanent staff appointments 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 panelists mentioned rising business requirements at their clients. However, at the national level, permanent staff appointments fell for the fifth month in a row. Although the pace of decline slowed for the second month running, three of the four monitored English regions recorded reductions.

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. 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, the Midlands registered a moderate decline, while there were further increases in London and the South of England.

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.

Slowest fall in permanent labour supply since September 2018

Permanent staff availability continued to fall in the North of England during 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. Across the UK, the supply of permanent workers fell at the slowest rate 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.

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 increased amounts of redundant workers and lower usage of temporary workers. At the national level, temporary labour supply fell again in 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, all three of the other covered English regions recorded a fall in temporary staff availability.
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. Starting salaries for permanent workers also rose across the UK as a whole. 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.

Comment

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.”

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 greater competition for skilled workers. Temporary pay across the UK also rose in July. The pace of growth eased to the slowest in four months but remained sharp overall. Temp pay inflation also quickened in the South of England, while softer rises were seen in the Midlands and London.

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. Businesses will be looking to politicians for a pragmatic way forward – not just on Brexit, but on domestic policies too.

“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.

“In difficult times such as these, recruitment specialists 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 our new, local workforce intelligence data, so that they can continue to provide employers with the right people to grow their business.”
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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.

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact economics@ihsmarkit.com

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 16,300 partners and staff. The UK firm recorded a revenue of £2.338 billion in the year ended 30 September 2018. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 154 countries and has 200,000 professionals working in member firms around the world. The independent memberfirms 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

The REC is all about brilliant recruitment, which drives our economy and delivers opportunity to millions. As the voice of the recruitment industry, we champion high standards, speak up for greatrecruiters, and help them grow. Recruitment is a powerful tool for companies and candidates to build better futures for themselves and a strong economy for the UK. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com

About IHS Markit

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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