

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Permanent placements in London return to growth in August

Key points:

- Permanent placements increase strongly in August
- Staff demand continues to grow markedly
- Pay rises further amid falling labour supply

Summary:

The Report on Jobs: London contains original data from the survey of recruitment and employment consultants in the capital. 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 in London return to growth

August survey data pointed to a renewed increase in the number of candidates placed into permanent roles in London. In fact, the rate of expansion was strong overall and the fastest since last November. Nonetheless, the upturn was softer than that seen for the UK as a whole. Permanent staff placements rose for the twenty-fifth month running across the UK, with the rate of growth quickening since July. Of the four English regions monitored by the survey, London registered the quickest increase, but rates of expansion remained strong elsewhere.

Recruiters based in the capital pointed to a rise in billings received from the employment of contract staff during the latest survey period. That said, temp billings growth eased to a five-month low and was only moderate overall. Furthermore, the increase was weaker than the UK average. At the national level, temp billings growth eased to a 22-month low. Softer rises were also observed in the North of England and the South of England, whereas growth accelerated in the Midlands.

Demand for permanent staff in London rose markedly in August. The rate of expansion, despite easing, remained close to July's near three-year peak. Similarly, temporary job openings also increased at a slower pace over the survey period, but broadly matched the trend seen across the UK overall.

Staff availability deteriorates at weaker pace in August

Permanent staff supply in London declined during August, continuing a trend which has been apparent since June 2013. The rate of deterioration was sharp overall, despite easing to a four-month low. A wide range of skills were reported as having been in short supply, including Accounting & Financial and IT & Computing. Aggregated data pointed to a further deterioration in permanent staff availability at the UK level. The rate of decline was broadly unchanged from July and sharp. London-based recruiters signalled the softest fall, while the steepest was in the South of England.

Recruitment consultancies based in the capital signalled a further reduction in short-term staff availability. That said, temporary candidate supply shrank to the weakest extent in six months and was softer than that recorded for the UK as a whole. Temporary staff supply also declined at a softer pace at the UK level. All four monitored English regions registered a deterioration in short-term candidate availability, with the steepest reduction seen in the Midlands.

Starting salary inflation remains sharp

Starting salaries awarded to permanent staff in London increased during the latest survey period. Although the rate of pay inflation accelerated to a three-month high, it remained weaker than the UK average, as has been the case in each month for the past two years. Salaries awarded to permanent

starters across the UK as a whole meanwhile increased at a faster pace. In fact, the rate of inflation quickened to the second-sharpest for over three years. Faster rates of pay growth were noted in all English regions except the North of England.

Hourly pay rates for temporary/contract staff in the capital also rose in August. The pace of increase was strong overall but slowed from that seen in July and was notably outpaced by that seen across the UK as a whole. The South of England topped the rankings for temp pay growth, which was the only English region to observe a faster pace of increase.

Comment:

Neil Carberry, Chief Executive at the REC says:

“Businesses are getting on with it driving Britain’s growth – jobs are being created and starting salaries are rising. There are big opportunities out there for candidates right now looking for a new role.

“But how long our labour market can defy gravity if the shape of our future trading arrangements with the EU remain unclear is the big question. Companies are starting to implement contingency plans now – and those who aren’t will need to step up progress.

“The biggest long-term question on jobs is how they will be affected by new technology and stiff price competition driven by value-conscious consumers. For recruiters, helping people find pathways from sectors like retail into growing sectors will both boost opportunity and address candidate shortages in key sectors.”

-End-

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Note to Editors:

The Report on Jobs: London is based on data compiled from monthly replies to questionnaires sent to around 100 recruitment and employment consultancies in the capital. The consultancies are drawn from IHS Markit's UK Report on Jobs panel.

Monthly survey data were first collected in October 1997 and are collected in the end of each month, with respondents asked to specify the direction of change in a number of survey variables. 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.

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.

About the Recruitment & Employment Confederation

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