

## News Release

**MARKET SENSITIVE INFORMATION**  
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## Report on Jobs: London

### Permanent placement growth softens at the end of 2017

#### Key points:

- Permanent placement growth weakens but remains strong...
- ...while temporary billings rise to greatest extent since April 2016
- Further declines in both permanent and temporary labour supply

#### 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 softens

The amount of candidates placed into permanent positions in the capital increased for the third time in as many months during December. The rate of expansion, however, slowed from November's six-month high and registered below the UK-wide average. Indeed, the rate of growth at the UK level accelerated to a four-month record and was sharper than the long-run series average. By region, the steepest increase was evident in the Midlands.

December data highlighted a rise in temp billings, thereby continuing a trend that has been evident since August 2016. Moreover, the rate of growth accelerated to a 20-month high and was marked overall. Temp billings also rose across the UK in the final month of 2017. Moreover, the rate of growth remained marked and substantially greater than the series average, despite easing fractionally from November. An increase was recorded in each of the monitored UK regions except for Scotland.

Demand for permanent staff across the capital continued to rise in December. The rate of expansion

slowed from the previous month but remained marked overall. Firm demand was also seen for temporary staff. Furthermore, short-term vacancies in London rose at the fastest pace since August.

#### Permanent candidate supply drops

The amount of candidates available for permanent positions in London declined for the fifty-fifth successive month during December. The rate of deterioration quickened from the prior survey period, but remained the weakest among the five monitored UK regions. Permanent candidate supply also fell across the UK as a whole during December, thereby continuing a trend that has been observed since May 2013. The rate of deterioration quickened to a three-month record and was marked overall. The decline was broad-based across the five monitored UK regions.

Recruitment consultancies in London recorded a drop in the supply of temporary staff during December, as has been the case in each month since August 2013. The rate of decline eased from November's recent record, but remained the sharpest recorded across each of the monitored UK regions. Meanwhile, the rate of deterioration at the UK level was the weakest since February, but marked nonetheless. Sharp rates of decline were evident in each of the five monitored UK regions.

#### Starting salaries rise at faster pace

Salaries awarded to permanent starters in the capital rose for the fifty-fifth time in as many months at the end of 2017. Furthermore, the rate of increase was the sharpest since March 2016. Meanwhile, salaries awarded to permanent starters at the national level increased for the sixty-eighth successive month at the end of the fourth quarter. Indeed, the rate of inflation was marked and above the long-run series average. The increase was broad-based across each monitored by region, led by the South of England.

Temp pay rates in the capital increased for the fifteenth month in a row in December. The rate of inflation accelerated to a three-month high and was marked overall. Temp pay also increased across the UK as a whole in December. The rate of inflation quickened slightly from the prior survey period and was marked overall.

**Comment:**

**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 across the UK – 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.”*

-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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