

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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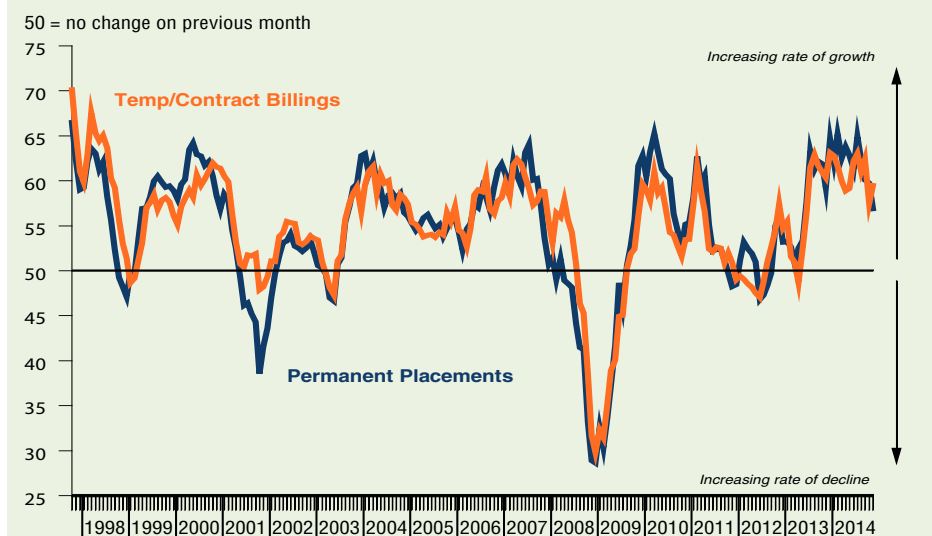
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Placements rise further, but rate of growth slows again amid candidate shortages

Staff Appointments via Recruitment Consultancies



Key points from the November survey:

- Permanent placements increase at slowest pace in 18 months
- Faster rise in temp billings
- Strong salary growth amid falling candidate availability

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

“Not much sign of a happy Christmas in the job market. The rate at which permanent contracts are being signed is rising at the slowest rate in 18 months.

“This follows an unexpected fall in investment in the UK in Q3.

“With political uncertainty in the UK, and in particular the country’s position on Europe, could this be the start of a negative trend in the jobs market? Let’s hope not and that the initiatives announced in the Autumn Statement convert to new employment opportunities.”

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 November are:

Growth of permanent placements eases to 18-month low...

The number of people placed in permanent jobs by surveyed recruitment consultancies continued to rise in November. However, the rate of growth moderated further, reaching its slowest for one-and-a-half years.

...but temp billings rise at faster rate

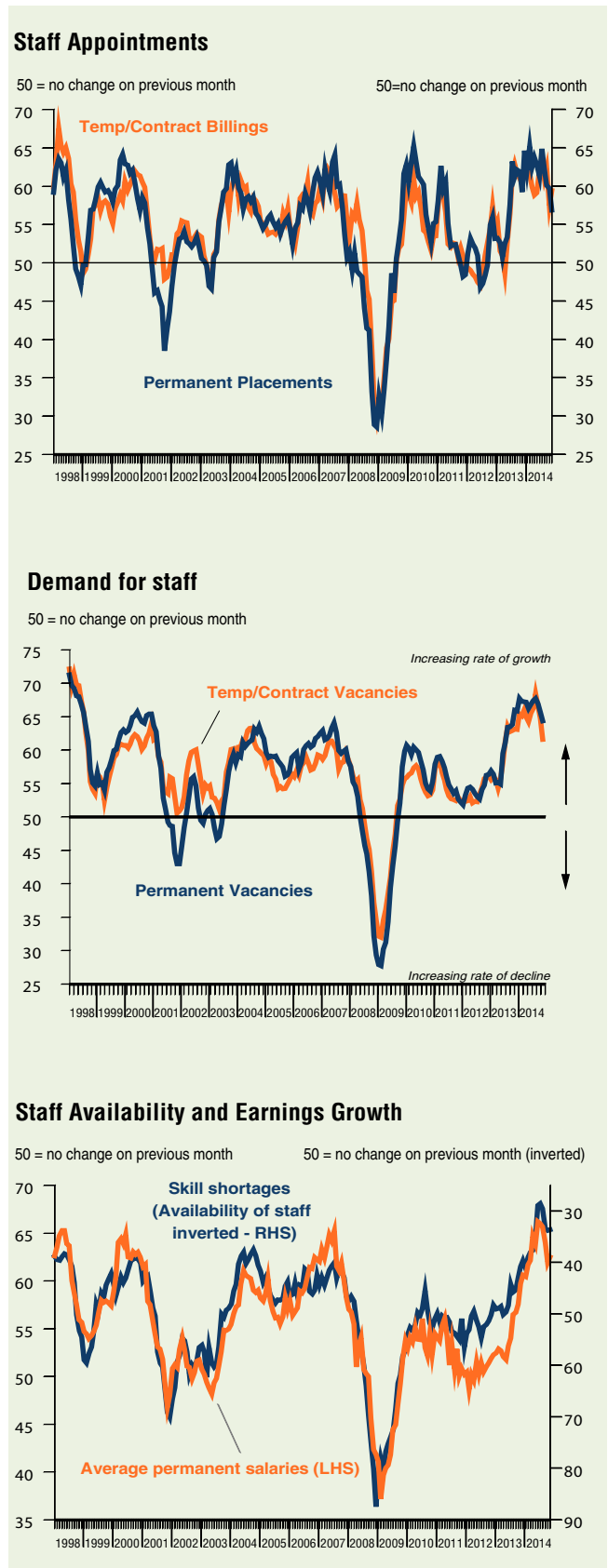
Agency billings from the employment of temporary and contract staff increased again in November, with the rate of expansion quickening from that recorded in the previous survey period.

Strong salary growth

Starting salaries for successful candidates placed in permanent jobs rose further, with the rate of growth quickening from October's eight-month low and comfortably above the survey's long-run trend. Temp pay growth remained solid and slightly faster than in the previous month.

Further marked drop in staff availability

The rate of decline in permanent candidate availability remained marked in November, with a range of skills reported in short-supply. Temp staff availability also fell, albeit at the slowest rate since March.



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 a further rise in staff appointments during November. While growth of permanent placements eased, temp billings increased at a slower rate.

Permanent placements rise at slowest rate in 18 months

November data pointed to a further expansion in the number of staff placed in permanent jobs by recruitment consultants. However, the rate of growth eased to the least marked for one-and-a-half years. Those panellists reporting higher placements cited rising demand for staff and increased client activity levels. However, other respondents commented on shortages of skilled candidates and slower client decision-making.

Midlands-based consultancies indicated the strongest growth of permanent placements, while the slowest rise was signalled in London.

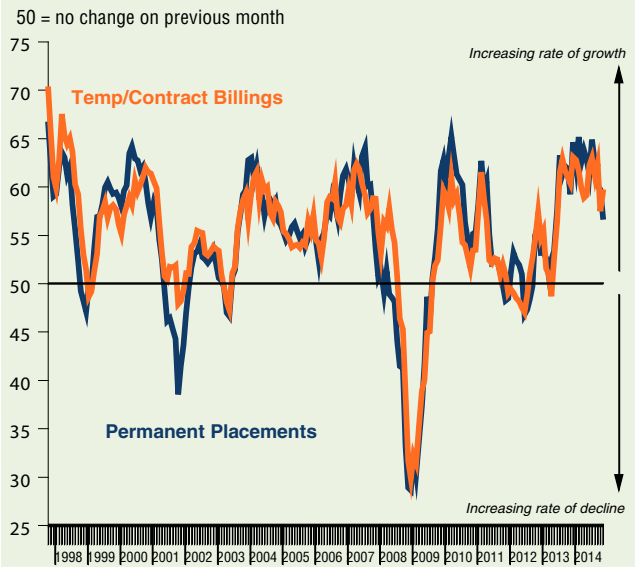
Temp billings rise at stronger rate

Billings received by agencies from the employment of temporary and contract staff continued to increase in November. The rate of growth accelerated from the previous month, although remained slower than that recorded between June and September.

Growth of temp billings was fastest in the Midlands and weakest in the South of England during the latest survey period.

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
2014 Jun	49.0	30.9	20.1	28.9	64.4	61.3
Jul	48.4	38.3	13.3	35.1	67.5	64.9
Aug	41.1	33.9	25.0	16.2	58.1	62.4
Sep	45.2	34.3	20.5	24.7	62.4	60.1
Oct	44.4	30.1	25.4	19.0	59.5	59.8
Nov	33.1	38.5	28.4	4.7	52.4	56.9

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
2014 Jun	48.1	38.4	13.5	34.6	67.3	62.2
Jul	48.0	37.5	14.5	33.6	66.8	63.0
Aug	40.8	38.2	21.0	19.7	59.9	61.0
Sep	47.1	38.3	14.6	32.5	66.2	62.4
Oct	34.1	44.7	21.2	12.9	56.5	57.5
Nov	38.7	42.3	19.0	19.7	59.8	59.5

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.

Demand for staff rises at slowest rate in 13 months

Slipping to 64.2 in November, from 65.7 in October, the Report on Jobs Vacancy Index signalled a moderation in the rate of expansion of demand for staff to the least marked for over a year.

Weaker growth of demand was recorded for both permanent and temporary employees during the latest survey period.

Public & private sector vacancies

Data signalled that growth of demand remained considerably stronger for private sector roles than public sector vacancies in November. In both cases, permanent staff saw a faster rise than temporary/contract employees.

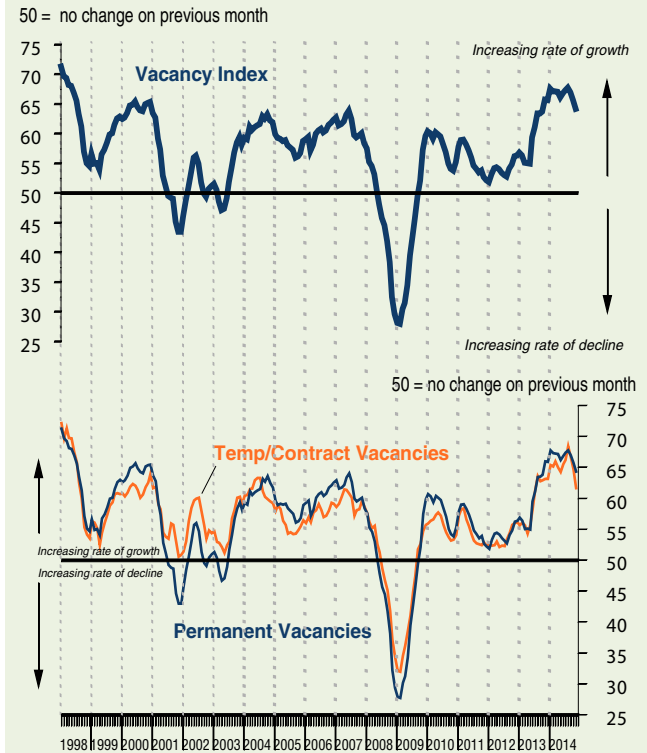
Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) indicated that vacancies rose 24.7% on an annual basis in the three months to October.

Meanwhile, internet-based recruitment spending continued to increase at a strong annual pace. Latest data showed a 8.8% rise in Q2 2014 from the corresponding period one year earlier.

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

	Jul'14	Aug	Sep	Oct	Nov
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	67.4	67.8	67.0	65.7	64.2
Permanent Staff	67.4	67.8	67.0	65.7	64.4
Temporary Staff	66.3	68.5	66.7	64.8	61.7

Public & private sector vacancies (not seasonally adjusted)

Public: perm	53.6	55.0	54.1	58.0	57.0
Public: temp	57.6	56.6	58.9	57.9	56.6
Private: perm	73.0	73.2	70.8	69.0	68.4
Private: temp	74.0	72.1	72.6	71.2	65.7

Other key vacancy data

Annual % change					
Job centre vacancies	23.8	27.2	25.0	24.7	n/a
Internet recruitment	8.8	--	--	--	--

Sources: Job centre vacancies provided by ONS via EcoWin.
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

Engineering remained top of the demand for staff 'league table' in November, with Accounting/Financial in second place. The slowest rise in demand was reported for Hotel & Catering workers.

	This year		(Last year)	
	Rank	Nov'14	Rank	Nov'13
Engineering*	1	68.6	(6)	(64.3)
Accounting/Financial	2	66.2	(4)	(66.0)
Executive/Professional	3	65.5	(3)	(66.4)
IT & Computing	4	64.5	(2)	(67.0)
Nursing/Medical/Care	5	64.2	(1)	(70.4)
Secretarial/Clerical	6	63.3	(5)	(64.6)
Construction*	7	59.8	(6)	(64.3)
Blue Collar	8	59.2	(9)	(59.6)
Hotel & Catering	9	58.3	(8)	(60.8)

Temporary/contract staff

IT & Computing employees were the most in-demand type of short-term staff in November, fractionally ahead of Blue Collar. Construction workers registered the weakest growth of demand.

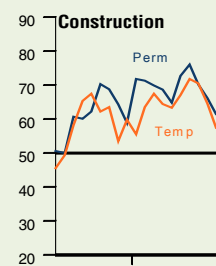
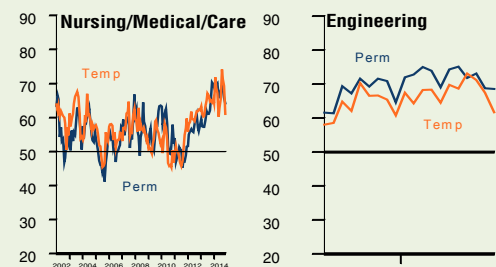
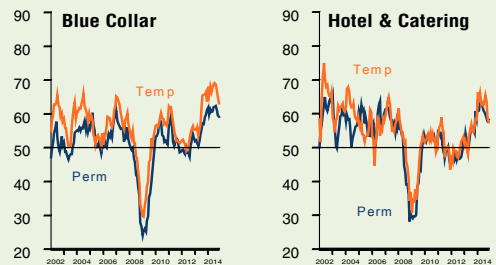
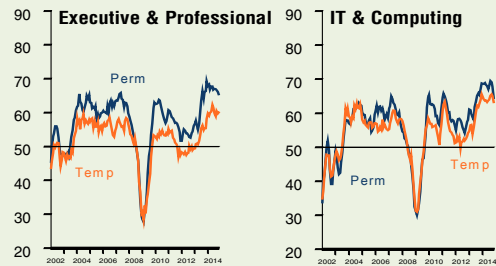
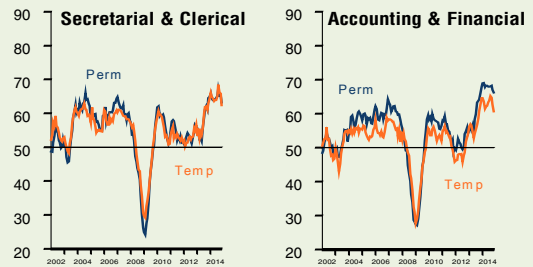
	This year		(Last year)	
	Rank	Nov'14	Rank	Nov'13
IT & Computing	1	63.3	(4)	(63.8)
Blue Collar	2	63.2	(1)	(66.3)
Secretarial/Clerical	3	62.4	(5)	(63.0)
Engineering*	4	61.7	(3)	(64.3)
Nursing/Medical/Care	5	61.1	(2)	(64.5)
Accounting/Financial	6	60.6	(6)	(62.7)
Executive/Professional	7	60.1	(8)	(55.4)
Hotel & Catering	8	57.5	(7)	(58.5)
Construction*	9	56.4	(9)	(53.6)

*Non-seasonally adjusted data. Prior to April 2013 Engineering/Construction was reported as a single category.

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.

Availability of permanent staff

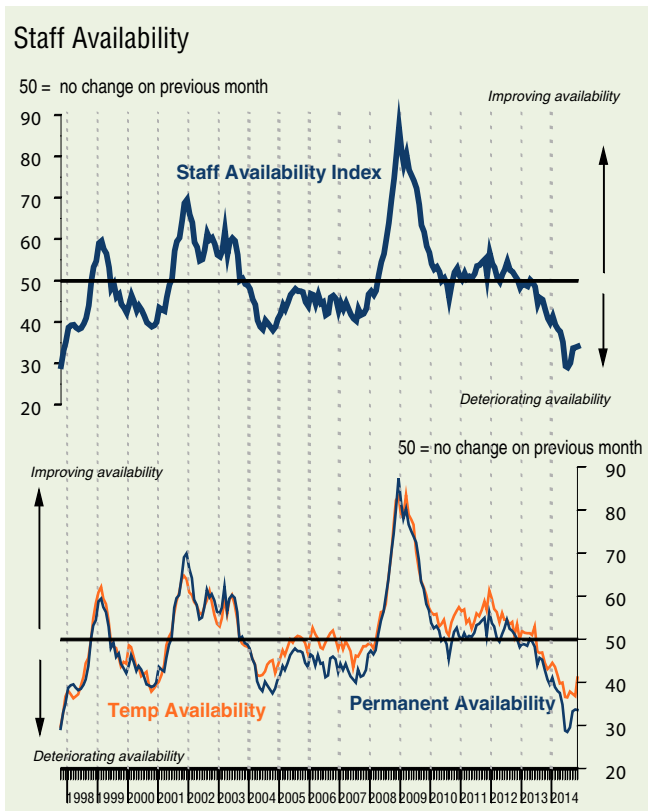
The availability of candidates to fill permanent job vacancies fell further in November. The rate of decline was little-changed from the substantial pace recorded in September and October. Lower candidate availability was signalled by around 44% of panellists, versus 8% that reported an improvement.

Lower permanent staff availability was recorded in all four monitored English regions, with the sharpest reduction signalled in the Midlands.

Availability of temp/contract staff

Temporary/contract staff availability fell at the slowest pace in eight months during November, with the rate of decline easing noticeably since October.

The Midlands registered the sharpest reduction in temp availability, while the North saw the slowest drop.



Key permanent staff skills reported in short supply:*

Accountancy/Financial: Audit, Compliance, Credit Controllers, Internal Audit, Paraplanners, Payroll. **Blue Collar:** HGV Drivers. **Construction:** Construction Managers, Estimators. **Engineering:** CAD Designers, Engineers, Technicians. **Executive/Professional:** Business Development. **Hotels/Catering:** Chefs. **IT/Computing:** C+, Developers, Digital Marketing, Java, .Net, PHP, Web Designers. **Nursing/Medical/Care:** Care Workers, Nurses. **Secretarial/Clerical:** Core Office Staff. **Other:** Client Account Managers, Languages, Sales, Teachers.

Key temp skills reported in short supply:*

Accountancy/Financial: Accounts, Compliance, General Finance, Internal Audit, Risk. **Blue Collar:** Forklift Drivers, HGV Drivers, Semi-Skilled, Warehouse. **Construction:** Labourers, Project Managers. **Engineering:** Engineers, Technicians. **IT/Computing:** Business Analysts, Java Developers. **Nursing/Medical/Care:** Care Staff, Nurses. **Secretarial/Clerical:** Admin, Receptionists. **Other:** Commercial, Scientific, Reprographics, Sales, Teachers.

*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?

	Better %	Same %	Worse %	Net +/-	Index	S.Adj. Index
2014 Jun	4.9	45.2	49.9	-45.0	27.5	28.9
Jul	8.0	38.6	53.5	-45.5	27.2	28.5
Aug	7.1	41.1	51.8	-44.8	27.6	29.5
Sep	11.7	43.3	45.0	-33.3	33.3	33.4
Oct	7.9	51.3	40.8	-32.8	33.6	33.7
Nov	8.0	48.4	43.6	-35.6	32.2	33.6

Availability of temporary/contract staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

	Better %	Same %	Worse %	Net +/-	Index	S.Adj. Index
2014 Jun	10.5	51.9	37.6	-27.2	36.4	36.6
Jul	13.0	44.2	42.8	-29.8	35.1	36.5
Aug	12.8	46.5	40.7	-27.9	36.0	37.9
Sep	10.7	51.8	37.6	-26.9	36.5	37.4
Oct	8.5	54.1	37.5	-29.0	35.5	36.9
Nov	15.5	53.1	31.4	-15.9	42.0	41.2

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 people placed in permanent jobs continued to rise in November. The rate of growth quickened from October's eight-month low and was stronger than the survey's long-run average. Panellists attributed higher salaries to stronger demand for staff and competition between employers for quality candidates.

Midlands-based consultancies reported the sharpest increase in salaries, while those in London registered the slowest growth.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract roles increased further in November. The rate of growth quickened slightly since October and was solid overall. Some panellists mentioned the impact of the rise in the national minimum wage.

Temp pay growth was fastest in the North, while the slowest rise was indicated in London.

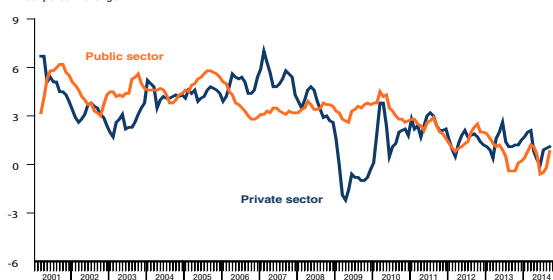
UK average weekly earnings

Data from the Office for National Statistics indicated that employee earnings (including bonuses) rose 1.0% on an annual basis in the three months to September, the fastest growth since the three months to March. Private sector earnings growth was slightly stronger than that in the public sector.

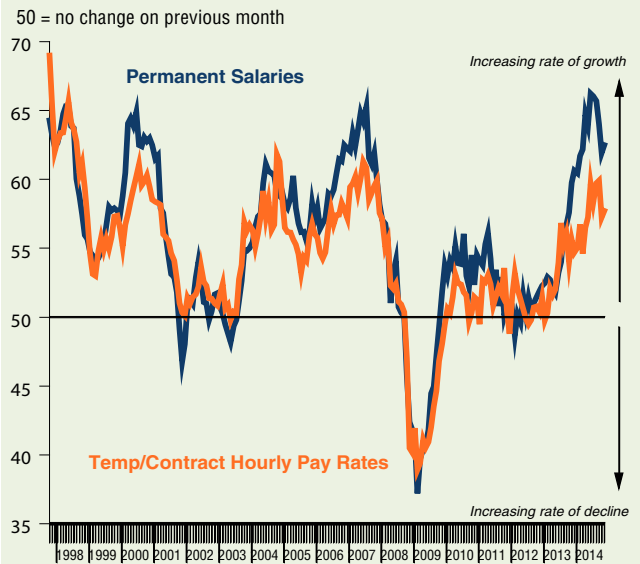
Yr/yr % chg in average weekly earnings (3mma)

	2011	2012	2013	Jun'14	Jul	Aug	Sep
Whole economy	2.4	1.4	1.2	-0.1	0.6	0.7	1.0
Private sector	2.5	1.5	1.3	0.0	0.9	1.0	1.1
Public sector	2.4	1.6	0.6	-0.6	-0.5	-0.2	0.8
Services	2.8	1.5	1.1	-0.3	0.4	0.5	0.8
Manufacturing	1.6	1.8	2.2	1.6	2.0	1.8	1.9
Construction	0.8	0.9	0.0	-1.5	1.1	2.0	2.4

Annual percent change



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
2014 May	33.3	62.4	4.3	29.0	64.5	63.9
Jun	38.3	58.2	3.5	34.8	67.4	66.2
Jul	35.9	62.6	1.5	34.4	67.2	66.0
Aug	33.2	63.2	3.6	29.5	64.8	65.7
Sep	32.1	64.5	3.4	28.7	64.4	64.0
Oct	28.3	65.9	5.8	22.5	61.3	61.9
Nov	27.8	69.1	3.2	24.6	62.3	62.5

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
2014 May	18.6	76.9	4.5	14.2	57.1	57.2
Jun	22.4	74.1	3.5	18.8	59.4	59.7
Jul	18.9	78.2	2.9	16.0	58.0	58.3
Aug	22.8	73.0	4.2	18.7	59.3	59.7
Sep	23.2	74.0	2.8	20.4	60.2	59.9
Oct	24.4	71.6	4.0	20.4	60.2	57.3
Nov	19.4	77.1	3.4	16.0	58.0	57.7

7 Feature | Earnings and inflation

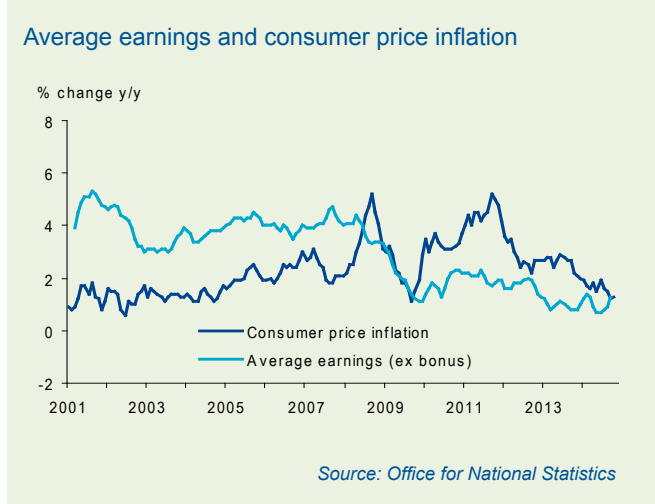
Earnings growth finally catches up with inflation, but remains subdued

Average earnings growth has caught up with inflation for the first time in five years. Data from the Office for National Statistics showed that average earnings, excluding bonuses, rose 1.3% on an annual basis in September. Consumer price inflation in September was 1.2%, rising to 1.3% in October.

However, earnings including bonuses were up just 1.0%. Pay growth has remained sluggish in spite of the recent recovery in employment. In a recent speech (“Twin Peaks”, 17 October), Bank of England Chief Economist Andrew Haldane drew attention to ongoing structural changes in the labour market which he argues have led to “polarising patterns” at the upper and lower ends, in turn resulting in a marked rise in wage dispersion.

On the one hand, high-skilled professions such as IT, engineering and construction continue to see skill shortages, leading to increased rates of pay for new hires, as signalled by the *Report on Jobs* in recent months. On the other hand, lesser-skilled jobs have seen a rise in the supply of labour which has more than offset rising demand, thus depressing wages.

Haldane identifies three key drivers of this. First, the ‘hollowing out’ of mid-skill jobs, a longer-term trend reinforced by the financial crisis, has led to displaced workers seeking jobs for which they are overqualified.



Second, labour force participation has risen significantly, particularly among women and older age cohorts, reflecting changes to the default retirement age and benefits regime, plus concerns over the adequacy of pensions and savings. Third, immigration over the last 20 years has boosted the supply of labour.

As Haldane puts it: “This paints a picture of a widening distribution of fortunes across the labour market – a tale of two workers” ... “This has been a jobs-rich, but pay-poor, recovery.”



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The REC is the professional body representing the UK’s £24.6 billion private recruitment and staffing industry with more than 8,000 recruitment agencies and 6,000 recruitment consultants in membership. There are over 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 2010/11, some 1,049,333 people were employed in either temporary or contract work through consultancies and 604,193 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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