

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

Fastest rise in permanent placements since last May amid sharp increase in demand

KEY FINDINGS

Marked increase in permanent staff appointments

Growth of demand for workers improves notably

Rates of pay inflation soften

KEY DATA

Permanent Placements Index



Temporary Billings Index



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.

Euan West, office senior partner for KPMG in Leeds, said:

“As anticipated, we’re seeing the job market throw off some of the shackles associated with months of economic uncertainty. Firms are seeing the first half of this year as an opportunity to press ahead with their growth plans, despite the fact there’s a long way to go until the region’s businesses have the clarity they need, due to ongoing EU trade and regulatory negotiations. As a result, the demand for highly skilled workers has accelerated significantly putting job-movers in a strong position to boost their prospects.”

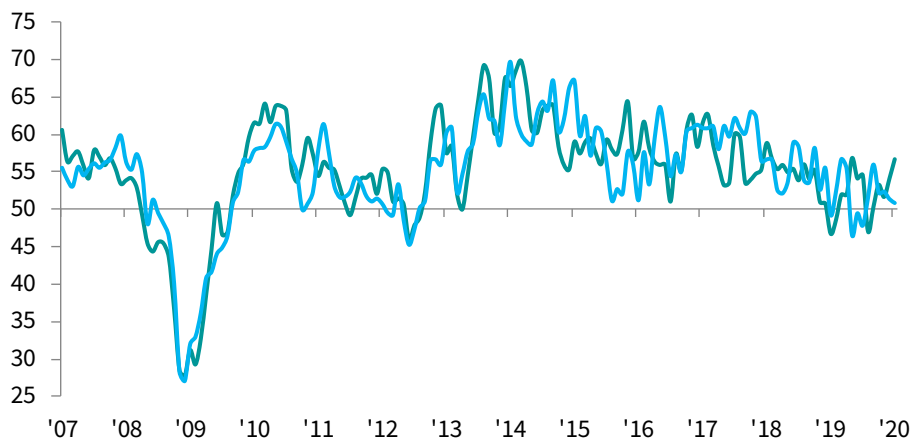
Recruitment & Employment Confederation chief executive Neil Carberry said:

“It’s good to see that businesses have grown in confidence over the past two months and taken the opportunity to start hiring. In the North permanent placements are up again, and demand for staff has risen at the quickest rate for eight months. This is good news for employers, recruiters and candidates – all three can now get on with making the economy flourish in 2020.

“But the upcoming IR35 reforms are having a negative impact on the availability and placement of temporary workers. It is vital that people pay the right amount of tax and that the system is fair, but for both of those things to happen we think the government needs to pause and think again on how IR35 changes. The temporary labour market is being stifled, and that’s not good for employers or our economy.”

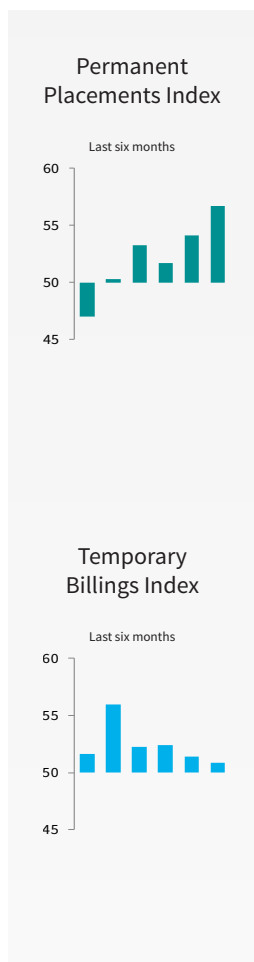
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

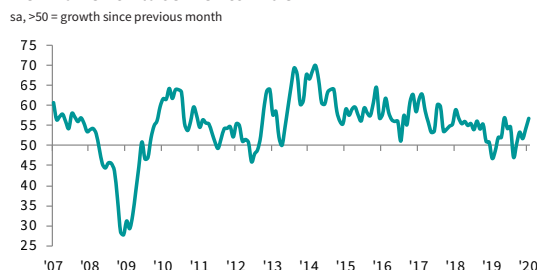
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Sharpest rise in permanent placements for eight months

For the fifth month in a row, recruiters in the North of England recorded a rise in permanent staff appointments. Moreover, the rate of growth was the quickest since last May and sharp overall. Some panellists mentioned higher demand for workers due to an easing of Brexit-related uncertainty following the general election.

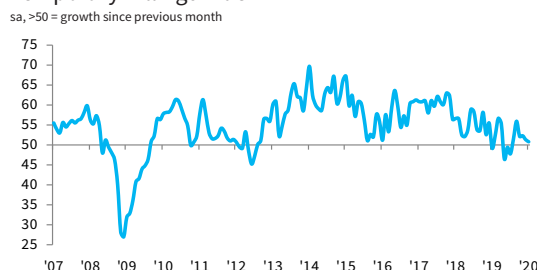
Permanent Placements Index



Temp billings growth decelerates further in January

Although temporary billings in the North of England continued to rise in January, the latest increase was only slight overall. In fact, the rate of growth eased to the slowest in the current six-month sequence of expansion. However, the result contrasted with the UK-wide trend where there was a fractional reduction.

Temporary Billings Index



sa, >50 = growth since previous month

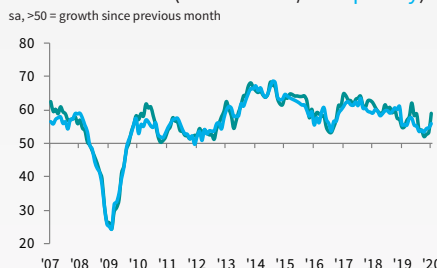
	Permanent		Temporary	
	UK	North	UK	North
Aug-19	47.0	47.0	50.5	51.6
Sep-19	48.1	50.3	52.2	56.0
Oct-19	47.1	53.3	51.1	52.2
Nov-19	48.8	51.7	50.5	52.4
Dec-19	51.9	54.1	52.2	51.4
Jan-20	52.3	56.7	49.8	50.9

JOB VACANCIES

Demand for permanent workers across the North of England continued to rise in the first month of 2020. Moreover, the rate of growth accelerated to the quickest for eight months and was stronger than the national average.

Similarly, recruitment firms in the North of England reported a sharp increase in temporary vacancies during January. The pace of growth was the fastest recorded across the four monitored English regions.

Vacancies Index (Permanent / Temporary)

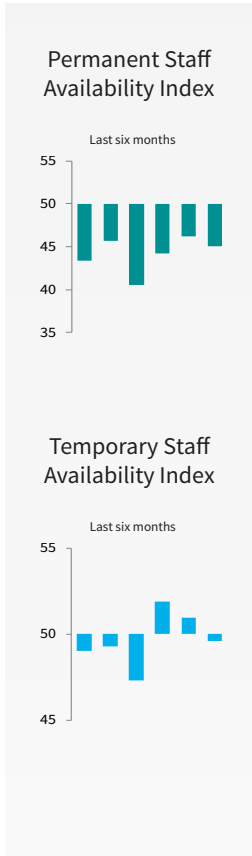


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Aug-19	53.0	54.0	52.2	53.6
Sep-19	52.6	54.1	53.5	54.0
Oct-19	51.8	52.1	53.0	53.4
Nov-19	51.7	52.8	53.6	54.4
Dec-19	52.5	53.4	53.1	54.7
Jan-20	54.8	59.1	53.1	55.9

2 STAFF AVAILABILITY

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



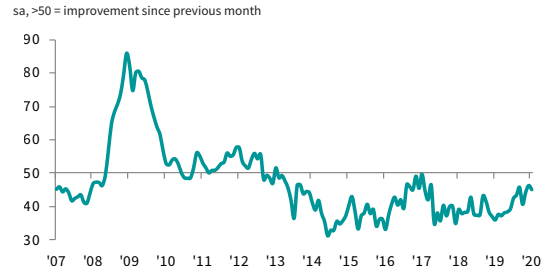
Permanent labour supply falls at quicker rate

As has been the case in each month for the past seven years, the availability of permanent staff in the North of England deteriorated during January. The rate of decline accelerated from December and was historically marked, but remained softer than the UK-wide average.

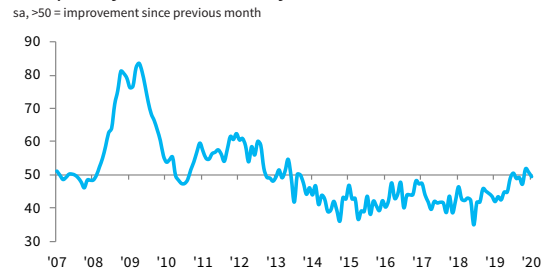
Renewed decline in temporary worker availability

Following two months of successive increase, there was a fall in the supply of temporary workers across the North of England during January. That said, the rate of decline was only marginal overall, and two of the other three monitored English regions recorded faster reductions.

Permanent Staff Availability Index



Temporary Staff Availability Index



	Permanent		Temporary	
	UK	North	UK	North
Aug-19	42.6	43.4	47.3	49.0
Sep-19	42.8	45.7	46.5	49.3
Oct-19	41.6	40.6	47.0	47.3
Nov-19	41.2	44.2	46.1	51.9
Dec-19	42.1	46.2	45.5	50.9
Jan-20	42.4	45.0	45.4	49.6

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 Auditors Credit Controllers Estimators Finance Pensions Admin Taxation	Executive/Professional Compliance Directors Legal Legal Secretarial Management Portal Fee Project Managers	Other Buyers Call Centre Customer Service Sales Supply Chain
Blue Collar Production	IT/Computing Data Scientists Developers IT Technology	
Construction Architectural Technician Construction Quantity Surveyors	Retail Sales Staff	
Engineering Engineers Maintenance Engineers	Secretarial/Clerical Administration Receptionists	

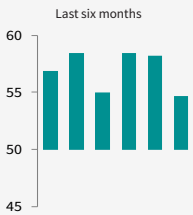
Skills in short supply: Temporary staff

Accounting/Financial Accountants Credit Controllers Payroll Pensions Admin	IT/Computing Data Scientists Developers IT Java
Blue Collar Manufacturing Plumbers Production Warehouse	Nursing/Medical/Care Nurses Paramedics
Engineering Engineers	Secretarial/Clerical Administration Receptionist
Executive/Professional Legal Legal Secretarial Portal Fee	Other Buyers Customer Service

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 Salaries Index

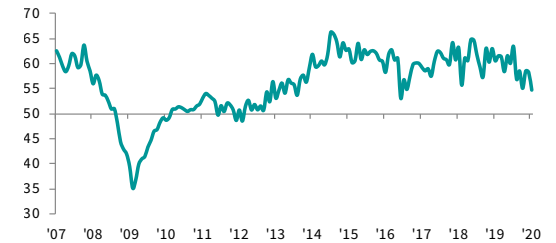


Softer rise in permanent starting salaries

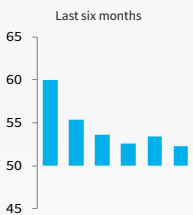
Permanent starting salaries across the North of England continued to increase at the start of 2020. However, the rate of inflation eased to the softest for three months and was slightly weaker than the national average. When explaining higher pay, recruiters continued to cite skill shortages.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

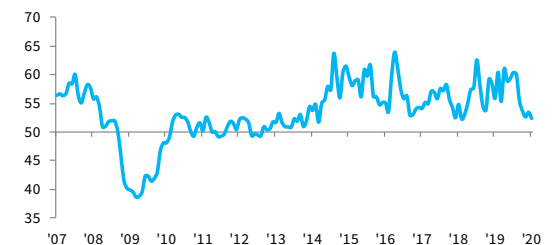


Slowest rise in temp wages for nearly two years

Remuneration received by temporary workers rose further in January, but the rate of inflation decelerated to the slowest for almost two years. The latest increase was the softest recorded across the four covered English regions and only moderate overall.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

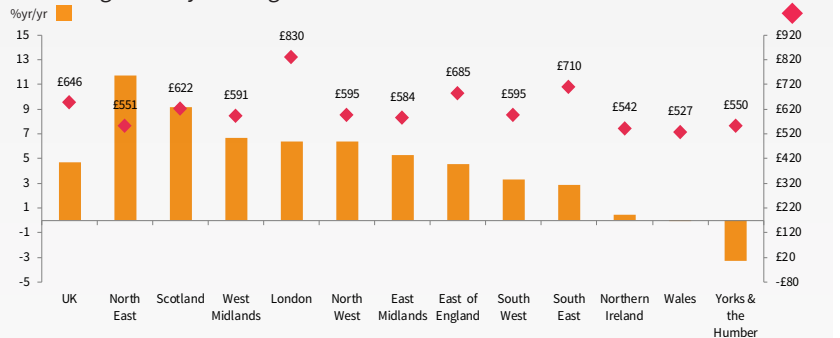
	Permanent		Temporary	
	UK	North	UK	North
Aug-19	55.5	56.9	57.1	60.0
Sep-19	58.6	58.5	54.7	55.4
Oct-19	57.9	55.0	55.6	53.6
Nov-19	55.2	58.4	54.0	52.5
Dec-19	57.5	58.2	55.2	53.4
Jan-20	55.1	54.7	54.4	52.3

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics showed that average weekly earnings across the UK increased 4.7% year-on-year over the third quarter of 2019 to £646.

The quickest increase in earnings during the third quarter was seen in the North East, which registered a 11.7% rise to £551. The only UK region to see reduced pay was Yorkshire & the Humber, where earnings fell 3.3% to £550.

UK average weekly earnings



Source: Office for National Statistics.

5 REGIONAL COMPARISON

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

Staff appointments

Permanent placements increased across the UK as a whole during January, extending the current sequence of growth to two months. The pace of expansion quickened from December and was solid overall, albeit subdued in the context of the series historical data. Driving the latest uptick were increases in both the North and the South of England, with the former recording the sharper rise. Meanwhile, the Midlands and London posted renewed reductions, with the rate of decline slightly quicker in London.

Concurrently, temp billings fell at the national level during January, ending an 80-month sequence of growth. The pace of reduction was only fractional, however. At the regional level, declines were recorded in both London and the South of England, with London noting the quicker reduction. Elsewhere, increases were reported in the Midlands and the North of England.

Candidate availability

January data highlighted a further reduction in the availability of permanent candidates across the UK, extending the current sequence of decline to over six-and-a-half years. Albeit still sharp, the rate of contraction was the softest since September last year. The latest reduction was driven by falls across all of the four monitored English regions, the sharpest of which was recorded in the South of England, followed by London.

Similar to the trend for permanent availability, the supply of temporary candidates fell further during January, as has been the case in each month since July 2013. Moreover, the pace of decline was the fastest for seven months and sharp overall. Of the four monitored English regions, the Midlands recorded the sharpest fall in temp labour supply. London was the only region to record an increase.

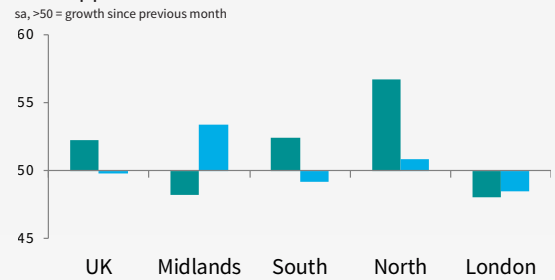
Pay Pressures

Salaries for permanent new joiners continued to increase across the UK as a whole during January. Albeit still solid overall, the rate of salary inflation eased to the slowest since July 2016. All of the four monitored regions reported an uptick, the sharpest of which was in the Midlands.

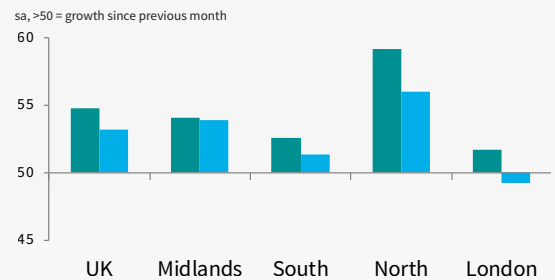
January data highlighted a further increase in temp staff wages across the UK. That said, the rate of wage inflation eased from December and was among the lowest seen in the current 84-month sequence of increase. London recorded the quickest rise of the four monitored English regions, whilst the weakest uptick was seen in the North of England.

January 2020
Permanent / Temporary

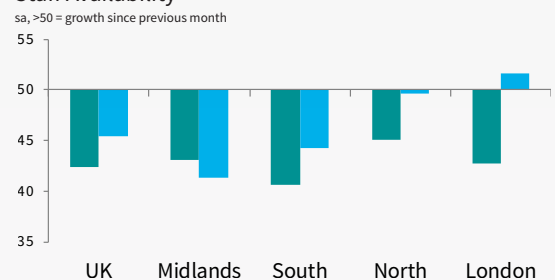
Staff Appointments



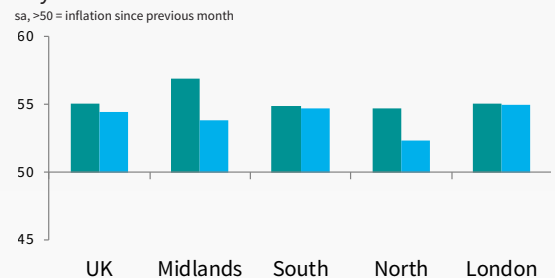
Vacancies



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

Eliot Kerr
Economist
+44 203 159 3381
eliot.kerr@ihsmarkit.com

Katherine Smith
Corporate Communications
+1 781 301 9311
katherine.smith@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.

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.

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.

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.