

News Release

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

Permanent placements expand at softer pace in June

Key points:

- Growth in permanent placements moderates, while temp billings rise at faster pace
- South of England sees the quickest drop in candidate availability of all UK regions
- Pay pressures intensify

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

The amount of people placed into permanent job roles in the South of England increased again in June. Although the rate of expansion moderated since May, it remained sharp overall and was stronger than that seen for the UK as a whole. The only other region to see weaker growth in permanent placements was London. The strongest pace of expansion was noted in Scotland, where growth climbed to a 28-month peak.

Recruitment agencies in the South of England reported a sharp and accelerated rise in temp billings received from the employment of short-term workers. Furthermore, the rate of increase was the steepest since February, albeit below the UK average. On a regional basis, only the Midlands and the North of England registered softer increases in temp billings, with the remaining regions all seeing accelerated expansions. Scotland was the best-performing locality on this front.

June survey data indicated a further marked rise in staff vacancies in the South of England. Although

demand growth softened slightly for permanent staff, the rate of expansion matched that seen for the UK as a whole. Meanwhile, the upturn in temp staff demand remained below the UK-wide average for the third month running, but was nonetheless steep overall.

Permanent labour supply continues to drop markedly

The decline in permanent candidate availability in the South of England eased slightly in June, but remained close to May's 33-month record. Furthermore, around half of panellists noted a drop in permanent candidate numbers, compared to 10% that reported an increase. The South of England also saw the quickest drop in permanent labour supply of all five monitored UK regions for the third month in a row. The slowest pace of reduction was recorded in London.

The number of candidates available for short-term roles in the South of England also declined sharply during June. Notably, the rate of reduction was the steepest seen in 19 months and faster than the UK-wide average. The decline in temporary labour supply in the South of England was also the most marked of all five monitored UK regions. Furthermore, all surveyed regions noted faster declines in short-term candidate numbers, which led temp labour supply at the UK level to deteriorate at the quickest pace in one-and-a-half years.

Stronger increases in pay

Latest data pointed to a further marked rise in starting salaries awarded to newly-placed permanent staff in the South of England. Moreover, the rate of pay inflation edged up to a three-month high, and was slightly stronger than the average for the UK. Low candidate availability and strong demand for staff were reportedly the key drivers of pay growth in June. Broken down by region, the steepest rise was

noted in the North of England (15-month high), while the Midlands was the only area to record a softer increase in staff pay.

Average hourly rates paid to temporary/contract workers in the South of England rose for the sixty-third month in a row in June. Notably, the rate of wage inflation was the second-strongest in just over a year (after April 2017). Stronger rises in average hourly pay rates were also noted in the Midlands and London. Conversely, weaker increases were registered in Scotland and the North of England. At the UK level, wage inflation was at a six-month high.

Comment:

Tom Hadley, REC Director of Policy 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. Recruiters report that catering jobs are already hard to fill and across the South, excluding London, there are 101,000 EU nationals working in wholesale and retail trade jobs, hotels and restaurants. 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 400 UK recruitment and employment consultancies. In 2014/15, 1,197,928 people were employed in either temporary or contract work through consultancies and 633,992 people were placed in permanent positions through consultancies. 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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