

## News Release

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

#### Permanent staff appointments rise at weakest pace for five months

##### Key points:

- Growth of staff appointments moderates as candidate availability falls further
- Starting salaries and temp wages both rise at historically sharp rates
- Job vacancies continue to increase at robust pace

##### 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 five-month low

The number of people placed into permanent positions in the South of England rose for the twenty-second month running in May. Though strong overall, the latest upturn was the weakest recorded in 2018 so far and below the equivalent figure for the UK as a whole. Notably, the North of England was the only other region to register a slower rate of expansion compared to the previous month. The quickest increase in permanent staff appointments was noted in Scotland.

Recruitment consultancies operating in the South of England noted a further steep increase in temp billings, despite the rate of growth moderating to a three-month low. However, the rise in the region lagged behind the national average for the second successive month. In contrast, rates of growth accelerated in the four remaining UK regions monitored by the survey, with Scotland again seeing the steepest pace of increase.

Demand for permanent staff in the South of England continued to rise sharply in May. That said, the rate of expansion moderated for the second month in a row and was slightly weaker than the UK average. Vacancies for short-term staff in the region meanwhile rose at a slightly quicker pace, albeit one that remained below that seen at the national level.

##### Permanent candidate supply drops at weakest rate in 14 months

As has been the case in each month since July 2013, the availability of candidates to fulfil permanent roles in the South of England declined in May. Although the latest deterioration was the softest recorded since March 2017, the pace of reduction remained sharp and quicker than seen across the UK as a whole. Weaker falls in permanent candidate supply were also seen in the North of England and Scotland. The steepest decrease in availability was noted in London.

May survey data signalled a further steep decline in the supply of short-term labour in the South of England. Furthermore, the pace of contraction was the most marked for six months and slightly quicker than the national average. Temporary candidate numbers at the UK level also fell at the fastest pace since last November, led by steeper reductions in all monitored regions bar London.

##### Starting salary inflation hits seven-month high

Latest survey data indicated a further sharp increase in salaries awarded to newly-placed permanent workers in the South of England. Panel members commonly attributed the rise to robust demand for staff and a lack of suitable candidates. Moreover, the rate of pay inflation accelerated to a seven-month record and was above that seen across the UK as a whole (three-year record). Accelerated rates of pay growth were also registered across the four

remaining regions covered by the survey, led by the North of England.

Average hourly pay rates for temporary/contract staff continued to rise sharply in the South of England, with just over one-quarter of the panel noting an increase. Notably, the rate of wage inflation held close to April's near 20-year high. The latest rise was also quicker than seen across the UK as a whole, where growth was close to a two-year record. The steepest rate of wage inflation was recorded in the Midlands.

**Comment:**

**REC director of policy Tom Hadley says:**

*“Despite growth in demand for staff this month, we have seen another severe drop in staff availability. Whilst it is encouraging to see a rise in staff appointments for permanent and temporary staff, indicating that employers are feeling confident in making hiring decisions, a lack of candidates remains a major challenge for recruiters - particularly in areas like nursing, engineering, manufacturing and IT. Staff shortages are becoming business critical in many of these key sectors.*

*“Because of the lack of candidate availability we are seeing employers paying higher salaries to attract the right people. This is only part of the solution, with employers also having to think about providing a more flexible working environment and progression opportunities. With skills needs and candidate expectations continuing to evolve, employers are having to radically re-imagine their hiring procedures. Government can help by ramping up the UK skills base and ensuring a balanced and evidence-based immigration system.”*

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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](mailto: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](http://www.rec.uk.com)

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