

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: London

Permanent placements fall for first time in nearly a year

Key points:

- Permanent placements decline for first time since October last year
- Growth in temp billings moderates to six-month low
- Supply of permanent and temporary labour continues to fall

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 drop in September

The amount of people placed into permanent positions in the capital decreased in September, thereby ending a ten-month sequence of growth. Though only marginal, the decline contrasted with another marked expansion across the UK as a whole, albeit the weakest since April. An increase in permanent staff placements was evident in each region monitored by the survey except for London.

September data pointed to a fourteenth consecutive monthly rise in temporary billings at the end of the third quarter. Although solid, the rate of growth softened substantially from the previous month and was the least marked since March. A rise in temporary billings continued to be seen across the UK as a whole in September. As was the case with permanent placements, however, the rate of growth weakened from August. Weaker increases in temp billing were signalled for each of the monitored regions bar Scotland.

The number of permanent job vacancies in London increased in September, thereby continuing a trend

that has been evident since August last year. Notably, the rate of growth remained sharp. Demand for temporary staff in London also rose at a marked pace, albeit one that was weaker than seen in August.

Permanent candidate supply declines again

The supply of candidates available to fill permanent positions in London fell for the fifty-second time in as many months during September. The rate of decline moderated from August but was marked overall. Permanent candidate supply also fell at the UK level in September. Furthermore, the rate of contraction accelerated to a four-month record and was marked overall. The decline was broad-based across each of the surveyed regions, led by the South of England.

The availability of workers for short-term roles in London dropped further at the end of the third quarter. Moreover, the rate of decline remained marked, despite easing since August. The availability of temporary staff also fell at the UK level, thereby continuing a trend that has been evident since July 2013. The overall rate of reduction weakened since August, but remained sharp. Softer rates of deterioration were registered in all regions except for the North of England.

Starting salaries continue to rise

London-based recruitment consultancies reported a further rise in permanent starting salaries in September. The rate of inflation weakened slightly from the previous month but remained firmly above the historic average for the series. Permanent salaries also increased at the national level. The sharpest rate of wage inflation was recorded in the South of England.

Temporary pay rates in London also increased in September, extending the current sequence of expansion to over four-and-a-half years. Following a similar trend to permanent pay growth, the rate of

temp wage inflation eased slightly from August but remained marked and sharper than the long-run series average. Temporary wages also rose further at the UK level in September, albeit at a weaker pace than in the previous month.

Comment:

Kevin Green, REC chief executive says:

“Recruiters are finding it even harder to find people to fill vacancies. Candidate availability has been falling for the past four years and the record high UK employment rate plus a slowdown in the number of EU nationals coming to work here is exacerbating the situation, potentially leaving roles unfilled.

“Across the UK permanent placements are slowing, but London is faring worse with placements declining for the first time in eleven months and the financial sector in particular struggling to recruit for roles such as audit, payroll and risk.

“Low-skill roles are also hard to fill in areas like food processing, warehouses and catering – sectors that employ a higher proportion of people from the EU than others across the economy. We urge the government to ensure any new immigration system includes provisions for low-skilled and temporary workers so that warehouses, supermarkets and restaurants can access the people they desperately need.”

-End-

For further information, please contact:

REC

Liz Banks / Alasdair Reynolds, REC Press Office, 0207 009 2157 / 2192

Supported by Speed Communications – Kerry Grove kerry.grove@speedcomms.com, 0117 906 4517

Markit Economics (technical/data queries):

Alex Gill, Economist, Telephone +44-1491-461-015/alex.gill@ihsmarkit.com

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

Dorset House, First Floor, 27-45 Stamford Street, London, SE1 9NT. Tel: 020 7009 2100 Website: www.rec.uk.com

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