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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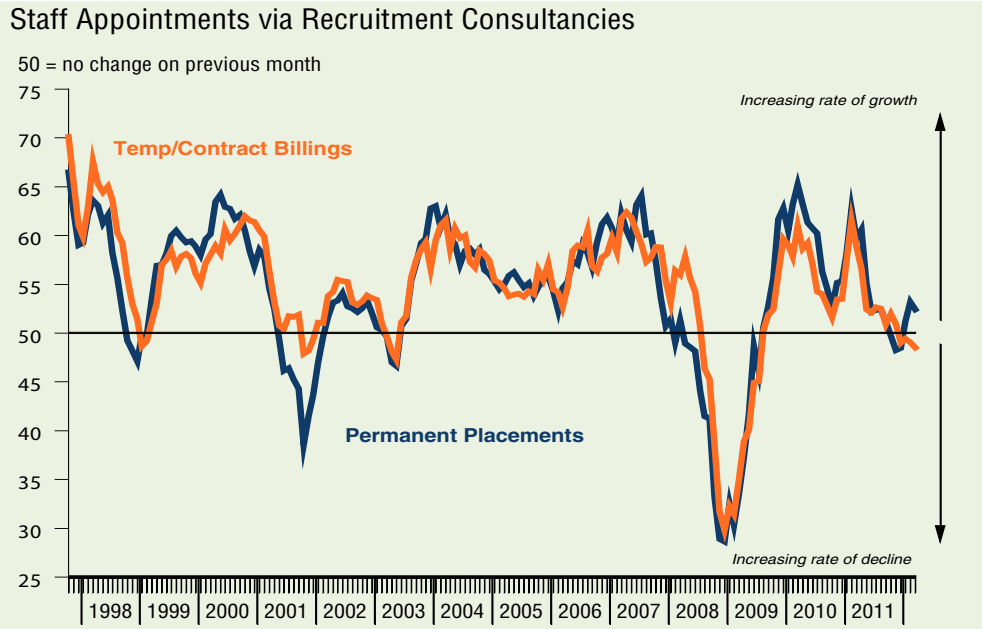
Permanent placements continue to rise in March but temp billings fall at faster rate



Key points from March survey:

- Permanent staff placements increase for third month in a row
- IT & Computing sector leads upturn in permanent job vacancy growth to eight-month high
- Permanent staff salaries stagnate
- Candidate availability rises at weaker pace
- Differing trends in permanent and temporary appointments suggest a link to Agency Worker Regulations

Commenting on the latest survey results, Ronnie McCombe, partner at KPMG, said:

"It's encouraging to see permanent placements in positive territory for the third month in a row in 2012, albeit slightly down on last month's high. This provides further hope that the employment market will win through to a stronger recovery as the year progresses. Sectors such as IT & Computing and Engineering/Construction continue to perform well. However, it is certainly still too early to call a jobs recovery. There remain real tensions beneath the surface. Some of the rise in permanent placements appears to stem from employers simply switching temporary workers to permanent status due to the higher entitlements that the Agency Worker Regulations have given them. And while it is heartening to see that overall vacancies are rising, salaries are stagnating meaning the economy is likely to carry on feeling the pinch from cost conscious consumers reluctant to part with their money.

"There are grounds for cautious optimism but recovery remains fragile and could all too easily be blown off course."

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 March are:

Permanent placements increase further but temp billings decline

Recruitment consultants reported a rise in permanent staff placements for the third month in succession during March, albeit at a slower pace than February's nine-month high. In contrast, agencies' temporary/contract staff billings decreased. Although moderate, it was the fastest drop in short-term appointments for over two-and-a-half years. Panel members frequently indicated that employers had chosen to convert temp workers into permanent employees due to the effect of Agency Worker Regulations.

Vacancies rise at faster pace

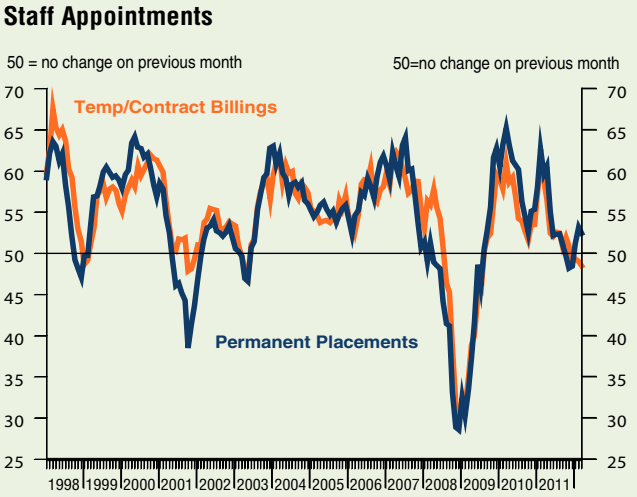
Overall demand for staff strengthened in March, as the number of vacancies available to jobseekers rose at the fastest pace since July 2011. The pick-up in growth was driven by a stronger increase in permanent job vacancies, which offset a slower rise in the number of available short-term roles.

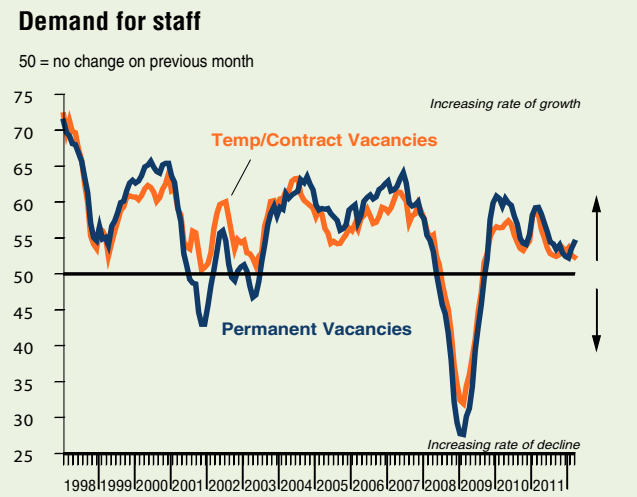
Slowdown in candidate availability

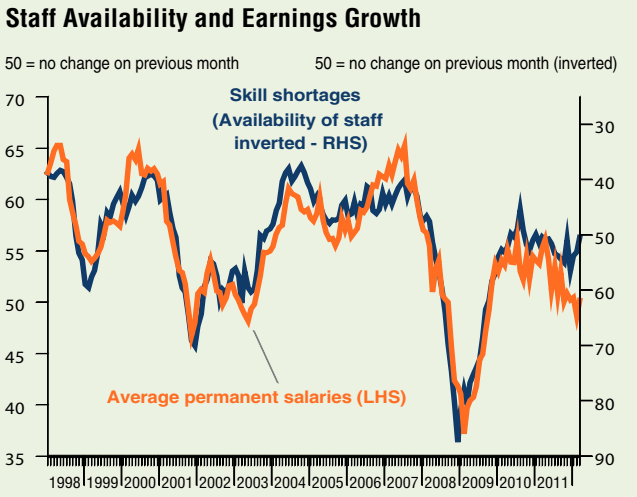
Growth of permanent staff availability eased further in March to near-stagnation. Temporary/contract staff availability meanwhile rose at the weakest rate since August 2011.

Permanent salaries flat

Starting salaries awarded to permanent hires were broadly unchanged in March, following a modest decline in February. Temporary/contract staff pay rose modestly, with some panellists highlighting the inflationary impact of Agency Worker Regulations.







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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.

Latest data signalled a continuation of the recent divergence of trends in permanent and temporary staff appointments during March.

Modest growth of permanent placements...

The number of people placed into permanent job roles by recruitment consultancies increased for the third month running in March. The rate of growth was moderate, having eased slightly from February's nine-month high. Anecdotal evidence suggested that increased placements were supported by improved client demand and activity levels. There were also reports of some employers changing their staffing mix in favour of permanent staff in the wake of Agency Worker Regulations.

Data for the English regions signalled that appointments of permanent staff increased markedly in both the Midlands and the South of England in March, while the North of England saw a modest rise. In contrast, London recorded a marked fall.

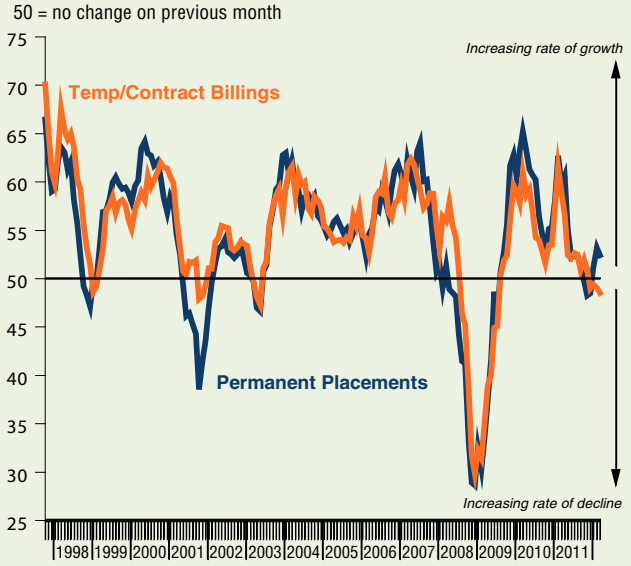
...but temp billings continue to fall

March data indicated a reduction in agencies' short-term staff billings for the fourth consecutive month. Although modest, the rate of decline was the fastest since July 2009. Lower temp billings were in many cases blamed on the effect of Agency Worker Regulations. Competitive pressures in the sector were also cited by a number of panellists.

Temp billings fell in three of the four monitored English regions, with only recruitment agencies in the Midlands bucking the trend, reporting solid growth.

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	Oct	30.3	35.1	34.6	-4.3	47.9	**49.7**
	Nov	31.3	31.2	37.5	-6.2	46.9	**48.2**
	Dec	24.5	30.2	45.4	-20.9	39.6	**48.5**
2012	Jan	38.1	30.3	31.6	6.5	53.2	**51.2**
	Feb	36.1	35.9	28.0	8.0	54.0	**53.2**
	Mar	40.0	33.9	26.2	13.8	56.9	**52.4**

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	Oct	33.4	40.5	26.0	7.4	53.7	**52.0**
	Nov	25.6	47.1	27.2	-1.6	49.2	**50.9**
	Dec	23.2	46.3	30.5	-7.2	46.4	**49.0**
2012	Jan	16.7	38.4	44.9	-28.1	35.9	**49.4**
	Feb	26.9	47.0	26.1	0.7	50.4	**49.0**
	Mar	31.8	45.9	22.3	9.4	54.7	**48.5**

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 faster rate

The number of job vacancies available to candidates seeking work through recruitment agencies continued to increase in March. At 54.3, up from 53.5 in February, the Report on Jobs Vacancy Index posted its highest reading since July 2011.

Permanent staff vacancies

Growth of demand for permanent staff picked up to an eight-month high in March. This was signalled by the Permanent Staff Vacancy Index rising from 53.6 to 54.4.

Demand for permanent employees rose in all four English regions during March, with the South of England seeing the strongest growth and London the weakest.

Temporary/contract staff vacancies

In contrast to the trend recorded for permanent staff, growth of demand for temporary/contract workers eased in March, reaching its weakest pace for two-and-a-half years. The Temporary Staff Vacancy Index posted 52.3, down from 52.6 in February.

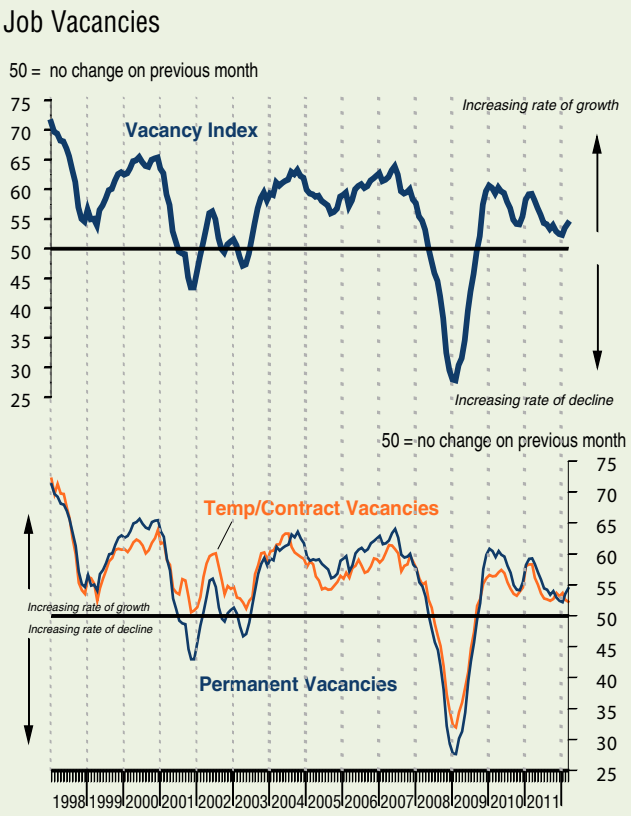
Temporary/contract staff demand increased in the Midlands, the North of England and the South of England, but fell in London.

Other vacancy indicators

Data from the Office for National Statistics showed that job vacancies declined -4.1% on an annual basis in the three months to February, the fastest drop since July 2011.

Latest available data signalled that internet-based recruitment spending rose by 1.4% in the third quarter of 2011. That followed a -6.3% decline in the second 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 Vacancy Indicators

	Nov'11	Dec	Jan'12	Feb	Mar
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	53.0	52.5	52.3	53.5	54.3
Permanent Staff	53.0	52.5	52.3	53.6	54.4
Temporary Staff	53.7	53.2	53.7	52.6	52.3

Other key vacancy data
Annual % change

Job centre vacancies	-2.1	-3.5	-3.8	-4.1	n/a
Internet recruitment	--	1.4	--	--	--

Sources: Job centre vacancies provided by Office for National Statistics
Internet recruitment spending provided by WARC.com

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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 were signalled for six of the eight categories of permanent staff monitored by the survey during March. IT & Computing and Engineering/Construction continued to register the strongest growth. Reduced vacancy levels were signalled for workers in the Blue Collar and Hotel & Catering sectors.

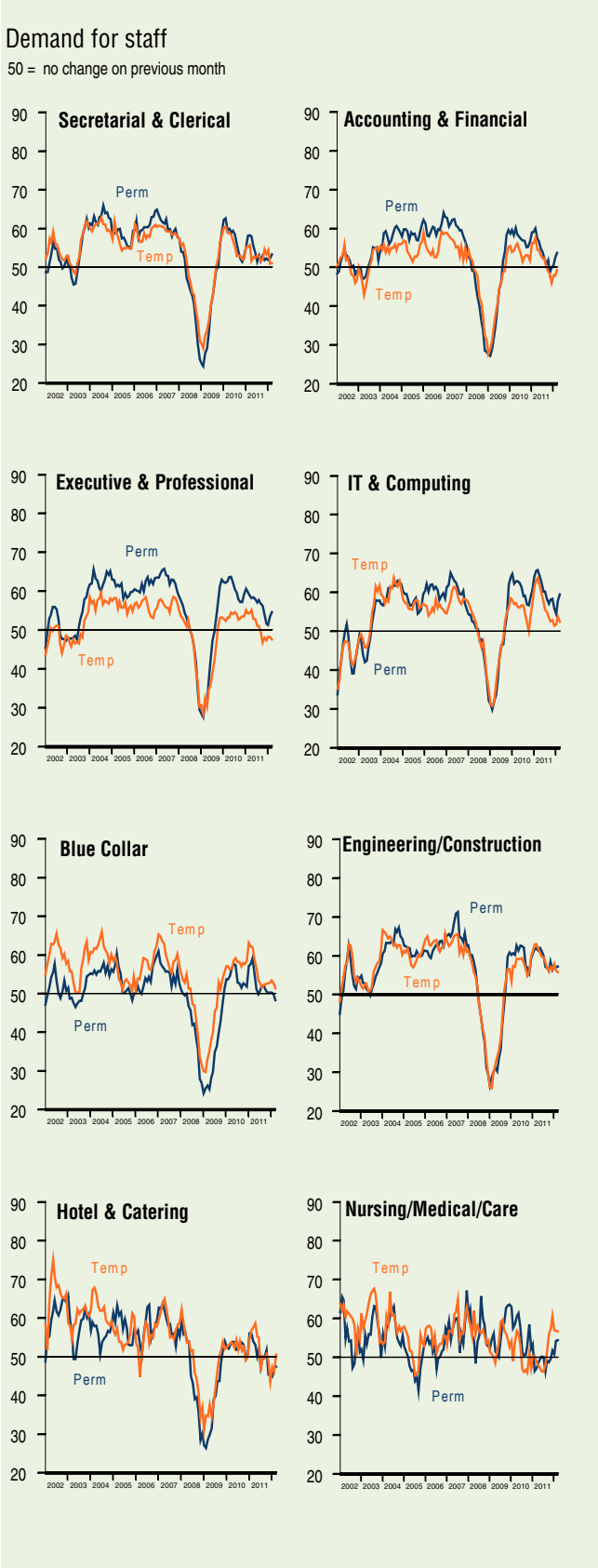
	This year		(Last year)	
	Rank	Mar'12	Rank	Mar'11
IT & Computing	1	59.5	(1)	(65.9)
Engineer'g/Construction	2	57.3	(2)	(62.1)
Executive/Professional	3	54.7	(5)	(59.0)
Nursing/Medical/Care	4	54.5	(8)	(47.2)
Accounting/Financial	5	53.8	(3)	(60.1)
Secretarial/Clerical	6	53.3	(6)	(58.3)
Blue Collar	7	48.3	(4)	(59.3)
Hotel & Catering	8	47.5	(7)	(53.9)

Temporary/contract staff

Nursing/Medical/Care was the most sought-after category of short-term staff in March, followed by Engineering/Construction. In contrast, workers in the Accounting/Financial and Executive/Professional sectors saw lower demand for their services in the latest survey period.

	This year		(Last year)	
	Rank	Mar'12	Rank	Mar'11
Nursing/Medical/Care	1	56.7	(8)	(48.9)
Engineer'g/Construction	2	55.8	(2)	(63.0)
IT & Computing	3	52.5	(1)	(63.8)
Blue Collar	4	51.5	(3)	(62.0)
Secretarial/Clerical	5	51.0	(6)	(55.7)
Hotel & Catering	6	50.6	(4)	(57.6)
Accounting/Financial	7	49.3	(5)	(57.6)
Executive/Professional	8	47.6	(7)	(54.4)

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.



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 latest rise in permanent candidate availability was only marginal and the weakest in the past year. In some cases, there were reports that candidates were reluctant to move jobs amid an uncertain economic environment.

Increases in candidates available for permanent vacancies were recorded in both the Midlands and the North of England, offsetting a fall in London. The South of England saw no change.

Availability of temp/contract staff

Growth of temporary/contract staff availability remained robust in March, despite easing to the slowest since August 2011. Around 22% of survey respondents registered an improvement in temp availability, compared with 11% that noted a deterioration.

Short-term staff availability rose across all four monitored English regions in the latest survey period, with growth strongest in the North of England.

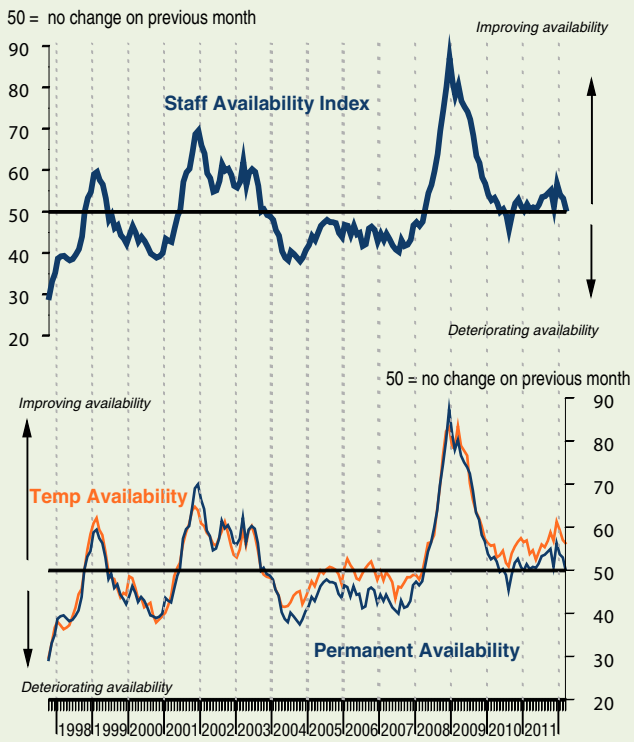
Key permanent staff skills reported in short supply:*

Accountancy/Financial: Accountants, Credit control, Finance.
Blue Collar: Drivers.
Engineering/Construction: Contracts management, Engineers, Estimators.
Executive/Professional: HR, Lawyers.
Hotel/Catering: Chefs.
IT/Computing: CAD, CAM, Developers, General IT.
Other: Languages, Sales.

Key temp skills reported in short supply:*

Blue Collar: Drivers.
Engineering/Construction: Aerospace, Oil & gas, Power generation.
Hotel/Catering: Chefs.
IT/Computing: Business analysts, General IT.
Nursing/Medical/Care: Medical engineers.
Other: Education.

**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
2011	Oct	26.7	56.5	16.8	10.0	55.0	**55.0**
	Nov	21.6	54.8	23.6	-2.0	49.0	**50.8**
	Dec	25.2	54.1	20.7	4.5	52.2	**56.4**
2012	Jan	38.0	50.2	11.7	26.3	63.1	**53.7**
	Feb	28.4	58.2	13.5	14.9	57.5	**53.0**
	Mar	19.4	64.2	16.4	3.1	51.5	**50.4**

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
2011	Oct	32.1	55.6	12.3	19.8	59.9	**58.9**
	Nov	26.5	60.5	13.0	13.5	56.7	**56.8**
	Dec	32.9	56.3	10.7	22.2	61.1	**61.3**
2012	Jan	39.4	53.4	7.2	32.2	66.1	**59.4**
	Feb	30.8	59.7	9.5	21.3	60.7	**57.1**
	Mar	21.7	66.9	11.4	10.3	55.1	**56.4**

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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 awarded to successful candidates placed in permanent jobs were little-changed during March. This followed a modest decrease in February. Survey respondents commented on tight client budgets as a factor holding down salaries.

Permanent salaries rose across all English regions with the exception of London, which saw a fall. The South of England posted the fastest increase.

Temp/contract pay rates

Rates of pay for staff in short-term employment increased modestly in March. The latest rise was the third in as many months. Agency Worker Regulations were frequently cited as having pushed up temp pay during the latest survey period.

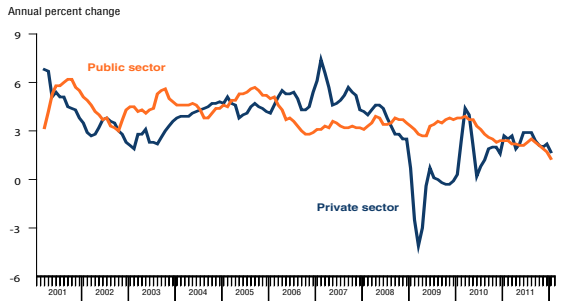
London saw the strongest growth in temp pay rates, followed by the North of England. The Midlands recorded a marginal rise, while the South of England saw stagnation.

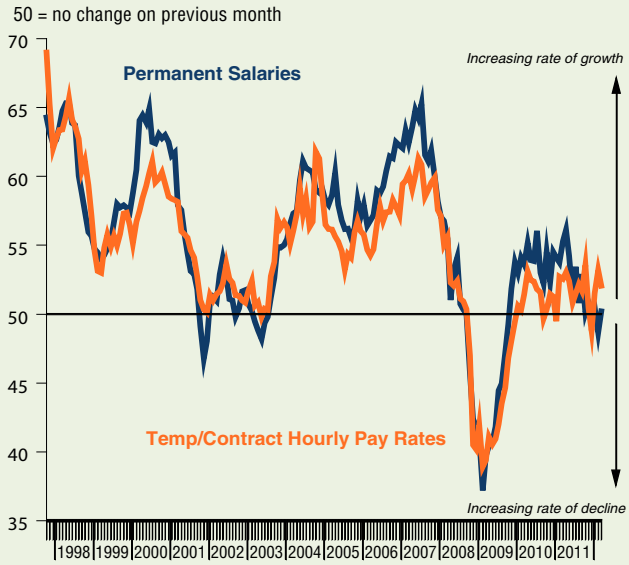
UK average weekly earnings

Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) eased to an 18-month low of 1.4% in the three months to January. Pay growth weakened in both the private and public sectors, in the latter case to a record low.

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

	2009	2010	2011	Oct'11	Nov	Dec	Jan'12
Whole economy	**0.0**	**2.3**	**2.3**	2.1	2.0	1.9	1.4
Private sector	**-0.8**	**2.1**	**2.5**	2.1	2.0	2.2	1.7
Public sector	**3.3**	**3.0**	**2.2**	2.1	1.9	1.7	1.3
Services	**0.0**	**2.3**	**2.7**	2.3	2.1	2.2	1.6
Manufacturing	**1.2**	**4.2**	**1.5**	1.3	1.7	1.5	1.5
Construction	**0.6**	**0.0**	**0.7**	2.1	2.2	2.4	1.6





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	Sep	13.7	80.5	5.8	7.9	53.9	**52.9**
	Oct	8.8	81.9	9.3	-0.5	49.8	**50.1**
	Nov	7.4	86.1	6.6	0.8	50.4	**50.9**
	Dec	5.6	86.2	8.1	-2.5	48.8	**50.2**
2012	Jan	7.3	84.3	8.4	-1.1	49.4	**50.5**
	Feb	6.3	83.9	9.7	-3.4	48.3	**48.7**
	Mar	8.1	84.7	7.2	0.9	50.5	**50.2**

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	Sep	6.9	87.5	5.6	1.3	50.6	**51.7**
	Oct	21.1	73.0	5.9	15.2	57.6	**53.6**
	Nov	9.1	84.1	6.9	2.2	51.1	**50.5**
	Dec	5.6	82.9	11.6	-6.0	47.0	**48.8**
2012	Jan	14.8	74.7	10.5	4.3	52.2	**51.5**
	Feb	10.5	83.9	5.5	5.0	52.5	**53.2**
	Mar	9.9	84.4	5.7	4.1	52.1	**52.1**

7 Feature | employment outlook

Companies signal improved hiring intentions

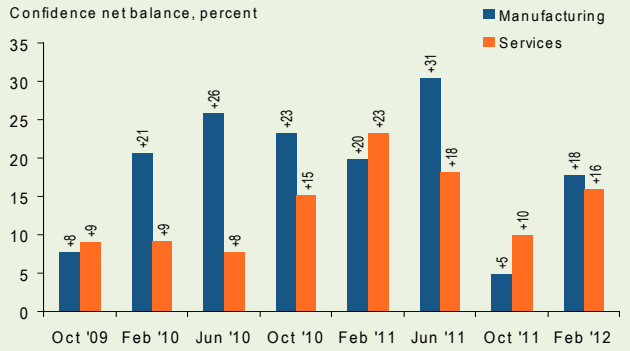
Private sector firms' expectations regarding jobs growth have improved in early 2012. The latest KPMG Global Business Outlook survey, compiled by Markit, shows that manufacturers and service providers alike anticipate stronger increases in staff levels over the next 12 months compared with the situation last autumn.

The proportion of manufacturers anticipating a rise in employment exceeds those predicting a decline by 18 percent, while the equivalent figure for services is 16 percent. The latest figures are a significant improvement on the respective net balances of 5 percent and 10 percent in October 2011, and reflect a general upturn in business sentiment as concerns over the Eurozone debt crisis have eased and the economy has performed better than expected at the start of the year.

Analysis of hiring intentions among manufacturing firms reveals that small companies are the most positive regarding employment prospects.

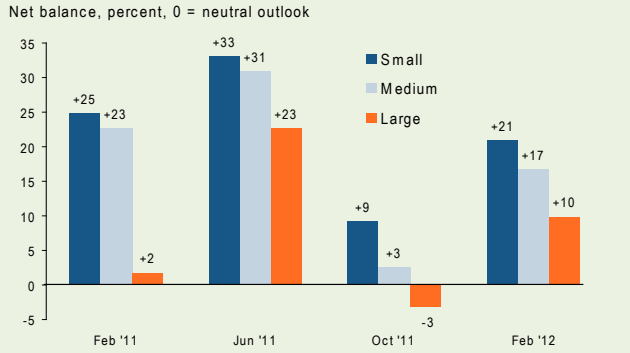
The number of small manufacturers planning to raise headcounts exceeds those expecting a decline by 21%. This compares with a net balance of 17% of medium-sized firms (100-500 staff) and just 10% for large manufacturers (500+ employees). The pattern has been consistent over the past year, with small companies having reported the strongest hiring intentions and large firms the weakest.

Outlook for employment over next 12 months



Source: Markit

Manufacturing employment outlook by company size



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 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 32 countries and key regions including the Eurozone. For more information e-mail **economics@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 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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