

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

Sharp and quicker expansion in permanent staff placements

Key points:

- Vacancy growth and recruitment drives support upturn in staff appointments
- Starting pay for permanent labour rises at weakest pace in six months
- Rate of contraction in permanent staff supply little-changed from July

Summary:

The Report on Jobs: North contains original data from the survey of recruitment and employment consultants in the North of England. The report is designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

Quicker rise in permanent staff appointments

Recruitment drives and growth in vacancies reportedly supported a further increase in permanent staff placements in the North of England during August. The upturn was the sixty-fourth in as many months, with the pace of expansion accelerating to the fastest since February and outpacing the long-run series average. Permanent staff appointments in the UK increased at the quickest pace since March, with London also posting stronger growth (nine-month high). On the other hand, softer rises were registered in the Midlands and the South of England.

Although temp billings at recruitment agencies in the North of England continued to increase in August, growth lost momentum. Anecdotal evidence suggested that the expansion was curbed by candidate shortages and counter offers. The latest rise was the slowest since May, below its long-run average and weaker than recorded across the UK as a whole. Temp billings growth likewise softened in two other English regions. The Midlands was the sole exception, posting a stronger upturn than was

noted in July.

August data pointed to a further expansion in job vacancies across the North of England. Growth of demand for permanent workers accelerated from July, while that for short-term staff eased to a 22-month low. However, in both cases, rates of increase were above their respective series averages.

Steep drop in candidate availability for permanent jobs

Around 37% of panellists in the North of England reported lower candidate supply for permanent vacancies in August, compared with fewer than 9% that signalled growth. As a result, overall jobseeker numbers dipped at a steep rate, one that was similar to those registered in the prior two months. Anecdotal evidence highlighted shortages of accountants, constructors, developers, drivers, engineers, lawyers and a range of other professionals. Jobs data for August pointed to a further widespread decline in permanent candidate numbers across the four monitored English regions. Rates of reduction picked up in the South of England and the Midlands, while London saw a moderation.

The availability of candidates for temporary vacancies in the North of England worsened again midway through the third quarter. The downturn was marked, despite softening for the second-month running. There were reports of a lack of both skilled and non-skilled labour. Slower rates of contraction in temp supply were registered in each of the four English areas tracked by the survey. The quickest drop was seen in the Midlands, and the weakest in the South of England. At the UK level, the latest fall was the slowest in five months.

North of England bucks regional trend and is only region to post softer rise in starting pay

Salaries awarded to newly-placed permanent staff in

the North of England continued to increase at an above-trend rate in August. This was despite the pace of salary inflation moderating for the third straight month to the weakest since February. A number of recruitment consultancies indicated that clients offered higher compensation packages due to efforts to attract candidates, given skill shortages and anxiety to fill positions. The South of England topped the regional rankings with regards to the rate of starters' salary inflation in August. Notably, the latest upturn was the fastest since last September. Quicker rises were also noted in the Midlands and London.

The rate of temp pay inflation in the North of England softened in August, though remained elevated in the context of historical survey data. Around 17% of panellists reported higher average hourly pay rates for short-term labour, compared with 3% that reduced them. Temp pay rates rose at slower rates in all regions bar the South of England. The weakest pace of wage inflation was again recorded in the capital. The South of England overtook the North, to post the steepest rate of increase in short-term pay during August.

Comments:

Neil Carberry, Chief Executive at the REC says:

“Businesses are getting on with it driving Britain’s growth – jobs are being created and starting salaries are rising. There are big opportunities out there for candidates right now looking for a new role.

“But how long our labour market can defy gravity if the shape of our future trading arrangements with the EU remain unclear is the big question. Companies are starting to implement contingency plans now – and those who aren’t will need to step up progress.

“The biggest long-term question on jobs is how they will be affected by new technology and stiff price competition driven by value-conscious consumers. For recruiters, helping people find pathways from sectors like retail into growing sectors will both boost opportunity and address candidate shortages in key sectors.”

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Note to Editors:

The Report on Jobs is a monthly publication produced by IHS Markit on behalf of the Recruitment & Employment Confederation. The report features original survey data which provides cross-sector and pan-region analysis of the UK labour market, drawing on original survey data provided by recruitment consultancies.

The Report features original research data from IHS Markit, collected via questionnaire from a panel of around 100 recruitment and employment consultancies across the North East, North West and Yorkshire & Humber regions. Data for the monthly survey were first collected in October 1997 and are collected at the end of each month, with respondents asked to specify the direction of change in a number of survey variables.

All Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

About the Recruitment & Employment Confederation

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