

KPMG AND REC, UK REPORT ON JOBS: LONDON

Permanent placements fall amid quicker decline in staff availability

KEY FINDINGS

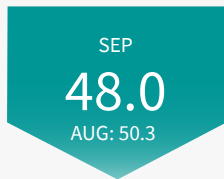
Renewed fall in permanent placements in September

Staff supply deteriorates at sharper rates

Permanent salary inflation jumps to seven-month high

KEY DATA

Permanent Placements Index



Temporary Billings Index



The KPMG and REC, UK Report on Jobs: London is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

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

“The Brexit impasse continues to affect the jobs market with employers stuck, unable to make informed decisions, and people unwilling to risk seeking new roles.

“Given that the UK as a whole saw the weakest increase in job vacancies since 2012 and the longest period that permanent staff appointments have fallen since the global financial crisis, it would seem that it’s proving difficult for businesses to shake off the heightened uncertainty and unknowns. So with the deadline fast approaching, they may well be waiting to get clarity on the future direction of Brexit before making any key decisions on hiring and investment.”

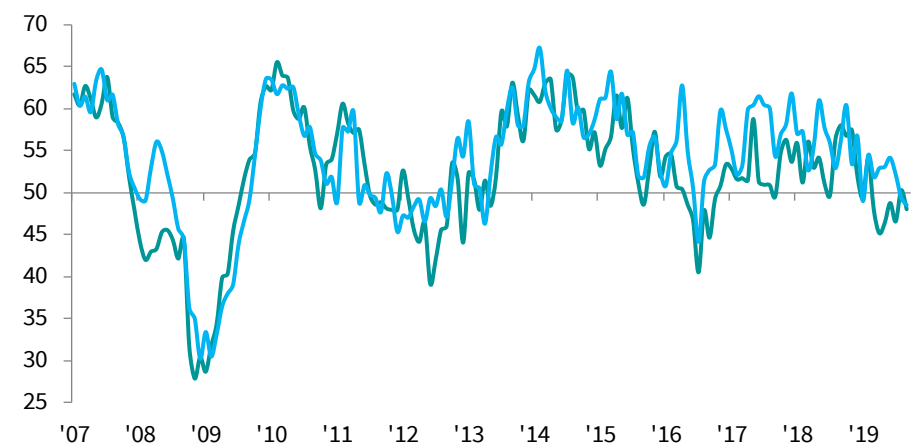
Neil Carberry, Chief Executive at the REC, said:

“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.”

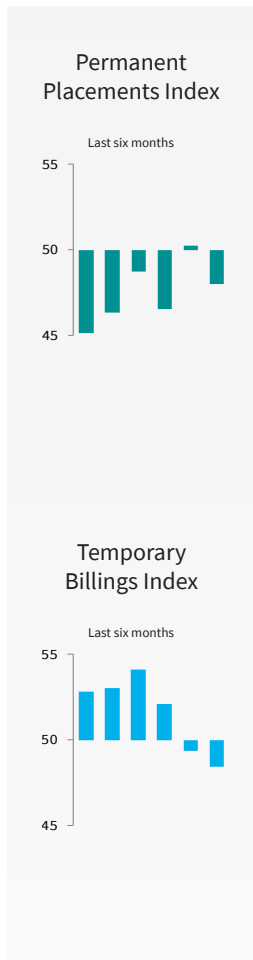
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

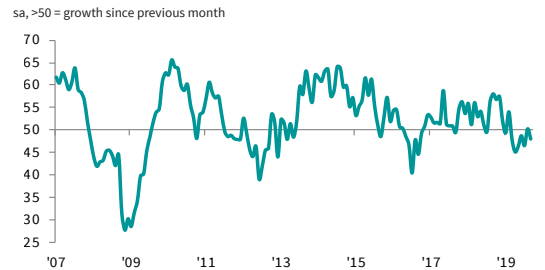
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Renewed fall in permanent placements in September

After recording a fractional increase in August, survey data indicated a renewed decline in permanent placements at London recruitment agencies during September. The rate of reduction in new hires was broadly in line with the UK-wide trend, albeit only modest overall. Recruiters often linked the drop with slower decision making by employers amid market uncertainty.

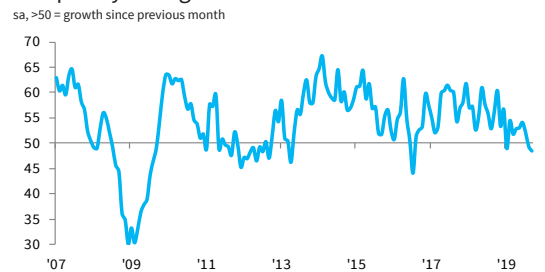
Permanent Placements Index



Temp billings decrease at fastest pace for over three years

Recruitment consultants in London recorded a second successive monthly contraction in billings received for temporary placements in September. Moreover, the rate of decline accelerated from August to the quickest since July 2016. The latest result contrasted with the UK average, which indicated a moderate increase in temp billings.

Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Apr-19	49.7	45.1	53.8	52.8
May-19	48.5	46.4	50.4	53.0
Jun-19	48.7	48.7	50.8	54.1
Jul-19	49.7	46.5	50.3	52.1
Aug-19	47.0	50.3	50.5	49.4
Sep-19	48.1	48.0	52.2	48.5

JOB VACANCIES

For the first time since May, the number of permanent vacancies in London fell from the previous month. September data indicated only a marginal drop, which contrasted with a modest expansion across the UK as a whole.

At the same time, temporary vacancies in the capital increased in September, although the rate of growth was marginal and weaker than the national trend.

Vacancies Index (Permanent / Temporary)

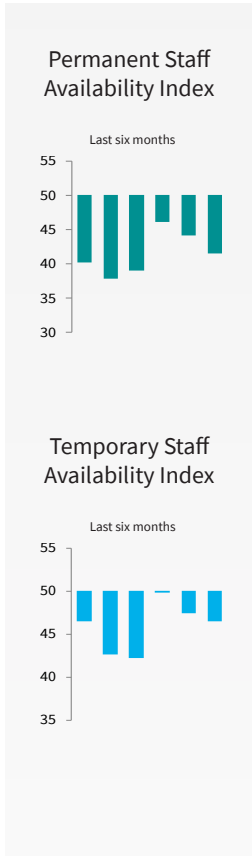


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Apr-19	53.5	48.4	55.7	51.4
May-19	54.0	47.9	54.7	50.7
Jun-19	54.1	51.5	54.1	53.3
Jul-19	54.4	51.3	53.3	51.6
Aug-19	52.8	50.6	52.1	52.0
Sep-19	52.5	49.4	53.3	51.0

2 STAFF AVAILABILITY

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.



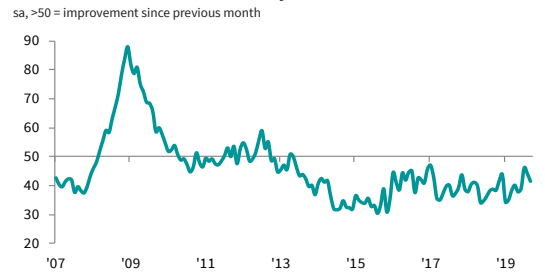
Permanent staff supply deteriorates at sharper rate

There was a further decrease in the availability of permanent staff in London during September, according to latest survey data. Furthermore, the rate of decline sharpened for the second month running and was faster than the average across the UK for the first time since February. Where a drop in supply was noted, panellists cited growing uncertainty in the economy.

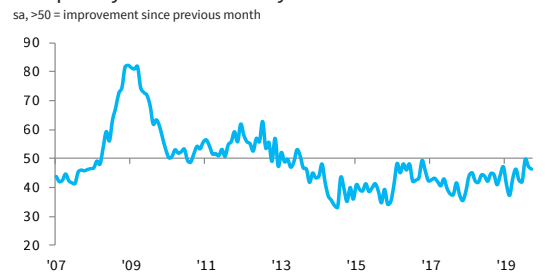
Solid fall in temporary staff availability

The supply of temporary workers in the London jobs market fell for the seventy-fourth successive month in September. Recruiters noted a solid drop in availability since August, although the rate of reduction remained notably softer than the average seen in the current period of decline. Nonetheless, the deterioration matched that seen across the UK as a whole.

Permanent Staff Availability Index



Temporary Staff Availability Index



	Permanent		Temporary	
	UK	London	UK	London
Apr-19	39.0	40.2	44.4	46.5
May-19	37.3	37.9	42.8	42.6
Jun-19	38.5	39.0	43.6	42.2
Jul-19	42.1	46.1	47.4	49.8
Aug-19	42.6	44.2	47.3	47.5
Sep-19	42.8	41.5	46.5	46.5

3 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 Analysts Audit Compliance Financial Accountants Risk Technical	IT/Computing Developers DevOps Digi Tech IT Technology
Construction Construction	Secretarial/Clerical PAs Receptionist
Executive/Professional PR	Other Dutch Speakers German Speakers Sales Scandinavian Speakers Social Care
Hotel/Catering Baristas Chefs Hospitality	

Skills in short supply: Temporary staff

Accounting/Financial Accountants Audit Financial Technical	Secretarial/Clerical Front of House PAs Receptionist Secretarial
Construction Construction	Other Dutch Speakers German Speakers Social Care
Hotel/Catering Baristas Chefs Hospitality	
IT/Computing Developers DevOps	

4 PAY PRESSURES

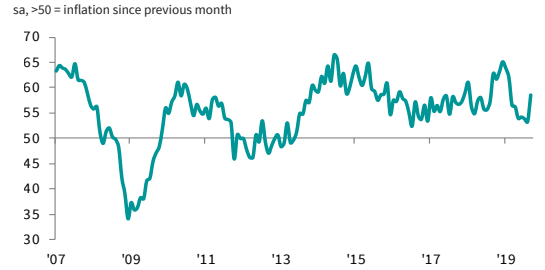
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Permanent salary inflation jumps to seven-month high

Salaries awarded to newly-placed permanent staff in London increased sharply over the course of September. The rate of inflation accelerated markedly from August to the quickest in seven months. That said, this brought the capital in line with the average rise in salaries observed across the UK as a whole.

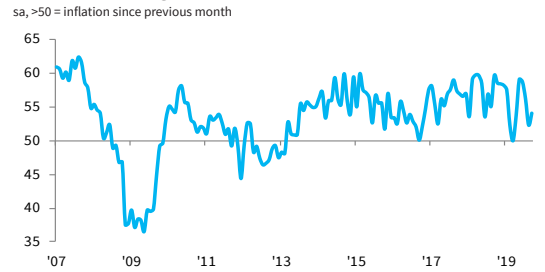
Permanent Salaries Index



Solid rise in temporary wages

September data indicated a solid, and stronger, increase of pay received by new temporary workers in London. Panellists commonly attributed this to a lack of candidates for jobs. However, whilst the rate of inflation quickened from August, it remained weaker than the average in the year-to-date and was softer than the national trend.

Temporary Wages Index



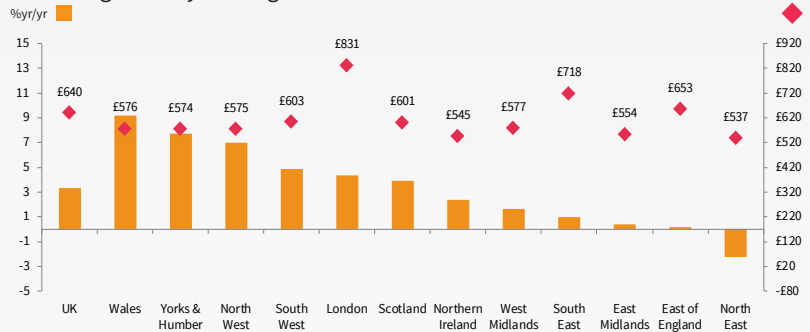
	Permanent		Temporary	
	UK	London	UK	London
Apr-19	59.2	56.3	57.8	53.6
May-19	58.9	54.0	59.1	59.0
Jun-19	59.1	54.3	59.3	58.7
Jul-19	58.8	53.9	57.3	56.1
Aug-19	55.5	53.3	57.1	52.2
Sep-19	58.6	58.6	54.7	54.0

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics showed that average weekly earnings across the UK rose 3.4% on an annual basis to £640 in the second quarter of 2019.

Wales saw the strongest increase in earnings during the second quarter, posting a rise of 9.2% to £576. The North East was the only region to note reduced pay compared to the previous year, with earnings down -2.3% to £537.

UK average weekly earnings



Source: Office for National Statistics.

5 REGIONAL COMPARISON

The KPMG and REC, UK Report on Jobs: London is one of four regional reports tracking labour market trends across England. Reports are also available for the South of England, the Midlands and the North of England.

Staff appointments

Permanent placements continued to fall across the UK in September, stretching the current sequence of contraction to seven months. 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. The North was the only region to report a rise, albeit fractional.

Meanwhile, temporary staff billings across the UK rose, with growth accelerating to the quickest rate since April. The increase was modest overall and slower than the long-run series average. At the regional level, solid growth in the North and the Midlands drove the increase. Recruiters in the South reported only a fractional rise, whilst temp billings fell modestly in London.

Candidate availability

The supply of permanent candidates fell in September, extending the current sequence of contraction which began in May 2013. 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.

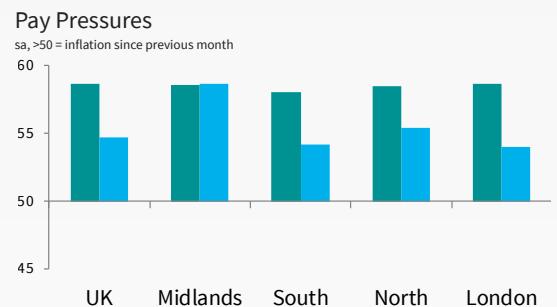
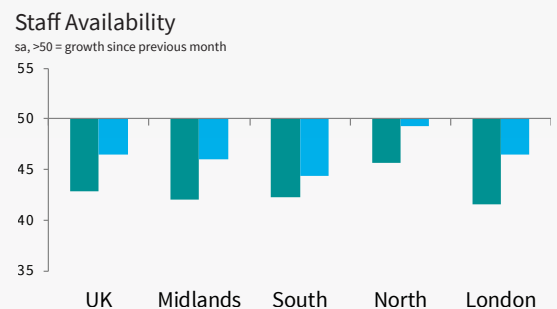
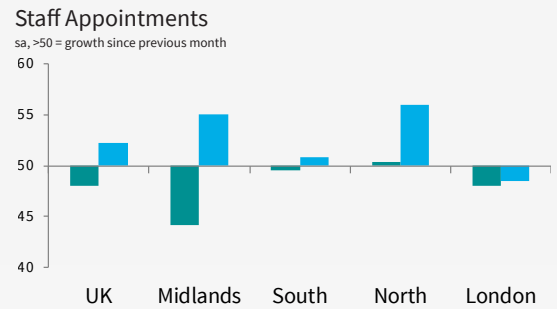
Similar to the trend for permanent availability, the supply of temporary staff continued to decline in September, with the reduction gathering pace from August. The fall was strong and the fastest in three months. The South registered a steep decline and the sharpest across the four monitored English regions, followed by the Midlands and London. Meanwhile, the North saw only a marginal fall.

Pay Pressures

Starting salaries for permanent workers across the UK continued to increase in September, with the rate of salary inflation quickening 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.

Meanwhile, temporary pay across the UK also continued to rise, with the latest data signalling a solid rise in temporary wages. That said, 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.

September 2019
Permanent / Temporary



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

David Owen
Economist
+44 2070 646 237
david.owen@ihsmarkit.com

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

Methodology

The KPMG and REC, UK Report on Jobs: London is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

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.

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 © 2019 IHS Markit Ltd. All rights reserved.

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.

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.