

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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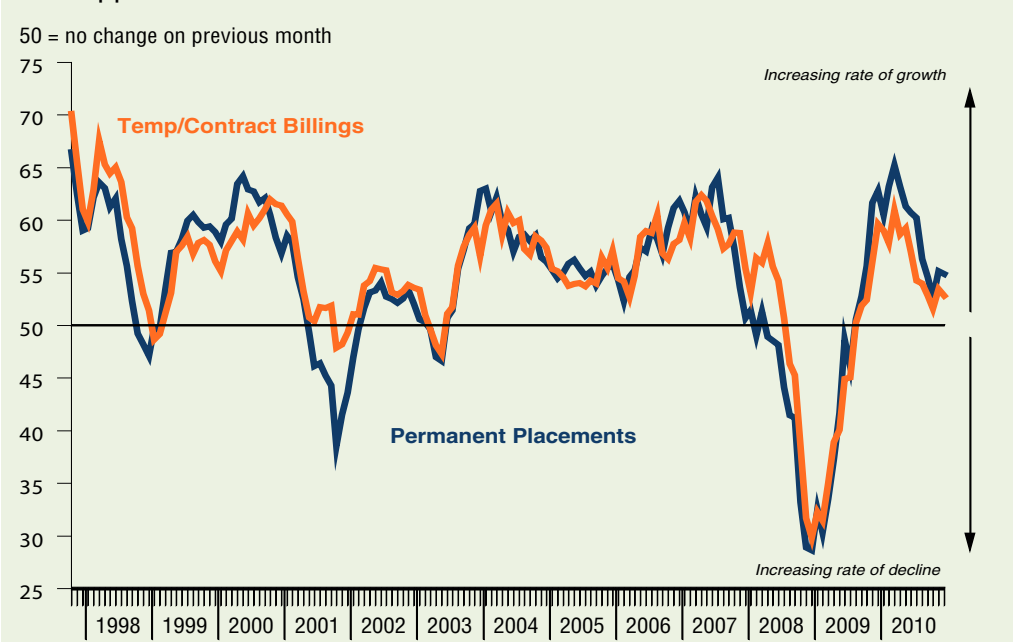
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Jobs growth maintained at solid pace in December. Faster rise in temp availability.

Staff Appointments via Recruitment Consultancies



Key points from December survey:

- Growth of permanent placements remained solid despite easing slightly.
- Stronger rise in demand for staff.
- Permanent salaries increased at faster pace.
- Improved availability of short-term staff dampened temp pay inflation.

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

“The latest data suggests again that the UK job market is on the road to recovery as growth of permanent placements remained solid and demand for staff rose strongly. A look at the sectors indicates that the private sector is mainly responsible for the overall positive picture, with IT and computing as well as executive and professional staff most in demand. Whilst demand has been strong, we are entering a critical phase for the UK job market with two big question marks. First, the impact of government cut backs in public sector spend and employment, which should start to bite over the coming months. Second, the impact of the recent VAT increase and whether this will affect UK consumer demand and job creation.”

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:

Growth of staff appointments eased slightly

Permanent staff placements and temporary staff billings both continued to rise in December, but the rates of growth were slightly weaker than the three-month highs recorded in November.

Solid increase in vacancy levels

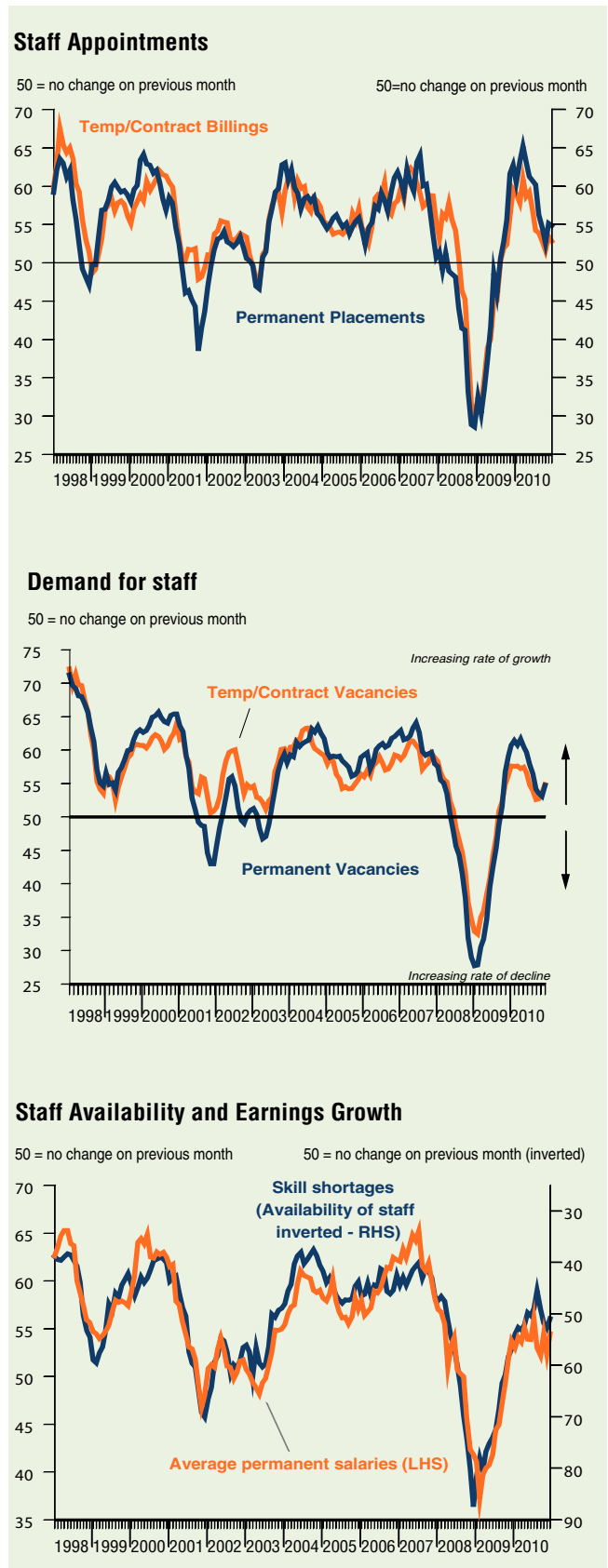
Demand for staff continued to rise at a solid pace in December. Permanent staff vacancies increased at the sharpest rate in four months, while growth of temp vacancies accelerated to a six-month high.

Weak rise in permanent staff availability...

Although the availability of permanent staff increased for the third month running in December, the latest improvement was only marginal and the slowest in that sequence. Correspondingly, permanent staff salaries rose at a stronger rate as employers competed for skilled candidates, although the rate of pay inflation remained muted relative to the long-run survey average.

...but temp availability improved at marked pace

Recruitment consultants reported a stronger improvement in the availability of candidates for temporary/contract jobs in December, with growth the fastest in thirteen months. This acted to constrain temp pay inflation, which remained subdued.



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 consultancies recorded further increases in both permanent and temporary staff appointments during December, although growth rates eased marginally since the previous month.

Solid rise in permanent placements...

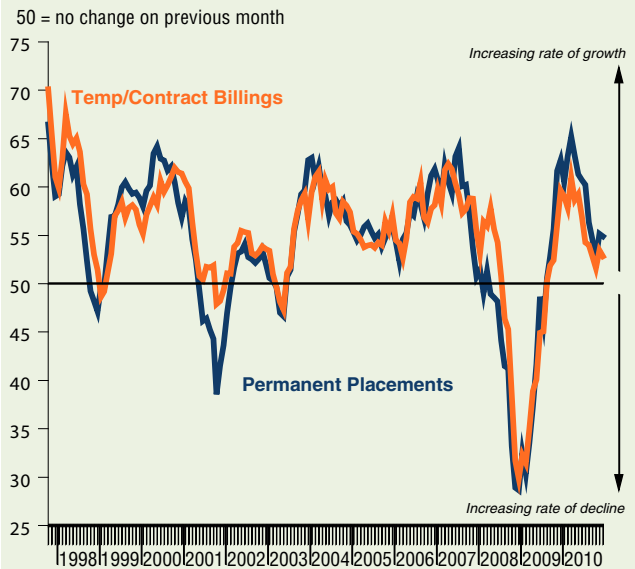
The number of people placed in permanent jobs rose for a seventeenth consecutive month in December. The rate of expansion remained solid, albeit slightly slower than November's three-month high. Growth was attributed by panellists to improving market conditions and higher client demand.

...while temp billings increased moderately

Agencies' billings from the employment of temporary/contract staff increased again in December. The latest rise was the seventeenth in successive months. Survey respondents generally indicated that higher temp billings were supported by increased activity levels at clients.

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	Jul	42.7	38.9	18.3	24.4	62.2	60.2
	Aug	37.4	30.1	32.5	4.8	52.4	56.3
	Sep	44.8	29.9	25.3	19.5	59.8	54.6
	Oct	34.7	36.9	28.4	6.3	53.2	52.6
	Nov	40.1	34.6	25.3	14.8	57.4	55.2
	Dec	27.9	33.6	38.6	-10.7	44.7	54.9

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	Jul	37.3	39.5	23.3	14.0	57.0	54.3
	Aug	35.4	34.8	29.7	5.7	52.8	54.0
	Sep	34.6	42.8	22.6	12.0	56.0	52.8
	Oct	32.6	40.9	26.4	6.2	53.1	51.6
	Nov	27.8	51.0	21.2	6.5	53.3	53.5
	Dec	29.8	42.8	27.4	2.4	51.2	52.8

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 stronger rate in December

Recruitment consultants indicated that the number of vacancies available to candidates seeking employment continued to increase in December. At 54.8, up from 53.2 in November, the Report on Jobs Vacancies Index was at its highest level since August.

Permanent staff vacancies

Growth of demand for permanent employees accelerated to a four-month high in December. This was signalled by a Permanent Staff Vacancies Index reading of 54.8, up from 53.1 in November.

Temp/contract vacancies

Demand for short-term staff rose at the fastest pace for six months in December. The Temporary Staff Vacancy Index registered 54.9, up from 53.6 in November.

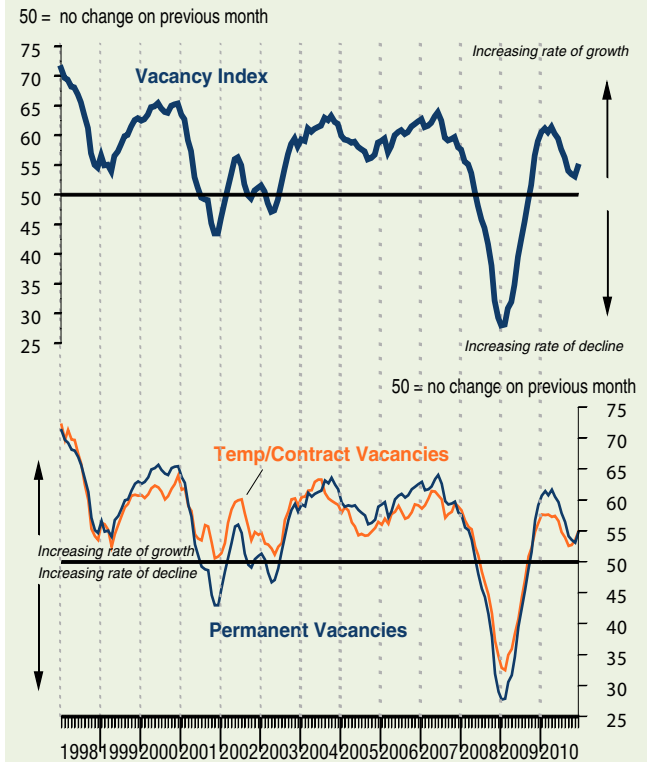
Other vacancy indicators

Government data on job centre vacancies indicated a year-on-year rise for the tenth consecutive month in December. Although solid, the rate of growth eased from 5.8% in October to 5.6%, the slowest since April.

Latest available data signalled that internet-based recruitment spending rose 10.8% on an annual basis during Q3, down from 18.5% in the preceding 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'10	Sep	Oct	Nov	Dec
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	56.3	54.1	53.5	53.2	54.8
Permanent Staff	56.5	54.2	53.6	53.1	54.8
Temporary Staff	54.0	52.6	52.7	53.6	54.9
Other key vacancy data					
Annual % change					
Job centre vacancies	7.1	6.2	5.8	5.6	n/a
Internet recruitment	10.8	--	--	--	--

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

Of the eight types of permanent staff monitored by the survey, seven recorded improved demand in December. The strongest rate of expansion was signalled for IT & Computing workers, with growth picking up to a six-month high. Hotel & Catering saw a fall in demand for the first time in fourteen months, albeit only marginal.

	This year		(Last year)	
	Rank	Dec'10	Rank	Dec'09
IT & Computing	1	60.5	(1)	(63.6)
Executive/Professional	2	59.0	(2)	(62.7)
Engineer'g/Construction	3	58.4	(4)	(60.1)
Accounting/Financial	4	56.2	(5)	(59.3)
Secretarial/Clerical	5	52.1	(6)	(58.5)
Blue Collar	6	50.9	(8)	(50.5)
Nursing/Medical/Care	7	50.9	(3)	(62.4)
Hotel & Catering	8	49.6	(7)	(53.7)

Temporary/contract staff

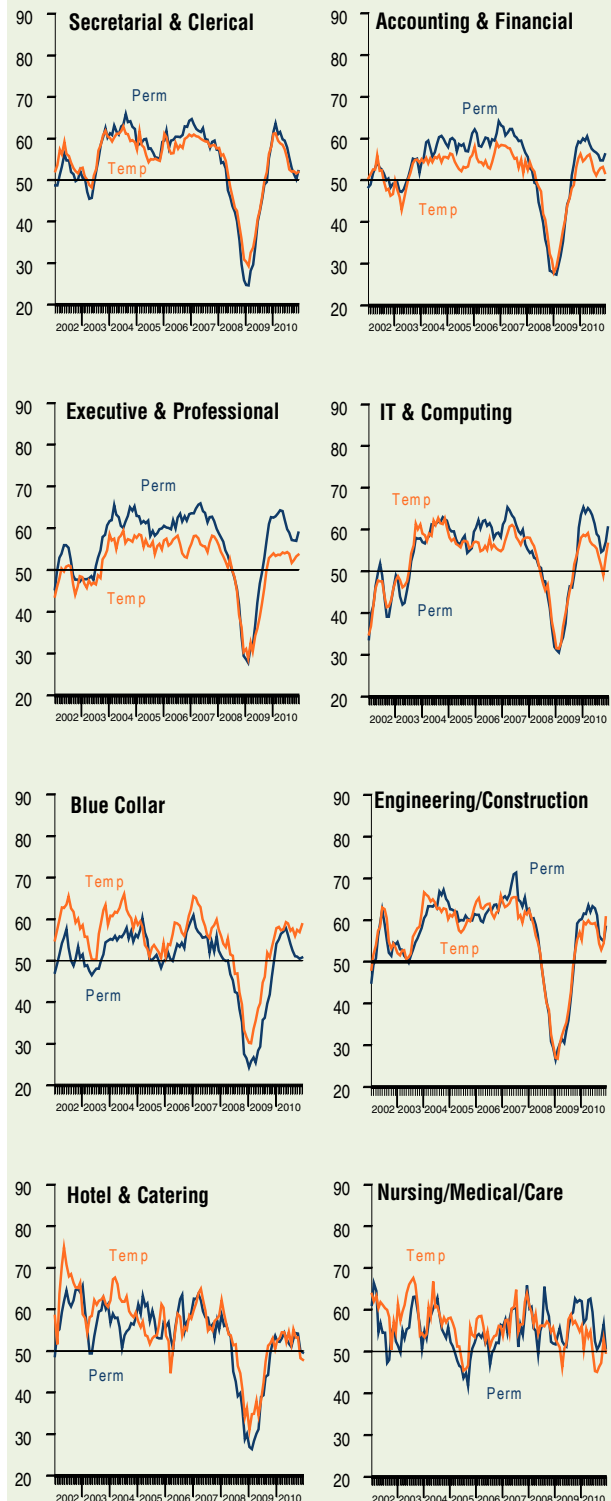
Growth of demand was indicated for six out of eight temporary/contract staff categories in December. Engineering/Construction employees were the most sought-after, with vacancies rising at the sharpest rate since February 2008. Declines in demand were signalled for two staff types, namely Hotel & Catering and Nursing/Medical/Care.

	This year		(Last year)	
	Rank	Dec'10	Rank	Dec'09
Engineer'g/Construction	1	60.6	(3)	(57.0)
Blue Collar	2	58.8	(4)	(55.7)
IT & Computing	3	56.6	(2)	(58.1)
Executive/Professional	4	53.7	(7)	(53.4)
Secretarial/Clerical	5	51.9	(1)	(58.2)
Accounting/Financial	6	51.8	(5)	(55.3)
Nursing/Medical/Care	7	49.8	(6)	(54.9)
Hotel & Catering	8	47.9	(8)	(50.5)

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.

Marked rise in temp availability

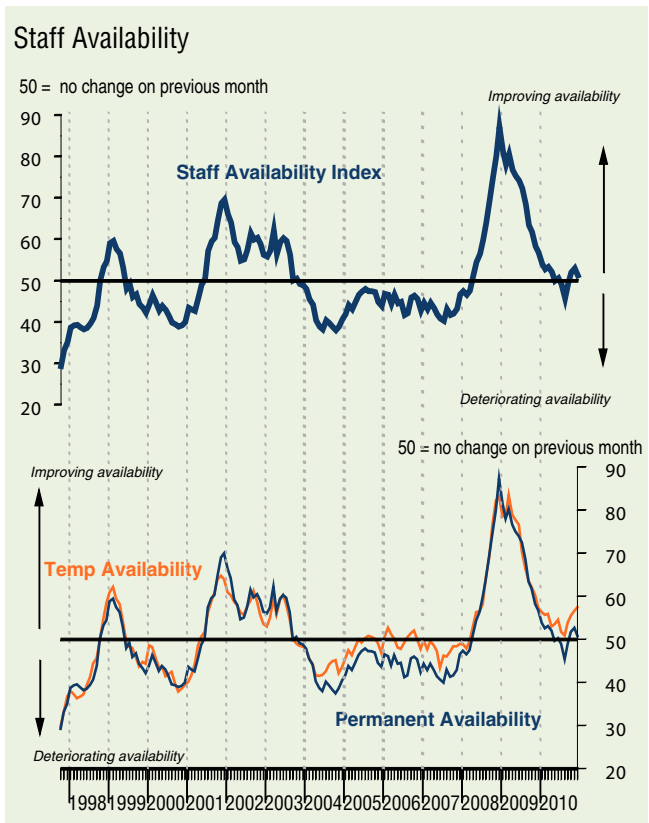
Higher levels of availability were recorded for both permanent and temporary staff in December. However, rates of growth differed substantially, with the former rising only marginally while the latter increased at a strong pace.

Availability of permanent staff

Although the availability of temporary/contract staff rose for the third month running in December, growth eased to the weakest in that period.

Availability of temp/contract staff

The availability of staff to fill short-term jobs increased strongly in December, with the latest rise the strongest for just over a year. Panellists commented on redundancies and the end of public sector contracts as factors underlying higher temp 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
2010	Jul	16.1	61.7	22.2	-6.1	47.0	48.9
	Aug	11.3	62.0	26.7	-15.4	42.3	45.4
	Sep	17.9	61.7	20.4	-2.5	48.7	49.1
	Oct	18.2	66.3	15.5	2.7	51.4	51.8
	Nov	21.7	58.6	19.7	2.0	51.0	52.7
	Dec	14.7	63.6	21.7	-7.0	46.5	50.8

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	Jul	24.0	55.6	20.4	3.6	51.8	51.8
	Aug	21.4	54.4	24.1	-2.7	48.6	50.9
	Sep	20.4	64.8	14.7	5.7	52.9	54.0
	Oct	24.7	62.5	12.8	11.9	56.0	55.5
	Nov	26.3	60.5	13.2	13.0	56.5	56.7
	Dec	22.7	64.3	13.0	9.7	54.9	57.5

Key permanent staff skills reported in short supply:*

- Accounts/Financial:** Sales ledger.
- Executive/Professional:** Project managers.
- Engineering/Construction:** Engineers.
- IT/Computing:** Net developers.
- Hotel/Catering:** Chefs.
- Other:** Sales.

Key temp skills reported in short supply:*

- Accounts/Financial:** Collections.
- Blue Collar:** Delivery drivers, Fork lift operators.
- Engineering/Construction:** Engineers.
- IT/Computing:** Net developers, Java developers.
- Hotel/Catering:** Chefs.
- Nursing/Medical/Care:** Social workers.

*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

Growth of permanent staff salaries accelerated in December, although it remained below the survey's long-run average. Consultants attributed the rise in pay to increased competition for skilled candidates.

Temp/contract pay rates

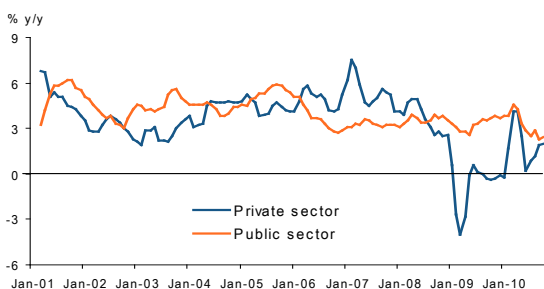
Hourly rates of pay for staff in temporary/contract employment increased for the third month running during December. However, the rate of growth was only modest and slightly weaker than in November. Anecdotal evidence linked the latest rise in temp pay to stronger demand for short-term workers, although there were some reports that clients were looking to cut costs.

UK average weekly earnings

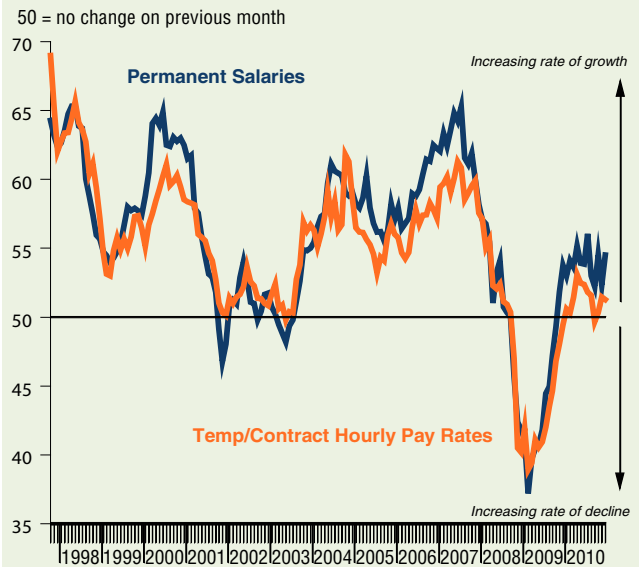
Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) accelerated to a five-month high of 2.2% in October. Sharper increases in pay were recorded in both the private and public sectors. Earnings in the service sector rose at the fastest rate for five months, but pay growth eased in manufacturing while construction saw a further decline in earnings.

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

	2007	2008	2009	Jul'10	Aug	Sep	Oct
Whole economy	4.9	3.8	0.0	1.3	1.7	2.1	2.2
Private sector	5.5	3.7	-0.8	0.9	1.2	1.9	2.0
Public sector	3.3	3.6	3.3	2.5	2.9	2.3	2.4
Services	5.2	3.8	0.0	1.2	1.6	2.0	2.2
Manufacturing	3.9	3.2	1.2	4.0	4.0	4.3	4.0
Construction	6.3	2.7	0.6	0.3	-0.5	-0.8	-1.3



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 Jun	15.8	78.4	5.9	9.9	55.0	53.9
Jul	16.5	79.8	3.7	12.8	56.4	56.1
Aug	14.0	77.9	8.1	5.9	52.9	53.0
Sep	12.2	83.0	4.7	7.5	53.8	52.2
Oct	14.2	80.9	4.9	9.4	54.7	54.5
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

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 Jun	11.1	81.9	7.0	4.1	52.0	52.4
Jul	6.2	90.2	3.7	2.5	51.3	51.8
Aug	9.5	83.0	7.6	1.9	50.9	51.6
Sep	6.0	86.5	7.4	-1.4	49.3	49.7
Oct	14.0	80.1	5.9	8.1	54.1	50.3
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

7 Feature | unemployment

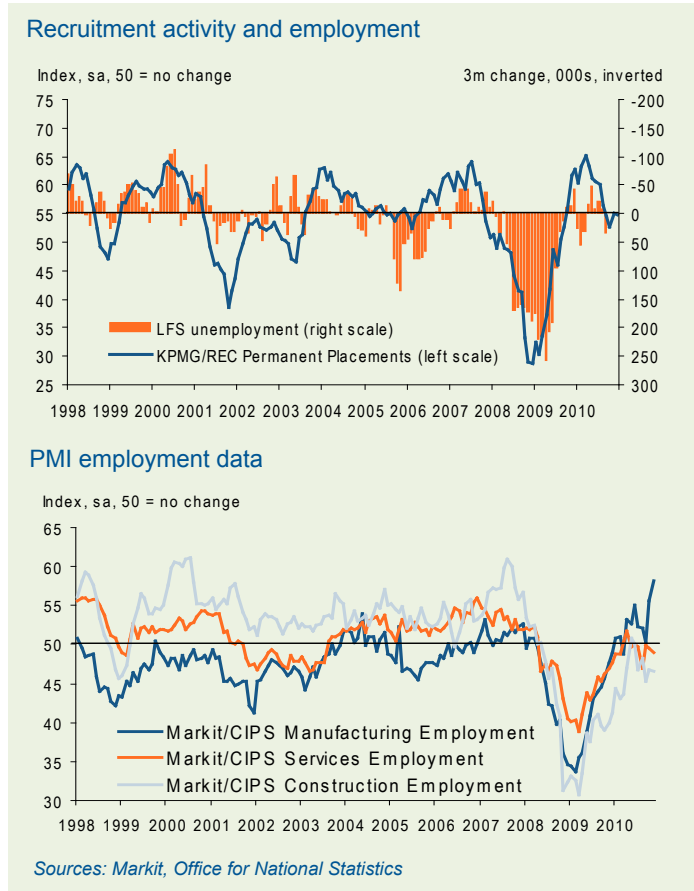
Rise in unemployment highlights continued job market fragility

Latest data from the Office for National Statistics (ONS) signalled a 35,000 rise in unemployment in the three months to October, the first time in six months in which the jobless total has increased.

The latest ONS figures showed that total employment declined by 33,000 in the three months to October. The drop was entirely accounted for by public sector job losses, which are now starting to show up clearly in the official statistics. The private sector was unable to take up the slack, as employment there remained unchanged.

Sluggish private sector employment has been highlighted in recent months by PMI data, with staffing levels barely rising in October and November following falls in the previous two months. Only in the manufacturing sector is there positive news, with jobs being added in November at the fastest rate since the start of the survey in 1992. By contrast, firms in the services and construction sectors have continued to shed jobs.

Official data continued to indicate divergent trends in full- and part-time employment in the three months to October. The number of people working full-time fell by 58,000 to 21.17 million, while part-time employment increased by 26,000 to 7.96 million.



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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 26 countries and key regions including the Eurozone and BRIC. 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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