

KPMG AND REC, UK REPORT ON JOBS: LONDON

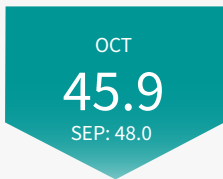
Permanent placements fall at quickest pace for six months

KEY FINDINGS

- Permanent hires fall sharply
- Staff supply declines further
- Pay pressures remain solid

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:

"Businesses are still waiting to hear that starting gun, and until there is some certainty around Brexit and now the election, employers continue to stall on creating vacancies and making permanent hires."

"It's not just businesses that are being cautious, however, and over October we've seen job-seekers become increasingly nervous about making a career change. The lucky few that do find jobs are continuing to demand higher pay as reflected in the rise in starting salaries and temp pay."

"At the national level, the IT and computing sector threw caution to the wind last month as the best performer in vacancy growth. Meanwhile, the medical sector is not far behind, and we also saw a sharp increase in the demand for temp staff in this sector."

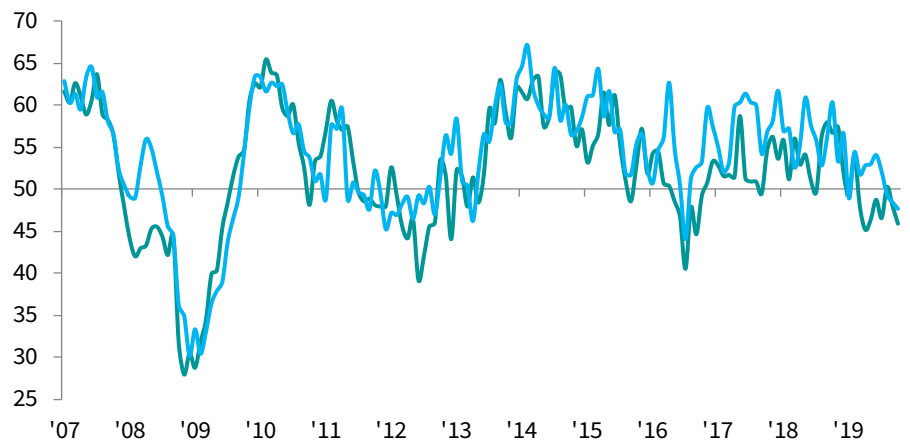
Neil Carberry, Chief Executive at the REC, said:

"These figures underline why this needs to be a jobs election. The labour market is strong, but permanent placements have now dropped for seven of the last eight months in London, and vacancies growth is slow. One bright spark is the UK's temporary labour market, which continues to provide flexible work to people and businesses that need it during troubled times."

"Ending political uncertainty and getting companies hiring again is vital – but we must also look to the long term future of work. Jobs must be front and centre during this election campaign, and we will be launching our REC manifesto for work next week. We will be urging all political parties to run on policies which support and enhance the UK's flexible labour market – allowing businesses to create jobs, employees to build careers and the economy to grow."

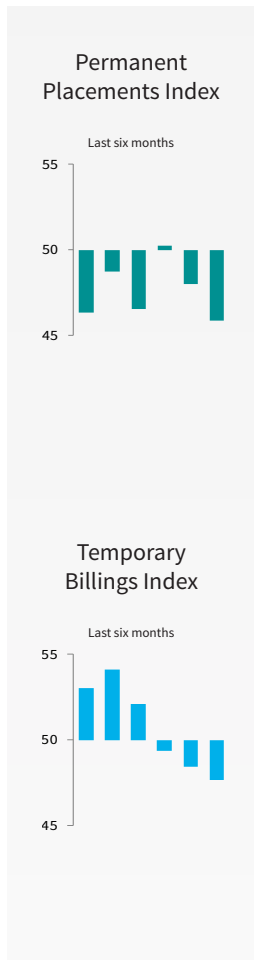
Permanent Placements Index / Temporary Billings Index

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.



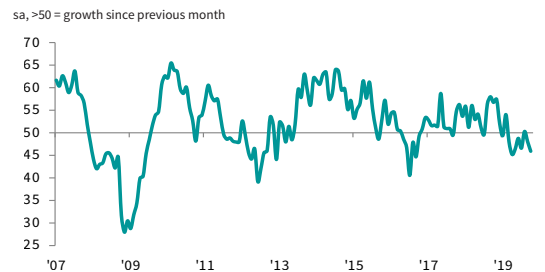
Permanent hires fall at sharp rate in October

Permanent placements in London dropped sharply over the course of October, according to the latest survey data. New hires have now fallen in seven out of the past eight months, with the most recent being the quickest since April. Recruiters continued to mention that a lack of candidates amid political uncertainty led to reduced placements. Furthermore, the rate of decline outpaced the UK-wide trend for the second consecutive month.

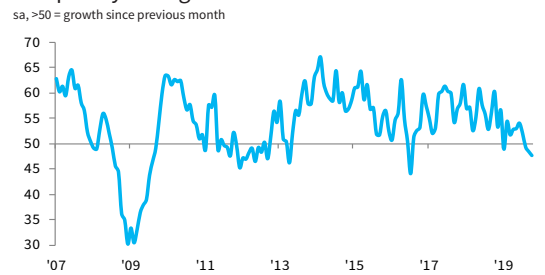
Temp billings fall for third month running

Billings received for new temporary hires declined in October. Moreover, the rate at which billings dropped was the fastest for 39 months, albeit only modest overall. Again, London was comparably weak in terms of temporary worker placement, as the latest fall compared with a rise in temp billings across the UK as a whole. The rate of growth nationwide was marginal though, and softer than in September.

Permanent Placements Index



Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Oct-19	47.1	45.9	51.1	47.7

JOB VACANCIES

Job vacancies for both permanent and temporary workers in London increased in October.

Permanent job roles rose at a marginal pace, which compared with a slight reduction in vacancies during September. The increase was weaker than the UK average.

Temporary staff demand also grew marginally, and at a softer pace than seen across the UK for the thirteenth month in a row.

Vacancies Index (Permanent / Temporary)

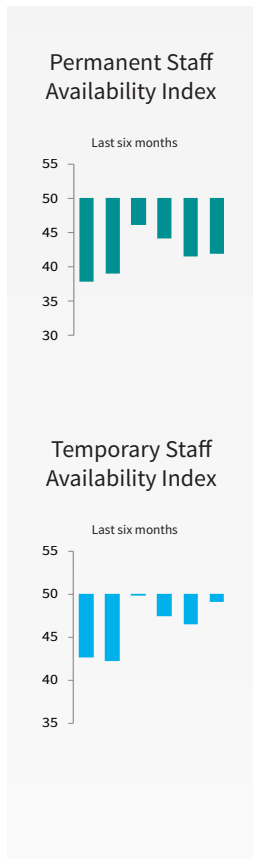


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
May-19	54.0	47.9	54.7	50.7
Jun-19	54.1	51.5	54.1	53.3
Jul-19	54.5	51.3	53.2	51.6
Aug-19	52.9	50.9	52.0	51.9
Sep-19	52.6	49.6	53.3	50.9
Oct-19	51.6	50.8	52.9	51.2

2 STAFF AVAILABILITY

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



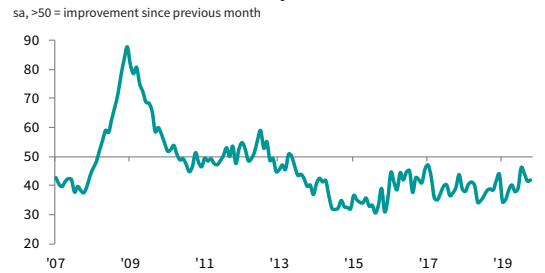
Staff supply falls solidly

London recruitment consultants reported a further drop in permanent staff availability in October, continuing the trend that began in June 2013. The rate of decline softened slightly from September, but was still relatively solid. As with recent months, panellists cited reluctance among workers to change jobs and lower EU candidates as reasons for reduced staff supply.

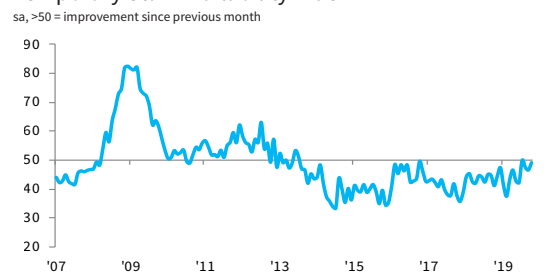
Temporary worker availability falls at marginal rate

Whilst the availability of temporary workers in London dropped further in October, the rate of reduction was marginal and one of the softest seen in the over six-year sequence of decline. It was also weaker than seen on average across the UK. According to some recruiters, uncertainty around new legislation deterred employees from searching for temporary work.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
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
Oct-19	41.6	41.9	47.0	49.0

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 Audit Compliance Data Analysts Financial Analysts Risk	IT/Computing Developers
Construction Quantity Surveyors	Nursing/Medical/Care Nurses Management Social Workers
Executive/Professional Legal Marketing Sales	Secretarial/Clerical Admin Office Managers
Hotel/Catering Baristas Chefs Hospitality	Other Sales

Skills in short supply: Temporary staff

Accounting/Financial Audit Financial Accountants Risk	Nursing/Medical/Care Nurses Management Social Workers
Construction Quantity Surveyors	Secretarial/Clerical Office Managers Receptionist
Hotel/Catering Baristas Chefs	
IT/Computing Developers DevOps Testers	

4 PAY PRESSURES

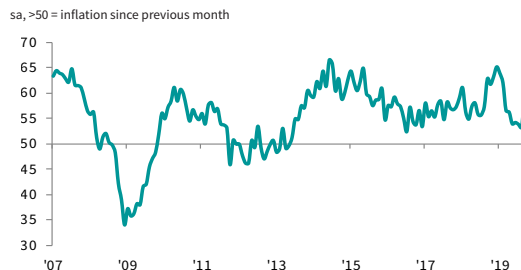
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Permanent pay inflation softens slightly from September

Salaries awarded to new permanent hires in London increased at a sharp pace during October. The rate of inflation slowed since September, but was still the second-highest recorded for eight months. Often, panellists related the mark-up in salaries to tighter labour supply and increased competition among employers for skilled candidates.

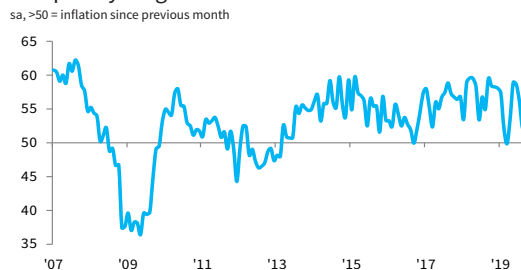
Permanent Salaries Index



Temp wages rise at fastest rate in three months

Recruiters in London saw a further increase in temporary wages at the start of the fourth quarter, as greater demand for workers continued to outstrip availability. Moreover, the rate at which pay increased was sharp and the quickest seen since July, although it remained weaker than the UK-wide trend, as has been the case since November 2018.

Temporary Wages Index



	Permanent		Temporary	
	UK	London	UK	London
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
Oct-19	57.9	57.5	55.6	55.1

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 staff appointments fell across the UK for an eighth consecutive month in October. Moreover, the rate of reduction was the second-quickest since July 2016 and solid overall. The decline was driven by decreases in three of the four monitored English regions, with only the North of England recording an increase. The fastest rate of contraction was recorded in the Midlands, followed by the South of England.

Meanwhile, temp billings rose across the UK at the start of the fourth quarter, as has been the case in every month since May 2013. The increase lost momentum from September, however, and was only marginal overall. At the regional level, upturns were reported in the Midlands and the North of England, but reductions were seen in London and the South of England.

Candidate availability

October survey data pointed to another decline in the supply of permanent staff at the UK level, extending the current sequence of deteriorating availability to six-and-a-half years. The fall was marked overall and the quickest since June, driven by reductions across all four of the monitored English regions. The steepest rate of contraction was seen in the South of England.

In line with the trend for permanent staff, temporary candidate availability also deteriorated further in October. That said, the pace of decline eased from September and was among the slowest in the current sequence of falling candidate numbers which began in July 2013. The reduction was broad-based across all four monitored English regions, with the Midlands noting the quickest deterioration in temp labour supply overall.

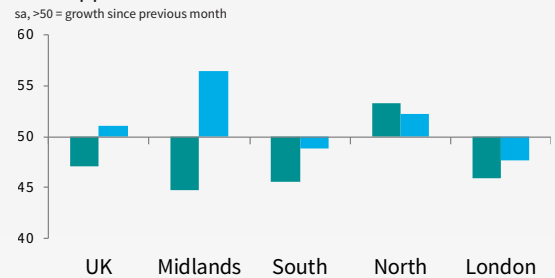
Pay Pressures

Starting salaries for permanent staff across the UK increased in October, stretching the current sequence of salary inflation which began in May 2012. The rate of increase softened from September, but remained elevated in the context of historical data. All four of the monitored English regions reported an increase in permanent starting pay. The South of England recorded the quickest rate of inflation, whilst the North of England noted the softest increase in permanent salaries.

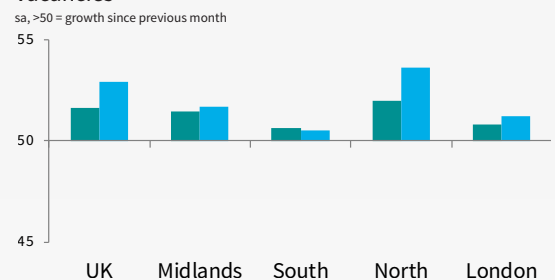
Meanwhile, temporary pay across the UK increased further in October, with the rate of pay growth accelerating from September. That said, the rise was the second-slowest since March 2017. The South of England reported the fastest rate of increase of all four monitored English regions, whilst the rate of wage inflation was weakest in the North of England.

October 2019
Permanent / Temporary

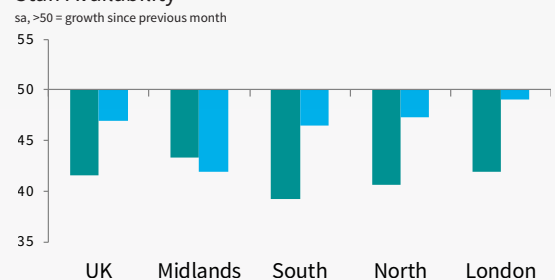
Staff Appointments



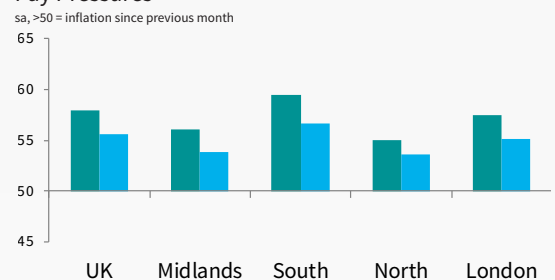
Vacancies



Staff Availability



Pay Pressures



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

IHS Markit

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

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.

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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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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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