

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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Markit Economics

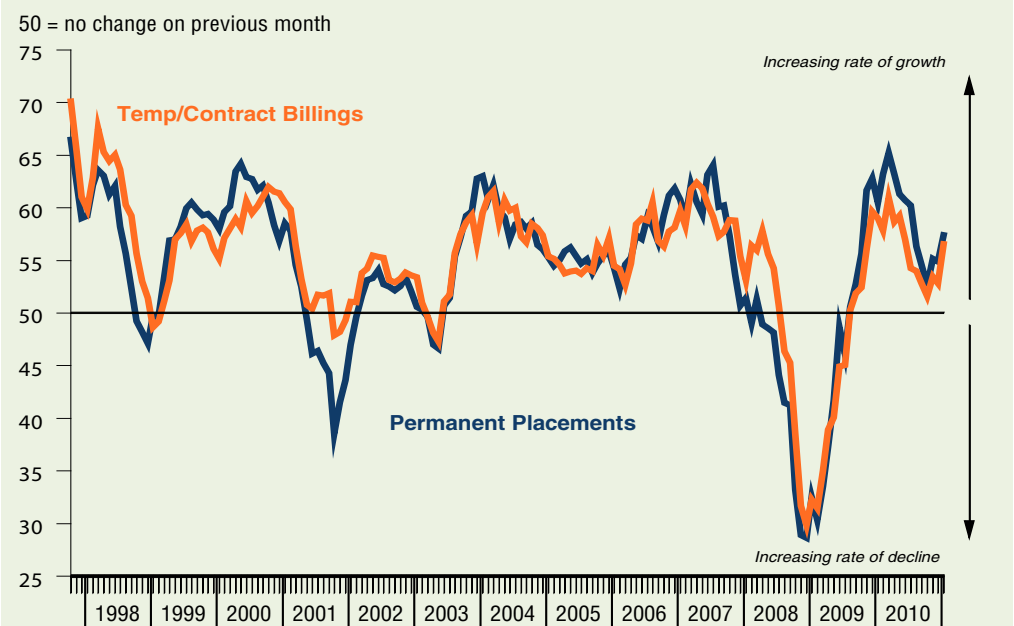
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Permanent placements rose at fastest rate for six months in January.

Staff Appointments via Recruitment Consultancies



Key points from January survey:

- Stronger expansions of both permanent and temporary appointments.
- Demand for staff improved further.
- Pay pressures remained muted.
- Availability of temporary workers continued to rise.

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

“The latest figures are encouraging. Employers across all sectors have been expanding their workforce in January, with no real pressure building on wage inflation. Importantly, there was a real bounce from the previous month’s figures for Blue Collar, Engineering and IT related jobs. However, it is too early to speculate whether these are the signs of a private sector led recovery. With looming public sector job cuts, the VAT rise and slowing economic growth, the UK job market is likely to remain volatile over the coming months.”

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 January are:

Stronger rises in staff appointments...

Permanent staff placements and temporary/contract staff billings both rose at faster rates in January. The latest increases were the most marked for six and seven months respectively.

...supported by improved demand for staff

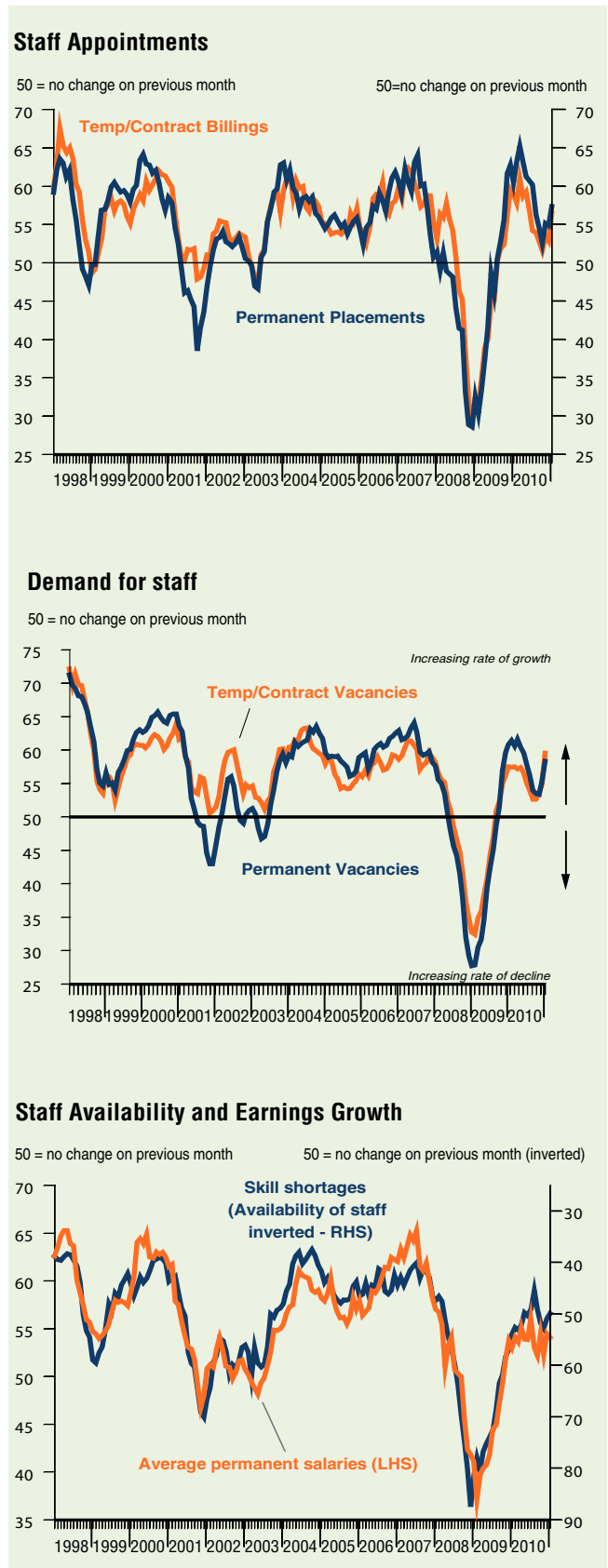
Recruitment consultants reported that increased staff appointments reflected a further rise in vacancy levels at employers. Overall demand for staff grew at the fastest pace since last June.

Pay pressures remained subdued...

Although average salaries for permanent staff continued to rise in January, the rate of inflation eased slightly since December and remained below the survey's long-run trend. Hourly rates of pay for short-term workers decreased marginally since the previous month.

...as recruiters faced few difficulties finding suitable candidates

The availability of staff to fill permanent jobs remained broadly stable in January, following three months of growth. Temporary/contract staff availability continued to improve at a marked pace.



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.

In a sign of improving recruitment market conditions, consultants reported faster increases in both permanent and temporary staff appointments during January.

Growth of permanent placements at six-month high...

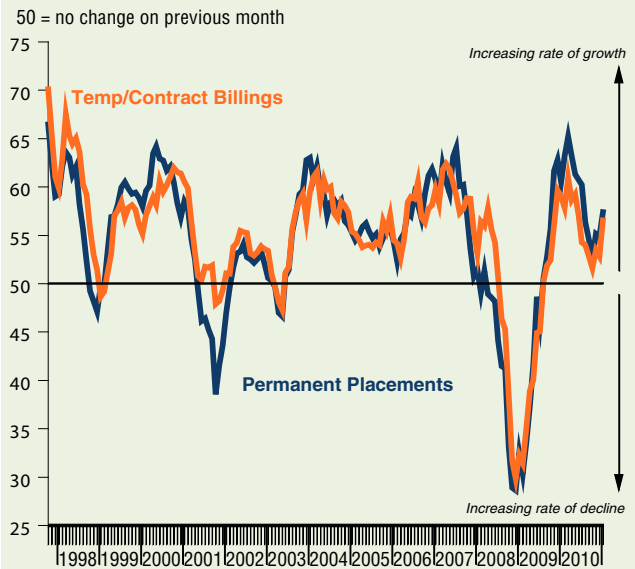
The number of people placed in permanent jobs by recruitment consultancies increased further in January, bringing the current period of expansion to one-and-a-half years. Moreover, the rate of growth accelerated to the fastest since last July. Survey respondents commented on stronger demand for staff and improved client confidence as the main factors underpinning growth of placements.

...while temp billings rose at strongest rate for seven months

Billings received by agencies from the employment of temporary/contract staff rose at a sharper rate in January. The latest increase was the fastest since last June. Temp billings have risen continuously since August 2009. The latest increase in short-term staff appointments was linked by panellists to higher 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 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
2011 Jan	43.4	33.5	23.1	20.3	60.1	57.4

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
2010 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
2011 Jan	24.4	33.6	42.0	-17.6	41.2	56.5

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.

Further improvement in demand for staff recorded

The Report on Jobs Vacancies Index posted 58.5 in January, up from 55.3 in December. That was its highest reading in seven months and indicative of a marked rate of expansion in overall job vacancies.

Permanent staff vacancies

Demand for permanent staff rose at a strong and accelerated rate in January. This was signalled by the Permanent Staff Vacancies Index climbing from 55.3 to 58.4, its highest level since last June.

Temp/contract vacancies

The number of vacancies available for short-term candidates increased at the fastest pace for over three years in January. The Temporary Staff Vacancies Index posted 59.6, up from 54.9 in December.

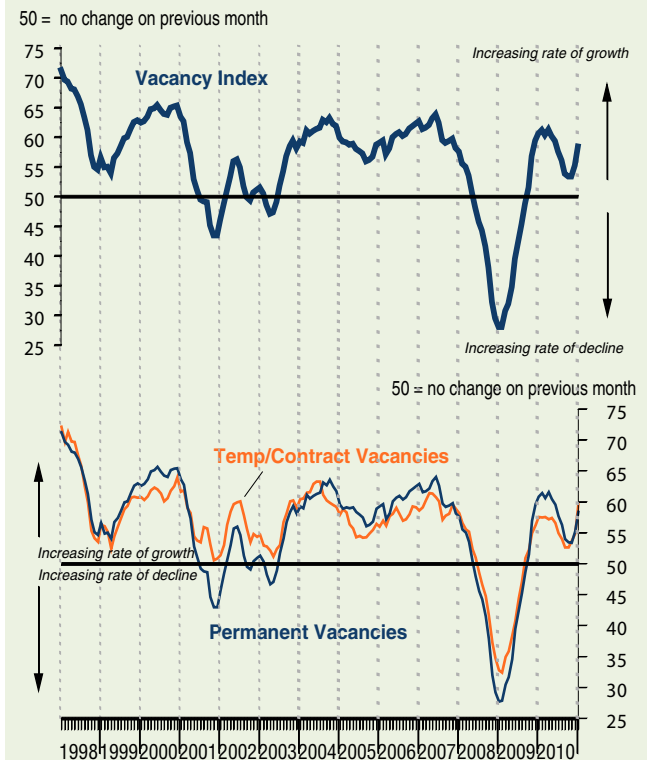
Other vacancy indicators

Government data on job centre vacancies indicated a year-on-year rise for the eleventh successive month in December. However, the rate of growth eased from 5.9% in November to 3.0%, the weakest since March 2010.

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					
	Sep'10	Oct	Nov	Dec	Jan'11
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	53.9	53.5	53.4	55.3	58.5
Permanent Staff	54.0	53.5	53.4	55.3	58.4
Temporary Staff	52.7	52.7	53.7	54.9	59.6
Other key vacancy data					
Annual % change					
Job centre vacancies	6.5	6.0	5.9	3.0	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

Higher levels of demand were signalled for all eight categories of permanent staff monitored by the survey in January. The strongest growth was recorded for IT & Computing workers, as was the case one year previously. Nursing/Medical/Care employees saw the weakest rise in demand for their services, in contrast to a year ago when they were the second most sought-after category.

	This year		(Last year)	
	Rank	Jan'11	Rank	Jan'10
IT & Computing	1	65.2	(1)	(65.6)
Engineer'g/Construction	2	60.7	(5)	(60.4)
Executive/Professional	3	60.6	(3)	(62.5)
Accounting/Financial	4	59.5	(6)	(59.1)
Blue Collar	5	58.3	(7)	(54.3)
Hotel & Catering	6	55.9	(8)	(52.5)
Secretarial/Clerical	7	54.8	(4)	(61.7)
Nursing/Medical/Care	8	53.3	(2)	(63.4)

Temporary/contract staff

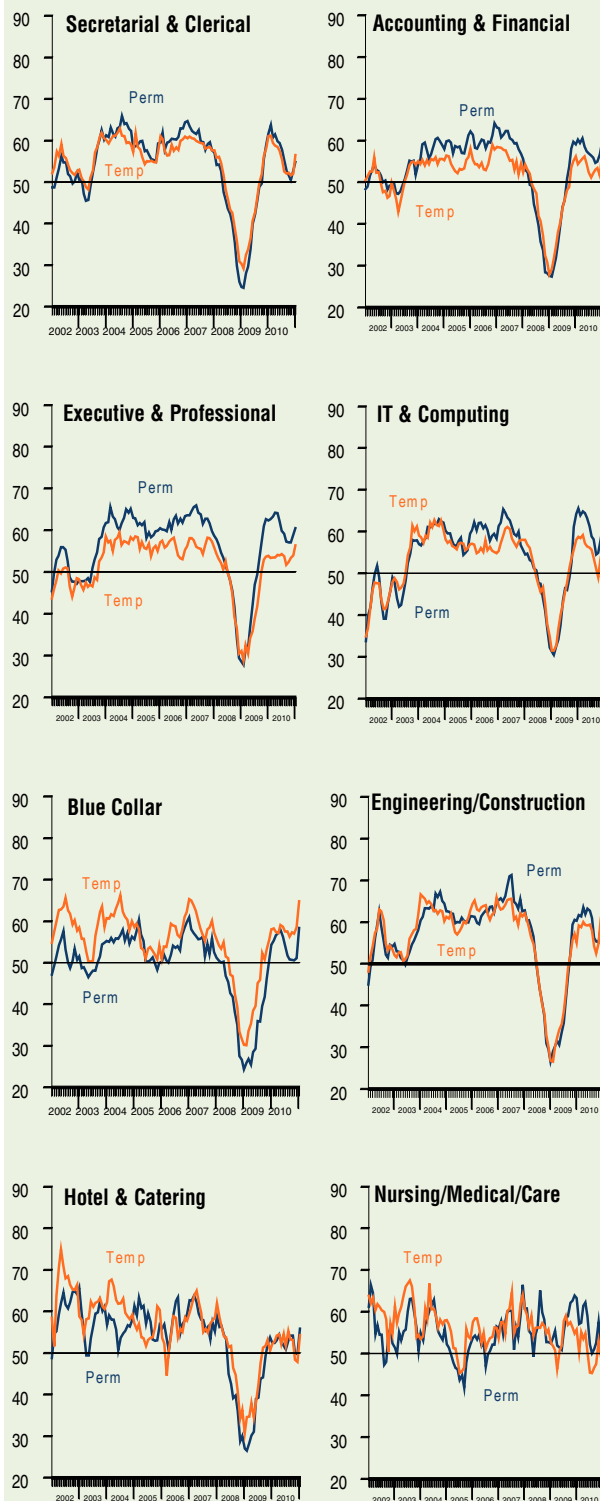
Increased vacancy levels were recorded for all eight types of temporary/contract staff in January. The strongest growth was signalled for Blue Collar workers, closely followed by Engineering/Construction staff. Mirroring the trend for permanent employees, the slowest rise in demand was registered for Nursing/Medical/Care workers.

	This year		(Last year)	
	Rank	Jan'11	Rank	Jan'10
Blue Collar	1	64.8	(3)	(58.0)
Engineer'g/Construction	2	63.6	(6)	(55.1)
IT & Computing	3	62.2	(2)	(58.8)
Accounting/Financial	4	56.9	(4)	(56.3)
Secretarial/Clerical	5	56.5	(1)	(61.1)
Executive/Professional	6	56.5	(7)	(53.9)
Hotel & Catering	7	54.3	(8)	(52.1)
Nursing/Medical/Care	8	52.2	(5)	(55.8)

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.

Short-term staff availability continued to rise

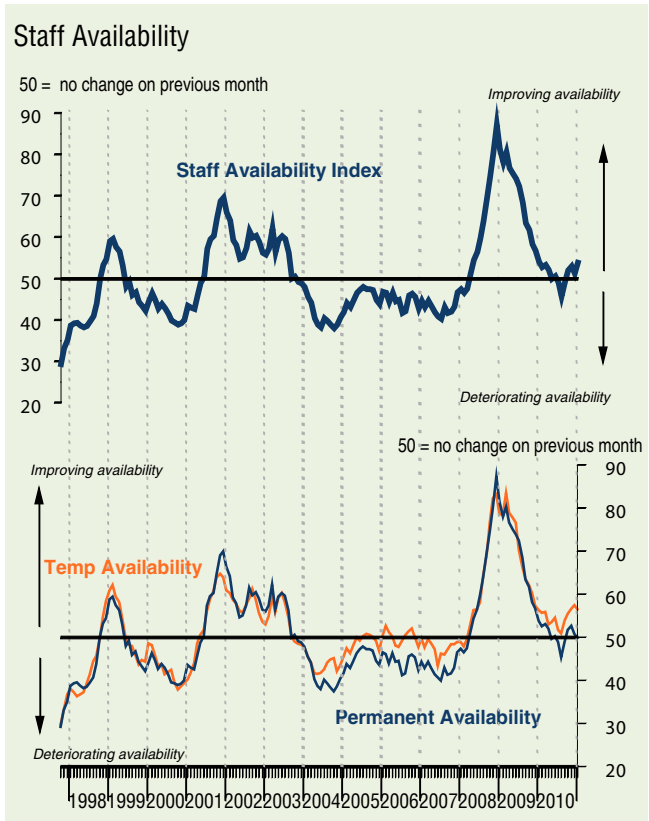
Trends in candidate availability diverged between the permanent and temporary labour markets in January. The availability of permanent workers remained stable, but short-term candidate numbers continued to increase at a marked pace.

Availability of permanent staff

The availability of permanent staff remained broadly unchanged in January. That brought to an end a three-month period of growth.

Availability of temp/contract staff

Temporary/contract candidate availability continued to rise in January, in line with the trend since April 2008. The rate of improvement remained marked, despite easing to a three-month low.



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	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
2011	Jan	34.8	51.1	14.1	20.6	60.3	49.9

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	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
2011	Jan	34.3	55.3	10.4	23.8	61.9	56.6

Key permanent staff skills reported in short supply:*

- Accounts/Financial:** ACA qualified staff.
- Executive/Professional:** Managers, Consultants, HR staff, PR staff, Marketing.
- Engineering/Construction:** Engineers.
- IT/Computing:** Business analysts, CAD operators.
- Secretarial/Clerical:** Secretaries.
- Other:** Sales.

Key temp skills reported in short supply:*

- Accounts/Financial:** Purchase ledger.
- Executive/Professional:** HR staff.
- Engineering/Construction:** Engineers.
- Hotel/Catering:** Chefs.
- Other:** Oil & gas.

*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 successful permanent candidates increased for the fifteenth month in succession during January. However, the rate of inflation eased slightly since December and was weaker than the survey's long-run average. Anecdotal evidence suggested that employers generally felt in a strong bargaining position with regard to salaries, and were frequently looking to hold down costs where possible.

Temp/contract pay rates

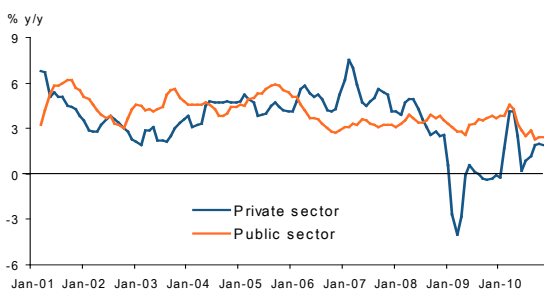
Pay rates for temporary/contract staff decreased for the first time in four months during January, albeit only marginally. Panellists commented on budget restraints at employers, particularly those in the public sector.

UK average weekly earnings

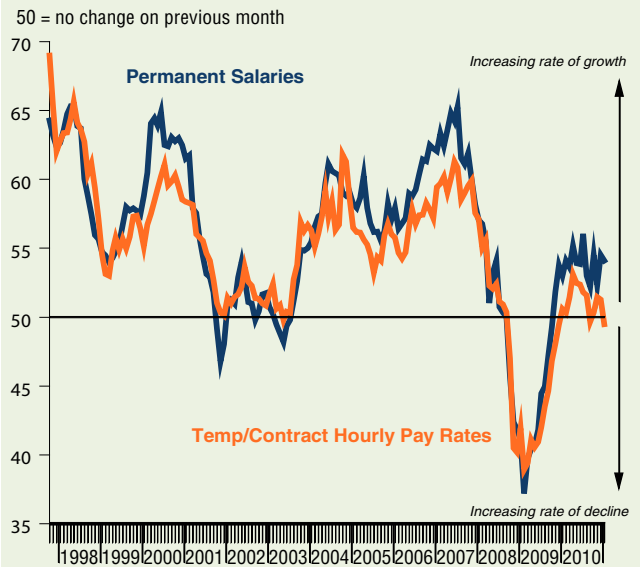
Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) held steady at 2.1% in November. Pay increases in the public sector (2.4%) continued to outpace those in the private sector (1.9%). Earnings growth remained strongest in manufacturing, despite easing to a ten-month low of 3.5%. Pay inflation in services stayed at 2.3% while construction earnings were down 1.3%.

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

	2007	2008	2009	Aug'10	Sep	Oct	Nov
Whole economy	4.9	3.8	0.0	1.7	2.1	2.1	2.1
Private sector	5.5	3.7	-0.8	1.2	1.9	2.0	1.9
Public sector	3.3	3.6	3.3	2.9	2.3	2.4	2.4
Services	5.2	3.8	0.0	1.6	2.0	2.3	2.3
Manufacturing	3.9	3.2	1.2	4.0	4.3	4.0	3.5
Construction	6.3	2.7	0.5	-0.5	-0.8	-1.3	-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 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
2011 Jan	11.6	81.8	6.6	5.0	52.5	54.1

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 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
2011 Jan	7.1	84.5	8.4	-1.4	49.3	49.5

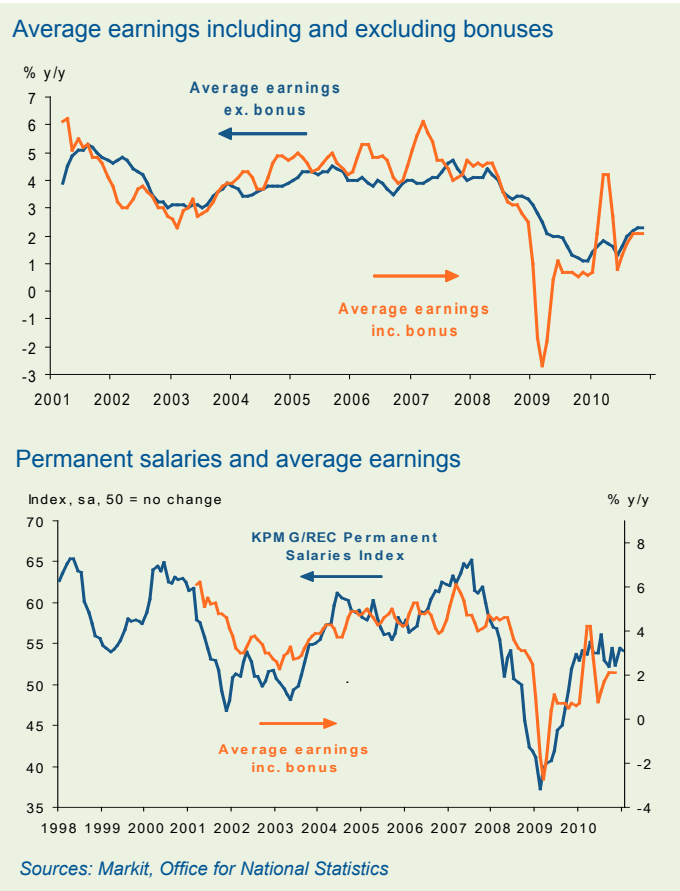
7 Feature | employee earnings

High inflation showing little sign of feeding through to pay rates

Official data showed that the annual rate of pay growth remained at 2.1% in November for the third month running. The earnings numbers were of particular importance given the latest rise in consumer price inflation to an eight-month high of 3.7% in December. The continued subdued trend in earnings suggests that rising prices so far show little sign of feeding through to pay negotiations.

Such so-called 'second-round' effects are likely to be key to any rise in interest rates by the Bank of England. With unemployment at an elevated level and job insecurity set to remain high for some time during 2011 as public spending is squeezed, pay pressures look set to remain constrained.

This should help keep core inflation down in the medium term, offsetting rising energy and food prices. The latest employee earnings numbers will therefore provide reassurance to the Bank of England that it can continue to hold down interest rates in the face of above-target inflation while the economic recovery remains fragile.



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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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