

News Release

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

Permanent placements growth eases as labour supply contracts further

Key points:

- Permanent placements expand at weakest rate for ten months
- Overall candidate availability falls at a quicker pace
- Starting salary inflation accelerates to one-year high

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 softens to ten-month low

The number of people placed in permanent roles in the South of England increased for the twenty-sixth month running in September. That said, the rate of expansion eased to the weakest since November 2017. A number of panellists indicated that candidate shortages had hampered the overall rate of growth. Permanent staff appointments also rose at a weaker pace at the national level, though growth continued to outpace that seen in the South of England. Notably, three of the four monitored English regions registered softer increases in permanent placements, the exception being London.

Recruitment consultancies based in the South of England indicated a further rise in billings received from the employment of short-term workers in September. Despite picking up from August's 26-month low, the pace of increase was modest and the slowest recorded of all four monitored English regions. Stronger expansions were also noted in the Midlands and London, while a slowdown was

registered in the North of England. At the UK level, temp billings rose sharply, with the rate of growth picking up from August.

Demand for staff continued to rise across the South of England in September. Permanent vacancies continued to increase at a faster pace than for temporary roles, but rates of growth remained historically sharp in both cases.

Permanent labour supply declines at quicker pace

September survey data signalled a further reduction in the availability of candidates to fill permanent roles in the South of England. Notably, the rate of deterioration accelerated to a three-month record, and was the sharpest recorded of all four monitored English regions. At the national level, permanent candidate supply continued to decline at a historically sharp pace, despite the rate of reduction softening to the least marked since March.

The supply of temporary workers in the South of England declined at the steepest pace for ten months in September. The reduction was also the strongest seen of all four monitored English regions. A steeper decline was also registered in London, while rates of deterioration softened in the Midlands and the North of England. Overall, temp candidate supply across the UK as a whole fell at the quickest pace since last November.

Strongest increase in starting salaries for one year

The rate of starting salary inflation continued to pick up from July's recent low at the end of the third quarter. Moreover, the rate of pay growth was the quickest recorded for a year and outstripped the UK average. Steeper rates of inflation were also registered in London and the Midlands, while only the North of England saw a softer increase in pay.

As a result, starting salaries rose at the quickest pace for nearly three-and-a-half years at the UK level.

Although recruitment agencies in the South of England signalled a slightly softer rise in temp pay rates in September, growth remained historically sharp overall. Furthermore, the latest increase in hourly pay rates was quicker than that seen across the UK as a whole. On a regional basis, London registered the strongest rise in short-term pay, while the slowest was recorded in the North of England.

Comment:

Neil Carberry, Chief Executive at the REC says:

“UK businesses are resilient, but they’re struggling to find the people they need to drive growth and opportunity. Recruiters’ specialist skills help to address this, but with Brexit looming a comprehensive mobility deal with the EU will be needed to underpin prosperity. Higher skills investment, driven by a reformed apprenticeship levy, will also be essential.”

“An effective approach to post-Brexit immigration must acknowledge that there is unmet need for roles of all sorts - not just those filled by the very highest earners. Keeping deliveries going, patients being treated and goods on the shelves means an open approach to workers from elsewhere. Businesses understand the need for control - but this is not in conflict with openness to those who come to contribute.”

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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 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

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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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