

## News Release

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

### Sharpest rise in permanent placements since May 2017

#### Key points:

- Fastest rise in permanent placements for 16 months
- Staff pay increases at faster pace
- Staff availability continues to fall sharply

#### 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.

#### Growth of permanent placements quickens

The number of candidates placed in permanent roles increased in London for the second successive month in September. Moreover, the rate of expansion was sharp, having quickened from August to a 16-month high. The rise in the capital was also faster than the UK average. Survey respondents widely commented on stronger demand for staff. The UK recorded a marked increase in permanent placements during September, led by London. The capital was the only English region to see a faster increase in placements than in August, with more modest growth recorded elsewhere.

The rate of expansion in temp billings also accelerated at the end of the third quarter, and was at a three-month high. More than 37% of panellists reported a rise in contract staff billings, with some opting to use temporary staff in the absence of permanent candidates. Growth of temporary billings quickened in the UK at the end of the third quarter. By region, the strongest increase was in the Midlands, closely followed by London. The North of England was the only region to see a slower rise than in August.

September data pointed to a steep and accelerated rise in demand for permanent staff in the capital. The rate of expansion was the fastest since July 2015 and also sharper than the UK average. Vacancies for temporary staff also increased at a faster pace in September, with growth in demand the strongest in just over a year.

#### Further reductions in staff availability

London recruitment companies signalled a further substantial fall in permanent staff availability. This was despite the pace of reduction easing to a five-month low. The decline in permanent candidate numbers in the capital was slightly weaker than the UK average, where the fall was substantial. The South of England posted the fastest reduction in candidate numbers, with the slowest decline in the North.

As has been the case in each of the past 62 months, the number of candidates for temporary positions decreased in September. The pace of reduction was marked and faster than that seen in the previous month. That said, candidate numbers fell at a slower pace in London than across the UK as a whole. September saw the steepest fall in temporary candidates across the UK as a whole since last November. Faster declines were seen in both the South of England and London, with the sharpest reduction seen in the former.

#### Pay inflation accelerates

A combination of rising demand for staff and low candidate availability led to a sharp increase in permanent starting salaries during September. Furthermore, the rate of inflation was the fastest since May 2015, having accelerated strongly from the previous month. Permanent starting salaries rose in the UK at a substantial pace, and one that was the steepest in almost three-and-a-half years. Sharp increases were registered across all four English

regions covered by the survey, led by the South. The North of England was the only area to record a slower rise in permanent starting salaries.

The pace of increase in temporary pay rates also quickened in the capital during September and was the sharpest for five months. A faster rise in UK temporary pay rates was also registered, driven by the marked acceleration in the rate of inflation in the capital. The North of England saw by far the slowest increase in short-term pay.

**Comment:**

**Neil Carberry, Chief Executive at the REC says:**

*“UK businesses are resilient, but they’re struggling to find the people they need to drive growth and opportunity. Recruiters’ specialist skills help to address this, but with Brexit looming a comprehensive mobility deal with the EU will be needed to underpin prosperity. Higher skills investment, driven by a reformed apprenticeship levy, will also be essential.*”

*“An effective approach to post-Brexit immigration must acknowledge that there is unmet need for roles of all sorts - not just those filled by the very highest earners. Keeping deliveries going, patients being treated and goods on the shelves means an open approach to workers from elsewhere. Businesses understand the need for control - but this is not in conflict with openness to those who come to contribute.”*

-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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