



# KPMG AND REC, UK REPORT ON JOBS: SOUTH OF ENGLAND

## Permanent staff appointments decline at quickest rate since May 2009

### KEY FINDINGS

Solid reduction in permanent placements

Vacancies expand at weakest rates since 2012

Availability of workers continues to fall sharply

### KEY DATA

Permanent Placements Index



Temporary Billings Index



The KPMG and REC, UK Report on Jobs: South of England is compiled by IHS Markit from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South of England.

Commenting on the latest survey results, Ian Brokenshire, Senior Partner at KPMG Plymouth, said:

*"The continuing political uncertainty is delaying business decisions, with many opting for short-term hires or putting a hold on hiring altogether, as evidenced by the sharpest decline in permanent appointments for a decade."*

*"Greater competition for the few roles available isn't good news for job-seekers, however those who have been successful in securing a role have commanded higher pay."*

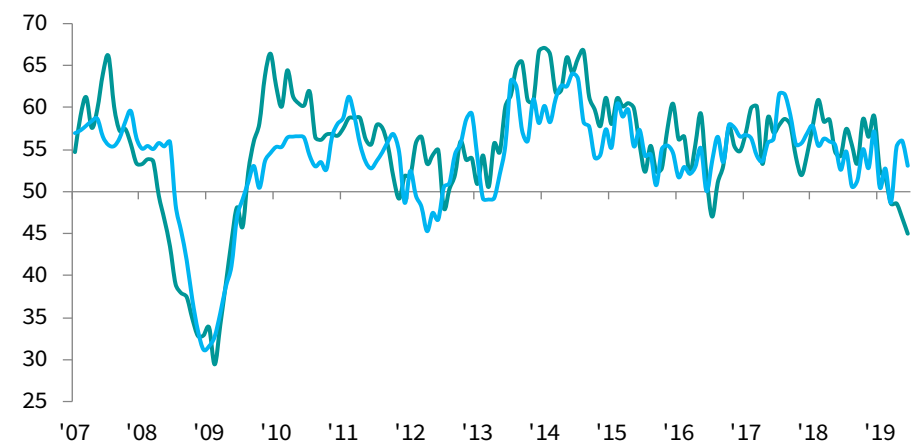
Neil Carberry, Recruitment & Employment Confederation chief executive, said:

*"The jobs market has slowed a little, but one issue which shows no sign of relenting is the shortage of qualified candidates in some areas."*

*"Agencies employing temporary workers do all they can to train them to fill these vacancies, but this is made more difficult by the constraints of the apprenticeship levy. It is high time that this policy was reformed."*

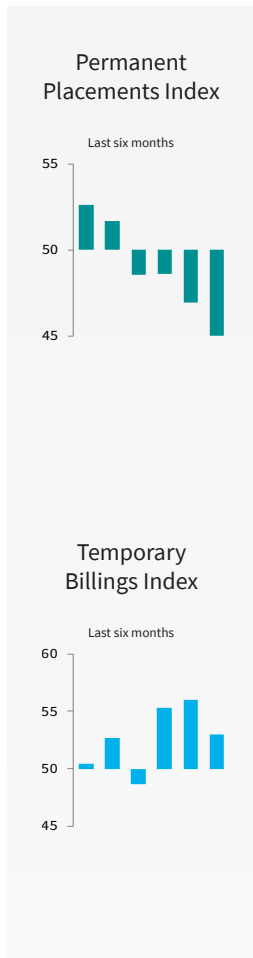
Permanent Placements Index / Temporary Billings Index

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.

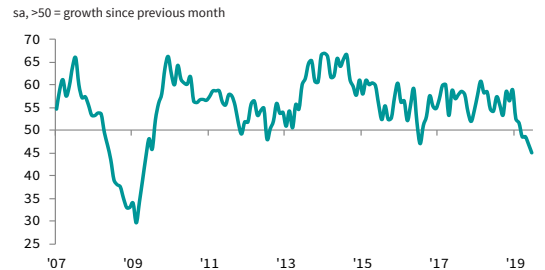


## Quickest drop in permanent placements since May 2009

Recruitment consultancies in the South of England signalled a steep and accelerated fall in the number of people placed into permanent jobs in June. Notably, the latest reduction was the fastest in just over 10 years, and extended the current sequence of decline to four months. According to panellists, greater political and economic uncertainty had dampened hiring activity.

At the UK level, permanent placements fell for the fifth time in six months, albeit modestly.

## Permanent Placements Index



## Softer expansion in temp billings

Latest data signalled a further rise in billings received from the employment of temporary workers in the South of England during June. Where an increase in temp billings was noted, this was often linked to firm demand for short-term workers. Though strong, the rate of expansion was the softest seen in the current three-month sequence of growth.

Temp billings also expanded at the UK level, though the rate of growth remained marginal.

## Temporary Billings Index



	Permanent		Temporary	
	UK	South	UK	South
Jan-19	49.7	52.6	51.5	50.5
Feb-19	50.0	51.7	54.3	52.7
Mar-19	47.6	48.6	52.9	48.7
Apr-19	49.7	48.6	53.8	55.3
May-19	48.5	46.9	50.4	56.0
Jun-19	48.7	45.0	50.8	53.0

## JOB VACANCIES

Demand for permanent workers in the South of England continued to rise in June. That said, the pace of expansion was the slowest recorded since January 2012 and weaker than the UK-wide trend.

Temporary vacancy growth in the South of England also slowed during June. Notably, the latest increase was the least marked since July 2012 and only modest. Across the UK as a whole, demand for short-term staff grew at a softer, but nevertheless solid, pace.

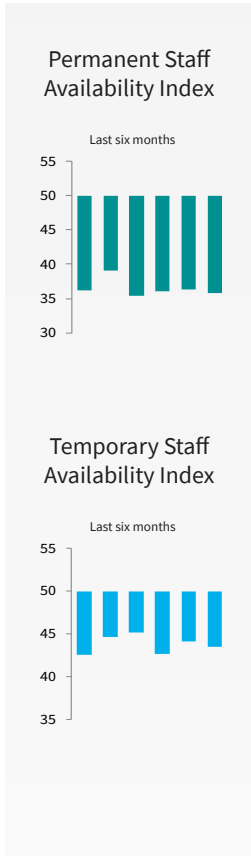
## Vacancies Index (Permanent/ Temporary)



	Permanent		Temporary	
	UK	South	UK	South
Jan-19	58.7	61.5	57.9	57.5
Feb-19	57.1	59.5	56.6	56.5
Mar-19	55.5	56.5	55.7	54.3
Apr-19	53.5	54.5	55.7	53.5
May-19	54.1	54.2	54.7	53.4
Jun-19	54.2	53.3	54.1	51.4

## 2 STAFF AVAILABILITY

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



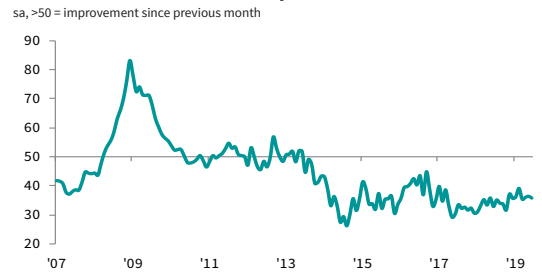
### Availability of permanent workers falls sharply

The seasonally adjusted Permanent Staff Availability Index remained well below the neutral 50.0 level to signal a further decline in permanent staff supply across the South of England. Notably, the rate of contraction quickened slightly to a three-month record that was also steeper than the UK average. Recruiters that reported lower permanent candidate numbers generally linked this to skill shortages and a greater reluctance to switch roles amid an uncertain outlook.

### Short-term staff supply contracts further in June

As has been the case since September 2013, the availability of temporary workers in the South of England fell during June. The rate of contraction accelerated slightly to a sharp pace that was broadly in line with that seen across the UK as a whole. Reduced candidate supply was often blamed by panellists on generally tight labour market conditions and fewer EU nationals.

### Permanent Staff Availability Index



### Temporary Staff Availability Index



	Permanent		Temporary	
	UK	South	UK	South
Jan-19	34.5	36.2	39.5	42.5
Feb-19	38.5	39.1	41.8	44.6
Mar-19	37.8	35.4	44.2	45.2
Apr-19	39.0	36.0	44.4	42.7
May-19	37.3	36.4	42.8	44.1
Jun-19	38.5	35.8	43.6	43.5

## 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

<b>Accounting/Financial</b> Accountants Auditors Book Keepers Credit Controllers Estimators Finance Taxation	Engineers Mechanical Engineers Technicians	Technical Sales Technology
<b>Blue Collar</b> Drivers Forklift Drivers Manufacturing Mechanics Production Warehouse Welders	<b>Executive/Professional</b> Executives Law Management Marketing Project Managers	<b>Nursing/Medical/Care</b> Chemists Health Care Assistants Nurses
<b>Construction</b> Construction Sales Quantity Surveyors Real Estate	<b>Hotel/Catering</b> Catering Chefs Hospitality	<b>Retail</b> E-commerce
<b>Engineering</b> Design Engineers Electronics Designers	<b>IT/Computing</b> C# CAD Cyber Data Professionals Developers IT Oracle Specialists PHP Developers Software Software Engineers	<b>Secretarial/Clerical</b> Administration
		<b>Other</b> B2B Call Centre Customer Service Ecologists Sales Security Skilled

### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Accountants Credit Controllers Finance	Hospitality
<b>Blue Collar</b> Drivers Forklift Drivers Industrials LGV Drivers Production Warehouse Welders	<b>IT/Computing</b> Developers IT Oracle Specialists Software Technology
<b>Engineering</b> Engineers	<b>Nursing/Medical/Care</b> Carers
<b>Executive/Professional</b> Human Resources Law Marketing Project Managers	<b>Retail</b> E-commerce
<b>Hotel/Catering</b> Catering Chefs	<b>Secretarial/Clerical</b> Administration
	<b>Other</b> B2B Call Centre Customer Service Facilities Sales Unskilled

## 4 PAY PRESSURES

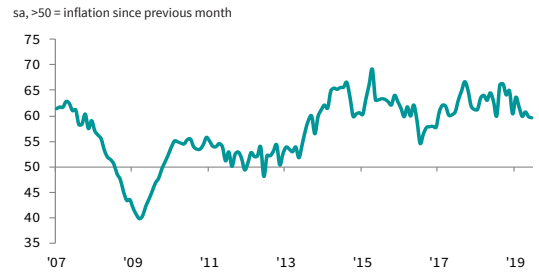
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



### Starting salary inflation edges down to two-and-a-half-year low

June survey data signalled a further rise in salaries awarded to newly placed permanent staff in the South of England. Reports from panellists indicated that employers were having to increase pay offers due to candidate shortages and greater competition for staff. Though sharper than the national average, the rate of inflation was the softest seen for two-and-a-half years.

### Permanent Salaries Index



### Temp wages rise at softer pace

Pay awarded to temporary staff in the South of England increased at a softer pace in June. Though marked overall, the latest increase was the slowest since February and also weaker than that seen for the UK as a whole. Higher temp pay was often attributed to lower candidate supply.

### Temporary Wages Index



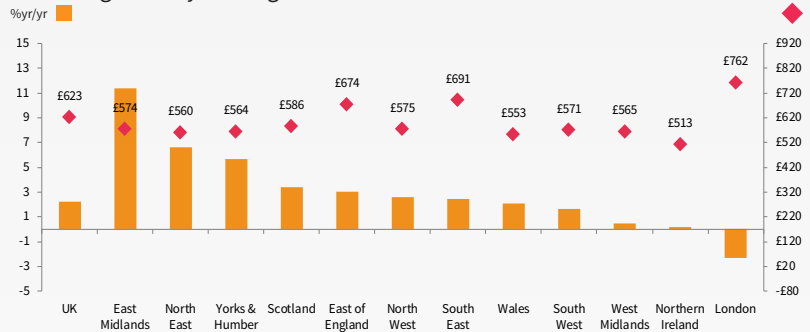
	Permanent		Temporary	
	UK	South	UK	South
Jan-19	63.4	63.7	58.5	60.4
Feb-19	61.5	61.9	56.4	54.6
Mar-19	59.3	59.9	55.8	57.6
Apr-19	59.2	60.8	57.8	59.0
May-19	58.9	59.9	59.1	61.7
Jun-19	59.1	59.7	59.3	55.5

## OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data published by the Office for National Statistics indicated that average weekly earnings across the UK increased by 2.2% year-on-year over the first quarter of 2019.

The upturn was led by the East Midlands, which saw pay increase 11.4% to £574. London was the only area to register lower pay compared to a year ago, with average weekly earnings falling by -2.3% to £762.

### UK average weekly earnings



Source: Office for National Statistics.

## 5 REGIONAL COMPARISON

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

### Staff appointments

Recruitment consultancies across the UK recorded a fourth consecutive monthly reduction in permanent staff placements during June. The rate of decline was modest and only slightly softer than the one in May, but nonetheless marked the joint-longest fall in staff appointments in roughly a decade. Three of the four monitored English regions saw an overall drop in permanent hires, with the North of England the only area recording an increase.

At the same time, billings received from the employment of temporary staff across the UK saw a marginal uptick. Despite rising from May, the rate of growth was the second-weakest in the current 74-month sequence of expansion. Higher temp billings in London and the South of England contrasted with slight declines in the Midlands and North of England.

### Candidate availability

Permanent labour supply deteriorated sharply in June, extending the current period of reduction to 74 months. Notably, the rate of decline remained much quicker than the historical average. All surveyed English regions registered an overall drop in candidate availability, with the South of England seeing the steepest fall while the Midlands recorded the softest.

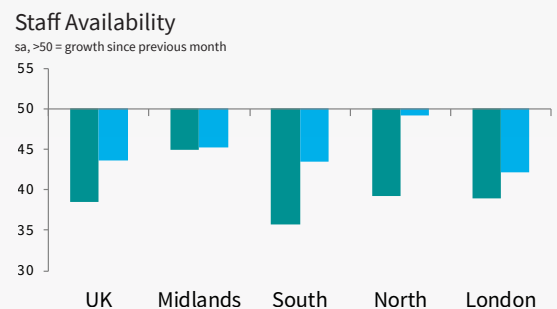
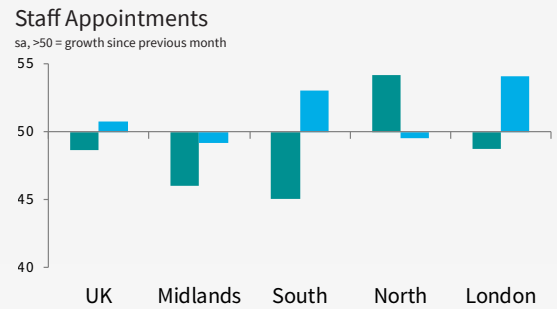
Temporary staff availability across the UK dropped at a slightly less marked pace in June. Nevertheless, the overall decline in short-term candidates remained sharp. The North of England registered only a marginal fall, the softest recorded in the near six-year sequence of deterioration, whereas London saw the quickest rate of contraction.

### Pay Pressures

Starting salaries for permanent workers across the UK continued to rise in June, extending the current sequence of growth to just over seven years. The pace of increase was sharp and broadly in line with that seen throughout the past three months. The Midlands recorded the quickest rise in permanent starting salaries, while London continued to register the slowest increase.

Meanwhile, remuneration for temporary staff across the UK rose sharply and at a similar pace to that seen in May. At the regional level, faster wage growth was recorded in the Midlands and North of England, while London and the South of England saw weaker increases in pay.

June 2019  
Permanent / Temporary



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### Methodology

The KPMG and REC, UK Report on Jobs: South of England is compiled by IHS Markit from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South of England (defined as NUTS1 regions South East England, East of England and South West England).

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](mailto:economics@ihsmarkit.com).

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