

United Kingdom

Employers turn to temporary staff amid rising uncertainty

- **Permanent staff placements rise at slowest rate in seven months...**
- **...but temp billings growth fastest for over a year**
- **National Living Wage boost to hourly pay rates**

Signs of a [slowing economy](#) and uncertainty around Britain's EU referendum appear to have resulted in a shift in emphasis from permanent to temporary hiring among UK employers. The *Report on Jobs*, published today by Markit and the REC, shows that recruitment agencies' permanent staff placements rose at the slowest pace for seven months in April. In contrast, billings from the employment of temporary/contract staff increased at the strongest rate since March 2015. In fact, the gap between the temp billings index and that for permanent appointments was the widest since the midst of the financial crisis in mid-2008.

Anecdotal evidence from the survey panel suggested a reluctance among businesses to commit to increasing permanent headcounts until the outlook becomes clearer.

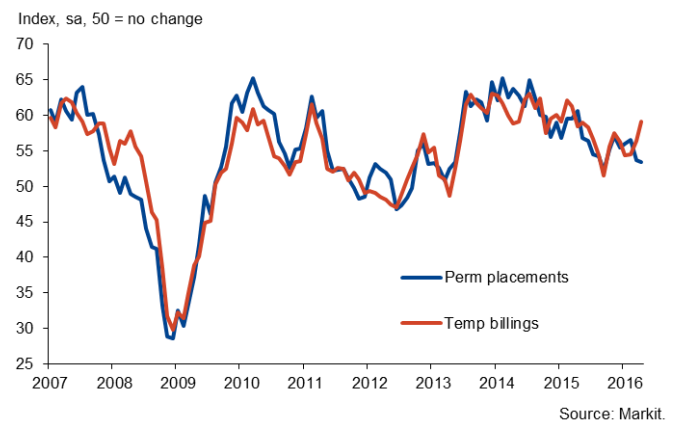
Meanwhile, the impact of the new National Living Wage was felt, with hourly rates of pay for temporary/contract staff increasing at the fastest pace since July 2007. Some agencies also indicated that it had been a factor pushing up their client billings.

Average starting salaries for candidates successfully placed in permanent positions also rose, with the latest increase again marked, albeit the slowest since January.

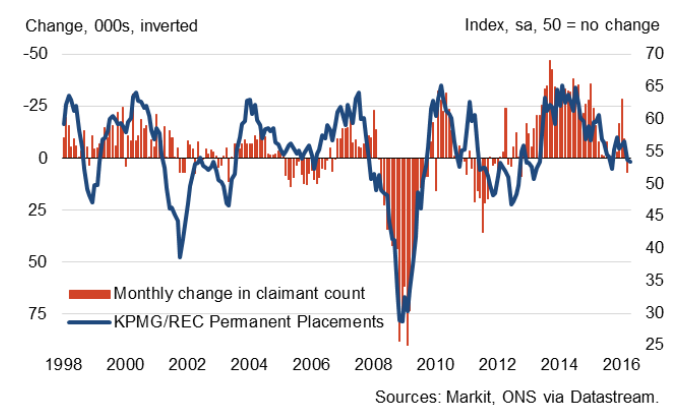
Earnings growth across the broader labour force has remained stubbornly low in recent times, reflecting [disappointingly weak pay reviews](#). The latest ONS figures show earnings growth easing to just 1.8% (including bonuses) in the three months to February. While the new wage rate is set to exert an upward influence on pay packets, a concern is that it may also dampen hiring activity among employers due to increased cost pressures.

The labour market may therefore be set to cool further in coming months, following the news that [unemployment rose in the three months to February](#) for the first time since July 2015.

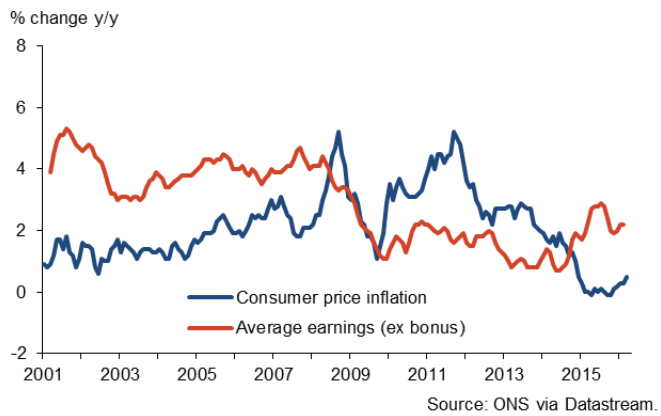
Permanent and temporary appointments



Permanent placements and claimant count



Consumer price inflation and average earnings



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