

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

Growth of permanent staff appointments hits four-month high in December

Key points:

- Permanent placements expand at marked and accelerated pace...
- ...while growth of temp billings eases to 15-month low
- Rate of temp wage inflation weakest in nearly four years

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.

Permanent staff appointments rise for fifty-sixth month running

Recruitment consultancies reported higher numbers of people placed in permanent positions in the North of England during December, as has been evident for over four-and-a-half years. Despite accelerating to a four-month high, the pace of expansion was softer than the UK average. Permanent staff placements in the UK rose to the greatest extent in four months at the end of the year. Quicker increases in the Midlands, the North and South of England more than offset the slowdown in growth noted in both Scotland and London. The quickest upturn was evident in the Midlands for the second month in succession.

Agencies' billings received from the employment of temporary/contract workers increased again at the end of 2017, marking a 65-month period of expansion. That said, the pace of growth eased considerably from November to the slowest since September 2016. Temp billings increased in all

areas bar Scotland, where a reduction was noted for the first time in over one year. Rates of expansion picked up in the South of England and London, and eased in the Midlands.

Permanent staff demand in the North of England continued to improve. Moreover, the rate of growth accelerated to the quickest since August and was the second-fastest of the five monitored UK region (behind the Midlands). Demand for temp workers in the region also rose at a sharp and quicker pace. The upturn was, however, slower than across the UK.

Permanent labour supply declines at quickest pace since May

Around 42% of recruitment consultancies in the North of England signalled worse candidate availability for permanent positions at the end of the year, versus 6% that saw an improvement. Permanent labour supply dipped sharply and to the greatest extent in seven months. The rate of contraction matched the one seen at the national level. There was a widespread decline in permanent candidate supply across the UK, with sharp reductions also noted in the other four localities monitored. The steepest downturn was registered in Scotland, where the drop was the most pronounced in over three years.

As has been the case for almost four-and-a-half years, temp labour supply in the North of England decreased in December. Despite easing from November, the pace of reduction was sharp. Mirroring the trend for permanent availability, the rate of contraction in temp supply was equal to the average for the UK as a whole. The downturn in temp availability was broad-based by region. The fastest decline was recorded in the capital, despite the rate of reduction having eased from November.

The slowest, albeit marked, drop was seen in the South of England.

Permanent starters' salaries rise at softer, but still moderate, rate

Permanent starters' salary inflation in the North of England eased from November's three-year peak, but remained marked and was the second-strongest of the five covered areas. Around one-in-five panellists reported higher pay awarded to newly-placed permanent staff, which they commonly linked to shortages of candidates in the market and fewer applicants. London was the only locality in which permanent starters' salary inflation accelerated in December, with slowdowns posted elsewhere. Nonetheless, the rate of increase in the capital was the second-lowest of all five regions.

Temp pay rates in the North of England were raised in December amid ongoing efforts to attract candidates. The rise was the sixty-fourth in as many months. However, the rate of wage inflation eased substantially from November to the weakest since March 2014, and was the slowest across the UK. London saw the second-weakest increase, whereas Scotland posted the steepest rise.

Comments:

Kevin Green, REC Chief Executive says:

"The number of people finding jobs via recruiters is growing, even while the overall employment rate is plateauing. This suggests that more employers are turning to recruiters to help them fill vacancies as candidate availability continues to fall and recruiting good people becomes that much harder.

"Nursing and medical staff remain the most in demand for temporary roles across the UK – further evidence of the strain the NHS is feeling on filling vacancies. Recruiters are reporting a vast number of job areas that employers are finding hard to fill including, welders, van drivers and, for the first time, baristas.

"Employers as a response to these candidate shortages are offering increased starting salaries to attract staff but while this has been the case for some time it isn't translating into significant wage growth across the economy yet.

"Early in the New Year, people often think about changing jobs, so employers are going to have to think carefully about how they can both retain existing capabilities and find the new hires they need as competition for people intensifies. Bosses should

consider going to wider talent pools and to be inventive about how to improve their employer brand and make themselves an even more attractive place to work."

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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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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

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