

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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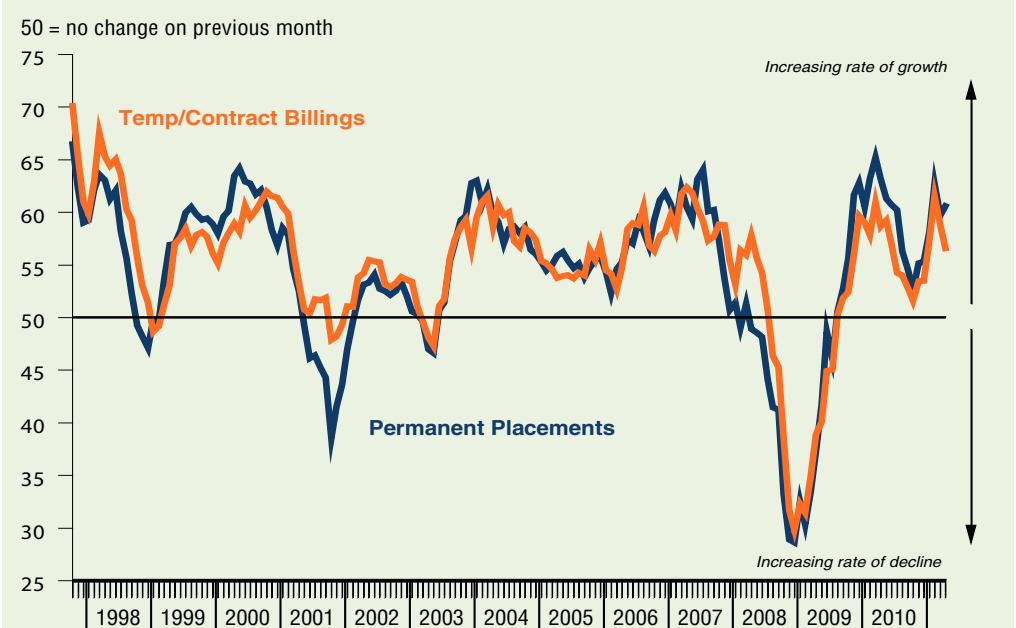
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Permanent placements rose at faster pace in April, but growth of temp billings eased.

Staff Appointments via Recruitment Consultancies



Key points from April survey:

- Strong and accelerated rise in permanent staff placements.
- Temp billings increased at the slowest rate in four months.
- Permanent salary inflation edged up to nine-month high.
- Fastest rise in temp pay for a year.
- Candidate availability continued to improve.

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

“The latest figures reveal a very mixed picture of the UK job market. In many areas of the private sector employers feel confident to hire again on a full time basis, though the picture is very different in the public sector where hiring freezes and cost cutting seems to be the order of the day. Indeed, private sector businesses with a dependency on the public sector are clearly on a knife edge, as they wait to understand how the unfolding government policy will impact them. The fundamental issue facing the UK’s ‘twin track’ job market is whether the private sector can create enough jobs to offset the expected job losses in the public sector.

“If the government encourages greater private sector engagement in the provision of public services, this would not only support creation of private sector jobs in the UK, but provide a platform for those business services providers to export their skills, as governments around the world grapple with how to reduce their deficits and transform public services.”

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 April are:

Permanent placements increased at faster pace...

Permanent staff appointments rose at a strong and accelerated rate in April, although growth remained below February's ten-month high. The increase was attributed by panellists to a further marked rise in demand for permanent staff.

...but growth of temp billings eased

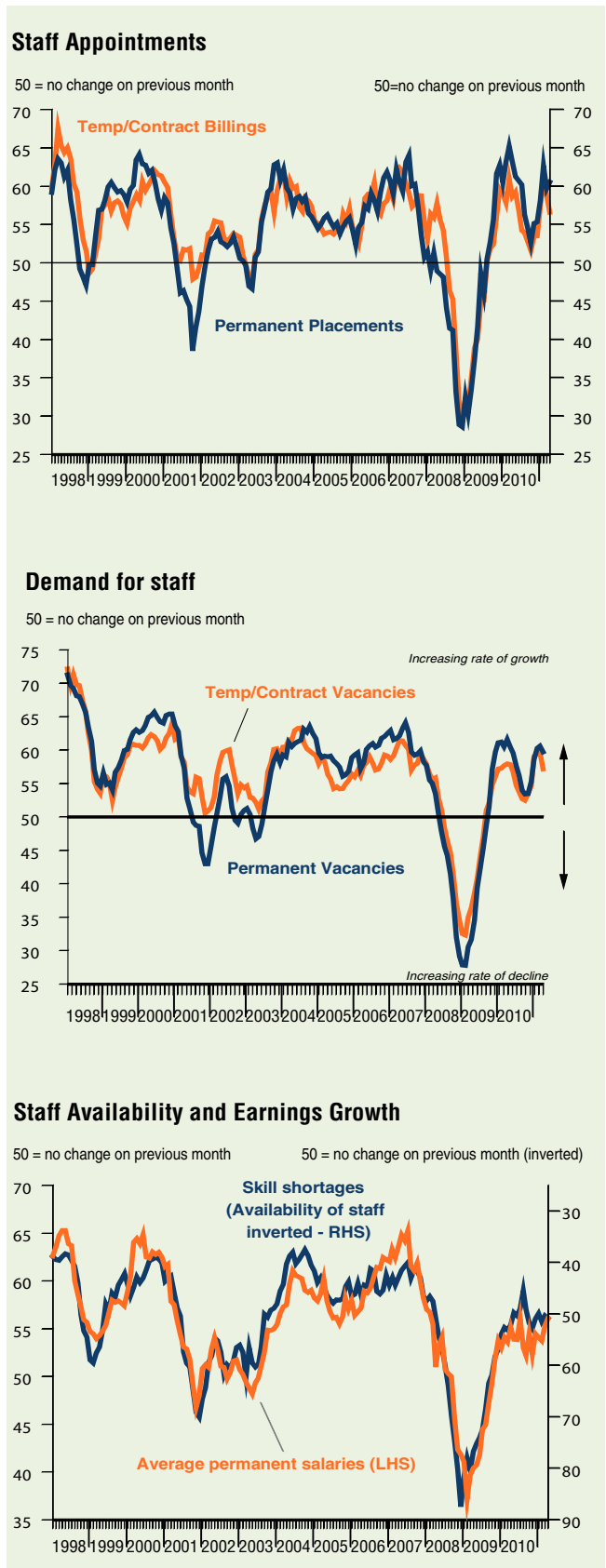
The pace of expansion of temporary/contract staff billings eased to the lowest of 2011 so far. There were reports from survey respondents linking the weaker rise in short-term appointments to softer demand from public sector clients.

Pay inflation edged higher

The rate of inflation of permanent staff salaries quickened to the highest for nine months during April, and was slightly above the survey's long-run average. Temp pay rose at the fastest pace in a year.

Staff availability continued to rise

Recruitment consultants reported a further improvement in the availability of candidates during April. Permanent staff availability increased marginally, while temporary/contract staff availability rose at a solid 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.

Permanent and temporary staff appointments both continued to rise in April. However, divergent trends were evident as the former increased at a faster pace while the latter saw weaker growth.

Stronger rise in permanent placements...

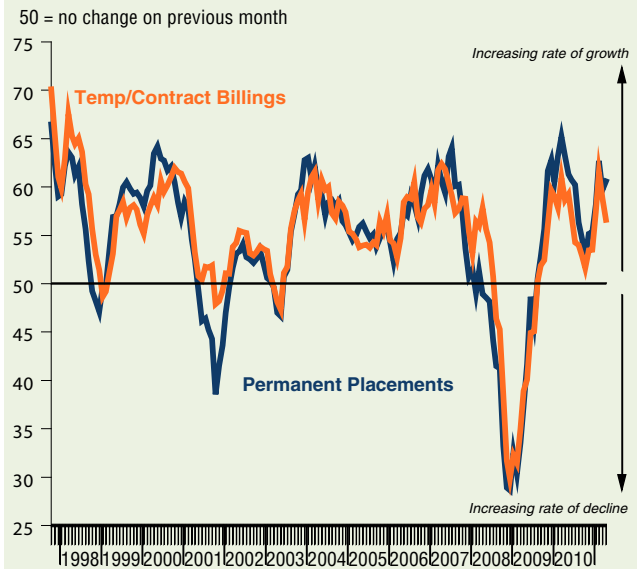
The number of people placed in permanent jobs by recruitment consultants increased for a twenty-first consecutive month in April. The rate of growth quickened since March to a marked pace, but remained below February's ten-month high. Anecdotal evidence suggested that higher placements were underpinned by increased vacancy levels and improved client confidence.

...but growth of temp billings eased to four-month low

Agencies' billings from the employment of temporary and contract staff rose at a slower pace in April. The rate of expansion eased further from February's peak to the least marked since last December. A number of panel members commented on tighter public sector budgets. Where a rise in temp billings was recorded, this was generally attributed to higher activity levels at client businesses.

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	Nov	40.1	34.6	25.3	14.8	57.4	55.2
	Dec	27.9	33.6	38.6	-10.7	44.7	55.4
2011	Jan	43.4	33.5	23.1	20.3	60.1	58.2
	Feb	42.4	35.0	22.7	19.7	59.9	62.7
	Mar	46.5	32.6	20.9	25.6	62.8	59.7
	Apr	41.6	37.5	20.9	20.6	60.3	60.6

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	Nov	27.8	51.0	21.2	6.5	53.3	53.5
	Dec	29.8	42.8	27.4	2.4	51.2	53.5
2011	Jan	24.4	33.6	42.0	-17.6	41.2	57.4
	Feb	40.8	42.7	16.5	24.3	62.1	61.5
	Mar	42.5	42.9	14.6	27.9	63.9	58.8
	Apr	36.5	41.0	22.5	14.0	57.0	56.6

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 continued to rise strongly

Growth of vacancies remained strong in April, despite easing from March's eleven-month high. This was signalled by the Report on Jobs Vacancies Index posting 59.6, from 60.6. The latest increase in demand for staff was the nineteenth in successive months.

Permanent staff vacancies

Demand for permanent staff continued to rise in April. Although slipping from 60.7 in March, to 59.7, the Permanent Staff Vacancies Index pointed to a marked rate of expansion.

Temp/contract vacancies

The Temporary Staff Vacancy Index registered 57.2 in April, down from 59.8 in March and its lowest level in four months. Growth of demand was only marginally above its long-run average.

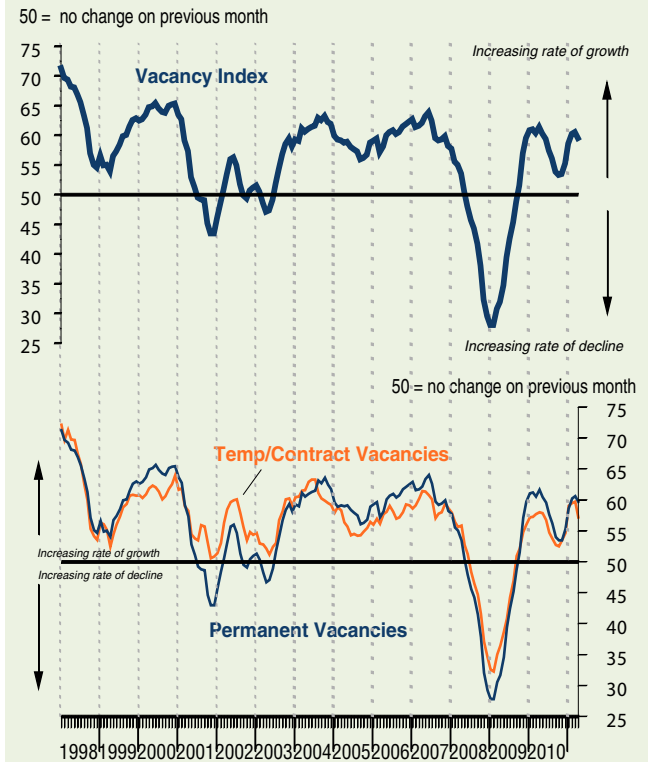
Other vacancy indicators

Data from the Office for National Statistics signalled a weaker year-on-year rise in vacancy numbers during March. The rate of growth eased from 5.5% in February to 3.4%, the slowest for a year.

Latest available data signalled that internet-based recruitment spending fell 2.8% on an annual basis during Q4 2010 after adjusting for inflation. That was the first decline since Q1 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

	Dec'10	Jan'11	Feb	Mar	Apr
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	55.3	58.7	60.2	60.6	59.6
Permanent Staff	55.3	58.6	60.3	60.7	59.7
Temporary Staff	54.7	59.1	59.5	59.8	57.2

Other key vacancy data					
Annual % change					
Job centre vacancies	5.5	6.9	5.5	3.4	n/a
Internet recruitment	-2.8	--	--	--	--

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

Growth of demand was signalled for seven of the eight broad types of permanent staff monitored by the survey in April. The strongest rate of expansion continued to be recorded for IT & Computing workers. Demand growth was also strong for Engineering/Construction employees. Nursing/Medical/Care was again the only category to see a fall in demand.

	This year		(Last year)	
	Rank	Apr'11	Rank	Apr'10
IT & Computing	1	66.4	(1)	(64.6)
Engineer'g/Construction	2	62.9	(3)	(63.8)
Secretarial/Clerical	3	59.7	(4)	(61.4)
Executive/Professional	4	59.1	(2)	(64.3)
Accounting/Financial	5	58.4	(5)	(61.0)
Blue Collar	6	56.1	(7)	(57.3)
Hotel & Catering	7	54.1	(8)	(54.6)
Nursing/Medical/Care	8	48.3	(6)	(60.5)

Temporary/contract staff

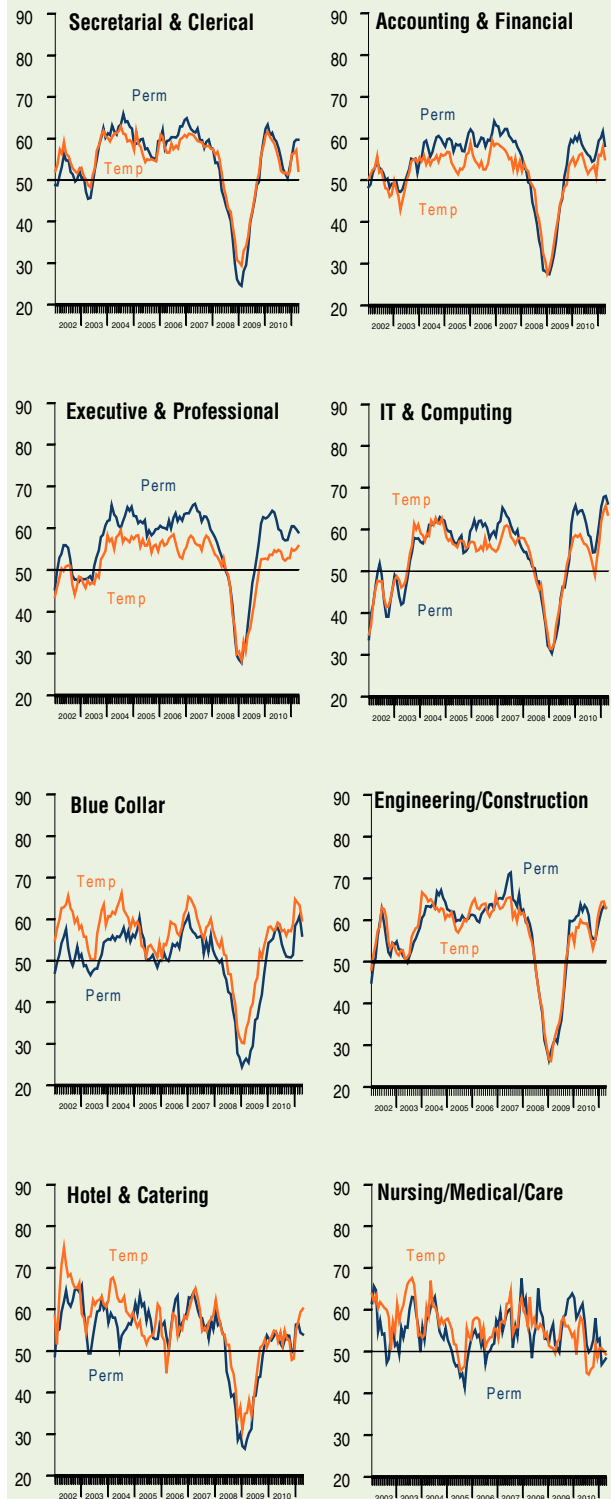
Mirroring the trend for permanent staff, growth of demand was indicated for seven of the eight categories of temporary/contract employee in April. IT & Computing was the most sought-after type. Nursing/Medical/Care staff were the least in-demand, although only a marginal decrease in vacancies was recorded.

	This year		(Last year)	
	Rank	Apr'11	Rank	Apr'10
IT & Computing	1	63.6	(4)	(57.7)
Engineer'g/Construction	2	62.9	(1)	(60.1)
Hotel & Catering	3	60.2	(7)	(54.8)
Blue Collar	4	59.8	(5)	(57.5)
Executive/Professional	5	55.8	(8)	(53.7)
Accounting/Financial	6	55.1	(6)	(56.0)
Secretarial/Clerical	7	52.3	(2)	(59.5)
Nursing/Medical/Care	8	49.4	(3)	(58.3)

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.

Further improvement in candidate availability

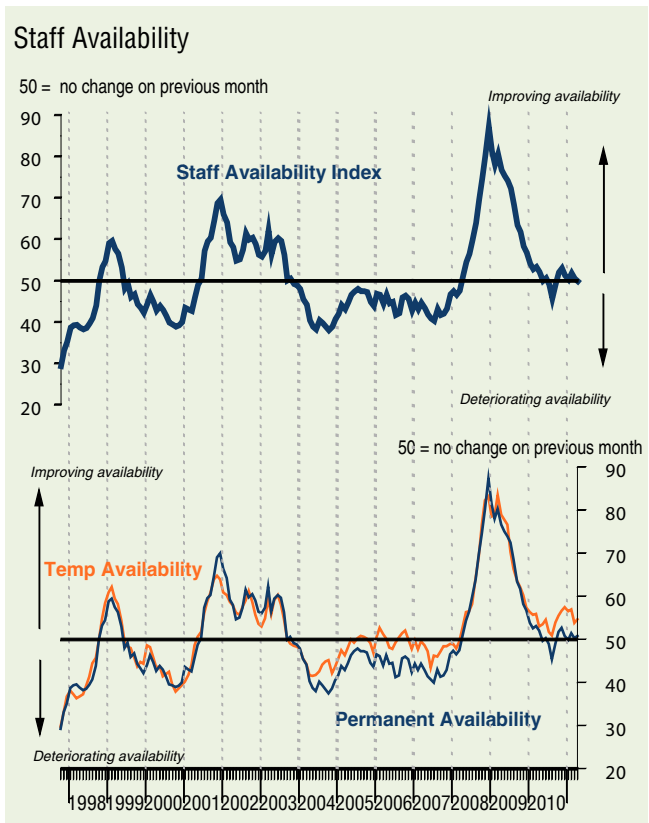
Recruitment consultants signalled further increases in the availability of both permanent and temporary staff during April, with the latter posting the faster growth.

Availability of permanent staff

The availability of permanent candidates rose for a third consecutive month in April. However, the rate of growth was only marginal. Where a rise in permanent candidate availability was recorded, panellists frequently commented on recent redundancies, particularly in the public sector.

Availability of temp/contract staff

Temporary/contract staff availability continued to increase in April, extending the current period of expansion to thirty-seven months. The rate of growth accelerated since March, but was still the second-weakest since September 2010.



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	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
	Feb	28.6	54.2	17.1	11.5	55.8	51.5
	Mar	22.8	57.0	20.2	2.6	51.3	50.3
	Apr	19.0	63.7	17.3	1.6	50.8	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	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
	Feb	30.5	59.0	10.4	20.1	60.0	57.0
	Mar	21.2	61.9	16.9	4.3	52.2	53.9
	Apr	25.5	62.1	12.3	13.2	56.6	54.7

Key permanent staff skills reported in short supply:*

- Accountancy/Financial:** Accountants.
- Engineering/Construction:** Construction managers, Engineers.
- IT/Computing:** IT sales.

Key temp skills reported in short supply:*

- Engineering/Construction:** Engineers.
- Hotel/Catering:** Chefs.
- Blue Collar:** Drivers, Welders.
- IT/Computing:** CAD designers.
- Nursing/Medical/Care:** Care workers, Radiographers.

*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

Inflation of permanent staff salaries quickened to a nine-month high in April and was marginally above the survey's long-run average. Anecdotal evidence pointed to improved confidence among candidates and employers seeking to attract high-quality staff, particularly those with niche skill-sets.

Temp/contract pay rates

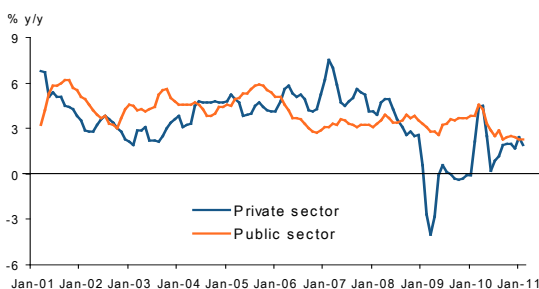
Hourly pay rates for staff in temporary/contract employment increased for the third month running in April. The pace of inflation quickened to a one-year high, but remained below the long-run average for the series. Higher temp pay was usually attributed by panellists to competition for staff with specialist skills. However, a number of respondents indicated that clients were reluctant to accept rate increases at present.

UK average weekly earnings

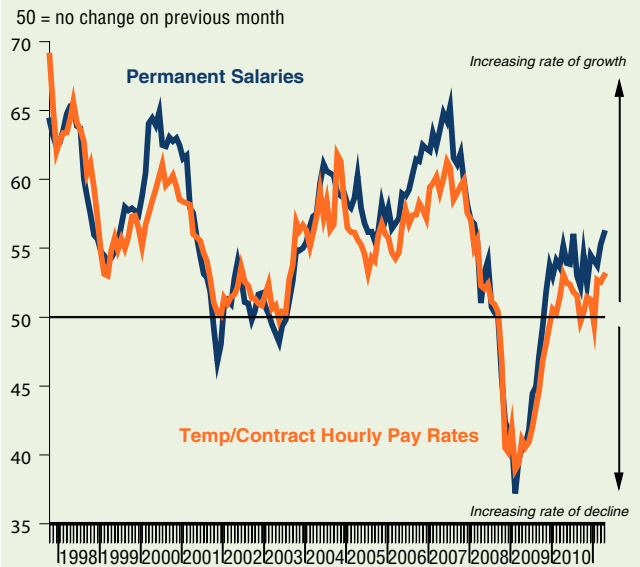
Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) eased to 2.0% in the three months to February. That was down from January's eight-month high of 2.3%. Earnings growth slowed to 1.9% in the private sector but was unchanged at 2.3% in the public sector. Services and manufacturing both saw weaker increases in earnings, while construction registered a further decline.

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

	2008	2009	2010	Nov'10	Dec	Jan'11	Feb
Whole economy	3.8	0.0	2.3	2.1	1.8	2.3	2.0
Private sector	3.7	-0.8	2.2	2.0	1.7	2.4	1.9
Public sector	3.6	3.3	3.0	2.5	2.4	2.3	2.3
Services	3.8	0.0	2.5	2.4	2.2	2.8	2.3
Manufacturing	3.2	1.2	4.2	3.5	2.7	2.1	1.2
Construction	2.7	0.5	0.0	-1.4	-3.0	-2.5	-1.4



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 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
Feb	13.8	79.8	6.4	7.4	53.7	53.7
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

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 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
Feb	11.6	81.1	7.3	4.4	52.2	52.7
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

7 Feature | unemployment

Unemployment rate falls to five-month low

UK unemployment decreased by 17,000 in the three months to February, according to the latest data from the Office for National Statistics (ONS). The fall corresponded with recent evidence from the Report on Jobs of improving labour market conditions. The unemployment rate consequently declined from 8.0% to 7.8%, the lowest in five months.

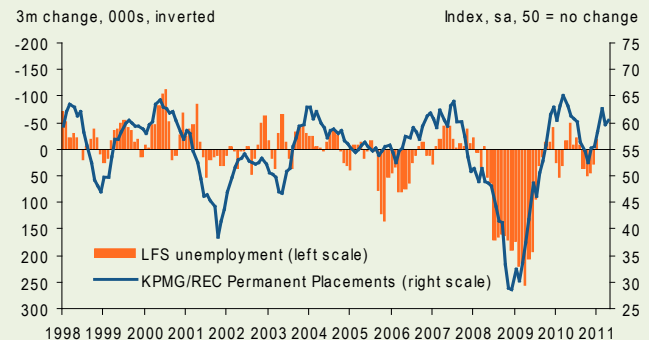
The drop in joblessness was aided by a 143,000 rise in employment in the three months to February, predominantly full-time positions. That more than compensated for an expansion of the labour force, as highlighted by a 126,000 increase in the number of economically active people.

The latest figures offered encouragement that the labour market is so far holding up reasonably well in the face of government spending cuts, with private sector employers adding jobs at a sufficient pace to absorb the public sector job losses.

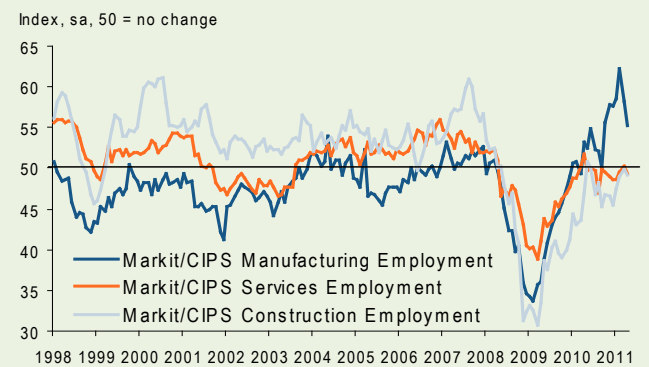
A useful guide to private sector employment trends is provided by the employment component of the Markit/CIPS PMI surveys. Overall employment growth was maintained in April, but the latest rise was only marginal and the weakest in four months.

Job creation remained centred on the manufacturing sector, despite the rate of expansion easing to a seven-month low. Service sector employment fell slightly following a marginal rise in March, as positive trends in the business services and IT & computing sectors were offset by job shedding among hotels & restaurants and personal services providers. Construction firms, meanwhile, indicated a further slight fall in headcounts.

Unemployment and Permanent Placements



PMI employment indices by sector



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.



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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