

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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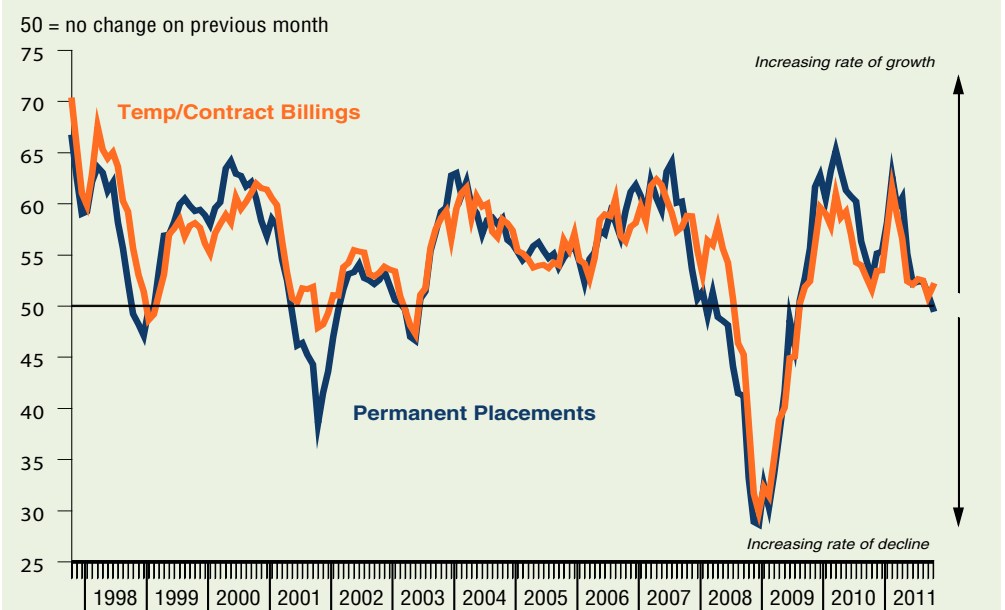
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## Permanent placements fall for first time in over two years during October

Staff Appointments via Recruitment Consultancies



### Key points from October survey:

- Marginal drop in permanent appointments but temp billings continue to rise
- Further increase in job vacancies reported
- Stagnation of permanent staff salaries
- Availability of staff improves at sharper pace

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

“This month’s data presents a gloomy picture for permanent jobs. The figures show permanent placements falling for the first time in over two years. Nervous employers are placing recruitment decisions on hold amidst concerns over the economic outlook, in many cases choosing instead to plug gaps with temps.

“For temporary jobs, the situation is slightly more positive: temporary placements grew at a sharper (albeit still modest) rate in October; and hourly pay rates also increased, for the ninth successive month, partly as a result of a recent uplift in the national minimum wage.

“Whilst permanent employment opportunities have dipped into negative territory, overall the detail reveals this is heavily influenced by fewer employment opportunities in healthcare. There is some positive news with more permanent opportunities in IT, Finance and Accounting showing signs of improvement. However, we are still on a knife edge as we enter a critical time for European economic stability.”

# 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 October are:

## Permanent placements fall slightly...

Recruitment consultants indicated a reduction in permanent staff placements for the first time in over two years during October, albeit marginal. Anecdotal evidence suggested the drop in placements reflected hesitancy among clients regarding the economic outlook.

## ...but temp billings continue to rise

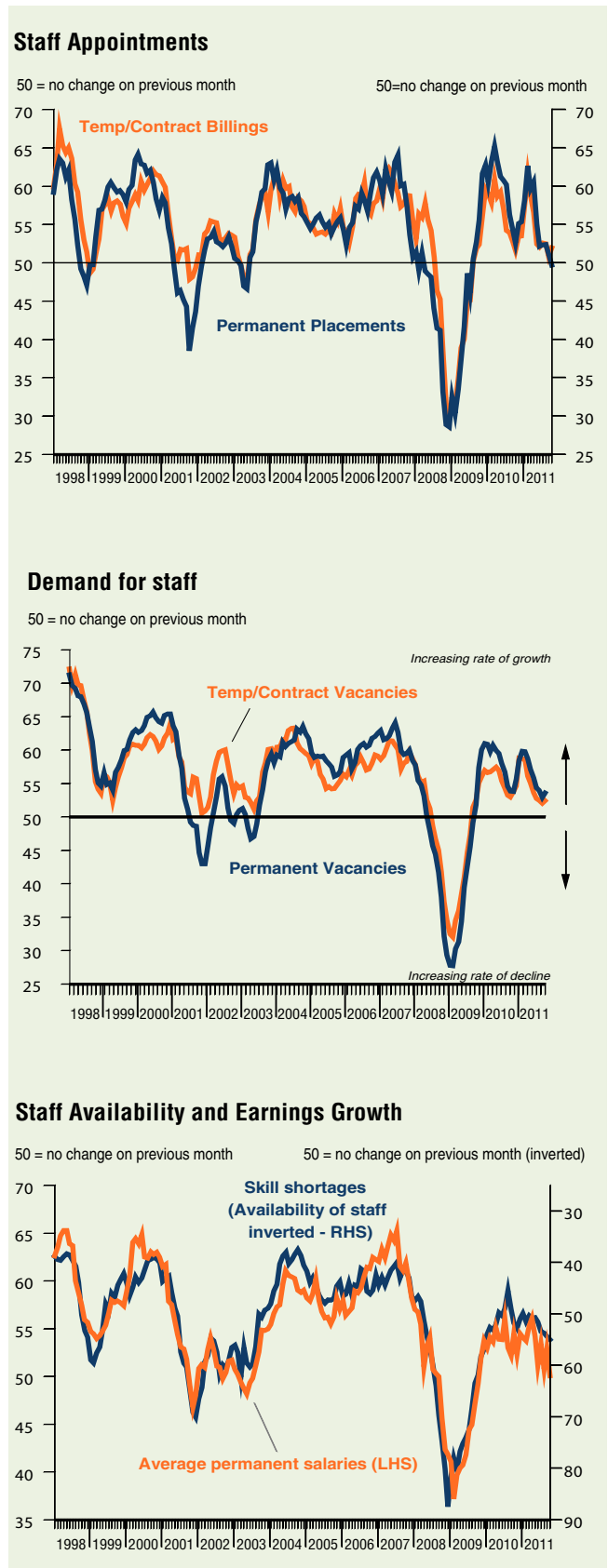
In contrast to the trend seen for permanent placements, a further modest increase in temporary/contract staff billings was recorded during October. The pace of growth quickened since the previous month, although it remained subdued compared with the long-run average for the series.

## Permanent salaries stagnate

Starting salaries awarded to successful permanent candidates remained broadly unchanged in October. Panel members indicated that higher levels of staff availability had suppressed pay pressures. Meanwhile, an increase in the national minimum wage was reported to have contributed to solid growth of temporary/contract staff pay.

## Stronger improvement in candidate availability

The availability of staff to fill job vacancies was reported to have risen further in October. Permanent candidate availability increased at the sharpest rate since December 2009, while the latest improvement in temporary/contract staff availability was the strongest in 23 months.



# 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.

October data signalled divergent trends in permanent and temporary/contract staff appointments, with the former decreasing slightly but the latter rising at a faster pace.

## Permanent placements fall for first time in 27 months...

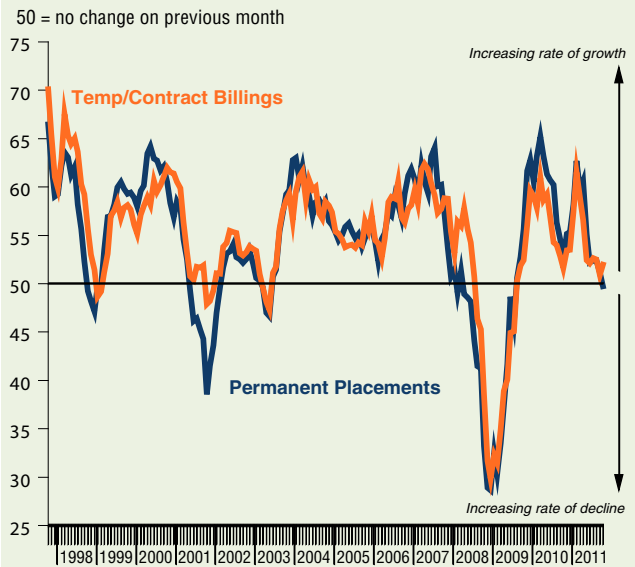
The number of people placed in permanent jobs by recruitment consultancies fell during October for the first time since July 2009. However, the rate of decline was only marginal. There were a number of reports from panellists of clients placing recruitment decisions on hold amid the current economic uncertainty.

## ...but growth of temp billings quickens slightly

Agencies' billings from temporary/contract staff employment continued to rise in October, in line with the trend seen since August 2009. Although still modest, the rate of growth picked up slightly from that recorded in September. Growth of temp billings was generally attributed by panellists to higher client demand for short-term workers.

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>2011</b>	May	39.3	31.8	28.9	10.4	55.2	<b>55.1</b>
	Jun	33.9	39.7	26.4	7.5	53.7	<b>52.2</b>
	Jul	36.5	33.9	29.6	6.9	53.5	<b>52.4</b>
	Aug	31.5	36.6	31.9	-0.5	49.8	<b>52.4</b>
	Sep	38.1	32.7	29.2	8.9	54.4	<b>51.2</b>
	Oct	30.3	35.1	34.6	-4.3	47.9	<b>49.7</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>2011</b>	May	30.4	39.6	30.0	0.4	50.2	<b>52.4</b>
	Jun	32.6	46.3	21.1	11.4	55.7	<b>52.1</b>
	Jul	33.8	44.0	22.2	11.6	55.8	<b>52.6</b>
	Aug	32.5	37.3	30.2	2.3	51.2	<b>52.5</b>
	Sep	32.0	42.8	25.2	6.8	53.4	<b>50.9</b>
	Oct	33.4	40.5	26.0	7.4	53.7	<b>52.0</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.

## Solid increase in demand for staff

Job vacancies increased for a twenty-fifth successive month in October. The Report on Jobs Vacancies Index registered 53.5, up from 52.9 in September, to signal a solid rate of expansion.

## Permanent staff vacancies

Growth of demand for permanent staff quickened in October, although it remained below the survey's long-run average. The Permanent Staff Vacancy Index posted 53.6, up from 52.9 in September.

## Temp/contract vacancies

The number of vacancies available for candidates seeking short-term employment continued to increase during October. At 52.5, up from 52.1 in September, the Temporary Staff Vacancy Index signalled a modest rate of expansion.

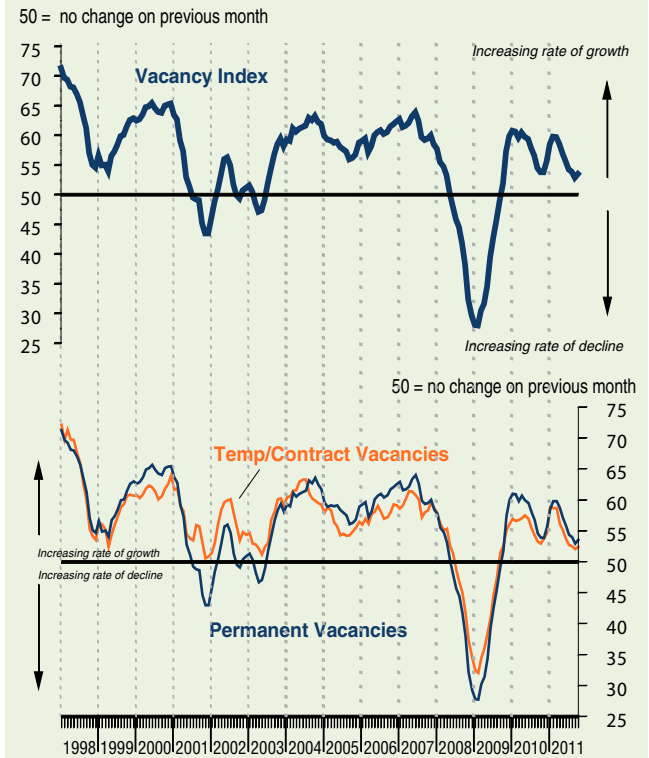
## Other vacancy indicators

Data from the Office for National Statistics signalled that job vacancies rose 1.1% on an annual basis in the three months to September. That was the first growth since April.

Latest available data signalled that internet-based recruitment spending fell -6.3% in the second quarter of 2011. That followed a 0.7% rise in Q1.

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

	Jun'11	Jul	Aug	Sep	Oct
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	55.7	54.3	53.9	52.9	53.5
Permanent Staff	55.9	54.4	54.0	52.9	53.6
Temporary Staff	53.7	52.8	52.5	52.1	52.5

### Other key vacancy data

Annual % change					
Job centre vacancies	-4.8	-4.6	-0.6	1.1	n/a
Internet recruitment	--	-6.3	--	--	--

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

Growth of demand was recorded for seven of the eight categories of permanent staff monitored by the survey in October. The strongest rate of expansion was signalled for IT & Computing workers, followed by Executive/Professional. The only sector where a decline in demand was signalled was Nursing/Medical/Care.

	This year		(Last year)	
	Rank	Oct'11	Rank	Oct'10
IT & Computing	1	57.2	(2)	(55.9)
Executive/Professional	2	56.4	(1)	(57.3)
Engineer'g/Construction	3	54.6	(3)	(55.8)
Secretarial/Clerical	4	52.8	(8)	(51.9)
Hotel & Catering	5	52.3	(5)	(53.5)
Accounting/Financial	6	51.6	(4)	(55.0)
Blue Collar	7	50.3	(7)	(52.2)
Nursing/Medical/Care	8	48.6	(6)	(52.9)

## Temporary/contract staff

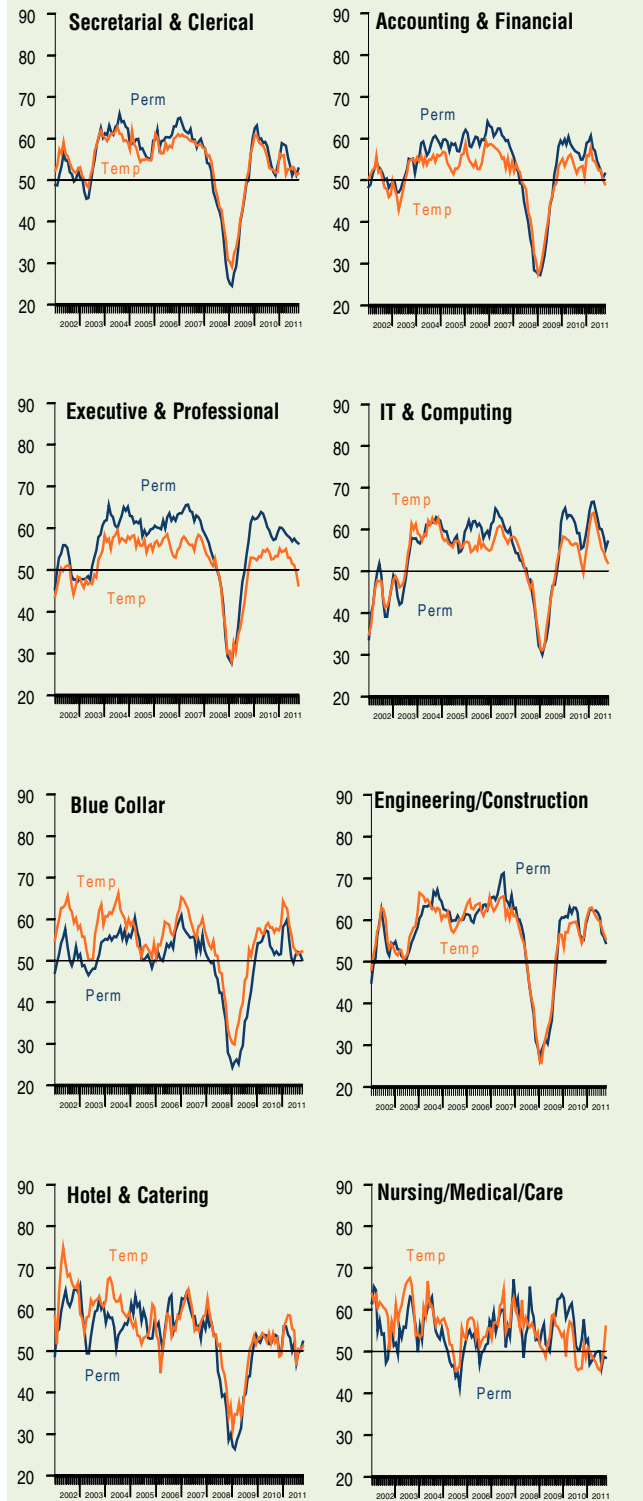
Higher levels of demand were signalled for six of the eight temporary/contract staff sectors in October. Nursing/Medical/Care workers saw the strongest expansion in demand for their services. Engineering/Construction staff also registered a robust increase. Lower vacancy levels were signalled for Executive/Professional and Accounting/Financial workers.

	This year		(Last year)	
	Rank	Oct'11	Rank	Oct'10
Nursing/Medical/Care	1	56.0	(8)	(46.0)
Engineer'g/Construction	2	55.5	(2)	(54.5)
Blue Collar	3	52.3	(1)	(57.7)
IT & Computing	4	52.1	(7)	(49.6)
Secretarial/Clerical	5	51.6	(6)	(52.5)
Hotel & Catering	6	51.2	(4)	(53.0)
Accounting/Financial	7	49.1	(3)	(53.3)
Executive/Professional	8	46.4	(5)	(52.7)

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 improves at stronger rate

Recruitment consultants reported that the availability of both permanent and temporary staff continued to rise during October, and at faster rates.

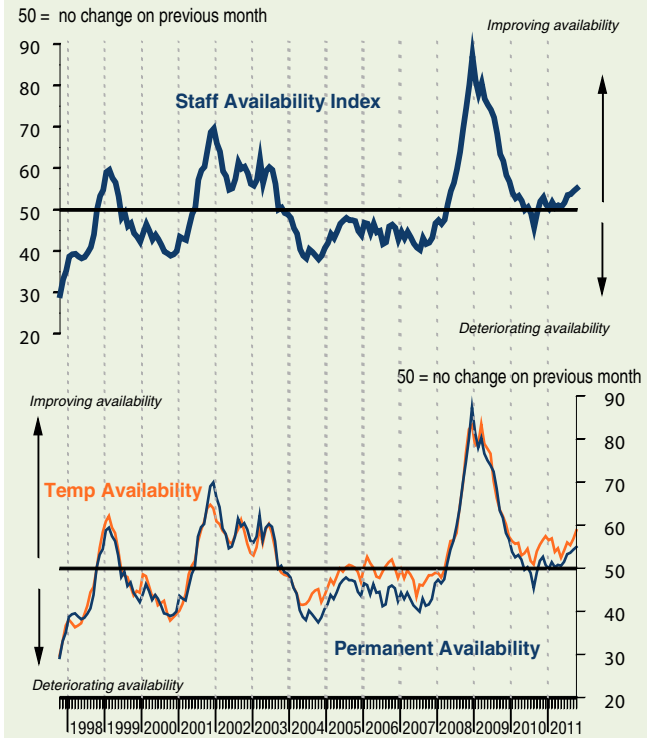
### Availability of permanent staff

The availability of candidates to fill permanent job vacancies improved for a ninth consecutive month in October. Moreover, the latest increase was the sharpest since December 2009. Around 27% of survey respondents indicated a rise in permanent staff availability, versus 17% that noted a decline.

### Availability of temp/contract staff

Growth of short-term candidate availability accelerated further in October, reaching a 23-month high. Increased levels of temporary/contract staff availability have been recorded in every month since April 2008.

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
<b>2011</b>	May	18.4	61.8	19.7	-1.3	49.4	<b>50.6</b>
	Jun	18.0	61.7	20.4	-2.4	48.8	<b>51.5</b>
	Jul	21.9	60.2	17.9	4.0	52.0	<b>53.4</b>
	Aug	20.7	59.4	19.9	0.9	50.4	<b>53.7</b>
	Sep	23.6	58.2	18.1	5.5	52.8	<b>54.3</b>
	Oct	26.7	56.5	16.8	10.0	55.0	<b>55.0</b>

### 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
<b>2011</b>	May	21.8	57.0	21.2	0.6	50.3	<b>52.5</b>
	Jun	25.5	59.9	14.6	10.9	55.5	<b>54.2</b>
	Jul	26.8	58.1	15.1	11.6	55.8	<b>56.0</b>
	Aug	21.0	61.3	17.7	3.2	51.6	<b>55.4</b>
	Sep	25.1	60.5	14.4	10.7	55.4	<b>56.9</b>
	Oct	32.1	55.6	12.3	19.8	59.9	<b>58.9</b>

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

- Accountancy/Financial:** Accounts.
- Blue Collar:** Drivers.
- Engineering/Construction:** Engineers.
- Executive/Professional:** HR.
- IT/Computing:** Java developers.
- Hotel/Catering:** Chefs.
- Other:** Sales.

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

- Blue Collar:** Drivers, Skilled trades.
- Engineering/Construction:** Engineers.
- IT/Computing:** Java developers, Business analysts.
- Hotel/Catering:** Chefs.
- Nursing/Medical/Care:** Care workers.
- Secretarial/Clerical:** PAs, Receptionists.

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

# 6 Pay pressures

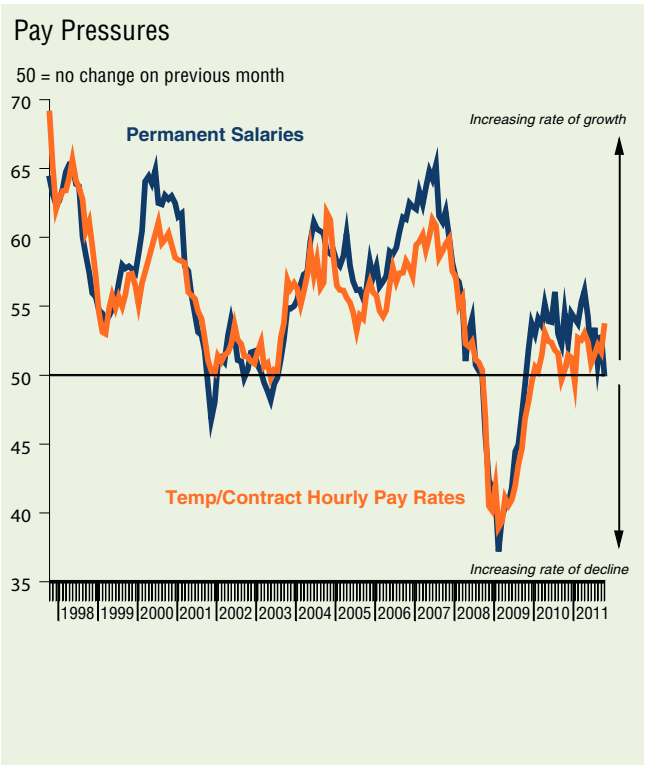
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

## Permanent salaries

Average permanent staff salaries remained broadly unchanged in October. Those panellists that noted a rise in salaries commonly cited higher numbers of senior-level placements being made. However, pay pressures were generally kept in check by rising candidate availability.

## Temp/contract pay rates

Hourly pay rates for staff in short-term employment increased further in October, extending the current period of growth to nine months. The latest increase was the sharpest since March 2008, although it remained weaker than the long-run average for the series. There were a number of reports linking higher temp pay to the recent uplift in the national minimum wage.

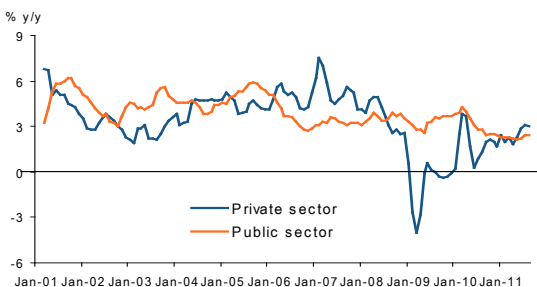


### UK average weekly earnings

Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) eased slightly from 2.9% to 2.8% in the three months to August. Pay growth weakened in services and manufacturing, but picked up to a 16-month high in construction.

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

	2008	2009	2010	May'11	Jun	Jul	Aug
<b>Whole economy</b>	3.8	0.0	2.3	2.3	2.7	2.9	2.8
<b>Private sector</b>	3.7	-0.8	2.0	2.3	2.9	3.1	3.0
<b>Public sector</b>	3.6	3.3	3.0	2.1	2.2	2.4	2.4
<b>Services</b>	3.8	0.0	2.3	2.8	3.1	3.3	3.1
<b>Manufacturing</b>	3.2	1.2	4.2	1.0	1.7	1.7	1.5
<b>Construction</b>	2.7	0.5	0.0	-0.7	0.7	1.6	2.2



### 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>2011 Apr</b>	18.3	76.0	5.7	12.6	56.3	<b>56.1</b>
May	13.6	82.4	4.0	9.6	54.8	<b>54.2</b>
Jun	10.7	82.6	6.7	4.0	52.0	<b>51.2</b>
Jul	11.7	83.4	4.9	6.7	53.4	<b>53.4</b>
Aug	9.6	82.0	8.4	1.2	50.6	<b>50.8</b>
Sep	13.7	80.5	5.8	7.9	53.9	<b>52.9</b>
Oct	8.8	81.9	9.3	-0.5	49.8	<b>50.1</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>2011 Apr</b>	12.7	80.2	7.1	5.6	52.8	<b>53.0</b>
May	11.9	82.3	5.8	6.0	53.0	<b>52.4</b>
Jun	8.1	84.4	7.5	0.7	50.3	<b>50.8</b>
Jul	10.9	80.5	8.6	2.3	51.2	<b>51.5</b>
Aug	10.0	83.1	7.0	3.0	51.5	<b>52.2</b>
Sep	6.9	87.5	5.6	1.3	50.6	<b>51.7</b>
Oct	21.1	73.0	5.9	15.2	57.6	<b>53.6</b>

# 7 Feature | full-time & part-time jobs

## Record drop in part-time jobs but self-employment on the rise

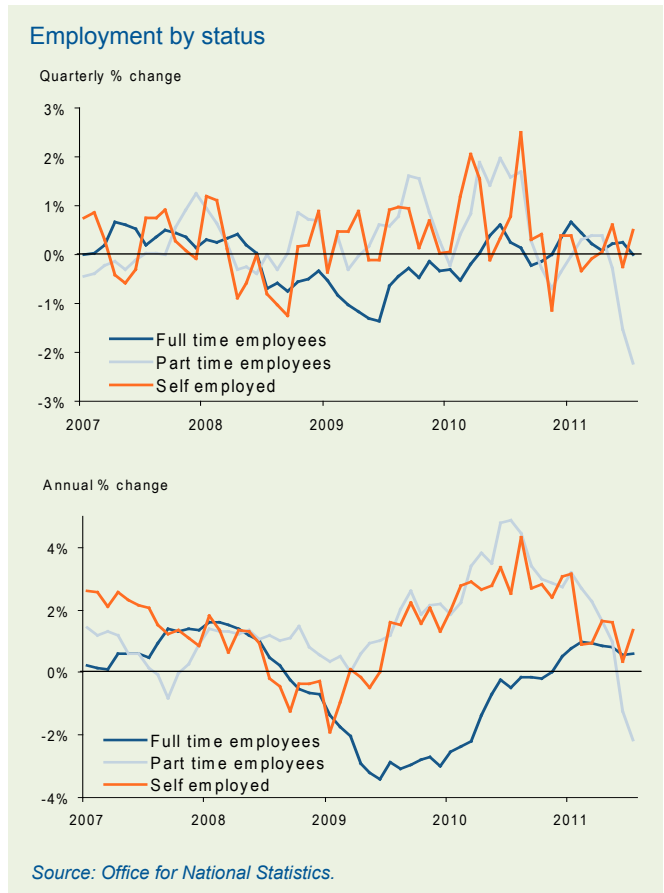
Latest official data highlighted some notable shifts in the composition of UK employment over the summer. In particular, part-time employment showed a steep fall, while a greater number of people became self-employed.

Overall employment declined by 178,000 in the three months to August, the biggest fall for over two years. However, the number of self-employed people and unpaid family workers increased by 21,000 and 13,000 respectively. Growth in these categories cushioned falls in both the number of employees (-193,000) and those in government-supported training (-18,000).

Meanwhile, the total number of people working full-time fell by just 2,000 in the three months to August. However, this masked a 58,000 drop in the number of full-time employees, which was almost offset by a 56,000 rise in the number of people working for themselves on a full-time basis.

Part-time employment decreased by 175,000 over the same period. This was the biggest drop since comparable data were first available in 1992 yet, at 7.78 million, the level remains close to the historical peak of 7.97 million seen in September 2010.

The proportion of people working part-time because they were unable to find a full-time job was at a near-record high of 16.6% in the three months to August.



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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.



Markit is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index® (PMI®) series, which is now available for 32 countries and key regions including the Eurozone. For more information e-mail [economic@markit.com](mailto:economic@markit.com) or call +44 1491 461000.

## 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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