

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 00:01 (London) July 7th 2017

Report on Jobs: London

Permanent placements rise at weaker pace

Key points:

- Permanent placements expand at weakest pace since last November
- Temporary billings rise at quickest rate for 14 months
- Permanent and temporary labour supply continues to deteriorate

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 placement growth eases

London recruitment consultants registered an eighth consecutive monthly rise in the number of candidates placed into permanent positions during June. That said, the rate of growth eased substantially from May's near two-year high and was modest overall. The rate of increase was the weakest of all five monitored UK regions. The sharpest rise in permanent placements was registered in Scotland, followed by the Midlands.

June data signalled a further rise in temporary billings received by London recruitment agencies, the eleventh in as many months. Moreover, the rate of growth accelerated to a 14-month peak. A rise in temp billings was also seen at the UK level in June. Furthermore, the rate of growth remained marked, despite easing from last month's 26-month high. Rates of expansion accelerated in the South of England, London and Scotland, but eased in the Midlands and the North.

Demand for permanent staff in the capital continued to rise in June. Although easing from May's 21-month high, the rate of growth remained marked,

albeit still below the UK average. Following a similar trend, demand for temporary staff in London increased at a slightly weaker pace in June.

Permanent candidate supply declines

The amount of candidates available for permanent roles based in the capital decreased in June, thereby extending the latest sequence of decline to 49 months. Despite softening slightly from May, the rate of deterioration remained marked. Permanent candidate availability also fell across the UK as a whole in June. Furthermore, the rate of decline remained sharp, despite also easing slightly since May. Decreases were recorded in each of the five UK regions monitored by the survey, the sharpest of which was in the South of England.

Recruitment consultancies in London reported a fall in the supply of temporary workers for the forty-seventh time in as many months during June. Moreover, the rate of decline accelerated from May and dipped below the average for this sequence. As has been the case since July 2013, the supply of temporary labour declined across UK as a whole in June. The reduction was broad-based across the five regions monitored by the survey. As was the case with permanent candidate availability, the sharpest deterioration was seen in the South of England.

Starting salaries continue to rise

Salaries awarded to permanent starters in London rose for the forty-ninth month in succession during June. The rate of inflation quickened from May and was the most marked in 15 months. That said, the rate of growth remained weaker than the UK-wide average. Starting salaries awarded to permanent workers at the UK level rose at an accelerated pace in June. All five regions recorded marked increases in permanent salaries, led by the North of England.

As was the case for permanent salaries, temporary pay rates in London increased further in June. The

rate of inflation accelerated from the previous month and strengthened to a five-month high. Overall, temp wage growth in the capital was slightly weaker than that seen across the UK as a whole. Temp pay rates also increased sharply across the UK in June. Moreover, the rate of wage inflation was the most marked in 2017 so far, with increases registered in all five UK regions.

Comment:

Tom Hadley, REC Director of Policy says:

“With fewer people currently looking for jobs, employers are having to increase starting salaries to secure the talent they need. This is creating great opportunities for people with in-demand skills who are prepared to change jobs, but it’s also putting unsustainable pressure on many businesses.

“Existing skills shortages are being exacerbated by Brexit. For example, demand for accountants and other financial roles has increased recently as organisations try to protect themselves against economic uncertainty. London alone employs almost 200,000 EU nationals in these roles. Policies which make it more difficult to recruit and retain these people will put business growth at risk.*

“Investment in training the domestic workforce is vital to the long-term health of the jobs market, but it won’t allay employers’ fears about losing access to workers from the EU. The government needs to outline a five-year roadmap for post-Brexit immigration policy to enable businesses to plan effectively, and so the UK economy can flourish.”

**London has 191,400 EU nationals working in the financial and businesses services sector - Building the post-Brexit immigration system, REC (July 2017)*

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 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

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

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