

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.

- 1 Executive summary
- 2 Appointments
- 3 Vacancies
- 4 Sectoral demand
- 5 Staff availability
- 6 Pay pressures
- 7 Special feature



Markit Economics

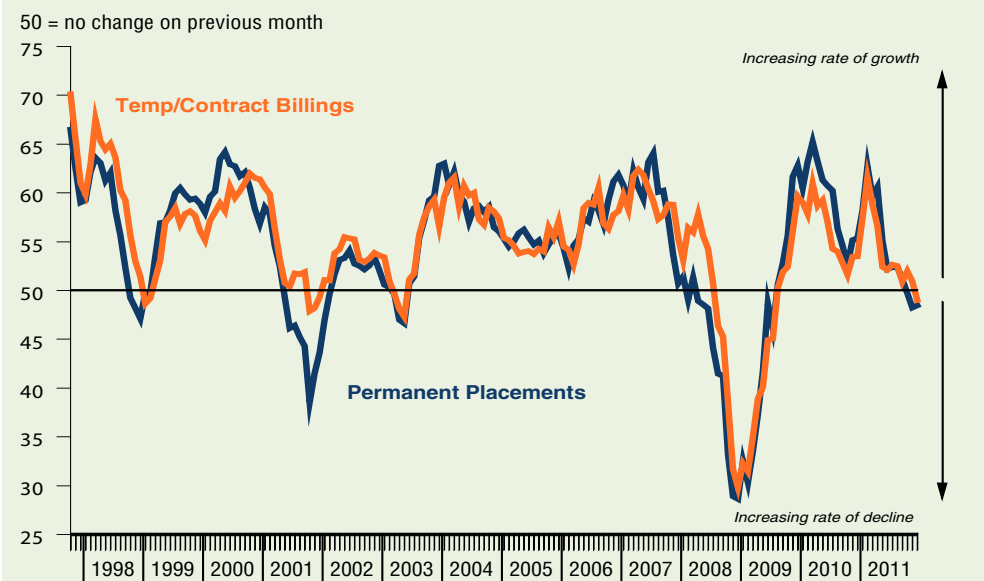
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## Permanent placements fall for third month running in December

Staff Appointments via Recruitment Consultancies



Key points from December survey:

- Modest decline in permanent staff appointments
- Temp billings decrease for first time since July 2009
- Permanent salaries broadly flat; temp pay down slightly
- Growth of candidate availability accelerates

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

“It is a huge concern to see temporary placements falling in tandem with permanent employment opportunities, making it difficult to be optimistic about the employment market in 2012. The decline in temporary roles, seen for the first time in almost two-and-a-half years, is a clear indication that businesses are too nervous to even make short-term commitments, given the continued uncertainty across the Euro Zone and so much talk of a tough year ahead.

“With fewer jobs available, employers could be forgiven for thinking they have the pick of the market, but sadly the reality is far different. The latest data suggests that, in the key industries of engineering, construction and IT, attempts to fill the gaps that do exist remain unsuccessful. It seems that employers are refusing to offer jobs just to ensure vacancies are filled, meaning that long-term unemployment trends look set to continue.”

# 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 December are:

## Further reduction in permanent placements...

Recruitment consultants signalled a drop in the number of people placed in permanent jobs for the third successive month in December. The rate of contraction was at a similar modest pace to that seen in November.

## ...while temp billings also down

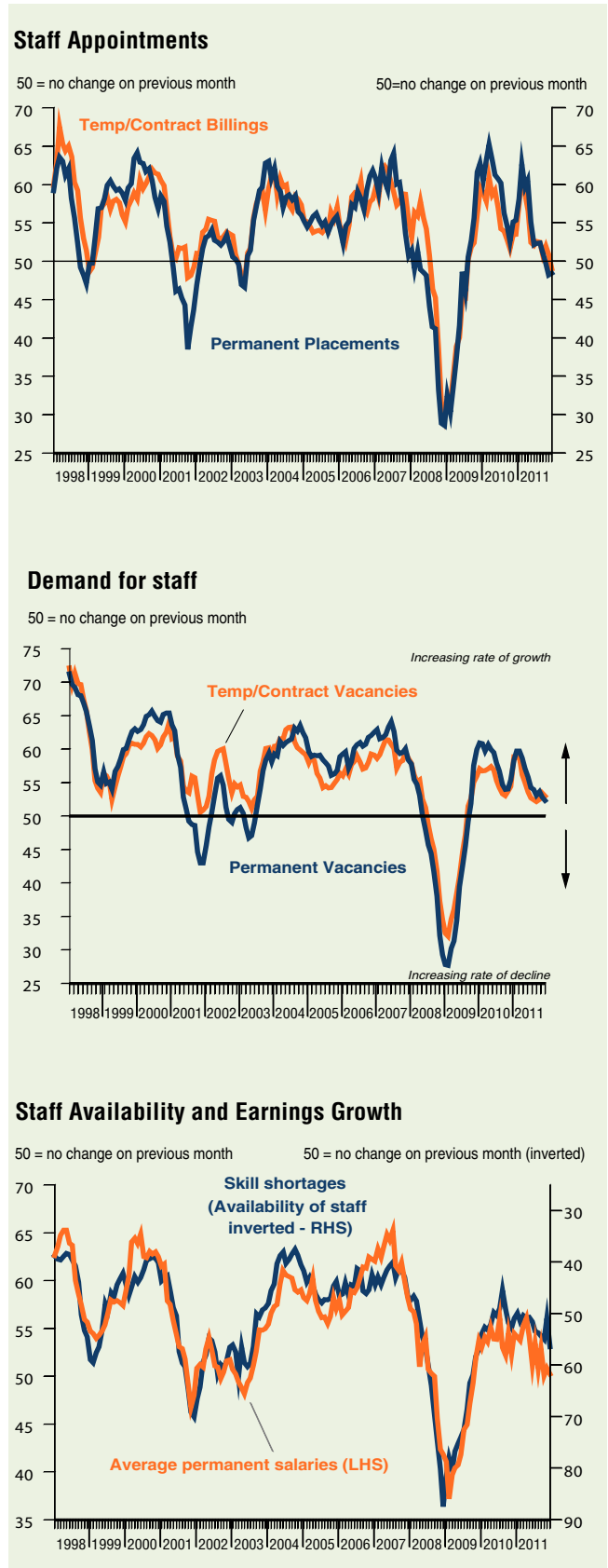
Agencies' billings from the employment of temporary/contract staff declined in December. Although marginal, it was the first reduction in almost two-and-a-half years.

## Permanent salaries little-changed

Permanent staff salaries remained broadly stable in December, rising only fractionally on the month. Temporary/contract staff hourly pay rates fell slightly for the first time since January.

## Staff availability increases at stronger rate

Growth of candidate availability accelerated markedly in December. The latest increase in permanent staff availability was the sharpest in two years, while temp availability improved at the fastest rate since October 2009.



# 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.

December data pointed to a reduction in the number of people placed in jobs by recruitment consultancies. Both permanent and temporary staff appointments declined, albeit at modest rates.

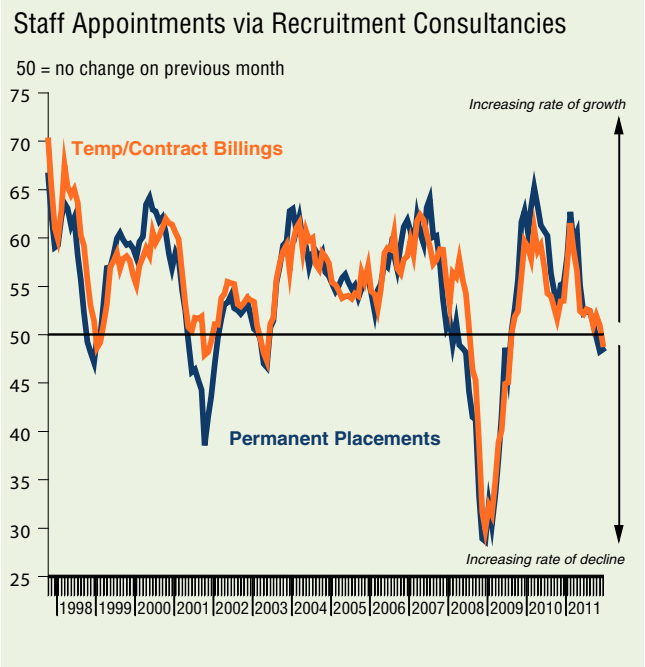
## Permanent placements continue to fall...

The number of people placed in permanent jobs by recruitment consultancies decreased for the third month running during December. The latest drop was modest and marginally slower than in November. Panel members commented that clients were adopting a cautious approach to hiring amid an uncertain economic climate, which had resulted in slow decision making in a number of cases.

## ...while temp billings also decline

Short-term staff appointments fell slightly in December. It was the first reduction in temp billings for 29 months. There were reports from survey respondents of clients cutting costs and therefore reducing their usage of temps.

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.



### 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>	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>
	Nov	31.3	31.2	37.5	-6.2	46.9	<b>48.2</b>
	Dec	24.5	30.2	45.4	-20.9	39.6	<b>48.5</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>	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>
	Nov	25.6	47.1	27.2	-1.6	49.2	<b>50.9</b>
	Dec	23.2	46.3	30.5	-7.2	46.4	<b>49.0</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.

## Weaker rise in demand for staff

Although recruitment consultants reported a further increase in job vacancies during December, the rate of growth eased further. The Report on Jobs Vacancies Index slipped from 52.9 to 52.4, its lowest level since October 2009.

## Permanent staff vacancies

The Permanent Staff Vacancy Index dropped to a 26-month low in December, registering 52.4, down from 52.9 in November.

## Temp/contract vacancies

Growth of demand for short-term staff eased slightly in December, as signalled by the Temporary Staff Vacancy Index dropping from 53.4 to 53.0.

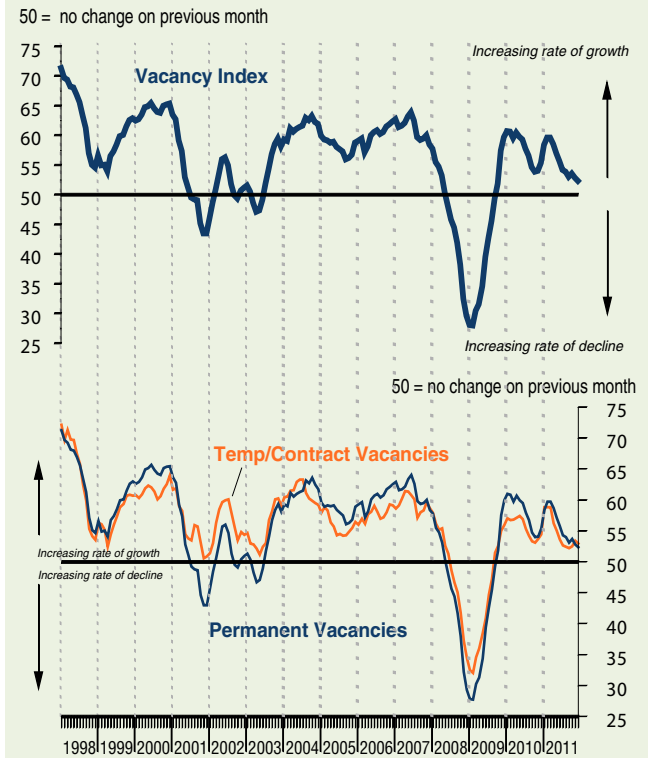
## Other vacancy indicators

Data from the Office for National Statistics showed that job vacancies fell -2.8% on an annual basis in the three months to November. That was the first decline since the three months to August.

Latest available data signalled that internet-based recruitment spending rose by 1.4% in the third quarter of 2011. That followed a -6.3% decline in the second quarter.

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

	Aug'11	Sep	Oct	Nov	Dec
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	53.9	53.1	53.6	52.9	52.4
Permanent Staff	54.0	53.1	53.7	52.9	52.4
Temporary Staff	52.5	52.2	52.5	53.4	53.0

### Other key vacancy data

Annual % change					
Job centre vacancies	-0.4	1.5	1.3	-2.8	n/a
Internet recruitment	--	1.4	--	--	--

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 categories of permanent staff in December. Engineering/Construction workers were the most sought-after, followed by IT & Computing. In contrast, declines in demand were signalled for Hotel & Catering and Accounting/Financial staff.

	This year		(Last year)	
	Rank	Dec'11	Rank	Dec'10
Engineer'g/Construction	1	56.4	(2)	(59.4)
IT & Computing	2	55.5	(1)	(60.4)
Secretarial/Clerical	3	52.5	(5)	(53.3)
Nursing/Medical/Care	4	51.4	(7)	(51.9)
Executive/Professional	5	51.3	(3)	(58.9)
Blue Collar	6	50.4	(6)	(52.0)
Accounting/Financial	7	49.5	(4)	(56.2)
Hotel & Catering	8	45.1	(8)	(49.9)

## Temporary/contract staff

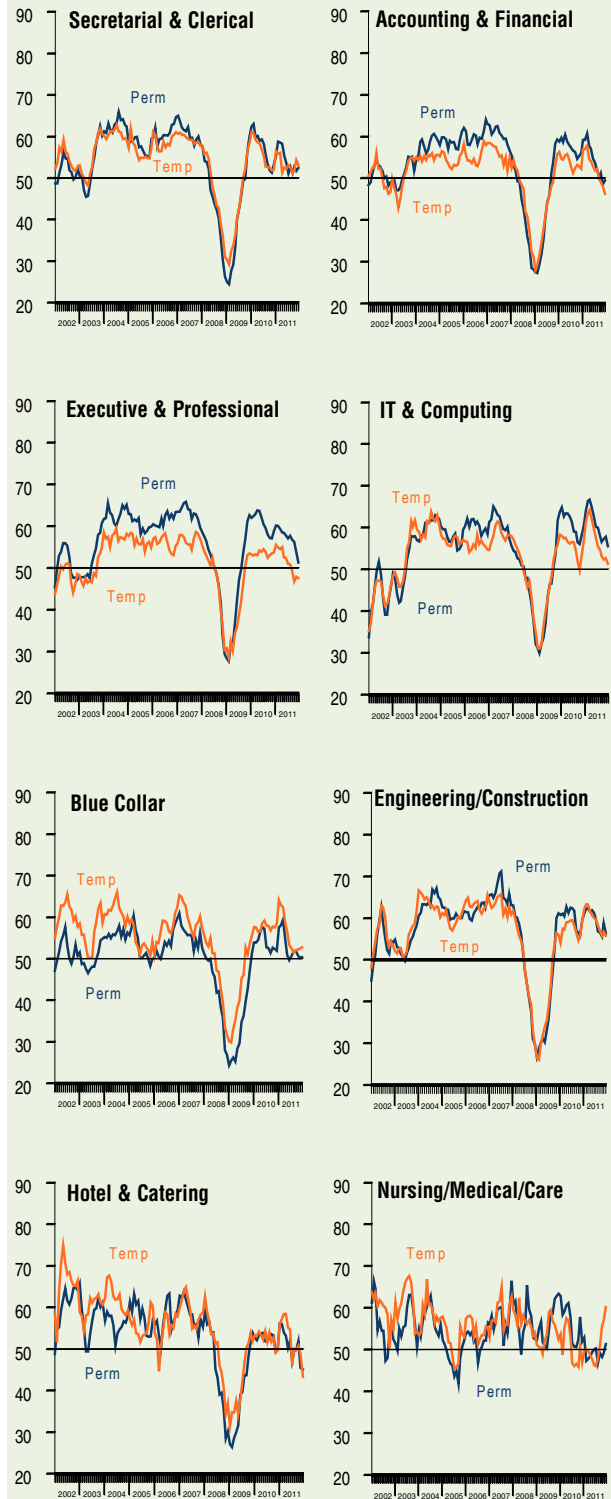
Increased levels of demand were recorded for five of the eight monitored types of short-term staff during December, led by Nursing/Medical/Care. Fewer vacancies were reported for temps in the Hotel & Catering, Accounting/Financial and Executive/Professional sectors.

	This year		(Last year)	
	Rank	Dec'11	Rank	Dec'10
Nursing/Medical/Care	1	60.2	(8)	(46.9)
Engineer'g/Construction	2	55.8	(1)	(59.2)
Secretarial/Clerical	3	53.3	(6)	(52.1)
Blue Collar	4	52.8	(2)	(58.4)
IT & Computing	5	51.4	(3)	(57.0)
Executive/Professional	6	47.6	(4)	(53.8)
Accounting/Financial	7	46.3	(5)	(52.3)
Hotel & Catering	8	43.3	(7)	(49.7)

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.

## Growth of candidate availability accelerates markedly

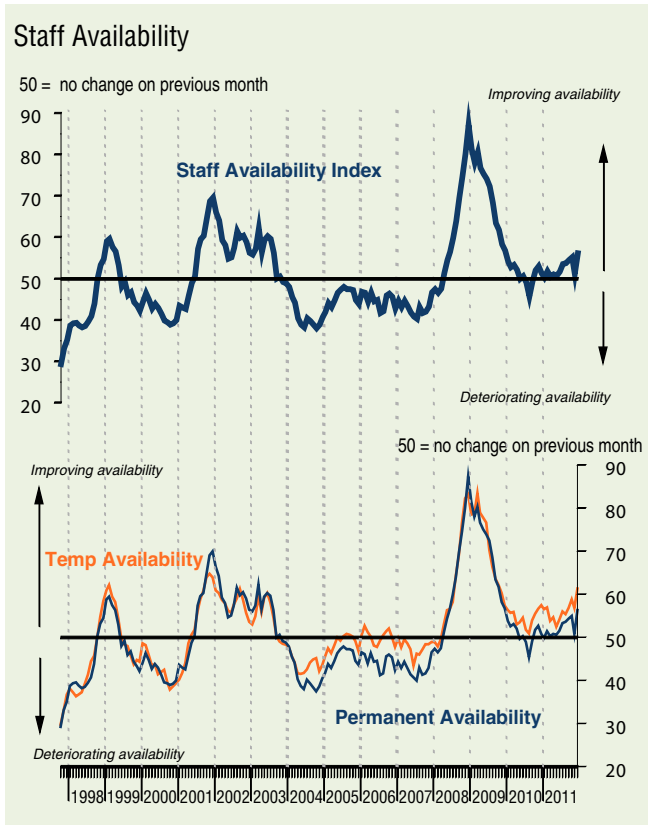
Recruitment consultants signalled a faster rise in candidate availability during December, with rates of expansion quickening sharply for both permanent and temporary/contract workers.

### Availability of permanent staff

The availability of staff to fill permanent job vacancies continued to rise in December, extending the current period of growth to 11 months. Furthermore, the latest improvement was the strongest for two years.

### Availability of temp/contract staff

Temporary/contract staff availability rose at a considerable pace in December, with the rate of growth picking up to the sharpest since October 2009. Almost one-third of panellists reported an improvement in the availability of short-term workers, versus approximately 11% that noted a deterioration.



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

- Accountancy/Financial:** Accountants, Credit control, Finance.
- Engineering/Construction:** Design engineers, Stress engineers, Estimators, Specialist technical.
- Executive/Professional:** Mid-level executives, Business development, Project managers, Marketing.
- IT/Computing:** Digital marketing, Enterprise software, IT security, .Net, Web architects.
- Hotel/Catering:** Chefs.
- Secretarial/Clerical:** Secretaries.
- Other:** Customer service, Sales.

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

- Accountancy/Financial:** Commercial finance.
- Blue Collar:** HGV drivers.
- Engineering/Construction:** Design engineers, Stress engineers.
- IT/Computing:** Oracle, .Net, Datastage, Citrix, Firewall.
- Hotel/Catering:** Chefs.
- Nursing/Medical/Care:** Medical engineers, NHS experience.

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

### 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>	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>
	Nov	21.6	54.8	23.6	-2.0	49.0	<b>50.8</b>
	Dec	25.2	54.1	20.7	4.5	52.2	<b>56.4</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>	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>
	Nov	26.5	60.5	13.0	13.5	56.7	<b>56.8</b>
	Dec	32.9	56.3	10.7	22.2	61.1	<b>61.3</b>

# 6 Pay pressures

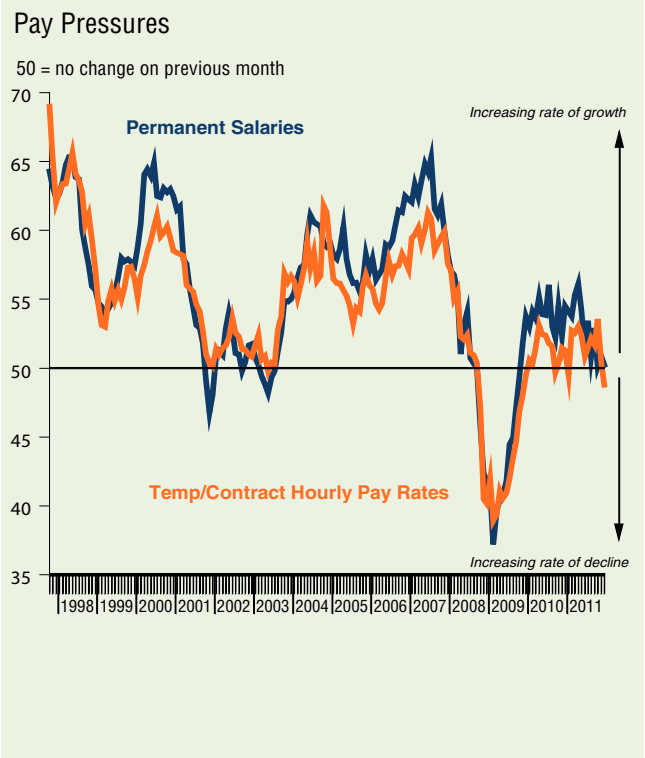
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

## Permanent salaries

December data signalled little-change in average salaries awarded to staff placed in permanent jobs, with only a fractional rise recorded. The vast majority of panellists (around 86%) indicated that salary levels were the same as in November.

## Temp/contract pay rates

Hourly rates of pay for staff in short-term employment decreased during December. Although modest, it was the first reduction for 11 months. There were reports from the survey panel linking lower temporary/contract staff pay to tighter client budgets.

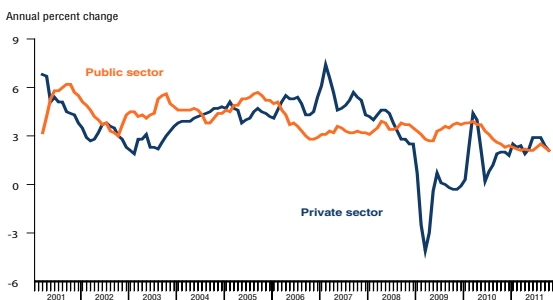


## UK average weekly earnings

Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) eased further in the three months to October. Earnings growth slipped from 2.3% to 2.0%, the lowest since April. Weaker increases in pay were recorded in both the private and public sectors.

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

	2008	2009	2010	Jul'11	Aug	Sep	Oct
<b>Whole economy</b>	3.8	0.0	2.4	2.8	2.7	2.3	2.0
<b>Private sector</b>	3.7	-0.8	2.1	2.9	2.9	2.4	2.1
<b>Public sector</b>	3.6	3.3	3.0	2.3	2.5	2.3	2.1
<b>Services</b>	3.8	0.0	2.4	3.1	3.0	2.5	2.3
<b>Manufacturing</b>	3.2	1.2	4.2	1.7	1.7	1.6	1.4
<b>Construction</b>	2.7	0.6	0.0	1.6	2.2	2.2	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</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>
	Nov	7.4	86.1	6.6	0.8	50.4	<b>50.9</b>
	Dec	5.6	86.2	8.1	-2.5	48.8	<b>50.2</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</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>
	Nov	9.1	84.1	6.9	2.2	51.1	<b>50.5</b>
	Dec	5.6	82.9	11.6	-6.0	47.0	<b>48.8</b>

# 7 Feature | private & public sectors

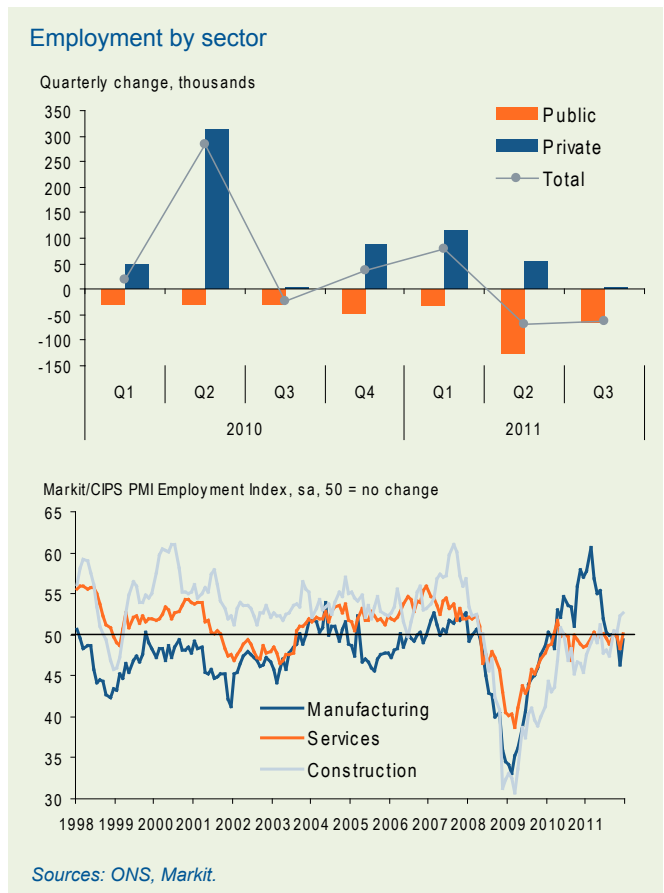
## Small rise in private sector employment fails to offset job losses in public sector during Q3

The latest labour market figures from the Office for National Statistics showed that the private sector was again unable to generate enough new jobs to offset lower public sector employment during the third quarter of the year.

There were only 5,000 private sector net jobs created in Q3, the lowest number for a year and down from 56,000 in Q2. Public sector net job losses were -67,000, a weaker fall than the -126,000 drop recorded in Q2, but still heavily outweighing the small rise in private sector employment.

More up-to-date Purchasing Managers' Index® (PMI®) data suggest that the trend in private sector employment weakened further in Q4. The PMIs indicated modest job losses in October and November, followed by broadly no change in December.

Lower staffing levels were centred on the manufacturing and service sectors, with only construction generating a greater number of jobs during the final quarter of 2011 according to the PMIs.



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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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