

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: North of England

Candidate shortages weigh on growth of staff appointments

Key points:

- Permanent appointments and temp billings rise at weakest rates since last September
- Further steep reductions in labour availability
- Recruiters scale up salaries to attract candidates

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.

Weakest rise in permanent placements in seven months

The number of people placed into permanent employment in the North of England continued to increase in April, amid reports of greater business requirements. That said, the rate of expansion softened for the second straight month to the slowest since last September. Growth was reportedly hampered by shortages of suitable candidates. Permanent placements also increased in the other four monitored UK regions. The strongest pace of expansion was noted in the Midlands and the slowest in London. At the UK level, permanent appointments rose at the softest pace since September 2016.

Although temp billings rose for the fifty-seventh straight month in April, the pace of expansion eased to the weakest since September 2016. Nonetheless, the rate of growth matched that seen across the UK as a whole and remained above its long-run average. Jobs data for April pointed to a widespread upturn in temp billings. A slower rate of increase was also noted in the South, while accelerations were registered elsewhere. Growth was led by Scotland.

April data pointed to ongoing job openings in the North of England, with both permanent and temporary positions up since March. Moreover, the rates of expansion surpassed those seen at the national level and remained stronger than the respective series' averages.

Fastest reduction in temp labour supply for 17 months

Temp staff availability deteriorated further in April, and to the greatest extent in almost one-and-a-half years. The rate of contraction was steep and quicker than the long-run survey average. Anecdotal evidence highlighted shortages of developers, operators, receptionists, electricians, drivers, chefs and cleaners. Temp labour supply also declined in the other four tracked regions. The steepest fall was evident in the South, closely followed by the Midlands. At the national level, the downturn in temp labour supply was the most pronounced in 16 months.

Recruitment consultants in the North of England indicated that candidate numbers declined again in April. Engineers, managers, surveyors, estimators, administrators and developers were among the key permanent staff skills reported in short supply. Although marked, the rate of contraction was the weakest in three months. Latest data highlighted a broad-based deterioration in job seekers for permanent vacancies. In contrast to the trend seen in the North, sharper reductions were recorded in the other four regions monitored by the survey.

Temp pay increases at strongest rate since mid-2016

Temp pay rates in the North of England rose at a sharp and accelerated pace in April, with wage inflation climbing to a ten-month peak. According to survey participants, higher hourly rates were offered in line with competition for suitable candidates. Approximately 28% of agencies reported higher

temp pay rates, compared with 9% that registered a reduction. Temp wage inflation gathered pace across all five monitored UK regions. The steepest rise was seen in Scotland and the slowest, though still sharp, in London.

Permanent staff pay rose in April, as has been the case for over five years. Around 30% of panellists signalled higher remuneration for permanent workers, citing efforts to attract good candidates. The rate of inflation in the North of England was equal to that seen at the UK level and remained above its long-run average, despite easing to a seven-month low. Permanent pay also remained on an upward trajectory across the other four UK regions. The most pronounced upswing was recorded in the South, followed by Scotland and the Midlands respectively.

Comments:

REC Chief Executive Kevin Green says:

“Demand for staff is growing within all sectors and all regions of the UK, but there are fewer and fewer people available to fill the vacancies. We have the lowest unemployment rate since 2005, and people already in work are becoming more hesitant about moving jobs amid Brexit uncertainty. Meanwhile, the weakening pound and lack of clarity about future immigration rules is putting off some EU nationals from taking up roles in the UK.

“As a result, candidate availability is at a 16-month low and recruiters are flagging a shortage of suitable applicants for more than 60 different roles from cleaner to accountant. Every shortage has wider implications, for example the exceptional reputation UK engineering enjoys globally is at risk because employers can’t find people with the skills they need.

“One thing is for certain, if British business is to thrive then whichever party forms a government after 8 June needs to address the ever-shrinking pool of suitable candidates by investing in skills and career advice for UK jobseekers, as well as safeguarding access to the workers we need from abroad. It is vital that the future immigration system is agile enough to reflect and adapt to evolving labour market needs.”

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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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