

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 01:01 (London) September 8th 2017

Report on Jobs: London

Growth in permanent placements remains subdued

Key points:

- Permanent placements growth remains much weaker than UK average
- Staff availability declines at a sharper pace
- Steep increases in wages and starting salaries

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 remains subdued

London recruitment consultants recorded a tenth consecutive monthly rise in the amount of people placed into permanent positions during August. That said, the rate of expansion eased fractionally from the previous survey period and remained firmly below the UK average. Furthermore, permanent placements across the UK as a whole rose sharply during August, despite the rate of growth easing from July's 27-month peak. All of the five UK regions registered increases in permanent staff appointments, led by the Midlands.

In contrast to permanent placements, temporary billings in the capital continued to rise at a marked pace in August, albeit one that was fractionally weaker than seen in the previous month. Temporary billings also continued to rise at the national level, extending the current period of growth to 52 months. The rate of increase across the UK as a whole remained marked and unchanged from July's near two-and-a-half year high. Steep rates of expansion were registered in each of the five surveyed regions.

Demand for permanent staff in London rose further during August. The rate of growth was the most

marked in two years, but remained below that seen for the UK as a whole. Following a similar trend, growth of demand for temporary staff in London accelerated to a 34-month peak.

Permanent candidate supply declines again

The availability of permanent candidates in the capital fell during August, thereby continuing a trend that has been evident since June 2013. Moreover, the rate of contraction accelerated to a four-month record. The availability of workers for permanent positions for the UK as a whole also fell during August, as has been the case since May 2013. The rate of decline accelerated from the previous survey period and remained stronger than the series average. The sharpest deterioration in permanent labour supply was recorded in the South of England.

Recruitment consultancies in the capital registered another drop in the number of temporary workers available for hire during August. The rate of decline accelerated to a 20-month peak. Recruitment consultancies registered a further drop in temporary candidate availability at the UK level in August. Moreover, the rate of reduction was the most marked since December 2015. The sharpest decline in temporary labour supply was evident in the Midlands, closely followed by the South of England.

Starting salaries continue to rise

Starting salaries awarded to people placed into permanent positions in the capital increased in August, thereby stretching the current sequence of growth to 51 months. Higher starting salaries were also seen at the national level, with the rate of inflation the sharpest since October 2015. The South of England saw the quickest increase in starting salaries of all monitored UK regions.

Temporary pay rates in London rose for the eleventh time in as many months during August. Moreover, the rate of pay growth accelerated to a two-and-a-

half-year high and was sharp overall. Temporary pay rates across the UK followed a similar trend, increasing at the fastest pace in 16 months.

Comment:

Kevin Green, REC chief executive says:

“Hiring in London is much weaker than the national average, suggesting that there is uncertainty amongst employers in the capital. However, we continue to see demand for roles in risk and compliance in particular as businesses seek to boost their managerial capability.”

“In many areas of the jobs market candidate supply cannot meet demand. Employers are having to offer more money to secure the people with the skills they need. While the working population in general has experienced a pay squeeze, there are clearly opportunities now to earn more by moving jobs.”

“This is good news for individuals, but businesses will be concerned about the sustainability of this trend. Businesses can only grow if they have access to the people and skills they need. It is essential that the government recognises this by developing an evidence-based immigration system that will support the economy.”

-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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