

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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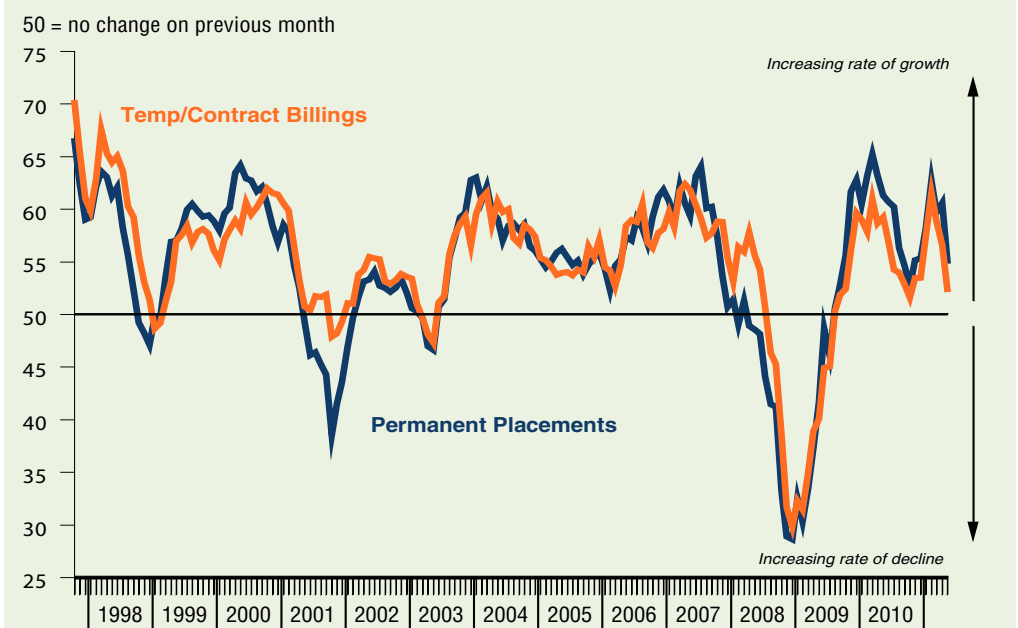
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Slowest growth of permanent and temporary staff appointments in seven months.

Staff Appointments via Recruitment Consultancies



Key points from May survey:

- Weaker increases in both permanent placements and temp billings.
- Growth of overall job vacancies eased to five-month low.
- Slowest rise in permanent staff salaries for three months.
- Temp staff hourly pay rose at weaker rate.
- Candidate availability improved slightly.

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

“The latest figures are worrying – because they reveal a marked slowdown of the UK jobs market. We’ll need to see whether this is a trend or a blip. Employers across all sectors are becoming more cautious about hiring new staff.

“With businesses and consumers now being hit by higher taxes and fuel costs, public spending cuts and a continuing squeeze on real incomes – this is perhaps no surprise. The hope now is that growth in the UK will pick up later this year, led by a private sector recovery absorbing job losses in the public sector.”

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 May are:

Weaker rises in permanent and temporary staff appointments...

Latest data signalled an easing in growth of staff appointments during May. Permanent placements and temp billings both rose at the weakest rates in seven months.

...as demand for staff increased at slower rate

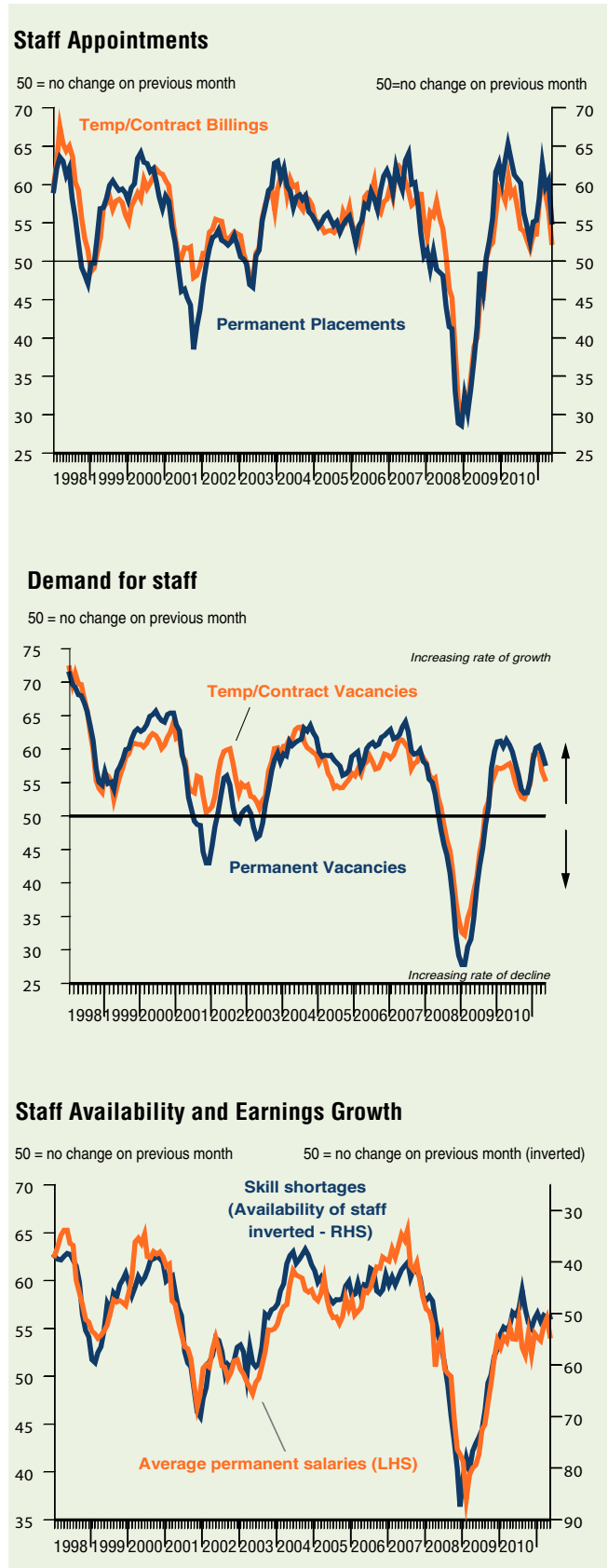
Growth of job vacancies moderated to a five-month low in May. Weaker rates of expansion were recorded for both permanent and temporary positions.

Pay growth eased

Although permanent staff salaries continued to rise in May, the rate of inflation eased to a three-month low. Temporary staff pay increased at the weakest rate in the current four-month sequence of growth.

Candidate availability rose slightly

Recruitment consultants signalled a modest improvement in the availability of staff to fill job vacancies during May. However, the rates of growth of both permanent and temporary candidate availability eased since the previous month.



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.

Recruitment consultants signalled weaker rises in both permanent staff placements and temporary/contact staff billings during May.

Growth of permanent placements eased to seven-month low...

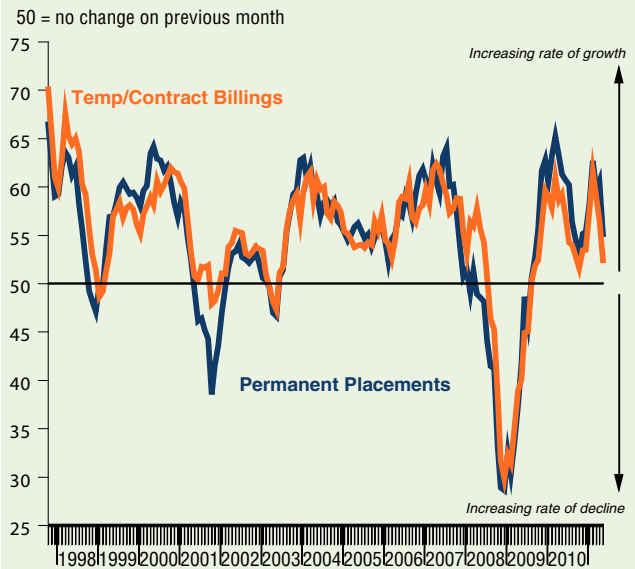
The number of people placed in permanent jobs increased for a twenty-second consecutive month in May. Those panellists that signalled growth cited higher demand for staff and increased client activity levels. Although still solid, the rate of expansion of placements slowed to the weakest since October 2010. There were reports from the survey panel that uncertainty over the state of the economy had constrained permanent staff placements. In some cases, slower placements growth was linked by panellists to delays in the recruitment process following the unusually high number of public holidays in late April (panellists are asked to compare mid-month to mid-month so the latest survey period covers mid-April to mid-May).

...while temp billings also rose at weaker rate

The pace of expansion of temporary/contract staff billings eased further during May. The latest increase was only modest and the least marked in seven months. Survey respondents attributed the weaker rise in temp billings to slower growth of demand for short-term staff.

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
2010 Dec	27.9	33.6	38.6	-10.7	44.7	55.4
2011 Jan	43.4	33.5	23.1	20.3	60.1	58.2
Feb	42.4	35.0	22.7	19.7	59.9	62.7
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

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
2010 Dec	29.8	42.8	27.4	2.4	51.2	53.5
2011 Jan	24.4	33.6	42.0	-17.6	41.2	57.4
Feb	40.8	42.7	16.5	24.3	62.1	61.5
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

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 pace in five months

May data signalled a weaker rise in overall demand for staff. The Report on Jobs Vacancies Index recorded 57.7, down from 59.3 in April, its lowest level in five months.

Permanent staff vacancies

Growth of demand for permanent staff eased in May to the slowest since December 2010. The Permanent Staff Vacancies Index registered 57.9, down from 59.5.

Temp/contract vacancies

The Temporary Staff Vacancy Index dipped to 55.5 in May from 56.8 in April. That signalled the least marked rise in demand for short-term staff in five months.

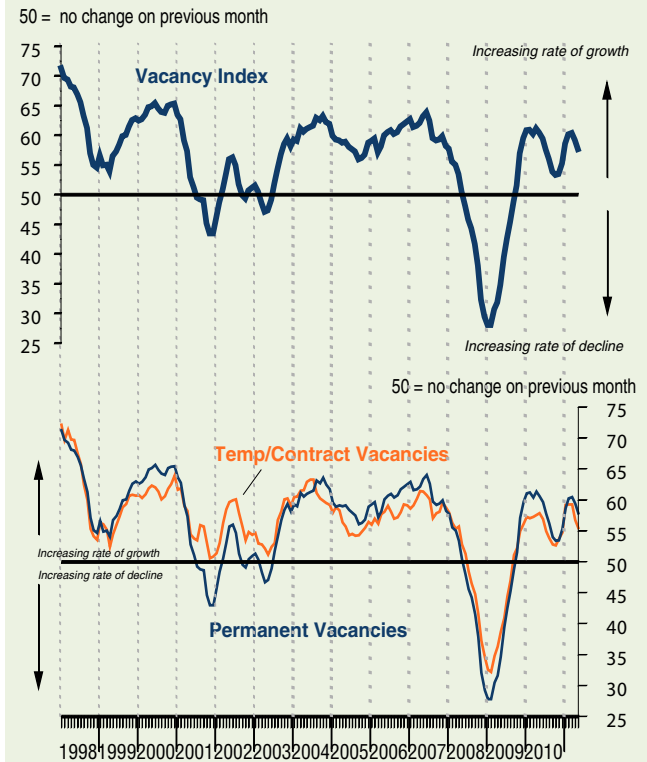
Other vacancy indicators

Data from the Office for National Statistics signalled a further easing in the annual rate of vacancy growth in April. The number of job vacancies was just 0.9% higher than one year previously, compared with 3.4% in March.

Latest available data signalled that internet-based recruitment spending fell -2.8% on an annual basis during Q4 2010 after adjusting for inflation. That was the first decline since Q1 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

	Jan'11	Feb	Mar	Apr	May
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	58.7	60.2	60.4	59.3	57.7
Permanent Staff	58.6	60.2	60.5	59.5	57.9
Temporary Staff	59.2	59.3	59.3	56.8	55.5

Other key vacancy data

Annual % change					
Job centre vacancies	6.6	5.5	3.4	0.9	n/a
Internet recruitment	-2.8	--	--	--	--

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

Increased demand was signalled for seven of the eight categories of permanent staff monitored by the survey during May. The strongest growth was indicated for IT & Computing workers, closely followed by Engineering & Construction staff. Nursing/Medical/Care employees saw a marginal fall in demand for their services.

	This year		(Last year)	
	Rank	May'11	Rank	May'10
IT & Computing	1	63.8	(2)	(63.6)
Engineer'g/Construction	2	63.0	(3)	(62.3)
Executive/Professional	3	58.8	(1)	(64.0)
Accounting/Financial	4	57.6	(6)	(59.3)
Secretarial/Clerical	5	56.5	(5)	(60.0)
Blue Collar	6	51.0	(7)	(57.6)
Hotel & Catering	7	50.3	(8)	(53.8)
Nursing/Medical/Care	8	49.6	(4)	(61.3)

Temporary/contract staff

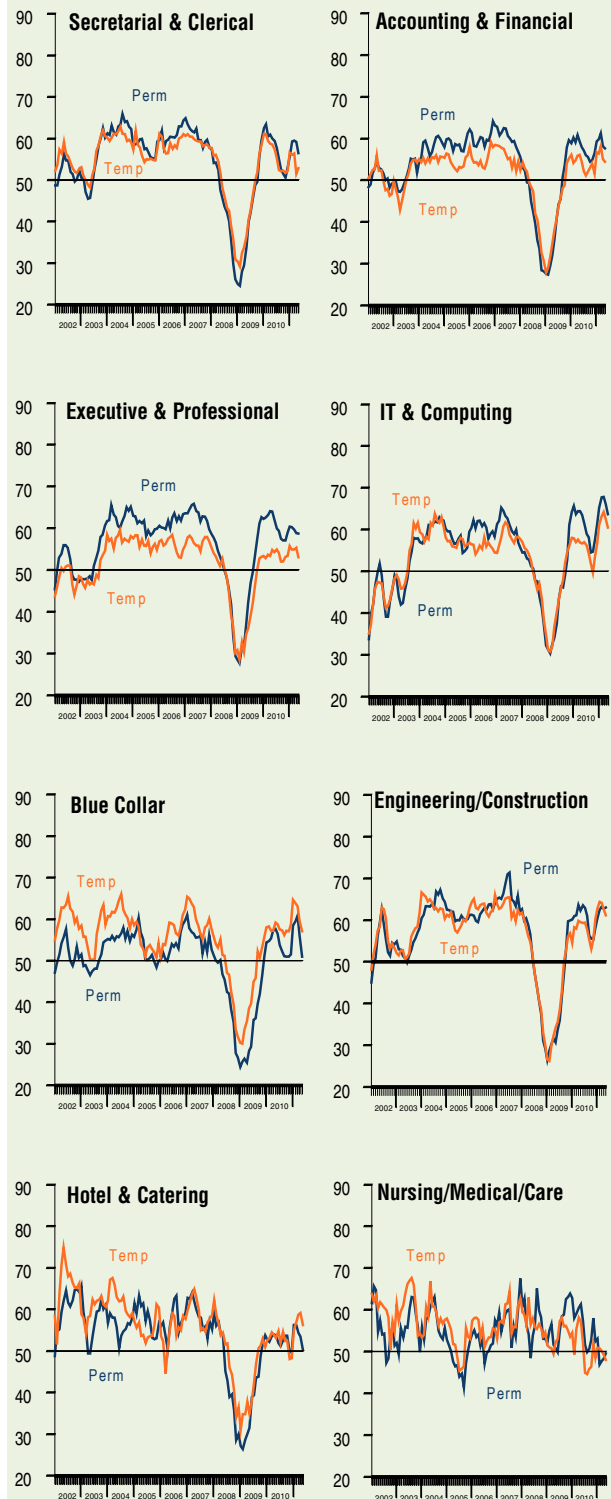
Growth of demand was recorded for seven of the eight types of temporary/contract staff in May, led by Engineering & Construction. IT & Computing employees were the next most sought-after. Nursing/Medical/Care was the only category where a reduction in demand was registered.

	This year		(Last year)	
	Rank	May'11	Rank	May'10
Engineer'g/Construction	1	61.2	(1)	(59.6)
IT & Computing	2	60.5	(5)	(56.8)
Blue Collar	3	57.1	(2)	(59.2)
Hotel & Catering	4	56.3	(8)	(53.2)
Accounting/Financial	5	54.5	(6)	(56.1)
Executive/Professional	6	53.1	(7)	(54.8)
Secretarial/Clerical	7	52.9	(3)	(58.6)
Nursing/Medical/Care	8	48.0	(4)	(57.3)

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.

Weaker rise in candidate availability

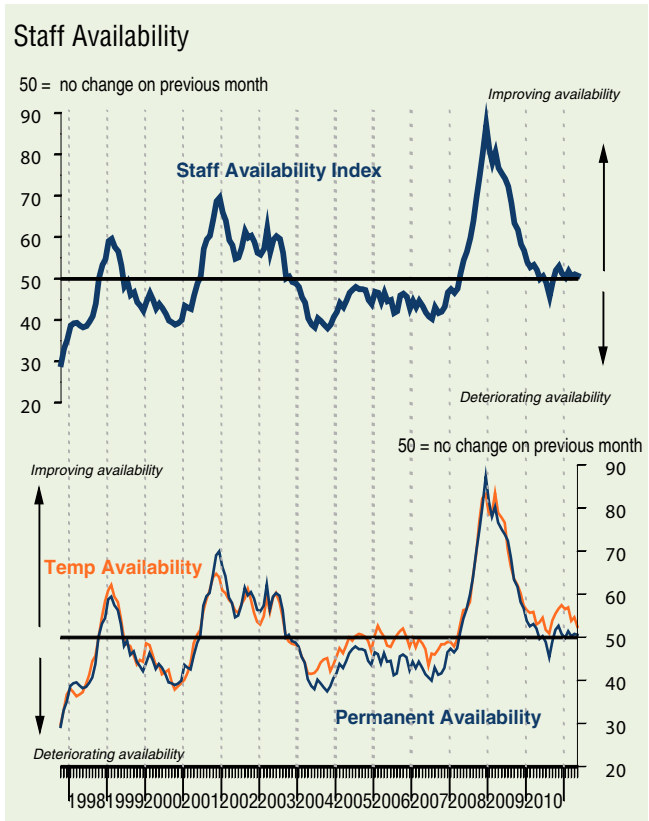
Although the availability of candidates to fill permanent and temporary jobs improved further in May, in both cases the pace of growth eased since the previous month.

Availability of permanent staff

Recruitment consultants signalled a rise in the availability of permanent staff for the fourth month running in May. However, the rate of improvement was only marginal and slightly weaker than in April.

Availability of temp/contract staff

Growth of temporary/contract staff availability eased to a nine-month low in May. The latest rate of increase was similar to the long-run series average.



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
2010 Dec	14.7	63.6	21.7	-7.0	46.5	50.8
2011 Jan	34.8	51.1	14.1	20.6	60.3	49.9
Feb	28.6	54.2	17.1	11.5	55.8	51.5
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

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
2010 Dec	22.7	64.3	13.0	9.7	54.9	57.5
2011 Jan	34.3	55.3	10.4	23.8	61.9	56.6
Feb	30.5	59.0	10.4	20.1	60.0	57.0
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

Key permanent staff skills reported in short supply:*

- Accountancy/Financial:** Accountants, Insurance, Credit controllers.
- Blue Collar:** Machinists.
- Engineering/Construction:** Engineers, Estimators.
- Hotel/Catering:** Chefs.
- IT/Computing:** IT sales.
- Nursing/Medical/Care:** Care workers, Radiographers, Medical sales.
- Secretarial/Clerical:** Executive assistants, HR.
- Other:** Telesales.

Key temp skills reported in short supply:*

- Accountancy/Financial:** Accountants.
- Engineering/Construction:** Engineers, Rail safety.
- Hotel/Catering:** Chefs.
- Blue Collar:** Drivers, Welders.
- Nursing/Medical/Care:** Healthcare workers, Doctors.
- Secretarial/Clerical:** Secretaries, HR.

*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 starting salaries for people placed in permanent jobs increased for a nineteenth successive month in May. However, the rate of pay inflation eased to the slowest since February. Anecdotal evidence suggested that employers retained bargaining power in an uncertain market.

Temp/contract pay rates

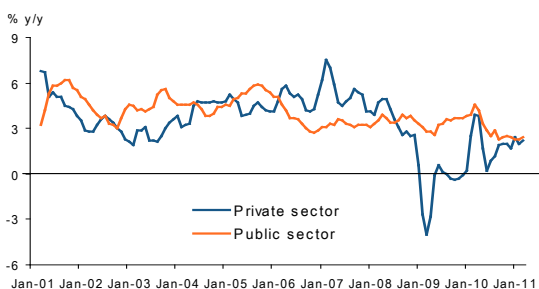
Hourly pay rates for staff in temporary/contract employment rose for the fourth month running in May. However, the rate of growth eased to a modest pace that was the weakest in that sequence. Panellists commented that subdued temp pay inflation was linked to tighter client budgets.

UK average weekly earnings

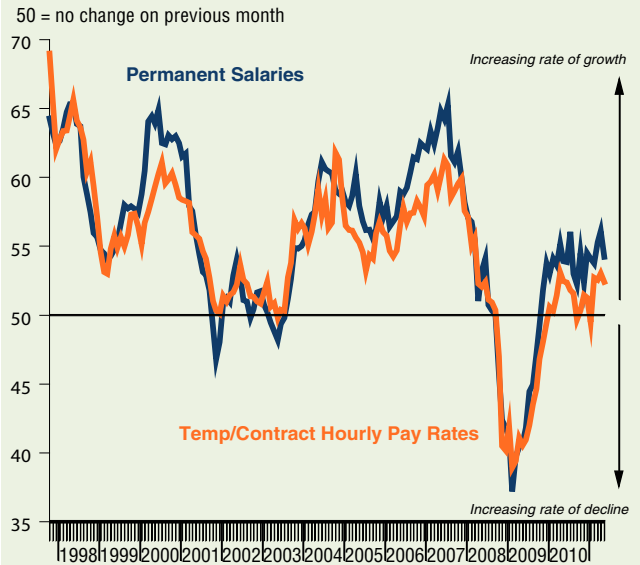
Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) quickened from 2.1% to 2.3% in the three months to March. Earnings growth accelerated in both the private and public sectors, reaching 2.2% and 2.4% respectively. The service sector saw a stronger rise in earnings, but manufacturing pay growth was the weakest since September 2009. A marginal decline in earnings was recorded in the construction sector.

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

	2008	2009	2010	Dec'10	Jan'11	Feb	Mar
Whole economy	3.8	0.0	2.2	1.8	2.4	2.1	2.3
Private sector	3.7	-0.8	2.0	1.7	2.4	2.0	2.2
Public sector	3.6	3.3	3.0	2.4	2.3	2.3	2.4
Services	3.8	0.0	2.3	2.2	2.8	2.4	2.7
Manufacturing	3.2	1.2	4.2	2.7	2.1	1.2	1.0
Construction	2.7	0.5	0.0	-3.0	-2.5	-1.3	-0.9



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
2010 Nov	11.9	81.1	7.0	4.9	52.4	52.3
Dec	10.9	84.2	4.9	6.1	53.0	54.5
2011 Jan	11.6	81.8	6.6	5.0	52.5	54.1
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

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
2010 Nov	10.0	85.5	4.5	5.4	52.7	51.5
Dec	7.3	85.6	7.1	0.1	50.1	51.3
2011 Jan	7.1	84.5	8.4	-1.4	49.3	49.5
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

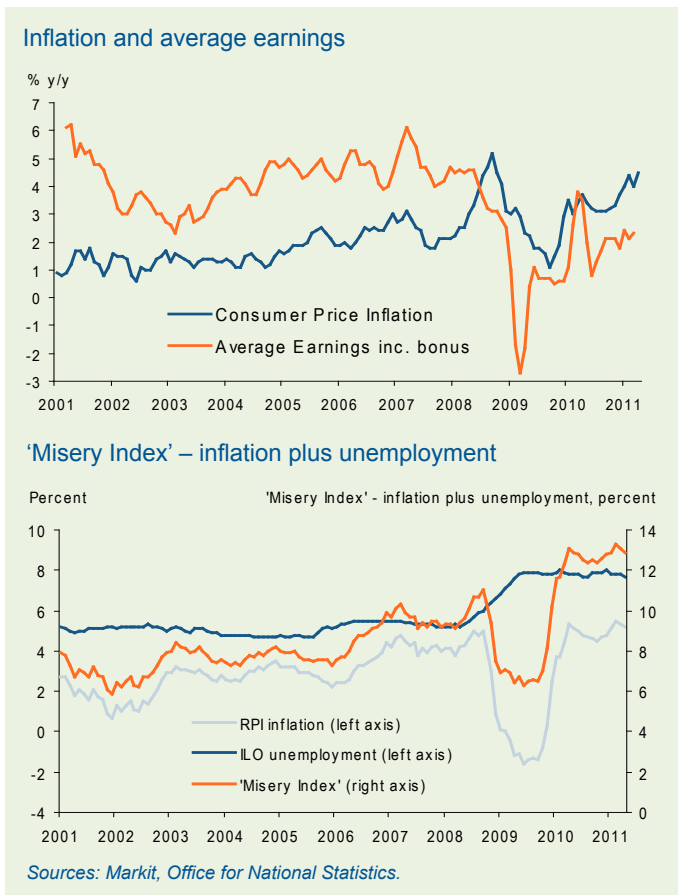
7 Feature | pay growth

Earnings growth remains well below rate of inflation

Latest data from the Office for National Statistics (ONS) signalled that pay growth remained historically weak in April. This reflects widespread job insecurity amid an uncertain economic outlook. The underlying annual rate of pay growth (excluding bonuses) fell from 2.2% to just 2.1%, while headline pay growth was just 2.3%. That was up from 2.1% in March, but still subdued by historical standards.

On the one hand, low pay growth should help keep the current high rate of inflation from becoming entrenched, allowing the Bank of England greater scope for holding down interest rates. On the other hand, with consumer price inflation running at 4.5%, this implies a considerable squeeze on real pay, which is likely to further stifle consumer spending and consequently economic growth.

This weakness of the household sector may well be a feature of the economy for some time to come. The so-called Misery Index – which combines the rate of inflation and unemployment – remains uncomfortably close to the 20-year high seen in February.



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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 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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