

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Staff appointments continue to rise in March

Key points:

- Permanent placements rise modestly while temp billings increase at solid pace
- Demand for both permanent and temporary staff remains robust
- Permanent candidate availability drops at fastest pace in 15 months

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 rise further

Permanent placements in London increased for the fifth time in as many months during March. The rate of growth quickened fractionally from February, but remained modest overall. At the UK level, the rate of increase was marked, albeit slightly weaker than in February. The rise was broad-based across each of the five regions monitored by the survey, led by the South of England.

Recruitment consultancies in the capital recorded a further rise in average temp billings in March. Although accelerating to a solid pace, the rate of expansion was weaker than the long-run series average (54.7). Growth in temp billings also quickened across the UK as a whole, and remained faster than that seen in London. Broken down by region, rates of expansion quickened in the North, the Midlands, London and Scotland, but eased slightly in the South.

Fastest decline in permanent candidate availability for 15 months

Candidates available for permanent roles in the capital fell for the forty-sixth successive month during March. The rate of decrease was the most marked since December 2015 and sharper than the UK average. On a regional basis, the steepest drop was evident in London and the slowest, albeit still marked, in Scotland. At the UK level, candidate availability fell at a slightly softer pace, but one that remained sharp.

The supply of temporary staff in London fell in March, thereby continuing a trend that has been evident in each of the last 44 months. The rate of decline accelerated from February and was sharp overall. Recruitment consultancies across the UK also recorded a further decline in temporary labour supply in March. Furthermore, the reduction was widespread across the five regions monitored by the survey. The sharpest decrease was recorded in the Midlands.

Starting salaries continue to rise

Salaries given to permanent starters in London increased in March, thereby continuing a trend that has been observed since June 2013. The rate of growth accelerated from February and was sharp, albeit weaker than the UK average. Each of the five monitored UK regions recorded a marked rise in permanent starting salaries during March. As was the case in February, the strongest increase was evident in the South. At the UK level, the rate of inflation eased marginally from the previous month but remained above the long-run average.

Temp pay increased further during March, thereby extending the latest period of inflation to six months. That said, the rate of pay growth eased to its weakest since last October and was slower than the solid pace seen across the UK as a whole. By

region, temp wage inflation was sharpest in Scotland, while it was weakest in London.

Comment:

REC Chief Executive Kevin Green says:

“Finding people to do the jobs on offer is rapidly becoming employers’ biggest headache and many are reporting an increasing number of white collar jobs as hard to fill, including in the IT and financial sectors.

“Shortages of appropriately skilled, willing and able candidates was a problem before the referendum. Our concern is that Brexit will make the problem worse, particularly if onerous restrictions are imposed on people coming from the EU to work.

“Also, economic uncertainty about future prospects is having a detrimental effect on employees’ willingness to risk a career move at this time, which seems to be driving down candidate availability. Our data shows London and the South, where financial services jobs are concentrated, as particularly suffering from low candidate availability for permanent job vacancies.

“This shrinking talent pool of available candidates means that businesses are boosting the starting salaries and hourly rates they are prepared to offer to the right candidate. So for job hunters willing to move roles at the moment, there are financial rewards on offer – especially it seems in finance, IT and other management and office-based professional roles.”

For further information, please contact:

REC

Liz Banks / Alasdair Reynolds, REC Press Office, 0207 009 2157 / 2192

Supported by Speed Communications – Kerry Grove kerry.grove@speedcomms.com, 0117 906 4517

Markit Economics (technical/data queries):

Alex Gill, Economist, Telephone +44-1491-461-015/alex.gill@ihsmarkit.com

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 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. 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

Dorset House, First Floor, 27-45 Stamford Street, London, SE1 9NT. Tel: 020 7009 2100 Website: www.rec.uk.com

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