

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 NTC Economics 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

NTC | economics

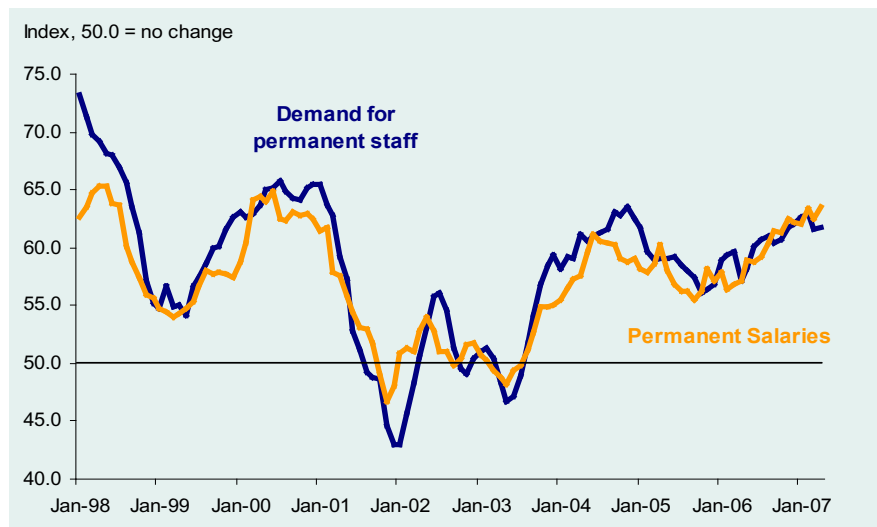
NTC Economics Ltd
Farm Road | Henley-on-Thames
Oxon | RG9 1EJ | United Kingdom

Tel: 01491 411000
Fax: 01491 571188
jack.kennedy@ntceconomics.com

The Report on Jobs is available via annual subscription only from NTC. For all enquiries please contact NTC:

Tel: 01491 418 662
charlotte.shand@ntceconomics.com

Permanent salary inflation strongest in nearly seven years in April. Further marked growth of staff appointments.



Key points from April survey:

- Growth of permanent placements remained strong, albeit down from March's peak. Temp billings rose at the sharpest rate for almost nine years.
- Further marked improvements in demand for permanent and temporary staff, with growth accelerating to three and thirty-three month highs respectively.
- Engineering & Construction was the most in-demand category for permanent staff. Hotel & Catering was the most sought-after type of temp staff.
- Candidate availability continued to decline, with skill shortages remaining more marked for permanent staff than for temporary candidates.
- Permanent staff salaries rose at the strongest rate for eighty-two months. Inflation of temporary staff pay was also substantial, despite easing slightly from March's peak.

Commenting on the latest survey results, Michael Carter, KPMG said:

"This month's figures provide further evidence of mounting wage pressures. While these mainly reflect skill shortages in specific areas, the labour market also appears to have tightened more generally – adding to the case for a rate rise this month.

"With these pressures, it is essential for employers to be reviewing where their key talent lies within their organisation and what strategies they have in place to enable them to retain these people in such a challenging marketplace. While people do move jobs for money, the key reasons why people typically change employment are lack of clear career development and dissatisfaction with their management. Employers therefore should focus upon these areas."

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, as well as data on national newspaper recruitment advertising, to provide the first indication each month of labour market trends.

The main findings for April are:

Strong growth of employment, particularly in temporary sector...

Recruitment consultants reported further substantial growth of staff appointments during April. The rate of expansion of permanent staff placements remained marked, despite easing from March's peak. Meanwhile, temporary/contract staff billings rose at the fastest pace since July 1998.

...as demand for staff continued to improve

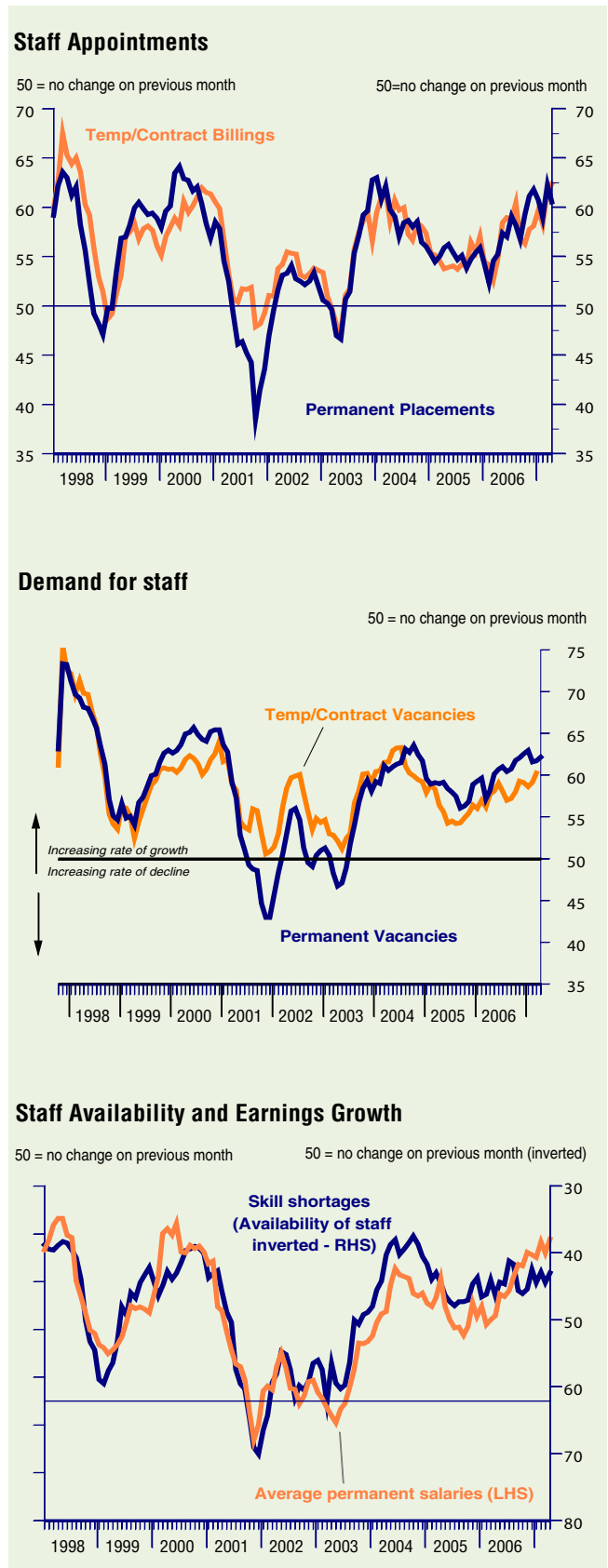
Permanent vacancies continued to rise strongly in April, according to the latest survey data. Demand for temporary/contract staff also increased, with the rate of growth accelerating to a thirty-three month high.

Inflation of permanent salaries hit eighty-two month high...

Higher levels of demand for staff, combined with a further reduction in candidate availability, drove further increases in employee pay during April. Inflation of permanent staff salaries reached its highest for almost seven years, while temporary staff pay also registered a marked increase over the month.

...as skill shortages persisted

April data pointed to ongoing labour market tightness, as candidate availability continued to deteriorate. Skill shortages remained more widespread amongst permanent candidates than those seeking temporary/contract roles.



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 further strong increases in permanent and temporary staff employment during April, with the latter recording the sharper growth.

Permanent Placements

Further marked increase in permanent placements...

Despite easing from March's peak, growth of permanent staff placements remained strong in April. Panellists attributed the latest increase in permanent appointments to rising levels of business activity at client companies. Around 45% of panellists reported a rise in placements over the month.

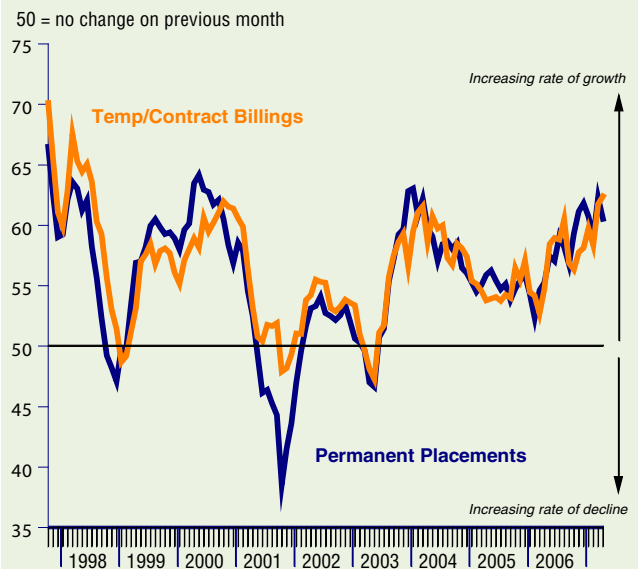
Temp/contract billings

...while temp billings rose at the strongest rate for almost nine years

April data signalled a further acceleration in the rate of growth of temporary/contract staff billings, with the latest expansion the most marked since July 1998. Consultancies reported that strengthened demand for short-term workers had underpinned higher temp billings.

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
2006	Nov	42.7	32.7	24.5	18.2	59.1	61.2
	Dec	33.5	36.9	29.6	3.9	52.0	61.8
2007	Jan	45.4	31.4	23.2	22.2	61.1	60.8
	Feb	43.1	32.9	23.9	19.2	59.6	59.0
	Mar	51.2	31.1	17.8	33.4	66.7	62.3
	Apr	44.8	34.1	21.1	23.6	61.8	60.5

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
2006	Nov	38.0	40.5	21.5	16.5	58.2	57.8
	Dec	38.6	38.0	23.4	15.2	57.6	58.1
2007	Jan	24.8	38.5	36.7	-11.9	44.1	59.7
	Feb	39.5	38.0	22.5	17.1	58.5	58.3
	Mar	44.5	41.5	14.1	30.4	65.2	61.7
	Apr	35.8	47.9	16.3	19.5	59.8	62.4

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.

Growth of demand for staff remained strong in April

The Report on Jobs Vacancies Index posted 62.2 in April, its highest level for three months, to signal a further marked improvement in demand for staff.

Permanent staff vacancies

Demand for permanent staff rose for a forty-sixth consecutive month during April. At 62.2, up from 61.6 in March, the seasonally adjusted Permanent Staff Vacancy Index signalled a substantial rate of demand growth.

Temp/contract vacancies

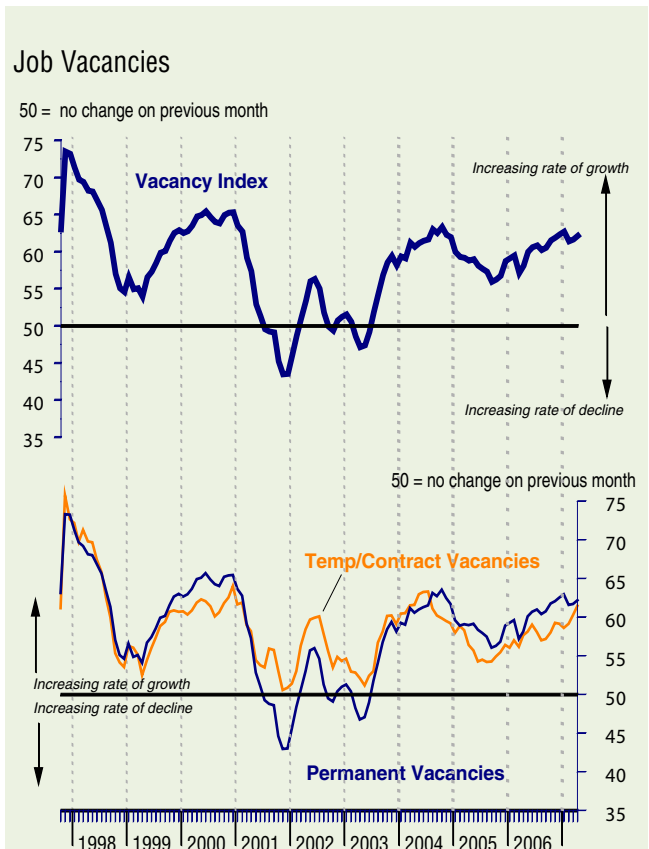
Growth of demand for temporary/contract staff accelerated for the third successive month in April. This was shown by a rise in the seasonally adjusted Temporary Staff Vacancy Index from 60.3 in March, to 61.5, its highest level for thirty-three months.

Other vacancy indicators

Government data on job centre vacancies, which tend to cover the lower end of the labour market, signalled a year-on-year increase for the sixth successive month in March. Moreover, the annual rate of growth accelerated to the strongest for over two years at 7.8%, up from 3.6% in the previous month.

Online recruiting continued to post strong growth in the fourth quarter of 2006, according to the latest available data. Internet job advertising was up 31.6% on a 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 Vacancy Indicators					
	Dec'06	Jan'07	Feb	Mar	Apr
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	62.4	62.7	61.4	61.6	62.2
Permanent Staff	62.6	63.0	61.6	61.7	62.2
Temporary Staff	59.2	58.6	59.2	60.3	61.5
Other key vacancy data					
Annual % change					
Job centre vacancies	0.9	0.9	3.6	7.8	n/a
Internet job ads*	31.6	--	--	--	--
* Quarterly data only					
Sources: Job centre vacancies provided by Office for National Statistics Internet job ads provided by www.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

Demand rose for all eight categories of permanent staff monitored by the survey in April. The strongest growth was recorded for Engineering/Construction, which posted its most marked expansion for two-and-a-half years. Executive/Professional also registered a sharp and accelerated rate of growth.

	This year		(Last year)	
	Rank	Apr'07	Rank	Apr'06
Engineering/Construction	1	66.1	(3)	(58.7)
Executive/Professional	2	65.7	(2)	(59.9)
Hotel & Catering	3	64.5	(7)	(52.2)
IT & Computing	4	62.6	(1)	(61.0)
Secretarial/Clerical	5	60.9	(4)	(58.6)
Accounting/Financial	6	60.0	(5)	(57.0)
Blue Collar	7	57.7	(8)	(50.4)
Nursing/Medical/Care	8	55.4	(6)	(53.5)

Temporary/contract staff

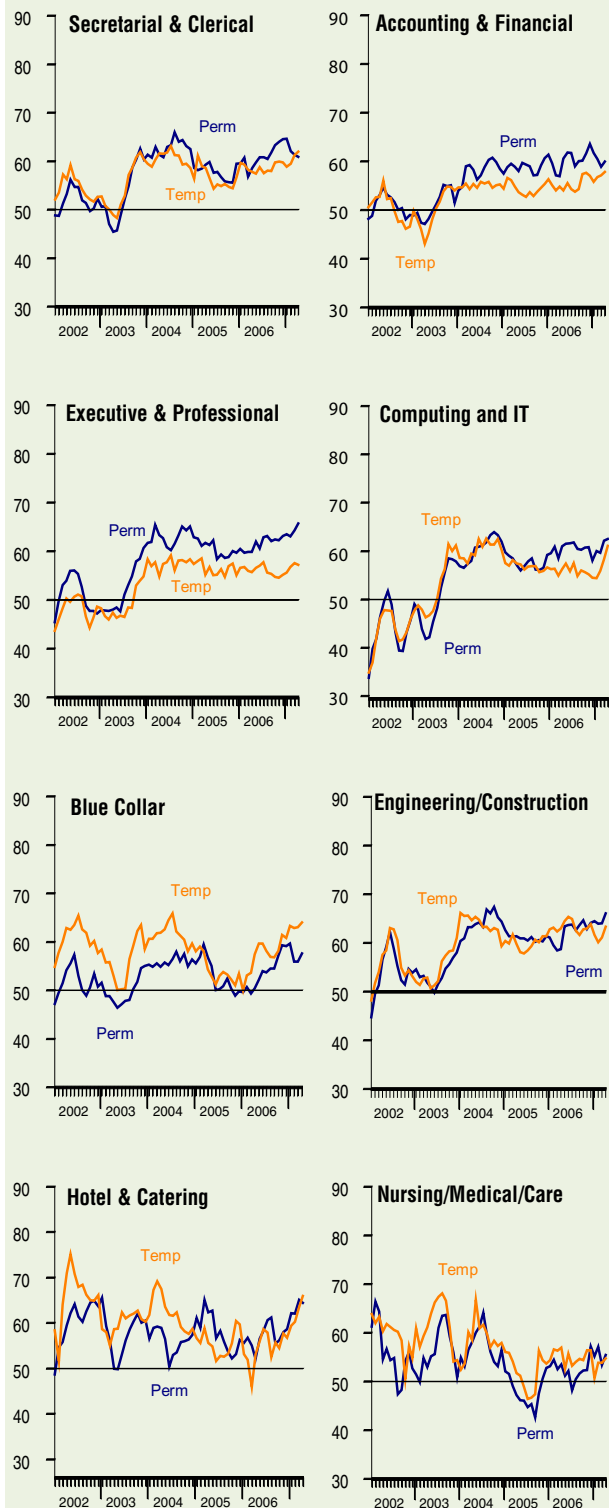
Growth of demand was broad-based across all eight temporary/contract staff categories in April. The most sought-after type of worker was Hotel & Catering, which recorded its strongest improvement for three years. Blue Collar registered the second-highest rate of expansion.

	This year		(Last year)	
	Rank	Apr'07	Rank	Apr'06
Hotel & Catering	1	66.0	(8)	(53.1)
Blue Collar	2	64.0	(3)	(57.5)
Engineering/Construction	3	63.4	(1)	(63.0)
Secretarial/Clerical	4	62.0	(2)	(57.8)
IT & Computing	5	61.1	(5)	(56.3)
Accounting/Financial	6	57.9	(7)	(54.9)
Executive/Professional	7	57.2	(6)	(55.7)
Nursing/Medical/Care	8	54.8	(4)	(56.9)

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.

Skill shortages widened

There was further evidence of skill shortages in April, as the availability of candidates for both permanent and temporary positions continued to decline.

Availability of permanent staff

Permanent staff availability fell at a sharp and accelerated rate in April. Around a third of panellists indicated a decline in availability during the latest survey period, with a range of skill-sets reported to be in short-supply.

Availability of temporary/contract staff

The availability of candidates to fill temporary/contract vacancies deteriorated for the fifth month running in April. However, the rate of contraction was only modest.

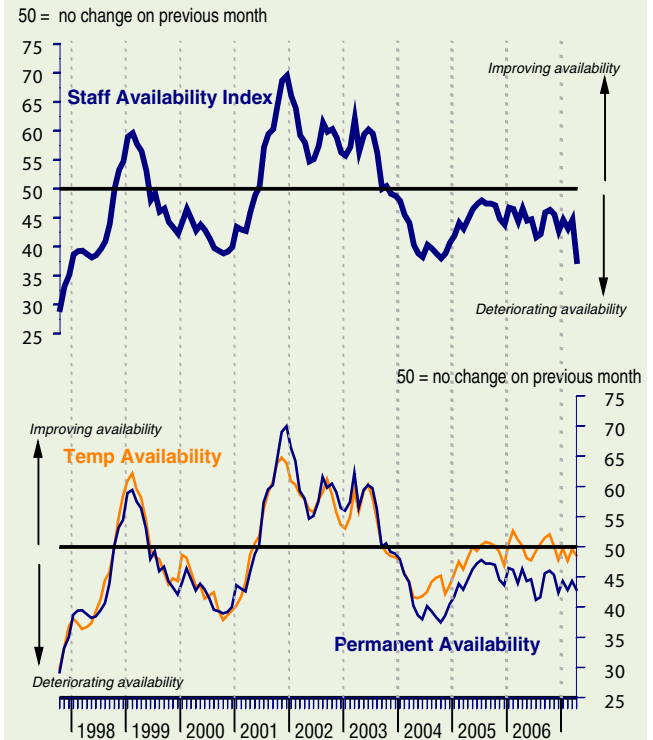
Key permanent staff skills reported in short supply:

- Accounting/Financial:** Banking executives, Accounts staff, Payroll.
- Secretarial/Clerical:** PAs, Secretaries, Receptionists, Junior admin.
- Executive/Professional:** Project managers.
- IT/Computing:** IT sales, Support staff.
- Hotel/Catering:** Chefs.
- Engineering/Construction:** Design engineers.
- Blue Collar:** General blue collar.
- Other:** Sales, Customer service.

Key temp skills reported in short supply:

- Secretarial/Clerical:** Receptionists, PAs, General admin.
- Hotel/Catering:** Chefs.
- Engineering/Construction:** Engineers, Oil & gas.
- Blue Collar:** HGV/LGV drivers, Welders, Unskilled works, Night workers, General blue collar.
- Other:** Call centre, Customer service, Purchasing.

Staff Availability



Availability of permanent staff

Q. Is the availability of candidates for permanent vacancies better, the same or worse than one month ago?

	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2006 Nov	15.8	53.1	31.1	-15.3	42.3	45.4
Dec	9.8	51.8	38.4	-28.5	35.7	42.4
2007 Jan	39.5	37.2	23.3	16.2	58.1	44.4
Feb	25.3	42.3	32.4	-7.2	46.4	42.9
Mar	19.8	49.5	30.6	-10.8	44.6	44.4
Apr	16.8	49.6	33.6	-16.8	41.6	42.9

Availability of temporary/contract staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2006 Nov	19.3	50.9	29.8	-10.5	44.7	50.1
Dec	19.9	53.0	27.1	-7.3	46.4	47.8
2007 Jan	36.1	42.7	21.3	14.8	57.4	49.8
Feb	26.5	52.0	21.5	4.9	52.5	47.7
Mar	21.6	53.4	25.1	-3.5	48.3	49.6
Apr	16.7	61.3	22.0	-5.2	47.4	48.6

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 candidates placed in permanent jobs by recruitment consultancies posted a further substantial rise in April. Moreover, the rate of pay inflation quickened from March's already substantial pace to reach an eighty-two month high. Panellists attributed increased salaries to strong demand for permanent staff and shortages of candidates with the necessary skills and experience to meet employers' requirements. There were also reports that greater numbers of senior-level placements had led to higher average salaries.

Temp/contract pay rates

Despite easing slightly from March's twenty-eight month high, temporary/contract staff pay inflation remained strong in April. Anecdotal evidence linked higher temp pay to robust demand for short-term staff. There were also reports that candidate shortages had contributed to higher pay rates.

UK average earnings

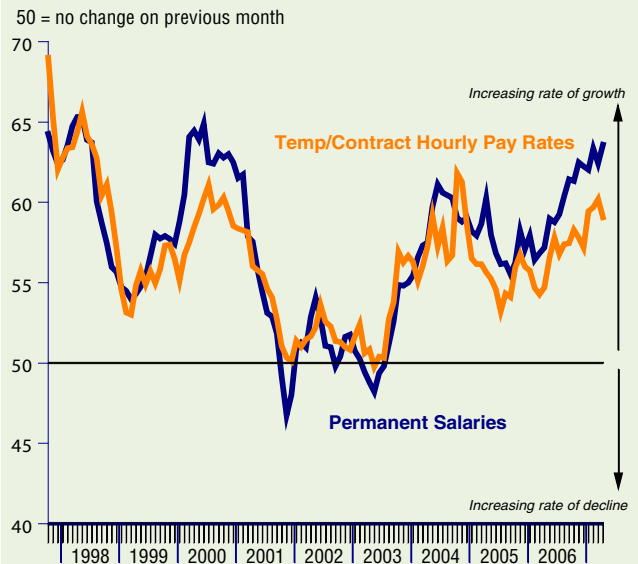
Data from the Office for National Statistics showed that year-on-year growth of employee earnings (including bonuses) accelerated from 4.2% in January to 4.6% in February, its highest level for almost three years. Earnings growth was driven higher by a strong rise in service sector pay. In contrast, manufacturing earnings growth continued to slow.

Yr/yr % chg in employee earnings (3mma)

	2004	2005	2006	Nov'06	Dec	Jan'07	Feb
Whole economy	4.3	4.1	4.1	4.1	4.0	4.2	4.6
Manufacturing	3.7	3.6	5.2	5.0	4.6	3.9	3.4
Services	4.3	4.3	4.0	4.2	4.2	4.5	5.0
Private services	4.3	4.1	4.2	4.5	4.6	4.9	5.5



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
2006 Oct	24.1	72.7	3.2	20.9	60.4	61.3
Nov	27.0	70.3	2.7	24.3	62.2	62.5
Dec	21.1	77.6	1.4	19.7	59.9	62.3
2007 Jan	26.3	69.3	4.4	21.9	61.0	62.0
Feb	28.4	69.5	2.1	26.3	63.2	63.3
Mar	28.6	68.8	2.6	26.0	63.0	62.4
Apr	30.5	67.5	2.0	28.5	64.2	63.6

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
2006 Oct	32.4	63.6	4.0	28.5	64.2	58.3
Nov	21.8	74.0	4.2	17.6	58.8	57.8
Dec	15.3	81.0	3.7	11.5	55.8	57.2
2007 Jan	18.5	77.9	3.6	14.9	57.5	59.4
Feb	20.6	76.6	2.7	17.9	58.9	59.7
Mar	23.0	72.5	4.4	18.6	59.3	60.2
Apr	19.2	76.8	4.0	15.1	57.6	59.1

7 Feature | employee earnings

Earnings growth driven higher by sharp rise in City bonuses

Annual underlying growth of employee earnings (including bonuses) accelerated to a near three-year high of 4.6% in February, according to latest data from the Office for National Statistics.

The headline figure was driven higher by a sharp rise in service sector earnings (5.0%) – the strongest for three years. In contrast, manufacturing pay growth eased to a nineteen-month low (3.4%).

The table on the right shows a comparison by sector of the excluding and including bonuses rates of pay growth, ranked by the latter.

The well-publicised bumper City bonus round this year is reflected in the data, with Financial Intermediation topping the table by some distance – annual earnings rose by a hefty 12.8% once bonuses are taken into account. Without bonuses, pay growth was only a modest 2.8%.

Hotels & Restaurants recorded the highest growth of earnings excluding bonuses (6.6%), tallying with recent evidence from the *Report on Jobs* showing strong demand for hospitality staff.

Mining & Quarrying posted the second-highest rise (6.1%), followed by Engineering & Allied Industries (4.8%) – another sector that has seen buoyant demand for staff in recent months, according to the survey of recruitment consultancies.

Year-on-year growth of employee earnings (Feb'07)

Sector	Annual % change (3mma)	
	Excluding bonuses	Including bonuses
Financial Intermediation	2.8%	12.8%
Wholesale Trade	4.5%	8.4%
Mining & Quarrying	6.1%	7.6%
Basic Metals & Metal Products	4.6%	7.5%
Hotels and Restaurants	6.6%	5.2%
Real Estate, Renting & Business Activities	4.2%	4.6%
Education	4.5%	4.5%
Textiles, Leather & Clothing	1.8%	4.2%
Engineering & Allied Industries	4.8%	4.1%
Other Services	3.3%	3.8%
Other Manufacturing	3.7%	3.4%
Health & Social Work	3.1%	3.2%
Retail Trade and Repairs	3.6%	2.8%
Public Administration	2.1%	2.5%
Construction	2.4%	2.5%
Transport, Storage & Communication	2.0%	1.7%
Agriculture, Forestry & Forestry	-1.8%	1.2%
Food Products, Beverages & Tobacco	1.6%	0.6%
Chemicals & Man-made Fibres	2.5%	-0.3%
Electricity, Gas & Water Supply	-1.6%	-4.2%
Manufacturing	3.7%	3.4%
Services	3.7%	5.0%
Private sector	3.7%	5.0%
Public sector	3.2%	3.2%
Whole economy	3.5%	4.6%

Source: Office for National Statistics



KPMG is the global network of professional services firms who provide audit, tax and advisory services. KPMG LLP, a UK limited liability partnership, is the UK member firm of KPMG International, a Swiss cooperative. KPMG LLP operates from 22 offices across the UK with over 9,000 partners and staff. KPMG LLP had a turnover of £1.28 billion in the year ended 30 September 2005.

The KPMG Trademarks are the sole property of KPMG International and their use on this report does not imply auditing by or endorsement of KPMG LLP, KPMG International or any of its member firms of the information in this report.



The REC is the association for the £24.5 billion private recruitment and staffing industry in the UK with over 8,000 recruitment agencies and 5,500 recruitment consultants in membership. There are 1.2 million temporary workers registered with UK agencies and up to one million temporary workers are deployed in industry, commerce and public services every day.



NTC is one of Europe's largest specialist providers of business research and information.

Current research includes monthly surveys in the UK, Germany, France, Italy, Spain, Russia, Poland, Hong Kong and Ireland. It's work is widely used by central banks, government, business and the financial markets.

Recruitment Industry Survey

The monthly survey features original research data collected via questionnaire by NTC from a panel of 600 UK recruitment and employment consultancies. In 2003/4, some 1,516,000 people were employed in either temporary or contract work through consultancies and over 565,500 people were placed in permanent positions through consultancies. Data for the monthly survey 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.

Subscriptions

For subscription details please contact info@ntceconomics.com

Copyright and database rights in the Report on Jobs is owned by NTC Economics Limited. Distribution or storage including databasing by any means including, without limitation, electronic distribution is not permitted without the prior consent of NTC Publications Limited. For all enquiries please contact NTC Economics Limited (01491 411 000).

Whilst every effort has been made in the preparation of this report to ensure accuracy of the statistical and other contents, the publishers and data suppliers cannot accept any liability in respect of errors or omissions or for any losses or consequential losses arising from such errors or omissions.