

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Permanent placements expand at quickest pace since May

Key points:

- Permanent placements rise solidly after slight dip in September
- Candidate availability continues to fall sharply
- Pay pressures ease slightly but remain marked

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

The amount of candidates placed into permanent positions in the capital increased in October, following a marginal reduction at the end of the third quarter. Moreover, the rate of expansion was the most marked since May and slightly faster than the long-run series average. Permanent placements also rose at the UK level, albeit to the weakest extent in six months. The expansion was broad-based across each of the five monitored regions, led by Scotland and the Midlands.

Billings received from the employment of temporary/contract workers in London rose for the fifteenth successive month in October. Furthermore, the rate of growth accelerated from September. Temporary billings also rose across the UK as a whole, thereby continuing a trend that has been observed since May 2013. An expansion was reported in each of the five surveyed regions, led by the North of England.

Demand for permanent staff in London rose further during October. The pace of growth quickened slightly from September and remained among the sharpest recorded for two years. Demand for

temporary staff also rose in October. That said, growth of demand remained weaker than the UK average in both cases.

Permanent candidate supply continues to fall

Permanent candidate availability for London-based positions fell in October, thereby continuing a trend that has been observed in each of the past 53 months. The rate of contraction eased for the second successive month but remained marked nonetheless. The availability of workers for permanent positions across the UK as a whole also declined during October. Moreover, the rate of deterioration remained sharper than the long-run series average despite softening marginally from September. On a regional basis, permanent candidate supply fell to the greatest extent in the South of England.

The number of people available for temporary roles in the capital also fell at the start of the fourth quarter. Moreover, the rate of decline quickened from September and was the sharpest recorded in 22 months. Recruitment consultancies across the UK also recorded a further drop in temporary labour supply in October. Out of the five monitored regions, the Midlands recorded the sharpest drop in temporary labour supply in the latest survey period.

Starting salaries continue to rise

Salaries awarded to permanent starters in London increased in October, as has been the case in each month since May 2013. The rate of salary inflation eased from September but nonetheless remained marked overall. Salaries awarded to permanent starters also rose at the national level in October, thereby extending the current period of pay growth to five-and-a-half years. The quickest rate of inflation was recorded in the South of England, though increases were sharp elsewhere.

Temporary pay rates also increased in the capital during October, stretching the current sequence of inflation to 13 months. Despite softening from September, the rate of growth was sharper than that seen across the UK as a whole. The rate of temp pay inflation at the UK level remained above the long-run series average despite weakening to a seven-month low.

Comment:

Kevin Green, REC chief executive says:

“Last month, recruiters helped even more people find permanent jobs – this is great news as it shows that employers are continuing to hire. However, the data also shows that growth is slowing down and one of the reasons is that we simply do not have enough people for all the roles that are out there at the moment. And the number of vacancies is still getting higher.

“For jobseekers this is good news as employers are willing to pay higher starting wages to attract the right candidates.

“We already know that EU workers are leaving because of the uncertainties they are facing right now. We therefore need clarity around what future immigration systems will look like. Otherwise, the situation will get worse and employers will face even more staff shortages.”

-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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