

KPMG AND REC, UK REPORT ON JOBS

Permanent staff appointments decline at quickest rate for over three years

KEY FINDINGS

Hiring activity wanes due to heightened uncertainty

Demand for staff increases at slowest rate since January 2012

Pay pressures soften

KEY DATA

Permanent Placements Index



Temporary Billings Index



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.

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

“Brexit uncertainty continues to take its toll on the jobs market, evident by the quickest drop in permanent placements in over three years as employers delay hiring staff.”

“Given the current climate, it’s not a surprise but is still a concern to see that the demand for staff increased at the slowest rate since 2012 – and that people are reluctant to seek new roles. On the plus side however, the latest decline in staff supply was the least marked for over two and a half years amid greater competition, softening the pressures on pay.”

“Looking ahead and with investment also contracting, businesses desperately need clarity on Brexit outcomes in order to re-build confidence in the jobs market and be able to make more informed decisions on their long-term hiring plans.”

Neil Carberry, Chief Executive of the Recruitment & Employment Confederation, said:

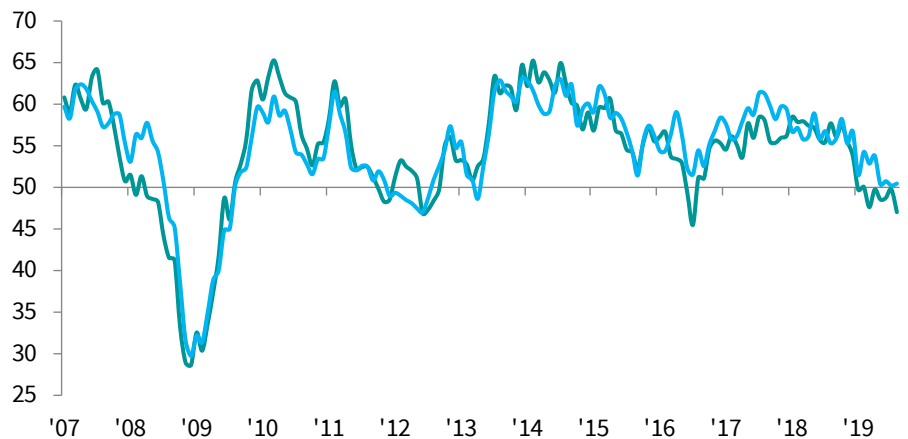
“Today’s figures are a sobering reminder to politicians of all parties that national prosperity relies on businesses creating jobs and growing careers. Britain’s record on jobs is world-leading. It’s a key part of our economic success, with recruiters at the forefront of it. And there are still great opportunities out there for those looking for a new job and a boost in earnings.”

“But all this rests on business confidence – the confidence to invest, to hire someone, to try something new – and it’s clear that things are getting harder. Permanent placements have now dropped for six months in a row and vacancy growth is slowing. While we continue to benefit from the flexibility of our jobs market as demand for temps holds steady, today’s survey emphasises the real world impacts of the political and economic uncertainty businesses are facing.”

“The first priority should be avoiding a damaging no-deal Brexit and giving some stability back to British businesses, so they can drive the prosperity of the whole country.”

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



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1 EXECUTIVE SUMMARY

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.

The main findings for August are:

Solid drop in permanent placements

Recruitment consultancies signalled that the number of people placed into permanent job roles dropped for the sixth month running in August, as many firms delayed hiring decisions due to Brexit-related uncertainty. At the same time, temp billings continued to rise only marginally.

Overall vacancies increase at slowest pace since 2012

August data signalled the slowest increase in total job vacancies since January 2012. Growth of demand eased for both permanent and temporary staff, with the former expanding at the slowest rate for seven years and the latter at the softest pace for a decade.

Starting pay inflation softens

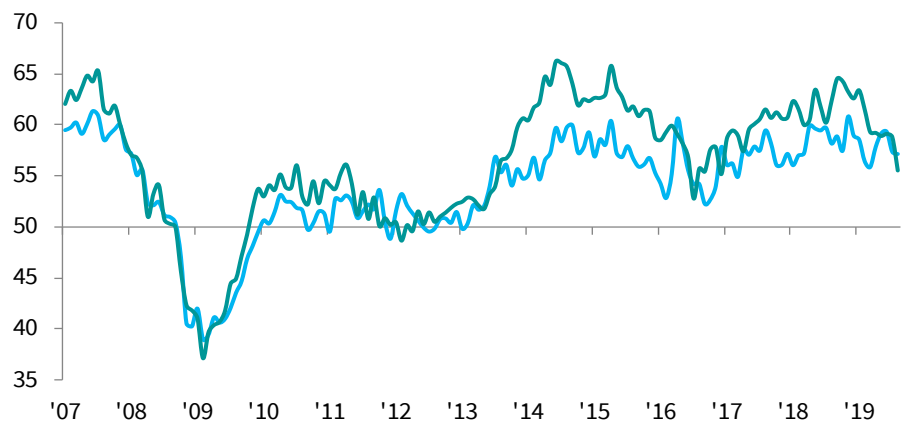
Starting salaries for permanent workers continued to rise in August amid reports of greater competition for staff. Though sharp, the rate of inflation was the slowest recorded since December 2016. Meanwhile, temp pay growth edged down to a five-month low.

Candidate supply contracts further in August

Although overall candidate availability deteriorated at the slowest pace for 32 months in August, the reduction remained much quicker than the historical trend. The fall was led by a further steep decline in permanent candidate numbers, as temp labour supply fell modestly.

Permanent Salaries Index / Temporary Wages Index

sa, >50 = inflation since previous month

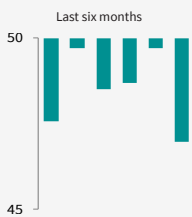


2 STAFF APPOINTMENTS

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

An index reading above 50 signals a higher number of placements/billings than the previous month. Readings below 50 signal a decline compared with the previous month.

Permanent Placements Index



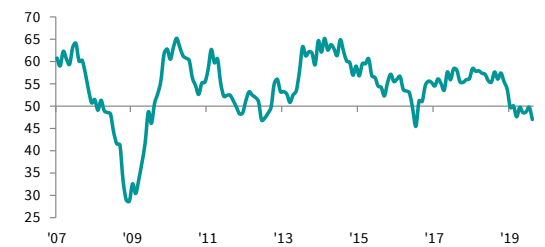
Permanent staff appointments fall solidly

The seasonally adjusted Permanent Placements Index posted below the neutral 50.0 level, to signal a drop in permanent staff appointments across the UK for the sixth month in a row. Furthermore, the rate of decline was the steepest recorded since July 2016, when hiring was hit following the Brexit referendum result. Recruitment consultancies often blamed the fall to lingering Brexit-related uncertainty and softer market conditions. Some panel members also noted that skill shortages continued to hamper hiring.

The Midlands, North and South of England all saw marked declines in permanent placements. Notably, it was the first reduction seen in the North of England for six months. London bucked the overall trend and saw a slight rise in permanent staff appointments in August.

Permanent Placements Index

sa, >50 = growth since previous month

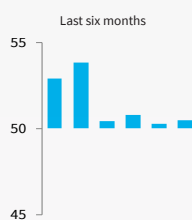


Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Mar '19	47.6	47.9	48.6	42.2	52.0
Apr '19	49.7	45.1	48.6	47.7	52.0
May '19	48.5	46.4	46.9	44.1	56.9
Jun '19	48.7	48.7	45.0	46.0	54.1
Jul '19	49.7	46.5	48.2	46.9	54.6
Aug '19	47.0	50.3	47.0	45.6	47.0

Temporary Billings Index



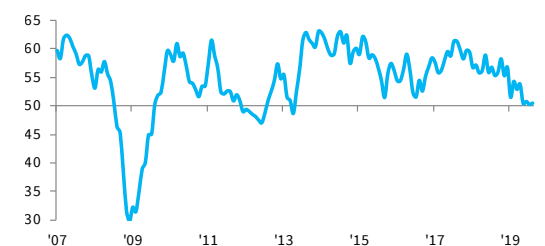
Temp billings continue to expand only slightly

Latest data signalled a further rise in billings received from the employment of temporary staff during August. That said, the rate of growth remained marginal, to highlight the weakest period of expansion since the current upturn began in May 2013. Anecdotal evidence indicated that softer demand for staff and subdued increases in vacancies had weighed on growth.

On a regional basis, temp billings growth was relatively muted in the North and South of England, while billings broadly stabilised in the Midlands. In contrast, London recorded a renewed fall, albeit only marginal.

Temporary Billings Index

sa, >50 = growth since previous month



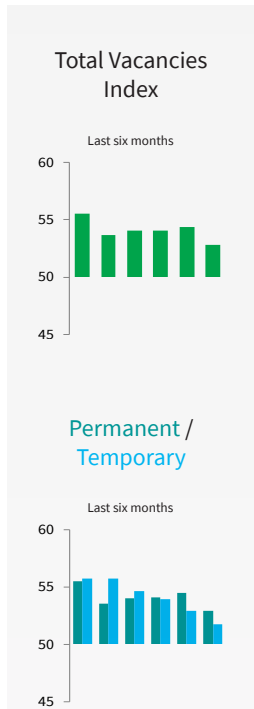
Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Mar '19	52.9	51.8	48.7	51.5	56.7
Apr '19	53.8	52.8	55.3	48.4	55.4
May '19	50.4	53.0	56.0	44.2	46.6
Jun '19	50.8	54.1	53.0	49.1	49.5
Jul '19	50.3	52.1	52.7	47.9	47.9
Aug '19	50.5	49.4	50.3	49.9	51.6

3 VACANCIES

Recruitment consultants are asked to specify whether the demand for staff from employers has changed on the previous month, thereby providing an indicator of the number of job vacancies.

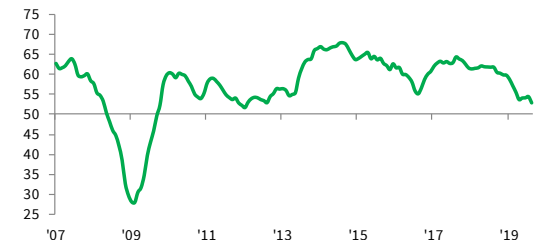


Demand for staff rises at weakest pace since January 2012

The Total Vacancies Index fell from 54.4 in July to 52.8 in August, to signal a softer increase in staff vacancies. Though strong, the latest rise in demand for staff was the weakest recorded since the start of 2012.

Total Vacancies Index

sa, >50 = growth since previous month



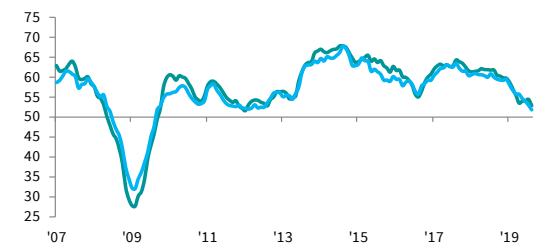
Permanent and temporary vacancies

August data pointed to softer increases in vacancies for both permanent and temporary staff.

Although permanent staff demand rose solidly, the latest upturn was the least marked for seven years. Demand for temporary staff meanwhile rose at the joint-slowest rate since the current period of growth began ten years ago.

Permanent / Temporary

sa, >50 = growth since previous month



Public & private sector vacancies

Softer increases in vacancies were seen in the private sector, while public sector staff demand remained lacklustre.

Private sector permanent vacancies rose at the softest rate since January 2012, while growth of demand for temp staff eased to a 79-month low. In the public sector, permanent staff vacancies fell again, and temp staff demand rose only modestly.

Vacancy Index summary

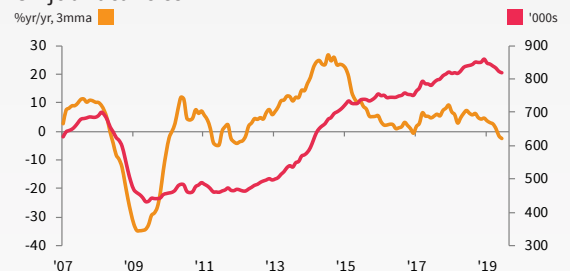
sa, >50 = growth since previous month. *Not seasonally adjusted.

	Permanent				Temporary		
	Total	Total	Private*	Public*	Total	Private*	Public*
Mar '19	55.5	55.5	55.9	45.0	55.7	55.9	50.8
Apr '19	53.6	53.5	54.3	49.5	55.7	56.7	50.8
May '19	54.0	54.0	55.5	49.1	54.6	56.6	53.7
Jun '19	54.1	54.1	55.3	47.9	53.9	54.2	52.1
Jul '19	54.4	54.5	57.4	47.1	52.9	56.7	49.6
Aug '19	52.8	52.9	54.1	47.0	51.8	51.8	51.7

OFFICIAL DATA: UK JOB VACANCIES

Latest data from the Office for National Statistics (ONS) showed that total job vacancies across the UK declined by -2.4% on an annual basis to 820,000 in the three months to July. This followed a -1.4% decline in the preceding three-month period, to leave the total number of vacancies at the lowest level since the three months to April 2018. The decline extended the current downward trend in job vacancies seen through 2019 to date after peaking at 861,000 at the beginning of the year.

UK job vacancies



Source: Office for National Statistics.

4 VACANCIES BY SECTOR

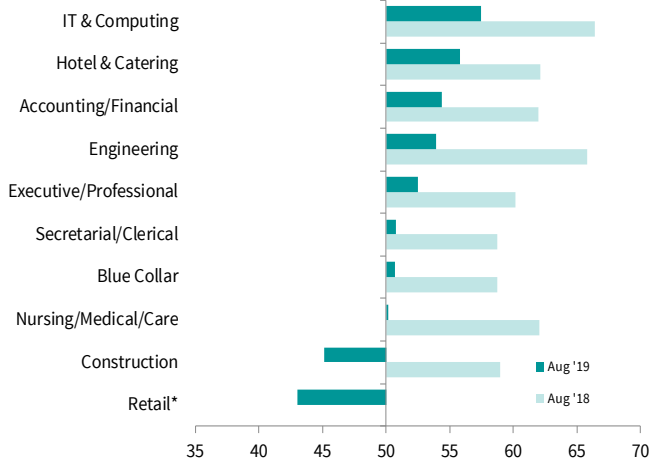
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

IT & Computing remained at the top of the league table in terms of permanent staff demand during August, followed by Hotel & Catering. Construction and Retail sector vacancies meanwhile contracted again.

Permanent Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

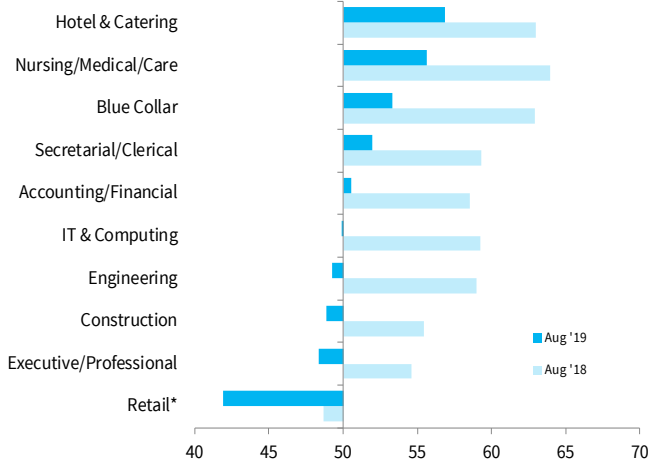


Temporary vacancies

Demand for temporary staff increased in half of the ten monitored sectors, led by Hotel & Catering and Nursing/Medical/Care. Of the five sectors which recorded lower vacancies, the steepest decline was seen in Retail.

Temporary Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

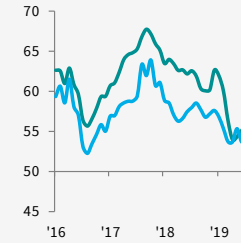


VACANCY INDEX BY SECTOR

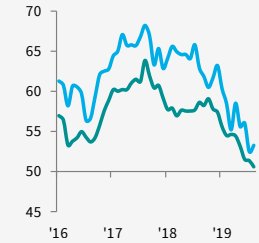
sa, >50 = growth since previous month

Permanent / Temporary

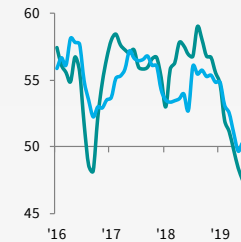
Accounting & Financial



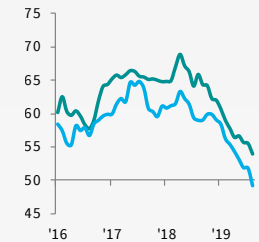
Blue Collar



Construction



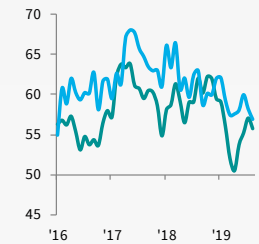
Engineering



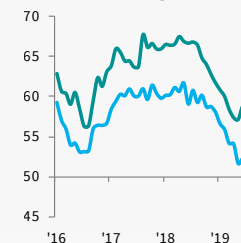
Executive & Professional



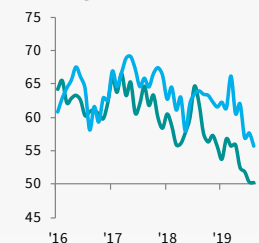
Hotels & Catering



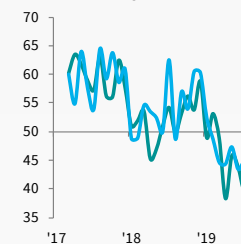
IT & Computing



Nursing, Medical & Care



Retail (unadjusted)



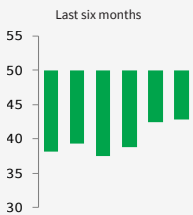
Secretarial & Clerical



5 STAFF AVAILABILITY

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month. An overall indicator of staff availability is also calculated.

Total Staff Availability Index



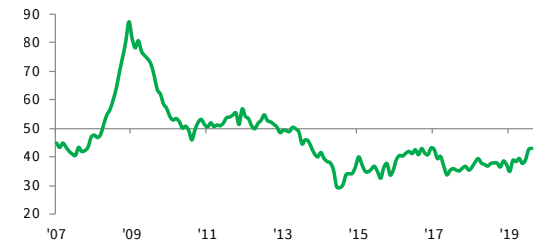
Candidate availability continues to fall markedly

Recruitment consultancies in the UK signalled a further marked drop in candidate numbers during August. This was despite the rate of deterioration easing to the weakest in 32 months.

Data broken down by candidate type showed that a sharp decline in permanent staff numbers occurred alongside only a modest drop in temporary staff availability.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



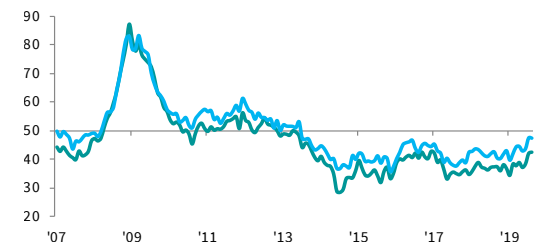
Permanent staff numbers fall at softer, but still sharp, rate

Permanent staff availability declined in August, as has been the case in each month since May 2013. Though sharp and quicker than the historical average, the rate of deterioration was the softest recorded since December 2016. Reports from panel members widely linked the fall to greater reluctance among candidates to look for new opportunities, but also a lack of suitably skilled workers.

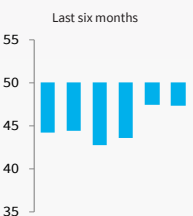
The steepest reduction in permanent worker supply was seen in the South of England, though marked falls were also seen elsewhere.

Permanent / Temporary

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Supply of short-term workers falls modestly

Although the availability of short-term workers continued to contract across the UK in August, the decline was little-changed from the modest pace seen in July. The reduction was widely linked to a generally low unemployment rate and, in some cases, candidates preferring permanent roles over temporary ones.

The number of temporary candidates fell across all four monitored English regions, with the quickest deterioration seen in the Midlands.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Mar '19	37.8	38.4	35.4	40.9	37.2
Apr '19	39.0	40.2	36.0	43.9	38.0
May '19	37.3	37.9	36.4	39.6	38.3
Jun '19	38.5	39.0	35.8	44.9	39.2
Jul '19	42.1	46.1	39.4	43.6	42.4
Aug '19	42.6	44.2	39.4	44.4	43.4

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Mar '19	44.2	43.3	45.2	46.3	42.6
Apr '19	44.4	46.5	42.7	44.8	44.9
May '19	42.8	42.6	44.1	41.2	45.0
Jun '19	43.6	42.2	43.5	45.2	49.1
Jul '19	47.4	49.8	44.2	46.1	50.6
Aug '19	47.3	47.5	47.3	42.4	49.0

6 DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages during the latest month.

Skills in short supply: Permanent staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Estimators Finance Finance Directors Financial Controllers Payroll Pensions Admin Risk Taxation	Hospitality
Blue Collar Blue Collar Forklift Drivers Industrials LGV Drivers Manufacturing Production Warehouse Welders	IT/Computing Analysts Automation Testers CNC Cyber Security Data Professionals Developers Digital GDPR IT Software Software Engineers Technology
Construction Construction Labourers Quantity Surveyors	Nursing/Medical/Care Doctors Nurses Social Workers
Engineering Design Engineers Engineers Mechanical Engineers Senior Electronic Engineers Technicians	Secretarial/Clerical Administration Office Staff Personal Assistant Receptionist Secretary
Executive/Professional Advertising Compliance Executives Human Resources Law Legal Secretarial Management Marketing Portal Fee Project Managers Real Estate Recruitment Consultants	Retail Retail Sales Staff
Hotel/Catering Baristas Chefs	Other Buyers Customer Service Designers Dutch Speakers Ecologists German Speakers Sales Security Semi Skilled Skilled Unskilled

Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Finance Payroll Pensions Admin Taxation	IT Technology
Blue Collar Blue Collar Cleaners Decorators Drivers Electricians Forklift Drivers Industrials Labour LGV Drivers Plumbers Production Rail Warehouse Welders	Nursing/Medical/Care Carers Doctors Health Care Assistants Nurses Social Workers
Construction Construction Labourers	Secretarial/Clerical Administration Office Staff Receptionist
Engineering Engineers	Other Buyers Commercial Customer Service General Operatives Sales Security Skilled Telemarketing Unskilled
Executive/Professional Advertising Architectural Technicians Law Management Marketing Portal Fee Procurement Project Managers	
Hotel/Catering Baristas Chefs Hospitality	
IT/Computing Analysts Automation Testers CAD Developers	

Skills in excess supply: Permanent staff

Accounting/Financial Accountants Finance Directors	Executive/Professional Business Analysts Marketing Project Managers	Secretarial/Clerical Administration Clerical Personal Assistant
Blue Collar Blue Collar Factory Industrials Site Managers Warehouse	IT/Computing IT Service Desk Technology	Other Commercial Customer Service Graduates Sales Unskilled Workers
Engineering Engineers	Nursing/Medical/Care Carers	
	Retail Retail Staff	

Skills in excess supply: Temporary staff

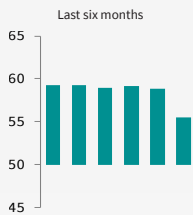
Blue Collar Industrials Site Managers Warehouse	Kitchen Porters	Personal Assistant
Engineering Engineers	IT/Computing Service Desk Technology	Other Customer Service Unskilled
Executive/Professional Digital Marketing Project Managers	Nursing/Medical/Care Carers	
Hotel/Catering Chefs Front of House	Retail Retail Staff	
	Secretarial/Clerical Administration Clerical	

Note : Skills can be reported as being both in short supply and excess supply as we survey various recruitment agencies across the country, so there is geographical variation as well as the possibility of candidates with particular skills being concentrated in certain areas.

7 PAY PRESSURES

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index

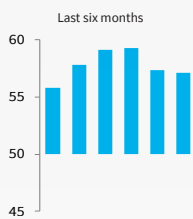


Starting salaries rise at slowest pace since December 2016

August survey data pointed to a further increase in starting pay awarded to permanent workers. Recruiters that noted higher starting salaries commonly attributed this to skill shortages and efforts to attract candidates. Though sharp overall, the rate of inflation eased to a 32-month low and was slower than the long-run average.

Weaker increases in starting pay were registered across all four monitored English regions, with London noting the slowest rise overall.

Temporary Wages Index



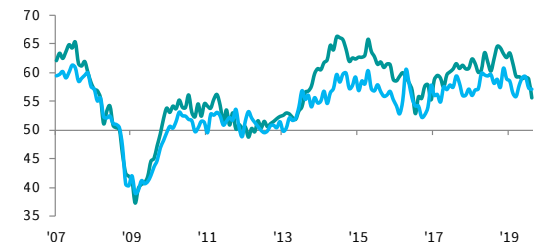
Temp pay growth edges down to five-month low

Average hourly pay given to short-term staff in the UK rose again in August, thereby extending the current upward trend to 79 months. The rate of increase, though sharp, was the weakest recorded since March. Increased temp wages were generally linked to greater competition for staff amid a shrinking pool of candidates.

The strongest rate of temp pay growth was seen in the Midlands, while the slowest was in London.

Permanent Salaries / Temporary Wages

sa, >50 = inflation since previous month



Permanent Salaries Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Mar '19	59.3	56.6	59.9	56.1	61.3
Apr '19	59.2	56.3	60.8	59.7	58.3
May '19	58.9	54.0	59.9	60.5	61.5
Jun '19	59.1	54.3	59.7	62.2	60.0
Jul '19	58.8	53.9	59.6	59.1	63.4
Aug '19	55.5	53.3	57.1	55.3	56.9

Temporary Wages Index

sa, >50 = inflation since previous month

	UK	London	South	Midlands	North
Mar '19	55.8	49.9	57.6	59.8	55.2
Apr '19	57.8	53.6	59.0	57.8	61.0
May '19	59.1	59.0	61.7	58.6	58.8
Jun '19	59.3	58.7	55.5	59.8	59.3
Jul '19	57.3	56.1	55.8	59.1	60.3
Aug '19	57.1	52.2	56.9	61.2	60.0

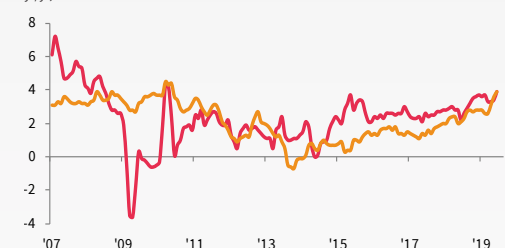
OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics showed that employee earnings (including bonuses) expanded 3.7% year-on-year over the second quarter of 2019. This followed a rise of 3.5% in the preceding three-month period, and marked the strongest rate of growth for 11 years.

The steeper increase in earnings was supported by faster rates of pay growth across both the public and private sectors (both posting increases of +3.9%).

UK average weekly earnings (private / public)

%yr/yr, 3mma



Source: Office for National Statistics.

8 SPECIAL FEATURE

This section features data from the Office for National Statistics and the Recruitment and Employment Confederation’s survey of employers

IMMIGRATION TO THE UK FOR WORK FALLS AMIDST PRESSING CANDIDATE AND SKILLS SHORTAGES

According to the latest long-term international migration statistics for the UK for the year ending March 2019 published by the Office for National Statistics (ONS), while work remains one of the most common reasons to move to the UK, immigration for work-related reasons has continued to fall since June 2016. At 214,000, it is now at its lowest level since 2013.

The fall can largely be accounted for by a decline in the number of EU citizens coming to the UK for work. In the year ending March 2019, the number of EU citizens arriving for work fell to 92,000, which is less than half the level it was at its peak of 190,000 in the year ending June 2016. The latest levels are similar to those seen in 2012. Although the fall in work-related immigration in the past year was seen among all EU groups, more EU8 citizens – those from Central and Eastern European countries – left than arrived.

Non-EU immigration for work has remained stable since late 2017 though there have been different patterns for those arriving with a definite job than those coming to the UK looking for work. The number of non-EU citizens arriving to look for a job has fallen in the past year while the number of those arriving for a definite job has increased to its highest level since 2006.

Meanwhile, latest data from the Recruitment & Employment Confederation shows that almost four in five (77 per cent) UK employers have either little or no surplus workforce capacity. Notably, 45 per cent of public sector hirers have absolutely no spare capacity – up from 34 per cent a year earlier. In May-July 2019, almost half (46 per cent) of employers of permanent staff expressed concern about the sufficient availability of appropriate candidates for hire. The skills areas where employers anticipate the most acute shortages were Health & Social Care, Engineering & Technical, and Hospitality.¹

Similarly, recruitment consultancies registered a further decline in candidate availability, according to the latest Report on Jobs survey, with key sectors like IT & Computing, Hotel & Catering, and Engineering facing acute shortages.

With UK employers already struggling to find suitable candidates to fill essential vacancies, these latest figures raise the question of how businesses and public services will cope after Brexit. With just eight weeks before the Brexit deadline and the possibility of a no-deal looming, it is imperative the government develops a strategy urgently to reassure businesses and EU workers, and to regain confidence in the economy.

Total immigration for work



Source: Office for National Statistics– Long-Term International Migration.

¹ REC, JobsOutlook August 2019. Available at: www.rec.uk.com/research

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

Ciaran Price
PR Manager
+44 (0)20 7009 2192
ciaran.price@rec.uk.com

IHS Markit

Annabel Fiddes
Principal Economist
+44 149 146 1010
annabel.fiddes@ihsmarkit.com

Joanna Vickers
Corporate Communications
+44 207 260 2234
joanna.vickers@ihsmarkit.com

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.

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.

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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 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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