

Embargoed until 0101 (UK) 10 January 2020

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

Fastest rise in permanent placements since July

Key findings

- Further marked increase in permanent starters' pay
- Slowest fall in permanent labour supply since April 2017
- Strong demand for both permanent and temp workers

Summary

The latest **KPMG and REC, UK Report on Jobs: North of England** pointed to the fastest rise in permanent staff appointments in the region since 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, revealed a solid increase in permanent placements, but a softer rise in temp billings. Demand for both permanent and temporary workers rose at faster rates than seen on average across the UK. Meanwhile, permanent labour supply fell at the slowest pace since April 2017.

Sharpest rise in permanent placements for five months

Recruiters in the North of England reported a marked increase in permanent appointments in the final month of 2019. The rate of growth accelerated to the quickest since July and outpaced the national average. Anecdotal evidence attributed the latest upturn to stronger demand for workers. Across the UK as a whole, permanent staff appointments increased for the first time for 12 months. That said, the uptick was only mild overall and subdued in the context of historical data. Driving the overall rise were increases in three of the four monitored English regions. The South of England was the only region to report a decline in December.

Temporary billings in the North of England continued to increase during December, but the pace of expansion edged down to a five-month low. In fact, the latest rise

was moderate and slower than the average seen across the UK as a whole. At the national level, temporary billings expanded at the joint-fastest rate since April, albeit modestly overall. All four of the monitored English regions signalled an uptick in temp billings, with the Midlands recording the quickest rise, followed by London. The softest increase was reported in the South of England.

Demand for both permanent and temporary workers in the North of England continued to increase in the final month of 2019. Permanent vacancies in the region rose at the quickest pace for three months and solidly overall. The rate of growth was again quicker than that recorded at the national level. Similarly, there was a faster increase in temporary staff demand during December. The latest rise was the fastest since July and sharp overall.

Softest decline in permanent staff availability since April 2017

The supply of permanent workers in the North of England continued to fall during December, extending the current run of deterioration that began in February 2013. Though solid, the rate of decline eased to the softest for over two-and-a-half years. When explaining the latest reduction in permanent availability, some recruiters suggested that workers were unwilling to move jobs amid uncertainty surrounding Brexit and the UK general election. At the national level, permanent candidate availability also continued to deteriorate. The latest reduction was the softest for three months, but marked nonetheless, driven by falls across all four monitored English regions. The steepest contraction was seen in the South of England.

The availability of temporary workers in the North of England increased for the second month running during December. That said, the rate of growth softened from November and was only marginal. Some recruiters suggested that increased temporary labour supply was due to the impending changes to IR35 legislation. Across the UK as a whole, temp labour supply fell during December, as has been the case in each month since July 2013. The rate of decline was the quickest for six

months and sharp overall. At the regional level, the fastest deterioration was reported in the Midlands, followed by the South of England.

Permanent starting pay increases markedly

As has been the case throughout 2019, starting salaries for permanent staff in the North of England rose markedly in December. The rate of inflation was fractionally softer than that registered in November, but remained stronger than the national average. Recruiters often linked higher pay offers to attempts to attract suitably skilled workers. Across the UK as a whole, data also pointed to a further increase in starting salaries for permanent staff. The rate of inflation accelerated from

Comment

Commenting on the latest survey results, Euan West, office senior partner for KPMG in Leeds, said:

“With last month’s general election providing some future clarity for the economy, we’re seeing a knock-on effect in confidence, with employers in the region exploring growth plans which will require support from the right mix of talent. If the jobs market continues to loosen in 2020 job-seekers will be increasingly pursuing new opportunities with the wind of ongoing pay inflation behind them.”

November and was sharp overall, with all four of the monitored English regions recording a rise.

Remuneration awarded to temporary workers in the North of England continued to rise in December. The rate of inflation accelerated from November, when it was the slowest since February 2018. That said, the latest increase was softer than the long-run trend. At the national level, temp staff wages also rose, with wage inflation quickening from November to a solid rate. Of the four monitored English regions, pay growth was most marked in the South of England and London.

Recruitment & Employment Confederation chief executive Neil Carberry said:

“After the uncertainty of 2019, there are some signs of a clearer outlook for hiring in today’s survey. With a new government in place and the path ahead looking more predictable, some businesses have decided that they have waited long enough. The first increase in permanent placements for a year should give encouragement to both recruiters and employers – let’s hope this is a sign of positive things to come.

“Feedback from recruiters shows that the upcoming IR35 changes are affecting both placements and the availability of flexible workers. This is a delicate period for the jobs market, and is the worst time to push through sweeping changes to the way we tax contractors. It is right that government engages further with business on the changes, but they should also delay implementation until next year to allow time for a full, independent review and effective regulation of the umbrella sector. As it stands, the government risks damaging ethical businesses and encouraging non-compliance.”

Contact

KPMG

Gill Carson
+44 (0) 7768 635843
gill.carson@kpmg.co.uk

REC

Josh Prentice
Comms & Research Officer
+44 (0)20 7009 2129
josh.prentice@rec.uk.com

REC

Ciaran Price
PR Manager
+44 (0)20 7009 2129
ciaran.price@rec.uk.com

IHS Markit

Eliot Kerr
Economist
T: +44-2031-593-381
eliot.kerr@ihsmarkit.com

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.

About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. 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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.



Disclaimer

The intellectual property rights to these data are owned by or licensed to IHS Markit and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.