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KPMG AND REC, UK REPORT ON JOBS

Uncertainty continues to weigh on staff hiring decisions in April

Key findings

- Permanent staff appointments fall slightly, but temp billings rise
- Staff vacancies rise at the slowest rate since August 2012
- Candidate shortages continue to push up starting pay

Summary

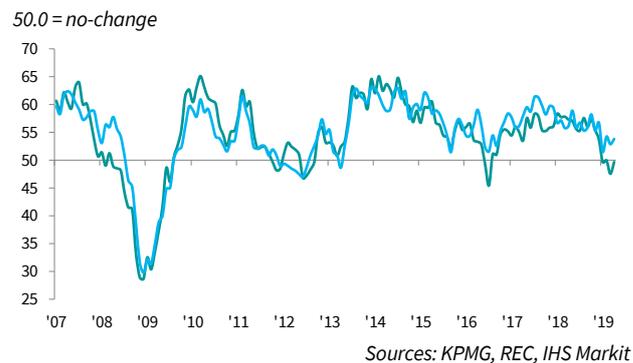
The latest **KPMG and REC, UK Report on Jobs**, indicated that uncertainty towards the outlook continued to weigh on hiring activity, with permanent staff appointments falling slightly in April. In contrast, temp billings expanded further, and at a slightly quicker pace than in March. Vacancies for both permanent and temp staff meanwhile rose at slower rates, and candidate shortages continued to push up rates of pay.

The report, which is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies, signalled that permanent placements fell for the third time in 2019 so far, albeit only slightly. In contrast, billings received from the employment of short-term staff rose strongly.

Uncertain outlook continues to dampen recruitment activity

Latest data signalled that permanent staff hiring declined again in April, though the rate of reduction softened from March's 32-month record and was only slight. Recruitment consultants widely commented that Brexit-related uncertainty had impacted on hiring decisions. At the same time, billings from the recruitment of temp workers rose at a quicker pace amid reports of firm demand for short-term staff.

Permanent Placements / Temporary Billings



The index measuring overall vacancies edged down further in April, to signal the weakest increase in demand for staff since August 2012. The softer expansion in total vacancies was predominantly driven by a slower rise in permanent staff demand.

Availability of candidates declines again in April

A reluctance among workers to seek new roles due to uncertainty related to Brexit, as well as a generally low unemployment rate, led to a further decline in staff availability. That said, both permanent and temporary worker supply deteriorated at softer rates than in March.

Greater competition for scarce candidates contributed to steep increases in pay for both permanent and temporary workers. That said, the rate of starting salary inflation was the softest seen for two years. In contrast, temp wages rose at the strongest rate since January.

Regional and Sector Variations

London recorded the quickest drop in permanent staff appointments of all four English regions. In fact, the North of England was the only area to see an increase in permanent placements during April. On a regional basis, the North of England noted the quickest expansion in temp billings, closely followed by the South. The

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Midlands meanwhile noted the first reduction for just over seven years.

April data continued to point to subdued public sector staff demand compared to the private sector. In the public sector, permanent vacancies fell slightly, but rose marginally for temp workers. Demand for permanent staff in the private sector meanwhile rose at a softer, but still strong, rate and strengthened for temp workers.

IT & Computing topped the rankings for permanent staff demand, closely followed by Nursing/Medical/Care and Engineering. However, the majority of monitored sectors noted softer increases in vacancies. Retail noted a sharper decline.

The quickest increase in temporary staff vacancies was again seen in Nursing/Medical/Care in April. Blue Collar and Hotel & Catering completed the top three in the rankings. In contrast, short-term vacancies fell in Executive/Professional and Retail.

Comments

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

“This report shows how the UK jobs market has seized up, with both employers and candidates waiting to see which direction Brexit is going to go in. For now, this smothers the prospects for growth and makes it a lot harder for companies looking to innovate.

“Overall employers have hired fewer permanent staff in three of the past four months and most of the firms we’re speaking to say that uncertainty around Brexit is to blame. A subdued public sector is also contributing to the wider picture.

“On the supply side, a high rate of employment and the apprehension of potential candidates means there just aren’t a lot of suitably skilled people out there to hire anyway. This is an increasing problem for firms in technology, health, and engineering who are experiencing a skills gap.

“Concern over the long-term picture means now is a good time to be a temp’ with steep increases in pay for both day rate and short contract workers.”

Neil Carberry, Recruitment & Employment Confederation chief executive, said:

“Today’s report shows the continued strength, agility and flexibility of the UK labour market. In uncertain times, employers are turning to temporary work to support their business and offer people opportunity while the long-term economic picture is unclear.

“There are signs that the jobs market is gently weakening for permanent roles, despite ongoing issues of skills and candidate shortages. This too is likely to be associated with uncertainty about the future path of our economy.

“We should be proud of how our jobs market has adapted to challenging circumstances. Resolving Brexit will bring some certainty, but we must also take bold steps to fix the underlying problems suggested by these figures, including reforming the apprenticeship levy to allow training for agency workers so that they can fill shortage roles.”

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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.

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 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

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 great recruiters, 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 (Nasdaq: 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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