

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Permanent placements growth weakens to marginal pace

Key points:

- Permanent placements increase at slowest pace for eight months
- Growth in temporary billings remains elevated
- Temp pay inflation outstrips growth in permanent starting salaries

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 weakens further

London recruitment consultants registered a ninth consecutive monthly rise in the number of candidates placed into permanent positions during July. That said, the rate of growth was marginal and the slowest since last November. The rate of increase was the weakest of all five monitored UK regions. The sharpest rise in permanent placements was recorded in the Midlands. Across the UK as a whole, permanent placements increased at the quickest pace since April 2015.

July data signalled a rise in temporary billings in London, thereby extending the current sequence of expansion to one year. The rate of growth remained sharp despite softening from June's 14-month peak. A rise in temp billings was also seen at the UK level in July. Furthermore, the rate of growth was the sharpest in 29 months. Rates of expansion accelerated in the South and North of England, but moderated elsewhere.

Demand for permanent staff in the capital continued to rise in July. The rate of increase accelerated from June and was only just shy of May's 20-month peak.

That said, it remained below the UK average. In contrast, demand for temporary staff in London increased at a slightly weaker, albeit still marked pace in July.

Permanent candidate supply declines again

The amount of candidates available for permanent roles in the capital decreased in July, thereby continuing a trend that has been observed since June 2013. The rate of decline remained marked, despite being the weakest for five months. Permanent candidate availability also fell at the UK level in July. The rate of decline remained steep, despite softening from June. Decreases were recorded in each of the five UK regions monitored by the survey, the sharpest of which continued to be seen in the South of England.

Recruitment consultancies in the capital reported a fall in the supply of temporary workers for the forty-eighth successive month in July. The rate of decline quickened to the sharpest since December 2015. That said, the pace of decrease was slightly softer than that seen across the UK as a whole. As has been the case since July 2013, the supply of temporary labour in the UK declined in July. The reduction was wide-spread across each of the five surveyed regions. Following a similar trend to permanent candidate supply, the rate of decrease was sharpest in the South of England.

Starting salaries continue to rise

Salaries awarded to permanent starters in London rose in July, as has been the case in each of the past 50 months. The rate of inflation slowed from June's 15-month peak and, though solid, was weaker than the UK average. Meanwhile, starting salaries awarded to permanent workers in the UK as a whole rose for the sixty-third successive month in July. All five monitored regions recorded a rise in starting salaries. The sharpest rate of inflation was seen in the South of England.

Temporary pay rates in London also increased further in July. The rate of inflation accelerated from the previous month and strengthened to a six-month high. Overall, temp wage growth in the capital matched that seen across the UK as a whole. Temp pay rates also increased sharply at the national level in July, albeit at a fractionally weaker rate than was observed in June.

Comment:

Kevin Green, REC chief executive says:

“Although below the national average, permanent and temporary placements in London continue to increase. Starting salaries are also still rising, so for workers who want to boost their earnings now is a good time to consider moving job.

“It's clear that employers are having to work even harder to fill jobs as vacancies rise and candidate availability shrinks. UK employment remains at an all-time high and looks set to keep improving. The parts of the economy most reliant on European workers are under even more pressure as many EU workers return home. Employers are not just struggling to hire the brightest and the best but also people to fill roles such as chefs, drivers and warehouse workers.

“London in particular is feeling the Brexit effect. Hiring is still growing but at a much slower rate compared with every other region of the UK. Financial services, a crucial part of the London labour market, are not hiring in their usual quantity as the uncertainty caused by Brexit makes them hesitant.

“We can't ignore the importance of our relationship with the EU to employers. If we want to keep our jobs market successful and vibrant, we must make it easier, not harder, for employers to access the people they need.”

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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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