

News Release

MARKET SENSITIVE INFORMATION
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UK Report on Jobs

Permanent placements growth remains sharp but temp billings rise at weaker pace

Key points:

- Perm placements rise sharply, but temp billings growth eases to 13-month low
- Candidate availability declines at softest pace for a year
- Staff vacancies increase to weakest extent since December 2016

Summary:

The IHS Markit/REC Report on Jobs – published today – provides the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies.

Growth in permanent placements outstrips that for temp billings

March data signalled a further sharp increase in permanent staff placements across the UK, with the pace of expansion edging up fractionally since February. In contrast, temp billings expanded at the weakest pace for over a year.

Demand for staff rises at softest pace for 15 months

Staff vacancies continued to rise markedly at the end of the first quarter. This was despite growth of demand easing slightly to the lowest for 15 months, driven by a weaker upturn in temporary staff positions.

Supply of candidates drops at weakest rate for a year

Overall candidate availability continued to decline sharply during March, though the latest reduction was the weakest seen for one year. A softer drop in

permanent candidate supply contrasted with a slightly quicker deterioration in short-term staff availability.

Pay pressures remain marked

Average starting salaries continued to increase sharply in March, despite the rate of inflation softening to a ten-month low. Pay for temporary/contract staff rose at the quickest pace since last September.

Regional variation

The upturn in permanent staff placements was once again led by the Midlands, though rates of growth were marked in all of the other four UK regions monitored by the survey.

On a regional basis, Scotland recorded the sharpest rise in temp billings at the end of the first quarter. Growth was also sharp across the Midlands and the South of England, while modest upturns were registered in London and the North of England.

Sector variation

Staff vacancies continued to rise at sharper rates across the private sector compared to the public sector during March.

In the private sector, marked rates of vacancy growth were signalled for both permanent and temporary workers. Vacancies for both permanent and short-term staff across the public sector rose at steeper rates compared to those seen in February.

Engineering led the rankings for demand for permanent staff during March, closely followed by IT & Computing. Nonetheless, permanent job vacancies also rose markedly across the remaining seven job categories.

All job categories monitored by the survey signalled stronger demand for temporary/contract staff in March. Hotel & Catering saw the most pronounced increase in demand for short-term staff, followed by Blue Collar.

REC director of policy Tom Hadley says:

“Permanent placements are growing month on month as demand for staff remains high. More people are entering employment, but it doesn’t make up for the shortfall of candidates for many roles, from cyber security and aerospace through to sewing machinists and drivers.

“As a result, employers are increasing starting pay to draw candidates away from current roles into new positions. Growth in pay for temporary roles especially is accelerating. In hospitality, demand for temporary staff is really high, but businesses have had fewer applicants from the EU since the Brexit vote. Employers are working hard to make themselves attractive to UK nationals, but they will still need temporary roles to be filled by EU nationals post-Brexit and the government must allow for this.

“Candidates planning to move jobs have a strong chance of getting a pay rise. With inflation outstripping pay growth for over a year now, high pay offers will be tempting, as the pressure on starting salaries still isn’t translating into pay rises for staff who stay put. Employers need to look at other means to keep staff, such as creating a good workplace culture and offering progression opportunities.”

Full reports and historical data from the Report on Jobs are available by subscription. Please contact economics@ihsmarkit.com

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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 2016/17, recruiters placed nearly a million people into a new permanent job and on any given day there are 1.3 million temporary agency workers active in the labour market. 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 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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