

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.

- 1 Executive summary
- 2 Appointments
- 3 Vacancies
- 4 Sectoral demand
- 5 Staff availability
- 6 Pay pressures
- 7 Special feature



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## Permanent staff appointments increase at fastest pace for four months in December

Staff Appointments via Recruitment Consultancies



### Key points from the December survey:

- Permanent placements rise at quicker pace as temp billings continue to expand sharply
- Demand for staff moderates slightly but remains robust
- Further marked decline in staff availability contributes to steep increases in pay

### 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 – 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.”

# 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 December are:

## Faster growth of permanent staff placements

Permanent staff placements increased at the quickest pace since August at the end of the year as agencies reported on strong demand for staff. At the same time, growth of temp billings remained sharp despite softening since November.

## Demand for staff softens slightly, but remains sharp

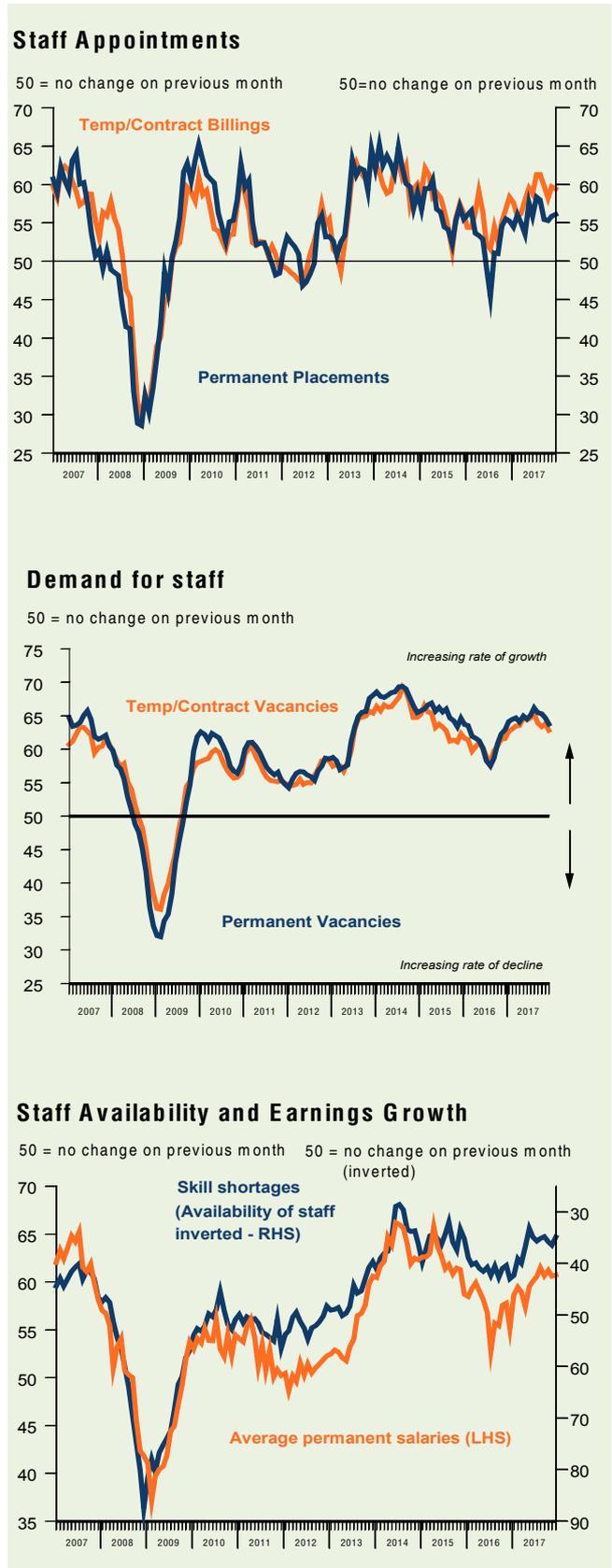
Staff vacancies grew at the softest rate for one year in December. That said, demand for staff remained sharp overall and firmly above the average seen over the 20-year survey history.

## Strong starting salary growth maintained...

Permanent starting salaries continued to rise markedly in December amid reports of candidate shortages and robust demand for staff. Temp pay also increased sharply, with the rate of inflation quickening to a three-month high.

## ...as candidate availability continues to fall sharply

The availability of candidates to fulfil permanent roles declined sharply at the end of 2017, with the rate of deterioration among the fastest seen over the past two years. The supply of temporary labour also fell at a historically marked pace in December, despite the rate of reduction softening since November.



# 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.

Recruitment consultancies signalled further steep increases in staff appointments at the end of 2017.

## Permanent placements rise at quickest pace since August

The number of people placed into permanent positions by UK recruitment agencies continued to increase in December, thereby extending the current trend to 17 months. Furthermore, the rate of growth edged up to its strongest since August, with nearly 29% of panellists noting an increase. A number of consultancies indicated that strong demand for staff and a greater willingness to hire permanent workers had driven the latest upturn in permanent placements. However, there were still a number of reports that candidate shortages had restricted overall growth.

On a regional basis, the Midlands continued to signal the fastest increase in permanent placements. Meanwhile, the least marked rate of growth was seen in London.

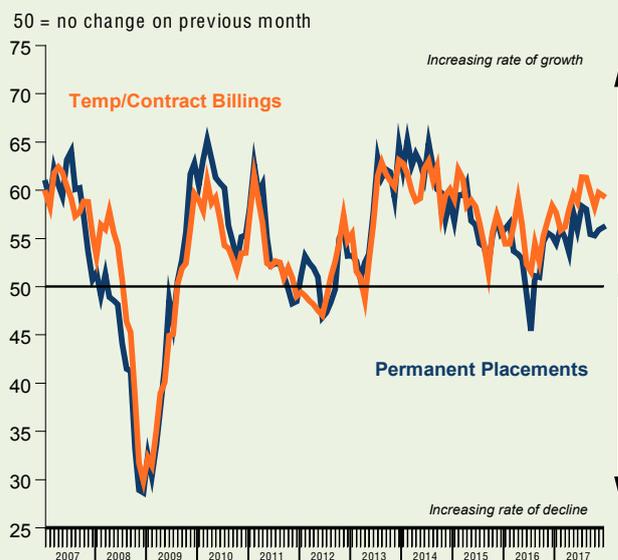
## Temp billings growth remains sharp

Agencies' billings from the employment of temporary/contract workers continued to rise sharply at the end of 2017. Notably, the rate of growth softened only slightly since November, and was firmly above the long-run average (55.5). According to anecdotal evidence, new projects and greater appetite for short-term workers had lifted temp billings in December.

London registered the fastest increase in temp billings of all five monitored UK regions. Nonetheless, rates of expansion were also sharp elsewhere.

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
<b>2017 Jul</b>	43.2	33.4	23.4	19.8	59.9	<b>58.4</b>
Aug	36.9	33.4	29.8	7.1	53.6	<b>58.0</b>
Sep	36.0	38.3	25.7	10.4	55.2	<b>55.4</b>
Oct	37.4	37.3	25.3	12.1	56.0	<b>55.3</b>
Nov	38.1	34.3	27.5	10.6	55.3	<b>55.9</b>
Dec	28.8	36.3	34.9	-6.1	47.0	<b>56.1</b>

### 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
<b>2017 Jul</b>	47.0	39.2	13.8	33.2	66.6	<b>61.3</b>
Aug	41.8	39.4	18.8	22.9	61.5	<b>61.3</b>
Sep	38.4	42.1	19.5	18.9	59.4	<b>59.8</b>
Oct	41.3	36.4	22.2	19.1	59.6	<b>58.2</b>
Nov	40.3	39.9	19.7	20.6	60.3	<b>59.7</b>
Dec	35.5	45.3	19.2	16.3	58.1	<b>59.4</b>

# 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.

## Demand for staff softens, but remains marked

The Report on Jobs Vacancy Index dipped to 61.9, from 62.9 in November, and signalled an easing in the rate of expansion of demand for staff to the least marked in one year. That said, the rate of growth remained sharp and above the series average (57.8).

Softer increases were indicated for both permanent and temporary staff vacancies, with the respective indices edging down to 12- and 11-month lows.

## Public & private sector vacancies

December data pointed to rising demand for both private and public sector staff, though growth remained sharper for the former.

The steepest increase in vacancies was seen for permanent workers in the private sector, closely followed by demand for temporary workers in the sector. Relatively modest rates of growth were meanwhile seen for permanent and temporary vacancies across the public sector.

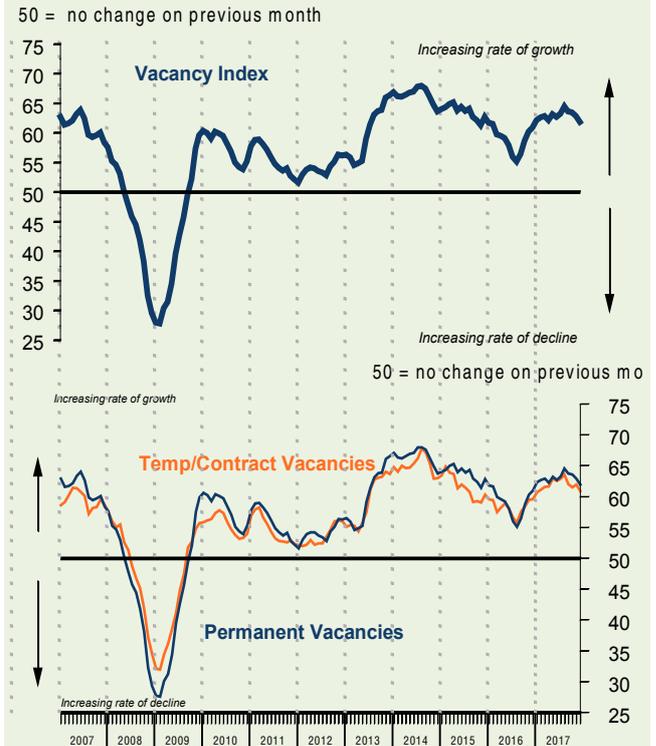
## Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies rose by 6.0% on an annual basis in the three months to November. This was the fastest rate of growth seen for over two years, while the number of vacancies (798,000) was the highest seen since comparable records began in 2001.

Meanwhile, internet-based recruitment spending declined by -10.9% on a year-on-year basis in the second quarter of 2017, which was slightly worse than the -9.6% drop recorded for the opening quarter of the year.

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



### Job Vacancy Indicators

	Aug'17	Sep	Oct	Nov	Dec
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	64.5	63.7	63.5	62.9	61.9
Permanent Staff	64.6	63.8	63.6	62.9	61.9
Temporary Staff	63.6	62.1	61.5	62.0	60.9

### Public & private sector vacancies (not seasonally adjusted)

Public: perm	54.7	51.9	53.3	50.5	52.9
Public: temp	58.7	57.8	57.4	56.5	52.3
Private: perm	70.9	65.5	65.8	64.8	64.3
Private: temp	70.0	62.9	63.5	63.0	63.1

### Other key vacancy data

Annual % change					
ONS Vacancy Survey	4.5	5.6	4.9	6.0	n/a
Internet recruitment	-10.9	--	--	--	

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 led a broad-based expansion of demand for permanent workers in December. This was closely followed by IT & Computing and Engineering. The slowest growth was signalled for Construction and Hotel & Catering.

	This year		(Last year)	
	Rank	Dec'17	Rank	Dec'16
Accounting/Financial	1	66.1	(5)	(60.2)
IT & Computing	2	65.9	(2)	(63.1)
Engineering	3	65.2	(1)	(64.6)
Executive/Professional	4	60.4	(6)	(59.6)
Blue Collar	5	59.4	(7)	(59.1)
Secretarial/Clerical	6	59.1	(4)	(60.5)
Nursing/Medical/Care	7	57.6	(3)	(61.3)
Construction	8	55.5	(9)	(56.8)
Hotel & Catering	9	55.2	(8)	(58.3)

## Temporary/contract staff

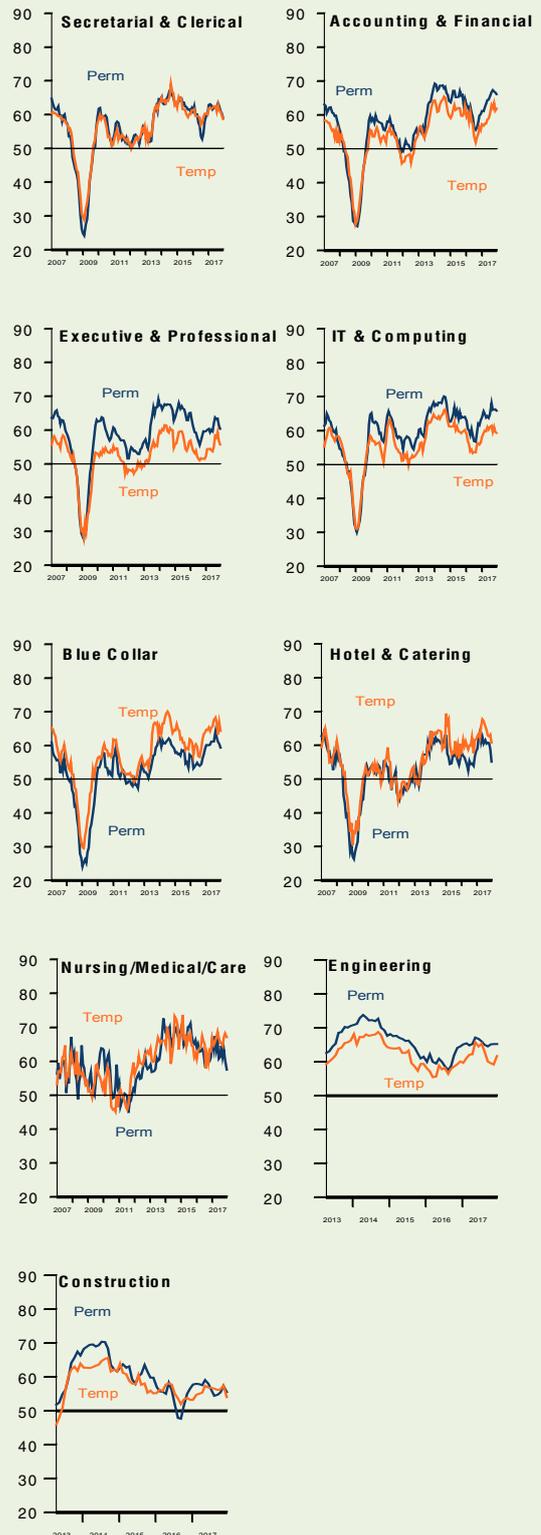
Latest data signalled a further rise in vacancies for temporary staff across all nine monitored categories, led by Nursing/Medical/Care. Blue Collar and Accounting/Financial scored second and third place in the rankings, respectively.

	This year		(Last year)	
	Rank	Dec'17	Rank	Dec'16
Nursing/Medical/Care	1	67.1	(2)	(63.1)
Blue Collar	2	64.4	(1)	(64.0)
Accounting/Financial	3	61.9	(7)	(55.5)
Engineering	4	61.7	(4)	(60.3)
Hotel & Catering	5	60.9	(3)	(61.7)
IT & Computing	6	59.3	(6)	(56.4)
Secretarial/Clerical	7	58.7	(5)	(60.1)
Executive/Professional	8	55.7	(9)	(51.4)
Construction	9	54.1	(8)	(53.2)

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. Data are adjusted for seasonality.

### 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

Permanent staff availability declined for the fifty-sixth month in a row in December, and at a sharper pace than seen in November. Furthermore, the rate of reduction was one of the steepest seen over the past two years.

Scotland and the South of England saw the most marked deteriorations in permanent candidate supply. That said, all other monitored regions also noted severe deteriorations in the availability of permanent workers.

## Availability of temp/contract staff

The number of candidates available for temporary work also fell sharply in December. This was despite the rate of deterioration easing to the least marked in ten months.

Temp candidate supply declined across all monitored UK regions, with London registering the steepest rate of reduction.

### Key permanent staff skills reported in short supply:\*

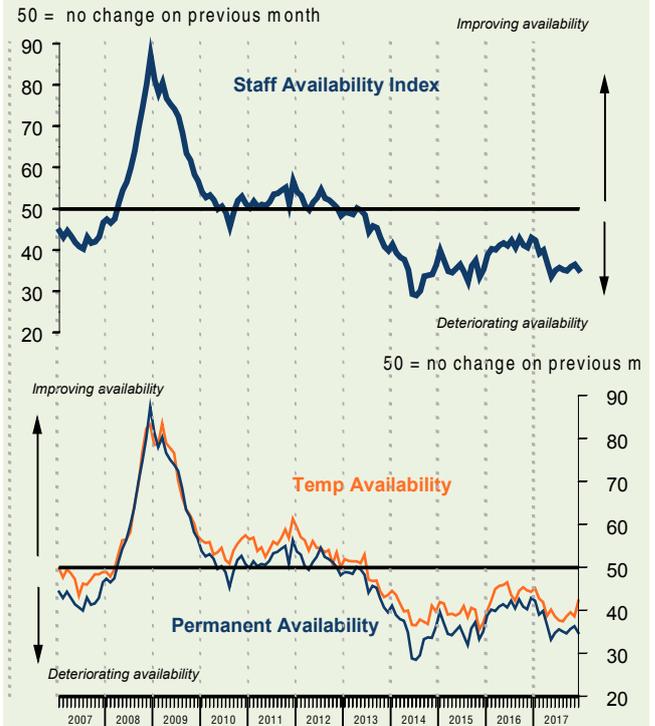
**Accounting/Financial:** Accountants, Audit, Estimators, Finance, FP & A, Paraplanners, Payroll, Risk, Tax, Treasury. **Blue Collar:** Blue Collar, Carpenters, Drivers, Forklift Drivers, HGV Drivers, Industrial, Labourers, LGV Drivers, Production Planners, Welders. **Construction:** Construction, Conveyancing, Quantity Surveyors, Town Planners & Architects. **Engineering:** CNC, Design Engineers, Electrical, Engineers, Mechanical, Simulation, Technicians, Vehicle. **Executive/Professional:** Business Analysts, Compliance, Legal, M & A, Managers, Marketing, Media, Project Managers, Rail Professionals, Scientists. **Hotel/Catering:** All Grades, Baristas, Catering, Chefs. **IT/Computing:** Architects, Automation Testers, CAD, C#, DevOps, Digital, Gaming, IT, IT Security, Java, .NET, Oracle Fusion, PHP Devs, Python, ScrumMasters, Software Developers/Engineers, Web Developers. **Nursing/Medical/Care:** Care Managers, Homecare Managers, Life Sciences, Nursing Managers, Research Physicians, Support Workers. **Secretarial/Clerical:** Account Clerks, Customs Clerks, PAs, Receptionists, Support Staff. **Other:** Buyers, Call Centres, Customer Services, Editorial, L & D Designers, Languages, Logistics, Sales, Security, Shipping Agents, Technical Sales, Telesales, Waste & Environment Staff.

### Key temp skills reported in short supply:\*

**Accounting/Financial:** Accountants, Audit, Finance, Payroll, Risk, Treasury. **Blue Collar:** Blue Collar, Cleaners, Drivers, Forklift Drivers, Drivers, Electricians, HGV Drivers, Joiners, Labourers, LGV Drivers, Packers, Pickers, Production, Van Drivers, Vehicle Technicians, Warehouse Workers. **Engineering:** Automotive, CNC, Electrical, Engineers, Rail (Civil, Communication, Planners and Signalling), Technical. **Executive/Professional:** Business Analysts, Compliance, Legal, Marketing, Scientists. **Hotel/Catering:** All Grades, Baristas, Chefs, Hospitality. **IT/Computing:** Automation Testers, Big Data, CAD, DevOps, Digital, Gaming, IT, Java, Software Developers, UI/UX. **Nursing/Medical/Care:** Care Staff, Hospital Admin, Nurses, Optometrists, Support Workers. **Secretarial/Clerical:** Admin, Legal Secretaries, Office Support, PAs, Receptionists. **Other:** Customer Services, Editorial, Retail Assistants, Sales, Social Media, Telesales.

\*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 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
Oct	8.7	55.8	35.5	-26.8	36.6	35.8
Nov	9.1	51.1	39.9	-30.8	34.6	36.4
Dec	6.5	50.3	43.2	-36.8	31.6	34.8

## 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 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
Oct	10.5	55.5	34.0	-23.5	38.3	39.6
Nov	9.6	57.1	33.4	-23.8	38.1	38.7
Dec	15.5	54.1	30.3	-14.8	42.6	42.3

# 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

Starting salaries for successful permanent candidates continued to rise on average during December. The rate of increase was similar to that seen in November and sharp. Exactly 21% of recruitment agencies registered higher starting salaries in the latest survey period, over five times the proportion that signalled a fall (4%). Panellists attributed higher salaries to a combination of strong demand for staff and shortages of skilled candidates for a number of roles.

All monitored regions noted sharp rates of starting salary inflation, led by the South of England.

## Temp/contract pay rates

Hourly rates of pay for temp staff continued to rise markedly in December. Notably, the rate of inflation quickened to a three-month high.

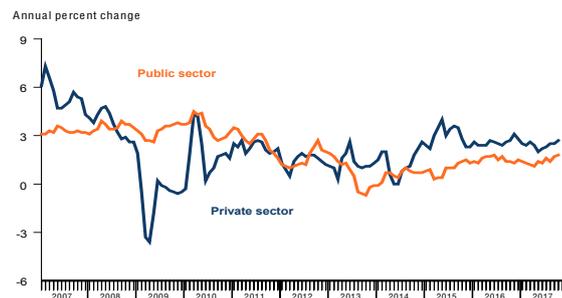
The steepest increase in temp pay was registered in Scotland, while the slowest was seen in the North of England.

### UK average weekly earnings

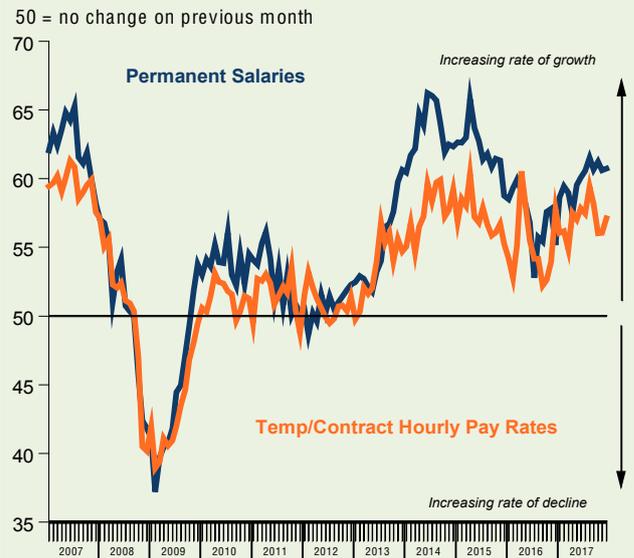
Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) quickened to +2.5% in the three months to October, from +2.3% in the three months to September. Average earnings growth rose to +2.7% in the private sector, and edged up to +1.8% in the public sector.

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

	2014	2015	2016	Jul	Aug	Sep	Oct
<b>Whole economy</b>	1.0	2.6	2.4	2.2	2.3	2.3	2.5
<b>Private sector</b>	1.3	3.0	2.6	2.3	2.5	2.5	2.7
<b>Public sector</b>	0.6	0.9	1.5	1.6	1.4	1.7	1.8
<b>Services</b>	1.0	2.8	2.2	2.4	2.5	2.4	2.6
<b>Manufacturing</b>	2.1	1.6	2.4	1.3	1.6	1.9	2.3
<b>Construction</b>	1.0	2.8	4.8	0.3	1.6	2.3	2.1



## Pay Pressures



### 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
<b>2017 Jun</b>	24.2	73.2	2.6	21.6	60.8	<b>60.1</b>
Jul	25.3	71.4	3.3	22.0	61.0	<b>60.6</b>
Aug	24.6	73.3	2.1	22.5	61.3	<b>61.5</b>
Sep	25.4	69.6	4.9	20.5	60.3	<b>60.7</b>
Oct	27.3	67.1	5.5	21.8	60.9	<b>61.2</b>
Nov	24.0	72.2	3.7	20.3	60.1	<b>60.6</b>
Dec	21.0	75.0	4.0	17.0	58.5	<b>60.7</b>

### Temporary/Contract Pay Rates

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

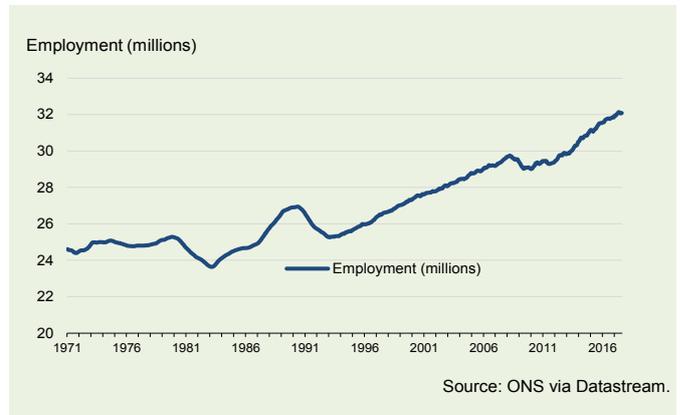
	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
<b>2017 Jun</b>	19.3	76.9	3.9	15.4	57.7	<b>57.8</b>
Jul	18.9	76.8	4.4	14.5	57.2	<b>57.5</b>
Aug	21.1	76.3	2.6	18.5	59.3	<b>59.4</b>
Sep	18.3	77.8	3.9	14.4	57.2	<b>58.2</b>
Oct	16.6	79.3	4.1	12.5	56.2	<b>56.0</b>
Nov	16.0	81.2	2.8	13.3	56.6	<b>56.1</b>
Dec	15.5	79.4	5.1	10.4	55.2	<b>57.1</b>

# 7 Feature | Employment

Latest figures published by the Office for National Statistics (ONS) showed that 32.08 million people were in work in the three months to October. Although this was 56,000 fewer than in the prior three months, this represented an increase of 325,000 compared to the same period in 2016. The latest figure was therefore only slightly below the survey record of 32.14 million people that was recorded over the summer of 2017.

Consequently, the UK employment rate stands at 75.1%, up from 74.4% the same time last year, and holding close to a record high of 75.3% that was registered in the three months to July 2017.

Broken down by sector, latest data showed that 26.59 million people (around 83%) worked in the private sector in September 2017, an increase of 304,000 compared to a year ago. At the same time, public sector employment rose by 21,000 over the latest 12-month period to stand at 5.49 million in September (to account for around 17% of all people in work).



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## 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 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. 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

UK recruitment consultancies signalled a further increase in demand for permanent retail sector staff at the end of the year. Growth of demand remained sharp overall, despite weakening since November, with exactly one-in-four agencies noting higher vacancies.



### Demand for Temporary Retail Staff

December data signalled a steep and accelerated increase in the number of vacancies for part-time retail sector work. Furthermore, around three times as many panellists (33%) noted greater demand for temporary retail workers than those that signalled a fall (11%).



Continued on the next page....

## Candidates in excess supply

Since October 2017, recruitment consultants have been asked to comment on the job skills in excess supply for both permanent and temporary candidates.

### Key permanent staff skills reported in excess supply during December 2017:

- Administration
- Chemists
- Customer Service
- Engineers
- Financial Services Project Managers
- HR
- Management
- Nurses
- Oil/Gas/Petrochem Engineers
- Personal Assistants
- Personal Injury Paralegals
- Project Management
- Retail
- Sales Executives
- Site Managers
- Stress Engineers
- Unskilled Staff
- Warehouse Staff

### Key temporary staff skills reported in excess supply during December 2017:

- Administration
- Bar Workers
- Customer Services
- Cleaners
- Engineers
- Financial Services Project Managers
- Locum Optometrists
- Painters/Decorators
- Retail
- Senior Admin
- Stress Engineers
- Unskilled Staff
- Warehouse Staff
- Workers seeking part-time roles

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