

Embargoed until 0101 (UK) 7 December 2018

KPMG AND REC, UK REPORT ON JOBS

November sees weaker growth in staff appointments

Key findings

- Softer increases in permanent placements and temp billings
- Vacancy growth edges down to 25-month low
- Temp pay rises at fastest rate since July 2007

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.

Slower rise in staff appointments

Permanent placements and temporary billings both increased at softer rates in November. Though strong, the upturn in permanent staff appointments was the second-weakest since October 2017, while temp billings expanded at the joint-weakest rate for just over two years.

Vacancy growth edges down to 25-month low

Though elevated by historical standards, the overall rate of vacancy growth edged down to the least marked for just over two years in November. This was driven by a slightly softer increase in permanent job openings, as temp vacancies rose at a fractionally faster pace.

Candidate availability continues to tighten...

The overall availability of staff continued to decline sharply in November. This was despite the rate of reduction easing to the weakest since March, helped by softer falls in the supply of both permanent and

temporary candidates.

...leading to further upward pressure on pay

Tight labour market conditions and greater competition for workers led to further marked rises in pay for both permanent and temporary staff. Notably, temporary wages increased at the quickest rate since July 2007. Permanent starting salaries meanwhile rose at one of the sharpest rates seen in the past three-and-a-half years.

Regional variation

Steep increases in permanent staff appointments were seen across three of the four monitored English regions, as the North of England registered only a modest rate of expansion.

The upturn in temp billings was broad-based across all four monitored English regions. The Midlands saw by far the quickest rate of growth, while relatively modest expansions were registered elsewhere.

Sector variation

November data pointed to rising demand for both private and public sector staff, though growth remained sharper for the former.

The strongest increase in vacancies was seen for temporary private sector staff, closely followed by permanent workers in this sector. In the public sector, short-term vacancies rose sharply, while demand for permanent staff expanded modestly.

IT & Computing led a broad-based expansion of demand for permanent workers during November, closely followed by Engineering. Nonetheless, marked increases in vacancies were also seen in the remaining eight monitored categories.

All ten monitored temporary/contract staff categories noted increased demand during November. Blue Collar registered the steepest rise in vacancies, while the softest was seen for Executive/Professional.

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

“Despite the uncertainty around Brexit, companies are still recruiting. It’s very much a candidates market at the moment and demand for workers is driving a sharp increase in starting salaries. It’s been getting harder and harder for firms to find good staff and with UK immigration policy likely to tighten, this trend isn’t going to get any easier.

“Concerns about a no deal Brexit are putting a handbrake on the supply of candidates as the value of job security and stability shoot up people’s personal agendas. However, candidates who are prepared to take a chance and job hop can often bag a pay rise as a result. This is especially apparent in sectors like IT, engineering, hospitality and finance where quality candidates now come at a sizable premium.

“Such high and sustained levels of employment are relatively new territory for the UK and put us in an elite international group. along with the US, Germany and Japan where greater automation is already the norm. Will we see a move to greater automation in the UK?”

Recruitment & Employment Confederation chief executive Neil Carberry said:

“Today’s report backs up what recruiters across the country are saying to us. High employment rates and a lack of willingness to change employer in this uncertain climate means fewer people are looking for jobs – despite rising pay and jobs being available.

“After a long run of strong performance, it seems that employers are getting more nervous as well. Although permanent and temporary placements continued to increase, the pace of growth has slowed since earlier in the autumn.

“Recruiters across the country are working hard to fill gaps in our labour market but in the run-up to Christmas, sectors like hospitality and warehousing are facing particular challenges as they ramp up to the festive season. More clarity on the future path of Brexit and immigration will underpin business and consumer confidence, ensuring the UK’s jobs performance remains strong.”

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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

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.

About IHS Markit

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