

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs

Growth in permanent placements reaches one-year high

Key points:

- Permanent placements increase at quickest pace in one year...
- ...but temp billings growth softens to four-month low
- Demand for staff reaches 18-month peak

Summary:

The 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.

Stronger growth of permanent staff placements

Growth in permanent placements picked up from January's recent low to reach a one-year high in February. In contrast, temp billings increased at the softest pace in four months.

Demand for staff reaches 18-month peak

Job vacancies continued to increase in February. Overall, demand for staff rose at the quickest rate in one-and-a-half years, with both permanent and temporary workers seeing faster increases.

Candidate availability declines at faster pace

The availability of staff to fill job vacancies declined sharply in February. Both permanent and short-term candidate supply deteriorated and to a greater extent than at the start of the year, with the former noting the steepest rate of reduction.

Sharper increase in salaries

Starting salaries for candidates placed into permanent roles increased at the quickest pace since March 2016 in February. Meanwhile, temp pay growth picked up slightly from January and was the second-fastest seen in nine months.

Regional and sector variation

Data split by region indicated that permanent placements increased across all four English regions in February, while Scotland saw the first expansion since September 2016.

Continuing a trend that has been evident since last October, agencies based in the North of England saw the quickest increase in temp billings.

Private sector demand for staff remained substantially stronger than that for public sector staff in February. Furthermore, demand for permanent staff at private sector firms reached a 20-month high, while vacancies for temporary roles in the sector also increased sharply.

Meanwhile, public sector demand rose modestly for both permanent and temporary staff in February.

Demand rose for all permanent job categories in February, with the strongest increases seen for Engineering, IT & Computing and Nursing/Medical/Care staff. Though marked overall, demand for permanent roles was weakest in Hotel & Catering.

Engineering was the most sought-after category for temporary/contract staff in February, closely followed by Nursing/Medical/Care and Blue Collar. The slowest growth was seen for Executive/Professional.

REC Chief Executive Kevin Green says:

“Although permanent placements have hit a 12 month high, businesses across the UK are finding it increasingly difficult to recruit for permanent roles. The big question still remains about how employers will fill their vacancies.

“The Chancellor is expected to announce a boost for vocational training in today’s budget and this is very welcome. However, it won’t solve the immediate need for people to fill jobs. We’re already seeing acute staff shortages in a variety of sectors, from healthcare to engineering. This is likely to get worse, especially if the Government continues to refuse the rights of EU citizens living in the UK post-Brexit.

“On the flip-side, this is a good time for individuals prepared to move jobs, with bumper pay offers on the table as hirers compete to secure the talent available. In the context of rising inflation and stagnating pay growth, changing employers is becoming a more attractive option for those looking for more money.”

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 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 Markit, collected via questionnaire from a panel of 400 UK recruitment and employment consultancies. In 2014/15, 1,197,928 people were employed in either temporary or contract work through consultancies and 633,992 people were placed in permanent positions through consultancies. 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.

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 Markit. Please contact economics@ihsmarkit.com.

A regional Report on Jobs series is now 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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