

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 Markit and sponsored by the Recruitment and Employment Confederation and KPMG LLP.

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.

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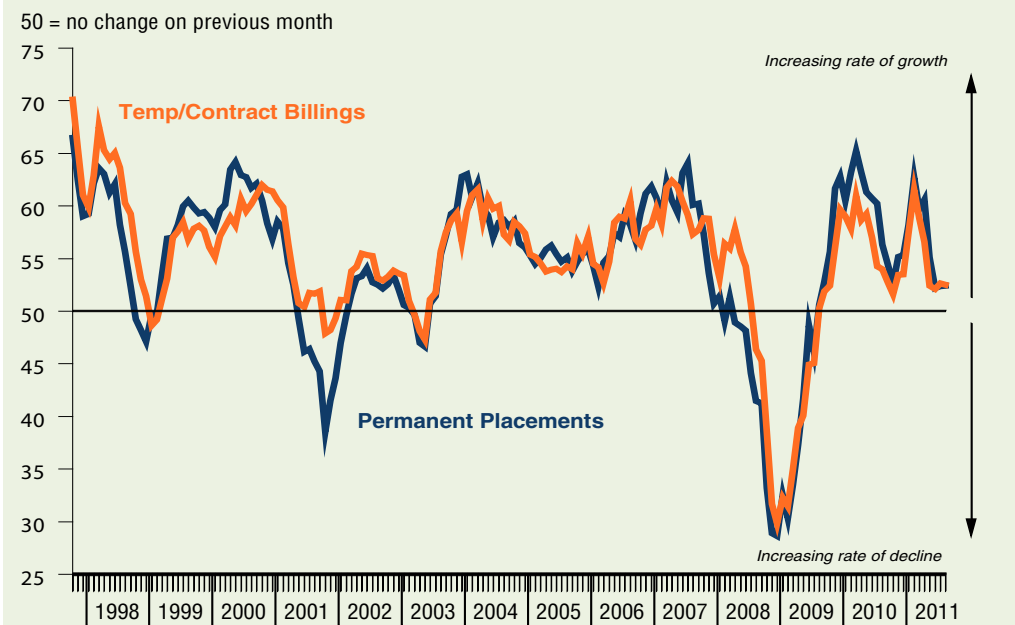
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Growth of staff placements maintained at modest pace in August

Staff Appointments via Recruitment Consultancies



Key points from August survey:

- Further moderate increases in permanent placements and temporary billings
- Growth of vacancies continues to ease
- Weakest rise in permanent salaries for 22 months
- Strongest rise in permanent candidate availability since January 2010

Commenting on the latest survey results, Bernard Brown, Partner and Head of Business Services at KPMG said:

“Although the jobs market has held up relatively well, it remains in the summer doldrums and, worryingly, there seem to be early signs of trends similar to those of 2008. Whether this is a blip or a return to a familiar and unwelcome pattern will emerge over the next few months.

“Permanent and temporary staff appointments rose again in August but only at the same relatively low rates seen last month. And whilst it’s good that we are still seeing some growth in appointments, whether this can continue in the face of a decline in the rate of growth of vacancies remains to be seen.

“Employers continue to take a cautious approach to hiring decisions amid an uncertain economic climate. Whether this will persist as the summer holidays draw to a close is an open question. Much will depend on macro-economic factors and their effect on overall confidence, especially where permanent hiring decisions are concerned. With candidate availability continuing to grow – notably permanent staff availability has improved at the fastest pace since January 2010 – it’s a buyers’ market should employers choose to step up their recruitment in the autumn.”

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 August are:

Staff appointments continued to increase at moderate pace...

Permanent staff placements rose in August at a modest pace that was identical to that recorded in the previous month. Similarly, growth of temporary/contract staff billings held broadly steady since July.

...but growth of vacancies eased further

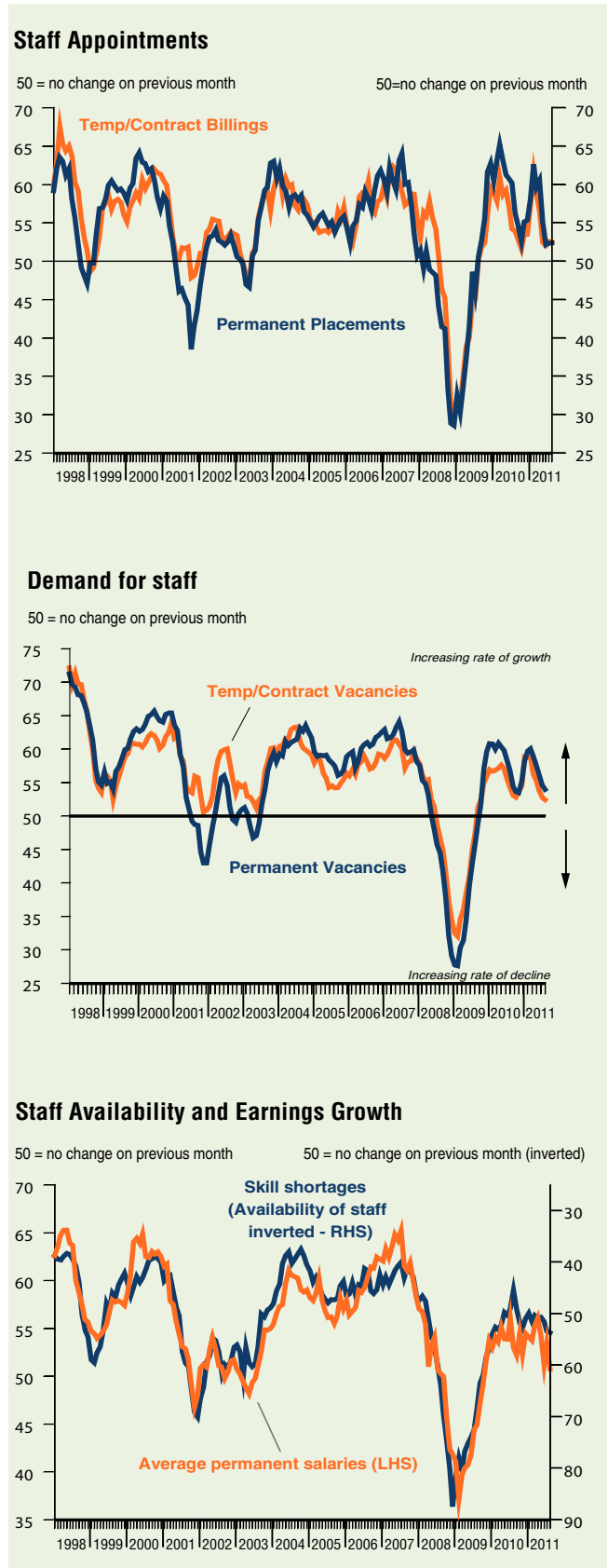
Although demand for staff continued to rise in August, the latest increase in overall vacancies was the slowest in nine months. Weaker rates of expansion were signalled for both permanent and temporary/contract vacancies.

Subdued pay pressures...

Permanent staff salaries increased only marginally and at the slowest pace for 22 months in August. Inflation of temporary/contract staff hourly pay rates quickened to a three-month high, but remained weak compared with the survey's historical trend.

...amid higher levels of candidate availability

Recruiters indicated another rise in the availability of staff during August. Permanent candidate supply improved at the fastest pace since January 2010, while growth of temporary/contract staff availability remained close to July's five-month high.



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.

The number of people placed in jobs by recruitment agencies continued to rise in August. Both permanent and temporary staff appointments increased at similar moderate rates to those recorded in the previous month.

Further modest rise in permanent placements...

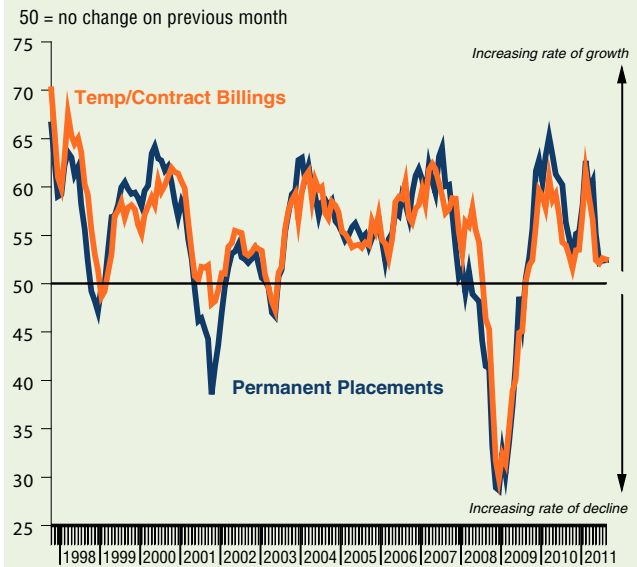
Growth of permanent staff appointments held steady in August, bringing the current period of expansion to 25 months. Higher placements were attributed by panellists to a further increase in demand for staff. However, there were a number of reports that employers were taking a cautious approach to hiring decisions amid an uncertain economic climate.

...and temp billings

Agencies' billings from the employment of temporary/contract staff continued to rise at a moderate pace in August. Survey respondents indicated that growth of short-term appointments was the result of higher vacancy levels and new client projects. There were reports that a number of companies had preferred to take on temporary staff with a view to converting to permanent employment at a later date.

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
2011	Mar	46.5	32.6	20.9	25.6	62.8	59.7
	Apr	41.6	37.5	20.9	20.6	60.3	60.6
	May	39.3	31.8	28.9	10.4	55.2	55.1
	Jun	33.9	39.7	26.4	7.5	53.7	52.2
	Jul	36.5	33.9	29.6	6.9	53.5	52.4
	Aug	31.5	36.6	31.9	-0.5	49.8	52.4

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
2011	Mar	42.5	42.9	14.6	27.9	63.9	58.8
	Apr	36.5	41.0	22.5	14.0	57.0	56.6
	May	30.4	39.6	30.0	0.4	50.2	52.4
	Jun	32.6	46.3	21.1	11.4	55.7	52.1
	Jul	33.8	44.0	22.2	11.6	55.8	52.6
	Aug	32.5	37.3	30.2	2.3	51.2	52.5

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.

Demand for staff rose at slowest rate in nine months

The number of vacancies available to people seeking jobs continued to increase in August, but the rate of growth eased further from March's recent peak. The Report on Jobs Vacancies Index posted 53.9, down from 54.5 in July.

Permanent staff vacancies

Demand for permanent staff rose further in August, extending the current period of growth to 23 months. However, a drop in the Permanent Staff Vacancies Index from 54.6, to 54.0, signalled that the rate of expansion moderated to a nine-month low.

Temp/contract vacancies

Recruiters signalled a weaker rise in short-term vacancies during August. The Temporary Staff Vacancy Index slipped from 52.8 in July, to 52.5, its lowest level since October 2009.

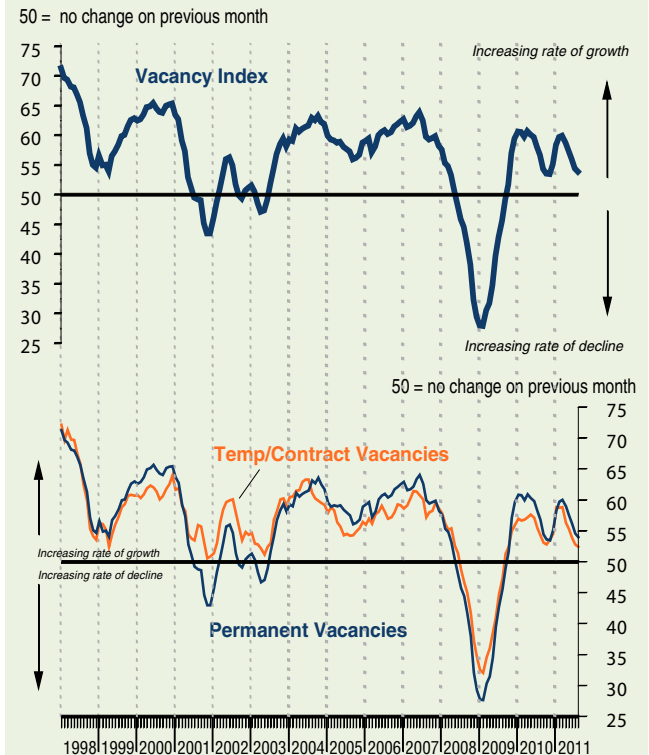
Other vacancy indicators

Data from the Office for National Statistics signalled that job vacancies declined -5.7% on an annual basis in the three months to July. That was the sharpest fall for one-and-a-half years.

Latest available data signalled that internet-based recruitment spending edged up by 0.7% in Q1 2011 after adjusting for inflation. That followed a -2.8% drop in Q4 2010.

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

	Apr'11	May	Jun	Jul	Aug
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	58.8	57.4	56.0	54.5	53.9
Permanent Staff	59.0	57.5	56.1	54.6	54.0
Temporary Staff	56.3	55.2	53.8	52.8	52.5

Other key vacancy data

Annual % change					
Job centre vacancies	1.1	-4.0	-5.4	-5.7	n/a
Internet recruitment	--	0.7	--	--	--

Sources: Job centre vacancies provided by Office for National Statistics
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

Demand rose for six of the eight monitored categories of permanent staff in August. The strongest growth was signalled for IT & Computing workers, closely followed by Executive/Professional employees. Declines in demand were reported for staff in both the Nursing/Medical/Care and Hotel & Catering sectors.

	This year		(Last year)	
	Rank	Aug'11	Rank	Aug'10
IT & Computing	1	58.2	(3)	(59.1)
Executive/Professional	2	57.9	(2)	(59.8)
Engineer'g/Construction	3	56.7	(1)	(61.6)
Secretarial/Clerical	4	52.7	(5)	(55.8)
Accounting/Financial	5	52.1	(4)	(56.7)
Blue Collar	6	51.9	(7)	(52.6)
Hotel & Catering	7	49.5	(6)	(52.9)
Nursing/Medical/Care	8	46.7	(8)	(50.8)

Temporary/contract staff

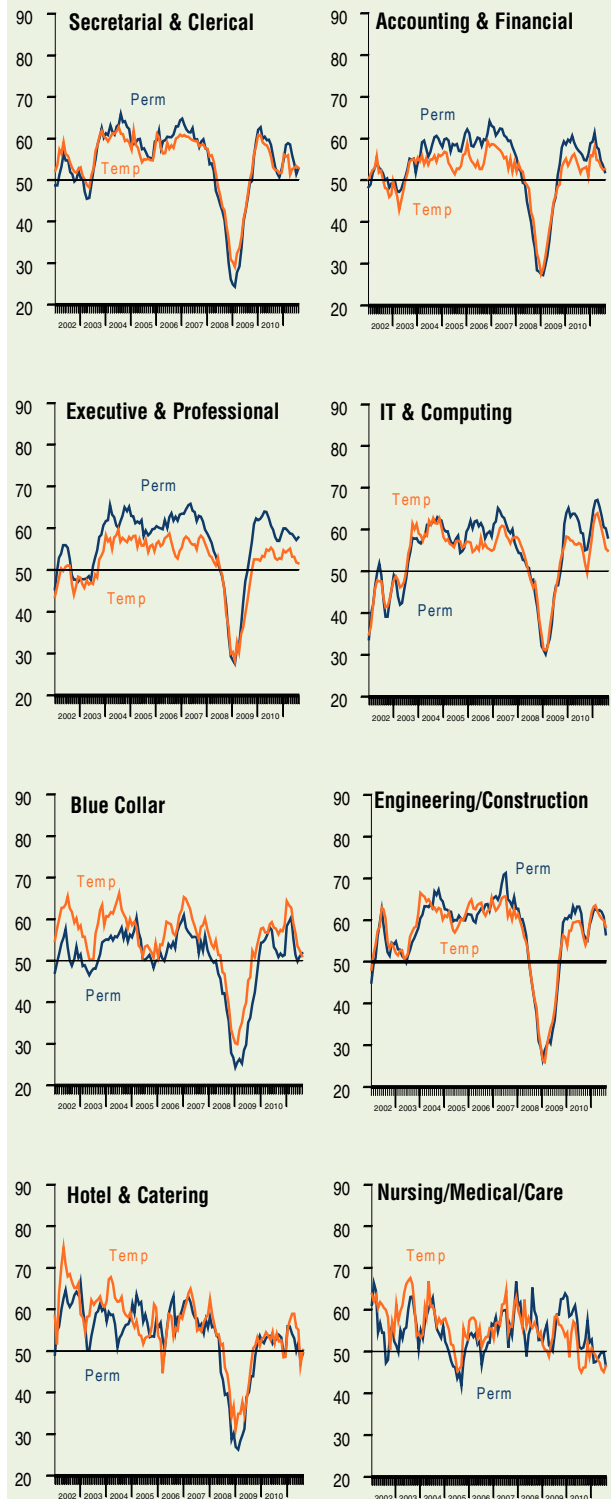
The most sought-after type of temporary/contract worker in August was Engineering/Construction, the fourth consecutive month in which this was the case. The only category where a reduction in demand was registered was Nursing/Medical/Care.

	This year		(Last year)	
	Rank	Aug'11	Rank	Aug'10
Engineer'g/Construction	1	58.5	(1)	(58.4)
IT & Computing	2	55.0	(4)	(54.7)
Secretarial/Clerical	3	53.0	(6)	(53.1)
Accounting/Financial	4	52.8	(7)	(51.8)
Executive/Professional	5	51.6	(3)	(54.8)
Blue Collar	6	51.2	(2)	(57.7)
Hotel & Catering	7	50.3	(5)	(54.2)
Nursing/Medical/Care	8	46.6	(8)	(45.1)

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.

Candidate availability continued to improve

Latest data signalled a further month of rising staff availability during August, with both permanent and temporary/contract candidates in greater supply.

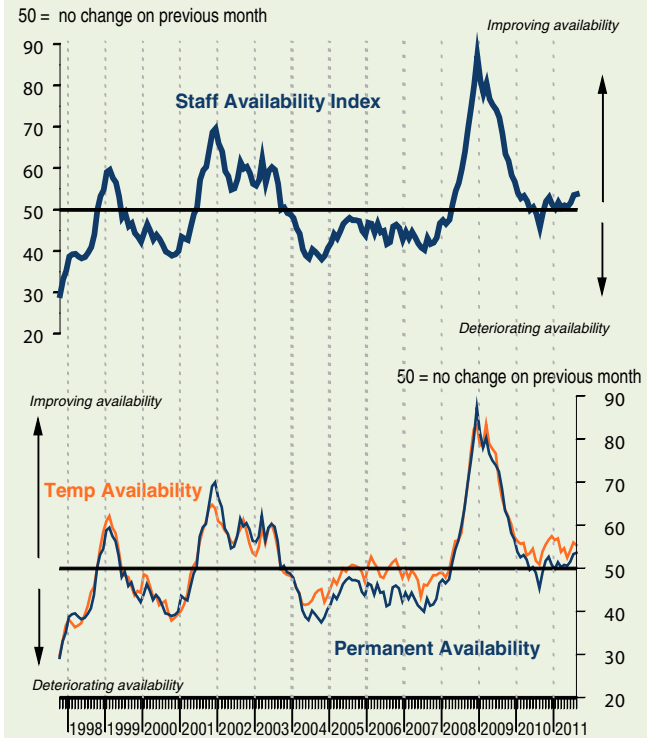
Availability of permanent staff

Recruitment consultants reported a rise in the availability of permanent staff for the seventh successive month in August. Moreover, the rate of growth quickened to the fastest since January 2010.

Availability of temp/contract staff

The availability of candidates to fill short-term vacancies increased further in August. Although easing marginally from July's five-month high, the pace of expansion remained above the survey's long-run average.

Staff Availability



Availability of permanent staff

Q. Is the availability of candidates for permanent vacancies better, the same or worse than one month ago?

		Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2011	Mar	22.8	57.0	20.2	2.6	51.3	50.3
	Apr	19.0	63.7	17.3	1.6	50.8	50.8
	May	18.4	61.8	19.7	-1.3	49.4	50.6
	Jun	18.0	61.7	20.4	-2.4	48.8	51.5
	Jul	21.9	60.2	17.9	4.0	52.0	53.4
	Aug	20.7	59.4	19.9	0.9	50.4	53.7

Availability of temporary/contract staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

		Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2011	Mar	21.2	61.9	16.9	4.3	52.2	53.9
	Apr	25.5	62.1	12.3	13.2	56.6	54.7
	May	21.8	57.0	21.2	0.6	50.3	52.5
	Jun	25.5	59.9	14.6	10.9	55.5	54.2
	Jul	26.8	58.1	15.1	11.6	55.8	56.0
	Aug	21.0	61.3	17.7	3.2	51.6	55.4

Key permanent staff skills reported in short supply:*

- Accountancy/Financial:** Insurance claim handlers.
- Blue Collar:** LGV drivers.
- Engineering/Construction:** Draughtpersons, Structural designers, Estimators, Engineering graduates.
- Executive/Professional:** HR managers, Business graduates.
- IT/Computing:** Business analysts, MI analysts, Enterprise software, IT security, SAP.
- Hotel/Catering:** Chefs, Hospitality managers.
- Secretarial/Clerical:** Customer service, PAs.
- Other:** Sales.

Key temp skills reported in short supply:*

- Accountancy/Financial:** Credit control.
- Blue Collar:** Joiners, LGV drivers, Plasterers.
- Engineering/Construction:** Engineers, Designers.
- IT/Computing:** SQL developers, Business analysts.
- Hotel/Catering:** Chefs, General hospitality.
- Nursing/Medical/Care:** Care workers.
- Secretarial/Clerical:** Customer service, General admin.

*consultants are invited to specify any areas in which they have encountered skill shortages during the latest month

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

The rate of inflation of permanent staff salaries eased during August to a marginal pace that was the weakest for 22 months. Where a rise in salaries was recorded, this was generally attributed to efforts to attract candidates with specific skill-sets. However, anecdotal evidence suggested that pay pressures were muted elsewhere, reflecting improved staff availability.

Temp/contract pay rates

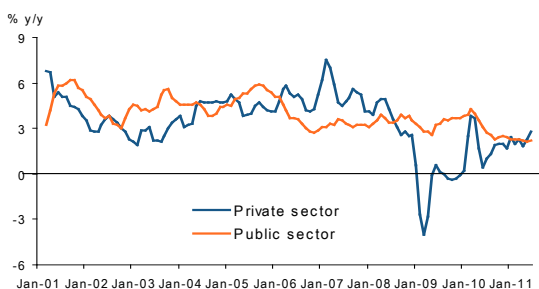
Growth of short-term staff pay rates quickened to a three-month high in August, but remained below the historical average for the series. As with permanent salaries, those panellists reporting higher temp pay frequently attributed this to competition for qualified staff in niche areas.

UK average weekly earnings

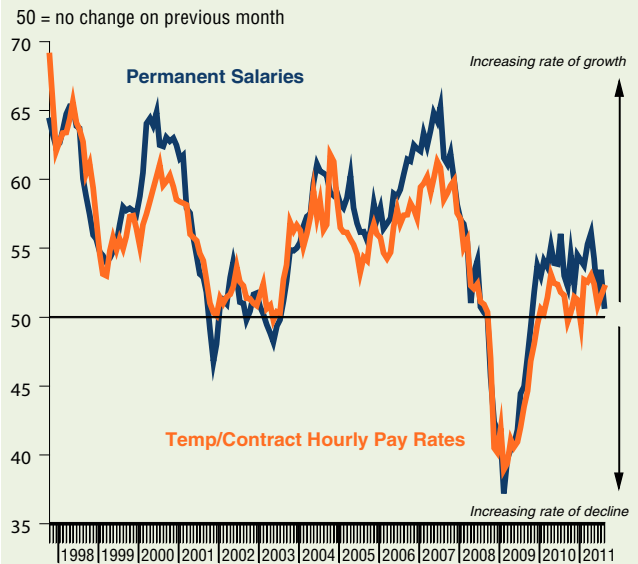
Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) rose from 2.3% to 2.6% in the three months to June, the highest since April 2010. The acceleration in pay growth was mainly driven by a stronger increase in private sector earnings, although public sector pay growth also quickened slightly. Faster rises in earnings were recorded in both the services and manufacturing sectors, while construction posted an increase for the first time in eleven months.

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

	2008	2009	2010	Mar'11	Apr	May	Jun
Whole economy	3.8	0.0	2.3	2.4	2.0	2.3	2.6
Private sector	3.7	-0.8	2.0	2.3	1.8	2.3	2.8
Public sector	3.6	3.3	3.0	2.3	2.2	2.1	2.2
Services	3.8	0.0	2.4	2.7	2.3	2.8	3.0
Manufacturing	3.2	1.2	4.2	0.9	0.6	1.0	1.6
Construction	2.7	0.5	0.0	-0.3	-0.4	-0.7	0.6



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
2011	Feb	13.8	79.8	6.4	7.4	53.7	53.7
	Mar	15.7	78.5	5.8	9.9	55.0	55.3
	Apr	18.3	76.0	5.7	12.6	56.3	56.1
	May	13.6	82.4	4.0	9.6	54.8	54.2
	Jun	10.7	82.6	6.7	4.0	52.0	51.2
	Jul	11.7	83.4	4.9	6.7	53.4	53.4
	Aug	9.6	82.0	8.4	1.2	50.6	50.8

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
2011	Feb	11.6	81.1	7.3	4.4	52.2	52.7
	Mar	10.2	86.1	3.7	6.6	53.3	52.6
	Apr	12.7	80.2	7.1	5.6	52.8	53.0
	May	11.9	82.3	5.8	6.0	53.0	52.4
	Jun	8.1	84.4	7.5	0.7	50.3	50.8
	Jul	10.9	80.5	8.6	2.3	51.2	51.5
	Aug	10.0	83.1	7.0	3.0	51.5	52.2

7 Feature | unemployment

Unemployment jumps to 2.49 million

Latest official data painted a disappointing picture of the UK labour market. Claimant count unemployment in July showed the largest jump since May 2009, up 37,100.

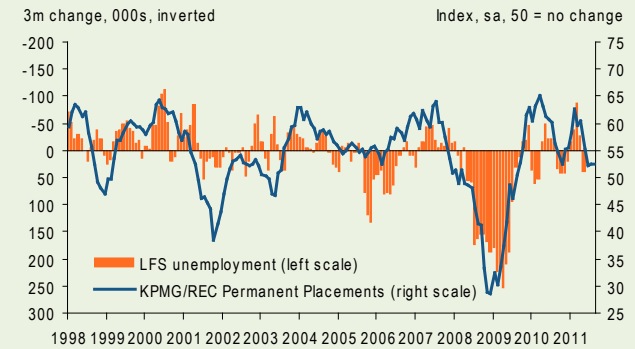
The unemployment rate also climbed from 7.7% to 7.9%, as the number of people out of work increased by 38,000 to 2.49 million in the three months to June. That was the biggest rise since last December, driven by a combination of an expanding labour force and employment increasing by just 25,000, the weakest growth in six months.

Moreover, the number of people working part-time because they could not find a full-time job climbed by 83,000 to a record high of 1.26 million. Youth unemployment, meanwhile, rose by 15,000 over the quarter to reach 949,000. That equated to 20.2% of 16-24 year olds.

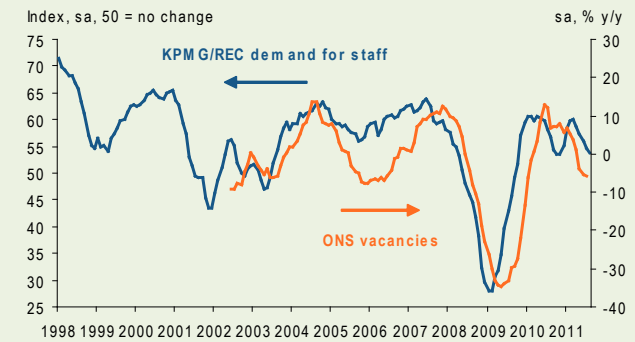
Further evidence of labour market weakness was signalled by a drop in the number of job vacancies held by employers the UK to 449,000 in the three months to July. That was its lowest level for almost two years.

Redundancies rose in the three months to June, climbing by 32,000 to 154,000, the highest since March 2010. The redundancy rate was 6.2 per 1,000 employees, up 1.2 from the previous quarter.

Permanent placements and unemployment



Demand for staff and vacancies



Sources: Markit, Office for National Statistics.



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The REC is the association for the UK's £22.5 billion private recruitment and staffing industry with more than 8,000 recruitment agencies and 6,000 recruitment consultants in membership. There are more than 1 million temporary workers registered with UK agencies who are deployed in industry, commerce and the public services every day.

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Recruitment Industry Survey

The monthly survey features original research data collected via questionnaire by Markit from a panel of 400 UK recruitment and employment consultancies. In 2003/4, some 1,516,000 people were employed in either temporary or contract work through consultancies and over 565,500 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. 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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