

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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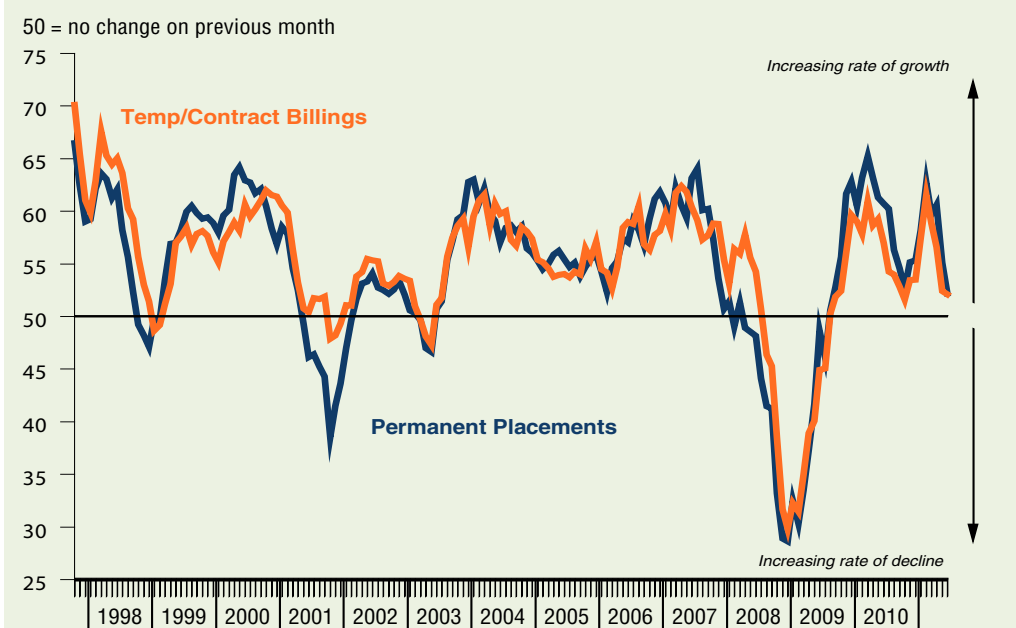
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## Permanent placements rose at weakest rate for twenty-two months in June.

Staff Appointments via Recruitment Consultancies



### Key points from June survey:

- Slower growth of both permanent and temporary appointments.
- Demand for staff increased at weaker pace.
- Pay growth eased further.
- Candidate availability continued to rise.

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

“There has been a marked deterioration in the UK jobs market with permanent placements growing at their weakest rate in almost two years.

“Employers across all sectors are very cautious about hiring new staff – and a quick job market recovery in the UK now looks increasingly uncertain.

“With the continuing pressure of higher energy costs for businesses – and uncertainty about the strength of export markets in key Eurozone countries – most private sector companies are increasingly focused on keeping their cost base low.

“The public sector job market remains very slow – with little sign of a pick-up in the near future.”

# 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 June are:

## Growth of staff appointments eased further...

Latest data signalled slower increases in both permanent staff placements and temporary/contract staff billings during June. The latest expansions were the least marked for twenty-two and eight months respectively.

## ...as demand for staff rose at weaker pace

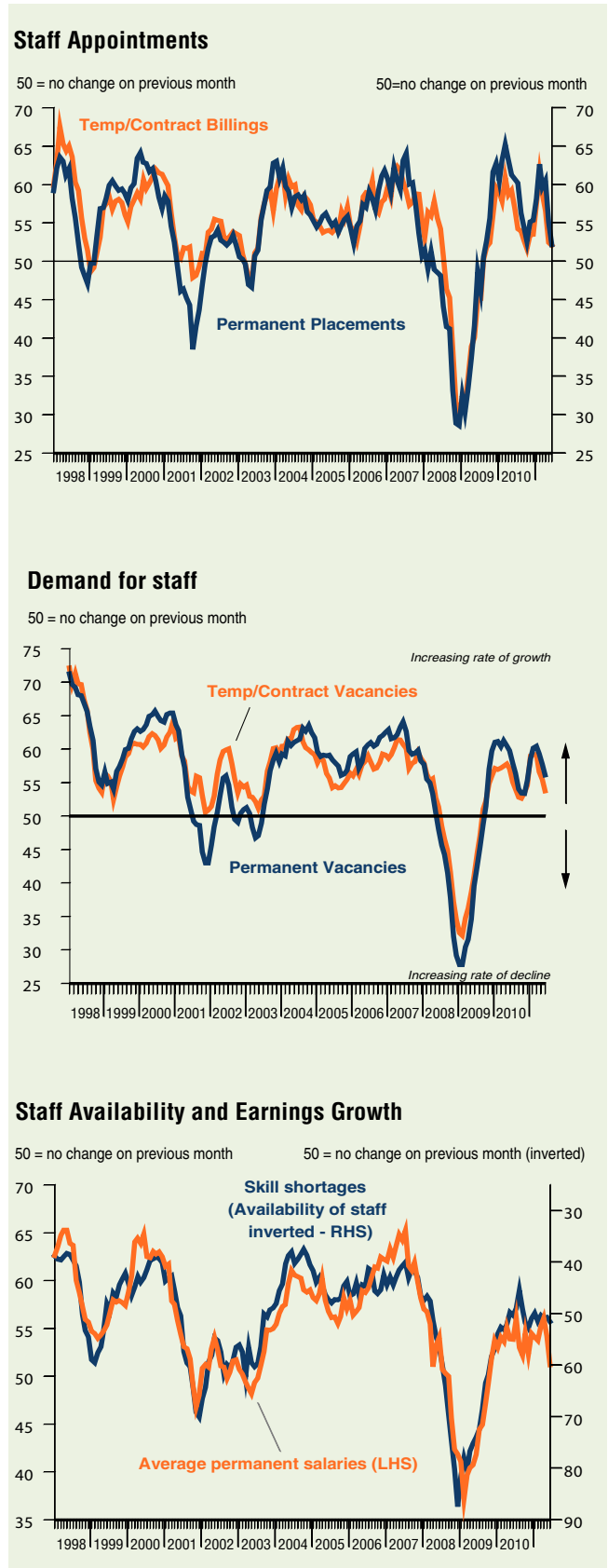
Contributing to the weaker growth of staff appointments was a further softening of demand for staff in June. Permanent staff vacancies rose at the slowest pace in six months, while short-term staff vacancies increased at the weakest rate since November 2010.

## Pay growth continued to slow...

Recruitment consultants signalled a further weakening of pay pressures in June. The rates of inflation of both permanent staff salaries and temporary/contract staff wages were only marginal.

## ...as availability of candidates improved

Staff availability showed a further moderate improvement in June. Faster rates of growth were recorded for both permanent and temporary/contract candidate availability.



# 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.

Growth of employee appointments continued to slow in June. Both permanent staff placements and temporary/contract staff billings increased only modestly during the latest survey period.

## Permanent placements rose at weakest rate since August 2009...

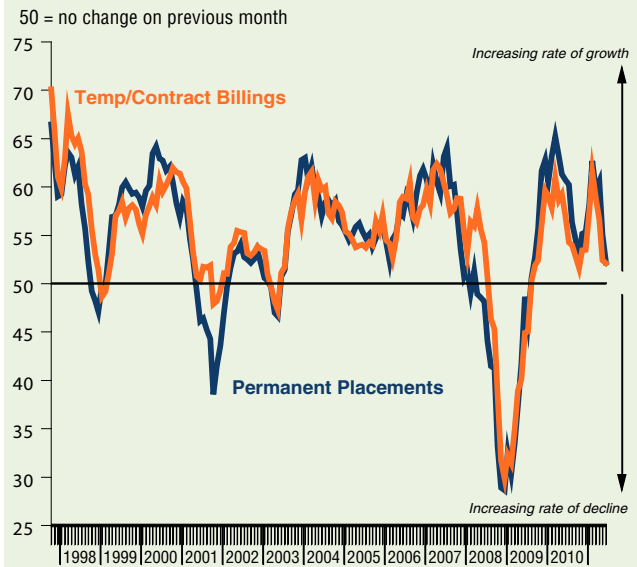
Recruitment consultants signalled a further increase in the number of people placed in permanent jobs during June. The current period of expansion now extends to twenty-three months. However, the rate of growth eased to only a modest pace that was the slowest for almost two years. There were a number of reports from the survey panel that clients had been hesitant in making recruitment decisions. Where a rise in placements was recorded, this was frequently attributed to higher demand for staff.

## ...while temp billings increased at slowest pace in eight months

Agencies' billings from the employment of temporary/contract staff rose at a weaker pace in June. The rate of growth eased to an eight-month low and was below the survey's long-run average. Panel members commonly cited tighter client budgets as a factor constraining the expansion of short-term staff appointments.

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>	Jan	43.4	33.5	23.1	20.3	60.1	<b>58.2</b>
	Feb	42.4	35.0	22.7	19.7	59.9	<b>62.7</b>
	Mar	46.5	32.6	20.9	25.6	62.8	<b>59.7</b>
	Apr	41.6	37.5	20.9	20.6	60.3	<b>60.6</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>

### 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>	Jan	24.4	33.6	42.0	-17.6	41.2	<b>57.4</b>
	Feb	40.8	42.7	16.5	24.3	62.1	<b>61.5</b>
	Mar	42.5	42.9	14.6	27.9	63.9	<b>58.8</b>
	Apr	36.5	41.0	22.5	14.0	57.0	<b>56.6</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>

# 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.

## Growth of demand for staff eased to six-month low

June data indicated that overall demand for staff increased at the slowest pace in 2011 so far. The Report on Jobs Vacancies Index posted 56.0, down from 57.6 in May.

## Permanent staff vacancies

Recruitment consultants signalled a further increase in demand for permanent staff in June. However, the rate of growth eased to a six-month low, as signalled by the Permanent Staff Vacancies Index recording 56.1, down from 57.8.

## Temp/contract vacancies

The Temporary Staff Vacancy Index dropped to 53.8 in June from 55.5 in May. That signalled the slowest rise in demand for short-term staff since November 2010.

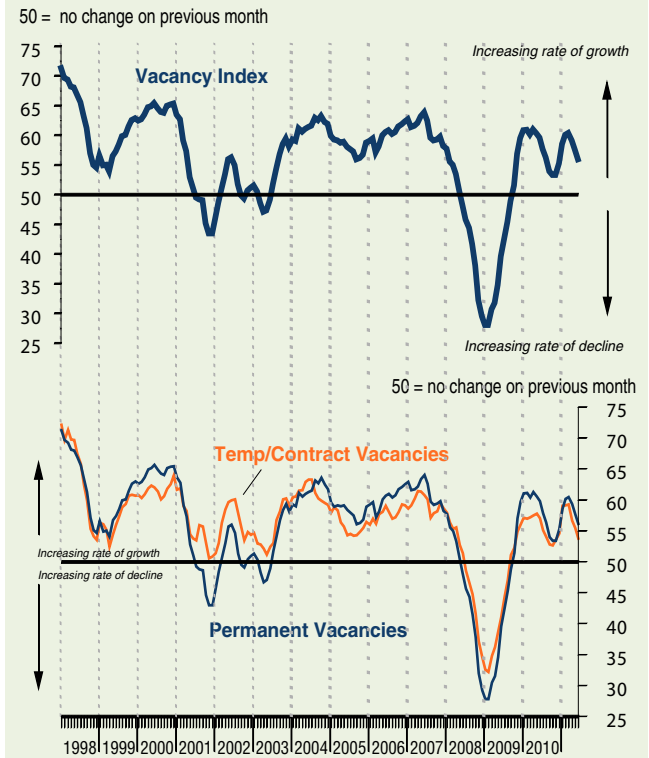
## Other vacancy indicators

Data from the Office for National Statistics signalled a 4.4% reduction in job vacancies in May compared with one year previously. That was the first decline since February 2010.

Latest available data signalled that internet-based recruitment spending edged up by 0.7% in Q1 2011 after adjusting for inflation. That followed a -2.8% drop in Q4 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

	Feb'11	Mar	Apr	May	Jun
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	60.1	60.4	59.2	57.6	56.0
Permanent Staff	60.2	60.5	59.4	57.8	56.1
Temporary Staff	59.2	59.3	56.7	55.5	53.8

### Other key vacancy data

Annual % change					
Job centre vacancies	5.3	3.4	0.6	-4.4	n/a
Internet recruitment	--	0.7	--	--	--

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 broad types of permanent staff monitored by the survey, six registered higher levels of demand in June. The strongest rate of expansion was signalled for Engineering/Construction workers, followed by IT & Computing employees. Demand for Nursing/Medical/Care staff remained unchanged, while Blue Collar workers saw a slight decline in demand for their services.

	This year		(Last year)	
	Rank	Jun'11	Rank	Jun'10
Engineer'g/Construction	1	62.4	(1)	(63.5)
IT & Computing	2	60.5	(3)	(61.8)
Executive/Professional	3	58.1	(2)	(62.4)
Accounting/Financial	4	54.9	(5)	(58.1)
Secretarial/Clerical	5	53.9	(4)	(59.6)
Hotel & Catering	6	52.1	(8)	(51.9)
Nursing/Medical/Care	7	50.0	(6)	(57.5)
Blue Collar	8	49.1	(7)	(56.7)

## Temporary/contract staff

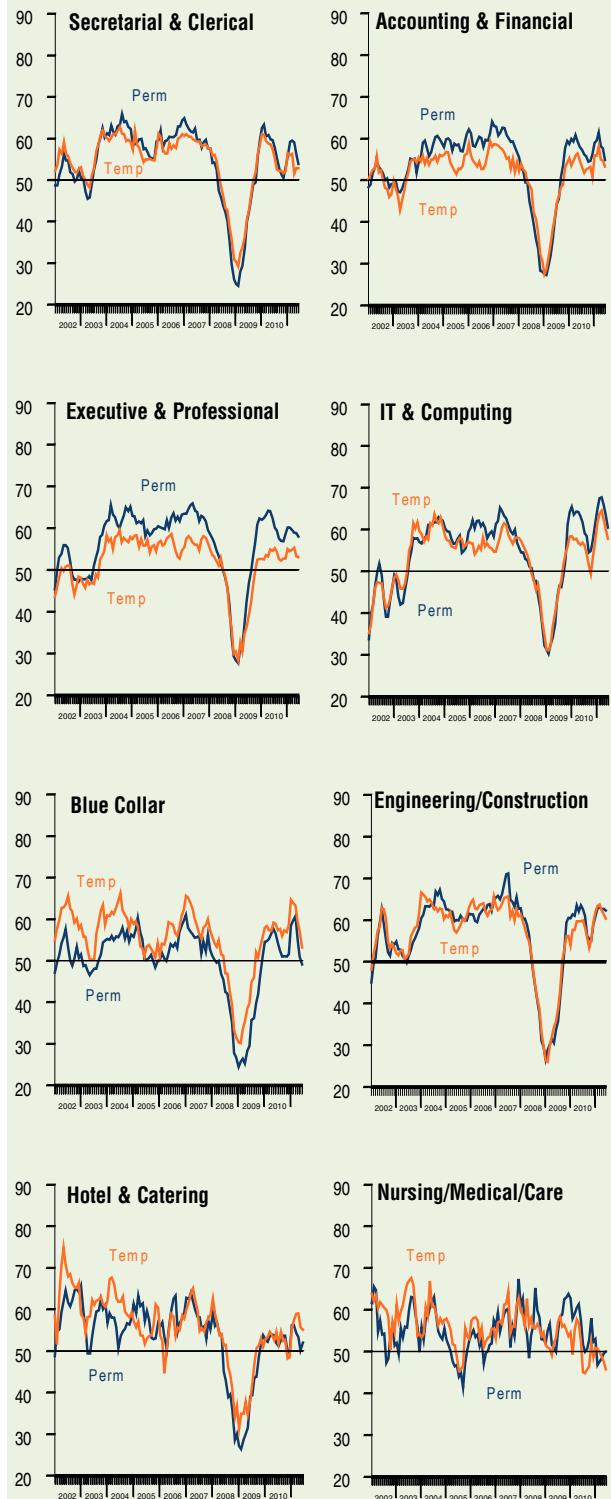
Growth of demand was signalled for seven of the eight categories of short-term staff in June. As was the case for permanent workers, Engineering/Construction employees were the most sought-after. The only category where a fall in demand was registered was Nursing/Medical/Care – the fourth in successive months.

	This year		(Last year)	
	Rank	Jun'11	Rank	Jun'10
Engineer'g/Construction	1	60.4	(1)	(59.8)
IT & Computing	2	57.9	(4)	(56.9)
Hotel & Catering	3	55.1	(6)	(54.6)
Accounting/Financial	4	53.3	(5)	(55.0)
Blue Collar	5	53.2	(2)	(59.0)
Executive/Professional	6	53.2	(7)	(54.6)
Secretarial/Clerical	7	52.9	(3)	(57.5)
Nursing/Medical/Care	8	45.8	(8)	(52.6)

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.

## Moderate improvement in candidate availability

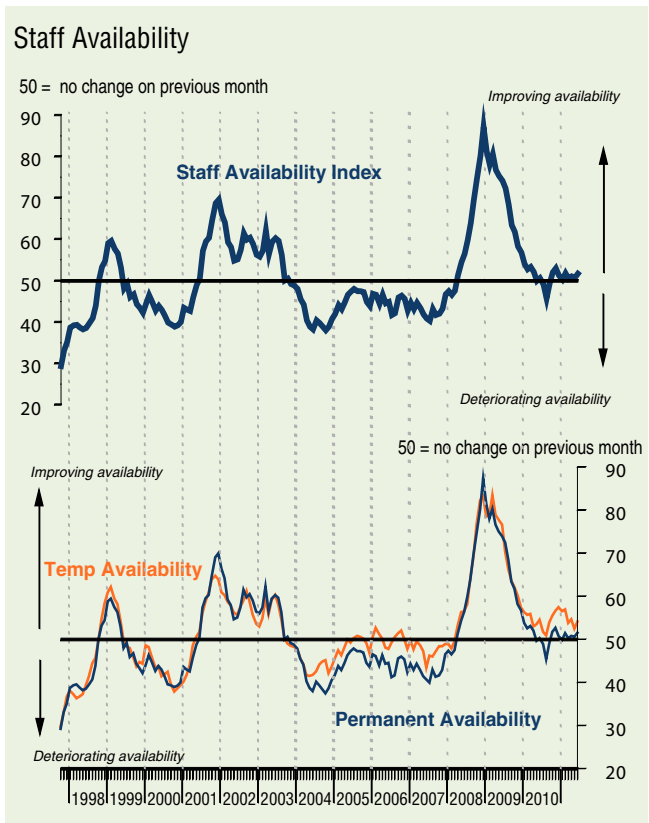
Latest data signalled higher levels of availability for both permanent and temporary/contract workers in June. Nevertheless, panellists continued to indicate skill shortages for a range of specific job types.

## Availability of permanent staff

The availability of candidates to fill permanent job roles increased for a fifth consecutive month in June. Although quickening to the fastest since February, the rate of growth remained only modest.

## Availability of temp/contract staff

Short-term candidate availability improved further in June, and at a sharper rate than in May. The rate of growth was also above 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
<b>2011</b>	Jan	34.8	51.1	14.1	20.6	60.3	<b>49.9</b>
	Feb	28.6	54.2	17.1	11.5	55.8	<b>51.5</b>
	Mar	22.8	57.0	20.2	2.6	51.3	<b>50.3</b>
	Apr	19.0	63.7	17.3	1.6	50.8	<b>50.8</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>

### 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>	Jan	34.3	55.3	10.4	23.8	61.9	<b>56.6</b>
	Feb	30.5	59.0	10.4	20.1	60.0	<b>57.0</b>
	Mar	21.2	61.9	16.9	4.3	52.2	<b>53.9</b>
	Apr	25.5	62.1	12.3	13.2	56.6	<b>54.7</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>

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

**Accountancy/Financial:** Accountants, IFAs.  
**Blue Collar:** Welders.  
**Engineering/Construction:** Engineers.  
**Executive/Professional:** HR.  
**Hotel/Catering:** Chefs.  
**IT/Computing:** .NET, PHP, SAP, Business analysts.  
**Secretarial/Clerical:** Team assistants, PAs.  
**Other:** Chemists, Sales.

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

**Accountancy/Financial:** Accountants, Banking administrators, Accounts assistants.  
**Blue Collar:** Drivers, Vehicle technicians, Fitters, Laminators.  
**Engineering/Construction:** Engineers.  
**Hotel/Catering:** Chefs.  
**IT/Computing:** Oracle, Business analysts.  
**Nursing/Medical/Care:** Healthcare workers, Doctors.  
**Secretarial/Clerical:** Secretaries, PAs.  
**Other:** Telesales.

\*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

Salaries awarded to people placed in permanent jobs by recruitment consultants increased for a twentieth consecutive month in June. However, the rate of inflation eased to only a modest pace that was the weakest in that sequence. Where a rise in salaries was reported, this was generally linked to specific job types where skills were in short supply.

## Temp/contract pay rates

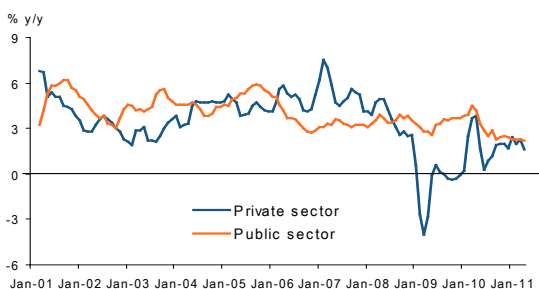
Temporary/contract staff pay increased only marginally in June. Panellists commented on higher levels of candidate availability and budget restrictions at clients as factors constraining growth of short-term staff wages.

### UK average weekly earnings

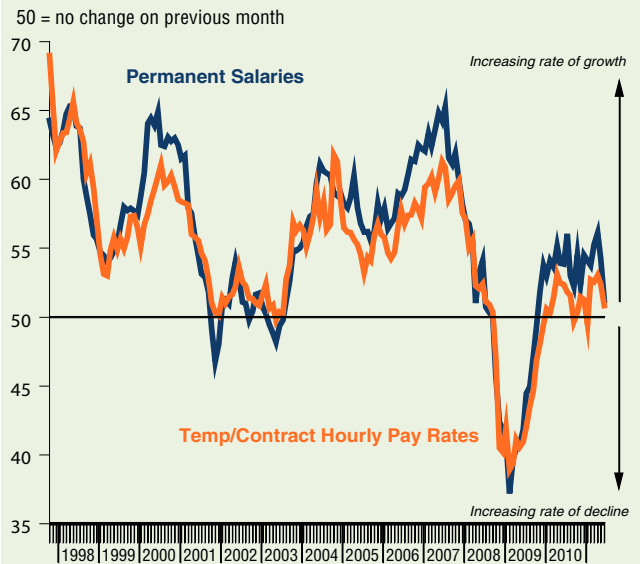
Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) slowed from 2.4% to 1.8% in the three months to April. Earnings growth eased sharply in the private sector, to 1.6%, the weakest since August 2010. Public sector earnings growth slowed to 2.2%. Both the services and manufacturing sectors recorded weaker earnings growth, while construction continued to register an outright decline.

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

	2008	2009	2010	Jan'11	Feb	Mar	Apr
<b>Whole economy</b>	3.8	0.0	2.3	2.4	2.2	2.4	1.8
<b>Private sector</b>	3.7	-0.8	2.0	2.4	2.0	2.3	1.6
<b>Public sector</b>	3.6	3.3	3.0	2.3	2.3	2.3	2.2
<b>Services</b>	3.8	0.0	2.4	2.8	2.4	2.7	2.1
<b>Manufacturing</b>	3.2	1.2	4.2	2.1	1.2	0.9	0.7
<b>Construction</b>	2.7	0.5	0.0	-2.5	-1.3	-0.3	-0.5



### 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
<b>2010</b>	Dec	10.9	84.2	4.9	6.1	53.0	<b>54.5</b>
<b>2011</b>	Jan	11.6	81.8	6.6	5.0	52.5	<b>54.1</b>
	Feb	13.8	79.8	6.4	7.4	53.7	<b>53.7</b>
	Mar	15.7	78.5	5.8	9.9	55.0	<b>55.3</b>
	Apr	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>

#### 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>2010</b>	Dec	7.3	85.6	7.1	0.1	50.1	<b>51.3</b>
<b>2011</b>	Jan	7.1	84.5	8.4	-1.4	49.3	<b>49.5</b>
	Feb	11.6	81.1	7.3	4.4	52.2	<b>52.7</b>
	Mar	10.2	86.1	3.7	6.6	53.3	<b>52.6</b>
	Apr	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>

# 7 Feature | job security

## Concerns over job security remain widespread

Latest Household Finance Index (HFI) data from Markit showed that job security continued to deteriorate in June. Around 22% of respondents indicated that job security worsened since the previous month, while only 6% reported an improvement.

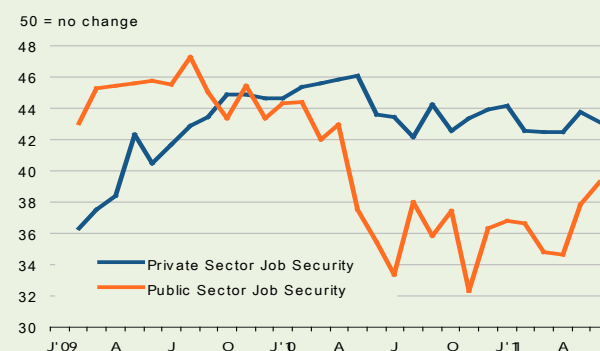
Public sector workers again signalled a steeper drop in job security than private sector employees, despite the latest reduction being the slowest since April 2010.

Job security was perceived to have worsened across all job categories, with the steepest fall signalled for Utilities/Energy/Transport. However, only a modest decline was recorded for Finance/Business Services, with the latest index reading the highest in the survey history.

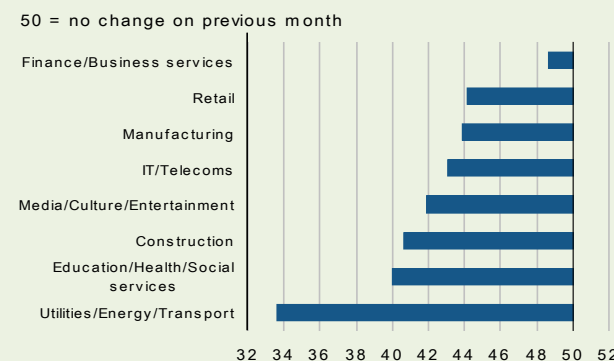
Older workers indicated the greatest concern about the security of their employment. The 45 to 54 age bracket registered the steepest drop, closely followed by the 55+ category. Those aged between 25 and 34 reported the least marked decline.

Lower job security was signalled across all UK regions in June. The steepest declines were in the East of England and the West Midlands. Workers in Scotland noted the weakest deterioration.

Private sector and public sector



Industry breakdown



Source: Markit.



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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 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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