

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

Candidate shortages exert stronger pressure on pay

Key points:

- Supply of permanent and temporary labour falls sharply
- Rate of salary inflation highest across the UK
- Growth of permanent placements second-weakest in 11 months

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.

Solid rise in permanent placements

June data indicated a further increase in the total number of staff placed in permanent positions in the North of England. Where growth was reported, recruitment consultancies commented on stronger client demand and new schemes. Despite picking up since May, the rate of expansion remained below its long-run average. Anecdotal evidence indicated that growth was restricted by the general election, shortages of candidates and counter offers. Permanent appointments in the UK rose at a marked, but softer, rate in June. This reflected slowdowns in two out of the five regions monitored by the survey, namely the South of England and London. The strongest pace of expansion was noted in Scotland, where the upturn was the most pronounced in 28 months.

Around 43% of recruitment consultancies in the North of England reported higher billings received from the employment of temporary staff in June, which they commonly associated with new contract wins and increased client bases. That said, the rate of growth eased slightly since May. The upturn in

temp billings across the UK as a whole eased in the current reporting period. A softer rate of increase was registered in the Midlands, with the remaining regions all seeing accelerated expansions. Scotland was the best-performing locality on this front.

Demand for permanent and temporary staff in the North of England increased sharply in June. Rates of expansion accelerated since May and surpassed those seen at the national level in both cases. This occurred due to job vacancies growing at slower rates across the remaining four UK areas.

Permanent candidate numbers fall at slower, albeit steep, pace

Candidate supply for permanent positions in the North of England deteriorated for the fifty-third month in a row during June. The rate of reduction remained steep, despite easing from May. Among the key skills reported in short supply were architects, engineers, managers, surveyors, educators, sales and administrators. June data pointed to a broad-based deterioration in permanent candidate numbers across the UK, with all regions noting declines. The slowest pace of contraction was recorded in London and the quickest in the South of England.

Jobs data for June highlighted a sharp and accelerated drop in the total number of candidates seeking to fulfil temporary/contract employment in the North of England. Moreover, the rate of contraction was faster than its long-run average. Drivers, cleaners, labourers, engineers and admin professionals were highly sought after in the latest survey period. Temp availability again fell across the five surveyed UK regions, with rates of reduction accelerating in all cases. The steepest decrease was noted in the South of England. At the UK level, temp labour supply deteriorated to the greatest extent in one-and-a-half years.

Continues...

Permanent salary inflation at 15-month high

Low candidate availability and improved client demand resulted in a further increase in average starting salaries in the North of England. There were also reports that some companies made counter offers as part of efforts to ensure hiring. The rate of salary inflation accelerated to the quickest since March 2016 and was the strongest of the five UK regions monitored. Permanent salary inflation at the national level climbed to a 19-month peak, with faster increases also registered in three other areas. The Midlands was the only region to record a softer rise in staff pay.

Temp hourly pay in the North of England rose again in June, thereby stretching the current sequence of increases to 58 months. The rate of wage inflation eased since May, but was broadly in line with the average over the current period of growth. Stronger rises in average hourly pay rates were noted in the Midlands, the South and London. Conversely, a weaker increase was registered in Scotland. At the UK level, wage inflation was at a six-month high.

Comments:

REC Director of Policy Tom Hadley says:

“With fewer people currently looking for jobs, employers are having to increase starting salaries to secure the talent they need. This is creating great opportunities for people with in-demand skills who are prepared to change jobs, but it’s also putting unsustainable pressure on many businesses.”

“Existing skills shortages are being exacerbated by Brexit. Manufacturing and production roles in the North are already hard to fill. Businesses in Yorkshire and Humber alone employ 30,800 EU nationals in the manufacturing sector, 11 per cent of all such roles. Policies which make it more difficult to recruit and retain these people will put business growth at risk.*”

“Investment in training the domestic workforce is vital to the long-term health of the jobs market, but it won’t allay employers’ fears about losing access to workers from the EU. The government needs to outline a five-year roadmap for post-Brexit immigration policy to enable businesses to plan effectively, and so the UK economy can flourish.”

*Building the post-Brexit immigration system, REC (July 2017)

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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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