War for talent sends City salaries booming, says Hays

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THE City of London jobs market is booming, defying wider economic gloom amidst what top recruiter Hays calls an “acute skill shortage”.

The headhunter today reported a 128% leap in profits for the year to June of £210 million. That allows it to pay dividends worth £168 million to investors with a possible £75 million of share buybacks this year to come on top of that.

Chief executive Alistair Cox told the Standard there is a war for talent: “London and the City are facing quite an acute skill shortage – there are not enough talented people to go around.”

While he is mindful of wider economic insecurity, he said: “Right here, right now, activity levels are very good. We operate in the skilled labour market and despite what may happen with the economy, I can’t see those skill shortages going away.”

Cyber security and other tech skills are particularly in demand with salaries being bid smartly upwards.

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Cox says "counter offers" – companies splashing out to keep staff who get job offers elsewhere – are rife.

Counter offers are a strong sign of a shift in power to the employed from the employers, he argues.

"We have seen a lot of counter offers in the last 12 months. People understand that if they are losing their talent they are going to have to replace them somehow," he said.

Hays says its City business is up 50% in the last year, with London as a whole is up 30% in terms of fees received.

While tech and other support roles such as HR are booming, there has been a slow down in traditional banking activity lately. Anecdotally, some bankers in the City are fearful for their jobs.

In July, Goldman Sachs warned it would axe at least 5% of it staff this year. If that were replicated across the Square Mile, tens of thousands of jobs would go.

Cox said in response to that: "All I can comment on is what we are seeing right now. The market remains very strong."

He did admit that Hays expects its own "headcount growth" to be "minimal" this year.

Hays, which floated in 1989, saw its shares up 4p to 119p today, which leaves the business valued just shy of £2 billion.

Jefferies, the broker, says the shares are a "buy".