

News Release

MARKET SENSITIVE INFORMATION
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UK Report on Jobs

May sees further marked rise in staff appointments

Key points:

- Steep increases in both permanent placements and temp billings
- Severe staff shortages leads to quickest rise in starting salaries for three years
- Staff vacancies expand at the quickest pace since last November

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.

Staff appointments continue to rise strongly...

Permanent staff appointments continued to rise at a robust pace, despite growth softening to a five-month low. Conversely, temp billings expanded at the quickest rate in 2018 so far.

...as demand for staff strengthens

Growth of demand for staff strengthened to a six-month high in May, with sharp increases in both permanent and temporary roles signalled by the latest data.

Sharp fall in candidate availability...

Overall, candidate availability declined at a sharper rate midway through the second quarter. Permanent candidate numbers fell at the fastest rate for four months, while short-term staff availability deteriorated at the quickest pace since last November.

...leads to steepest increase in starting salaries for three years

Strong demand for staff and low candidate availability underpinned further increases in starting

salaries and temp pay. Notably, salaries awarded to successfully placed permanent workers rose at the steepest rate for three years.

Regional variation

Of the five monitored UK regions for which data are available, the sharpest increase was registered in Scotland, closely followed by the Midlands. The weakest expansion was noted in London.

As was the case for permanent placements, Scotland led the way in terms of temp billings growth on a regional basis. Nonetheless, sharp increases were also recorded in the Midlands, London and the South of England, while the North of England noted the least marked rate of expansion.

Sector variation

May data continued to show that demand for private sector staff continued to increase at a steeper rate than that for public sector workers.

Although growth of demand for both permanent and temporary staff in the private sector edged down slightly since April, it remained marked overall. Across the public sector, permanent vacancies rose at a faster rate compared to April, while short-term roles increased to the weakest extent for four months.

Engineering was the best performing sector in the demand for permanent staff league table during May. Nonetheless, vacancies also expanded sharply across all other monitored categories, with the exception of Retail, which registered a further decline.

Demand for temporary staff rose across all of the ten monitored job categories, led by Blue Collar and Engineering. The weakest increase in job vacancies was noted in Retail.

REC director of policy Tom Hadley says:

“Despite growth in demand for staff this month, we have seen another severe drop in staff availability. Whilst it is encouraging to see a rise in staff appointments for permanent and temporary staff, indicating that employers are feeling confident in making hiring decisions, a lack of candidates remains a major challenge for recruiters - particularly in areas like nursing, engineering, manufacturing and IT. Staff shortages are becoming business critical in many of these key sectors.”

“Because of the lack of candidate availability we are seeing employers paying higher salaries to attract the right people. This is only part of the solution, with employers also having to think about providing a more flexible working environment and progression opportunities. With skills needs and candidate expectations continuing to evolve, employers are having to radically re-imagine their hiring procedures. Government can help by ramping up the UK skills base and ensuring a balanced and evidence-based immigration system.”

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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