

KPMG AND REC, UK REPORT ON JOBS

Uncertainty continues to weigh on staff hiring decisions in April

KEY FINDINGS

Permanent staff appointments fall slightly, but temp billings rise

Staff vacancies rise at the slowest rate since August 2012

Candidate shortages continue to push up starting pay

KEY DATA

Permanent Placements Index



Temporary Billings Index



The KPMG and REC, UK Report on Jobs is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

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

"This report shows how the UK jobs market has seized up, with both employers and candidates waiting to see which direction Brexit is going to go in. For now, this smothers the prospects for growth and makes it a lot harder for companies looking to innovate."

"Overall employers have hired fewer permanent staff in three of the past four months and most of the firms we're speaking to say that uncertainty around Brexit is to blame. A subdued public sector is also contributing to the wider picture."

"On the supply side, a high rate of employment and the apprehension of potential candidates means there just aren't a lot of suitably skilled people out there to hire anyway. This is an increasing problem for firms in technology, health, and engineering who are experiencing a skills gap."

"Concern over the long-term picture means now is a good time to be a temp' with steep increases in pay for both day rate and short contract workers."

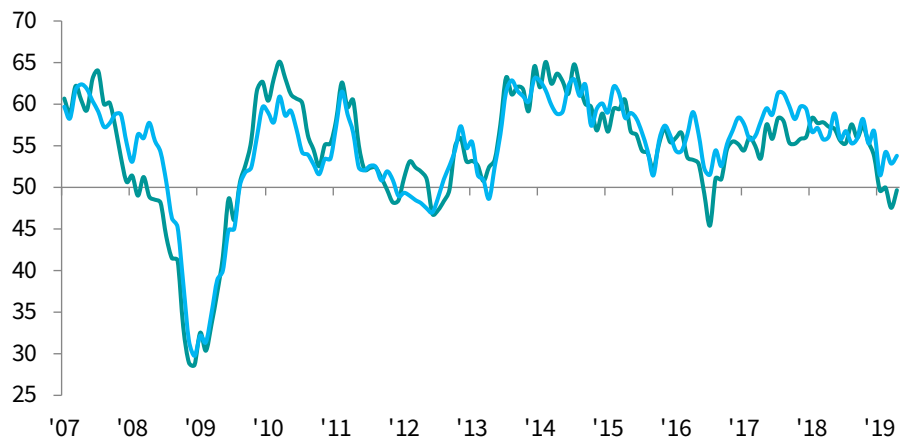
Neil Carberry, Chief Executive of the Recruitment & Employment Confederation, said:

"Employers are turning to temporary work to support their business and offer people opportunity while the long-term economic picture is unclear."

"We should be proud of how our jobs market has adapted to challenging circumstances. Resolving Brexit will bring some certainty, but we must also take bold steps to fix the underlying problems suggested by these figures."

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



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1 EXECUTIVE SUMMARY

The Report on Jobs is unique in providing the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies and employers to provide the first indication each month of labour market trends.

The main findings for April are:

Uncertain outlook continues to dampen recruitment activity

Latest data signalled that permanent staff hiring declined again in April, though the rate of reduction softened from March's 32-month record and was only slight. Recruitment consultants widely commented that Brexit-related uncertainty had impacted on hiring decisions. At the same time, billings from the recruitment of temp workers rose at a quicker pace amid reports of firm demand for short-term staff.

Staff demand rises at slowest rate since August 2012

The index measuring overall vacancies edged down further in April, to signal the weakest increase in demand for staff since August 2012. The softer expansion in total vacancies was predominantly driven by a slower rise in permanent staff demand.

Availability of candidates declines again in April

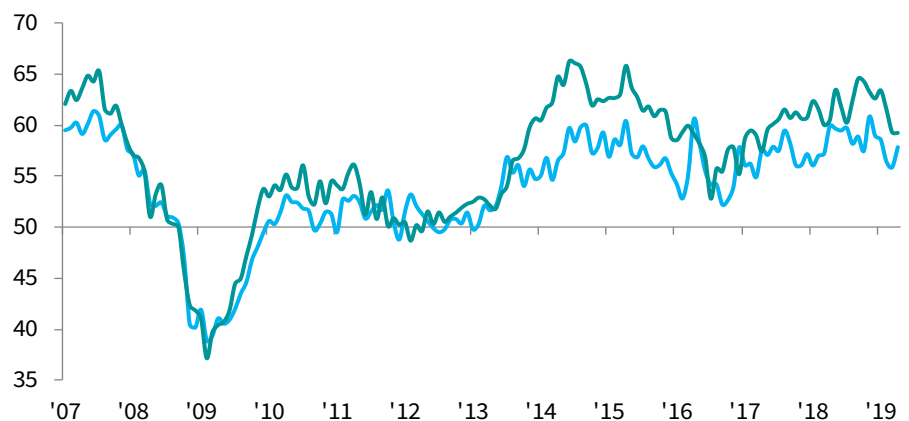
A reluctance among workers to seek new roles due to uncertainty related to Brexit, as well as a generally low unemployment rate, led to a further decline in staff availability. That said, both permanent and temporary worker supply deteriorated at softer rates.

Pay growth remains historically sharp

Greater competition for scarce candidates contributed to steep increases in pay for both permanent and temporary workers. That said, the rate of starting salary inflation was the softest seen for two years. In contrast, temp wages rose at the strongest rate since January.

Permanent Salaries Index / Temporary Wages Index

sa, >50 = inflation since previous month



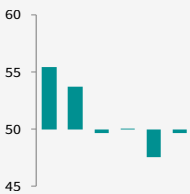
2 STAFF APPOINTMENTS

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.

An index reading above 50 signals a higher number of placements/billings than the previous month. Readings below 50 signal a decline compared with the previous month.

Permanent Placements Index

Last six months



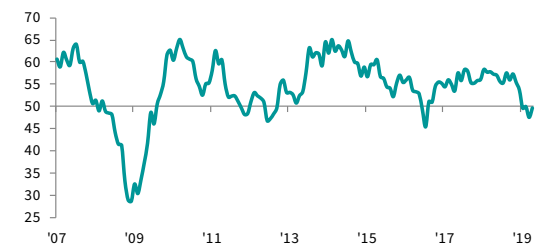
Softer fall in permanent staff appointments

The seasonally adjusted Permanent Placements Index signalled a further decline in the number of people placed into permanent jobs during April. That said, the rate of reduction eased from March's 32-month record and was fractional overall. Nonetheless, permanent staff hires have now declined in three of the past four months. Recruitment consultancies widely reported that uncertainty around Brexit had led firms to pause any hiring decisions. There were also reports that a lack of suitably skilled candidates and relatively stagnant market conditions had hampered recruitment at the start of the second quarter.

London recorded the quickest drop in permanent staff appointments of all four English regions. In fact, the North of England was the only area to see an increase in permanent placements during April.

Permanent Placements Index

sa, >50 = growth since previous month



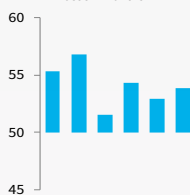
Permanent Placements Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Nov '18	55.5	57.4	56.5	55.2	51.0
Dec '18	53.7	51.9	59.0	50.2	50.8
Jan '19	49.7	49.3	52.6	48.1	46.7
Feb '19	50.0	54.0	51.7	45.4	48.6
Mar '19	47.6	47.9	48.6	42.2	52.0
Apr '19	49.7	45.1	48.6	47.7	52.0

Temporary Billings Index

Last six months



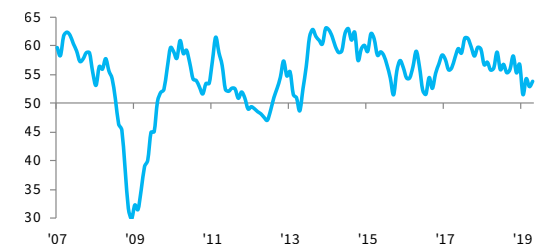
Temp billings growth quickens in April

April survey data pointed to a further increase in temp billings at recruitment agencies. The rate of expansion quickened since March and was solid overall. However, growth remained among the slowest seen over the past three years. A number of recruiters mentioned that firm demand for short-term staff and increased business activity at clients had underpinned the latest rise in temp billings.

On a regional basis, the North of England noted the quickest rate of increase, closely followed by the South. The Midlands meanwhile noted the first reduction in temp billings for just over seven years.

Temporary Billings Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month

	UK	London	South	Midlands	North
Nov '18	55.3	53.3	52.7	61.1	52.6
Dec '18	56.8	56.7	57.1	54.8	55.5
Jan '19	51.5	48.9	50.5	56.5	49.2
Feb '19	54.3	54.4	52.7	54.7	52.4
Mar '19	52.9	51.8	48.7	51.5	56.7
Apr '19	53.8	52.8	55.3	48.4	55.4

3 VACANCIES

Recruitment consultants are asked to specify whether the demand for staff from employers has changed on the previous month, thereby providing an indicator of the number of job vacancies.



Vacancy growth at 80-month low

The Total Vacancies Index fell from 55.5 in March to 53.6 in April, to point to a softer increase in overall demand for staff. Furthermore, the latest reading was the lowest recorded since August 2012.

Permanent and temporary vacancies

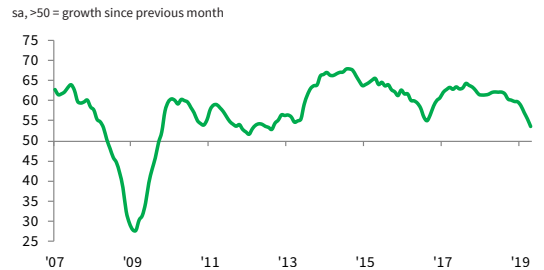
The weaker rise in overall vacancies was largely driven by softer demand for permanent staff. The latest increase in permanent job postings, though strong, was the slowest recorded since August 2012. Meanwhile, temporary staff vacancies rose at a fractionally slower rate, leaving the respective index at a 32-month low.

Public & private sector vacancies

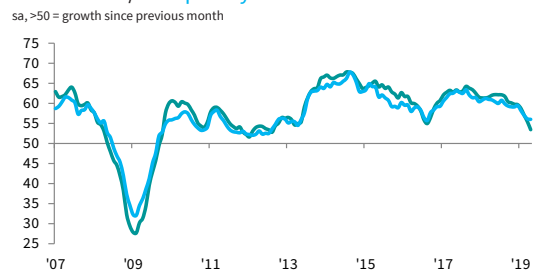
April data continued to point to subdued public sector staff demand compared to the private sector.

In the public sector, permanent vacancies fell slightly, but rose marginally for temp workers. Demand for permanent staff in the private sector meanwhile rose at a softer, but still strong, rate and strengthened for temp workers.

Total Vacancies Index



Permanent / Temporary



Vacancy Index summary

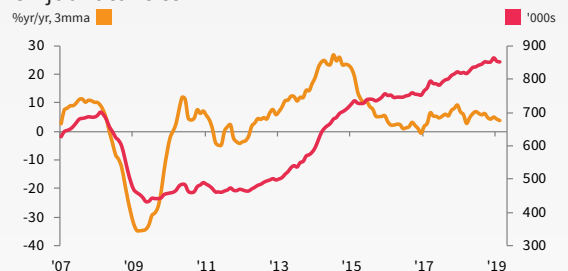
sa, >50 = growth since previous month. *Not seasonally adjusted.

	Permanent				Temporary		
	Total	Total	Private*	Public*	Total	Private*	Public*
Nov '18	59.8	59.8	62.8	52.4	59.1	63.8	57.7
Dec '18	59.7	59.7	60.6	56.1	59.4	60.9	53.5
Jan '19	58.7	58.7	59.6	49.1	58.1	53.6	49.2
Feb '19	57.0	57.0	58.9	52.4	56.9	58.5	52.2
Mar '19	55.5	55.4	55.9	45.0	56.1	55.9	50.8
Apr '19	53.6	53.4	54.2	49.4	56.0	56.9	51.0

OFFICIAL DATA: UK JOB VACANCIES

Latest official data from the Office for National Statistics (ONS) showed that the number of staff vacancies rose by 3.9% year-on-year in the three months to March. This meant that the total number of job vacancies stood at 852,000. Though still historically high, the number of vacancies have now fallen in each of the past two survey periods, to slip further from the record high of 864,000 in the three months to January.

UK job vacancies



Source: Office for National Statistics.

4 VACANCIES BY SECTOR

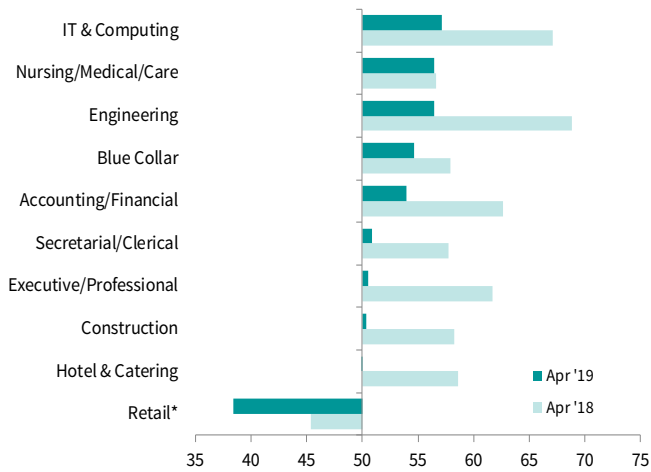
Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent vacancies

IT & Computing topped the rankings for permanent staff demand, closely followed by Nursing/Medical/Care and Engineering. However, the majority of monitored sectors noted softer increases in vacancies. Retail noted a sharper decline.

Permanent Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

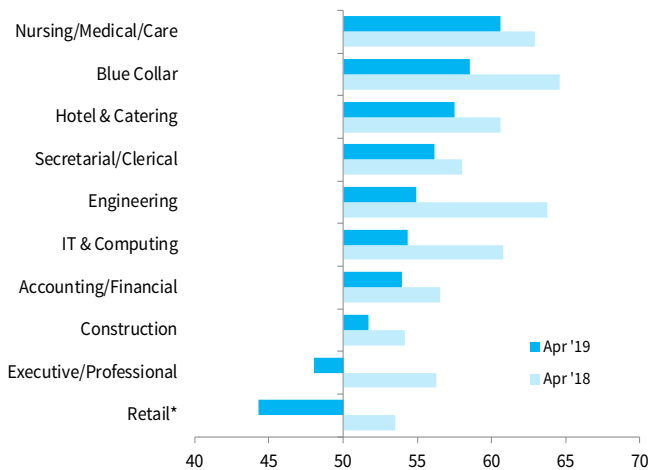


Temporary vacancies

The quickest increase in temporary staff vacancies was again seen in Nursing/Medical/Care in April. Blue Collar and Hotel & Catering completed the top three in the rankings. In contrast, short-term vacancies fell in Executive/Professional and Retail.

Temporary Vacancies Index

sa, >50 = growth since previous month. *Not seasonally adjusted.

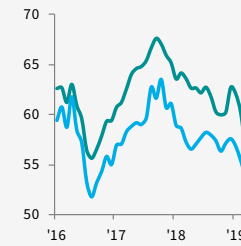


VACANCY INDEX BY SECTOR

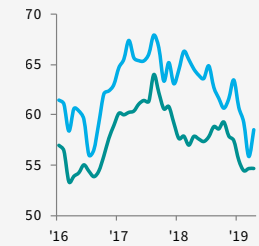
sa, >50 = growth since previous month

Permanent / Temporary

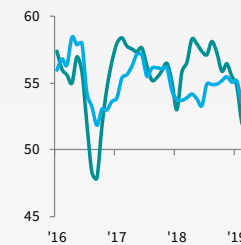
Accounting & Financial



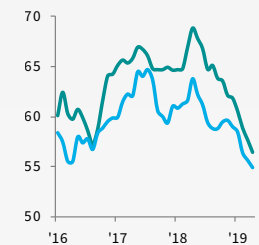
Blue Collar



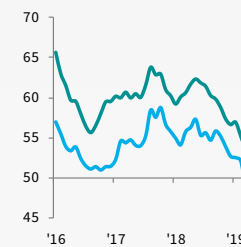
Construction



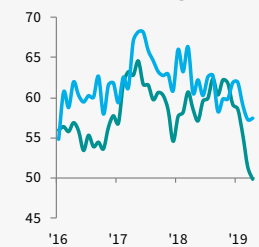
Engineering



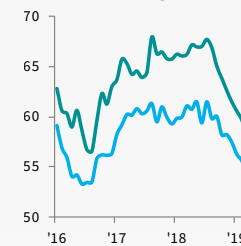
Executive & Professional



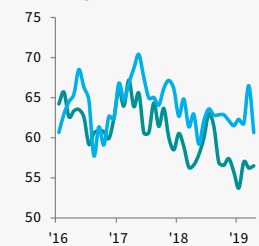
Hotels & Catering



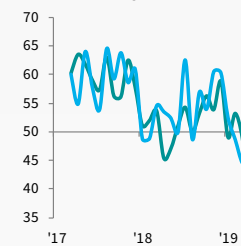
IT & Computing



Nursing, Medical & Care



Retail (unadjusted)



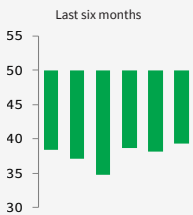
Secretarial & Clerical



5 STAFF AVAILABILITY

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month. An overall indicator of staff availability is also calculated.

Total Staff Availability Index



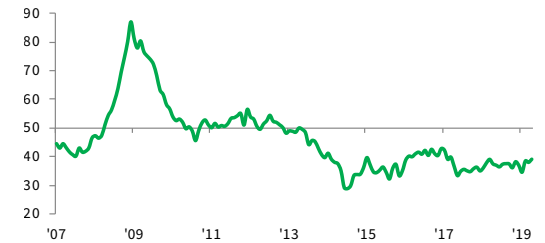
April sees further marked fall in candidate numbers

Recruitment consultancies continued to signal a drop in the number of candidates available to fill roles during April. Overall candidate availability has now fallen continuously since May 2013.

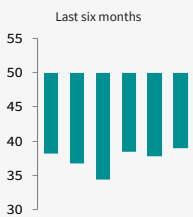
The supply of permanent workers continued to contract at a quicker pace than that seen for short-term staff, but rates of reduction remained historically marked in both cases.

Total Staff Availability Index

sa, >50 = improvement since previous month



Permanent Staff Availability Index



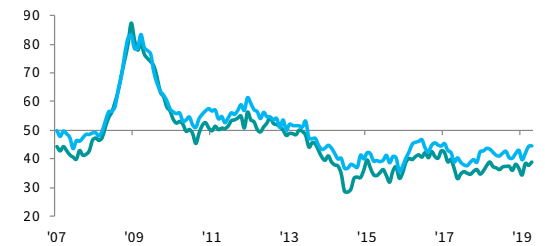
Downturn in permanent staff availability eases slightly

Latest survey data signalled a softer, but still steep, reduction in the number of candidates available for permanent job roles. Despite easing to the weakest in just over a year, the rate of decline remained much sharper than the long-run series average. A generally tight labour market and a reluctance among candidates to seek out new roles amid an uncertain economic outlook were the main factors cited by recruiters as having driven the latest drop in permanent staff supply.

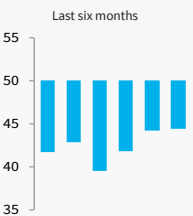
Lower permanent worker availability was evident across all four monitored English regions.

Permanent / Temporary

sa, >50 = improvement since previous month



Temporary Staff Availability Index



Temp candidate supply deteriorates further

The supply of short-term workers declined for the seventieth successive month in April. The rate of reduction remained sharp overall, despite softening to the least marked in 27 months. Reports from panellists indicated that Brexit-related uncertainty, fewer EU candidates and a generally low unemployment rate had all contributed to the fall in candidate supply.

The South of England registered the quickest drop in temporary candidate numbers, though marked reductions were also seen elsewhere.

Permanent Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Nov '18	38.2	41.7	37.1	34.8	38.3
Dec '18	36.8	43.8	35.7	35.1	37.0
Jan '19	34.5	34.4	36.2	35.8	35.9
Feb '19	38.5	35.1	39.1	40.8	37.6
Mar '19	37.8	38.4	35.4	40.9	37.2
Apr '19	39.0	40.2	36.0	43.9	38.0

Temporary Staff Availability Index

sa, >50 = improvement since previous month

	UK	London	South	Midlands	North
Nov '18	41.7	44.4	41.4	37.7	44.5
Dec '18	42.8	47.3	43.9	39.8	43.7
Jan '19	39.5	41.2	42.5	39.5	42.1
Feb '19	41.8	37.4	44.6	41.9	43.6
Mar '19	44.2	43.3	45.2	46.3	42.6
Apr '19	44.4	46.5	42.7	44.8	44.9

6 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 Accounts Auditors Book Keepers Credit Controllers Estimators Finance Financial Controllers Mortgage Advisors Payroll Risk Tax Accountants	Scientists
Blue Collar	Drivers Forklift Drivers HGV Drivers LGV Drivers Manufacturing Meter Readers Production Production Managers Semi-Skilled Workers Skilled Workers Warehouse	Hotel/Catering Baristas Catering Chefs Hospitality
Construction	Construction Construction Sales Quantity Surveyors	IT/Computing Automation Testers CAD Cyber Data Analysts Developers DevOps Digital Gaming IT PHP Developers Software Developers Technology
Engineering	Design Engineers Development Engineers Electrical Engineers Electronic Design Engineers Engineers Hardware Engineers Installation Technicians Technicians	Nursing/Medical/Care Chemists Dispensing Opticians HADs Nurses Optometrists Support Workers Ultrasound Staff
Executive/Professional	Compliance Executives Human Resources Law Legal Litigation Lawyers Management Marketing Professional Project Managers Recruitment Consultants	Secretarial/Clerical Administration Clerical Personal Assistant
		Other B2B Sales Commercial Customer Service Graduates Logistics Managers Sales Security Technical Sales Telesales Unskilled Workers

Skills in short supply: Temporary staff

Accounting/Financial	Accounts Accounts Credit Controllers Finance Payroll	Nursing/Medical/Care Dispensing Opticians HADs Nurses Optometrists Sonographers
Blue Collar	Blue Collar Cleaners Drivers FLT Drivers HGV Drivers Industrial LGV Drivers Warehouse Welders	Secretarial/Clerical Administration Clerical Office Staff Personal Assistant Receptionist
Construction	Construction	Other Customer Service Graduates Sales Teachers Telesales Unskilled Workers White Collar
Engineering	Electronic Design Engineers Engineers Hardware Engineers	
Executive/Professional	Human Resources Legal Marketing Project Managers Scientists	
Hotel/Catering	Baristas Catering Chefs Hospitality Kitchen Porters	
IT/Computing	Automation Testers CAD Data Analysts Developers DevOps Digital Gaming IT Software Developers Technology	

Skills in excess supply: Permanent staff

Accounting/Financial	Accounts Finance	Clerical Personal Assistant
Blue Collar	Blue Collar Drivers Warehouse	Other Customer Service Graduates Sales Telesales Unskilled Workers
Engineering	Technicians	
Executive/Professional	Management	
	Marketing Project Managers Senior Executive	
	IT/Computing Technology	
	Nursing/Medical/Care Radiographers	
	Retail Retail Staff	
	Secretarial/Clerical Administration	

Skills in excess supply: Temporary staff

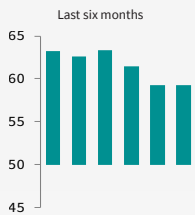
Accounting/Financial	Finance	Hotel/Catering Hospitality Waiting Staff	Other Customer Service Juniors Unskilled Workers
Blue Collar	Blue Collar Manufacturing Production Warehouse	IT/Computing Technology Testers	
Executive/Professional	Business Analysts Project Managers	Nursing/Medical/Care Radiographers	
		Secretarial/Clerical Administration Receptionist	

Note : Skills can be reported as being both in short supply and excess supply as we survey various recruitment agencies across the country, so there is geographical variation as well as the possibility of candidates with particular skills being concentrated in certain areas.

7 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



Salaries for permanent starters continue to rise markedly

Recruitment agencies signalled a further sharp increase in starting salaries for permanent workers in April. This was despite the rate of inflation edging down to a two-year low. Reports from panellists indicated that candidate shortages had continued to push up pay at the start of the second quarter.

The strongest rise in starting salaries was seen in the South of England, while the weakest was recorded in London.

Temporary Wages Index

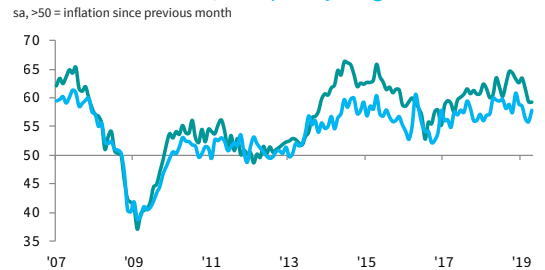


Temp pay growth picks up in April

Pay awarded to temporary staff increased for the seventy-fifth month running in April. Furthermore, the rate of inflation picked up from March's two-year low and was sharp overall. Low candidate availability had reportedly underpinned the latest increase in hourly rates of pay for short-term workers.

Data broken down by region pointed to higher temp wages across all areas, led by the North of England.

Permanent Salaries / Temporary Wages



Permanent Salaries Index

	UK	London	South	Midlands	North
Nov '18	63.2	63.3	65.0	60.3	60.2
Dec '18	62.6	65.2	60.4	59.3	63.0
Jan '19	63.4	64.0	63.7	62.0	60.5
Feb '19	61.5	62.1	61.9	58.7	61.5
Mar '19	59.3	56.6	59.9	56.1	61.3
Apr '19	59.2	56.3	60.8	59.7	58.3

Temporary Wages Index

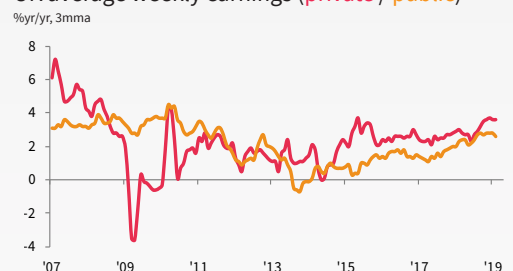
	UK	London	South	Midlands	North
Nov '18	60.8	58.3	62.2	60.7	59.1
Dec '18	58.9	58.1	59.8	60.3	58.3
Jan '19	58.5	57.4	60.4	58.4	55.8
Feb '19	56.4	52.2	54.6	59.2	60.4
Mar '19	55.8	49.9	57.6	59.8	55.2
Apr '19	57.8	53.6	59.0	57.8	61.0

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics showed that employee earnings (including bonuses) rose by 3.5% on an annual basis in the three months to February. This was unchanged from the previous two periods, and indicated that pay growth is running at its highest level in over 10 years.

The private sector continued to register a quicker increase in earnings compared to the public sector, with the former seeing pay rise by 3.6% year-on-year over the three months to February, compared to a 2.6% increase for the latter.

UK average weekly earnings (private / public)



Source: Office for National Statistics.

8 FEATURE: WORKFORCE CAPACITY AND PLANNING

This section features data from the Recruitment and Employment Confederation from their monthly survey of employers

Employers signal squeezed workforce capacity and rising pay

The latest Recruitment and Employment Confederation *JobsOutlook* survey showed that employers registered a drop in spare workforce capacity in April compared to a year ago. Notably, the proportion of employers registering little or no spare capacity (unless they create additional jobs), rose from 77% to 80%. This was close to the record high of 83% in mid-2017.

On the flipside, the percentage of employers that signalled a fair amount or considerable surplus of workforce capacity fell from 24% a year ago to just one-in-five in April.

Squeezed workforce capacity has coincided with a surge in the level of employment in recent years, which has seen the rate of unemployment tumble to its lowest since 1975 at 3.9%, as firms have added to their payrolls due to rising business requirements. Consequently, the employment rate has risen to a joint-record high of 76.1%.

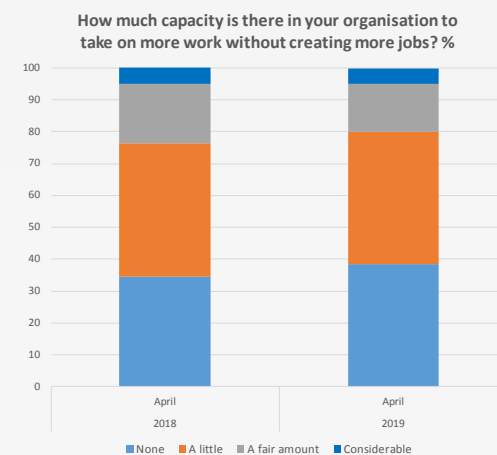
When asked about the changes to their workforces in the past year, around two-thirds of employers (65%), indicated that they had increased pay, up from 47% in April 2018.

At the same time, 58% of employers said they had expanded staffing levels compared to a year ago, which also marked a strong rise from 44% in April of last year.

However, a low unemployment rate and widespread skill shortages are likely to hamper firms' ability to expand this year. Furthermore, tight labour market conditions have meant that employers are now having to offer higher pay to secure new staff or even retain current employees. Official data have confirmed the signals provided by both the *JobsOutlook* and *Report on Jobs* surveys, and showed total pay (including bonuses) rising by 3.5% and regular pay (excluding bonuses) expanding at 3.4% year-on-year in the three months to February. The recent pay figures point to the strongest period of earnings growth for around 10 years.

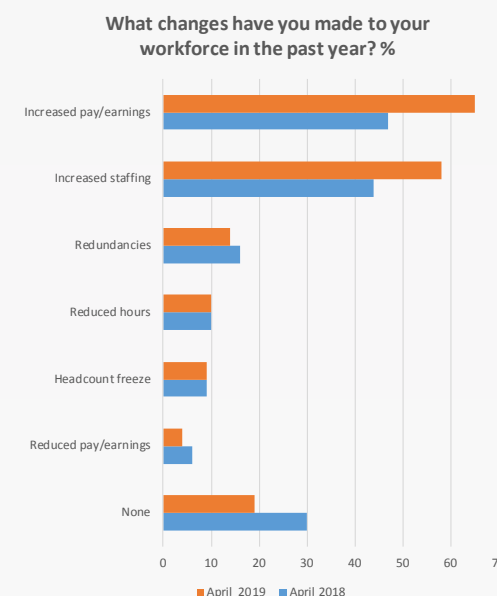
The lack of spare capacity means that employers will need to hire quickly if demand for their services or products increases. This makes it more important than ever to review current hiring procedures in order to compete for key staff in an increasingly tight labour market. Facilitating this review process is the core aim of the REC's Good Recruitment Campaign; the need to drive recruitment innovation is also providing opportunities for recruitment businesses to work more strategically with their clients.

Workforce capacity



Source: REC.

Changes to workforce over the past year



Source: REC.

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Methodology

The KPMG and REC, UK Report on Jobs is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

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 (Nasdaq: 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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About KPMG

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 14,500 partners and staff. The UK firm recorded a revenue of £2.2 billion in the year ended 30 September 2017. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 154 countries and territories and has 200,000 people 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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