

News Release

MARKET SENSITIVE INFORMATION
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UK Report on Jobs

Permanent placements growth accelerates to fastest since last July

Key points:

- Stronger rise in permanent placements contrasts with softer temp billings growth
- Starting salary inflation hits 31-month record amid growing candidate shortages
- Growth of demand for staff edges down slightly but remains marked

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.

Sharper increase in permanent placements...

Recruitment consultants signalled a marked rise in permanent staff placements in January, with the rate of expansion the joint-steepest since April 2015. In contrast, growth in temp billings softened to a ten-month low, but was sharp overall.

...supported by further marked increase in job vacancies

Overall demand for staff continued to rise sharply in January, despite growth of demand softening to a 13-month low. Notably, both permanent and temporary staff vacancies continued to rise at historically marked rates.

Starting salary inflation quickens to 31-month record...

Starting salaries for successful permanent candidates increased at the fastest pace for over two-and-a-half years at the start of 2018. Meanwhile, growth in temp pay eased to the joint-weakest in ten months, but remained sharp overall.

...amid steep drop in candidate availability

The number of candidates available to fulfil permanent and temporary roles continued to contract at historically sharp rates in January. This was despite rates of contraction softening slightly in both cases compared to December.

Regional variation

Data broken down by region showed that the North of England saw the fastest increase in permanent placements, though rates of growth were also sharp in the other four monitored regions.

The Midlands saw by far the quickest increase in temp billings, while growth was also sharp in the North and South of England and London. Meanwhile, Scotland registered a modest upturn following a reduction in December.

Sector variation

Stronger demand for staff was led by the private sector in January, according to latest survey data.

In the private sector, permanent staff vacancies rose at a sharp and accelerated pace in January. Demand for temporary workers across the private sector also rose strongly, despite growth softening since December. Meanwhile, permanent staff vacancies stagnated in the public sector, and the number of temporary staff roles declined slightly.

All nine types of permanent jobs monitored by the survey saw improved levels of demand for staff at the start of 2018. IT& Computing led the overall rankings, following closely by Engineering and Accounting/Financial.

Hotel & Catering was the most in-demand category for temporary/contract staff in January. Growth of demand was also sharp for Blue Collar and Nursing/Medical/Care workers. Construction

registered the softest increase in vacancies.

Kevin Green, REC Chief Executive says:

“We are seeing a continued rise in jobs filled via recruiters as it gets more challenging for businesses to find candidates. The UK has almost full employment and the country is plagued by labour, skills and talent shortages. This increasing competition for good quality staff is driving up starting salaries with employers willing to pay higher wages to attract the right people. So, it’s a good time to move jobs, especially as employers aren’t increasing wages for their existing workforce.”

“It’s reassuring that demand for permanent staff remains strong despite the economic uncertainties. However, there is a slight slowdown in the growth of temporary placements. This could be an early sign that employers are hesitating.”

“The struggle to find appropriate candidates will get worse. We are therefore asking for a balanced and evidence-based immigration system. Businesses urgently need to invest in the upskilling of their workforce. The government can help by turning the Apprenticeship Levy into a broader training levy. It’s time they put the concerns of UK businesses at the top of their agenda.”

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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