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 placements fall at fastest pace for almost three years

Key points from June survey:

- Permanent and temporary appointments both decline at sharpest rates since July 2009
- Candidate availability continues to rise
- Modest growth in both temp and perm vacancies
- Wages and salaries stagnate
- IT & Computing and Engineering/Construction remain most in-demand

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

"After five months of consecutive growth, the latest recruitment data comes as a sobering reminder that we're far away from a confident economic situation. Indeed, with both permanent and temporary appointments declining at the sharpest rate in nearly three years and overall demand for staff showing the weakest growth since the start of 2012, the outlook would appear bleak.

"Of course, we must remember that these figures have come on the back of months of uncertainty in the Eurozone, the Greek elections and a worsening debt position in Southern Europe. This has dented confidence and created nervousness around investment, which in turn has impacted job creation. That said, there are some bright spots to be seen – most notably in the South which bucked the trend with a solid growth in permanent placements.

"However, a real worry for me is the acceleration in the pace of decline, which suggests this isn't a mere blip. If this trend were to continue, there's a very real chance we could hit a 3 million unemployed figure in the UK in the not too distant future."

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 June are:

Reductions in both permanent and temporary appointments...

Permanent placements fell for the first time in six months during June, and at the sharpest rate for just under three years. Temporary/contract staff billings were down for the seventh month running, with the rate of decline accelerating to the fastest since July 2009.

...as vacancy growth slows further

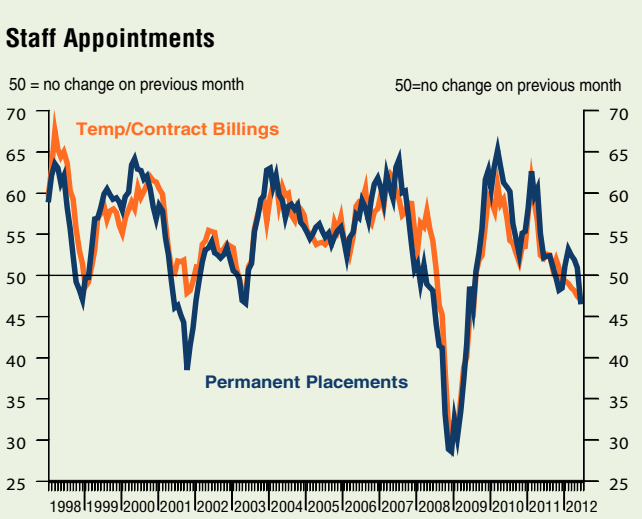
Overall demand for staff showed the weakest increase for five months in June. Growth of permanent vacancies eased further, but temp vacancies rose at a fractionally faster pace.

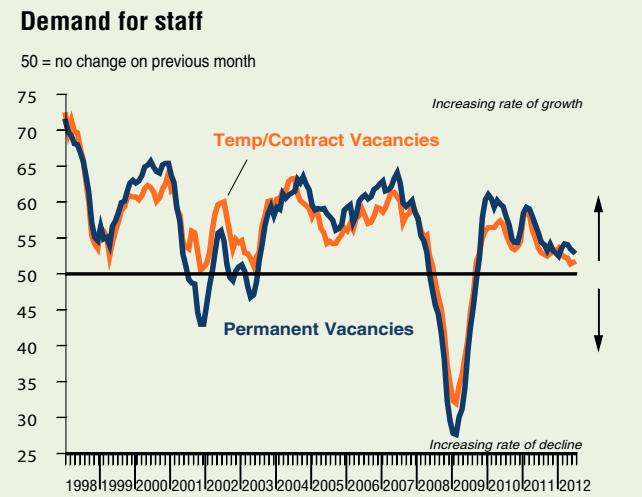
Availability of staff continues to rise

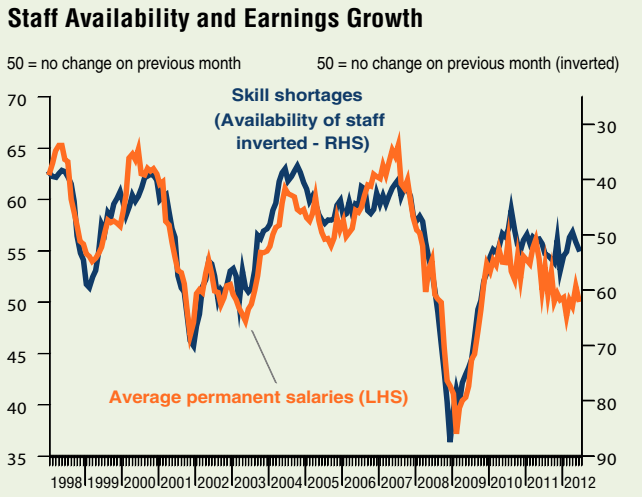
Recruitment consultancies indicated higher levels of both permanent and temporary staff availability during June, with the latter recording the stronger growth.

Pay rates stagnant

Average salaries for people placed in permanent jobs were broadly unchanged in June, while temporary/contract staff hourly pay rates were also stable.







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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 reductions in both permanent and temporary staff employment during June.

Drop in permanent placements...

Recruitment consultancies signalled a decrease in the number of people placed in permanent jobs during June. That brought to an end a five-month period of growth. Moreover, the rate of contraction was the sharpest for just under three years. Anecdotal evidence pointed to a slowdown in activity at client companies and employers taking longer to make recruitment decisions.

London, the Midlands and the North all registered lower placement volumes during the latest survey period, with only the South bucking the trend by posting growth.

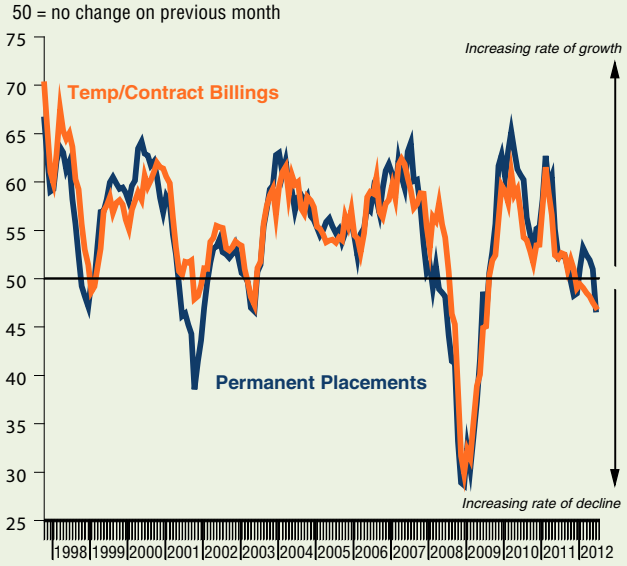
...while temp billings fall further

Agencies' billings from the employment of temporary/contract staff decreased for a seventh successive month during June. The pace of declined quickened further, reaching its fastest since July 2009. Client cost cutting, the additional bank holidays around the Jubilee and, in some cases, effects relating to the Agency Worker Regulations were cited by panellists as factors contributing to the drop in billings.

Lower temp billings were recorded in all monitored English regions with the exception of the Midlands, which posted 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
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**
Apr	35.5	34.2	30.3	5.2	52.6	**51.9**
May	34.6	33.8	31.7	2.9	51.4	**51.0**
Jun	30.9	33.0	36.1	-5.3	47.4	**46.8**

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
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**
Apr	25.9	43.7	30.4	-4.5	47.8	**48.2**
May	27.4	44.6	28.0	-0.6	49.7	**47.5**
Jun	28.7	44.2	27.2	1.5	50.7	**47.1**

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.

Slower rise in demand for staff

The rate of expansion in demand for staff eased further in June. At 53.0, down from 53.4 in May, the Report on Jobs Vacancy Index was at its lowest level for five months.

Permanent staff vacancies

Demand for permanent staff continued to rise in June, in line with the trend seen since October 2009. However, growth moderated to the slowest in five months. This was signalled by the Permanent Staff Vacancy Index dropping from 53.5 to 53.1.

Higher levels of permanent staff vacancies were recorded in the Midlands, the North and the South, albeit at varying rates. London posted a decline, however.

Temporary/contract staff vacancies

June data pointed to a further increase in demand for short-term workers, although the rate of expansion remained modest. The Temporary Staff Vacancy Index posted 51.6, up fractionally from 51.4 in May.

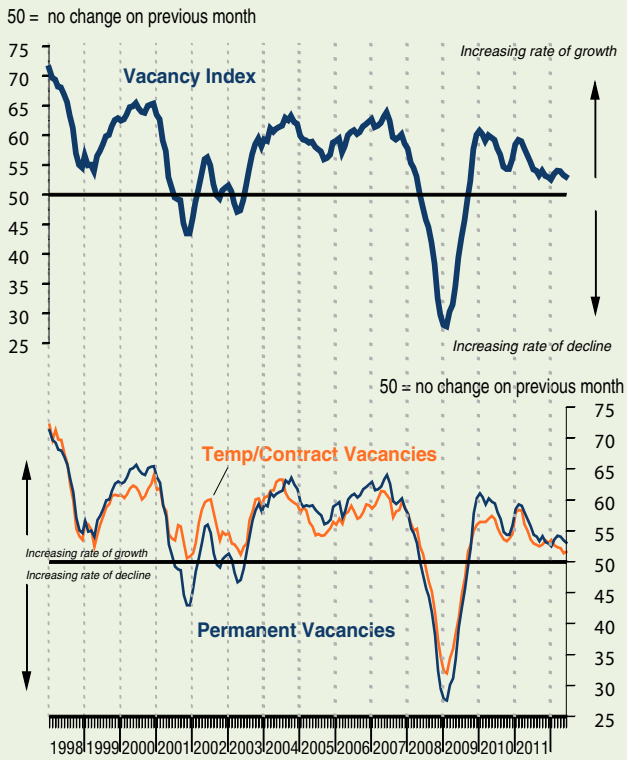
Temp vacancies rose in the Midlands and the North, but fell slightly in London and the South.

Other vacancy indicators

Data from the Office for National Statistics showed that job vacancies rose 1.3% on an annual basis in the three months to May. That was the first growth since the three months to October 2011.

Latest available data signalled that internet-based recruitment spending rose by 0.8% in the fourth quarter of 2011. That followed a 1.4% increase in the third 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

	Feb'12	Mar	Apr	May	Jun
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	53.6	54.1	54.0	53.4	53.0
Permanent Staff	53.6	54.2	54.1	53.5	53.1
Temporary Staff	52.7	52.4	52.3	51.4	51.6

Other key vacancy data
Annual % change

Job centre vacancies	-3.9	-3.4	-1.7	1.3	n/a
Internet recruitment	0.8	--	--	--	--

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

IT & Computing and Engineering/Construction retained the top two positions in the demand for staff ranking table during June. In contrast, declines in demand were signalled for Blue Collar and Hotel & Catering workers, while demand for Accounting/ Financial staff broadly stagnated.

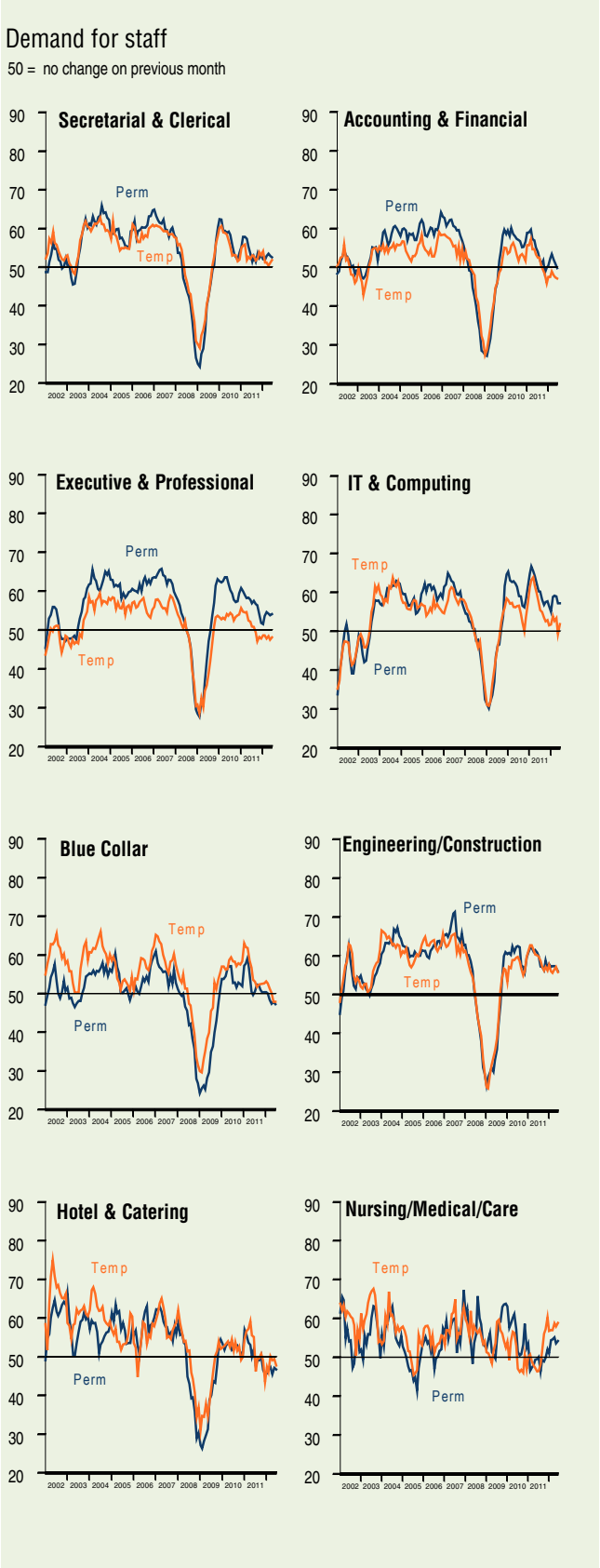
	This year		(Last year)	
	Rank	Jun'12	Rank	Jun'11
IT & Computing	1	57.2	(2)	(60.4)
Engineer'g/Construction	2	56.0	(1)	(60.9)
Nursing/Medical/Care	3	54.3	(8)	(49.6)
Executive/Professional	4	54.2	(3)	(57.8)
Secretarial/Clerical	5	52.6	(5)	(53.6)
Accounting/Financial	6	49.9	(4)	(55.1)
Blue Collar	7	47.3	(7)	(49.7)
Hotel & Catering	8	46.7	(6)	(52.0)

Temporary/contract staff

Four of the eight categories of temporary/contract staff covered by the survey registered increased demand during June, while the remainder recorded declines. Nursing/Medical/ Care workers saw the strongest growth of demand, in contrast to the situation one year previously when it was the weakest performing sector.

	This year		(Last year)	
	Rank	Jun'12	Rank	Jun'11
Nursing/Medical/Care	1	58.9	(8)	(46.4)
Engineer'g/Construction	2	55.8	(1)	(60.1)
Secretarial/Clerical	=3	51.9	(7)	(52.2)
IT & Computing	=3	51.9	(2)	(57.5)
Executive/Professional	5	48.1	(6)	(52.2)
Blue Collar	6	47.9	(4)	(53.6)
Hotel & Catering	7	47.8	(3)	(55.1)
Accounting/Financial	8	47.1	(5)	(53.4)

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

For the second month running, the availability of permanent staff increased during June. The rate of growth quickened to the fastest since February, although it remained modest overall.

Higher levels of availability in London and the North were partially offset by reduced availability in the Midlands and the South.

Availability of temp/contract staff

June data indicated a solid, albeit slower, rise in temporary/contract staff availability.

Growth of short-term staff availability was posted across all four monitored English regions, with the fastest increases seen in London and the North.

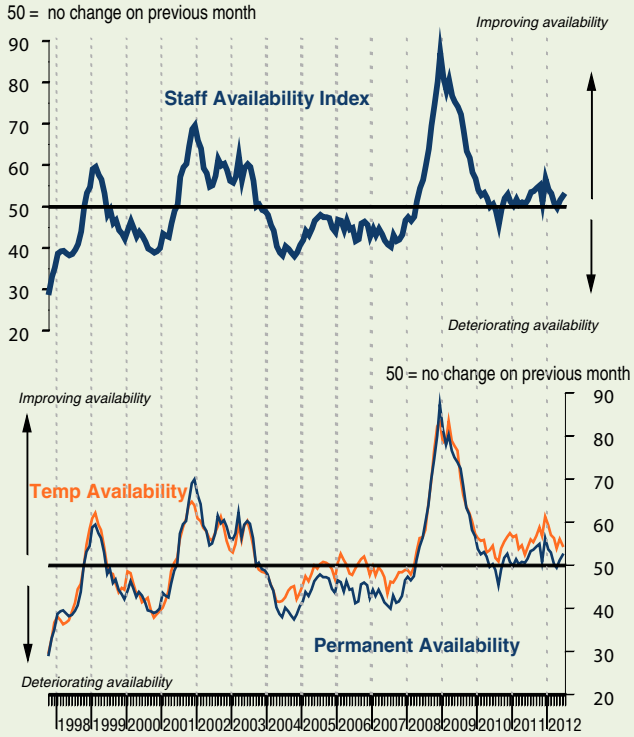
Key permanent staff skills reported in short supply:*

Accountancy/Financial: Accountants, Finance.
Blue Collar: Skilled assembly, Welders.
Engineering/Construction: Aerospace, CNC, Design, General engineering, Maintenance fitters, Tunnelling.
Executive/Professional: Business travel consultants, Development project managers.
IT/Computing: Agile, General IT, Java, .NET, Software development.
Secretarial/Clerical: Secretaries.
Other: Nursery managers, Sales, Optometrists.

Key temp skills reported in short supply:*

Accountancy/Financial: Transactional finance.
Blue Collar: Forklift, HGV/LGV drivers, Machinists, Semi-skilled production staff.
Engineering/Construction: Automotive engineers, CAD operators, Designers, Engineers, Skilled trades.
Executive/Professional: Business travel consultants, Sales executives.
Hotel/Catering: Chefs.
IT/Computing: C++, .NET, Security, SAP, SQL, Testing.
Secretarial/Clerical: Admin, Secretaries, Reception.
Other: Customer service, Sales.

**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
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**
	Apr	18.1	60.9	20.9	-2.8	48.6	**49.5**
	May	17.6	63.6	18.8	-1.2	49.4	**51.3**
	Jun	18.7	62.7	18.7	0.0	50.0	**52.5**

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
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**
	Apr	21.2	63.7	15.1	6.0	53.0	**54.0**
	May	19.7	67.3	13.0	6.7	53.3	**56.2**
	Jun	23.7	60.7	15.6	8.1	54.0	**54.6**

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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 into permanent jobs were little-changed in June, with only a fractional rise recorded.

Modest increases in salaries were reported by consultancies operating in the Midlands and the North, but those in London and the South indicated slight declines.

Temp/contract pay rates

Hourly rates of pay for temporary/contract staff remained broadly stable in June, ending a prior five-month sequence of rises.

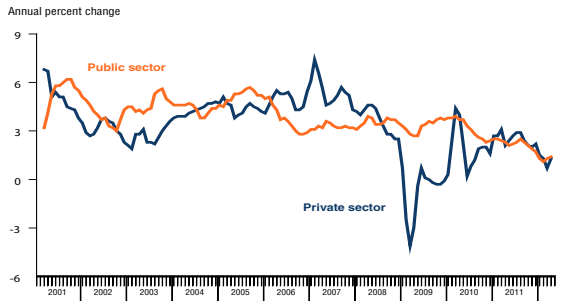
Marginal increases in temp pay in the Midlands and the South were offset by a fall in London and a slight reduction in the North.

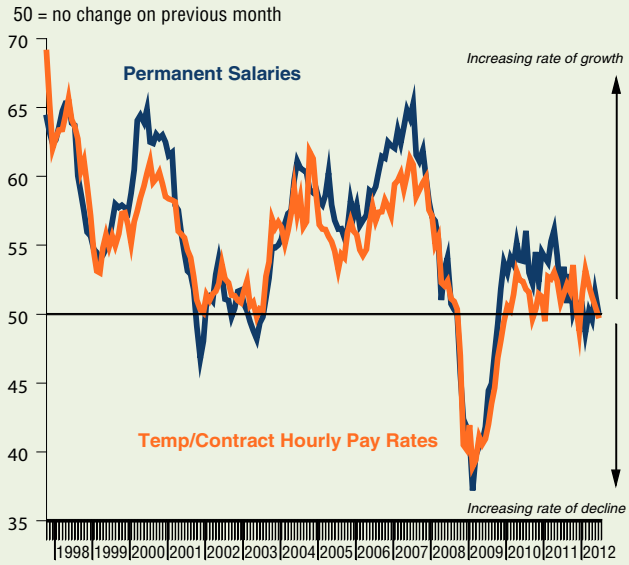
UK average weekly earnings

Data from the Office for National Statistics signalled that annual growth of employee earnings (including bonuses) accelerated to 1.4% in the three months to April, the highest since the three months to December 2011. Faster rates of pay growth were recorded in both the private and public sectors.

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

	2009	2010	2011	Jan'12	Feb	Mar	Apr
Whole economy	**0.0**	**2.2**	**2.4**	1.3	1.2	0.9	1.4
Private sector	**-0.8**	**1.9**	**2.5**	1.5	1.3	0.7	1.3
Public sector	**3.3**	**3.2**	**2.2**	1.3	1.1	1.3	1.4
Services	**0.0**	**2.2**	**2.7**	1.5	1.3	0.9	1.4
Manufacturing	**1.2**	**4.3**	**1.4**	1.4	1.4	0.8	1.3
Construction	**0.6**	**0.3**	**0.7**	1.8	0.5	-0.3	0.6





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 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**
Apr	8.7	82.8	8.5	0.3	50.1	**49.6**
May	11.3	82.8	5.9	5.3	52.7	**51.5**
Jun	9.2	82.0	8.8	0.5	50.2	**50.3**

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 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**
Apr	9.5	83.4	7.2	2.3	51.1	**51.3**
May	6.9	87.7	5.4	1.5	50.8	**50.6**
Jun	6.0	85.5	8.5	-2.6	48.7	**49.9**

7 Feature | private & public sectors

Near-record rise in private sector jobs during Q1

Employment rose strongly in the first quarter of 2012 as buoyant private sector hiring offset falling public sector staffing levels.

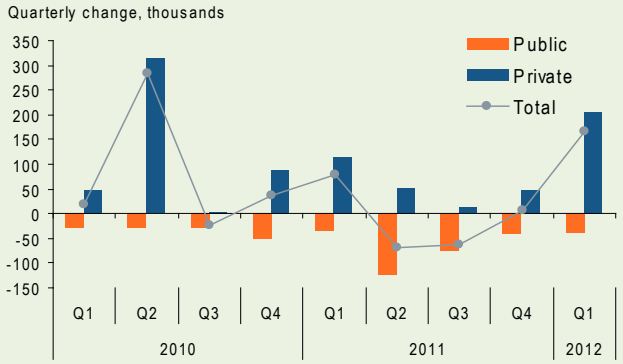
Private sector employers took on 205,000 extra staff in the three months to March, the second-strongest quarter of hiring since comparable data were first available in 1999. Only the second quarter of 2010 saw stronger private sector job growth.

Service sector companies saw the fastest job growth since records began in 1979, creating 328,000 new positions in the first quarter, and manufacturers created new jobs at the fastest rate since late-1995, adding 38,000 to payroll numbers. Construction jobs fell by -10,000, however.

Public sector employment meanwhile fell by -39,000 in the first three months of the year. Although that was the smallest decline since the third quarter of 2010, the government payroll has fallen by some -454,000 over the past two-and-a-half years.

At 166,000, the net rise in UK employment in the first quarter was the largest increase since the second quarter of 2010 and one of the strongest seen on record.

Employment by sector



Source: Office for National Statistics

Employment by industry

Source: Office for National Statistics

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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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