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

### Permanent appointments increase at joint-softest pace since April 2013

#### Key findings

- Slower growth of permanent placements and temp billings
- Faster decline in labour supply
- Pay pressures remain historically elevated

#### Summary

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.

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.

#### **Permanent placements expand at joint-softest rate since April 2013**

Permanent staff appointments in the North of England increased at the joint-slowest rate in the current 67-month sequence of growth in November, on a par with July 2016. Notably, the rise in placements was only marginal overall. Recruiters reporting a higher number of appointments commented on strong demand for staff. Meanwhile, some panellists mentioned that hiring plans were dampened due to concerns surrounding Brexit and low candidate availability. Permanent staff placements also continued to rise markedly across the UK as a whole in November. However, the rate of expansion was the slowest since July, with softer growth also noted in the South of England.

Following a sharp increase in October, temporary billings growth in the North of England lost momentum in November. Moreover, the latest expansion was only moderate overall and the weakest since April. A number of survey respondents noted strong demand for staff

when reporting a rise. Across the UK, the rate of growth in temp billings eased during November. Though still sharp overall, it was the joint-weakest increase seen for just over two years (on a par with August 2018). All four monitored English regions reported softer growth in temporary billings compared to October.

November survey data pointed to a further rise in demand for permanent staff in the North of England. However, while the number of vacancies rose sharply, growth was softer than at the start of the fourth quarter. Vacancies for temporary workers also increased markedly during November. The latest rise was stronger than the UK average, despite growth of demand easing compared to October.

#### **Permanent staff availability declines at sharper rate**

The decline in permanent staff availability in the North of England persisted in November, extending the current run of contraction to 70 months. Moreover, the rate of reduction accelerated to the fastest seen in three months. Recruiters commented on a lack of quality candidates and that workers were hesitant to change jobs amid Brexit uncertainty. At the UK level, permanent staff availability fell for the sixty-seventh month in a row, as rates of contraction remained sharp in all four covered English regions. That said, the overall pace of decline was the softest since March, with both London and the South of England registering slower falls compared to October.

The availability of temporary workers in the North of England fell at the steepest rate since August in November, following a second successive acceleration in the pace of decline. The latest contraction was sharp overall, albeit the softest recorded across the four covered English regions. Recruiters attributed November's decline to a lack of skilled workers as a result of high employment. Across the UK, temporary labour supply contracted at a slower pace than in October, registering the softest decline for three months. However, the drop was still historically marked and sharp overall.

## Starting salary growth remains robust

Permanent starting salary inflation in the North of England eased during November. That said, the rate of growth was robust overall and remained historically marked. Panellists continued to link higher starting salaries to labour market tightness and greater competition for workers. At the national level, data pointed to a further sharp rise in starting salaries for permanent staff, despite the rate of growth easing to a three-month low. Faster rises in London and the South of England contrasted with slower increases in the Midlands and the North of England.

Remuneration for temporary staff in the North of England rose sharply midway through the fourth quarter, with wages increasing at the fastest rate since July. That said, the pace of inflation was slower than the UK average, as has been the case for the past three months. Temporary pay rates across the UK increased at the fastest pace since July 2007. Stronger rates of wage inflation were seen in three of the four monitored English regions, with the steepest rise seen in the South of England.

## Comment

Commenting on the latest survey results, Chris Hearld, Northern Regional Chairman at KPMG UK said:

*“Amidst the political noise, Northern businesses are largely unfazed in their bid to recruit and make new hires, which is a really positive indicator of the underlying health of the regional economy. That appetite shows the resilience of our local management teams to see through this period of uncertainty and reveals a determination to make the most of the growth opportunities that arise. We expect some of the tightness in the job market to relent as trading conditions become clearer and candidates feel more confident to consider new roles.”*

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: 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](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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