

News Release

MARKET SENSITIVE INFORMATION
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UK Report on Jobs

Permanent staff appointments increase at fastest pace for four months in December

Key points:

- Permanent placements rise at quicker pace as temp billings continue to expand sharply
- Demand for staff moderates slightly but remains robust
- Further marked decline in staff availability contributes to steep increases in pay

Summary:

The IHS 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.

Faster growth of permanent staff placements

Permanent staff placements increased at the quickest pace since August at the end of the year as agencies reported on strong demand for staff. At the same time, growth of temp billings remained sharp despite softening since November.

Demand for staff softens slightly, but remains sharp

Staff vacancies grew at the softest rate for one year in December. That said, demand for staff remained sharp overall and firmly above the average seen over the 20-year survey history.

Strong starting salary growth maintained...

Permanent starting salaries continued to rise markedly in December amid reports of candidate shortages and robust demand for staff. Temp pay also increased sharply, with the rate of inflation quickening to a three-month high.

...as candidate availability continues to fall sharply

The availability of candidates to fulfil permanent roles declined sharply at the end of 2017, with the rate of deterioration among the fastest seen over the past two years. The supply of temporary labour also fell at a historically marked pace in December, despite the rate of reduction softening since November.

Regional variation

On a regional basis, the Midlands continued to signal the fastest increase in permanent placements at the end of the year. Meanwhile, the least marked rate of growth was seen in London.

London registered the fastest increase in temp billings of all five monitored UK regions in December. Nonetheless, rates of expansion were also sharp elsewhere.

Sector variation

December data pointed to rising demand for both private and public sector staff, though growth remained sharper for the former.

The steepest increase in vacancies was seen for permanent workers in the private sector, closely followed by demand for temporary workers in the sector. Relatively modest rates of growth were meanwhile seen for permanent and temporary vacancies across the public sector.

Accounting/Financial led a broad-based expansion of demand for permanent workers in December. This was closely followed by IT & Computing and Engineering. The slowest growth was signalled for Construction and Hotel & Catering.

Latest data signalled a further rise in vacancies for temporary staff across all nine monitored categories, led by Nursing/Medical/Care. Blue Collar and Accounting/Financial scored second and third place in the rankings, respectively.

Kevin Green, REC Chief Executive says:

“The number of people finding jobs via recruiters is growing, even while the overall employment rate is plateauing. This suggests that more employers are turning to recruiters to help them fill vacancies as candidate availability continues to fall and recruiting good people becomes that much harder.

“Nursing and medical staff remain the most in demand for temporary roles – further evidence of the strain the NHS is feeling on filling vacancies. Recruiters are reporting a vast number of job areas that employers are finding hard to fill including, welders, van drivers and, for the first time, baristas.

“Employers as a response to these candidate shortages are offering increased starting salaries to attract staff but while this has been the case for some time it isn’t translating into significant wage growth across the economy yet.

“Early in the New Year, people often think about changing jobs, so employers are going to have to think carefully about how they can both retain existing capabilities and find the new hires they need as competition for people intensifies. Bosses should consider going to wider talent pools and to be inventive about how to improve their employer brand and make themselves an even more attractive place to work.”

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 2016/17, recruiters placed nearly a million people into a new permanent job and on any given day there are 1.3 million temporary agency workers active in the labour market. 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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