

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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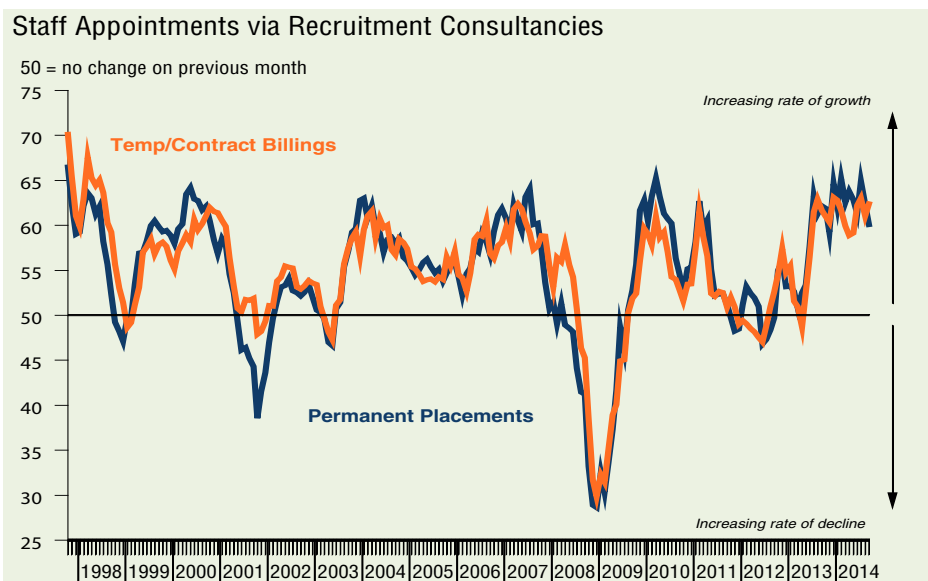
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## Slower growth of both placements and salaries in September



### Key points from the September survey:

- Permanent placements rise at slowest rate in ten months
- Growth in starting salaries moderates to four-month low
- Temp pay rises at fastest pace in nearly seven years

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

"Buoyancy is back in British businesses, with low and falling unemployment evident today and the promise of lower corporation tax rates, tomorrow. Combine the two and it would be easy to assume that the only curve we will see is an upward one, yet there are still areas of the UK where the signs suggest we are not quite ready to turn the corner. Youth unemployment is, for example, still too high and the next few months will be a critical test of how businesses can help get the new generation of workers onto the employment ladder.

"It won't be easy as the latest figures suggest that as many organisations come to the end of their financial year, purse strings have been tightened and recruitment decisions are put off until new budgets are agreed. With permanent placements slowing to a ten month low, perhaps the uncertainty caused by political crises across the globe are beginning to affect decision-makers' confidence.

"At the same time wages continue to dominate debate around the strength of the labour market. Starting salaries might look healthy, and are undoubtedly tempting some people to move, but the reality is that employers will soon reach a ceiling beyond which they won't be able to throw more cash around to land the right candidate. It also seems that the incentive for taking on temporary roles is strengthening as pay packets improve, and if the cost of living continues to rise as expected, we may yet see candidates forced to choose between securing financial rewards in short bursts or long-term security. As we enter the tail end of the year, the hope must be that this is a short-term blip, rather than heralding a winter of discontent."

# 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 rise in permanent placements...

Recruitment consultants signalled a further increase in permanent staff placements during September. Although strong, the rate of growth eased to a ten-month low.

## ...but temp billings increase at faster rate

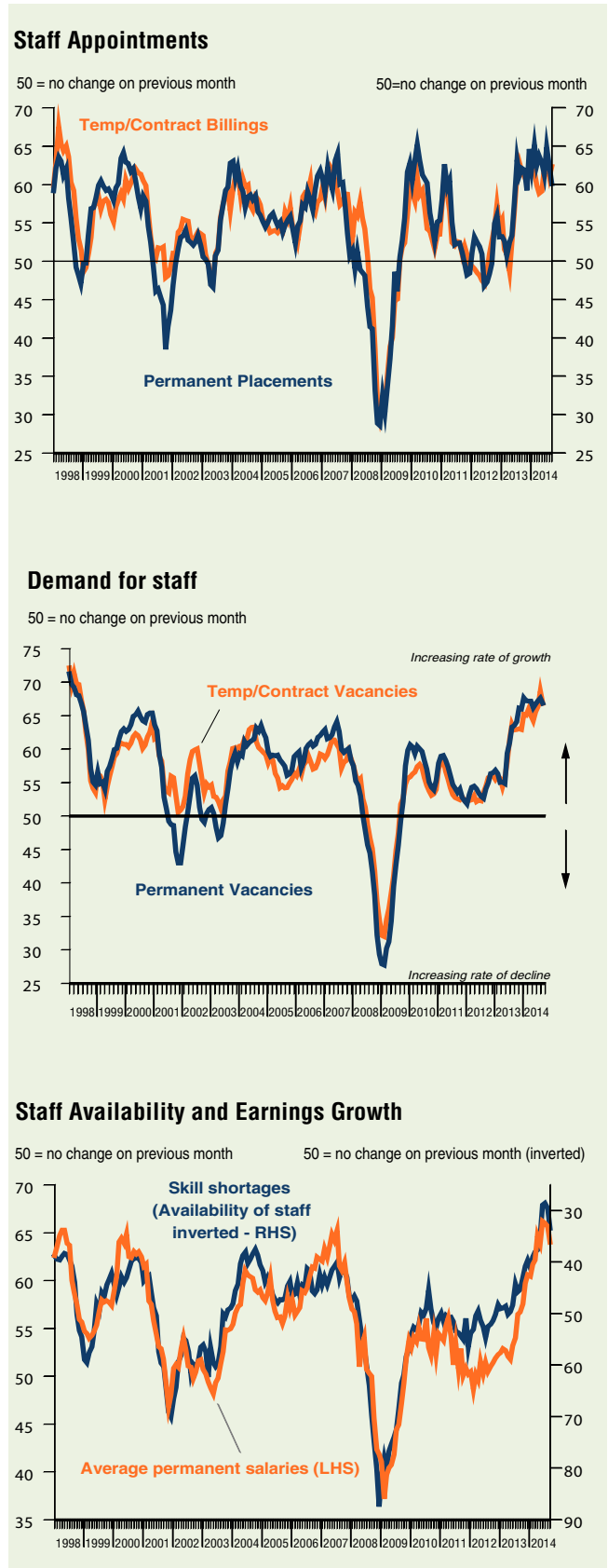
Agencies' temporary/contract staff billings rose at a strong and accelerated pace in September. The latest expansion was the seventeenth in as many months.

## Candidate availability falls further...

Tight candidate availability persisted in September, with marked declines in both permanent and temporary staff supply signalled.

## ...maintaining upward pressure on pay

Growth of permanent staff salaries remained strong in September, despite easing to a four-month low. Hourly pay rates for temporary/contract workers rose at the fastest pace since November 2007.



# 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 permanent placements eased in September, whereas temporary/contract staff billings increased at a faster pace.

## Permanent placements rise at slowest rate in ten months

Although growth of permanent staff placements remained marked in September, the pace of expansion eased to a ten-month low. Anecdotal evidence pointed to shortages of candidates for certain types of role and, in some cases, slower client decision-making. However, demand was generally reported to remain strong, underpinned by robust client confidence.

Growth of permanent staff placements was broad-based across the four monitored English regions during September. The North saw the strongest increase, while the slowest rise was signalled in London.

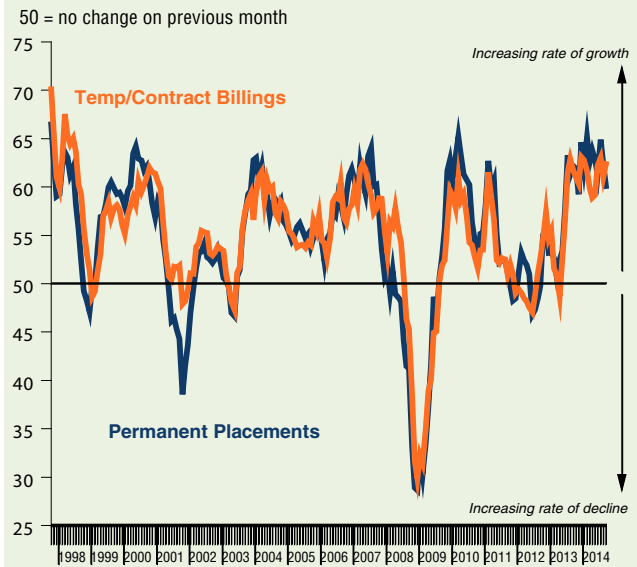
## Further marked rise in temp billings

Agencies' billings from the employment of temporary/contract staff increased further in September. The rate of expansion was strong, and above that signalled in August. Panellists widely commented on increased client activity levels.

Growth of temp billings was fastest in the Midlands during September. The South posted the weakest expansion.

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>2014 Apr</b>	50.1	31.3	18.6	31.4	65.7	<b>63.8</b>
May	43.4	38.0	18.6	24.9	62.4	<b>62.8</b>
Jun	49.0	30.9	20.1	28.9	64.4	<b>61.3</b>
Jul	48.4	38.3	13.3	35.1	67.5	<b>64.9</b>
Aug	41.1	33.9	25.0	16.2	58.1	<b>62.4</b>
Sep	45.2	34.3	20.5	24.7	62.4	<b>60.1</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>2014 Apr</b>	37.8	41.9	20.3	17.4	58.7	<b>58.9</b>
May	39.2	43.2	17.6	21.6	60.8	<b>59.1</b>
Jun	48.1	38.4	13.5	34.6	67.3	<b>62.2</b>
Jul	48.0	37.5	14.5	33.6	66.8	<b>63.0</b>
Aug	40.8	38.2	21.0	19.7	59.9	<b>61.0</b>
Sep	47.1	38.3	14.6	32.5	66.2	<b>62.4</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.

## Further strong rise in vacancies

September data showed that demand for staff continued to increase at a marked pace. The Report on Jobs Vacancy Index came in at 66.9, down from August's 16-year high of 67.7 to its lowest reading in three months, but still signalled a strong rate of expansion.

Identical rates of growth were signalled for permanent and temporary workers during the latest survey period.

## Public & private sector vacancies

Demand for staff rose at a considerably stronger pace in the private sector than the public sector during September.

The fastest growth rate was indicated for private sector temporary vacancies, while the slowest rise was signalled for public sector short-term roles.

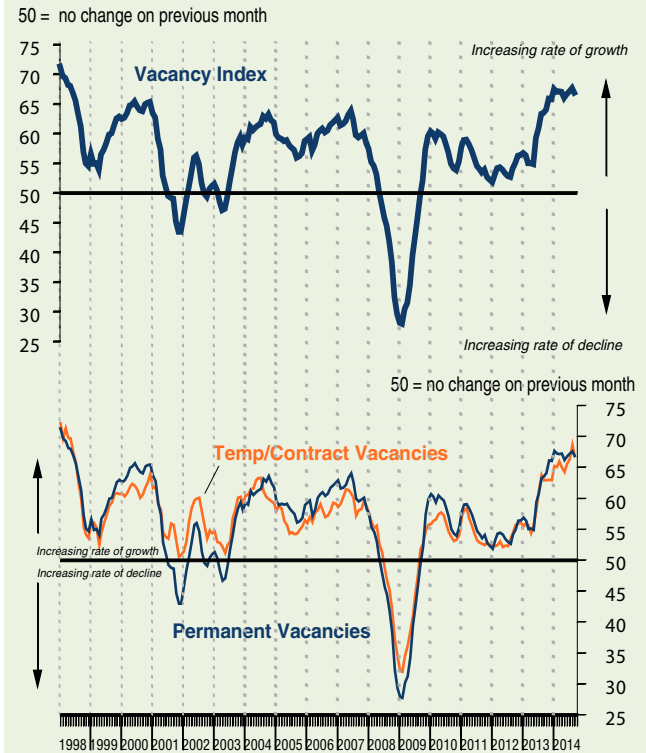
## Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) indicated that vacancies rose 25.3% on an annual basis in the three months to August.

Meanwhile, internet-based recruitment spending continued to increase at a strong annual pace. Latest data showed a 7.8% rise in Q1 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

	May'14	Jun	Jul	Aug	Sep
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	66.1	66.7	67.2	67.7	66.9
Permanent Staff	66.2	66.8	67.2	67.6	66.9
Temporary Staff	64.3	65.6	66.4	68.7	66.9

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

Public: perm	57.1	53.6	55.0	54.1	58.0
Public: temp	55.2	57.6	56.6	58.9	57.9
Private: perm	71.4	73.0	73.2	70.8	69.0
Private: temp	69.4	74.0	72.1	72.6	71.2

### Other key vacancy data

Annual % change					
Job centre vacancies	24.8	23.5	22.7	25.3	n/a
Internet recruitment	7.8	--	--	--	--

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 was the most in-demand category for permanent staff during September, as was the case one year previously. The slowest rise in demand was reported for Hotel & Catering workers.

	This year		(Last year)	
	Rank	Sep'14	Rank	Sep'13
Engineering*	1	73.1	(1)	(70.3)
IT & Computing	2	69.8	(3)	(66.4)
Accounting/Financial	3	68.5	(5)	(63.9)
Executive/Professional	4	66.8	(4)	(64.3)
Nursing/Medical/Care	5	66.3	(6)	(62.7)
Construction*	6	66.2	(1)	(70.3)
Secretarial/Clerical	7	64.9	(7)	(61.9)
Blue Collar	8	61.3	(8)	(57.3)
Hotel & Catering	9	58.0	(9)	(55.3)

## Temporary/contract staff

Nursing/Medical/Care remained top of the demand for staff 'league table' for short-term roles in September, closely followed by Engineering. The slowest growth was signalled for Executive/Professional roles.

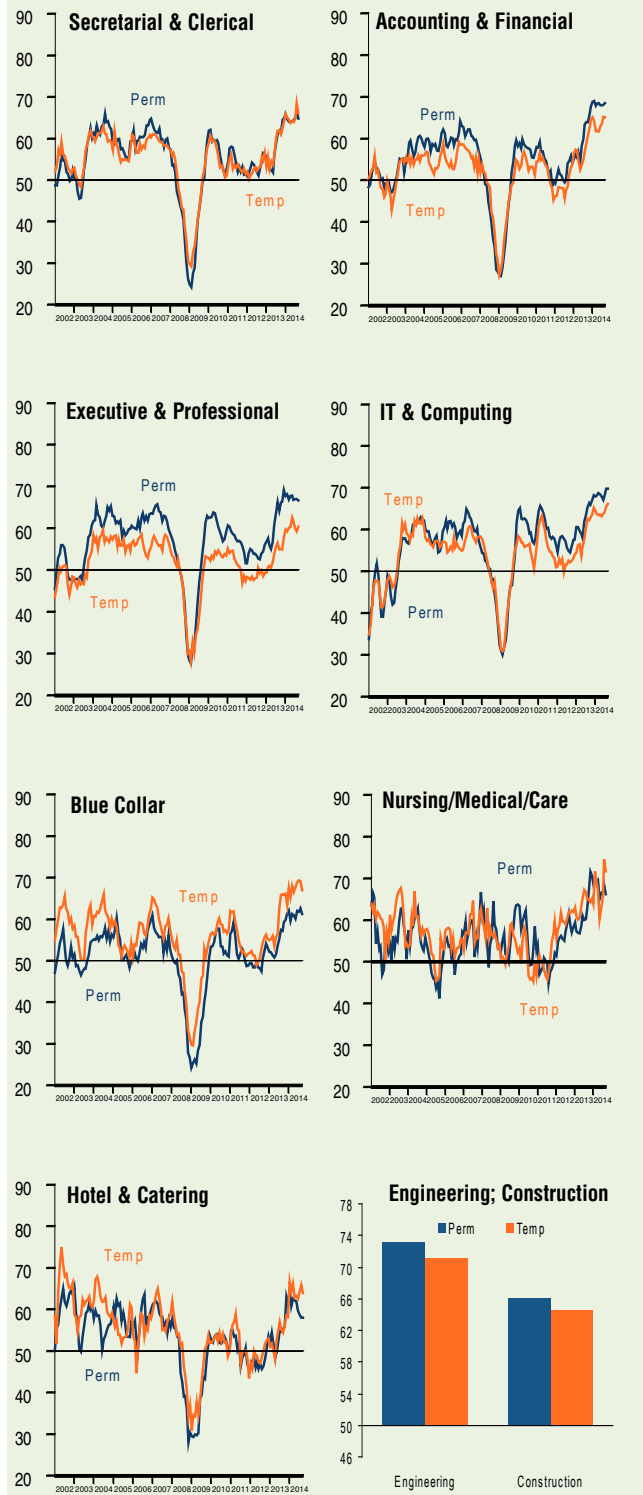
	This year		(Last year)	
	Rank	Sep'14	Rank	Sep'13
Nursing/Medical/Care	1	71.8	(3)	(65.0)
Engineering*	2	71.2	(1)	(70.3)
Blue Collar	3	67.1	(2)	(66.0)
IT & Computing	4	66.2	(4)	(62.3)
Secretarial/Clerical	5	66.1	(6)	(62.1)
Accounting/Financial	6	65.1	(7)	(58.8)
Construction*	7	64.5	(5)	(62.2)
Hotel & Catering	8	63.9	(9)	(54.5)
Executive/Professional	9	60.4	(8)	(54.9)

\*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 continued to fall in September. The current period of decline now extends to 17 months. That said, the rate of deterioration eased to the slowest since May. Lower permanent candidate availability was recorded by 45% of panellists, versus around 12% signalling a rise.

Permanent candidate availability fell across all four English regions, with the Midlands posting the sharpest reduction.

## Availability of temp/contract staff

Temporary/contract staff availability fell further in September. The rate of decline was little-changed from August's marked pace.

Mirroring the trend seen for permanent staff, the Midlands posted the steepest reduction in short-term candidate availability.

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

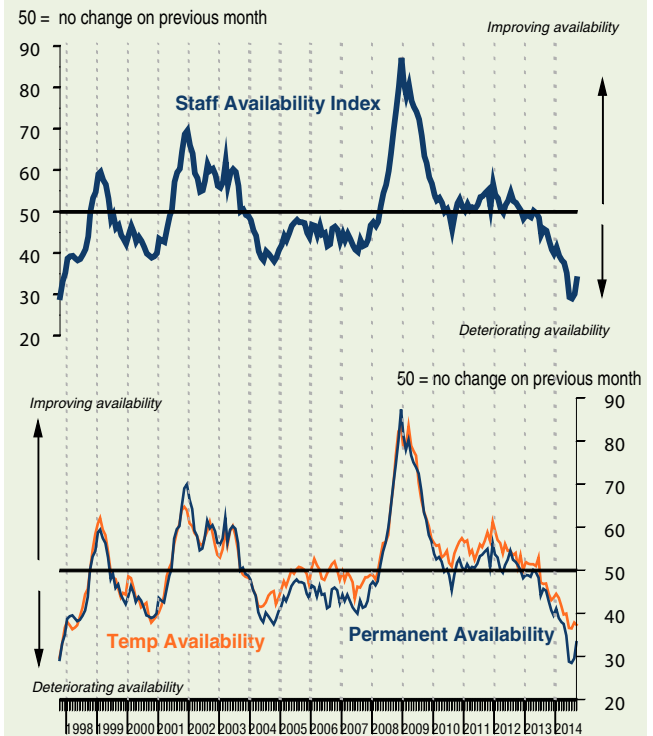
**Accountancy/Financial:** Accountants, Audit, Compliance, Credit Control, Payroll, Risk, Tax. **Blue Collar:** Drivers, Trades, Unskilled Staff. **Construction:** Architects, Quantity Surveyors, Site Agents. **Engineering:** Engineers, Procurement, Rail. **Executive/Professional:** Marketing. **IT/Computing:** Business Intelligence, Developers, Java, .Net, SQL, PHP. **Nursing/Medical/Care:** Care Workers, Nurses. **Secretarial/Clerical:** Admin, Purchase Ledger. **Other:** Customer Service, Languages, Reprographics, Telemarketers.

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

**Accountancy/Financial:** Accounts, Audit, Compliance, Credit Control, Finance Analysts, Risk. **Blue Collar:** Assemblers, Bricklayers, Cleaners, CNC Machinists, Design Engineers, Drivers, Electricians, Labourers, Joiners, Production Operatives, Warehouse. **Construction:** Construction Project Managers. **Engineering:** Automotive, Engineers, Procurement, Revit Technicians. **Hotels/Catering:** Catering, Chefs. **IT/Computing:** Business Intelligence, Developers, Java, .Net, PHP, Project Managers. **Nursing/Medical/Care:** Care Workers. **Secretarial/Clerical:** Purchase Ledger, Support Staff. **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
2014 Apr	12.2	50.1	37.7	-25.5	37.2	<b>37.6</b>
May	7.8	51.6	40.5	-32.7	33.6	<b>34.9</b>
Jun	4.9	45.2	49.9	-45.0	27.5	<b>28.9</b>
Jul	8.0	38.6	53.5	-45.5	27.2	<b>28.5</b>
Aug	7.1	41.1	51.8	-44.8	27.6	<b>29.5</b>
Sep	11.7	43.3	45.0	-33.3	33.3	<b>33.4</b>

### 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 Apr	10.3	56.6	33.2	-22.9	38.6	<b>39.8</b>
May	9.8	57.6	32.6	-22.8	38.6	<b>40.1</b>
Jun	10.5	51.9	37.6	-27.2	36.4	<b>36.6</b>
Jul	13.0	44.2	42.8	-29.8	35.1	<b>36.5</b>
Aug	12.8	46.5	40.7	-27.9	36.0	<b>37.9</b>
Sep	10.7	51.8	37.6	-26.9	36.5	<b>37.4</b>



# 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 people placed in permanent jobs continued to rise in September. Although easing to a four-month low, the rate of growth remained marked. Panellists indicated that salaries had been pushed up by a combination of strong demand for staff and shortages of suitable candidates. Around 32% of consultants reported higher salaries during the latest survey period, versus just 3% that signalled a fall.

The Midlands recorded the fastest increase in salaries during September.

## Temp/contract pay rates

Temporary/contract staff hourly pay rates rose further in September, with panellists citing strong demand for short-term staff. Moreover, the rate of growth quickened to the sharpest since November 2007.

The strongest increase in temp pay was registered by Midlands-based agencies.

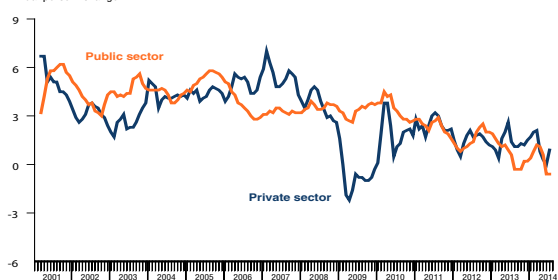
### UK average weekly earnings

Data from the Office for National Statistics indicated that employee earnings (including bonuses) rose 0.6% on an annual basis in the three months to July. This was up from -0.1% in the three months to June. Earnings were up 0.9% in the private sector, offsetting a -0.6% decline in the public sector.

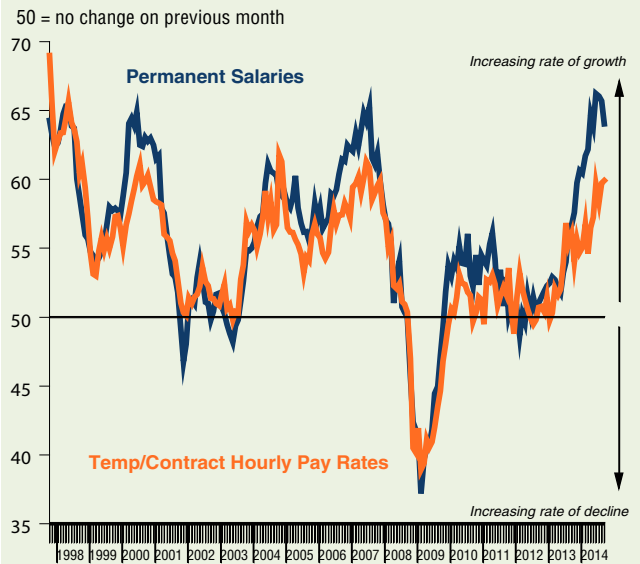
#### Yr/yr % chg in average weekly earnings (3mma)

	2011	2012	2013	Apr'14	May	Jun	Jul
<b>Whole economy</b>	2.4	1.4	1.2	0.8	0.4	-0.1	0.6
<b>Private sector</b>	2.5	1.5	1.4	0.8	0.3	0.0	0.9
<b>Public sector</b>	2.4	1.6	0.7	1.1	0.6	-0.6	-0.6
<b>Services</b>	2.8	1.5	1.1	0.7	0.2	-0.3	0.3
<b>Manufacturing</b>	1.6	1.8	2.2	2.1	1.8	1.6	2.0
<b>Construction</b>	0.8	0.9	0.0	-0.3	-1.2	-1.5	1.1

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>2014 Mar</b>	29.0	67.4	3.6	25.3	62.7	<b>62.2</b>
Apr	32.1	65.8	2.1	30.1	65.0	<b>64.7</b>
May	33.3	62.4	4.3	29.0	64.5	<b>63.9</b>
Jun	38.3	58.2	3.5	34.8	67.4	<b>66.2</b>
Jul	35.9	62.6	1.5	34.4	67.2	<b>66.0</b>
Aug	33.2	63.2	3.6	29.5	64.8	<b>65.7</b>
Sep	32.1	64.5	3.4	28.7	64.4	<b>64.0</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>2014 Mar</b>	12.9	83.9	3.2	9.7	54.8	<b>54.6</b>
Apr	13.3	85.4	1.3	12.0	56.0	<b>56.5</b>
May	18.6	76.9	4.5	14.2	57.1	<b>57.2</b>
Jun	22.4	74.1	3.5	18.8	59.4	<b>59.7</b>
Jul	18.9	78.2	2.9	16.0	58.0	<b>58.3</b>
Aug	22.8	73.0	4.2	18.7	59.3	<b>59.7</b>
Sep	23.2	74.0	2.8	20.4	60.2	<b>59.9</b>

# 7 Feature | Pay reviews

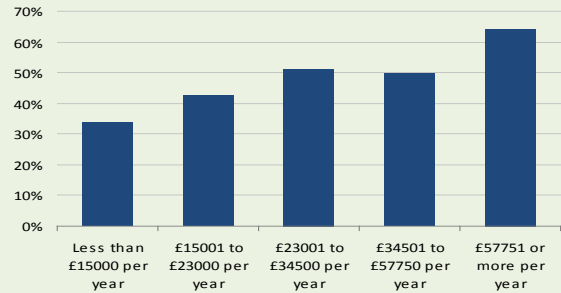
## Higher income earners faring better in pay reviews

Higher income earners have been faring better from recent pay reviews than their lower-paid counterparts, according to a survey conducted by Markit. Not only are high-earners more likely to have received a pay review in 2014, they are also more likely to have been granted a raise subsequent to the review.

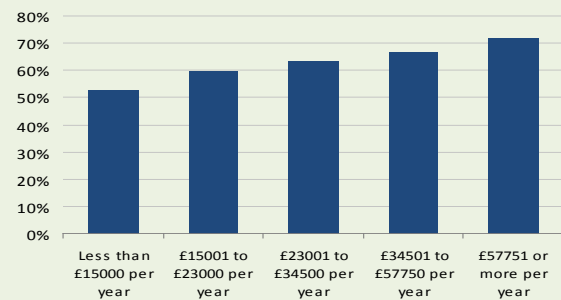
Overall, 50 percent of respondents indicated that their pay had been reviewed this year. However, this masked a disparity between higher and lower income earners. Among those in the top bracket (above £57,750 per annum), 64 percent reported that their pay had been reviewed. In contrast, this figure fell to just 34 percent for the lowest income category (below £15,000 per annum). The second-lowest income group fared marginally better, with 42 percent reporting a pay review. The results for the other two income groups were close to the overall average.

Looking at those respondents whose pay had been reviewed in the past year, the outcome of these reviews was rather better among higher than lower income categories. In the top quintile, 72 percent of pay reviews had led to salary increases. Moving down through the income brackets, this figure declined to 67 percent for those in the fourth quintile, then to 64 percent in the third quintile, 60 percent in the second quintile and 53 percent in the bottom quintile.

Proportion of people that have received a pay review in past year: by household income



Proportion of pay reviews leading to a pay rise in past year: by household income



Source: Markit.



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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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