

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

Permanent placements growth cools amid candidate shortages

Key points:

- Weakest upturn in permanent staff appointments in six months
- Supply of labour contracts sharply
- Starting pay for both permanent and short-temp workers rise at accelerated rates

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.

Weaker increase in permanent staff appointments

Amid reports of greater client activity and successful counteroffers, permanent staff placements in the North of England continued to expand in May. The rise was the sixty-first in as many months, though the slowest since last November. Anecdotal evidence suggested that the upturn was curbed by candidate shortages. Permanent staff appointments growth in the UK eased from April as weaker increases in the South and North of England offset stronger expansions in London, the Midlands and Scotland. The latter saw the quickest upturn of the five tracked regions, one that was the fastest since October 2014.

Recruitment consultancies in the North of England continued to place additional people into short-term employment during May, stretching the current sequence of expansion to 70 months. After easing in each of the previous three months, growth picked up in May to the strongest since February. Nevertheless, the pace of increase remained below its long-run average. Rates of expansion in temp

billings accelerated in all regions but the South of England. Scotland also led the upturn on this front, while the weakest rise was registered in the North of England. At the UK level, temp billings growth reached a five-month high.

Growth of demand for permanent and temporary workers in the North of England accelerated midway through the second quarter. Rates of expansion were at three-month highs in both cases, but remained below the respective averages seen for the UK as whole.

Slower reduction in permanent candidate numbers

Permanent staff availability in the North of England deteriorated in May, taking the current sequence of uninterrupted reductions to 64 months. Although marked, the pace of contraction softened to the weakest in over one year. Participants of the jobs survey mentioned shortages of a wide range of candidates, including accountants, buyers, engineers and surveyors. As has been the case for 59 successive months, all five UK regions displayed declines in candidate numbers for permanent positions. The steepest drop in May was seen in the capital, where the rate of contraction picked up to the sharpest in two-and-a-half years.

The availability of labour willing to undertake short-term employment in the North of England deteriorated further during May. Moreover, the rate of contraction was the joint-quickest in five months. Panellists mentioned a lack of candidates for positions such as accounting, finance, IT, payroll, receptionist and sales. By region, the quickest decrease in temp supply was evident in the Midlands, while London recorded the weakest rate of reduction. At the UK level, the fall in candidates for short-term positions was the most pronounced in 2018 so far.

Starters' salary inflation in the North sharpest on regional basis

Permanent starting salaries in the North of England continued to increase in May due to insufficient jobseekers and counteroffers. The rate of salary inflation was sharp and the strongest since August 2014. Furthermore, the seasonally adjusted Permanent Salaries Index was above its long-run average and the highest of the five monitored UK regions. Permanent starters' salaries also rose at quicker rates in the other four areas of the UK. Inflation in London and the Midlands reached four-month highs, while growth in Scotland was the strongest since February. In the South of England, the increase was the fastest in seven months.

Temp/contract pay rates in the North of England rose at a quicker pace midway through the second quarter. In fact, the latest increase was the most marked since last September. According to surveyed companies, some clients bumped up pay amid ongoing efforts to attract talent and due to skill shortages. Temp pay rates likewise rose sharply in the other four UK regions. The strongest rate of wage inflation was recorded in the Midlands.

Comments:

REC director of policy Tom Hadley says:

"Despite growth in demand for staff this month, we have seen another severe drop in staff availability. Whilst it is encouraging to see a rise in staff appointments for permanent and temporary staff, indicating that employers are feeling confident in making hiring decisions, a lack of candidates remains a major challenge for recruiters - particularly in areas like nursing, engineering, manufacturing and IT. Staff shortages are becoming business critical in many of these key sectors.

"Because of the lack of candidate availability we are seeing employers paying higher salaries to attract the right people. This is only part of the solution, with employers also having to think about providing a more flexible working environment and progression opportunities. With skills needs and candidate expectations continuing to evolve, employers are having to radically re-imagine their hiring procedures. Government can help by ramping up the UK skills base and ensuring a balanced and evidence-based immigration system."

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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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