

News Release

MARKET SENSITIVE INFORMATION
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UK Report on Jobs

Starting salaries rise at fastest rate since April 2015, as candidate availability drops further

Key points:

- Starting salaries rise sharply amid steep reduction in candidate supply
- Permanent placements expand at slightly weaker pace
- Vacancy growth softens to near two-year low, but remains strong

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.

Permanent placements growth softens...

Permanent staff appointments continued to rise at the end of the third quarter, albeit at a softer pace. Nonetheless, growth remained sharp in the context of historical data. In contrast, temp billings expanded at a slightly quicker pace compared to August.

...as candidate availability drops further

Recruitment consultants reported continued difficulties regarding the availability of staff for both permanent and temporary roles. Although easing since August, the rate of deterioration in permanent staff availability remained historically sharp. Temp labour supply also fell sharply, with the latest drop the fastest for ten months.

Starting salary inflation reaches 41-month peak...

Starting salaries for people placed into permanent jobs increased at the quickest pace since April 2015 during September. Hourly rates of pay for temp staff also rose at a faster pace than in the preceding month.

...as demand for staff remains strong

September data pointed to a further rise in job vacancies for both permanent and temporary roles. The rate of growth in staff demand was sharp overall, albeit the weakest seen for nearly two years.

Regional variation

London registered the quickest increase in permanent placements of all four monitored English regions, while the weakest expansion was seen in the Midlands.

All four monitored English regions noted increases in temp billings. The strongest rise was seen in the Midlands, while the weakest expansion was registered in the South of England.

Sector variation

Private sector roles continued to register a stronger rise than public sector vacancies in the latest survey period.

Private sector temporary staff saw the fastest growth of demand overall, while the slowest was seen for permanent public sector workers.

IT & Computing remained the most in-demand category for permanent staff in September. Higher vacancies were also seen across the remaining nine sectors covered by the survey. Retail noted the softest increase in permanent staff vacancies.

Demand rose for all monitored categories of temporary/contract staff in September. Nursing/Medical/Care registered the steepest increase in demand, while the slowest growth was indicated for Construction workers.

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.”

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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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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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