

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.

1 Executive summary

2 Appointments

3 Vacancies

4 Sectoral demand

5 Staff availability

6 Pay pressures

7 Special feature



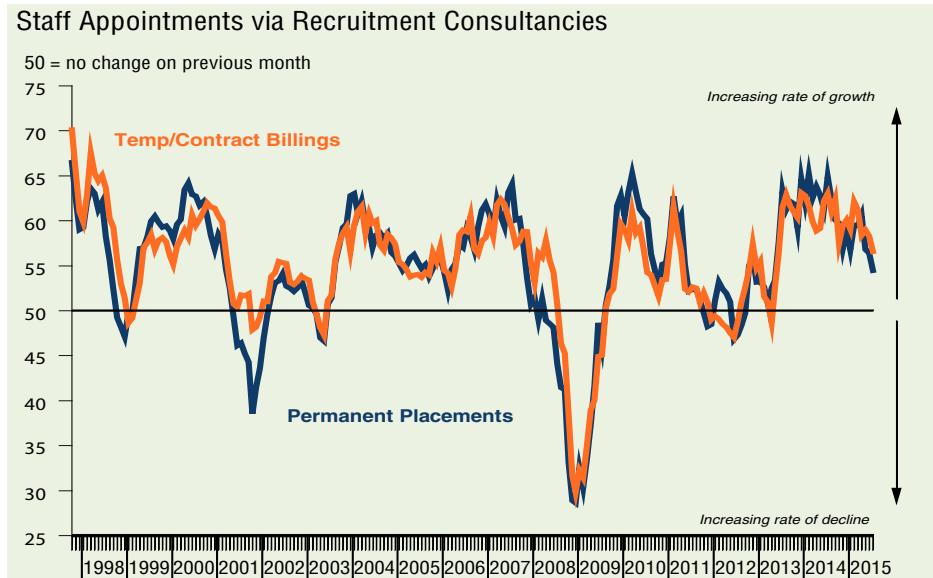
Markit

Henley on Thames
Oxon RG9 1HG, UK

Tel: +44 1491 461000
Fax: +44 1491 461001
email: economics@markit.com

Copies of the report are available on annual subscription from Markit. For subscription details please contact:
economics@markit.com

Permanent placements continue to rise, but rate of growth eases to 26-month low



Key points from the July survey:

- Growth of staff appointments held back by skill shortages
- Temp billings rise at slowest rate in over two years
- Salary growth remains strong, despite easing to 18-month low

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

“It is clear we are in the grip of an industry wide skills shortage, which shows no signs of abating. Businesses are struggling to find the talent they need and this will have long term implications for their growth plans and potentially impact the wider performance of the UK’s economy. In July over two fifths of recruiters reported a fall in the number of people looking for work, the steepest decline seen in eight months.

“The construction industry in particular is struggling to keep pace with demand, with businesses heavily recruiting both permanent and temporary workers. This is driving significant pay growth in the sector of almost 5%, outstripping Britain’s surging services industry which in comparison saw pay increases of just over 3%.

“The risk is that a shortage of skilled labour in this sector could impede Britain’s major building projects and put the brakes on the country’s real estate market.

“The likelihood is we will see no immediate improvement to this situation. We are already seeing hints of a slowdown, with the loss of growth momentum in housebuilding and civil engineering in July.”

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 July are:

Slower growth of staff appointments...

Permanent staff placements continued to rise in July, but the rate of growth eased further from April's recent high to the slowest in over two years. Similarly, temporary/contract staff billings increased at the least marked pace in 25 months.

...as candidate shortages bite...

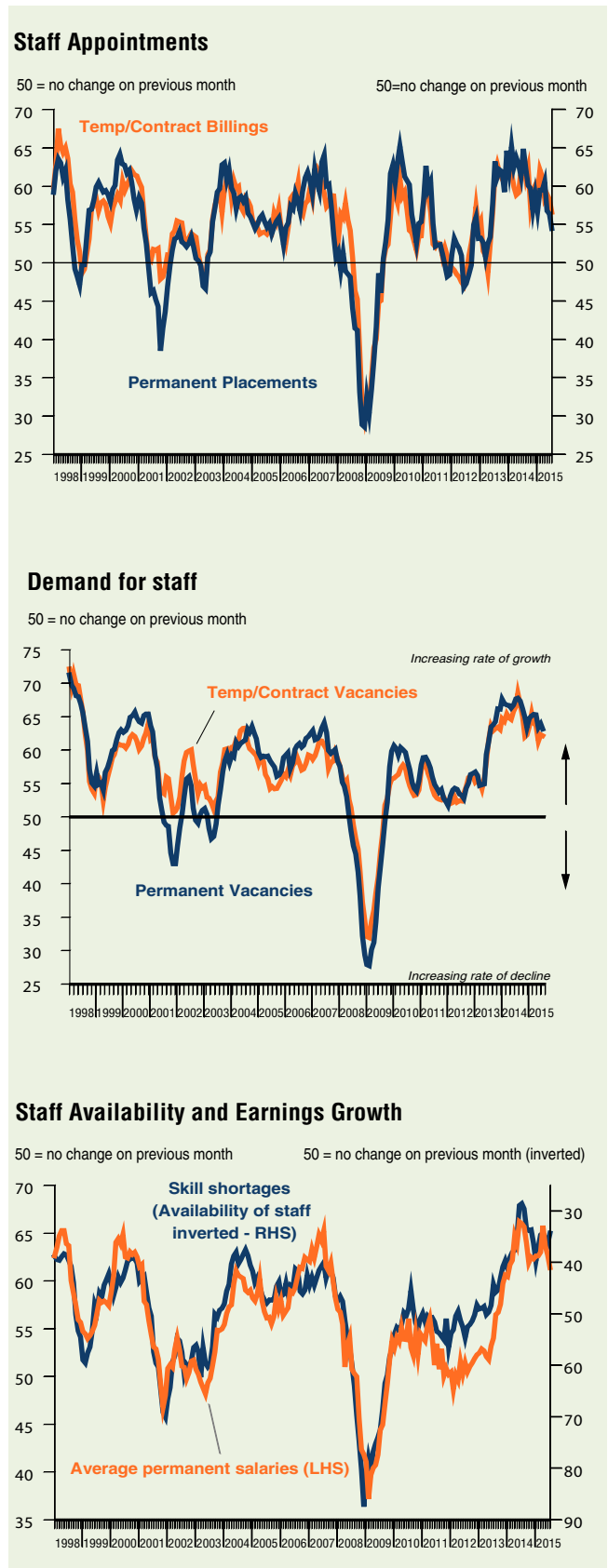
The availability of staff for permanent roles fell further in July, with the rate of decline accelerating to the sharpest since November 2014. Temporary/contract staff availability also decreased, although the rate of deterioration eased to the slowest in five months.

...and demand for staff softens

Overall vacancy levels increased at the slowest rate in two years during July. Rates of expansion eased for both permanent and temporary/contract staff.

Permanent salary inflation eases

Although starting salaries for permanent hires continued to rise in July, the rate of increase moderated further from April's recent peak to an 18-month low. However, temporary/contract staff pay growth quickened to the fastest since April.



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.

Both permanent and temporary/contract staff appointments rose further in July, but rates of expansion continued to ease from recent highs.

Growth of permanent placements slows further

The number of people placed in permanent roles by recruitment consultancies continued to increase in July. Although moderating to a 26-month low, the rate of expansion remained solid overall. Shortages of suitable candidates were frequently reported to have constrained appointments.

All four English regions posted increased permanent placements in the latest survey period. The strongest growth was signalled in the Midlands, while the South saw the slowest rise.

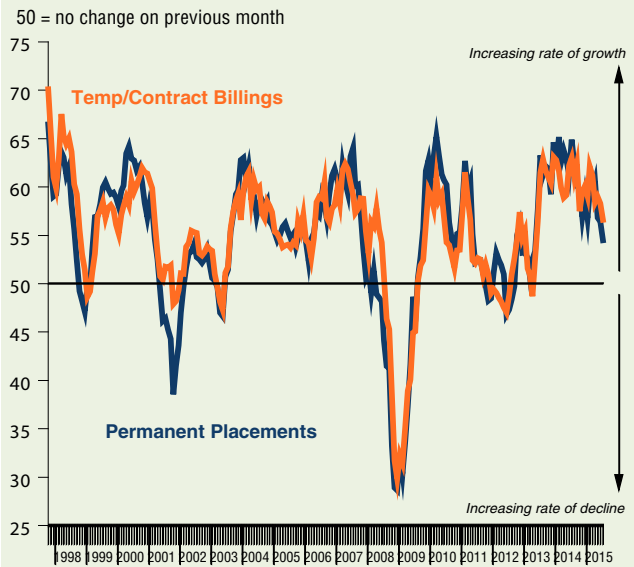
Temp billings growth eases to 25-month low

Agencies' billings from the employment of temporary/contract staff increased further during July. That said, the rate of growth moderated to the slowest since June 2013.

As was the case for permanent appointments, Midlands-based agencies registered the fastest growth of temp billings in July, with the slowest increase seen in the South.

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
2015	Feb	46.0	31.1	22.9	23.1	61.5	59.5
	Mar	48.0	30.1	21.9	26.0	63.0	59.5
	Apr	46.5	34.2	19.3	27.2	63.6	60.6
	May	36.9	36.5	26.6	10.3	55.1	56.8
	Jun	45.6	26.9	27.5	18.1	59.1	56.4
	Jul	39.0	32.9	28.1	10.8	55.4	54.5

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
2015	Feb	43.6	38.8	17.6	25.9	63.0	62.1
	Mar	44.4	42.3	13.3	31.1	65.6	61.2
	Apr	32.9	45.1	22.0	10.9	55.4	58.4
	May	35.9	47.4	16.7	19.2	59.6	59.0
	Jun	41.7	41.4	16.9	24.9	62.4	58.3
	Jul	39.7	42.1	18.3	21.4	60.7	56.6

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.

Vacancy growth remains strong, despite easing to two-year low

The Report on Jobs Vacancy Index recorded 63.1 in July. Although down slightly from 63.9 in June to its lowest level in 24 months, the latest index reading still pointed to a strong rate of expansion in demand for staff.

Growth of both permanent and temporary/contract vacancies eased marginally in the latest survey period.

Public & private sector vacancies

Private sector vacancies continued to post the fastest expansion in July, although growth eased since June. Public sector roles increased at an accelerated pace.

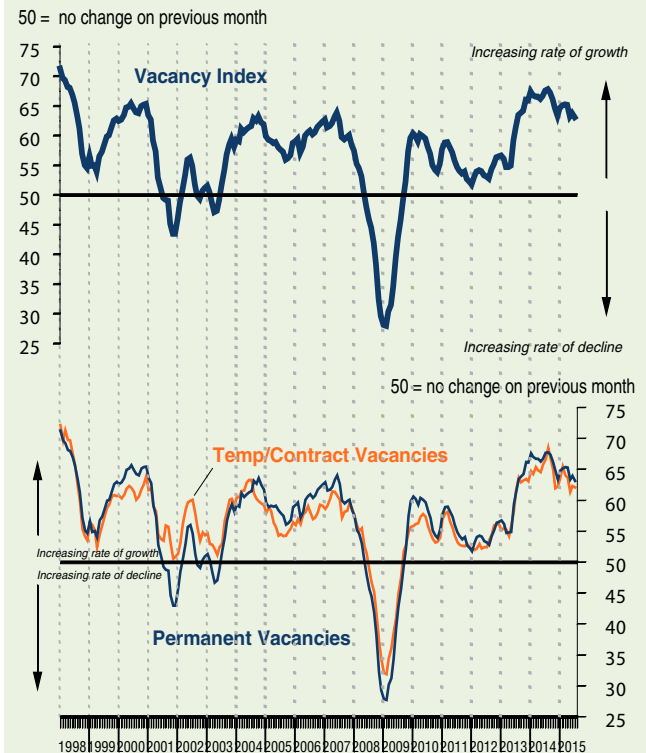
Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies rose 10.3% on an annual basis in the three months to June. That was the slowest growth since the three months to March 2013.

Meanwhile, internet-based recruitment spending was up 4.5% on a year-on-year basis in the fourth quarter of 2014. This was the weakest rise since the first quarter of 2013.

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

	Mar'15	Apr	May	Jun	Jul
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	65.3	65.3	63.3	63.9	63.1
Permanent Staff	65.4	65.4	63.4	64.0	63.2
Temporary Staff	64.0	63.7	61.4	62.4	62.2

Public & private sector vacancies (not seasonally adjusted)

Public: perm	55.7	54.6	51.7	52.5	55.1
Public: temp	59.6	54.8	55.1	57.3	59.3
Private: perm	72.4	71.6	64.3	70.2	68.4
Private: temp	70.2	65.5	61.8	67.0	66.6

Other key vacancy data

Annual % change					
Job centre vacancies	20.0	14.9	12.1	10.3	n/a
Internet recruitment	4.5	--	--	--	--

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 employees were the most sought-after type of permanent staff in July, closely followed by Construction workers. The slowest growth was signalled for Hotel & Catering staff.

	This year		(Last year)	
	Rank	Jul'15	Rank	Jul'14
Engineering*	1	68.3	(1)	(76.0)
Construction*	2	68.3	(1)	(76.0)
Nursing/Medical/Care	3	65.9	(6)	(66.9)
Executive/Professional	4	65.7	(5)	(67.2)
Accounting/Financial	5	64.3	(4)	(68.1)
IT & Computing	6	62.1	(3)	(68.4)
Secretarial/Clerical	7	61.1	(7)	(66.0)
Blue Collar	8	58.8	(8)	(61.9)
Hotel & Catering	9	55.7	(9)	(60.4)

Temporary/contract staff

Construction led a broad-based rise in demand for temporary/contract staff in July. Nursing/Medical/Care was in second place. Executive/Professional posted the slowest (albeit still marked) rate of expansion.

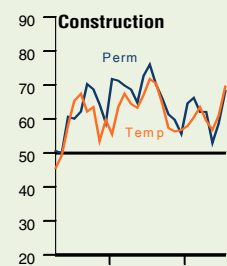
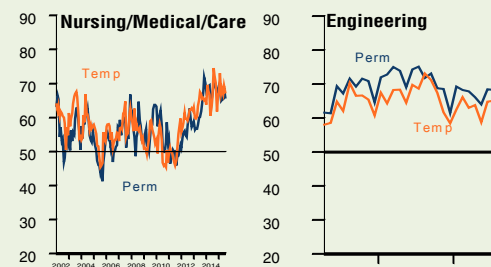
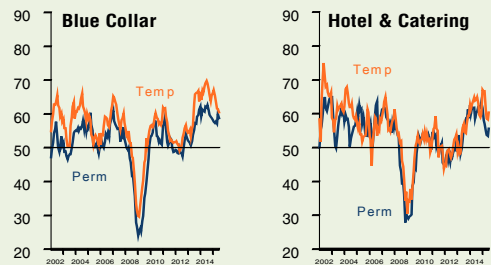
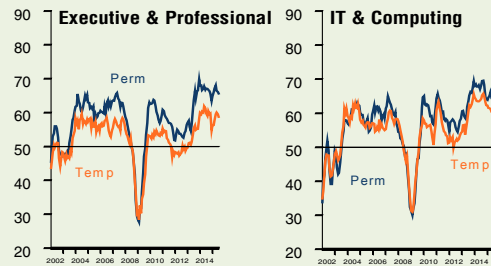
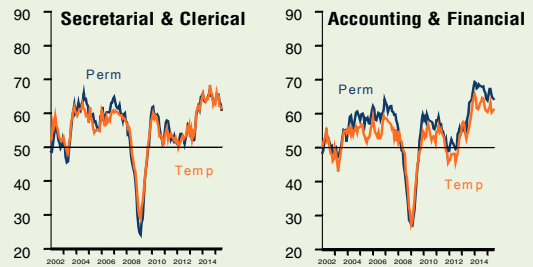
	This year		(Last year)	
	Rank	Jul'15	Rank	Jul'14
Construction*	1	69.6	(2)	(71.8)
Nursing/Medical/Care	2	67.4	(4)	(65.9)
Engineering*	3	65.1	(1)	(76.0)
Secretarial/Clerical	4	61.6	(5)	(65.4)
Accounting/Financial	5	61.2	(8)	(63.6)
Blue Collar	6	60.5	(3)	(69.8)
Hotel & Catering	7	60.5	(7)	(64.2)
IT & Computing	8	59.2	(6)	(64.3)
Executive/Professional	9	58.8	(9)	(59.8)

*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

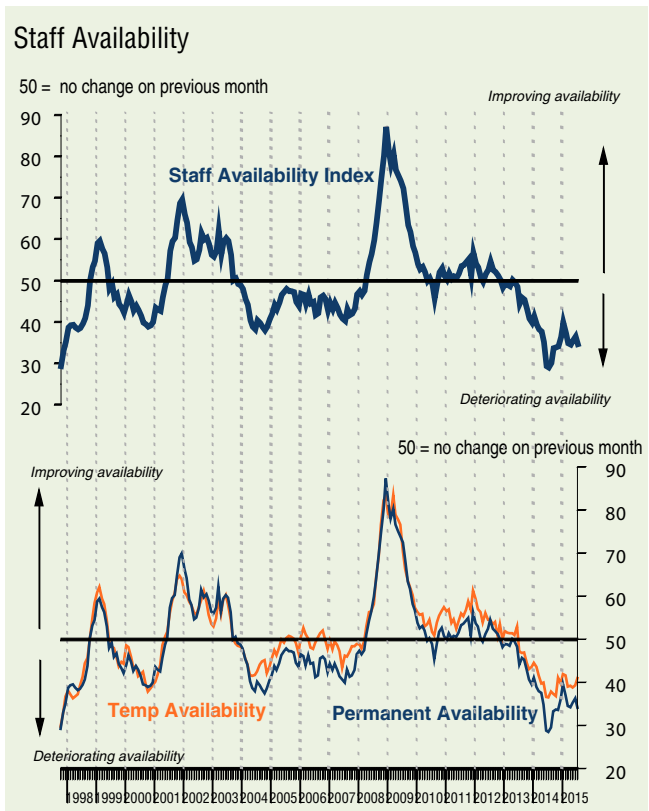
The availability of candidates to fill permanent roles fell further in July. Moreover, the rate of deterioration was the sharpest in eight months. Around 43% of panellists reported a deterioration in permanent staff availability, compared with 6% that signalled an improvement.

Permanent staff availability fell in each of the four monitored English regions, with the steepest drop seen in the Midlands.

Availability of temp/contract staff

The availability of temporary/contract staff continued to deteriorate in July. That said, the latest fall was the slowest since February.

Mirroring the trend seen for permanent candidates, agencies based in the Midlands recorded the sharpest decline in temp 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 Feb	13.9	50.7	35.4	-21.6	39.2	37.0
Mar	7.1	52.2	40.7	-33.6	33.2	34.6
Apr	8.8	50.2	41.0	-32.1	33.9	34.3
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

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 Feb	16.7	52.3	30.9	-14.2	42.9	41.7
Mar	8.6	57.8	33.6	-25.0	37.5	39.1
Apr	9.1	59.1	31.8	-22.6	38.7	39.2
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

Key permanent staff skills reported in short supply:*

Accountancy/Financial: Accountants, Audit, Compliance, Credit, General Finance, Payroll Clerks, Risk. **Blue Collar:** Drivers, Warehouse. **Construction:** Architects, Construction Technical Staff, Surveyors. **Engineering:** Automotive, Electrical, Engineers. **Executive/Professional:** Executives, HR, Legal, Management, Marketing, Solicitors. **IT/Computing:** Developers, Digital Marketing, Gaming, Java, .Net, Programmatics, UX Design. **Nursing/Medical/Care:** Care Assistants, RGNs. **Secretarial/Clerical:** Admin, PAs, Receptionists, Secretaries. **Other:** Call Centre, Sales.

Key temp skills reported in short supply:*

Accountancy/Financial: Accountants, Administration, Audit, Bookkeepers, Compliance, Finance, Risk, Security. **Blue Collar:** Drivers, Forklift, Unskilled, Warehouse, Welders. **Construction:** Architects. **Engineering:** Engineers. **IT/Computing:** Java. **Nursing/Medical/Care:** Care Assistants, Home Care, Doctors. **Secretarial/Clerical:** Admin, Secretaries. **Other:** Customer Service, Sales.

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

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 increase in July. The rate of inflation remained marked, despite easing further from April's recent peak to the slowest in one-and-a-half years. Panellists frequently commented on shortages of skilled candidates as a factor pushing up salaries.

Midlands-based consultancies signalled the sharpest rise in salaries during July, while those in London saw the slowest increase.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract employment continued to rise in July. Moreover, the latest increase in temp pay was the fastest in three months.

Temp pay rose in each of the monitored English regions during July, with the Midlands posting the strongest growth and London the slowest.

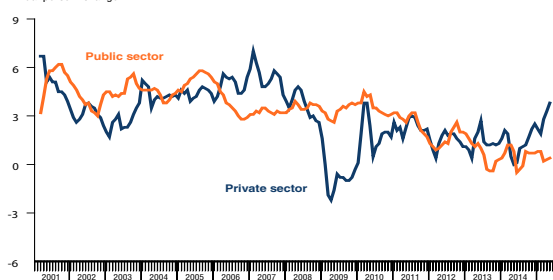
UK average weekly earnings

Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) accelerated to 3.2% in the three months to May. That was the strongest in just over five years. Faster earnings growth was again centred on the private sector, as public sector earnings growth remained muted.

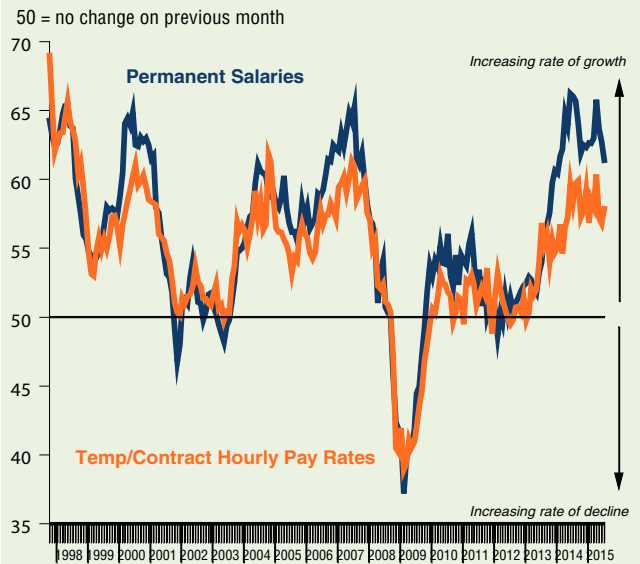
Yr/yr % chg in average weekly earnings (3mma)

	2012	2013	2014	Feb'15	Mar	Apr	May
Whole economy	1.4	1.2	1.1	1.7	2.3	2.7	3.2
Private sector	1.5	1.4	1.3	1.9	2.8	3.3	3.8
Public sector	1.6	0.7	0.5	0.8	0.2	0.3	0.4
Services	1.5	1.1	0.9	1.9	2.6	2.9	3.4
Manufacturing	1.8	2.2	2.1	0.8	0.8	1.3	1.5
Construction	0.9	0.0	1.7	0.9	1.7	3.4	4.9

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
2015 Jan	26.2	69.9	3.8	22.4	61.2	62.6
Feb	29.2	65.7	5.0	24.2	62.1	62.6
Mar	31.1	63.8	5.1	26.0	63.0	63.0
Apr	36.8	61.2	2.0	34.9	67.4	65.8
May	31.8	64.9	3.3	28.6	64.3	63.7
Jun	31.4	63.5	5.1	26.3	63.2	62.7
Jul	30.9	64.5	4.7	26.2	63.1	61.4

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
2015 Jan	16.1	79.9	4.0	12.0	56.0	56.9
Feb	20.7	75.6	3.7	17.1	58.5	58.5
Mar	21.4	73.3	5.3	16.0	58.0	58.0
Apr	22.4	74.7	2.9	19.6	59.8	60.4
May	16.3	78.1	5.6	10.7	55.4	57.2
Jun	17.0	78.4	4.6	12.5	56.2	56.8
Jul	20.0	75.7	4.3	15.8	57.9	57.9

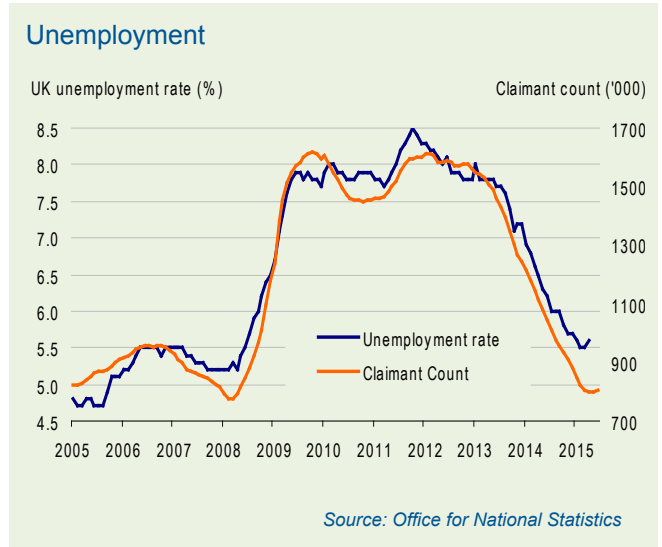
7 Feature | Official data

Pay growth accelerates further but unemployment rises

Mixed news on the UK labour market in the latest Office for National Statistics update adds plenty to the policy debate at the Bank of England. The data show private sector pay growth is approaching rates that would normally start to worry policymakers into tightening monetary conditions.

However, a fall in employment in the three months to May is a concern which could lead to further hesitation in starting the policy normalisation process. The unemployment rate rose to 5.6% in the three months to May, its first rise since 2013 (up from 5.5%, which had been its lowest since 2008), as employment fell by 67,000.

Yet survey evidence such as the *Report on Jobs* suggests it is likely that some of the slowdown in hiring is due to increasingly widespread skill shortages, while uncertainty in the run-up to the general election may have contributed to a blip in the hiring trend.



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.

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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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