

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

North of England leads upturn in permanent placements during January

Key points:

- Growth of permanent staff placements accelerates and outpaces all other regions
- Slowest drop in candidate supply in current four-year sequence of downturn
- Pay pressures lose strength

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.

Growth of permanent placements gathers pace

Amid reports of stronger demand for permanent candidates, staff placements in the North of England rose for the forty-fifth straight month in January. Moreover, the rate of expansion was sharp and accelerated from that recorded at the end of 2016. Permanent placements in the UK increased for the sixth straight month during January. Growth was also noted in three other regions, the exception being Scotland. The strongest upturn was registered in the North of England, followed by the Midlands.

Continuing the trend that started in August 2012, agencies' billings received from the employment of temporary and contract staff increased during January. Although softer than in December, the rate of expansion remained sharp and surpassed those seen across the other four monitored regions. A slower increase in temp billings was also registered in London, while rates of growth gathered pace elsewhere.

Permanent job vacancies in the North of England increased at a steep rate in January that was the quickest in 17 months and above the UK average. Growth of temp positions reached a 16-month high

and also surpassed the UK-wide trend.

Candidate supply falls, albeit only marginally

January saw the weakest monthly drop in job seekers for permanent positions across the North of England in the current four-year sequence of contraction. Where candidate numbers fell, recruitment consultants reported shortages of engineering, executive & professional, accounting & financial and blue collar applicants. January saw a widespread deterioration in permanent candidate numbers across the UK, with reductions also recorded in the other four monitored regions. The downturn in staff supply was led by the South, whereas the slowest fall came in the North.

Adjusted for seasonal factors, the Availability of Temporary/Contract Staff Index pointed to a fortieth successive monthly fall in temp supply across the North of England. That said, the pace of contraction was moderate and broadly similar to the one registered in December. Temp supply also decreased in three other monitored regions, the exception being Scotland where stabilisation was registered. In all the three aforementioned cases, rates of reduction eased since December.

Softer increases in pay during January

Salaries awarded to new starters in the North of England rose (on average) during January. Over one-in-five companies signalled higher permanent salaries, while only 3% reported a reduction. Overall, the rate of inflation softened to the weakest since last September, though remained sharp. Permanent salary inflation in the UK climbed to a nine-month high in January on the back of stronger increases in pay across Scotland, London and the South.

Temp pay rates across the North of England continued to rise at the start of 2017, thereby stretching the current sequence of wage inflation to 53 months. Little-changed since December, the rate

of increase was solid. Temp pay rates rose at softer rates in Scotland, the South and the Midlands. London registered a stronger pace of wage inflation that was the highest of the five tracked regions. At the UK level, the latest rise in hourly rates was weaker than that recorded in the previous month.

Comments:

REC Chief Executive Kevin Green says:

“Employers are crying out for people to fill vacancies. Recruiters say that fewer candidates are available in all regions, and this is dampening jobs growth.

“If businesses can’t find the people they need they will outsource abroad, automate activity or shut up shop, resulting in fewer jobs available to UK nationals.

“The NHS is already in turmoil because it doesn’t have enough staff and the government’s decision to prioritise immigration control over the economy in their EU negotiations means that finding candidates will become yet more difficult in the future.

“We agree that more can be done to encourage under-represented groups into work, including disabled people, single parents and older workers. But the idea that this will resolve the talent shortage is pie in the sky.”

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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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