The most up-to-date source of monthly UK labour market data and analysis

Report on Jobs

The Report on Jobs is a monthly publication produced by IHS Markit and sponsored by the Recruitment and Employment Confederation.

The report features original survey data which provide the most up-to-date monthly picture of recruitment, employment, staff availability and employee earnings trends available.

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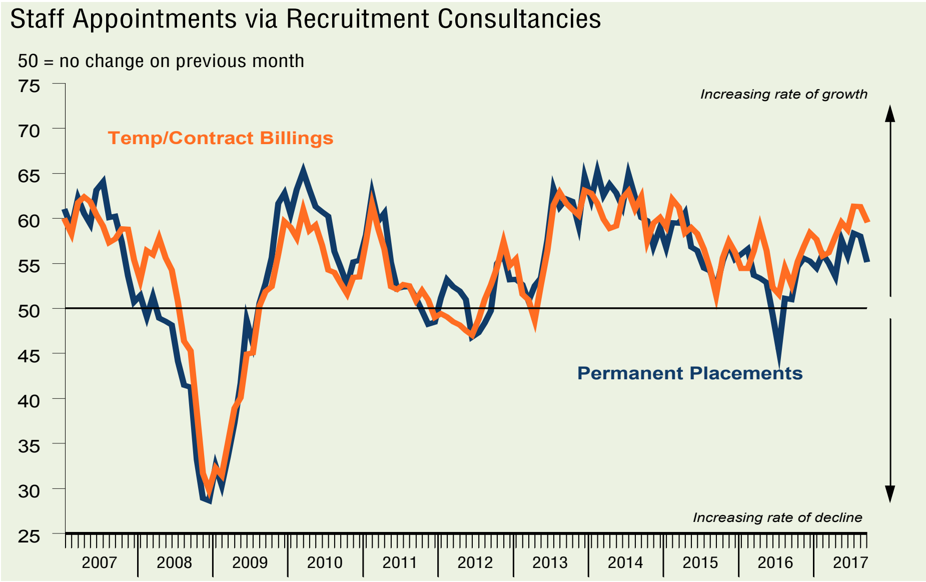
Softer increase in staff placements as candidate availability drops markedly



Key points from the September survey:

- Permanent placements rise at weakest pace for five months...
- ...while growth in temp billings also moderates slightly
- Candidate shortages continue to drive up pay rates

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.”

1 Executive summary

The Report on Jobs is unique in providing the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies and employers to provide the first indication each month of labour market trends.

The main findings for September are:

Permanent placements growth weakens to five-month low...

Permanent staff placements rose at the softest pace since April at the end of the third quarter. That said, the rate of growth remained marked overall. Temp billings meanwhile rose sharply, despite also seeing pace of expansion moderate from the previous month.

...as availability of candidates continues to fall sharply

A key factor weighing on growth in staff appointments was a further steep decline in candidate availability. For permanent candidates, the latest fall was the sharpest for four months, while the availability of temporary workers also fell at a historically marked pace.

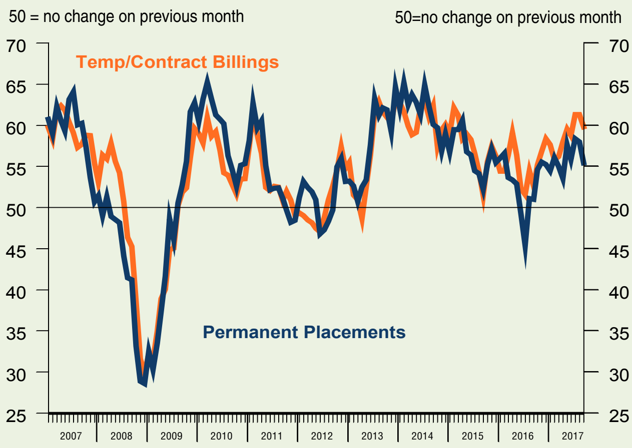
Further steep increase in demand for staff

The number of job vacancies across the UK continued to rise sharply during September, with growth of staff demand edging down only slightly from August's recent peak.

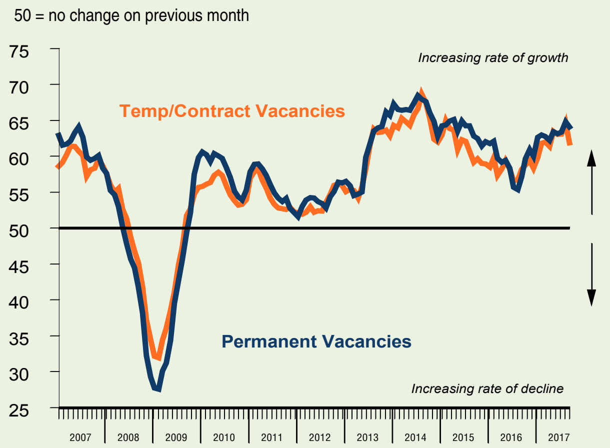
Pay pressures remain sharp

Strong demand for staff and a further drop in candidate availability placed further upward pressure on pay during September. Permanent starting salaries rose at the second-steepest rate in 22 months (after August), while temp pay growth softened only slightly from August's 16-month record.

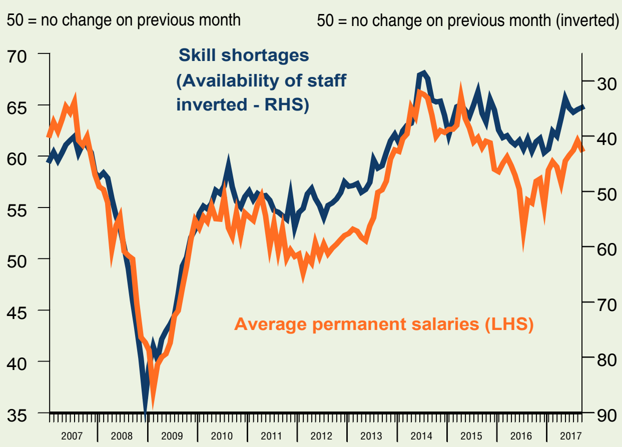
Staff Appointments



Demand for staff



Staff Availability and Earnings Growth



2 Staff appointments

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

September signalled a weaker, but still strong, increase in permanent placements. Temp billings also continued to rise sharply.

Growth in permanent staff appointments eases

The number of people placed into permanent job roles continued to increase in September, thereby stretching the current sequence of growth to 14 months. Though solid, the rate of expansion was the slowest recorded since April. Evidence provided by panellists indicated that strong demand for permanent staff across both new and existing clients supported the latest upturn. However, there were some reports that a lack of suitably skilled candidates had weighed on overall growth.

On a regional basis, growth of permanent placements was the most marked in the Midlands and the South of England. London meanwhile signalled a renewed drop in permanent placements (albeit marginal).

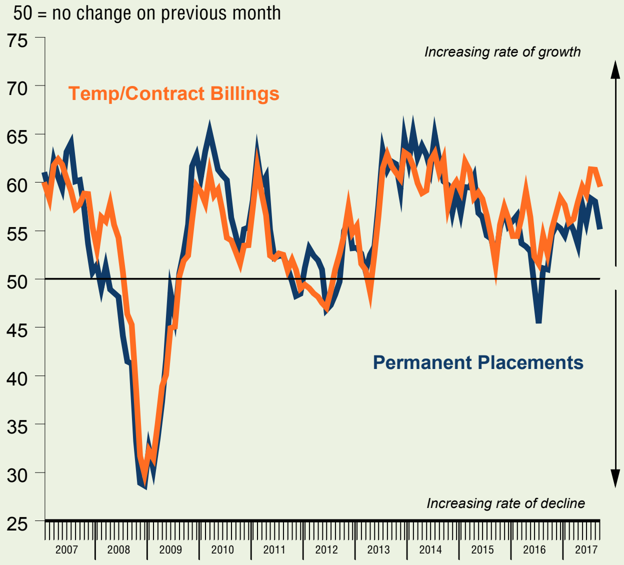
Temp billings growth remains sharp

UK recruitment consultancies continued to signal a sharp rise in billings received from the employment of temporary/contract workers at the end of the third quarter. This was despite the rate of growth moderating to a three-month low. Furthermore, over 38% of respondents registered increased temp billings, with a number of firms noting stronger demand for part-time workers in the latest survey period.

The quickest rate of temp billings growth was seen in Scotland, closely followed by the North of England. The weakest upturn was registered in London.

An index reading above 50 signals a higher number of placements/billings than the previous month. Readings below 50 signal a decline compared with the previous month.

Staff Appointments via Recruitment Consultancies



Permanent Staff Placements

Q. Please compare the number of staff placed in permanent positions with the number one month ago.

	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index
2017 Apr	37.8	37.2	25.0	12.8	56.4	**53.6**
May	42.6	32.9	24.6	18.0	59.0	**57.6**
Jun	36.7	36.9	26.4	10.4	55.2	**55.9**
Jul	43.2	33.4	23.4	19.8	59.9	**58.4**
Aug	36.9	33.4	29.8	7.1	53.6	**58.0**
Sep	36.0	38.3	25.7	10.4	55.2	**55.4**

Temporary/Contract Staff Billings

Q. Please compare your billings received from the employment of temporary and contract staff with the situation one month ago.

	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index
2017 Apr	36.5	46.3	17.2	19.4	59.7	**58.0**
May	39.2	42.2	18.6	20.6	60.3	**59.5**
Jun	40.9	45.0	14.1	26.9	63.4	**58.8**
Jul	47.0	39.2	13.8	33.2	66.6	**61.3**
Aug	41.8	39.4	18.8	22.9	61.5	**61.3**
Sep	38.4	42.1	19.5	18.9	59.4	**59.8**

3 Vacancies

Recruitment consultants are asked to specify whether the demand for staff from employers has changed on the previous month, thereby providing an indicator of the number of job vacancies. The summary indexes shown in this page are derived from the detailed sector data shown on page 5.

Vacancies continue to rise sharply

The Report on Jobs Vacancy Index posted well above the 50.0 value at 64.0 in September. This was down only slightly from August's 26-month high of 64.8 to signal a further sharp increase in demand for staff.

Steep growth of demand was signalled for both permanent and temporary workers during September, with the faster rise indicated for the former.

Public & private sector vacancies

Latest data signalled that demand growth remained considerably stronger in the private sector than the public sector.

The sharpest overall increase in demand for staff was recorded for permanent workers in the private sector, while the weakest rise in staff vacancies was seen for permanent public sector workers.

Other vacancy indicators

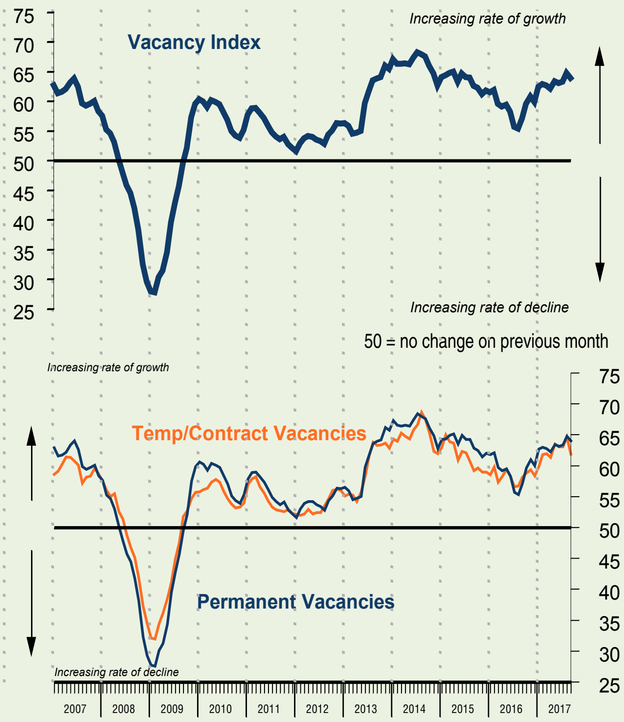
Data from the Office for National Statistics (ONS) indicated that job vacancies rose by 3.2% year-on-year in the three months to August. This was down only slightly from a 3.5% increase in the preceding three months.

Meanwhile, internet-based recruitment spending fell by -0.6% over the first quarter of the year, following a 14.6% increase in Q4 2016.

The Job Vacancies Index monitors the overall demand for staff at recruitment consultancies. An index reading above 50 signals a higher number of vacancies than the previous month. Readings below 50 signal a decline compared with the previous month.

Job Vacancies

50 = no change on previous month



Job Vacancy Indicators

	May'17	Jun	Jul	Aug	Sep
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	63.5	63.2	63.4	64.8	64.0
Permanent Staff	63.5	63.2	63.4	64.8	64.1
Temporary Staff	63.5	63.1	63.1	64.7	61.9
Public & private sector vacancies (not seasonally adjusted)					
Public: perm	53.4	56.2	52.9	54.7	51.9
Public: temp	57.5	55.7	55.4	58.7	57.8
Private: perm	63.8	65.0	65.5	70.9	65.5
Private: temp	63.0	65.0	65.5	70.0	62.9
Other key vacancy data					
Annual % change					
ONS Vacancy Survey	4.7	4.4	3.5	3.2	n/a
Internet recruitment	-0.6	--	--	--	

Sources: Vacancy data provided by ONS via Thomson Reuters Datastream. Internet recruitment spending provided by WARC.com

4 Demand for staff by sector

Recruitment consultancies are requested to compare the demand for staff according to sector with the situation one month ago.

Permanent staff

Accounting/Financial was the most sought-after category for permanent staff in September, followed by IT & Computing. The slowest (albeit still marked) increase in vacancies was reported for Construction.

	This year Rank	Sep'17	(Last year) Rank	Sep'16
Accounting/Financial	1	67.3	(5)	(56.3)
IT & Computing	2	65.7	(3)	(59.1)
Engineering*	3	64.5	(1)	(61.3)
Executive/Professional	4	63.4	(4)	(56.9)
Secretarial/Clerical	5	62.9	(7)	(54.8)
Blue Collar	6	62.4	(8)	(54.6)
Nursing/Medical/Care	7	61.5	(2)	(60.9)
Hotel & Catering	8	61.2	(6)	(54.9)
Construction*	9	56.7	(9)	(50.5)

Temporary/contract staff

Blue Collar achieved first place in the rankings for temporary/contract staff demand during September, while Nursing/Medical/Care scored second place. All remaining categories also saw steep increases in demand.

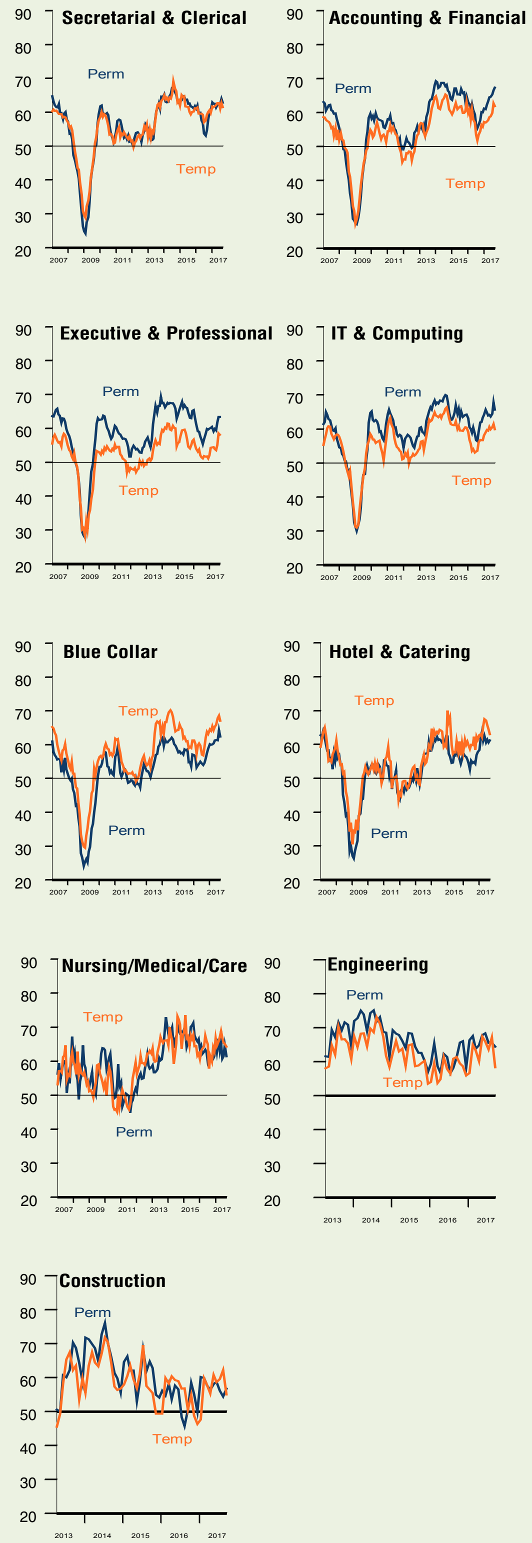
	This year Rank	Sep'17	(Last year) Rank	Sep'16
Blue Collar	1	67.1	(4)	(59.4)
Nursing/Medical/Care	2	64.3	(2)	(61.5)
Hotel & Catering	3	63.1	(1)	(62.3)
Accounting/Financial	4	61.9	(7)	(53.4)
Secretarial/Clerical	5	61.5	(5)	(59.3)
IT & Computing	6	60.0	(6)	(56.2)
Engineering*	7	58.3	(3)	(61.4)
Executive/Professional	8	58.2	(8)	(51.9)
Construction*	9	55.1	(9)	(50.6)

*Non-seasonally adjusted data. Prior to April 2013 Engineering/Construction was reported as a single category.

Data are presented in the form of diffusion indices whereby a reading of 50 indicates no change on the previous month. Readings above 50 signal stronger demand than a month ago. Readings below 50 signal weaker demand than a month ago.

Demand for staff

50 = no change on previous month



5 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month. An overall indicator of staff availability is also calculated.

Availability of permanent staff

The availability of permanent candidates continued to fall sharply in September. Notably, the rate of reduction was the most marked for four months, with nearly 42% of panellists noting a decline.

The South of England continued to record the steepest drop in permanent candidate numbers, though all remaining UK regions also saw sharp rates of contraction.

Availability of temp/contract staff

September survey data also pointed to a marked fall in temp/contract staff availability. This was despite the rate of deterioration softening from August's 30-month record.

Regional data pointed to a broad-based decline in short-term candidate numbers, with the Midlands noting the quickest rate of reduction.

Key permanent staff skills reported in short supply:*

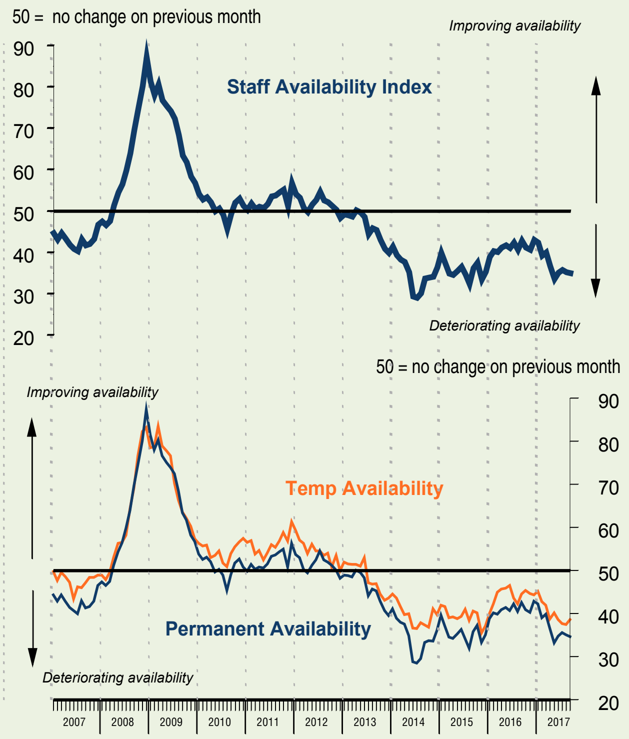
Accounting/Financial: Audit, Accounts, Finance, Paraplanners, Payroll, Risk, Treasury. **Blue Collar:** CNC Machinists, Drivers, Forklift Drivers, HGV Drivers, Production Managers, Welders. **Construction:** Quantity Surveyors. **Engineering:** Automotive, Design Engineers, Electrical Engineers, Engineers, Manufacturing Engineers,Technical, Test Engineers. **Executive/Professional:** Account Managers, Advertising, Compliance, Marketing, Project Managers, PR, Management, Solicitors. **IT/Computing:** Automation Testers, Cyber Security, C#, Digital, Gaming, IT, Java, UI/UX Designers. **Nursing/Medical/Care:** Care Workers, Healthcare Assistants, Home Carers, Support Workers. **Secretarial/Clerical:** Administration. **Other:** B2B Sales, Buyers, Chemists, Customer Service, Education, Languages, Merchandisers, Sales, Telesales, Security.

Key temp skills reported in short supply:*

Accounting/Financial: Audit, Accounts, Credit Control, Finance, Payroll, Risk, Treasury. **Blue Collar:** Assembly Workers, Carpenters, CNC Machinists, Drivers, Food Processing, Electricians, Painters, Production Workers, Unskilled Production, Warehouse Workers, Welders. **Construction:** Quantity Surveyors. **Engineering:** Engineers. **Executive/Professional:** Compliance, HR, Marketing, Project Managers. **Hotel/Catering:** Catering, Chefs. **IT/Computing:** Cyber Security, IT, Security Cleared Staff. **Nursing/Medical/Care:** Care Workers, Healthcare Assistants, Home Carers, Support Workers. **Secretarial/Clerical:** Account Clerks, Receptionists. **Other:** Customer Service, Languages, Logistics, Sales.

**consultants are invited to specify any areas in which they have encountered skill shortages during the latest month*

Staff Availability



Availability of permanent staff

Q. Is the availability of candidates for permanent vacancies better, the same or worse than one month ago?

	Better %	Same %	Worse %	Net +/-	Index	S.Adj. Index
2017 Apr	8.3	53.4	38.4	-30.1	35.0	**36.6**
May	7.6	49.7	42.8	-35.2	32.4	**33.2**
Jun	9.1	49.4	41.5	-32.3	33.8	**34.8**
Jul	8.7	47.9	43.4	-34.7	32.6	**35.6**
Aug	7.4	46.8	45.8	-38.5	30.8	**35.1**
Sep	11.3	47.0	41.6	-30.3	34.8	**34.7**

Availability of temporary/contract staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

	Better %	Same %	Worse %	Net +/-	Index	S.Adj. Index
2017 Apr	11.7	55.1	33.2	-21.5	39.2	**38.8**
May	14.3	50.5	35.2	-20.9	39.5	**40.2**
Jun	11.3	53.2	35.5	-24.2	37.9	**38.6**
Jul	9.8	49.9	40.2	-30.4	34.8	**37.7**
Aug	9.9	45.9	44.3	-34.4	32.8	**37.5**
Sep	11.3	53.0	35.7	-24.4	37.8	**38.7**

6 Pay pressures

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent salaries

UK recruitment consultants signalled higher average starting salaries for permanent staff in September, thereby stretching the current sequence of inflation to 65 months. Although the rate of salary growth softened since August, it remained sharp overall and quicker than the series average. Evidence provided by panellists indicated that a shortage of suitable candidates had placed upward pressure on pay.

The South of England saw the steepest increase in permanent starting salaries of all monitored UK regions, followed by Scotland.

Temp/contract pay rates

Temp pay rates also increased in September. The rate of pay inflation remained sharp, despite softening from August's recent peak.

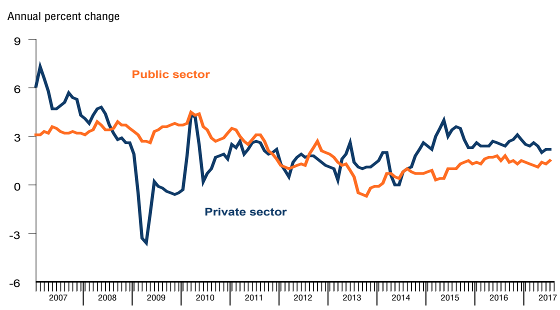
The Midlands noted the quickest increase in short-term pay rates, though inflation remained sharp across all monitored regions.

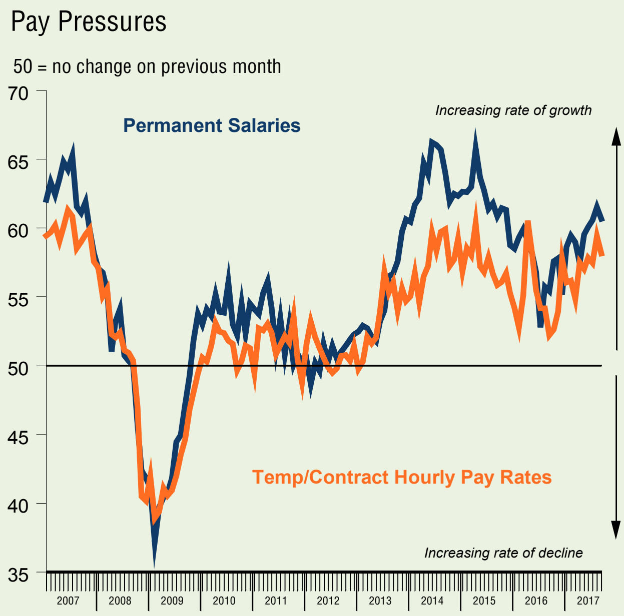
UK average weekly earnings

Data from the Office for National Statistics signalled that employee earnings (including bonuses) rose by +2.1% year-on-year over the second quarter of 2017. This was a slight improvement upon the +1.9% increase seen in the three months to May. Growth in private sector earnings (+2.2%) continued to outstrip that seen for the public sector (+1.3%).

Yr/yr % chg in average weekly earnings (3mma)

	2014	2015	2016	Mar'17	Apr	May	Jun
Whole economy	1.0	2.6	2.4	2.3	2.1	1.9	2.1
Private sector	1.3	3.0	2.6	2.6	2.4	2.1	2.2
Public sector	0.6	0.9	1.6	1.2	1.1	1.4	1.3
Services	1.0	2.8	2.3	2.4	2.2	2.1	2.3
Manufacturing	2.1	1.6	2.4	1.8	1.7	1.1	1.2
Construction	1.0	2.8	4.8	1.7	1.2	0.0	0.2





Permanent Salaries

Q. Are average salaries awarded to staff placed in permanent positions higher, the same or lower than one month ago?

	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2017 Mar	22.9	74.1	3.0	19.8	59.9	**59.0**
Apr	21.7	74.5	3.8	17.9	59.0	**57.4**
May	25.3	72.2	2.6	22.7	61.4	**59.5**
Jun	24.2	73.2	2.6	21.6	60.8	**60.1**
Jul	25.3	71.4	3.3	22.0	61.0	**60.6**
Aug	24.6	73.3	2.1	22.5	61.3	**61.5**
Sep	25.4	69.6	4.9	20.5	60.3	**60.7**

Temporary/Contract Pay Rates

Q. Are average hourly pay rates for temporary/contract staff higher, the same or lower than one month ago?

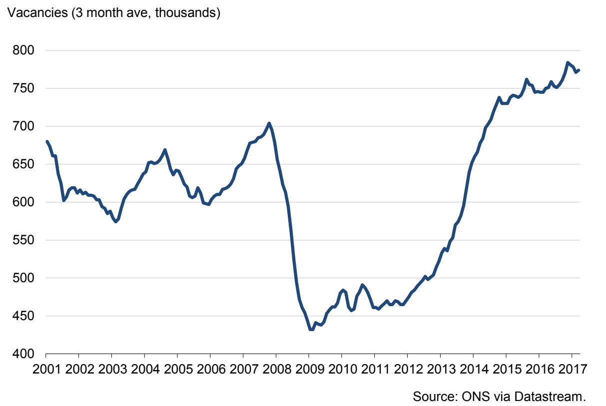
	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2017 Mar	14.7	80.6	4.7	10.1	55.0	**54.9**
Apr	26.1	70.8	3.1	23.0	61.5	**57.5**
May	20.2	74.3	5.5	14.8	57.4	**57.0**
Jun	19.3	76.9	3.9	15.4	57.7	**57.8**
Jul	18.9	76.8	4.4	14.5	57.2	**57.5**
Aug	21.1	76.3	2.6	18.5	59.3	**59.4**
Sep	18.3	77.8	3.9	14.4	57.2	**58.2**

7 Feature | Official vacancies

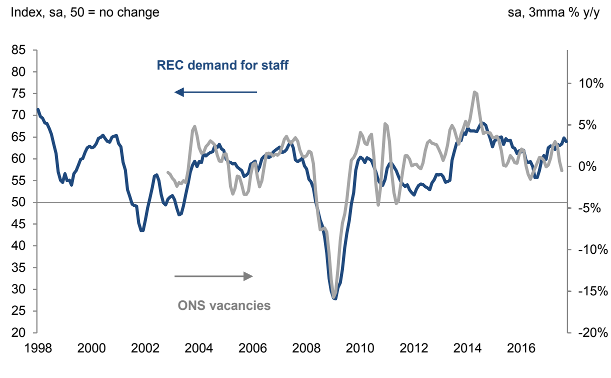
Latest labour market data published by the Office for National Statistics (ONS) indicated that there were 774,000 job vacancies for June to August 2017. This represented an increase of 24,000 compared to the same time last year.

The official numbers back up the strong increases in staff demand signalled by the Report on Jobs this year. Notably, the ONS data indicated that the number of job vacancies in 2017 have exceeded any level since the series began in 2001.

Vacancies broken down by sector revealed that the vast majority of unfulfilled roles (687,000) were in the services sector. More detailed data for the sector showed that the greatest number of vacancies were recorded for wholesaling, retailing and repair of motor vehicles (143,000), human health and social work (118,000) and accommodation and food services (93,000).



Source: ONS via Datastream.



Sources: IHS Markit, REC, ONS via Ecowin.

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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Website: **ihsmarkit.com**

Recruitment Industry Survey

The monthly survey features original research data collected via questionnaire by IHS Markit from a panel of 400 UK recruitment and employment consultancies. In 2014/15, 1,197,928 people were employed in either temporary of contract work through consultancies and 633,992 people were placed in permanent positions through consultancies. 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.

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UK Report on Jobs

Retail Sector Staff Demand

Since March 2017, recruitment consultants have been asked to comment on the demand for retail staff.

Demand for Permanent Retail Staff

September survey data signalled a further increase in demand for permanent retail workers. The rate of demand growth was solid overall, despite the index edging down to its lowest level since data collection began in March. Around 23% of respondents noted greater demand for retail staff on a permanent basis, compared to 10% that registered a fall.

Demand for Temporary Retail Staff

Demand for temporary retail workers remained sharp at the end of the third quarter, despite the rate of demand growth softening since August's recent peak. Furthermore, nearly three times as many panellists (29%) noted increased vacancies for short-term retail staff compared to those that posted a reduction (11%).