

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Permanent placements growth reaches four-month high in March

Key points:

- Permanent placements increase at sharper pace...
- ...but temporary billings rise to weakest extent since February 2017
- Candidate shortages continue to place upward pressure on pay

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 accelerates

Recruitment consultants in the capital reported a rise in the amount of people placed into permanent positions in March, thereby extending the current sequence of growth to six months. Moreover, the rate of expansion quickened to a four-month high February and moved above the long-run series average. The number of candidates placed into permanent positions across the UK also increased at the end of the first quarter. The rate of growth quickened fractionally from the previous month and was marked overall. An increase was evident in each of the five monitored regions, led by the Midlands.

Temporary billings in London rose for the twentieth consecutive month at the end of the first quarter. That said, the rate of growth softened from the prior survey period to a 13-month low, and was weaker than the UK average. Recruitment consultants in the UK also registered a rise in temporary billings during March. The rate of expansion also eased to the least marked for 13 months, but remained above the long-run series average. The increase was broad-based

by region, with the sharpest rate of growth evident in Scotland, closely followed by the Midlands.

Demand for permanent staff for London-based positions rose sharply during March, with the rate of growth edging up to a three-month record. Demand for temporary workers also rose during March, albeit at the weakest pace for 16 months and one that was slower than the UK average.

Permanent candidate supply declines further

The amount of candidates available to fill permanent job roles in the capital fell in March, thereby continuing a trend that has been observed since June 2013. The rate of deterioration remained marked overall, despite softening to the least marked since last November. The amount of candidates available for permanent positions across the UK also declined in March. The rate of decrease eased to the softest for a year, but remained marked overall. Sharp falls were recorded in each of the five monitored regions, led by the South of England.

The supply of temporary labour in London fell in March, as has been the case in each of the past 56 months. After having eased in each of the prior three months, the rate of decline quickened at the end of the first quarter and was sharper than the UK average. Candidates available for temporary placements across the UK as a whole also fell at a stronger rate in March. Moreover, the rate of decline accelerated slightly from February and remained marked. The steepest reduction was registered in the Midlands.

Starting salaries continue to rise

Starting salaries awarded to staff placed into permanent positions in London rose in March, continuing a trend that has been observed for over four-and-a-half years. However, the rate of increase eased to an eight-month low and was the weakest of

all five monitored UK regions. At the national level, salaries awarded to newly-placed permanent workers rose at the weakest pace for ten-months, but was sharp overall.

Temporary pay rates in London rose in March, to extend the current period of growth to 18 months. Moreover, the rate of wage inflation quickened slightly to a 37-month high and remained greater than the UK average. Temp pay rates across the UK as a whole also rose at a slightly faster pace in March. The sharpest increase was reported in London, closely followed by Scotland.

Comment:

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.”

-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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