

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs

Growth in staff appointments softens slightly, while starting salaries rise at steeper rate

Key points:

- Permanent placements and temp billings continue to rise markedly
- Availability of candidates continues to decline sharply
- Starting salaries increase at quickest pace for just over a year-and-a-half

Summary:

The 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.

Staff appointments increase at softer pace

Permanent placements continued to rise sharply in June, despite the rate of expansion easing slightly since May's 25-month peak. Growth in temp billings also softened in June, but remained steep overall.

Demand for staff holds close to May's 21-month peak

Demand for staff continued to rise in June, with the rate of growth staying close to May's recent peak. This was despite both permanent and temporary vacancies rising at slightly weaker rates than in the previous month.

Salary growth fastest for over a year-and-a-half...

Permanent starting salaries rose at a sharp and accelerated rate that was the fastest in 19 months in June. Growth in hourly pay rates also quickened since May, and reached a six-month record.

...as candidate availability continues to decline

The pool of available candidates for both permanent and temporary roles continued to shrink markedly in June. While the number of permanent candidates fell at a slightly softer pace than in May, the supply of temporary labour deteriorated at the quickest rate in 18 months.

Regional variation

On a regional basis, Scotland noted the sharpest growth in permanent placements, followed by the Midlands. The weakest rate of expansion was recorded in London.

Scotland saw the strongest upturn in temp billings of all monitored UK regions in June. Nonetheless, all of the remaining regions also noted marked rates of expansion.

Sector variation

Private sector staff demand continued to rise sharply at the end of the second quarter. This was despite a slight moderation in demand growth for permanent staff across the private sector. Meanwhile, the number of temporary vacancies in the private sector increased at a slightly faster pace.

Demand for staff also increased in the public sector in June. Data indicated that demand growth was similarly strong for permanent and temporary roles, with the rate of increase picking up in the former, but slowing for the latter.

Recruitment agencies registered a broad-based upturn in demand for permanent staff during June. Engineering placed first in the rankings, followed by Accounting/Financial. Nonetheless, demand rose sharply in all of the other monitored job sectors.

Hotel & Catering pipped Nursing/Medical/Care to place in the top spot for demand for temporary staff in June, with demand growth sharp for both job categories. The weakest increase in demand was seen for Executive/Professional roles.

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)*

Full reports and historical data from the Report on Jobs are available by subscription. Please contact economics@ihsmarkit.com

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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 2014/15, 1,197,928 people were employed in either temporary or contract work through consultancies and 633,992 people were placed in permanent positions through consultancies. 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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