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.

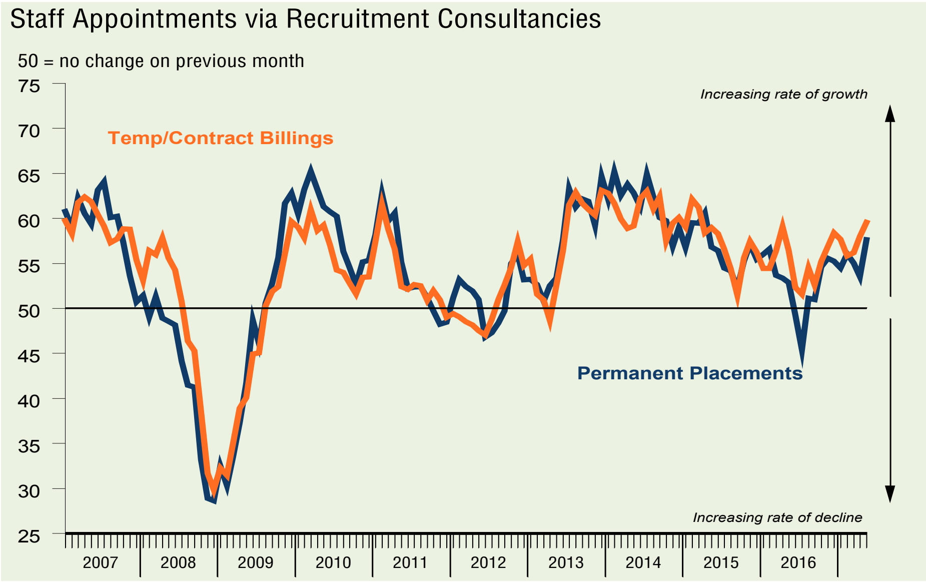
IHS Markit

Henley on Thames
Oxon RG9 1HG, UK

Tel: +44 1491 461000
Fax: +44 1491 461001
email: **economics@ihsmarkit.com**

Copies of the report are available on annual subscription from IHS Markit. For subscription details please contact: **economics@ihsmarkit.com**

Staff appointments increase at quickest pace for just over two years



Key points from the May survey:

- Growth in both permanent placements and temp billings accelerates
- Demand for staff reaches 21-month peak
- Sharpest drop in permanent candidate numbers since August 2015

Commenting on the latest survey results, Tom Hadley, REC Director of Policy says:

“The challenges facing the next government are stark. Demand for staff is the strongest in almost two years, but the number of people available to take those jobs has plummeted. Official data shows unemployment has dropped to the lowest level since 1975, and EU citizens are leaving the UK in droves. Employers seeking to fill vacancies are running out of options.

“Skill shortages are causing headaches in many sectors. The NHS for example is becoming increasingly reliant on short-term cover to fill gaps in hospital rotas because there aren’t enough nurses to take permanent roles. Meanwhile, the shortage of people with cyber security skills is a particular concern in many businesses in the wake of the recent high-profile WannaCry attacks.

“Whichever party forms the next government must focus on improving the employability of our young people and boosting inclusion for underrepresented groups. Alongside this, these figures clearly show that in many sectors we need more, not fewer people so that businesses can grow and public services continue to deliver.”

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 May are:

Sharpest increase in staff appointments for over two years...

May survey data highlighted a sharp and accelerated increase in permanent staff placements across the UK. Furthermore, the rate of expansion was the fastest for 25 months. Temp billings also rose at a steeper pace, and recorded the strongest rate of growth since March 2015.

...supported by marked increase in demand for staff

The number of staff vacancies rose sharply for both permanent and temporary roles in the UK during May. Notably the index measuring total growth of demand for staff reached a 21-month peak in the latest survey period.

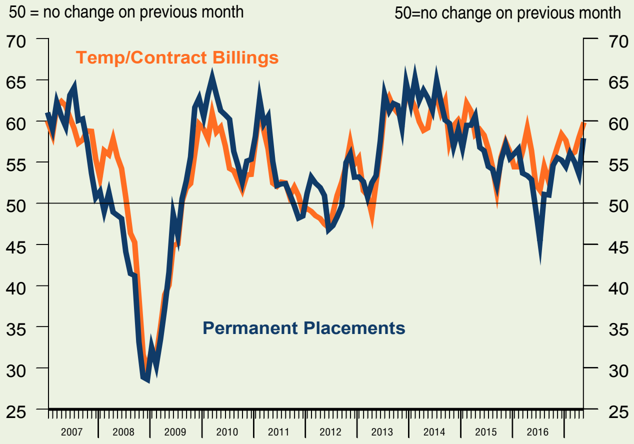
Candidate numbers continue to decline sharply...

The availability of staff to fill vacancies continued to decline during May. While the number of candidates for permanent roles dropped at the quickest pace since August 2015, the deterioration in temporary candidate availability softened slightly since April.

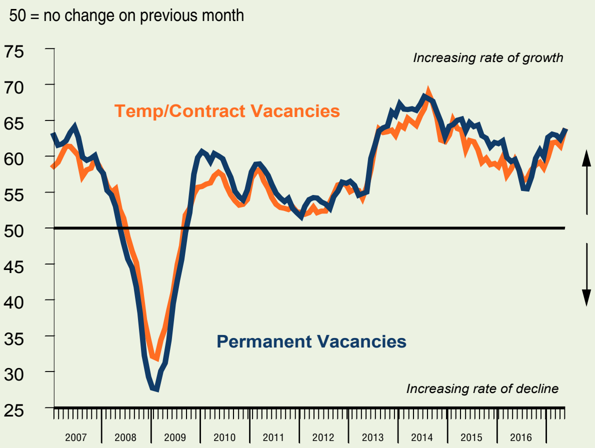
...leading to further robust increase in salaries

Average starting salaries for people placed into permanent jobs increased at the quickest rate in three months during May. Hourly rates of pay for temporary/contract staff also rose sharply, despite the rate of growth softening since April.

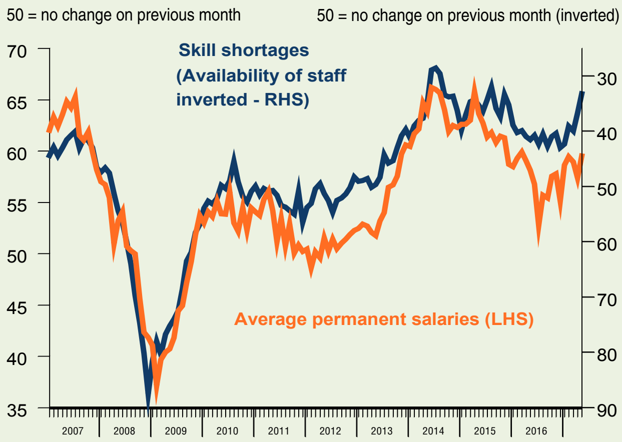
Staff Appointments



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.

Latest data signalled sharp and accelerated increases in both permanent placements and temp billings across the UK during May.

Steepest increase in permanent placements since April 2015

Recruitment agencies across the UK reported a sharp and accelerated increase in the number of people placed into permanent job roles in May. Furthermore, the rate of expansion was the steepest recorded for just over two years. Around 43% of monitored agencies reported higher permanent placements in the latest survey period, with panellists commenting on strong demand for staff and new business developments.

All monitored UK regions registered growth in permanent placements in May, led by the South of England and London.

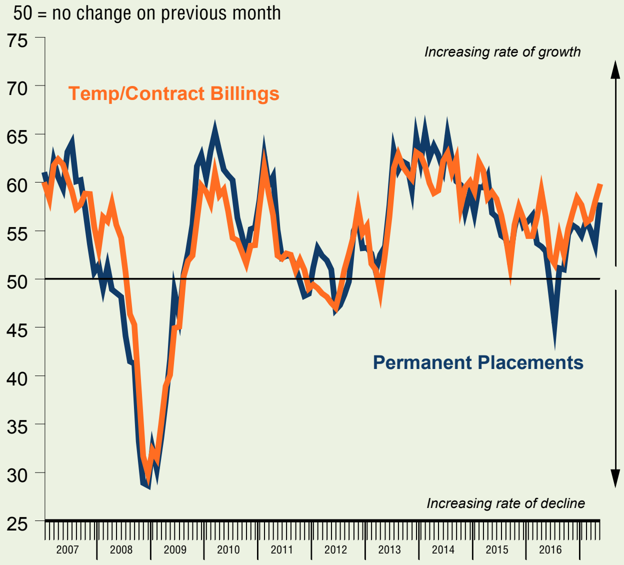
Growth in temp billings reaches 26-month record

Billings from the employment of temporary/contract staff continued to rise sharply in May. Notably, the rate of growth was the fastest since March 2015. A number of agencies reported that strong demand for temp workers, and a lack of permanent candidates, had contributed to the latest upturn in temp billings.

The Midlands recorded the fastest increase in temp billings in May, followed by the North. The slowest rate of expansion was reported in the South of England.

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
2016 Dec	25.1	42.0	32.9	-7.9	46.1	**55.2**
2017 Jan	42.3	28.1	29.7	12.6	56.3	**54.5**
Feb	41.5	34.5	24.0	17.6	58.8	**56.1**
Mar	41.4	35.2	23.4	17.9	59.0	**55.0**
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**

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
2016 Dec	34.4	46.5	19.1	15.4	57.7	**58.4**
2017 Jan	27.3	32.6	40.1	-12.8	43.6	**57.7**
Feb	33.5	45.5	21.1	12.4	56.2	**55.8**
Mar	38.9	46.1	15.0	23.9	62.0	**56.2**
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**

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 remains marked

The Report on Jobs Vacancy Index posted 63.5 in May, up from 62.4 in April to signal a further sharp increase in demand for staff. Moreover, the rate of growth was the strongest seen since August 2015.

Accelerated rates of demand growth were seen for both permanent and temporary workers in May.

Public & private sector vacancies

Demand for staff across the private sector remained robust in May. Although, demand for permanent staff across the private sector softened slightly since April, growth remained robust overall. In contrast, the number of temporary vacancies in the private sector rose at a slightly quicker pace than seen in April.

May data indicated greater demand for permanent and short-term staff in the public sector. Furthermore, the increase in demand for temporary staff in the sector was the strongest seen since July 2015. Meanwhile, the number of permanent job vacancies increased for the first time in three months and at a solid pace.

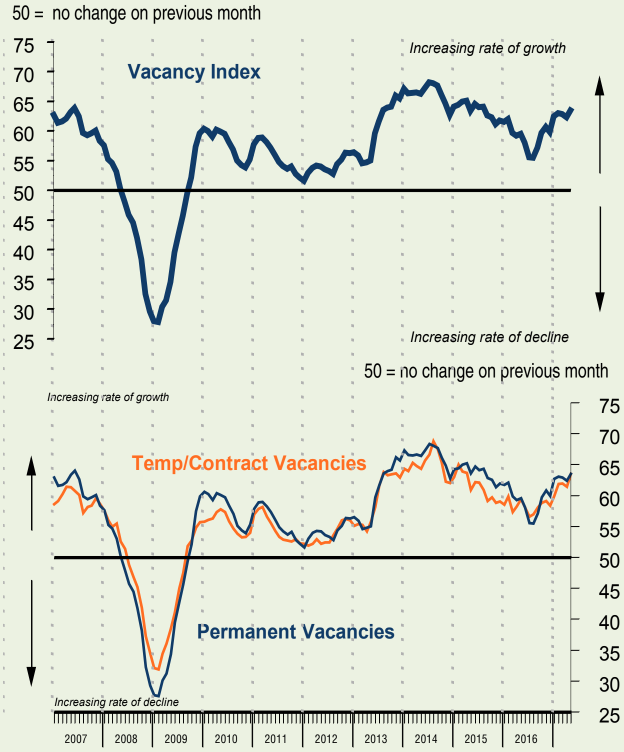
Other vacancy indicators

Data from the Office for National Statistics (ONS) indicated that job vacancies grew by 4.3% year-on-year in the three months to April. This followed on from a 2.1% rise in the three months to March and signalled the strongest rate of growth seen since the final quarter of 2015.

Latest available data indicated that internet-based recruitment spending increased by 14.6% in the final quarter of 2016, up from 5.7% in Q3 and the fastest rate of growth for a 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

	Jan'17	Feb	Mar	Apr	May
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	62.6	63.0	62.9	62.4	63.5
Permanent Staff	62.7	63.1	62.9	62.4	63.5
Temporary Staff	59.9	61.9	62.0	61.4	63.6
Public & private sector vacancies (not seasonally adjusted)					
Public: perm	51.3	52.2	49.2	49.1	53.4
Public: temp	49.6	52.8	51.8	49.6	57.5
Private: perm	67.8	69.6	67.4	64.6	63.8
Private: temp	54.8	65.2	63.1	62.5	63.0
Other key vacancy data					
Annual % change					
Job centre vacancies	-0.9	0.9	2.1	4.3	n/a

Sources: Job centre vacancies 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

Latest data indicated that demand for permanent staff increased across all monitored categories in May. Engineering held its top place in the league table, followed closely by Nursing/Medical/Care. The slowest, albeit still sharp, increase in demand was seen for construction workers.

	This year		(Last year)	
	Rank	May'17	Rank	May'16
Engineering*	1	67.9	(2)	(62.3)
Nursing/Medical/Care	2	66.0	(1)	(63.9)
IT & Computing	3	64.5	(3)	(60.7)
Accounting/Financial	4	64.3	(4)	(60.6)
Hotel & Catering	5	62.8	(8)	(54.6)
Secretarial/Clerical	6	62.2	(7)	(57.7)
Blue Collar	7	61.3	(9)	(54.4)
Executive/Professional	8	60.0	(5)	(59.1)
Construction*	9	58.1	(6)	(57.7)

Temporary/contract staff

Nursing/Medical/Care employees were the most in-demand type of short-term staff in May. Nonetheless, steep rates of demand growth were recorded across all remaining job categories.

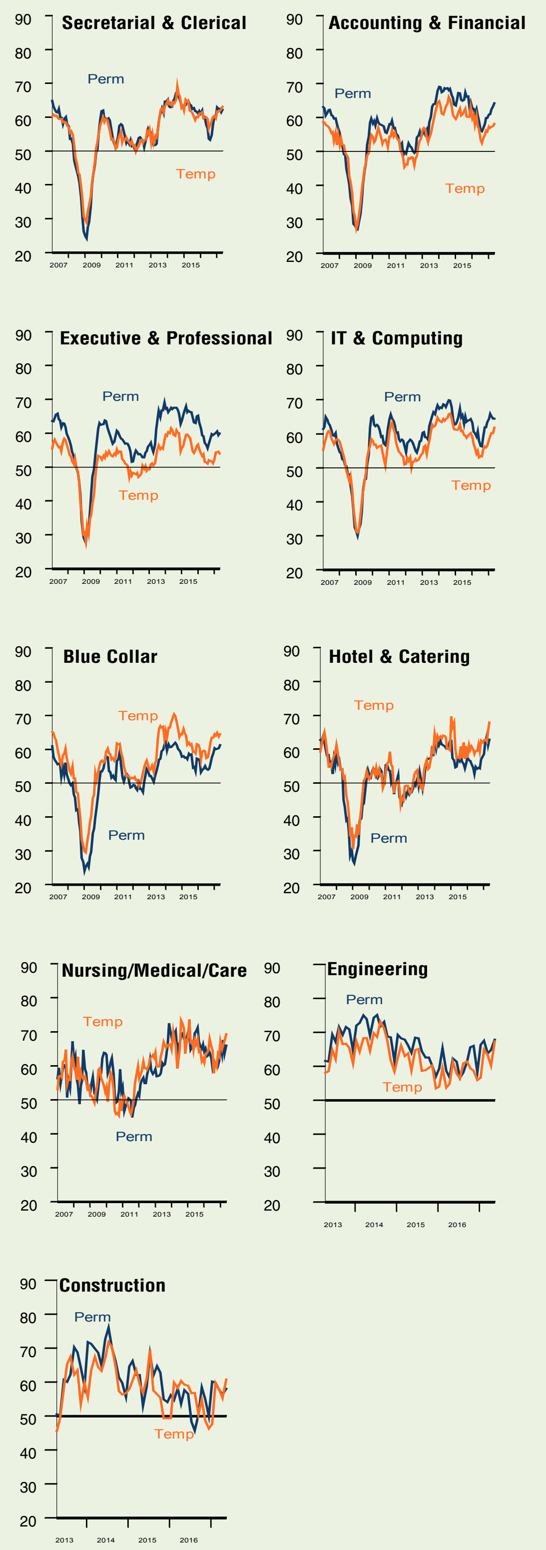
	This year		(Last year)	
	Rank	May'17	Rank	May'16
Nursing/Medical/Care	1	69.3	(1)	(67.9)
Hotel & Catering	2	67.9	(4)	(59.9)
Engineering*	3	67.3	(2)	(61.3)
Blue Collar	4	64.5	(5)	(59.7)
Secretarial/Clerical	5	63.2	(3)	(60.0)
IT & Computing	6	61.9	(8)	(55.0)
Construction*	7	60.8	(6)	(59.3)
Accounting/Financial	8	58.1	(7)	(57.5)
Executive/Professional	9	54.0	(9)	(53.8)

*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

UK recruitment agencies signalled a further marked fall in permanent candidate availability during May. Moreover, the rate of reduction quickened to a 21-month record, with nearly 43% of panellists noting a deterioration in candidate numbers.

Lower permanent staff availability was reported across all monitored regions in May, with the quickest drop registered in the South of England.

Availability of temp/contract staff

May survey data also pointed to a marked fall in short-term staff availability. Although the rate of deterioration softened slightly since April, it was nonetheless the second-fastest seen for 16 months.

As was the case for permanent candidates, the fastest decline in temporary staff availability was seen in the South of England.

Key permanent staff skills reported in short supply:*

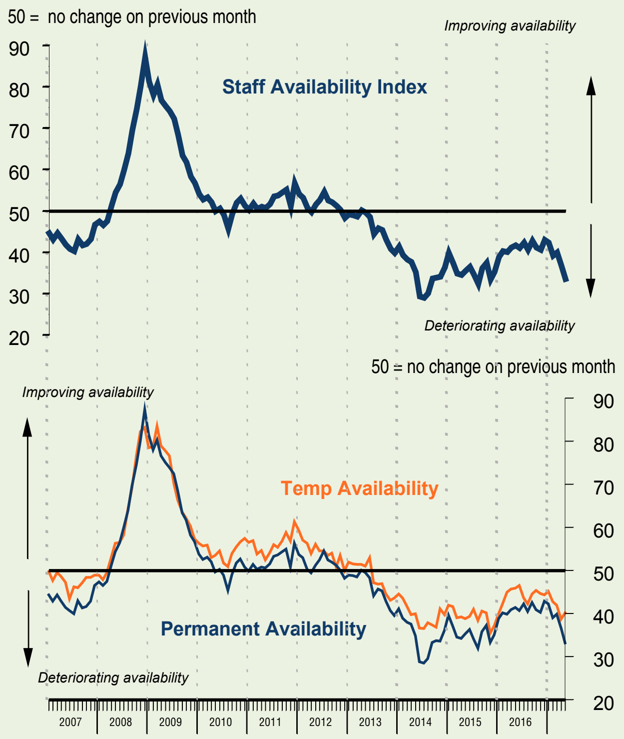
Accountancy/Financial: Accountants, Credit Control, Estimators, Financial Planners, Paraplanners, Payroll. **Blue Collar:** Industrial Workers, Manufacturing, Production Managers. **Engineering:** Aviation, Engineers, Production Engineers. **Construction:** Construction Workers, Quantity Surveyors, PICOT, Rail Project Managers. **Executive/Professional:** Languages, Legal, Marketing, Project Managers. **Hotel/Catering:** Chefs. **IT/Computing:** CAD Designers, Cyber Security, C#, Data Analytics, Digital, IT, IT Support, Java, Gaming, .net, Python, Software Sales, Software Developers. **Nursing/Medical/Care:** Carers, Care Workers, Healthcare Assistants, Home Carers, Nursery Nurses, Pharma, Support Workers. **Secretarial/Clerical:** Account Clerks, Administration, Secretaries. **Other:** Customer Services, Logistics, Sales, Sales Negotiators, Technical Sales.

Key temp skills reported in short supply:*

Blue Collar: Drivers, Factory Workers, Fork Lift Drivers, HGV Drivers, Industrial Workers, LGV Drivers, Unskilled Workers, Warehouse Workers. **Construction:** Construction Workers. **Engineering:** Design Engineers, Engineers. **Executive/Professional:** Corporate Communications, Languages, PR Account Managers. **IT/Computing:** CAD Designers, Digital Developers, IT. **Nursing/Medical/Care:** Allied Health Professionals (AHP), Carers, Care Workers, Healthcare Assistants, Home Carers, Support Workers. **Secretarial/Clerical:** Administration. **Other:** Customer Service, Logistics, Sales, Sales Negotiator, 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
2016 Dec	12.1	54.1	33.7	-21.6	39.2	**42.9**
2017 Jan	28.5	52.5	19.1	9.4	54.7	**42.3**
Feb	16.8	50.0	33.2	-16.3	41.8	**39.0**
Mar	11.1	56.0	32.9	-21.8	39.1	**39.9**
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**

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
2016 Dec	14.3	57.5	28.2	-13.9	43.0	**44.3**
2017 Jan	25.6	56.4	18.0	7.6	53.8	**45.2**
Feb	18.4	55.3	26.2	-7.8	46.1	**42.8**
Mar	12.4	58.6	29.0	-16.6	41.7	**42.0**
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**

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

Average starting salaries for people placed into permanent roles increased for the sixty-first month running in May. Furthermore, the rate of salary inflation quickened to the joint-sharpest in 14 months (on par with February 2017). Higher salaries were generally linked by respondents to candidate shortages and strong competition for skilled workers.

The North and South of England registered the sharpest increases in pay, while marked rates of growth were also seen in the other monitored regions.

Temp/contract pay rates

May data indicated that hourly rates of pay for staff in temporary/contract employment continued to rise and at a marked rate. This was despite the rate of pay inflation softening slightly since April.

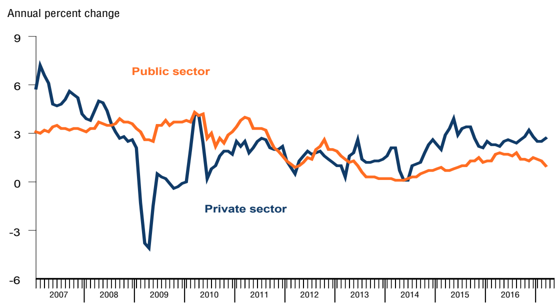
The Midlands recorded the fastest rate of temp pay growth in the latest survey period, while all other monitored regions also saw marked rates of inflation.

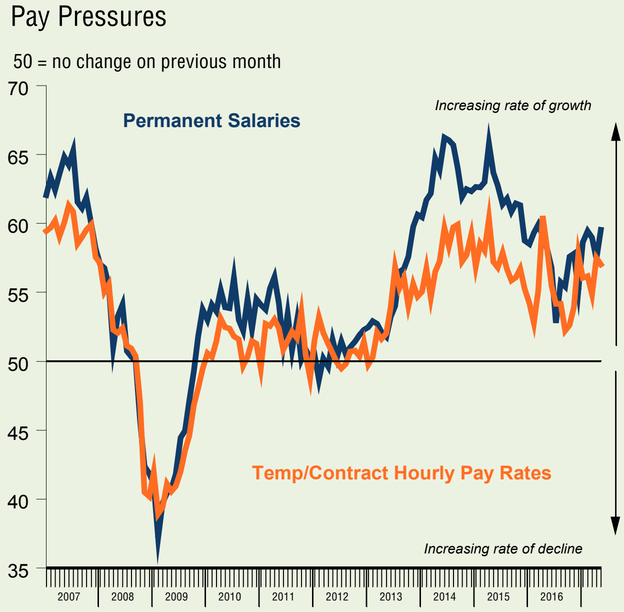
UK average weekly earnings

Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) edged up to +2.4% in the three months to March. This reflected stronger pay trends across the private sector (+2.7% year-on-year), as public sector pay growth weakened to just +1.0% on the year.

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

	2014	2015	2016	Dec'16	Jan'17	Feb	Mar
Whole economy	1.2	2.5	2.4	2.6	2.3	2.3	2.4
Private sector	1.4	2.9	2.6	2.8	2.5	2.5	2.7
Public sector	0.3	1.0	1.5	1.5	1.4	1.3	1.0
Services	1.0	2.6	2.1	2.4	2.2	2.3	2.5
Manufacturing	2.2	1.3	2.1	1.7	1.9	2.3	2.4
Construction	0.9	4.3	7.1	6.5	4.1	3.1	1.6





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
2016 Nov	19.0	76.9	4.0	15.0	57.5	**57.8**
Dec	13.4	80.4	6.3	7.1	53.6	**55.2**
2017 Jan	18.6	77.5	3.9	14.7	57.3	**58.6**
Feb	22.5	73.5	4.0	18.5	59.3	**59.5**
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**

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
2016 Nov	14.5	80.2	5.3	9.2	54.6	**54.0**
Dec	16.0	80.0	3.9	12.1	56.1	**57.8**
2017 Jan	13.7	81.2	5.1	8.6	54.3	**56.0**
Feb	15.5	81.0	3.5	12.0	56.0	**56.2**
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**

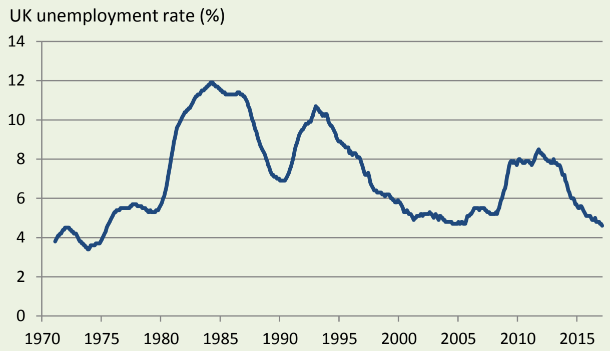
7 **Feature** | Unemployment rate

UK unemployment rate reaches lowest since 1975

Unemployment in the UK fell by 53,000 in the opening three months of 2017, according to the latest official data from the Office for National Statistics (ONS).

Overall, the number of unemployed people stood at 1.54 million, which was down from 1.69 million over the same period last year, and the lowest number since 2005. Consequently, the unemployment rate nudged down to 4.6% in the three months to March, which was the lowest rate recorded since 1975.

The sustained fall in unemployment translated into a record employment rate of 74.8%, and meant that 31.95 million people were in work during the opening quarter of 2017.



Source: Office for National Statistics

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

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.
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.

Markit Economics
Videcom House
Newtown Road
Henley on Thames
Oxfordshire
RG9 1HG

+44 1491 461000 Office
+44 1491 461001 Fax
www.markit.com/economics

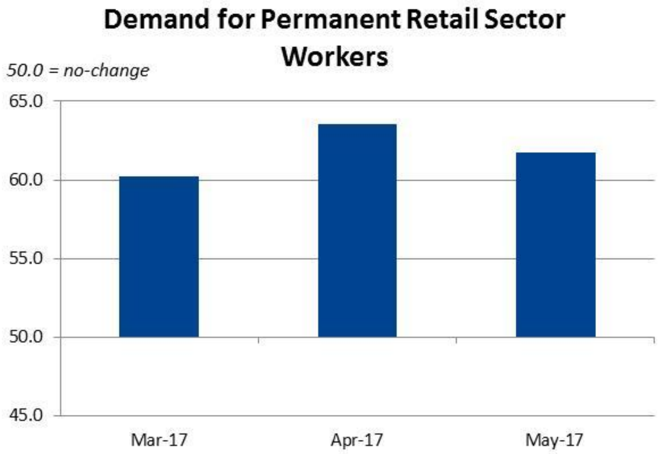
UK Report on Jobs

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

Demand for permanent retail workers softened slightly in May, but remained sharp overall. This was shown by the respective index remaining well above the neutral 50.0 value. While nearly one-third of monitored agencies (31%) signalled greater demand for permanent retail staff, approximately 8% noted a decline.



Demand for Temporary Retail Staff

May survey data signalled a further increase in demand for temporary retail staff. Furthermore, the rate of demand growth was sharper than that recorded in the prior two months. Around 30% of survey respondents noted higher vacancies for short-term retail staff in May, while just 2% registered a reduction.