

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

Hiring activity in the South of England remains weak in November

KEY FINDINGS

Permanent placements and
temp billings continue to fall

Permanent vacancy growth
stuck at decade-low

Softer increases in starting pay

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 jobs market in the South appears to have caught a winter cold. A decline in hires for permanent and temporary positions points to a business community that is a little under the weather. Political and economic clarity will be the perfect tonic for employers and address the lethargy that is holding back new roles being created and stopping job seekers from considering new opportunities."

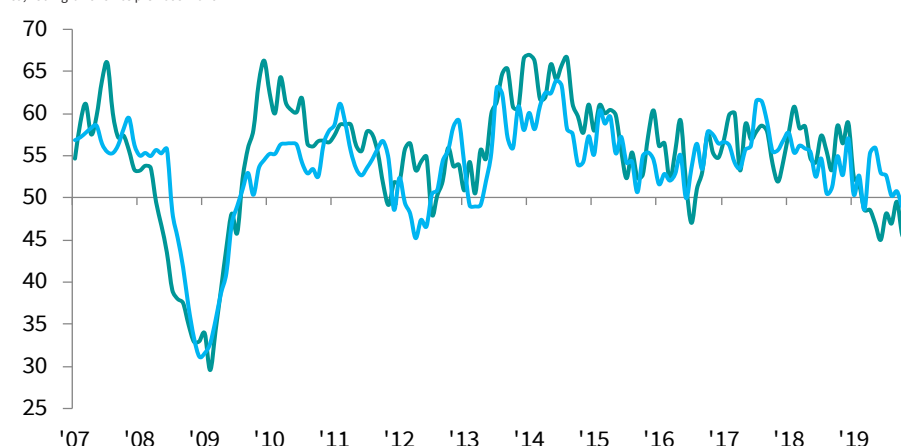
Neil Carberry, Recruitment & Employment Confederation chief executive, said:

"Today's figures show exactly why this election needs to focus on work. The jobs market is still strong, but uncertainty is taking its toll. In the South, permanent placements have now fallen for nine months in a row and vacancies growth is at its weakest for a decade. Any incoming government must move quickly to boost business confidence and implement policies that will help companies and individuals to make great work happen."

"With that in mind, it was good to hear Sajid Javid say that a Conservative government would review the planned changes to IR35 if they win the general election, alongside similar commitments from Labour and the Liberal Democrats. Everyone should pay the right amount of tax - and that must mean thinking again and stopping 2020 implementation. Contractors and the self-employed are a vital part of the UK's flexible labour market, and current implementation plans risk rewarding those who avoid tax whilst punishing hundreds of thousands of compliant contractors and agencies. It is essential that these tax changes are only brought in when it's clear they can be implemented effectively, with proper regulation of umbrella companies and effective enforcement."

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month

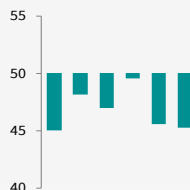


1 STAFF APPOINTMENTS

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 Placements Index

Last six months

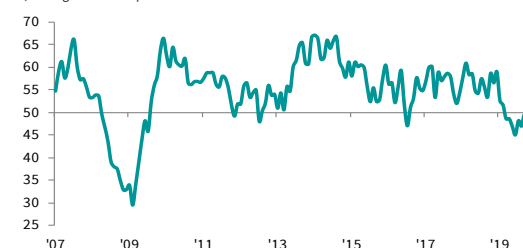


Permanent placements decline at quickest rate since June

The seasonally adjusted Permanent Placements Index signalled a ninth successive monthly drop in permanent staff appointments across the South of England in November. There were numerous reports that employers were holding off or cancelling hiring plans due to political and economic uncertainty. Furthermore, the rate of reduction quickened to the most marked for five months and was solid overall. Permanent placements meanwhile fell only modestly at the national level.

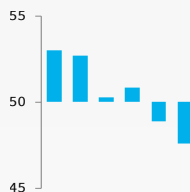
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Last six months



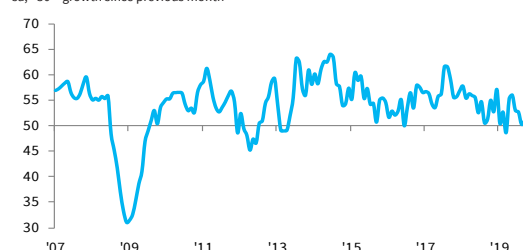
Steepest drop in temp billings since June 2012

Billings received from the employment of temporary staff in the South of England fell for the second month running in November. Though modest, the rate of decline was the strongest seen since mid-2012. Uncertainty was also highlighted as a key factor dampening temp billings.

Across the UK as a whole, temp billings rose at a marginal rate that was the softest for three months.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jun-19	48.7	45.0	50.8	53.0
Jul-19	49.7	48.2	50.3	52.7
Aug-19	47.0	47.0	50.5	50.3
Sep-19	48.1	49.6	52.2	50.8
Oct-19	47.1	45.6	51.1	48.9
Nov-19	48.8	45.3	50.5	47.6

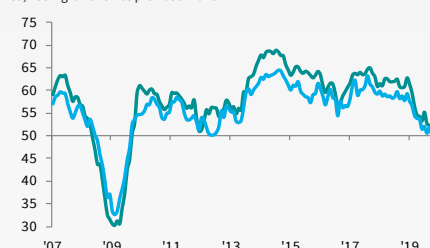
JOB VACANCIES

Growth of demand for staff remained relatively subdued across the South of England in November.

Permanent vacancies increased at a marginal pace that was unchanged from October's decade-low. Growth of demand for short-term workers meanwhile improved to a six-month high. That said, the upturns in both permanent and temporary vacancies remained weaker than those seen at the national level, and were subdued by historical standards.

Vacancies Index (Permanent/ Temporary)

sa, >50 = growth since previous month



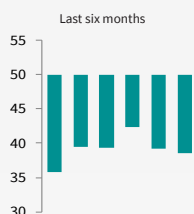
sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jun-19	54.2	53.4	54.2	51.4
Jul-19	54.5	55.3	53.3	52.0
Aug-19	52.9	52.8	52.1	50.5
Sep-19	52.4	52.3	53.3	51.8
Oct-19	51.5	50.5	52.9	50.5
Nov-19	51.3	50.5	53.5	52.8

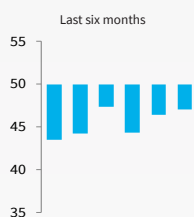
2 STAFF AVAILABILITY

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

Permanent Staff Availability Index



Temporary Staff Availability Index



Fastest reduction in permanent labour supply for five months

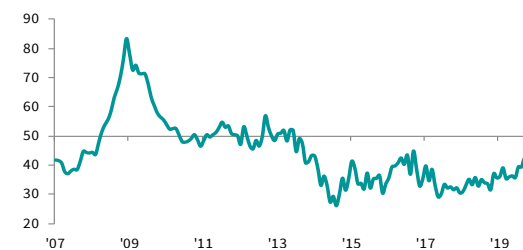
The number of people available to fill permanent job roles in the South of England fell further in November. The rate of deterioration accelerated to the steepest since June, and remained much quicker than the series average. According to anecdotal evidence, uncertainty stemming from the upcoming election and Brexit had deterred many people from seeking out new roles. The reduction in permanent candidate numbers also outpaced the UK-wide average.

Softer fall in temp labour supply

Adjusted for seasonal factors, the Temporary Staff Availability Index signalled a sustained drop in the supply of short-term staff in the South of England during November. Panel members linked the fall to a reluctance among candidates to change roles, concerns around upcoming IR35 changes and fewer EU workers. Though solid overall, the pace of deterioration was the least marked for three months and slower than the national average.

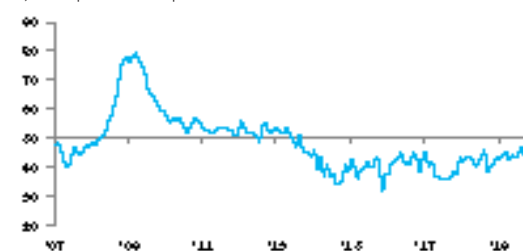
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jun-19	38.5	35.8	43.6	43.5
Jul-19	42.1	39.4	47.4	44.2
Aug-19	42.6	39.4	47.3	47.3
Sep-19	42.8	42.3	46.5	44.3
Oct-19	41.6	39.2	47.0	46.4
Nov-19	41.2	38.6	46.1	47.1

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 Book Keepers Credit Controllers Finance Insurance Investment Taxation	Executive/Professional B2B Human Resources Law Marketing Project Managers Surveyors Hotel/Catering Chefs Front of House IT/Computing IT Software Technology Nursing/Medical/Care Care Home Managers Health Care Assistants Secretarial/Clerical Administration Office Staff	Other Customer support Designers Sales Semi Skilled Travel Consultants Unskilled
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Skills in short supply: Temporary staff

Accounting/Financial Accountants Credit Controllers Finance Blue Collar Blue Collar Drivers Factory Forklift Drivers Industrials Labour LGV Drivers Production Warehouse Welders Engineering Engineers Executive/Professional B2B Marketing Project Managers	Hotel/Catering Catering Chefs Front of House Hospitality Kitchen Porters IT/Computing Data Professionals Database Developers Developers Software Technology Nursing/Medical/Care Carers Secretarial/Clerical Administration Office Staff Secretary Other Commercial Sales Skilled	Team Leaders Unskilled
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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

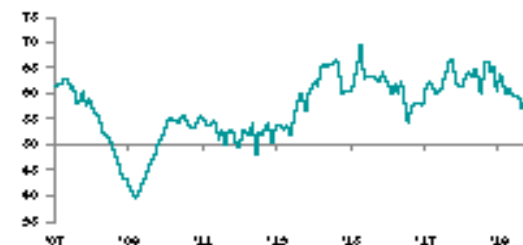


Starting salaries rise at slowest rate for over three years

Recruitment consultancies in the South of England signalled a further increase in salaries awarded to permanent new joiners in November. Though still sharp overall, the rate of growth was the least marked since August 2016. Higher starting salaries were widely associated with candidate shortages and efforts to attract skilled workers. A softer rate of permanent pay growth was also seen at the UK level.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

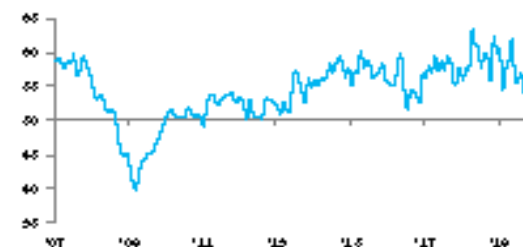


Temp pay growth softens in November

Latest data indicated that remuneration awarded to temporary staff in the South of England rose for the ninety-second month running in November. Anecdotal evidence suggested that candidate shortages had led clients to up their wage offers. Though solid, the rate of wage inflation was slower than that seen in October and weaker than the average seen over the current period of pay growth. Across the UK as a whole, temp pay growth eased to a three-year low.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

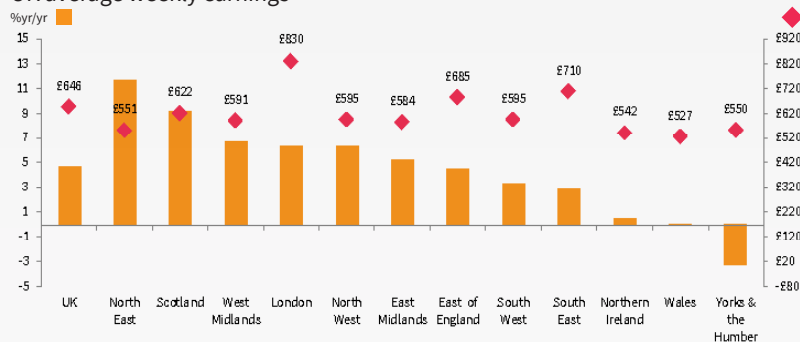
	Permanent		Temporary	
	UK	South	UK	South
Jun-19	59.1	59.7	59.3	55.5
Jul-19	58.8	59.6	57.3	55.8
Aug-19	55.5	57.1	57.1	56.9
Sep-19	58.6	58.0	54.7	54.1
Oct-19	57.9	59.5	55.6	56.6
Nov-19	55.2	56.7	54.0	54.2

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: 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 reported a ninth consecutive monthly fall in permanent staff appointments in November. The rate of decline eased to the softest since July and was only mild, however. Driving the latest reduction were falls in two of the four monitored English regions, led by the South of England. Meanwhile, increases were seen in London and the North of England.

Temp billings across the UK continued to rise during the latest survey period, as has been the case in each month since May 2013. That said, the increase was the softest for three months and only marginal. At the regional level, growth was reported in the Midlands, the North of England and London, with the Midlands recording the quickest increase overall. The South of England noted a second successive monthly decline, albeit modest.

Candidate availability

Permanent candidate availability continued to deteriorate across the UK in November, with the pace of decline accelerating to the fastest for five months and remaining marked overall. The reduction was driven by falls across all of the four monitored English regions, with the South of England posting the fastest rate of contraction. The North of England reported the softest deterioration, albeit one that was sharp nonetheless.

Similar to the trend for permanent availability, the supply of temporary candidates fell at the UK level in November, with the pace of decline accelerating from October to a solid rate overall. Of the four monitored English regions, the Midlands reported the steepest rate of reduction. Meanwhile, the North of England bucked the overall downward trend, and registered a modest increase in temporary candidate supply.

Pay Pressures

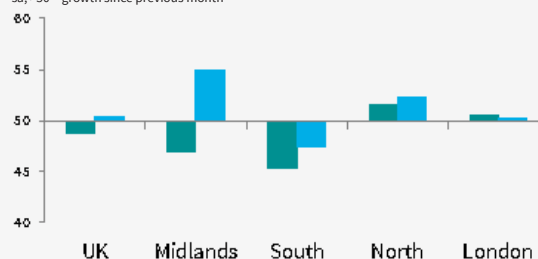
Permanent starting salaries across the UK rose in November, as has been the case in every month since May 2012. The latest increase was solid, albeit the slowest for almost three years. All of the four monitored English regions reported a rise in permanent starters' pay, with the rate of salary inflation most marked in the North of England.

Meanwhile, November data highlighted a further increase in average hourly pay for temporary workers. The rate of wage inflation eased, however, and was the slowest for three years. The South of England recorded the strongest rate of pay growth of the four monitored English regions. The weakest increase was meanwhile seen in the North of England.

November 2019
Permanent / Temporary

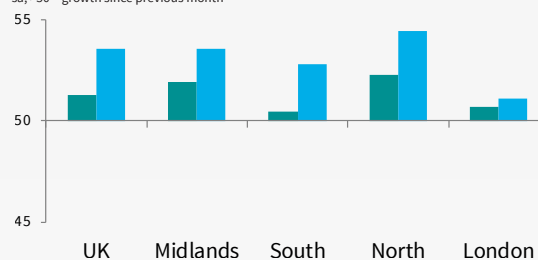
Staff Appointments

sa, >50 = growth since previous month



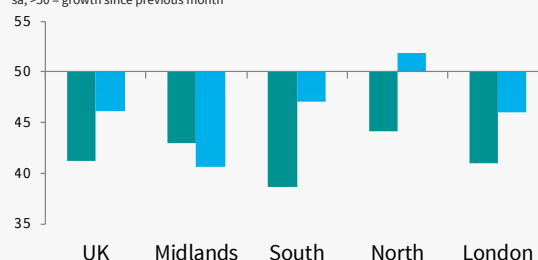
Vacancies

sa, >50 = growth since previous month



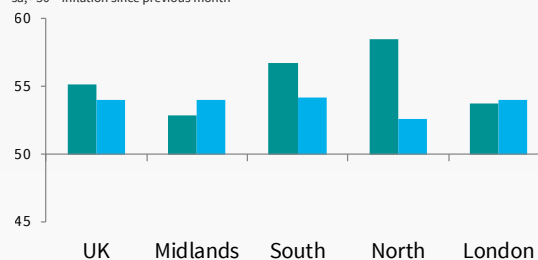
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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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.

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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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