

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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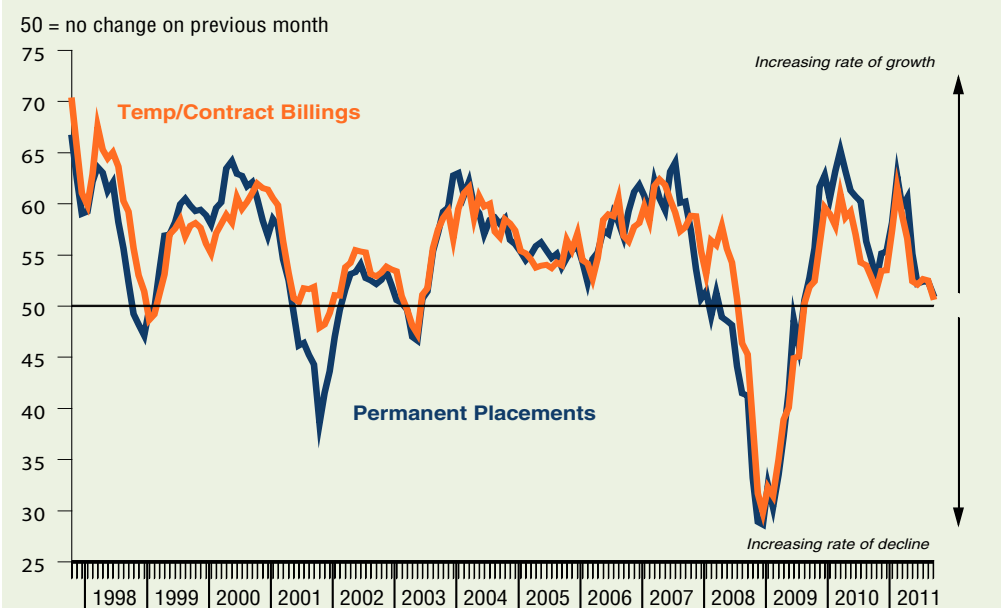
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Growth of staff appointments eases further in September

Staff Appointments via Recruitment Consultancies



Key points from September survey:

- Slowest increases in permanent placements and temporary billings since August 2009
- Weakest rise in job vacancies for almost two years
- Pay pressures remain muted
- Stronger improvement in candidate availability

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

“This latest data suggests that surely it’s only a matter of time now before we move from a growth position to one of a contracting jobs market.

“September saw rates of growth decline to the weakest for just over two years in both permanent and temporary appointments.

“And although there is still some slight growth, continuing a period of 26 consecutive month-on-month increases in appointments, the rate is slowing.

“The employment agencies surveyed reported that the slower expansion of placements was linked to a lack of confidence among clients over the economic outlook. These macroeconomic concerns and the general downward direction of the growth rate, suggests that we could see it cross the line and move into decline in the near future.

“Looking at sectors: nursing/medical care and the hotel and catering sectors are already in decline, showing weaker demand in September than the previous month. The accounting/financial sector was virtually flat but the others showed some growth.”

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 September are:

Slower growth of placements and billings...

Rates of expansion of both permanent and temporary/contract staff appointments moderated in September. In both cases, the latest increases were the weakest for just over two years, amid reports from panellists of fragile client confidence.

...as demand for staff increased at weaker pace

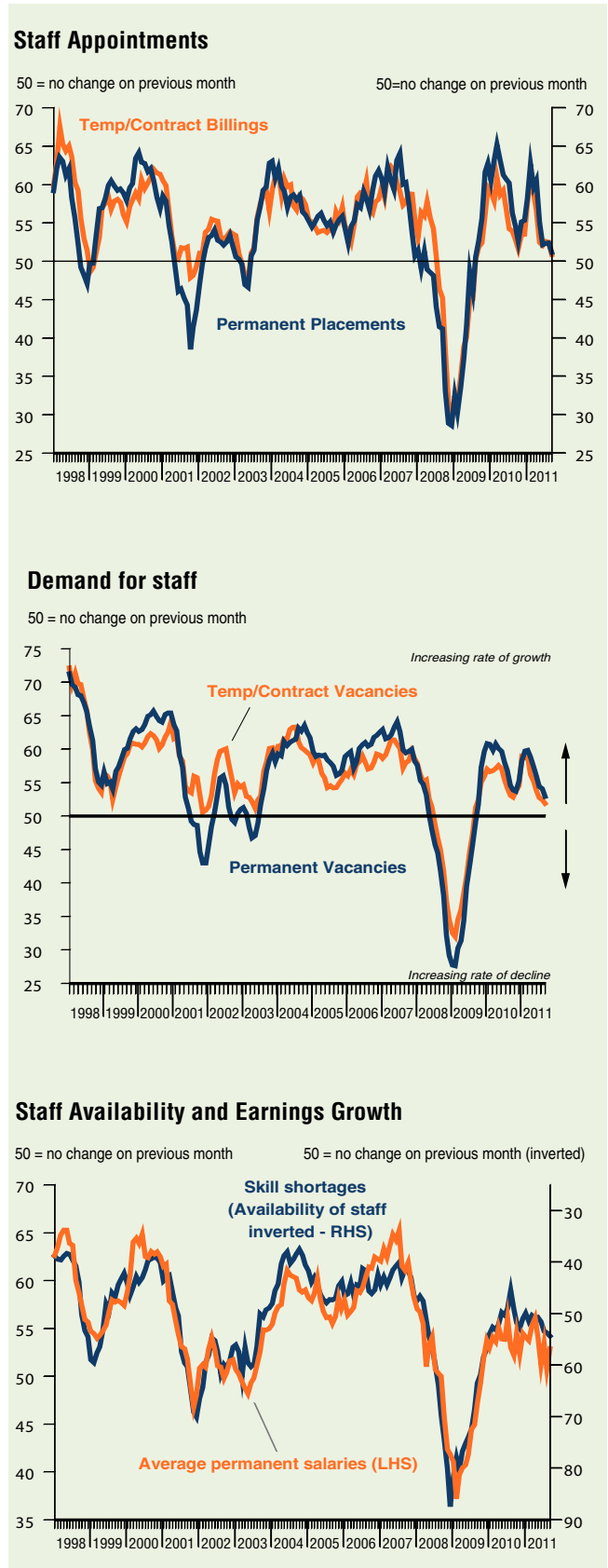
Although job vacancies continued to rise in September, the rate of growth eased further. Overall demand for staff increased at the slowest pace since October 2009. Weaker expansions of demand were signalled for both permanent and temporary/contract workers.

Pay inflation remained historically subdued...

The rate of inflation of permanent staff salaries quickened in September, but remained well below the average recorded throughout the survey's 14-year history. Hourly temp pay rates increased modestly on the month.

...dampened by rising staff availability

The availability of permanent candidates improved for an eighth successive month in September, and at the sharpest rate since December 2009. Growth of short-term staff availability picked up to a seven-month high.



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 reported slower growth of both permanent and temporary/contract staff appointments during September.

Slowest rise in permanent placements for over two years...

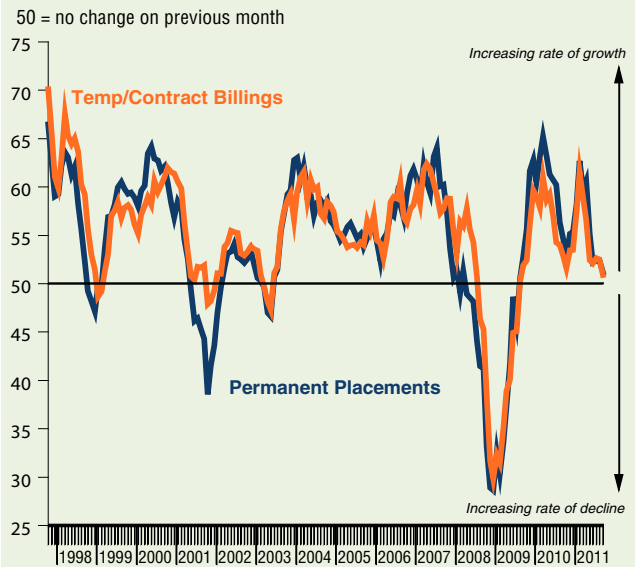
A further rise in the number of people placed in permanent positions was recorded in September, extending the current period of growth to 26 months. However, the latest increase was only modest and the weakest since August 2009. There were reports linking the slower expansion of placements to a lack of confidence among clients over the economic outlook.

...while growth of temp billings eased to marginal pace

Agencies' billings from the employment of temporary/contract staff continued to rise in September, but the rate of expansion eased to only a marginal pace that was the slowest for just over two years. There were some reports from panellists that recently completed contracts had not been renewed. Where growth of billings was reported, this was generally attributed to increased business requirements 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
2011	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
	Jun	33.9	39.7	26.4	7.5	53.7	52.2
	Jul	36.5	33.9	29.6	6.9	53.5	52.4
	Aug	31.5	36.6	31.9	-0.5	49.8	52.4
	Sep	38.1	32.7	29.2	8.9	54.4	51.2

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
2011	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
	Jun	32.6	46.3	21.1	11.4	55.7	52.1
	Jul	33.8	44.0	22.2	11.6	55.8	52.6
	Aug	32.5	37.3	30.2	2.3	51.2	52.5
	Sep	32.0	42.8	25.2	6.8	53.4	50.9

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.

Slower rise in demand for staff

Although the number of vacancies available to job seekers continued to rise in September, the pace of growth moderated further. At 52.9, down from 54.0 in August, the Report on Jobs Vacancies Index posted its lowest reading since October 2009.

Permanent staff vacancies

Demand for permanent staff increased at a weaker rate in September. The Permanent Staff Vacancies Index fell from 54.1 in August to 53.0, signalling the weakest growth of demand for short-term staff in 23 months.

Temp/contract vacancies

Growth of demand for short-term workers eased to a two-year low in September. The Temporary Staff Vacancy Index registered 51.9, down from 52.5 in August, a level indicative of a modest pace of expansion.

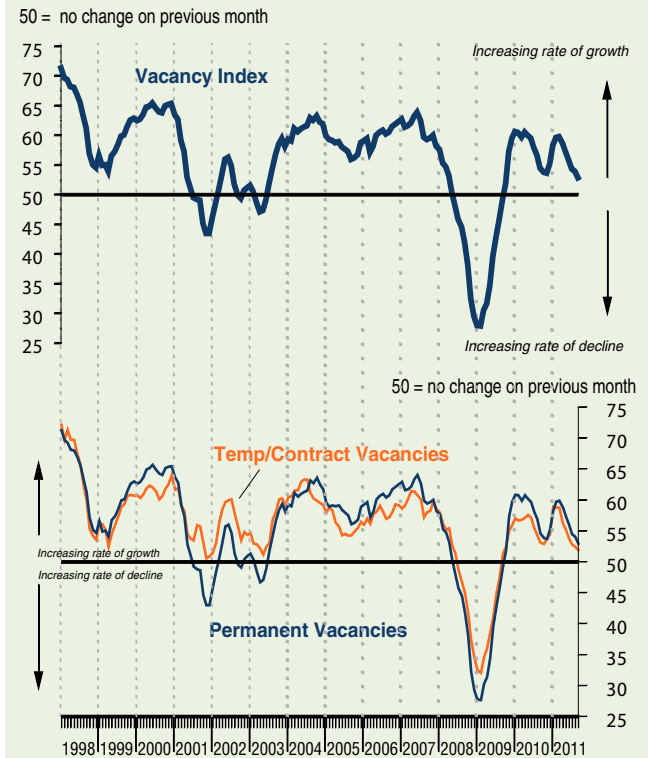
Other vacancy indicators

Data from the Office for National Statistics signalled that job vacancies declined -2.4% on an annual basis in the three months to August, weaker than the -5.0% fall in the three months to July.

Latest available data signalled that internet-based recruitment spending fell -6.3% in the second quarter of 2011. That followed a 0.7% rise in Q1.

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					
	May '11	Jun	Jul	Aug	Sep
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	57.2	55.9	54.3	54.0	52.9
Permanent Staff	57.4	56.0	54.4	54.1	53.0
Temporary Staff	55.2	53.8	52.8	52.5	51.9
Other key vacancy data					
Annual % change					
Job centre vacancies	-3.8	-5.0	-5.0	-2.4	n/a
Internet recruitment	--	-6.3	--	--	--
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 for permanent staff were recorded in six of the eight monitored sectors during September. The strongest growth was signalled for Executive/Professional workers, followed by Engineering/Construction and IT & Computing. Marginal declines in demand were registered for Nursing/Medical/Care and Hotel & Catering staff.

	This year		(Last year)	
	Rank	Sep'11	Rank	Sep'10
Executive/Professional	1	57.0	(1)	(58.2)
Engineer'g/Construction	2	56.2	(2)	(56.7)
IT & Computing	3	56.1	(4)	(56.0)
Blue Collar	4	52.1	(7)	(51.6)
Secretarial/Clerical	5	51.2	(6)	(53.3)
Accounting/Financial	6	50.2	(3)	(56.3)
Hotel & Catering	7	49.7	(5)	(53.5)
Nursing/Medical/Care	8	49.2	(8)	(50.6)

Temporary/contract staff

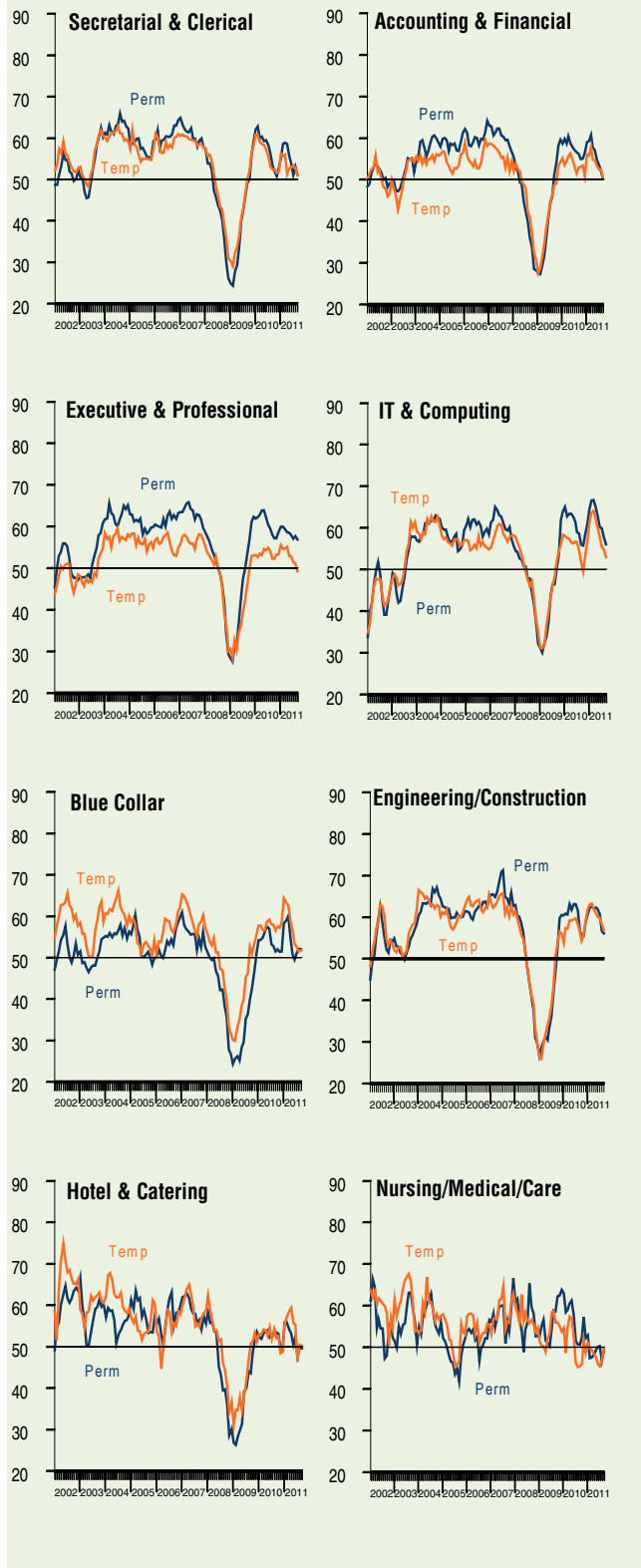
Six of the eight types of temporary/contract staff covered by the survey saw improved levels of demand in September. Engineering/Construction workers were the most sought-after. In contrast, Executive/Professional and Nursing/Medical/Care employees recorded a slight drop in demand for their services.

	This year		(Last year)	
	Rank	Sep'11	Rank	Sep'10
Engineer'g/Construction	1	56.9	(2)	(56.4)
IT & Computing	2	53.0	(7)	(51.9)
Blue Collar	3	51.9	(1)	(56.6)
Secretarial/Clerical	4	51.0	(4)	(52.5)
Hotel & Catering	5	50.3	(6)	(52.2)
Accounting/Financial	6	50.3	(3)	(52.9)
Nursing/Medical/Care	7	49.8	(8)	(45.5)
Executive/Professional	8	49.3	(5)	(52.4)

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.

Faster rise in candidate availability

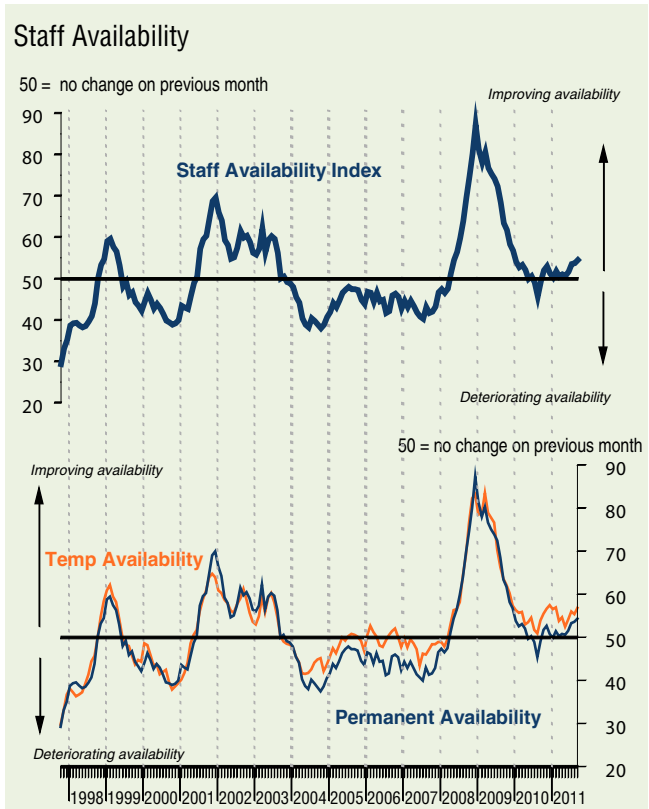
The availability of staff to fill job vacancies continued to improve during September. The supply of both permanent and temporary/contract candidates rose at sharper rates.

Availability of permanent staff

September data pointed to an increase in the number of permanent candidates for the eighth month running. Moreover, the rate of growth quickened to a solid pace that was the strongest since December 2009.

Availability of temp/contract staff

Recruitment agencies indicated that the availability of temporary/contract staff improved at the fastest pace for seven months during September. Survey respondents linked the latest rise to subdued recruitment growth for short-term workers.



Key permanent staff skills reported in short supply:*

- Accountancy/Financial:** Part-qualified accountants, General finance.
- Blue Collar:** Machinists, Welders.
- Engineering/Construction:** Engineering, Designers, Automotive.
- Executive/Professional:** HR reward professionals, Business graduates.
- IT/Computing:** Business analysts, Project managers.
- Hotel/Catering:** Chefs, Hospitality managers, Housekeepers.
- Other:** Sales.

Key temp skills reported in short supply:*

- Accountancy/Financial:** Accountants.
- Blue Collar:** LGV drivers, Machinists, Welders.
- Engineering/Construction:** Engineering, Automotive, Aerospace, Oil & gas.
- IT/Computing:** SQL developers, Business analysts.
- Hotel/Catering:** Chefs.
- Nursing/Medical/Care:** Care workers.
- Secretarial/Clerical:** PAs, Secretaries.

*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
2011	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
	Jun	18.0	61.7	20.4	-2.4	48.8	51.5
	Jul	21.9	60.2	17.9	4.0	52.0	53.4
	Aug	20.7	59.4	19.9	0.9	50.4	53.7
	Sep	23.6	58.2	18.1	5.5	52.8	54.3

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
2011	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
	Jun	25.5	59.9	14.6	10.9	55.5	54.2
	Jul	26.8	58.1	15.1	11.6	55.8	56.0
	Aug	21.0	61.3	17.7	3.2	51.6	55.4
	Sep	25.1	60.5	14.4	10.7	55.4	56.9

6 Pay pressures

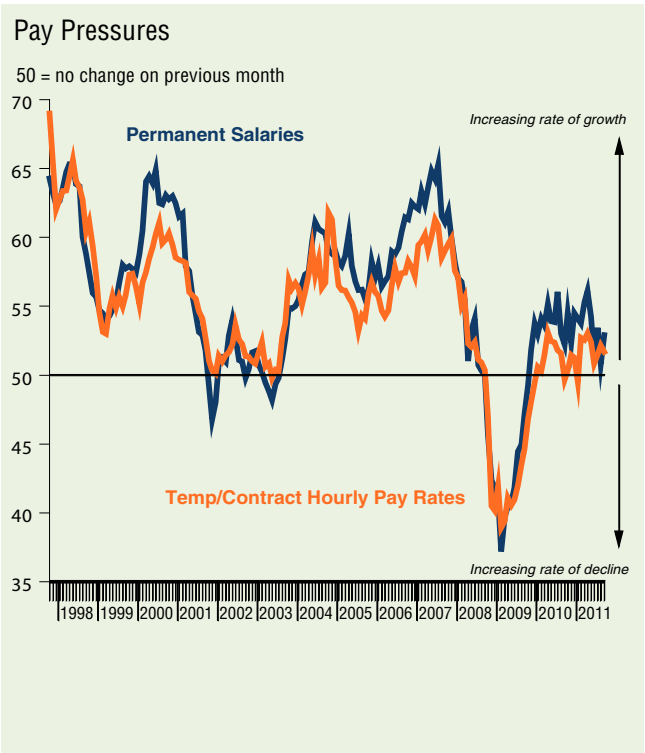
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent salaries

Average salaries awarded to successful permanent candidates increased for a twenty-third consecutive month in September. Although accelerating since August, the rate of inflation remained weaker than the long-run series trend. Those panellists that reported a rise in average salaries frequently attributed this to greater numbers of senior-level appointments.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract roles continued to rise in September, in line with the trend recorded throughout the past eight months. That said, the latest increase was only modest and slightly weaker than in August.

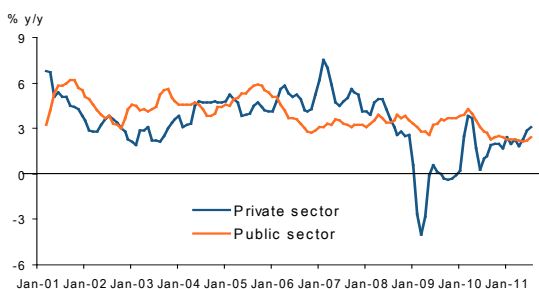


UK average weekly earnings

Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) rose from 2.7% to 2.8% in the three months to July, the highest since April 2010. Stronger increases in earnings were recorded in both the private and public sectors. Earnings growth remained sharper in services than in manufacturing and construction.

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

	2008	2009	2010	Apr'11	May	Jun	Jul
Whole economy	3.8	0.0	2.3	2.0	2.3	2.7	2.8
Private sector	3.7	-0.8	2.0	1.8	2.3	2.9	3.1
Public sector	3.6	3.3	3.0	2.2	2.1	2.2	2.4
Services	3.8	0.0	2.3	2.3	2.8	3.1	3.2
Manufacturing	3.2	1.2	4.2	0.6	1.0	1.7	1.7
Construction	2.7	0.5	0.0	-0.4	-0.7	0.7	1.8



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
2011 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
Jun	10.7	82.6	6.7	4.0	52.0	51.2
Jul	11.7	83.4	4.9	6.7	53.4	53.4
Aug	9.6	82.0	8.4	1.2	50.6	50.8
Sep	13.7	80.5	5.8	7.9	53.9	52.9

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
2011 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
Jun	8.1	84.4	7.5	0.7	50.3	50.8
Jul	10.9	80.5	8.6	2.3	51.2	51.5
Aug	10.0	83.1	7.0	3.0	51.5	52.2
Sep	6.9	87.5	5.6	1.3	50.6	51.7

7 Feature | employment trends

Record fall in public sector jobs during Q2

The number of people employed in the public sector fell by 111,000 in the second quarter of 2011, the largest drop since comparable records began in 1999. With private sector jobs rising only 41,000 over the same period, overall employment declined by 70,000, the sharpest fall for two years.

The latest figures marked a stark turnaround from the situation in the first quarter of the year, when overall employment increased by 80,000. Then, the private sector created 118,000 new jobs, comfortably exceeding a 38,000 fall in public sector positions.

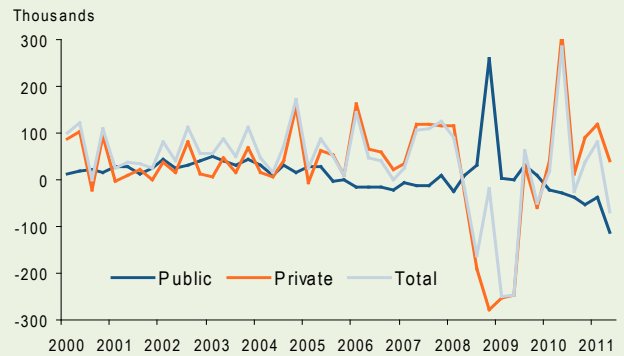
Private sector employment has risen in every quarter since the start of 2010, with a cumulative growth of 617,000 jobs. In contrast, public sector employment has contracted throughout this period, resulting in a total loss of 290,000 positions.

The share of public sector jobs now stands at 20.7% of total employment, the lowest proportion since the third quarter of 2008.

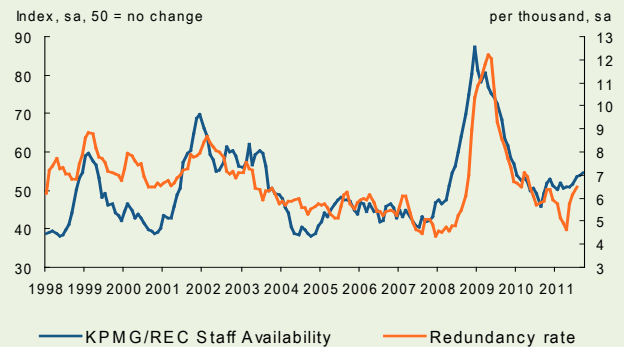
Accompanying the drop in overall employment has been a rise in the redundancy rate. In the three months to July, there were 6.5 redundancies per thousand employees, the highest since the three months to April 2010.

**note that divergence in public and private sector employment trends in Q4 2008 affected by reclassification of employees of nationalised banks*

Employment by sector*



Staff availability and redundancies



Sources: Markit, Office for National Statistics.



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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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