

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

Permanent placements rise at quicker pace as demand for staff ticks higher

Key points:

- North of England sees strongest upturn in permanent appointments across the UK
- Starting salaries rise further to entice candidates
- Availability of candidates declines again

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 staff appointments picks up

Jobs data indicated that the upturn in permanent placements across the North of England gathered further momentum at the start of 2018. Anecdotal evidence suggested that clients made relatively quicker decisions on hiring, while there were also mentions of greater demand for staff. The rate of expansion was at a five-month high, and surpassed both its long-run trend and the UK average. Accelerations were also registered in Scotland (two-month high), London (two-month high) and the South of England (four-month high). Only the Midlands recorded a softer rise (11-month low).

Temp billings across the North of England rose in January, as has been the case on a monthly basis for five-and-a-half years. Growth picked up slightly from December and matched the one seen at the UK level. Similarly, temp billings increased in the other four monitored localities as Scotland registered a reversal of the contraction noted in December. The quickest upturn was evident in the Midlands where

growth was the strongest in over two years.

Demand for permanent as well as temporary workers in the North of England continued to increase in January, but rates of expansion softened slightly and were slower than the respective UK averages. The South of England saw the strongest upturn in permanent vacancies, while the quickest rise in temp positions was evident in the Midlands.

Permanent candidate availability deteriorates sharply

Recruitment consultancies in the North of England continued to report fewer numbers of job seekers for permanent vacancies in January. Although slower than in December, the rate of deterioration was steep in the context of historical survey data. There were wide ranges of skills mentioned as being in short supply such as accounting, engineering, finance and IT. Candidate pools for permanent jobs in fact shrunk across the five tracked UK regions, as has been the case for 55 months. The steepest contraction was recorded in the South of England and the slowest, albeit still sharp, in the Midlands.

The supply of labour for temp positions in the North of England decreased further, thereby stretching the current period of reduction to 52 months. That said, the extent to which temp availability worsened was the weakest since January 2017 and softer than noted across the UK as a whole. Likewise, temp labour supply fell in the other four localities. Slower declines were noted in the capital and in Scotland, while faster contractions were indicated in the Midlands and the South of England.

Second-fastest rise in permanent starters' salary in nearly three years

Starters' pay for permanent job roles in the North of

England increased in January. The rate of salary inflation was the second-fastest since April 2015, weaker only than the one noted last November. Recruitment consultancies that signalled higher pay linked this to successful negotiations between hiring companies and strong candidates amid shortages of desired skills in the labour market. Permanent starters' salary inflation accelerated in all regions bar the South of England, where the rate of increase matched the one seen at the end of 2017. The steepest rise was noted in the Midlands (two-year peak). Notably, the rate of inflation in the capital was the most marked since May 2015.

Similarly, the rate of temp wage inflation intensified in January. Adjusted for seasonal influences, the Temporary/Contract Pay Rates Index was at a three-month high, but below the respective figure for the UK. Trends for temp wage inflation varied on a regional basis, with slower increases in Scotland, London and the South of England contrasting with a faster rise in the Midlands. The latter saw the strongest upturn out of the five areas covered.

Comments:

Kevin Green, REC Chief Executive says:

"We are seeing a continued rise in jobs filled via recruiters as it gets more challenging for businesses to find candidates. The UK has almost full employment and the country is plagued by labour, skills and talent shortages. This increasing competition for good quality staff is driving up starting salaries with employers willing to pay higher wages to attract the right people. So, it's a good time to move jobs, especially as employers aren't increasing wages for their existing workforce."

"It's reassuring that demand for permanent staff remains strong despite the economic uncertainties. However, there is a slight slowdown in the growth of temporary placements across the UK. This could be an early sign that employers are hesitating."

"The struggle to find appropriate candidates will get worse. We are therefore asking for a balanced and evidence-based immigration system. Businesses urgently need to invest in the upskilling of their workforce. The government can help by turning the Apprenticeship Levy into a broader training levy. It's time they put the concerns of UK businesses at the top of their agenda."

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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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