

KPMG AND REC UK REPORT ON JOBS: SOUTH OF ENGLAND

Permanent placements growth at eight-month high, but labour supply continues to decline

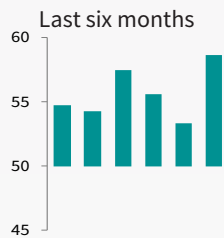
KEY FINDINGS

Permanent placements rise at fastest rate since February

Overall staff availability falls further

Starting salaries continue to rise sharply

SOUTH PERMANENT PLACEMENTS 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, said:

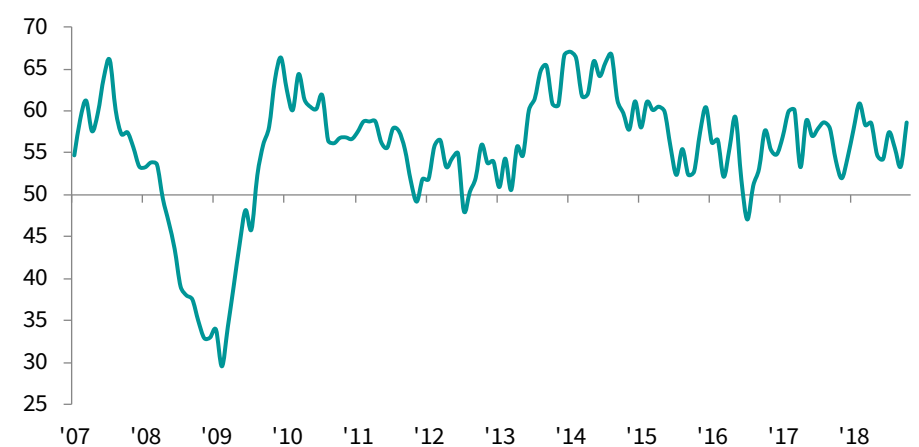
"The rise of permanent jobs available in the South of England reflects the business strength that we have been seeing throughout clients in the region. There is clearly uncertainty around Brexit but it hasn't impacted growth yet.

"What is worrying, however, is the fast drop in available staff for these jobs. Although low unemployment as a factor is to be welcomed, the impact of leaving the EU is clearly resulting in there being less foreign workers available already.

"However, there are a couple of good future indications about the region. Firstly, there is less requirement for temporary workers in the South in comparison to the rest of the UK, and secondly, salary growth is also fastest in the South. It seems companies here are confident about the future and want to hire the right people for the long term."

Permanent Placements Index

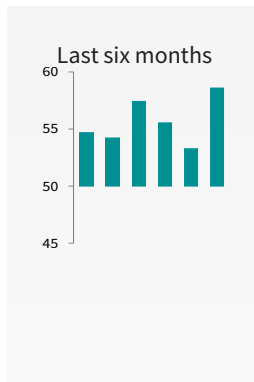
sa, >50 = growth since previous month



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.

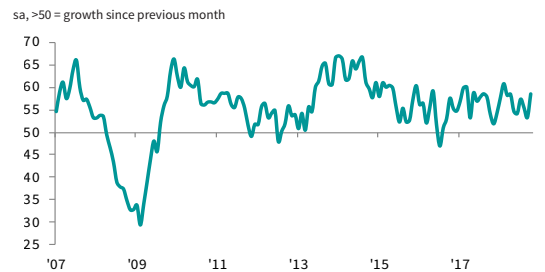
PERMANENT PLACEMENTS INDEX



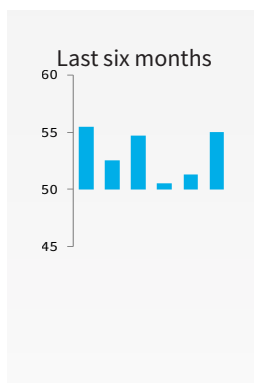
Faster growth of permanent placements

The number of permanent placements in the South of England grew at a sharp rate in October. Notably, the pace of expansion accelerated to an eight-month high. Recruitment agencies often commented on greater demand for staff in the current survey period.

Permanent Placements Index



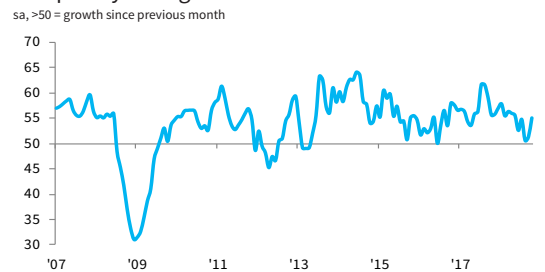
TEMPORARY BILLINGS INDEX



Temporary billings rise at sharper rate

Temporary billings in the South of England rose markedly and at the quickest pace in five months in October. Latest survey data marked a continued pick-up in growth after August's 26-month low. However, the region lagged behind the UK trend for the seventh successive month.

Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
May-18	57.1	54.7	58.9	55.5
Jun-18	55.7	54.2	55.9	52.5
Jul-18	55.4	57.4	56.8	54.7
Aug-18	57.6	55.6	55.3	50.6
Sep-18	56.0	53.4	55.9	51.3
Oct-18	57.4	58.6	58.3	55.0

JOB VACANCIES

The number of job vacancies in the South of England continued to rise in October. Vacancies of both permanent and temporary jobs rose sharply, the former at a marginally weaker rate than seen in September. Compared to the national averages, the South of England saw slightly faster growth in permanent vacancies, but a softer increase in temporary openings.

Vacancies Index (Permanent / Temporary)



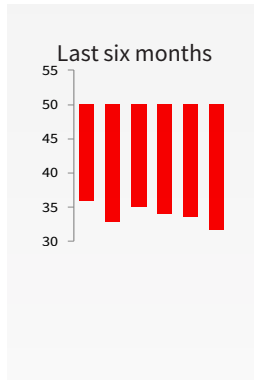
sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
May-18	61.8	61.7	60.1	58.7
Jun-18	61.9	61.7	59.8	58.1
Jul-18	62.0	62.3	60.7	58.8
Aug-18	61.9	62.4	59.9	59.4
Sep-18	60.6	61.2	59.4	58.8
Oct-18	60.4	60.9	59.3	58.8

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



Fastest drop in permanent staff availability in nine months

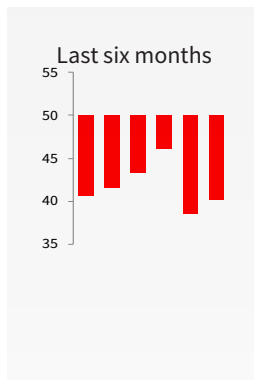
The fall in permanent staff availability in the South of England was extended to 64 months in October, with the latest deterioration the steepest since January. Recruiters pointed to fewer candidates from abroad and less willingness to move jobs due to Brexit-related uncertainty.

Permanent Staff Availability Index

sa, >50 = improvement since previous month



TEMPORARY STAFF AVAILABILITY INDEX

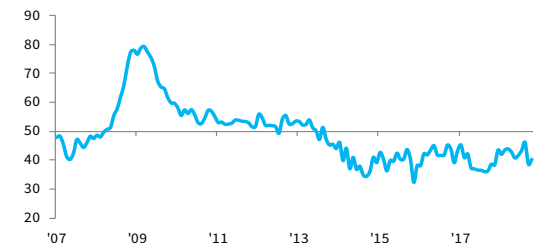


Temp labour supply falls further

The availability of temporary staff in the South of England fell during October. Whilst the rate of decline was marginally weaker than seen in September, it remained sharp overall. As was the case with permanent staff availability, recruiters associated lower candidate numbers with reduced volumes and flexibility of domestic and foreign workers.

Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	South	UK	South
May-18	37.0	35.8	41.1	40.6
Jun-18	36.4	32.8	40.9	41.6
Jul-18	37.3	35.1	41.9	43.2
Aug-18	37.4	34.0	42.5	46.0
Sep-18	37.5	33.7	40.3	38.5
Oct-18	36.1	31.6	40.1	40.2

DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages or surpluses during the latest month.

SKILLS IN SHORT SUPPLY: PERMANENT STAFF

Accounting/Financial
Accountants
Analysts
Audit Managers
Auditors
Credit Controllers
Finance Analyst
Paraplanners
Practice Accountants
Procurement
SOX
Tax Seniors
Taxation
Blue Collar
Drivers
Skilled/Semi skilled
Unskilled Workers
Vehicle Technicians
Construction
Construction
Engineering
Automotive
Electronic Engineers
Maintenance Engineers
Manufacturing
Mechanical Engineers
Technicians
Executive/Professional
Business Analysts
Economists
HR
Marketing
Paralegals
Product Management
Regulatory
Sales Executive
Solicitors
Hotel/Catering
Catering
Chefs
Hospitality
IT/Computing
Cloud
Data
Developers
Quality Assurers
Software Engineers
Web Developers
Nursing/Medical/Care
Care Workers
Healthcare Assistants
Home Carers
Support Workers
Secretarial/Clerical
Administrators
Other
Chemists
Export Sales
Graduates
Sales

SKILLS IN SHORT SUPPLY: TEMPORARY STAFF

Blue Collar
Drivers
Forklift Drivers
Industrial
Labourers
LGV Class C+E Drivers
Low Skilled
Production
Construction
Construction Workers
Engineering
Technical Engineers
Executive/Professional
Business Analysts
Hotel/Catering
Caterers
Hospitality
IT/Computing
AWS
Data
Developers
Software
Nursing/Medical/Care
Care Workers
Healthcare Assistants
Home Carers
Social Workers
Support Workers
Secretarial/Clerical
Office Staff
Secretaries
Other
Graduates

SKILLS IN EXCESS SUPPLY: PERMANENT STAFF

Accounting/Financial
Finance Directors
Blue Collar
Unskilled Labour
Warehouse Staff
Executive/Professional
FMCG
Marketing
Middle Management
Secretarial/Clerical
Administration
Office Staff
Other
GIS Techs
Sales

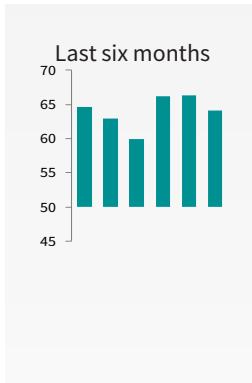
SKILLS IN EXCESS SUPPLY: TEMPORARY STAFF

Blue Collar
Unskilled Workers
Executive/Professional
Project Manager
Secretarial/Clerical
Administration
Office Workers

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

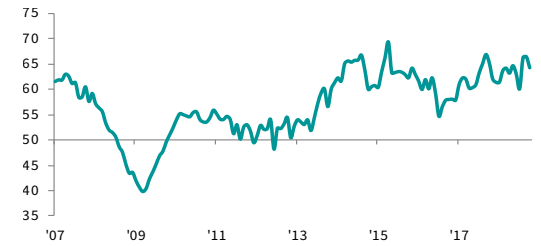


Starting salary growth remains solid

Permanent starting salary inflation in the South of England softened slightly in October, following September's 12-month high. That said, it remained historically strong overall, with panellists continuing to link this to skill shortages. The rate of inflation was broadly in line with the UK average, after having outperformed the national benchmark in the prior two months.

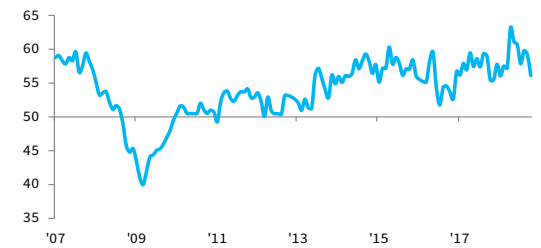
Permanent Salaries Index

sa, >50 = inflation since previous month

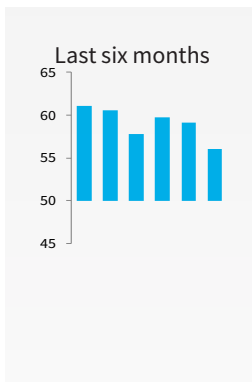


Temporary Wages Index

sa, >50 = inflation since previous month



TEMPORARY WAGES INDEX



Temp wage growth eases to nine-month low

Wages awarded to short-term staff in the South of England rose modestly during October. The latest survey data marked the slowest increase in pay since January. Nonetheless, hourly pay for temp workers has now risen in each month for over six-and-a-half years.

sa, >50 = inflation since previous month

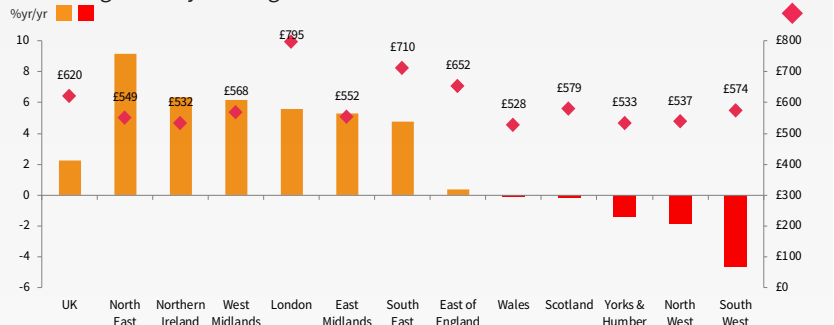
	Permanent		Temporary	
	UK	South	UK	South
May-18	63.4	64.6	59.6	61.1
Jun-18	61.8	62.9	59.4	60.6
Jul-18	60.2	60.0	59.7	57.8
Aug-18	62.4	66.2	58.1	59.7
Sep-18	64.5	66.4	58.8	59.2
Oct-18	64.3	64.2	57.4	56.0

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics indicated that average weekly earnings across the UK rose 2.2% compared to a year ago in the second quarter of 2018.

On a regional basis, the North East of England experienced the sharpest increase in average earnings, reporting a rate of growth of 9.1%. Five of the 12 regions recorded a fall in weekly pay this quarter, with the South West registering the most marked decline at 4.6%.

UK average weekly earnings



Source: Office for National Statistics.

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

Permanent staff appointments continued to rise across the UK during October, with the rate of growth faster than that seen in September. The sharper increase was driven by quicker rises in three of the monitored English regions. London was the only locality to post a softer upturn.

Similarly, there was an overall increase in temporary staff billings across the UK during October. The marked expansion was the second-fastest seen so far this year as all four regions posted faster rates of growth compared to September.

Candidate availability

October data signalled the sharpest fall in permanent candidate availability in the UK since January, extending the current run of decline to 66 months. The steeper contraction in available permanent workers was driven by the South of England, which registered the strongest downturn of all English regions.

There was also a fall in the availability of temporary workers across the UK. The overall pace of decline was quicker than in September. At the regional level, faster falls in the Midlands, the North of England and London contrasted with a softer contraction in the South of England.

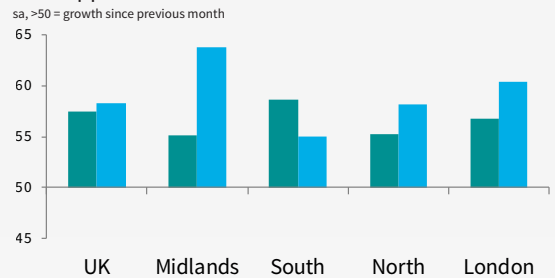
Pay Pressures

UK permanent starting salaries rose markedly at the start of the fourth quarter. The pace of inflation was slightly slower than that seen during September, but elevated relative to the historical average. Salary growth was fastest in the South of England and slowest in London.

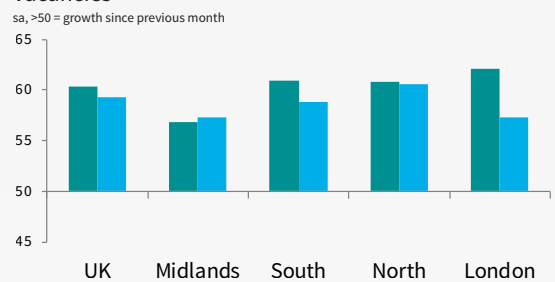
Pay given to temporary workers in the UK also rose in October. Though sharp, the increase in temp pay rates was weaker than that seen in September and the slowest for seven months. London posted the quickest rise, followed by the Midlands, the South of England and the North of England respectively.

October 2018
Permanent / Temporary

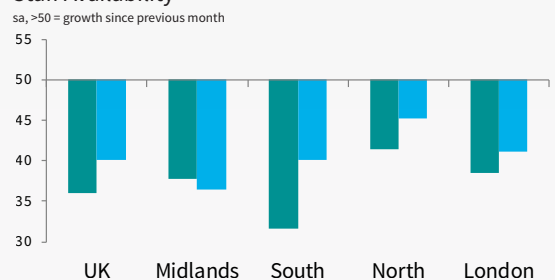
Staff Appointments



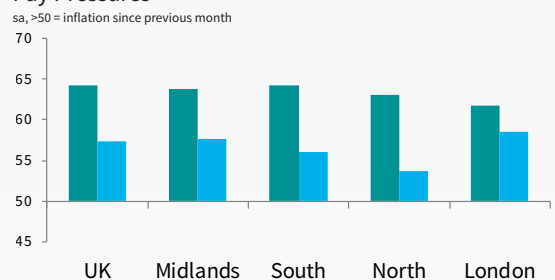
Vacancies



Staff Availability



Pay Pressures



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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.

The headline figure is the Permanent Placements Index, calculated from responses to the question "Is the number of people placed in permanent jobs higher, the same or lower than one month ago?".

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 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

Jobs transform lives, which is why we are building the best recruitment industry in the world. As the professional body for recruitment we're determined to make businesses more successful by helping them secure the people they need. We are absolutely passionate and totally committed in this pursuit for recruiters, employers, and the people they hire. Find out more about the Recruitment & Employment Confederation at www.rec.uk.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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