

News Release

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

Strongest increase in permanent placements since December 2015

Key points:

- Sharper increase in permanent placements while temp billings growth remains marked
- Availability of both permanent and temporary candidates falls sharply
- Pay pressures exceed UK-wide trend

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 reaches 14-month high

Recruitment agencies based in the South of England signalled the steepest increase in permanent placements since December 2015 in February. Growth across the region was also stronger than for the UK as a whole, despite the latter picking up to a one-year peak. With Scotland seeing a rebound in staff placements, the latest increase was broad-based by region. The upturn was led by the North of England.

February data indicated a further marked rise in billings received by Southern recruitment agencies for the employment of temporary/contract staff. This was despite the rate of expansion easing to a five-month low. Notably, the rate of growth was slightly faster than the UK average. Temp billings also increased across the other four monitored UK regions. Rates of expansion eased in the Midlands, the North and London, while Scotland posted a sharper rise that was the most pronounced since December 2015.

Demand for both permanent and temporary staff increased sharply in the South during February. Moreover, vacancies for both staff types increased at the quickest pace since December 2015. Demand across the region was also slightly stronger than that seen for both job roles across the UK as a whole.

Fall in permanent candidate supply sharpens

As has been the case in each month since July 2013, the number of candidates available to fulfil permanent roles in the South declined in February. Furthermore, the rate of deterioration quickened to its most marked for three months, with nearly 39% of panellists noting a decline. By region, the steepest drop by far came from the South while the slowest, although still sharp, from the North. At the UK level, permanent staff availability dipped at the quickest pace in over one year.

After falling at the joint-softest pace for three years in January, the availability of short-term staff in the South declined at a sharp and accelerated pace in February. Moreover, the latest reduction in temp staff supply was the second-steepest since January 2016 (after last November). Faster declines in temp labour supply were also registered in the Midlands and the North, while a slowdown was noted in London. Meanwhile, temp availability across Scotland fell, following stagnation in January.

Salary inflation quickens to nine-month high

Recruitment agencies based in the South of England noted a further sharp increase in permanent starting salaries during February, with the rate of inflation quickening to a nine-month high. Moreover, the South saw the fastest rise in starting salaries of all UK regions for the second month in a row. Nonetheless, robust rises in permanent starting salaries were also recorded in the other four monitored UK regions.

Hourly rates of pay for candidates placed in

temporary/contract roles in the South of England increased further in February. Notably, the rate of wage inflation was the fastest seen since May 2016. Temp pay rates also increased in the other four UK regions tracked by the jobs survey. The quickest rate of wage inflation was noted in the South and the slowest, though still sharp, in the North. At the UK level, the upturn in overall temp pay rates was slightly stronger than in January. For all regions, permanent salaries rose at quicker rates than temp pay.

Comment:

REC Chief Executive Kevin Green says:

“Although permanent placements have hit a 12 month high, businesses across the UK are finding it increasingly difficult to recruit for permanent roles. The big question still remains about how employers will fill their vacancies.

“The Chancellor is expected to announce a boost for vocational training in today’s budget and this is very welcome. However, it won’t solve the immediate need for people to fill jobs. We’re already seeing acute staff shortages in a variety of sectors, from healthcare to engineering. This is likely to get worse, especially if the Government continues to refuse the rights of EU citizens living in the UK post-Brexit.

“On the flip-side, this is a good time for individuals prepared to move jobs, with bumper pay offers on the table as hirers compete to secure the talent available. In the context of rising inflation and stagnating pay growth, changing employers is becoming a more attractive option for those looking for more money.”

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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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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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