

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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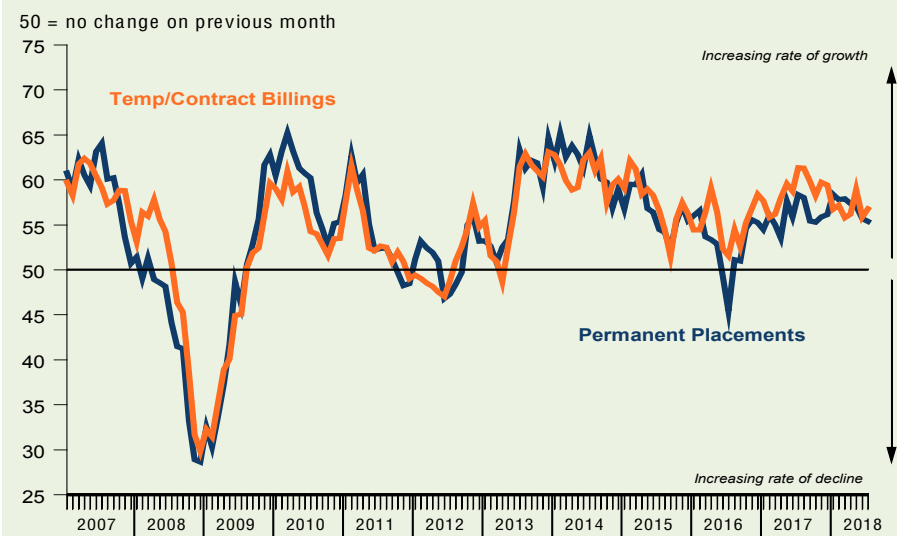
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## Permanent placements rise at slower pace amid further drop in candidate availability

Staff Appointments via Recruitment Consultancies



### Key points from the July survey:

- Permanent placement growth softens to nine-month low, while temp billings increase at faster pace
- Staff vacancies expand at quickest rate since last November
- Decline in candidate availability eases, but remains historically sharp

Sophie Wingfield, Head of Policy at REC says:

“The rise in interest rates for only the second time in a decade may leave some people feeling the pinch. But a new job is one way people can ease the burden on their finances. With our data showing starting salaries continuing to rise, the latest official government figures suggest that we are finally seeing the effects of a tighter labour market feed through to pay.

“Following a period of turbulence and big name closures, the World Cup and heatwave had retailers enjoying a ‘summer bounce’ and basking in the sun with demand for temporary staff on the up with many businesses positively revising their hiring plans. Right now students on their summer break can make the most of these opportunities and cash-in while gaining valuable experience and new skills.”

# 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 July are:

## Softer rise in permanent staff appointments...

Permanent placements continued to rise sharply in July, though the rate of expansion was the softest recorded since last October. Temp billings also increased strongly, with the rate of growth picking up from June's recent low.

## ...as supply of candidates continues to drop markedly

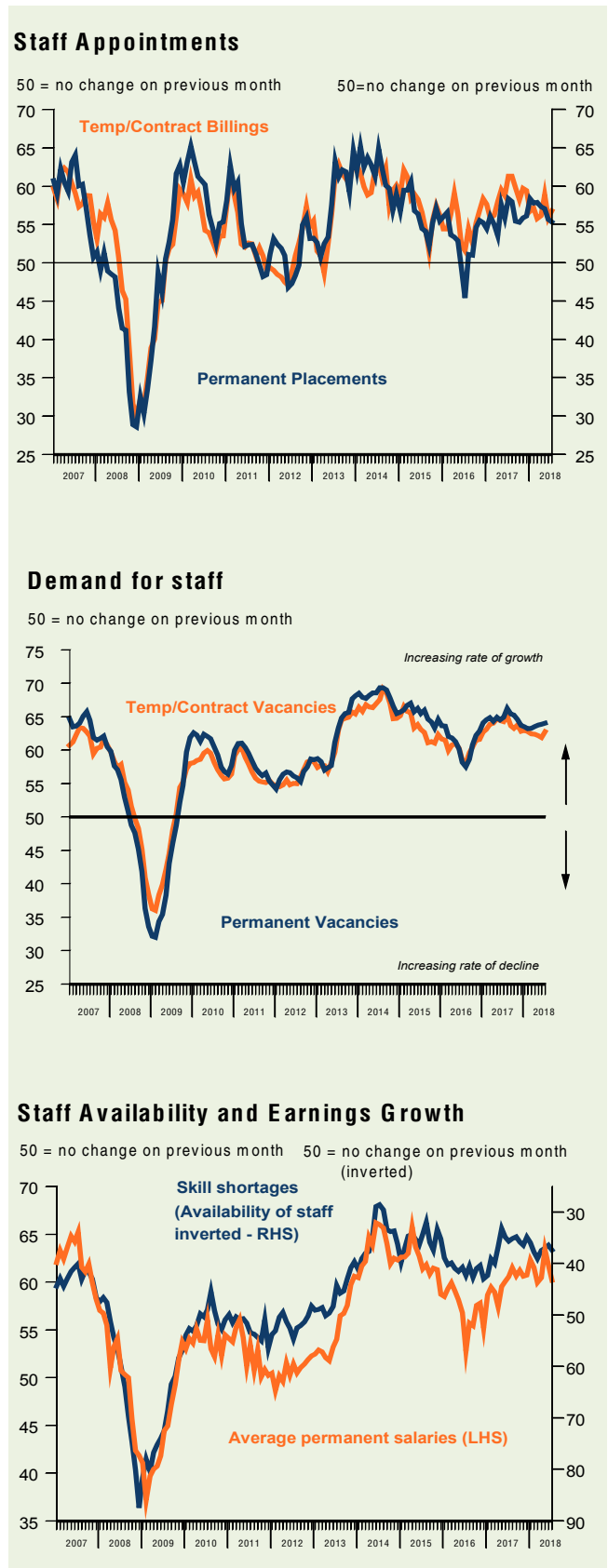
Recruitment agencies indicated that candidate shortages weighed on permanent staff appointments. Notably, the supply of both permanent and temporary candidates fell sharply in July, despite rates of decline easing to the weakest in three months in both cases.

## Staff vacancies rise at quicker pace...

Demand for staff strengthened further in July, with overall job vacancies expanding at the quickest rate for eight months. Growth was led by the private sector, with demand for both permanent and temporary workers continuing to rise at rates that comfortably outstripped those seen in the public sector.

## ...maintaining upward pressure on pay

Low candidate availability and robust demand for staff led to a further steep increase in salaries awarded to permanent starters. At the same time, temp pay rates rose at a marked and accelerated rate that was close to April's two-year record.



# 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.

July survey data signalled a softer rise in permanent staff appointments, while temp billings growth accelerated since June.

## Softest increase in permanent placements since last October

UK recruitment consultancies signalled a sustained rise in the amount of people placed into permanent job roles in July, thereby extending the current trend to two years. Though sharp, the rate of expansion eased for the fourth month in a row to the softest recorded since last October. Anecdotal evidence indicated that robust demand for staff and quicker decision-making at clients had driven the latest upturn in permanent staff appointments. However, a number of panellists commented that widespread candidate shortages weighed on overall growth.

Permanent placements rose at faster rates in the Midlands and the South of England, but growth softened in the North of England. In contrast, permanent staff appointments fell slightly in London.

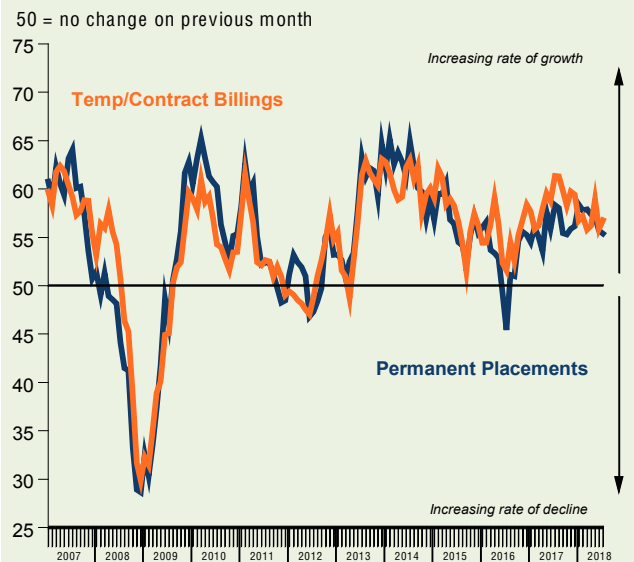
## Temp billings growth accelerates

Survey data for July signalled a further steep increase in agencies' billings received from the employment of temporary/contract staff. Notably, the rate of growth picked up from June's three-month low and was stronger than the historical series average. Increased activity at clients and, in some cases, a lack of available permanent candidates, were linked by respondents to higher temp billings at the start of the third quarter.

Growth was broad-based across the four monitored English regions during July, with the sharpest rate of increase seen in the North 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
<b>2018</b>	Feb	43.9	31.8	24.3	19.6	59.8	<b>57.8</b>
	Mar	46.8	30.0	23.2	23.6	61.8	<b>57.9</b>
	Apr	43.9	30.8	25.3	18.6	59.3	<b>57.3</b>
	May	38.3	38.7	23.0	15.3	57.7	<b>57.1</b>
	Jun	33.3	43.1	23.6	9.7	54.8	<b>55.7</b>
	Jul	39.4	34.0	26.6	12.8	56.4	<b>55.4</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>2018</b>	Feb	34.5	44.9	20.6	14.0	57.0	<b>57.2</b>
	Mar	41.2	37.6	21.2	20.0	60.0	<b>58.8</b>
	Apr	35.4	41.1	23.6	11.8	55.9	<b>56.2</b>
	May	37.6	45.7	16.7	20.9	60.4	<b>58.9</b>
	Jun	38.6	41.9	19.5	19.1	59.6	<b>55.9</b>
	Jul	42.2	39.4	18.3	23.9	61.9	<b>56.8</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.

## Stronger rise in staff vacancies

Recruitment consultancies signalled that demand for staff continued to rise at a historically sharp pace at the start of the third quarter. Notably, the Report on Jobs Vacancy Index was up from 61.9 in June to 62.1 in July, to indicate the steepest increase in job vacancies since November last year.

Growth of demand quickened across both permanent and temporary job categories, with the former noting the steeper rate of expansion.

## Public & private sector vacancies

July data indicated that demand for staff continued to increase at a considerably stronger pace in the private sector than in the public sector.

The strongest increase in staff vacancies was seen for permanent private sector workers, while the weakest rise was signalled for public sector permanent roles.

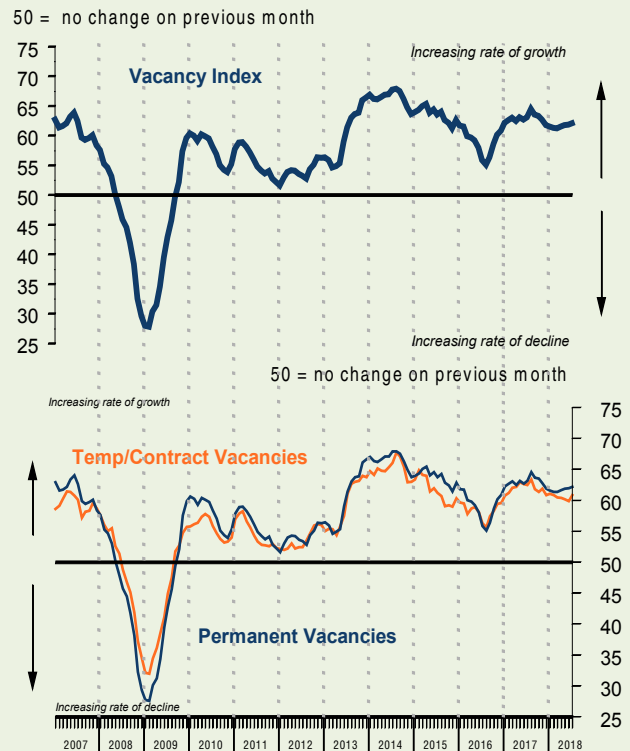
## Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) showed that job vacancies rose by 5.0% year-on-year in the three months to June. This was stronger than the 4.1% rate of growth seen in the prior three-month period. Furthermore, the total number of vacancies reached a fresh record high (824,000).

Latest available data signalled that internet-based recruitment spending declined by 5.5% on an annual basis during the opening quarter of 2018. This was softer than the 7.9% drop seen in the final quarter of last 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

	Mar'18	Apr	May	Jun	Jul
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	61.3	61.6	61.8	61.9	62.1
Permanent Staff	61.4	61.7	61.9	62.0	62.2
Temporary Staff	60.5	60.4	60.2	59.9	60.8

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

Public: perm	53.9	54.3	56.1	56.9	52.4
Public: temp	58.2	59.3	56.1	58.5	57.3
Private: perm	63.3	63.8	63.4	63.5	64.7
Private: temp	61.0	61.7	61.2	63.1	61.7

### Other key vacancy data

Annual % change					
ONS Vacancy Survey	6.0	2.4	4.1	5.0	n/a
Internet recruitment	-5.5	--	--	--	

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

IT & Computing was the most in-demand category for permanent staff in July. Nonetheless, steep increases in vacancies were also registered in the remaining nine job categories. The slowest rise in demand was reported for Retail workers.

	This year		(Last year)	
	Rank	Jul'18	Rank	Jul'17
IT & Computing	1	68.0	(3)	(64.6)
Engineering	2	64.7	(1)	(66.2)
Nursing/Medical/Care	3	63.0	(8)	(60.7)
Accounting/Financial	4	62.8	(2)	(65.5)
Executive/Professional	5	61.8	(5)	(61.8)
Hotel & Catering	6	59.3	(7)	(61.1)
Secretarial/Clerical	7	59.0	(4)	(62.1)
Blue Collar	8	57.6	(6)	(61.1)
Construction	9	56.6	(10)	(56.0)
Retail*	10	54.3	(9)	(57.3)

## Temporary/contract staff

Temporary staff vacancies rose across all of the ten monitored job categories in July, with the sharpest increases seen across Blue Collar and Nursing/Medical/Care. The slowest, but still marked, rise in short-term roles was signalled for Executive/Professional.

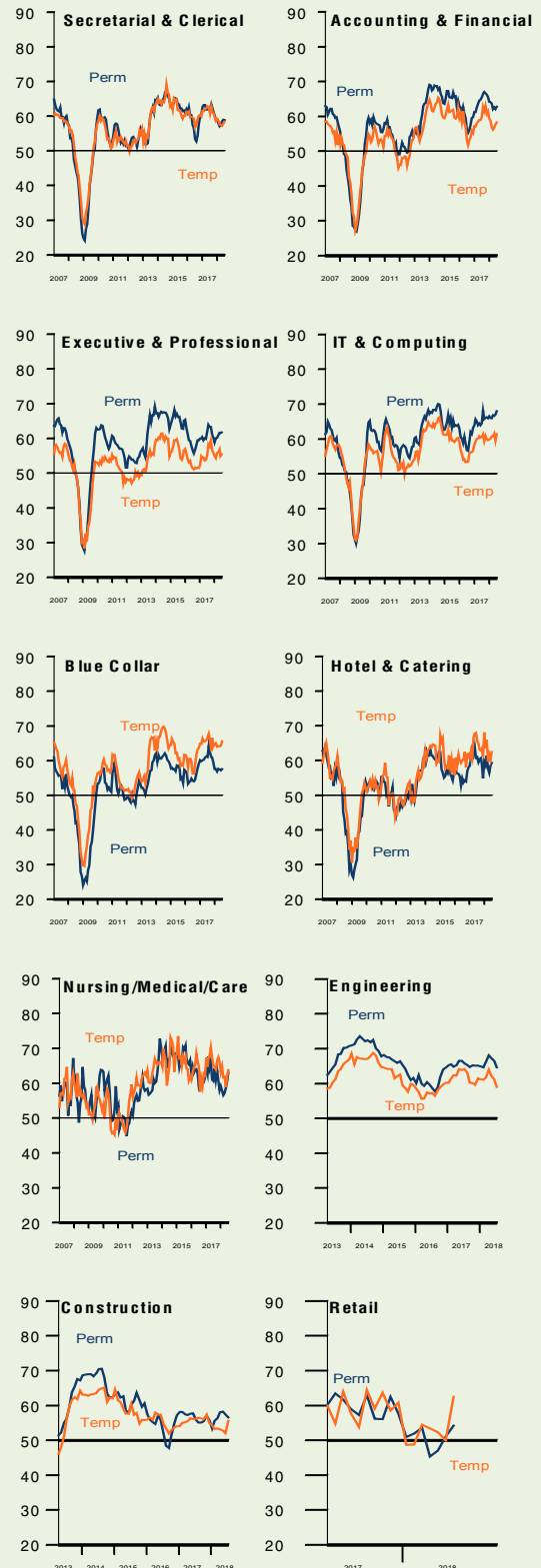
	This year		(Last year)	
	Rank	Jul'18	Rank	Jul'17
Blue Collar	1	65.6	(1)	(66.7)
Nursing/Medical/Care	2	63.8	(3)	(65.2)
Hotel & Catering	3	62.5	(2)	(65.7)
Retail*	4	62.5	(10)	(53.8)
IT & Computing	5	61.5	(6)	(60.5)
Engineering	6	59.1	(4)	(64.2)
Secretarial/Clerical	7	58.4	(5)	(60.8)
Accounting/Financial	8	58.3	(7)	(59.7)
Construction	9	55.7	(8)	(56.0)
Executive/Professional	10	55.4	(9)	(55.1)

\*Non-seasonally adjusted data due to shorter series history.

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 continued to decline sharply at the start of the third quarter, despite the rate of reduction softening to the least marked in three months. Reports from panellists indicated that candidate shortages generally stemmed from a low unemployment rate. At the same time, uncertainty towards the outlook had reportedly led some people to become more cautious towards taking up new roles.

All four monitored English regions signalled sharp declines in permanent staff supply, led by the South of England.

## Availability of temp/contract staff

The supply of temporary/contract workers fell further in July. Despite softening to the least marked since April, the rate of reduction remained elevated by historical standards.

The steepest decline was seen in the Midlands, though marked reductions were also registered elsewhere.

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

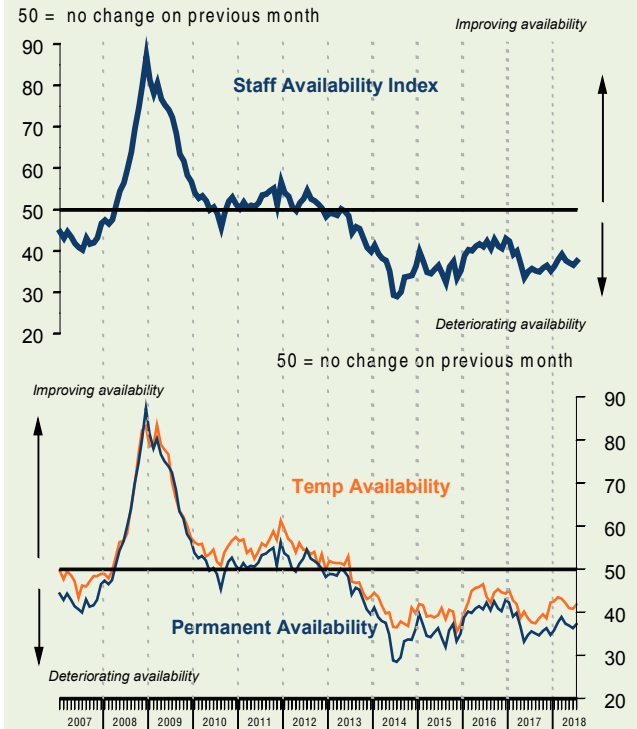
**Accounting/Financial:** Accountants, Audit, Estimators, Finance, IFA, Insurance, Risk, Tax, Treasury. **Blue Collar:** Blue Collar, Forklift Drivers, HGV Drivers, Industrial, Labourers, LGV Drivers, Manufacturing Workers, Non-Skilled Workers, Warehouse Staff. **Construction:** Construction Sales, Construction Workers, Qualified Real Estate/Construction Staff, Quantity Surveyors. **Engineering:** Aerospace, CNC, Design, Electrical, Engineers, Managers, Manufacturing, Mechanical, Technicians. **Executive/Professional:** Business Analysts, Compliance, HR, Lawyers, Legal, Litigation, Marketing, Media, Project Managers, Science. **Hotel/Catering:** Catering, Chefs, Hospitality. **IT/Computing:** Automation Testers, C#, CAD, Cisco, Cloud Technologies, Cyber Security, Data, DevOps, Digital, Gaming, IT, IT Architects, IT Security, Java, .NET, Network Engineers, PHP, Python, Ruby, ScrumMasters, Software Engineers, Testers, UI/UX Designers. **Nursing/Medical/Care:** Care Workers, Healthcare Assistants, Home Carers, Nurses, Registered General Nurses, Support Workers, Ultrasound Staff. **Secretarial/Clerical:** Account Clerks, Administration, Office Staff. **Other:** B2B Sales, Buyers, Call Centre, Consumer Compliance Manager, Customer Services, Education, Environment, Fundraising, FMCG, Graduates, Health & Safety, Languages (Dutch, German and Scandinavian), Logistics, Sales, Telesales, Traffic Specialists, Travel Consultants.

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

**Accounting/Financial:** Accountants, Audit, Finance, Payroll, Risk, Treasury. **Blue Collar:** Blue Collar, Cleaners, CNC, Drivers, Forklift Drivers, Harvest, HGV Drivers, Industrial, LGV Drivers, Painters/Decorators, Picking & Packing, Plumbers, Production, Site Managers, Unskilled Workers, Warehouse Workers. **Construction:** Architects, Construction. **Engineering:** Electrical, Engineers, Mechanical Design, Systems, Wind Turbine Technicians. **Executive/Professional:** Business Analysts, Compliance, Legal, Litigation, Marketing, Project Managers, Science. **Hotel/Catering:** Baristas, Catering, Chefs, Hospitality. **IT/Computing:** CAD, Cyber Security, Data, DevOps, Digital, Gaming, IT Security, Java, Revit, Software Developers, Technology, UI/UX Consultants. **Nursing/Medical/Care:** Audiologist, Care Workers, Healthcare Assistants, Home Carers, NHS Admin Staff, Optometrists, Social Workers, Sonographers, Support Workers. **Secretarial/Clerical:** Account Clerks, Office Staff, PAs, Receptionists, Secretaries. **Other:** Animal Health & Nutrition, Buyers, Customer Services, Languages, Logistics, Sales, Telesales, Travel Consultants.

\*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
2018 Feb	15.2	54.0	30.9	-15.7	42.2	37.7
Mar	11.0	57.6	31.3	-20.3	39.9	39.0
Apr	6.7	60.3	33.0	-26.3	36.8	37.4
May	8.3	54.5	37.2	-29.0	35.5	37.0
Jun	6.8	54.3	38.9	-32.1	33.9	36.4
Jul	9.0	49.1	42.0	-33.0	33.5	37.3

## 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
2018 Feb	14.7	65.4	19.9	-5.1	47.4	43.5
Mar	11.6	61.6	26.7	-15.1	42.4	43.2
Apr	9.3	64.4	26.3	-17.1	41.5	42.1
May	9.0	62.0	29.0	-20.1	40.0	41.1
Jun	12.7	54.4	32.9	-20.2	39.9	40.9
Jul	12.4	52.7	34.9	-22.5	38.8	41.9



# 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

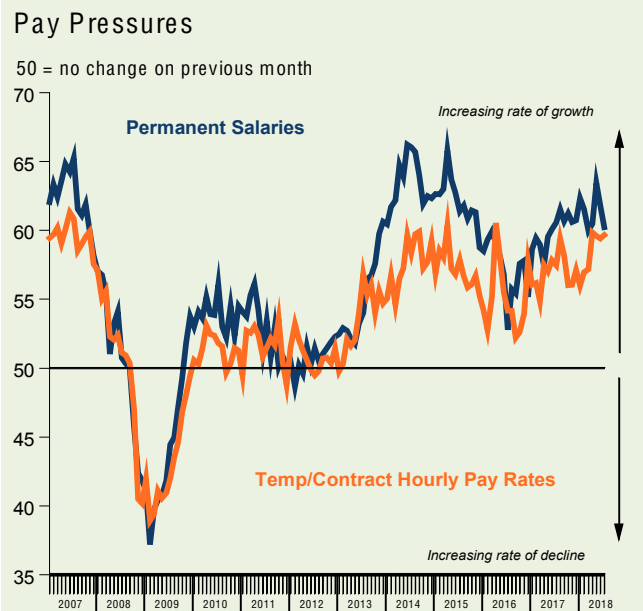
Starting salaries for people placed into permanent roles increased for the seventy-fifth successive month in July. Although the rate of pay inflation eased to the weakest since March, it remained sharp overall and quicker than the long-run series average. Panellists widely linked the latest increase in starting pay to low candidate supply and greater efforts from clients to secure candidates.

Marked increases in starting salaries were registered across all four monitored English regions.

## Temp/contract pay rates

Contract/temporary hourly pay rates rose again in July, thereby extending the current trend to five-and-a-half years. Notably, the rate of inflation accelerated since June and was only fractionally below April's two-year peak.

The strongest increase in temp pay was seen in the North of England, while the weakest was reported in London.

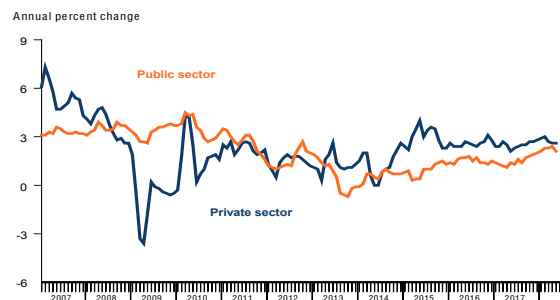


## UK average weekly earnings

Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) eased to 2.5% in the three months to May. This represented the weakest growth rate since the three months to November 2017. Sector data showed that public sector pay rose at a softer pace (2.1%), while growth of private sector earnings held at 2.6%.

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

	2015	2016	2017	Feb	Mar	Apr	May
<b>Whole economy</b>	2.6	2.4	2.3	2.8	2.6	2.6	2.5
<b>Private sector</b>	3.0	2.6	2.5	3.0	2.7	2.6	2.6
<b>Public sector</b>	0.9	1.5	1.5	2.3	2.3	2.4	2.1
<b>Services</b>	2.8	2.2	2.4	2.9	2.6	2.5	2.3
<b>Manufacturing</b>	1.6	2.4	1.9	2.8	2.7	2.8	3.0
<b>Construction</b>	2.8	4.8	1.7	3.4	4.5	4.9	5.6



## 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
<b>2018 Jan</b>	25.6	70.6	3.8	21.8	60.9	<b>62.3</b>
Feb	26.8	68.6	4.6	22.2	61.1	<b>61.5</b>
Mar	24.7	71.2	4.1	20.5	60.3	<b>60.0</b>
Apr	27.3	69.4	3.3	24.0	62.0	<b>60.5</b>
May	32.0	67.4	0.6	31.4	65.7	<b>63.4</b>
Jun	28.8	66.6	4.6	24.2	62.1	<b>61.8</b>
Jul	23.9	73.2	2.9	20.9	60.5	<b>60.2</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>2018 Jan</b>	12.7	82.1	5.3	7.4	53.7	<b>56.0</b>
Feb	15.2	83.1	1.6	13.6	56.8	<b>57.0</b>
Mar	17.1	81.0	1.9	15.2	57.6	<b>57.2</b>
Apr	32.9	64.3	2.7	30.2	65.1	<b>59.9</b>
May	24.0	73.3	2.8	21.2	60.6	<b>59.6</b>
Jun	18.0	78.8	3.2	14.9	57.4	<b>59.4</b>
Jul	21.6	76.6	1.8	19.7	59.9	<b>59.7</b>

# 7 Feature | Employment outlook

## UK firms expect to raise staff numbers

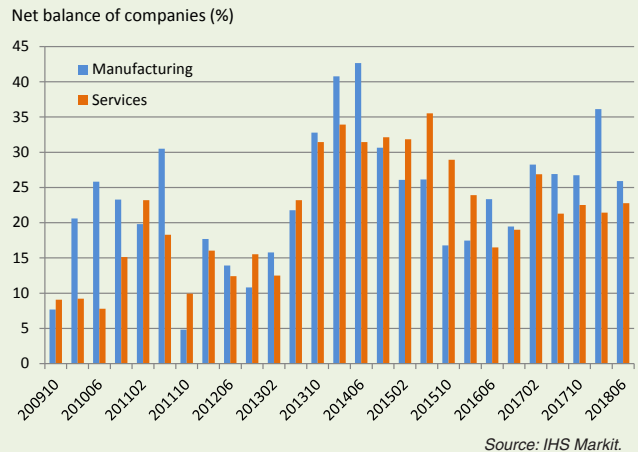
The latest Global Business Outlook data, compiled by IHS Markit, indicated that UK private sector firms continued to express positive sentiment towards future staff hiring in June.

When looking across the manufacturing and service sectors as a whole, a net balance of +23% of firms anticipated hiring additional employees over the next year, which was down only slightly from +24% in February. This compared favourably with the EU (21%) and Global (+17%) averages, which had both fallen since the start of the year.

Nonetheless, UK firms expressed concerns over an uncertain economic outlook, largely due to the possibility of a 'no deal' Brexit, which reportedly weighed on overall sentiment. In addition, the potential impact of ongoing global trade wars also dampened confidence towards future hiring, most notably in the manufacturing sector.

The net balance of good producers forecasting higher employment declined from a near four-year high of +36% in February to its lowest level for nearly two years in June (+26%). In contrast, service providers revised up their job creation plans, though only slightly, with the net balance of firms anticipating an increase edging up from +21% in February to +23% in June.

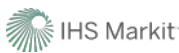
## Outlook for employment over next 12 months



Note: The survey uses net balances to indicate the degree of optimism or pessimism for each of the survey questions. These net balances vary between -100 and 100, with a value above 0 signalling a positive outlook for the coming 12 months.



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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

## 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 July 2018:

- Account Clerks
- Administration
- Candidates ineligible to work in UK due to visa schemes
- Chefs
- Customer Service
- General IT
- Graduates
- Inexperienced Candidates
- Marketing
- Office Support
- Part-time Workers
- Personal Assistants
- Photographers
- Project Managers
- Receptionist
- Sales
- Secretary
- Senior Management
- Students
- Supply Chain
- Warehouse Management
- Warehouse Workers

### Key temporary staff skills reported in excess supply during July 2018:

- Administration
- Cleaners
- Customer Service
- Drivers
- Finance
- Food Production
- General IT
- Graduates
- Junior Staff
- Manufacturing Workers
- Mechanical Engineers
- Part-time Workers
- Personal Assistants
- Poor Quality Candidates
- Project Managers
- Radiographers
- Students
- Supply Chain
- Unskilled Workers
- Warehouse Management
- Warehouse Workers