

## News Release

**MARKET SENSITIVE INFORMATION**  
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## Report on Jobs: London

### Permanent placements rise at sharper pace at the start of 2018

#### Key points:

- Permanent placements expand at quicker pace...
- ...but temp billings growth softens
- Permanent starting salaries increase at fastest rate since May 2015

#### 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 growth quickens

Recruitment consultants based in the capital registered a fourth consecutive monthly rise in the amount of candidates placed into permanent positions during January. The rate of expansion quickened from December and moved above the long-run series average. The number of candidates placed into permanent positions at the UK level also increased in January. Moreover, the rate of growth was the joint-sharpest since April 2015. The rise was broad-based across each of the five monitored UK regions, led by the North of England.

Temp billings also rose in London during January, thereby extending the current period of expansion to a year-and-a-half. The rate of growth eased from the previous month but remained marked overall. Temp billings also rose at the UK level during January, continuing a trend that has been observed since May 2013. Although easing from December, the rate of expansion remained marked and above the long-run series average. By far the sharpest rate of increase was recorded in the Midlands.

Demand for permanent staff in London rose again in January. That said, the rate of increase eased for the fifth month in a row and remained weaker than the UK average. A similar trend was evident for temporary staff vacancies in the capital, with the rate of growth softening from December.

#### Permanent candidate supply declines at steeper pace

The number of candidates available for permanent positions in the capital declined for the fifty-sixth time in as many months during January. Furthermore, the rate of deterioration accelerated to the sharpest since September last year. Permanent candidate numbers also fell across the UK as a whole. Indeed, the reduction was wide-spread across each of the five monitored regions, with the South of England registering the steepest pace of decline.

Recruitment consultancies in London recorded a further drop in the number of candidates available for temporary positions at the start of the year. That said, the rate of decline was the weakest in over a year and softer than the UK average. Across the UK as a whole temporary candidate supply fell for the fifty-fifth month in succession at the start of the new year, albeit at a softer pace. All regions monitored by the survey recorded steep drops in temp labour supply.

#### Starting salaries increase at sharper rate

Salaries awarded to permanent starters in London increased to the sharpest extent since May 2015 at the start of the year. That said, the rate of inflation remained softer than seen across the UK as a whole. Average starting salaries for permanent jobs in the capital have increased on a month-on-month basis for over four-and-a-half years. Meanwhile, salaries awarded to permanent starters across the UK rose at the quickest pace for nearly two-and-a-half years in

January. Sharp rates of inflation were seen across each of the five monitored UK regions, led by the Midlands.

Average wages awarded to temporary workers in the capital rose in January, as has been the case since October 2016. That said, the rate of inflation eased to a ten-month low and was weaker than the UK average. Temp pay across the UK also rose in January. The steepest rate of inflation was again seen in the Midlands. Meanwhile, Scotland saw the weakest upturn in short-term pay with the latest increase the weakest seen for 15 months.

#### Comment:

**Kevin Green, REC chief executive says:**

*“We are seeing a continued rise in jobs filled via recruiters as it gets more challenging for businesses to find candidates. The UK has almost full employment and the country is plagued by labour, skills and talent shortages. This increasing competition for good quality staff is driving up starting salaries with employers willing to pay higher wages to attract the right people. So, it’s a good time to move jobs, especially as employers aren’t increasing wages for their existing workforce.”*

*“It’s reassuring that demand for permanent staff remains strong despite the economic uncertainties. However, there is a slight slowdown in the growth of temporary placements. This could be an early sign that employers are hesitating.”*

*“The struggle to find appropriate candidates will get worse. We are therefore asking for a balanced and evidence-based immigration system. Businesses urgently need to invest in the upskilling of their workforce. The government can help by turning the Apprenticeship Levy into a broader training levy. It’s time they put the concerns of UK businesses at the top of their agenda.”*

-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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