

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Growth in permanent placements weakens to five-month low

Key points:

- Modest increase in permanent placements contrasts with sharp rise in temp billings
- Decline in candidate availability intensifies
- Average starting salaries continue to increase

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 modestly

The number of people placed in permanent positions in the capital rose for the sixth successive month during April. That said, the rate of growth eased from March and was modest overall. At the UK level, permanent placements rose for the ninth consecutive month. However, the rate of expansion softened to a seven-month low and was slower than the historical average. Nevertheless, the increase was broad-based across each of the five monitored UK regions, led by the Midlands.

Recruitment consultants in London reported a ninth successive rise in temp billings during April. Moreover, the rate of increase accelerated to a one-year high and was marked overall. Temp billing also rose across the UK during April. Moreover, the rate of growth was the most marked since December last year. Broken down by region, rates of expansion quickened in the Midlands, London and Scotland, but eased slightly in the North and the South.

Fastest decline in permanent candidate availability for 17 months

Permanent candidate numbers in London fell during April, thereby continuing a trend that has been

observed since June 2013. Furthermore, the rate of contraction accelerated from March and was the sharpest recorded since November 2015. Approximately 40% of recruitment companies recorded lower candidate numbers, compared to just 9% that noted a rise. Permanent candidate availability also declined across the UK as a whole, and at the quickest rate in 16 months. Permanent candidate supply fell to the greatest extent in the South and the weakest in the North.

The supply of temporary labour in the capital fell for the forty-fifth time in as many months during April. Moreover, the rate of decline quickened from March and was the sharpest since December 2015. Candidates for temporary labour also fell at the UK level. The reduction was widespread across the five regions monitored by the survey. The sharpest fall in short-term staff availability was recorded in the South.

Starting salaries continue to rise

Salaries awarded to newly-placed permanent starters rose in April, thereby extending the current period of expansion to 47 months. That said, the rate of salary inflation eased from the previous month. At the UK level, the rate of inflation eased to a four-month low but remained above the long-run average. Each of the five monitored UK regions recorded a marked rise in permanent starting salaries during April. The sharpest increase continued to be recorded in the South.

In contrast, average temp wages in London increased to a greater extent than in March. Furthermore, the rate of pay inflation was the most marked since January and stronger than the series average. Meanwhile, temp pay rates continued to increase across the UK as a whole, with the rate of growth the sharpest in 2017 so far.

Comment:**REC Chief Executive Kevin Green says:**

“Demand for staff is growing within all sectors and all regions of the UK, but there are fewer and fewer people available to fill the vacancies. We have the lowest unemployment rate since 2005, and people already in work are becoming more hesitant about moving jobs amid Brexit uncertainty. Meanwhile, the weakening pound and lack of clarity about future immigration rules is putting off some EU nationals from taking up roles in the UK.

“As a result, candidate availability is at a 16-month low and recruiters are flagging a shortage of suitable applicants for more than 60 different roles from cleaner to accountant. Every shortage has wider implications, for example the exceptional reputation UK engineering enjoys globally is at risk because employers can’t find people with the skills they need.

“One thing is for certain, if British business is to thrive then whichever party forms a government after 8 June needs to address the ever-shrinking pool of suitable candidates by investing in skills and career advice for UK jobseekers, as well as safeguarding access to the workers we need from abroad. It is vital that the future immigration system is agile enough to reflect and adapt to evolving labour market needs.”

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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 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. 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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