

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



IHS Markit

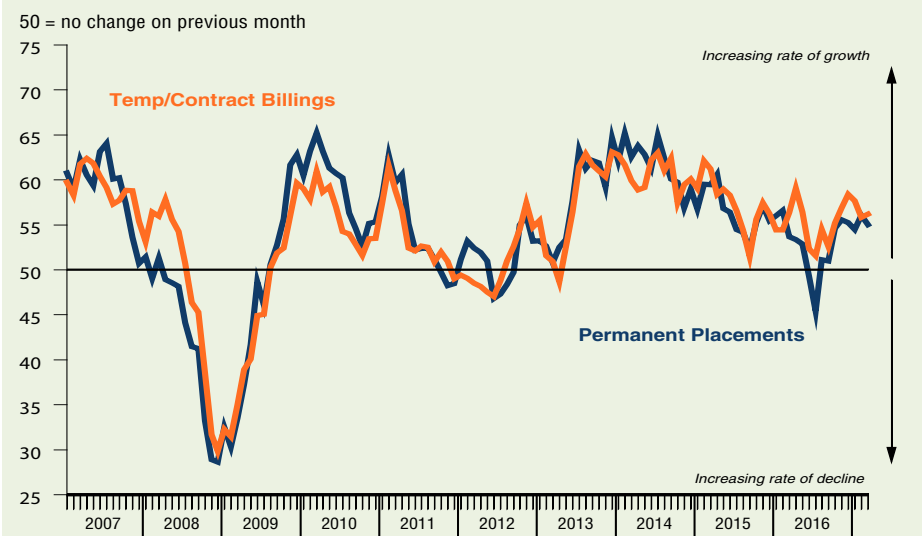
Henley on Thames
Oxon RG9 1HG, UK

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

Permanent placements growth softens slightly in March

Staff Appointments via Recruitment Consultancies



Key points from the March survey:

- Growth in permanent placements weakens from February's one-year peak
- Demand for staff holds close to its strongest for 18 months
- Availability of temp staff falls at quickest rate since January 2016

Commenting on the latest survey results, REC Chief Executive Kevin Green says:

“Finding people to do the jobs on offer is rapidly becoming employers’ biggest headache and many are reporting an increasing number of white collar jobs as hard to fill, including in the IT and financial sectors.

“Shortages of appropriately skilled, willing and able candidates was a problem before the referendum. Our concern is that Brexit will make the problem worse, particularly if onerous restrictions are imposed on people coming from the EU to work.

“Also, economic uncertainty about future prospects is having a detrimental effect on employees’ willingness to risk a career move at this time, which seems to be driving down candidate availability. Our data shows London and the South, where financial services jobs are concentrated, as particularly suffering from low candidate availability for permanent job vacancies.

“This shrinking talent pool of available candidates means that businesses are boosting the starting salaries and hourly rates they are prepared to offer to the right candidate. So for job hunters willing to move roles at the moment, there are financial rewards on offer – especially it seems in finance, IT and other management and office-based professional roles.”

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 March are:

Permanent placements increase at softer pace

Latest data pointed to sustained growth in permanent placements during March. Although the pace of expansion eased from February's one-year record, it was solid overall. Meanwhile, growth in temp billings picked up slightly from February's four-month low and was sharper than seen on average in 2016.

Supply of candidates drops markedly

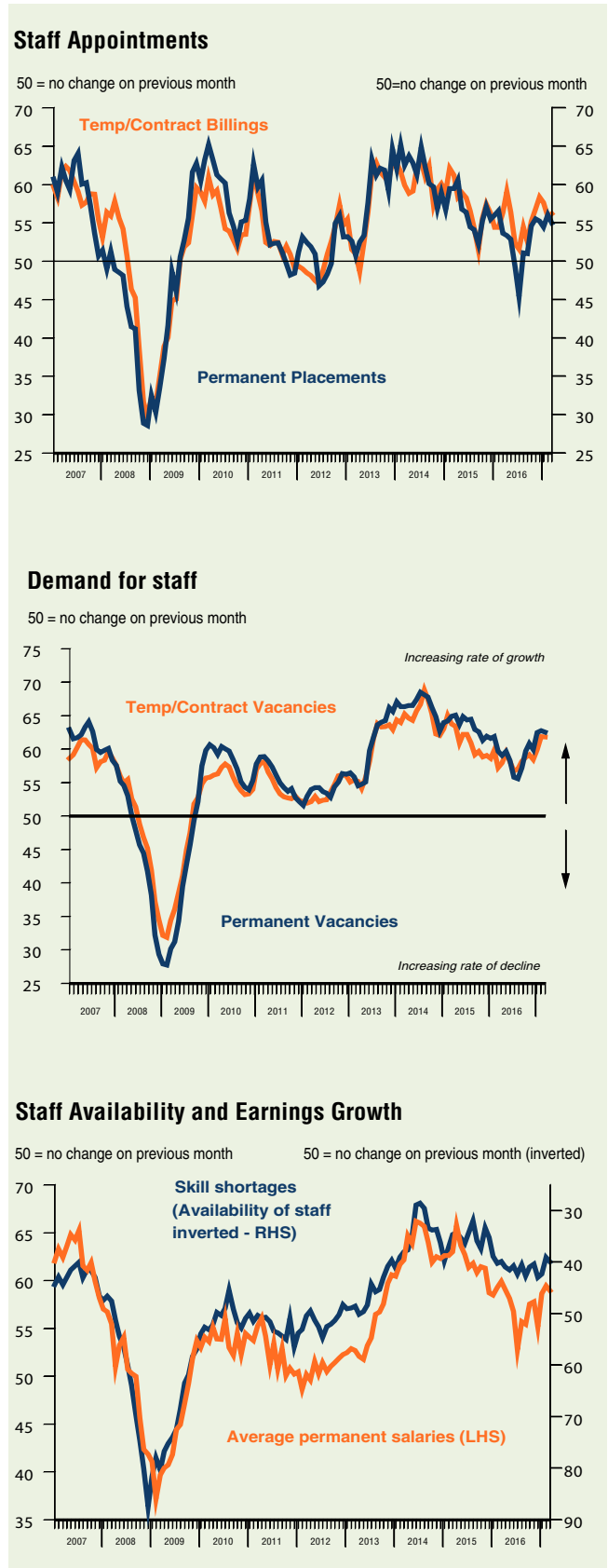
The supply of permanent candidates fell sharply in March, although the rate of reduction weakened slightly since February's 13-month peak. The availability of short-term staff fell at a similarly sharp rate that was the quickest recorded since January 2016.

Salary growth remains sharp...

Permanent starting salaries continued to increase sharply in March, despite the rate of pay growth edging down slightly from an 11-month high in the previous month. However, temp pay growth weakened to a rate that, though solid, was the weakest since last November.

...as demand for staff holds close to 18-month peak

March saw a further steep increase in job vacancies across the UK, with growth of demand for staff holding close an 18-month record. Permanent staff vacancies increased at a rate only fractionally slower than the previous month, while demand for short-term staff also remained robust.



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 pointed to softer growth of permanent placements, while temporary/contract staff billings increased at a stronger pace.

Growth of permanent placements slows

March survey data signalled a further rise in the number of people placed in permanent jobs, thereby extending the current trend to eight months. Despite softening from February's one-year high, the rate of growth remained solid overall. Higher placements were generally linked to greater demand for staff and improved confidence in the market.

All monitored UK regions registered growth in permanent placements, with the South and the North of England noting the sharpest rates of expansion.

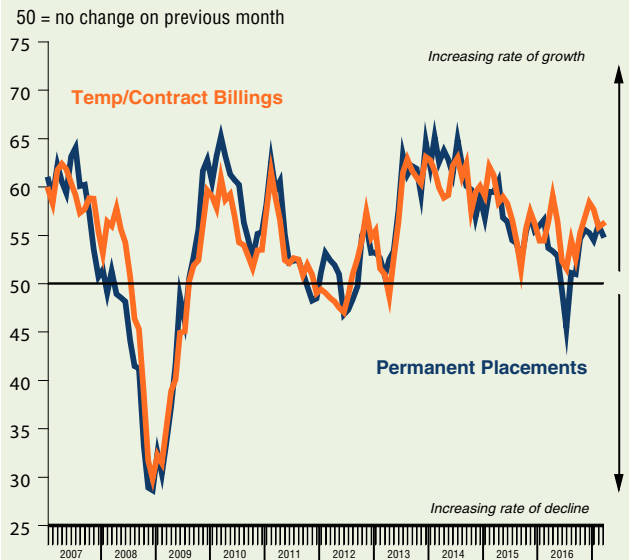
Stronger increase in temp billings

Agencies' billings from the employment of temporary/contract staff increased again during March. Furthermore, the rate of growth edged up from February's four-month low and was sharp overall.

On a regional basis, the North of England and Scotland both reported the sharpest rates of growth, while the weakest was seen 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
2016 Oct	39.5	31.9	28.6	10.9	55.5	54.6
Nov	36.8	35.1	28.0	8.8	54.4	55.6
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

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 Oct	34.6	45.5	19.9	14.7	57.3	55.2
Nov	36.9	40.8	22.3	14.6	57.3	56.8
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

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.

Growth in staff vacancies holds close to 18-month record

The Report on Jobs Vacancy Index recorded 62.5 in March, holding close to February's recent peak of 62.8 to signal a further sharp rise in demand for staff.

Demand for permanent staff remained sharp and was only slightly weaker than seen in February. At the same time, temporary vacancies increased at a steep pace that was unchanged from the previous month.

Public & private sector vacancies

Private sector demand for staff continued to rise at a stronger pace than that for public sector workers at the end of the first quarter. Despite weakening since February, growth in private sector permanent vacancies remained sharp, while demand for temp staff in the sector also rose solidly.

In contrast, permanent staff vacancies in the public sector declined for the first time since last October, albeit marginally. Meanwhile, public sector temporary staff demand rose only modestly.

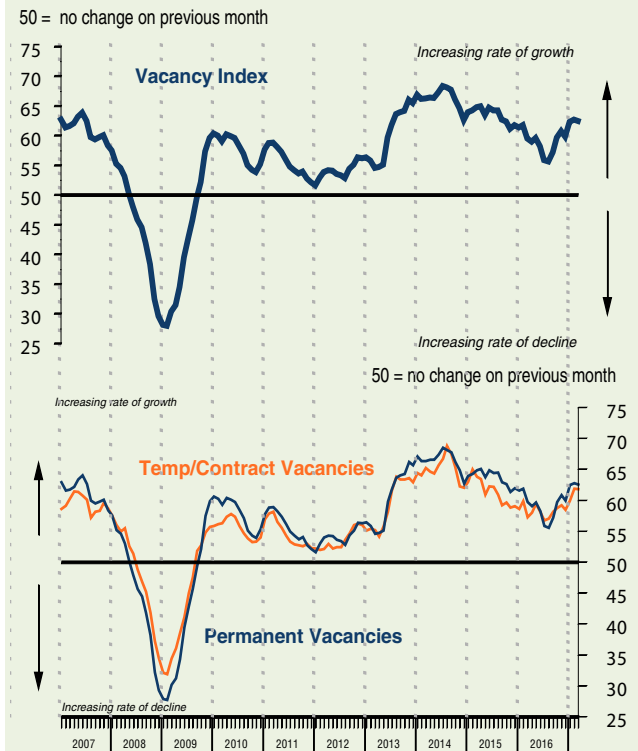
Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies were unchanged on an annual basis in the three months to February. This contrasted with declines in the three months to January (-1.6%) and December (-0.3%).

Meanwhile, internet-based recruitment spending continued to fall in the third quarter of 2016. Notably, the -2.4% year-on-year reduction was faster than that seen in the second quarter (-1.7%).

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

	Nov'16	Dec	Jan'17	Feb	Mar
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	60.8	59.9	62.4	62.8	62.5
Permanent Staff	60.9	59.9	62.5	62.8	62.6
Temporary Staff	59.2	58.5	60.0	61.9	61.9

Public & private sector vacancies (not seasonally adjusted)

Public: perm	52.7	56.0	51.3	52.2	49.2
Public: temp	51.4	52.4	49.6	52.8	51.8
Private: perm	63.0	61.0	67.8	69.6	67.4
Private: temp	61.2	60.0	54.8	65.2	63.1

Other key vacancy data

Annual % change					
Job centre vacancies	1.3	-0.3	-1.6	0.0	n/a
Internet recruitment	-2.4	--	--	--	--

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

IT & Computing led a broad-based expansion in demand for permanent staff in March, closely followed by Nursing/Medical/Care. The slowest growth, albeit still sharp, was signalled for Construction workers.

	This year		(Last year)	
	Rank	Mar'17	Rank	Mar'16
IT & Computing	1	64.9	(4)	(60.1)
Nursing/Medical/Care	2	64.6	(1)	(62.4)
Engineering*	3	63.8	(6)	(58.6)
Secretarial/Clerical	4	62.4	(5)	(59.7)
Hotel & Catering	5	62.0	(8)	(56.0)
Accounting/Financial	6	61.9	(3)	(60.6)
Executive/Professional	7	60.7	(2)	(61.6)
Blue Collar	8	60.1	(9)	(53.3)
Construction*	9	57.7	(7)	(58.2)

Temporary/contract staff

Demand for temporary/contract workers increased across all monitored categories in March. The sharpest rates of growth were seen in Nursing/Medical/Care and Blue Collar. Executive/Professional meanwhile saw the weakest increase.

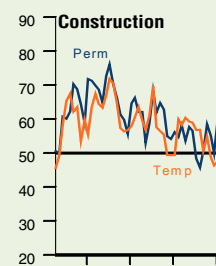
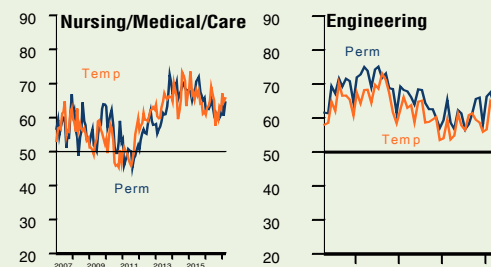
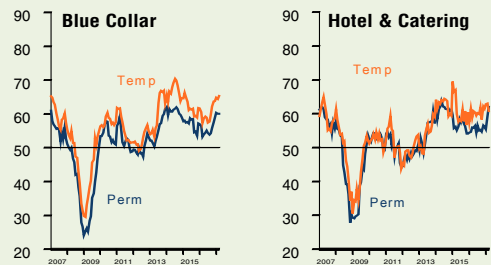
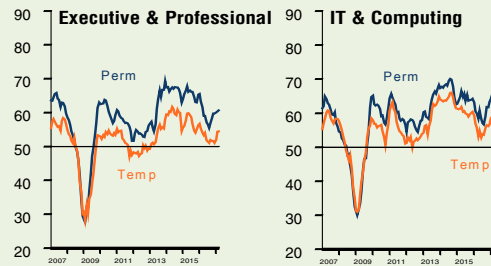
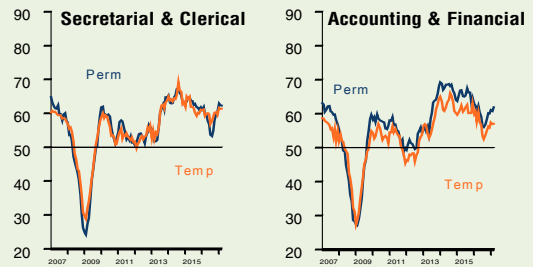
	This year		(Last year)	
	Rank	Mar'17	Rank	Mar'16
Nursing/Medical/Care	1	65.7	(1)	(63.5)
Blue Collar	2	65.3	(6)	(57.3)
Engineering*	3	63.3	(9)	(53.7)
Secretarial/Clerical	4	61.5	(2)	(59.3)
Hotel & Catering	5	60.8	(3)	(58.9)
IT & Computing	6	60.1	(7)	(55.9)
Construction*	7	57.9	(4)	(58.2)
Accounting/Financial	8	57.0	(5)	(57.6)
Executive/Professional	9	54.5	(8)	(54.1)

*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 number of candidates available to fill permanent roles continued to decline markedly in March. Around one-third of recruitment agencies reported lower availability versus 11% noting an improvement. As a result, the rate of reduction held close to February's 13-month record.

The steepest drops in permanent candidate availability were seen in London and the South.

Availability of temp/contract staff

The rate of decline in temporary/contract staff availability remained marked at the end of the first quarter. Furthermore, the rate of reduction was the steepest recorded in 14 months.

All four English regions saw sharp falls in short-term staff availability, with the rates of reduction much stronger than that seen in Scotland.

Key permanent staff skills reported in short supply:*

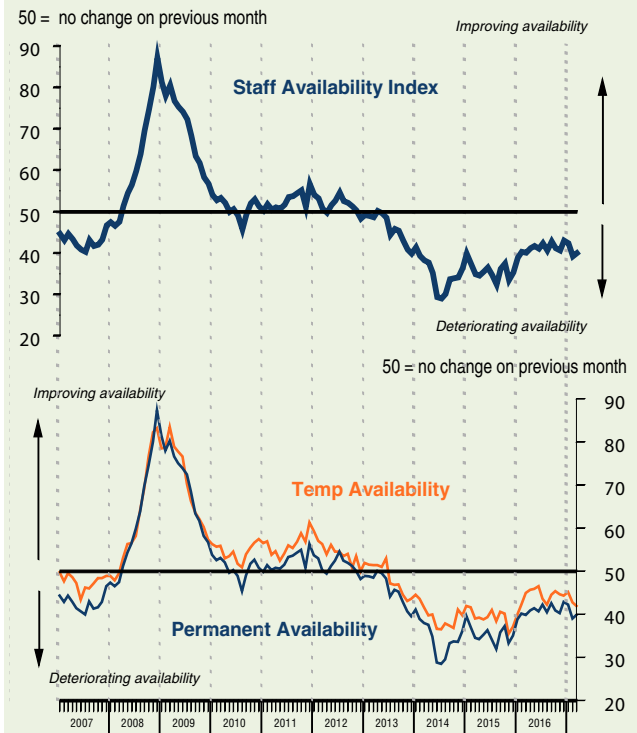
Accountancy/Financial: ACA Qualified, Estimators, Finance, Financial Planners, Internal Audit, IT Audit, Risk, Compliance, Treasury, Paraplanners. **Blue Collar:** Blue Collar. **Construction:** Construction Estimators, Quantity Surveyors. **Engineering:** Building Services Engineers, Engineers. **Executive/Professional:** Advertising, Merchandiser, Legal Secretaries, Managing Directors, Senior Sales Managers, Marketing, Public Relations. **Hotel/Catering:** Chefs. **IT/Computing:** CAD Designers, Cyber Security, Dev Ops, Embedded Software Engineers, Java Developers, PHP Software Developers, Ruby Software Developers, Software Engineers, Web Developers. **Nursing/Medical/Care:** Care Workers, Healthcare Assistants, Home Carers, Nursery Nurses, Support Workers. **Secretarial/Clerical:** Administration. **Other:** Call Centre, Customer Service, Sales, Telesales, Technical Sales.

Key temp skills reported in short supply:*

Finance: Compliance, Internal Audit, IT Audit, Risk, Treasury. **Blue Collar:** Blue Collar, Drivers, Fork Lift Drivers, HGV Drivers, Industrial Workers, LGV Drivers, Manufacturing, Packaging. **Engineering:** Aviation, Engineers. **IT/Computing:** Cyber Security, Dev Ops, Java Developers. **Nursing/Medical/Care:** Care Workers, Healthcare Assistants, Home Carers, Social Care, Support Workers. **Secretarial/Clerical:** Administration. **Other:** Customer Services, 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 Oct	11.2	60.5	28.3	-17.2	41.4	40.9
Nov	8.7	57.6	33.7	-25.1	37.5	40.3
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

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 Oct	14.4	58.9	26.7	-12.3	43.9	45.5
Nov	14.2	58.3	27.6	-13.4	43.3	44.7
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

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

Salaries awarded to permanent starters continued to increase in March. Despite weakening slightly from the previous month, the rate of inflation remained sharp overall. A number of panellists indicated that staff shortages and greater efforts to secure quality candidates had placed upwards pressure on salaries.

All monitored regions registered marked rates of growth, led by the South of England.

Temp/contract pay rates

Recruitment agencies noted a further rise in hourly pay rates for temporary/contract staff in March, as has been the case in each month since February 2013. That said, the rate of pay growth softened to a pace that, though solid, was the weakest in four months.

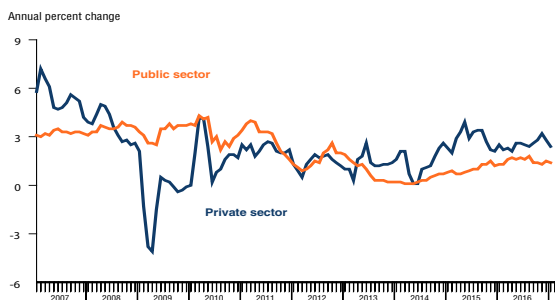
By region, the sharpest increases in hourly pay rates were seen in Scotland and the South of England. London meanwhile registered only modest growth in temp pay.

UK average weekly earnings

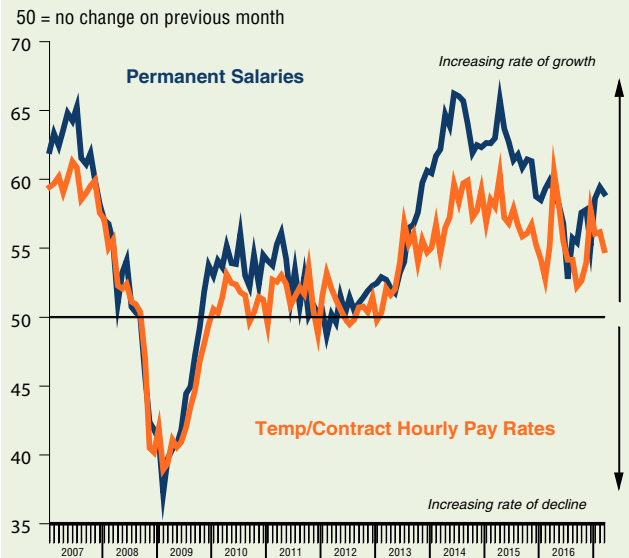
Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) slowed to +2.2% in the three months to January. The weaker increase was largely driven by softer pay growth across the private sector.

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

	2014	2015	2016	Oct'16	Nov	Dec	Jan'17
Whole economy	1.2	2.5	2.4	2.5	2.8	2.6	2.2
Private sector	1.4	2.9	2.6	2.8	3.2	2.8	2.4
Public sector	0.3	1.0	1.5	1.4	1.3	1.5	1.4
Services	1.0	2.6	2.1	2.3	2.6	2.4	2.1
Manufacturing	2.2	1.3	2.1	2.4	2.2	1.7	1.7
Construction	0.9	4.3	7.0	6.0	6.6	6.5	3.9



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
2016 Sep	16.9	78.0	5.1	11.8	55.9	55.4
Oct	18.4	77.9	3.7	14.7	57.3	57.6
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

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 Sep	10.8	82.4	6.8	4.0	52.0	52.2
Oct	15.8	78.9	5.3	10.5	55.3	52.6
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

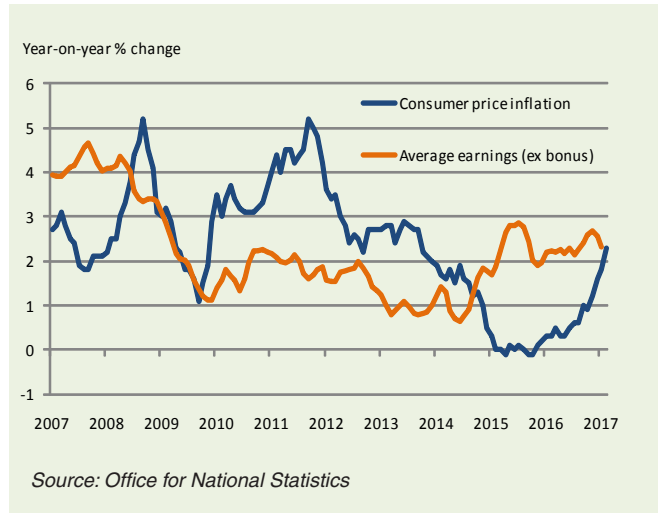
7 Feature | Earnings

Rising inflationary pressures squeeze real earnings growth

Latest earnings data from the Office for National Statistics (ONS) indicated that pay growth slowed at the start of 2017. Average earnings (excluding bonuses) were up 2.3% on the year in the three months to January, down from 2.6% in the closing quarter of 2016. The increase was also the weakest since the three months to August 2016, adding to signs that the economy is cooling.

Slower growth of earnings coincides with rising inflationary pressures, with average living costs rising by 2.3% on the year in February. This was up from 1.8% at the start of 2017 and 0.3% the same time last year. Consumer price inflation is therefore back above the Bank of England's 2% target. Furthermore, this was the quickest rate of inflation since September 2013, with the Bank forecasting it to peak around 2.8% this year.

This raises concerns that real wages look set to stagnate or even decline in the coming months, which will squeeze households income and spending. IHS Markit's latest Household Finance Index, based on a representative survey of 1,500 households, showed that UK households were the most pessimistic about their financial prospects since late-2013.



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 or 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.

The intellectual property rights to these data are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. The publication or release of any of these data prior to the general release time is an infringement of IHS Markit Economics Limited's intellectual property rights. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[®] and *PMI*[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trade mark of IHS Markit Limited.