

United Kingdom

Skill shortages put brake on staff recruitment in August

- Slowest rise in staff placements for over two years
- Candidate availability falls at sharper rate
- Further marked increase in starting salaries

Latest evidence from Markit's recruitment industry survey highlighted a further slowdown in growth of staff appointments during August, amid shortages of suitably qualified candidates. The *KPMG/REC Report on Jobs*, published today, signalled that the number of staff placed in both permanent and temporary roles by recruitment consultancies increased at the weakest rates for 27 months.

The main factor holding back placements was a lack of suitably qualified staff. Consultants reported that the availability of permanent candidates declined at the fastest pace for a year, while temp availability fell at the sharpest rate in ten months.

The survey data point to a labour market increasingly being held back by skill shortages, following a sustained period in which unemployment has fallen.

The latest data suggest that underlying demand for staff remains strong, as signalled by the report's index of overall job vacancies holding steady on July's strong level. Demand remained notably strong in sectors such as healthcare, finance, engineering and IT.

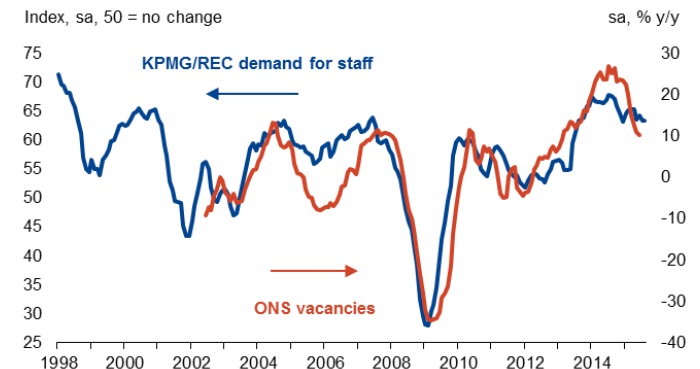
The mix of robust demand for staff and shortages of qualified candidates fuelled another month of pay inflation. Starting salaries for people placed in permanent jobs rose at a rate comfortably in excess of the survey's long-run average. The data suggest that we may see further improvements in average earnings in the coming months.

Employment



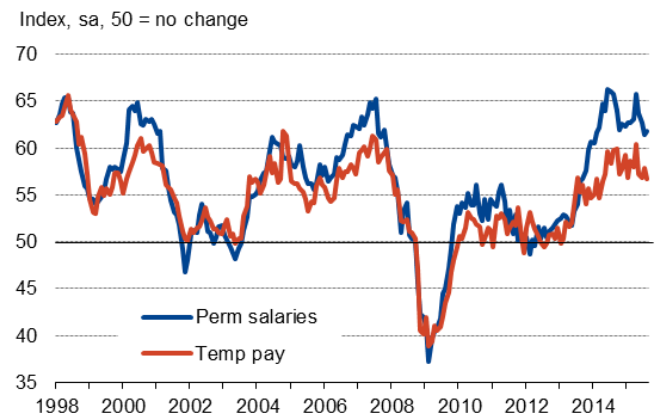
Sources: Markit, ONS via Ecwin.

Vacancies



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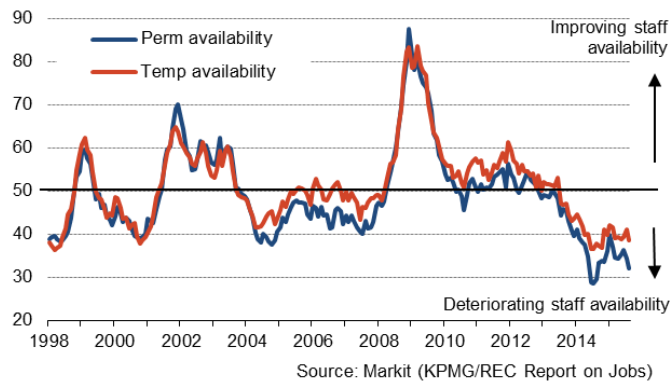
Wage pressures



Source: Markit

Recruitment survey staff availability

Recruitment agency survey index (50 = no change on prior month)



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