

## News Release

**MARKET SENSITIVE INFORMATION**  
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## Report on Jobs: London

### Permanent placements growth accelerates in May

#### Key points:

- Permanent placements and temporary billings both expand at steeper rates
- Availability of candidates continues to fall
- Average starting salaries and wages rise for both permanent and temporary workers

#### 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 quickens

Recruitment consultancies in the capital recorded an eighth consecutive monthly rise in the amount of candidates placed into permanent positions. The rate of growth quickened from April but remained substantially weaker than seen across the UK as a whole. The rate of expansion at the UK level eased fractionally from April, but remained marked nonetheless. The sharpest rise was recorded in Scotland, closely followed by the Midlands.

Temporary billings in London rose during May, thereby continuing a trend that has been observed since August 2016. Moreover, the rate of increase was the most marked for five months and greater than the UK average. The rate of expansion across the UK was the sharpest so far this year, driven by stronger increases in all monitored regions except for the South of England.

Demand for permanent staff in the capital rose at a fractionally weaker pace in May. In contrast, growth of demand quickened across the UK as a whole. Meanwhile, demand for temporary staff in London increased to the greatest extent of 2018 so far.

#### Permanent candidate supply drops at sharper rate

The amount of candidates available for permanent roles in London fell during May, thereby continuing a trend that has been observed since June 2013. Furthermore, the rate of deterioration was the most marked for two-and-a-half years and sharper than the UK average. The decrease was broad-based by region, with the steepest reduction reported in London.

The supply of candidates to fill temporary positions in the capital fell in May, extending the current period of decline to just shy of five years. That said, the rate of decrease was the weakest in three months and less marked than seen at the UK level. Meanwhile, candidates available for temporary positions across the UK as a whole dropped at the fastest pace for six months. The sharpest reductions were recorded in the Midlands and the South of England respectively.

#### Starting salaries rise further

Salaries awarded to permanent starters in London rose in May, extending the current period of wage inflation to five years. The rate of increase was the sharpest since the start of the year, but remained weaker than the UK average. Salaries awarded to permanent starters at the national level rose at the most marked rate for three years. The steepest increase was evident in the North of England.

Temporary pay given to staff based in London rose for the twentieth time in as many months in May. The rate of inflation dipped slightly but remained marked overall, and was only slightly weaker than the UK average. Temp pay rates across the UK as a whole increased at a fractionally weaker rate than in April. The sharpest rise was evident in the Midlands.

**Comment:**

**REC director of policy Tom Hadley says:**

*“Despite growth in demand for staff this month, we have seen another severe drop in staff availability. Whilst it is encouraging to see a rise in staff appointments for permanent and temporary staff, indicating that employers are feeling confident in making hiring decisions, a lack of candidates remains a major challenge for recruiters - particularly in areas like nursing, engineering, manufacturing and IT. Staff shortages are becoming business critical in many of these key sectors.*

*“Because of the lack of candidate availability we are seeing employers paying higher salaries to attract the right people. This is only part of the solution, with employers also having to think about providing a more flexible working environment and progression opportunities. With skills needs and candidate expectations continuing to evolve, employers are having to radically re-imagine their hiring procedures. Government can help by ramping up the UK skills base and ensuring a balanced and evidence-based immigration system.”*

-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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