

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: South of England (excluding London)

Steeper increase in staff appointments across the South of England at start of 2018

Key points:

- South of England sees stronger rises in permanent placements and temp billings
- Growth of demand for staff strengthens slightly
- Further steep decline in candidate availability continues to push up pay rates

Summary:

The Report on Jobs: South contains original data from the survey of recruitment and employment consultants in the South of England (excluding London). 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 placements growth strengthens to four-month high

January data signalled a further increase in the number of people placed into permanent job roles by recruitment consultancies in the South of England. Notably, the rate of expansion picked up to a four-month record and was sharper than the long-run series trend. However, the rate of growth continued to lag behind that seen across the UK as a whole. Faster rates of expansions were also noted in Scotland (two-month high), London (two-month high) and the North of England (five-month high). Only the Midlands recorded a softer upturn (11-month low).

Billings received from the employment of temporary/contract staff in the South of England continued to rise in January. Furthermore, the rate of growth was the sharpest seen since last September and above the national average. Temp billings also increased in each of the other four monitored localities as Scotland registered a reversal of the contraction noted in December. The quickest rise

was evident in the Midlands where growth was the strongest in over two years.

Recruitment agencies in the South of England continued to report strong growth of demand for both permanent and temporary staff in January. The former continued to record the faster rate of growth, though vacancies increased at a quicker pace across both categories. While the upturn in demand for permanent staff was stronger than that seen at the national level, the extent of the rise in short-term job vacancies was softer than registered for the UK as a whole.

Further sharp decline in permanent candidate availability

The number of candidates available to fulfil permanent job roles in the South of England fell sharply in January, with the rate of decline among the fastest seen for the past two years. Notably, the South of England recorded the steepest drop in permanent labour supply of all five monitored UK regions. The Midlands posted the weakest decrease in permanent staff availability, albeit still marked overall.

As has been the case since September 2013, the availability of temporary workers in the South of England deteriorated at the start of 2018. The rate of contraction quickened slightly since December, but was softer than the average seen for 2017 as a whole. That said, the latest reduction was stronger than noted at the UK level. On a regional basis, the Midlands also noted a sharper rate of deterioration, while softer falls were seen in the capital, Scotland and the North of England.

Pay rates continue to rise markedly

The current sequence of growth in salaries awarded

to newly-placed permanent staff in the South of England was extended to 67 months in January. According to panellists, starting salaries were raised in order to attract applicants amid ongoing candidate shortages. Although the rate of inflation was unchanged from December's six-month low, it remained sharp overall. That said, the pace of increase was softer than that seen across the UK as a whole, which reached a 31-month record. 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.

Average hourly rates of pay for temp staff in the South of England continued to rise in January. The rate of inflation was sharp overall, despite softening since December, and matched the UK average. Furthermore, the pace of increase was stronger than seen on average since data collection began 20 years ago. Slower rates of temp wage inflation were also registered in Scotland and London, which contrasted with faster rises in the North of England and the Midlands. The latter saw the strongest upturn among the five regions covered.

Comment:

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."

For further information, please contact:

REC

Liz Banks / Veronika Kiesswetter, REC Press Office, 0207 009 2157 / 2192

Supported by Speed Communications – Kerry Grove kerry.grove@speedcomms.com, 0117 906 4517

IHS Markit (technical/data queries):

Annabel Fiddes, Principal Economist, Telephone 01491 461010 / annabel.fiddes@ihsmarkit.com

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 400 UK recruitment and employment consultancies. In 2016/17, recruiters placed nearly a million people into a new permanent job and on any given day there are 1.3 million temporary agency workers active in the labour market. 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 four regional reports tracking labour market trends across the Midlands, the North of England, the South of England 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

Dorset House, First Floor, 27-45 Stamford Street, London, SE1 9NT. Tel: 020 7009 2100 Website: www.rec.uk.com

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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