

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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## Staff appointments rise at faster rate in October



Key points from the October survey:

- Growth of both permanent placements and temp billings accelerates
- Salaries continue to rise strongly
- Candidate availability remains tight

Commenting on the latest survey results, Bernard Brown, Partner at KPMG, said:

“While hiring continued at pace across most areas of the economy, the figures point to a worrying development in the construction sector.

“It is clear the industry is suffering from a chronic skills shortage along its entire supply chain, with recruiters struggling to meet demand for roles ranging from architects to construction workers. As a result salaries in the sector are soaring, with the average weekly rise reaching 5.1%, vastly outpacing the private sector average of 3.4%.

“With Britain in the grips of a housing crisis, this shortage of skilled workers could throw a serious spanner in the works, slowing projects in the pipeline and pushing up overall build costs as developers bid high to secure the labour they need. Businesses will want to see this addressed in the Autumn Statement, with measures to boost apprenticeships and encourage the return of small and medium sized builders, many of whom left the industry in the midst of the recession. By addressing this crucial capacity issue and rebalancing the industry away from the bigger developers, Britain can build the skills base it needs.”

# 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 October are:

## Faster growth of permanent and temporary appointments...

October data signalled a further increase in permanent staff placements. Growth was solid and the sharpest in four months. Temporary/contract staff billings also rose at a faster pace, with the rate of expansion at a three-month high.

## ...underpinned by robust demand for staff

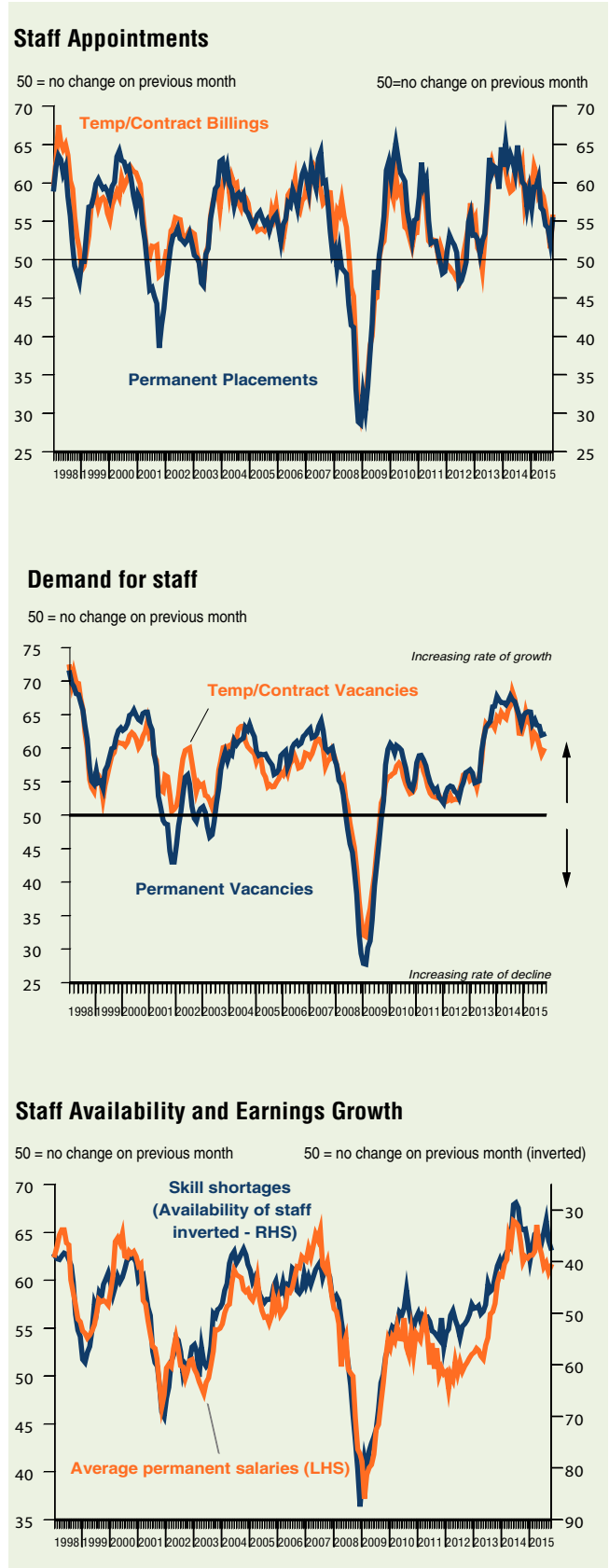
Vacancies continued to rise at a marked pace in October. Growth of demand for permanent employees remained sharper than that for temporary/contract staff.

## Strong salary growth maintained...

Permanent staff salary growth remained strong in October, and was similar to the rates seen during the third quarter. Temporary/contract staff hourly pay increased at a solid pace, albeit slower than that seen for permanent salaries.

## ...as candidate availability continues to fall

The availability of staff to fill permanent job roles fell further in October. Although easing to the slowest since January, the rate of decline remained sharp. Temporary/contract staff availability also decreased markedly, and at a slightly faster pace than in September.



# 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 signalled faster increases in both permanent and temporary staff appointments during October.

## Permanent placements growth at four-month high

The number of people placed in permanent jobs rose at a sharper rate during October. The rate of expansion was solid, having accelerated to a four-month high. Around 41% of panellists reported higher placements, citing robust demand for staff.

The Midlands led a broad-based increase in demand for permanent staff during October, followed by the North. Rates of expansion in the South and London were modest.

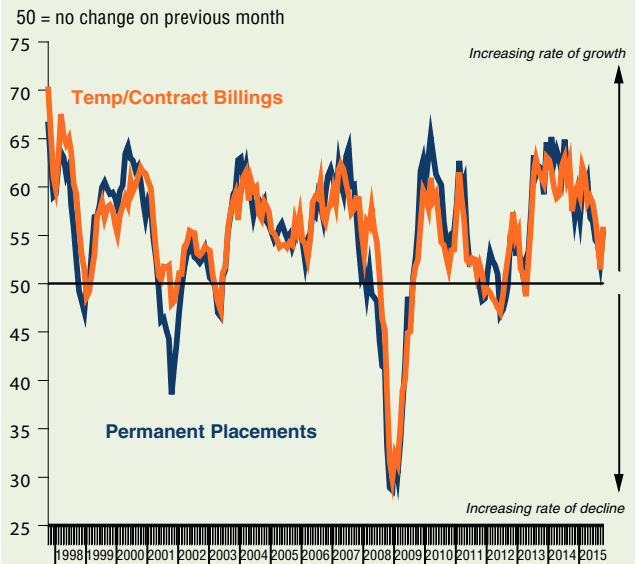
## Temp billings rise at strongest rate since July

Agencies' billings from the employment of temporary/contract staff also increased at an accelerated pace during October. The rate of growth was at a three-month high and solid overall. Higher temp billings were signalled by approximately 35% of panellists, compared with one-in-five that noted a decline.

The sharpest rate of growth was registered by agencies based in the Midlands, while those in the North saw the weakest increase.

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>2015</b> May	36.9	36.5	26.6	10.3	55.1	<b>56.8</b>
Jun	45.6	26.9	27.5	18.1	59.1	<b>56.4</b>
Jul	39.0	32.9	28.1	10.8	55.4	<b>54.5</b>
Aug	33.5	34.8	31.8	1.7	50.9	<b>54.2</b>
Sep	36.1	35.5	28.4	7.8	53.9	<b>52.3</b>
Oct	40.6	31.6	27.8	12.8	56.4	<b>55.2</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>2015</b> May	35.9	47.4	16.7	19.2	59.6	<b>59.0</b>
Jun	41.7	41.4	16.9	24.9	62.4	<b>58.3</b>
Jul	39.7	42.1	18.3	21.4	60.7	<b>56.6</b>
Aug	30.9	44.5	24.6	6.4	53.2	<b>54.4</b>
Sep	33.1	42.1	24.8	8.3	54.1	<b>51.5</b>
Oct	34.7	45.5	19.9	14.8	57.4	<b>55.6</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.

## Demand for staff continues to rise at strong pace

The Report on Jobs Vacancy Index edged higher in October, posting 62.0, from 61.8 in September. The latest reading was indicative of a marked rate of expansion.

Strong increases were signalled for both permanent and temporary employees, with the faster rise indicated for the former.

## Public & private sector vacancies

Latest data signalled that demand growth remained considerably stronger in the private sector than the public sector. The sharpest overall increase was recorded for private sector permanent staff.

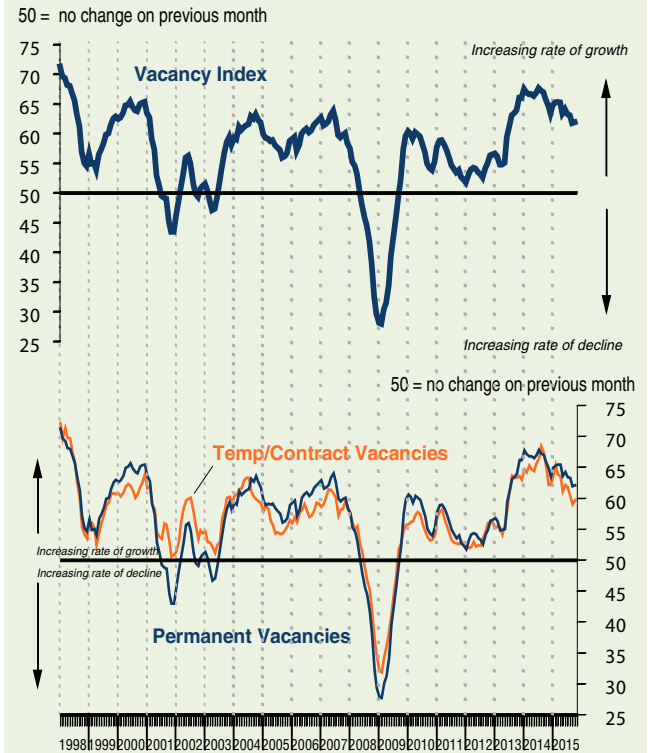
## Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies rose 7.7% on an annual basis in the three months to September. That was the slowest growth in just over two-and-a-half years.

Meanwhile, internet-based recruitment spending was up 4.6% on a year-on-year basis in the second quarter of 2015. This was down from 5.9% in the first 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

	Jun'15	Jul	Aug	Sep	Oct
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	64.1	63.4	63.2	61.8	62.0
Permanent Staff	64.3	63.5	63.3	62.0	62.1
Temporary Staff	62.2	61.8	60.4	59.1	59.7

### Public & private sector vacancies (not seasonally adjusted)

Public: perm	52.5	55.1	50.4	49.2	50.4
Public: temp	57.3	59.3	55.8	54.4	53.4
Private: perm	70.2	68.4	66.1	66.2	66.7
Private: temp	67.0	66.6	63.6	61.1	62.2

### Other key vacancy data

Annual % change					
Job centre vacancies	11.6	11.1	8.7	7.7	n/a
Internet recruitment	4.6	--	--	--	--

Sources: Job centre vacancies provided by ONS via EcoWin.  
Internet recruitment 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

Accounting/Financial remained the most sought-after category for permanent staff in October. IT & Computing was in second place in the demand for staff 'league table'. The slowest rise was reported for Hotel & Catering workers.

	This year		(Last year)	
	Rank	Oct'15	Rank	Oct'14
Accounting/Financial	1	66.4	(2)	(66.8)
IT & Computing	2	64.3	(1)	(68.0)
Nursing/Medical/Care	3	63.5	(3)	(66.8)
Construction*	4	62.8	(6)	(61.4)
Executive/Professional	5	62.7	(4)	(66.6)
Engineering*	6	62.6	(6)	(61.4)
Secretarial/Clerical	7	61.5	(5)	(65.0)
Blue Collar	8	54.2	(9)	(59.6)
Hotel & Catering	9	51.8	(8)	(59.8)

## Temporary/contract staff

Nursing/Medical/Care retained top spot in the temporary/contract staff demand rankings during the latest survey period. The weakest increase was reported for Executive/Professional staff.

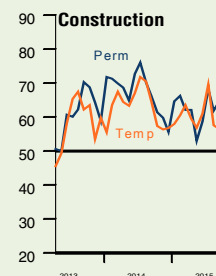
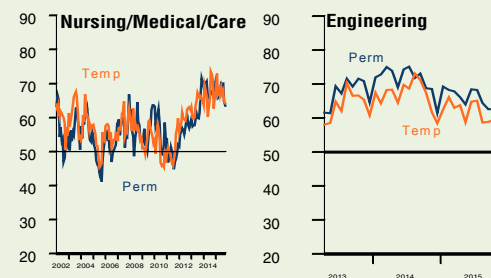
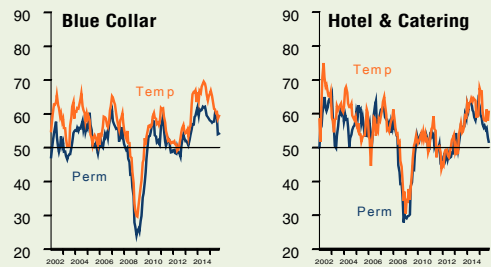
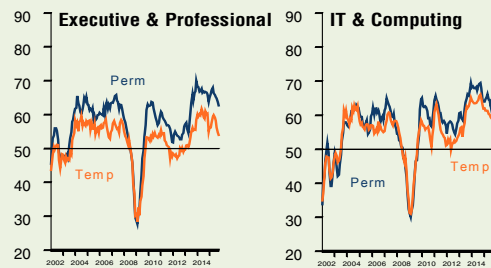
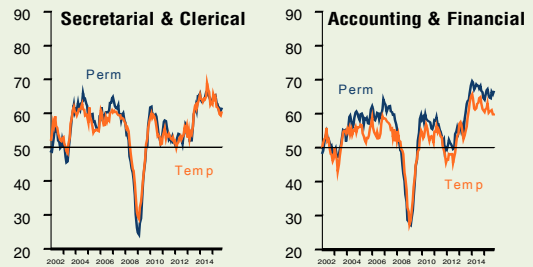
	This year		(Last year)	
	Rank	Oct'15	Rank	Oct'14
Nursing/Medical/Care	1	64.2	(1)	(71.0)
Hotel & Catering	2	60.6	(8)	(59.1)
Secretarial/Clerical	3	60.3	(2)	(66.4)
IT & Computing	4	60.3	(4)	(65.1)
Accounting/Financial	5	59.8	(5)	(63.1)
Engineering*	6	59.6	(6)	(61.4)
Blue Collar	7	59.4	(3)	(65.9)
Construction*	8	55.5	(9)	(57.4)
Executive/Professional	9	54.1	(7)	(60.1)

\*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 for permanent roles fell further in October. Although remaining sharp, the rate of decline eased to the slowest since January. Around 36% of panellists reported lower permanent staff availability, three times the proportion that noted a rise.

Permanent candidate availability fell in each of the four monitored regions, with the sharpest drop signalled in the Midlands.

## Availability of temp/contract staff

Temporary/contract staff availability continued to decline in October, and at a similar marked pace to that seen in September.

The steepest drop in temp availability was signalled in the Midlands, with the North posting the slowest decline.

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

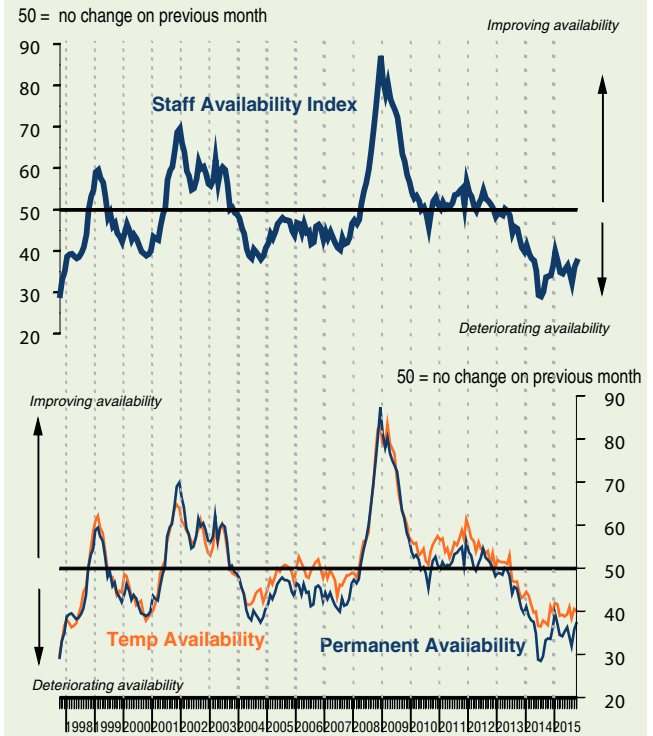
**Accountancy/Financial:** ACA, Accounts Clerks, Audit, Book Keepers, Compliance, Credit Control, IFAs, Newly Qualified Accountants, Paraplanners, Payroll, Purchase Ledger, Risk, Treasury. **Blue Collar:** LGV Drivers. **Construction:** Architects, Building Services Design, Building Surveyors, Quantity Surveyors. **Engineering:** Automotive, Bridge Engineers, Mechanical, Rail, Structural. **Executive/Professional:** Marketing, Legal. **Hotels/Catering:** Chefs. **IT/Computing:** Automation Testers, C#, Java, PHP, Programmatic, UX. **Nursing/Medical/Care:** Care Assistants, Home Carers. **Secretarial/Clerical:** Admin. **Other:** B2B Sales, Media Sales, Reprographics, Technical Sales.

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

**Accountancy/Financial:** Accounts, Audit, Compliance, Payroll, Risk, Treasury. **Blue Collar:** HGV Drivers, Industrial, Warehouse. **Construction:** Construction Workers, Revit, Trades. **Engineering:** Automotive, Bridge Engineers, Highways Engineers. **Executive/Professional:** HR, Legal, Marketing. **Hotels/Catering:** Catering, Hospitality. **IT/Computing:** Digital Marketing, Java, Oracle, PHP, Testers. **Nursing/Medical/Care:** Care Assistants, Home Carers. **Other:** Customer Service, Languages, Reprographics, Telesales.

\*consultants are invited to specify any areas in which they have encountered skill shortages during the latest month

### Staff Availability



### 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
2015 May	9.7	49.7	40.6	-31.0	34.5	35.3
Jun	9.5	50.2	40.3	-30.8	34.6	36.4
Jul	6.0	51.0	43.1	-37.1	31.5	34.2
Aug	7.2	43.3	49.5	-42.2	28.9	32.0
Sep	12.3	49.0	38.8	-26.5	36.7	35.8
Oct	12.4	51.4	36.2	-23.8	38.1	37.3

### 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
2015 May	10.5	54.9	34.6	-24.1	38.0	38.9
Jun	12.7	51.5	35.8	-23.1	38.4	39.4
Jul	11.6	54.2	34.2	-22.7	38.7	41.1
Aug	8.3	51.7	40.0	-31.7	34.2	38.5
Sep	12.5	54.5	33.0	-20.5	39.7	40.7
Oct	11.4	53.4	35.3	-23.9	38.1	40.2



# 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

Starting salaries for successful permanent candidates continued to rise on average during October. The rate of increase was strong, having quickened slightly since September. Around one-quarter of panellists noted higher salaries during the latest survey period, ten times the proportion that signalled a fall. Panellists attributed higher salaries to a combination of strong demand for staff and shortages of skilled candidates for a number of roles.

Midlands-based agencies reported the fastest rise in salaries, while those in London posted the weakest increase.

## Temp/contract pay rates

October data pointed to a further solid increase in hourly rates of pay for staff in temporary/contract employment (after accounting for the expected seasonal impact of the annual increase in the national minimum wage).

Mirroring the trend for permanent salaries, temp pay growth was strongest in the Midlands and weakest in London.

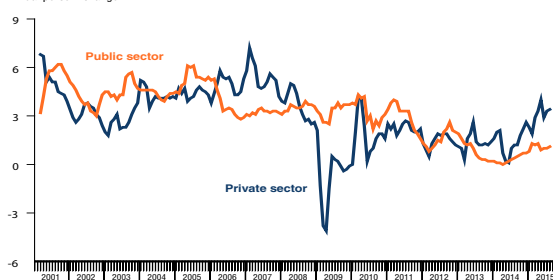
### UK average weekly earnings

Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) quickened to 3.0% in the three months to August, from 2.9% in the three months to July. Earnings growth rose to 3.4% in the private sector, remaining well above that in the public sector (1.1%).

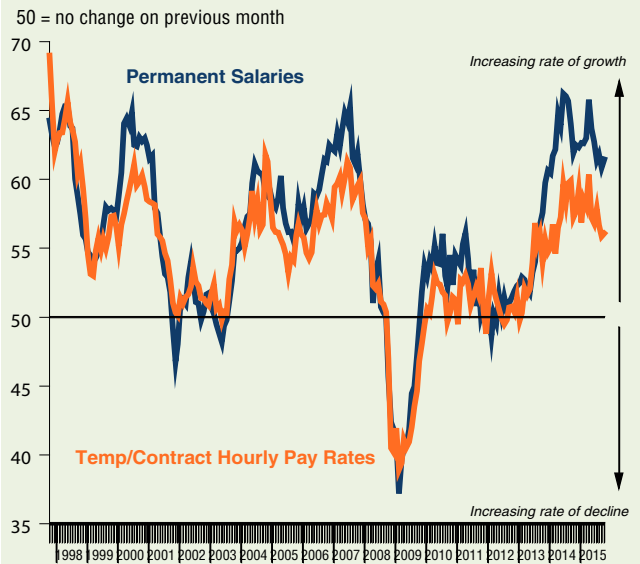
#### Yr/yr % chg in average weekly earnings (3mma)

	2012	2013	2014	May'15	Jun	Jul	Aug
<b>Whole economy</b>	1.4	1.2	1.1	3.3	2.6	2.9	3.0
<b>Private sector</b>	1.5	1.4	1.3	4.0	2.9	3.3	3.4
<b>Public sector</b>	1.6	0.7	0.6	0.9	1.0	1.0	1.1
<b>Services</b>	1.5	1.1	0.9	3.4	2.7	3.0	3.1
<b>Manufacturing</b>	1.8	2.2	2.1	1.6	1.4	1.5	1.7
<b>Construction</b>	0.9	0.0	1.7	5.1	3.8	5.0	5.1

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
<b>2015 Apr</b>	36.8	61.2	2.0	34.9	67.4	<b>65.8</b>
May	31.8	64.9	3.3	28.6	64.3	<b>63.7</b>
Jun	31.4	63.5	5.1	26.3	63.2	<b>62.7</b>
Jul	30.9	64.5	4.7	26.2	63.1	<b>61.4</b>
Aug	26.1	71.9	2.0	24.2	62.1	<b>61.8</b>
Sep	25.8	71.0	3.3	22.5	61.3	<b>60.9</b>
Oct	24.8	72.9	2.4	22.4	61.2	<b>61.5</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>2015 Apr</b>	22.4	74.7	2.9	19.6	59.8	<b>60.4</b>
May	16.3	78.1	5.6	10.7	55.4	<b>57.2</b>
Jun	17.0	78.4	4.6	12.5	56.2	<b>56.8</b>
Jul	20.0	75.7	4.3	15.8	57.9	<b>57.9</b>
Aug	16.4	80.7	2.9	13.5	56.7	<b>56.7</b>
Sep	16.9	79.4	3.7	13.3	56.6	<b>55.9</b>
Oct	22.3	72.4	5.3	17.0	58.5	<b>56.1</b>

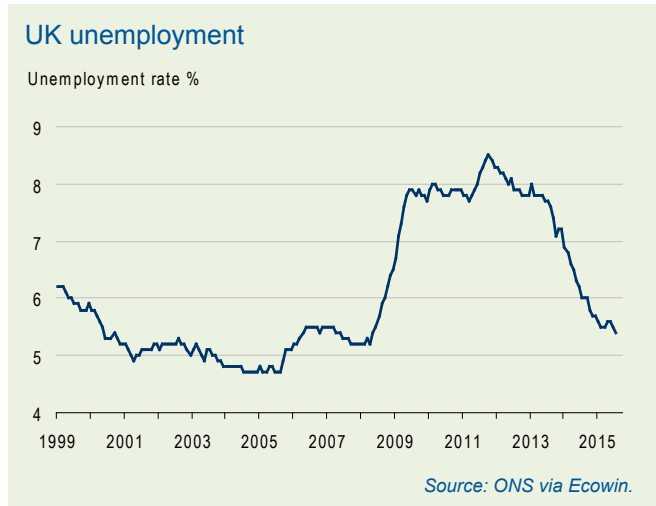
# 7 Feature | Unemployment

## Jobless rate hits seven-year low

Latest data from the Office for National Statistics showed that the UK unemployment rate dropped to a seven-year low of 5.4% in the three months to August.

There were 1.77 million people out of work in the latest period, down 79,000 from the previous quarter. The decline in unemployment more than reversed the increases seen in each of the previous three survey periods.

Employment rose to 22.77 million, up 140,000 on the quarter. Compared with one year previously, the total was 359,000 higher, of which 291,000 were full-time jobs. At 73.6%, the employment rate was at a record high.



KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 12,000 partners and staff. The UK firm recorded a turnover of £1.9 billion in the year ended September 2014. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 155 countries and has 162,000 professionals working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.



The Recruitment & Employment Confederation (REC) is the professional body for the UK’s £28.7 billion recruitment industry. The REC represents 3,349 corporate members who have branches across all regions of the UK. In addition, the REC represents 5,759 individual members within the Institute of Recruitment Professionals (IRP). All members must abide by a code of professional practice. Above all, the REC is committed to raising standards and highlighting excellence throughout the industry. Find out more on [www.rec.uk.com](http://www.rec.uk.com).

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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 2013/14, 1,155,932 people were employed in either temporary or contract work through consultancies and 634,608 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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