News Release

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

Permanent staff appointments rise slightly in September

Key findings

- Permanent placements rise following drop in August
- Temp billings growth picks up to six-month high
- Permanent starting pay increases at quicker rate

Summary


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, pointed to a renewed increase in permanent placements at the end of the third quarter. Moreover, temporary billings increased at the fastest rate for six months. Demand for both permanent and temporary staff remained strong, while the supply of labour continued to fall.

Slight recovery in permanent placements during September

Following a solid decline in August, permanent staff appointments increased in the North of England during September. That said, the rate of growth was only marginal overall. When explaining the rebound, recruiters mentioned increased activity at their clients. At the UK level, permanent placements fell for the seventh month running. That said, the rate of decline eased slightly from August and was modest. Driving the latest reduction were falls in three out of the four monitored English regions, the sharpest of which was seen in the Midlands.

Recruiters in the North of England recorded a second successive monthly rise in temporary billings during September. Moreover, the rate of increase accelerated to the quickest for six months and was sharp overall. Anecdotal evidence suggested that demand for temporary staff was driven by increased activity in the public sector and a reluctance among employers to take on permanent hires. Across the UK as a whole, temporary staff billings rose at the quickest pace since April. The increase was modest overall and slower than the long-run series average. In other regions, solid growth the Midlands and a fractional rise in the South contrasted with a modest fall in London.

Demand for both permanent and temporary staff in the North of England continued to rise at the end of the third quarter. The latest increase in permanent vacancies extended the current sequence of growth to just over ten years. That said, the pace of expansion was the slowest since August 2016. Meanwhile, demand for temporary workers rose at a quicker rate than in August. The increase was steeper than recorded at the national level.

Softest decline in permanent labour supply since April 2017

September data pointed to a further reduction in permanent staff availability in the North of England. Though marked, the rate of decline was the softest for almost two-and-a-half years and was slower than the UK average. Some recruiters suggested that fewer people were willing to move jobs amid ongoing Brexit uncertainty. Across the UK, permanent labour supply continued to fall in September. The rate of decline eased to the softest in 33 months, although it remained marked nonetheless. All of the four surveyed English regions reported a fall in the supply of permanent candidates, with the steepest reduction seen in London and the softest in the North.

Recruiters in the North of England recorded a decrease in temporary staff availability for the second month in a row at the end of the third quarter. That said, the rate of reduction was only marginal and eased slightly from August. Anecdotal evidence suggested the fall in temp labour supply was due to a relatively low unemployment rate and uncertainty surrounding Brexit. At the national level, the availability of temporary staff continued to decline, with the reduction gathering pace from August. The fall was strong and the fastest in three months. The South registered a steep decline and the
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sharpest across the four monitored English regions, followed by the Midlands and London.

**Permanent starters’ pay increases at faster rate in September**

Remuneration received by permanent starters in the North of England continued to rise during September, extending the current run of increase to just over seven-and-a-half years. The rate of inflation accelerated from August, but remained slower than the average recorded throughout 2019 so far. At the national level, the rate of starting salary inflation also quickened from August. The increase was sharp overall, and broad-based across the four monitored English regions. All four saw a broadly similar rate of salary inflation.

Wages awarded to temporary workers in the North of England continued to rise in September. Although the rate of inflation decelerated to the slowest for six months, it remained historically marked and quicker than the average recorded across the UK. At the national level, the increase was the slowest seen since November 2016 and below the series average. Inflationary pressures were weakest in London, whilst the Midlands reported the fastest rate of growth in temporary worker remuneration.

**Comment**

Christine Hewson, North Region Chair at KPMG, said:

“Following a drop in August, a return to growth in the number of permanent staff appointments is a good indication of the resilience of the regional economy as businesses press on with their growth plans following the summer holidays. Salaries for those appointments have also continued to rise across the region, extending the current seven-and-a-half-year run. However, many business leaders will be concerned about the quality of the current labour pool, with September seeing a further reduction in available talent across the market, as many are continuing to stick rather than twist amid an uncertain Brexit outcome.”

Recruitment & Employment Confederation chief executive Neil Carberry said:

“Businesses are positive about their own prospects, but ongoing Brexit uncertainty has led many firms to delay projects and hiring decisions. Vacancy growth has fallen to its lowest since 2012. The UK’s vibrant temporary work market is playing an important role in helping employers to manage the ongoing uncertainty and job-seekers to find work.

“There are deeper issues which must be addressed to secure the UK’s future prosperity. Productivity is falling, and there are skills shortages in vital sectors across the economy. Solving these problems must be top of the government’s to-do list once the Brexit deadlock has been broken.”
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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 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.

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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.

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