

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.

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## NTC | economics

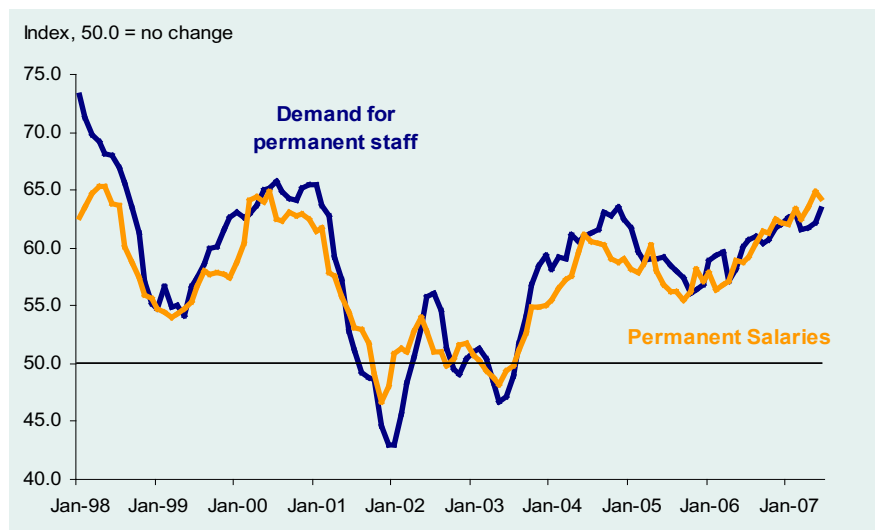
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## Growth of permanent placements fastest for over seven years as labour market strengthens further.



### Key points from June survey:

- Permanent staff placements rose at the strongest rate for eight-five months in June, while temporary staff billings also increased robustly.
- Growth of demand for permanent staff continued to harden, hitting a six-and-a-half year high. Expansion of demand for temporary staff eased slightly but remained strong.
- Engineering & Construction was again the most sought-after category for both permanent and temporary staff.
- Inflation of permanent staff salaries was close to May's eighty-three month high, while temporary staff pay rose at the sharpest rate for thirty-one months.
- Skill shortages worsened, with permanent and temporary staff availability deteriorating at the fastest rates for thirty and thirty-one months respectively.

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

"June's *Report on Jobs* shows the trend we have seen developing over the last months continues: Demand for staff is growing and pay inflation remains sharp. In this climate, it is not surprising that employers are focusing on recruiting permanent staff, in the hope that this will give them more certainty over their headcount and retention. However, finding the right people with the right skills remains one of the biggest problems for employers. We welcome that the skills shortage has been recognized in last week's government reshuffle, as part of Gordon Brown's change plan, with the creation of a new department, the Department for Innovation, Universities and Skills. Employers must continue to articulate their skills needs to ensure that funding and training is focused on areas of most need in the future. The new Department must also work to ensure that new recruits have general employment skills as well as relevant technical skills."

# 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 June are:

## Growth of permanent placements reached eight-five month high...

Permanent staff placements rose at the strongest rate for over seven years in June. Temporary/contract staff billings also increased substantially over the month, although the rate of growth eased slightly to a four-month low.

## ...as demand for staff continued to strengthen

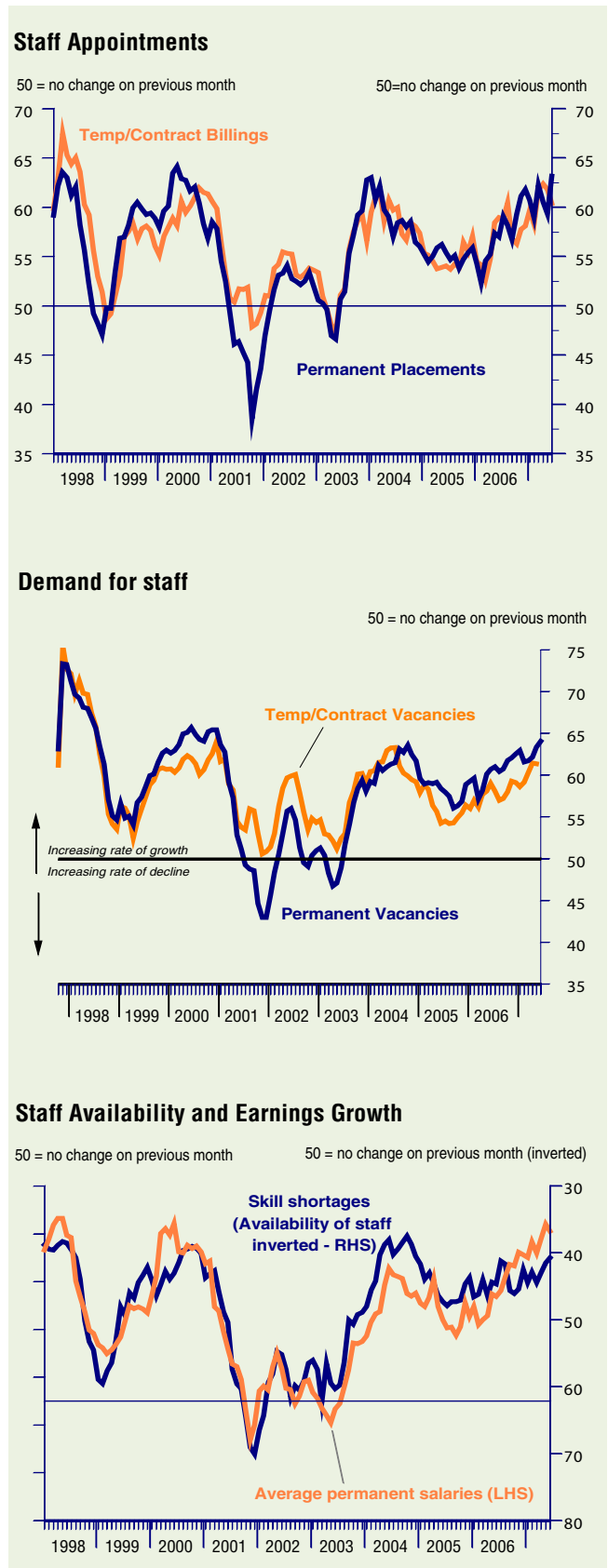
Recruitment consultancies reported a further strong rise in demand for staff in June. Growth of permanent vacancies hit a six-and-a-half year high, while temp vacancies also posted a marked increase.

## Pay inflation remained sharp...

Upward pressure on employee pay remained strong in June, reflecting the current tightness of the labour market. The rate of inflation of permanent staff salaries was only marginally below May's eighty-three month peak, while growth of temp pay hit a thirty-one month high.

## ...fuelled by widening skill shortages

Recruitment consultancies reported significant difficulties finding candidates with the required levels of skills and experience in June. The availability of permanent candidates declined at the sharpest rate for two-and-a-half years, with panellists identifying shortages across a range of professions. Meanwhile, temp availability fell at the fastest rate for thirty-one months.



# 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.

Permanent staff placements rose at the fastest rate for over seven years in June, while temporary/contract staff billings also increased strongly.

## Permanent Placements

### Buoyant growth of permanent placements

Recruitment consultancies signalled a further increase in the number of people placed in permanent jobs during June. Moreover, the rate of growth accelerated sharply since May to hit an eighty-five month high. Almost half of the survey panel reported a rise in placements during the latest survey period, which they attributed to increased levels of permanent staff vacancies.

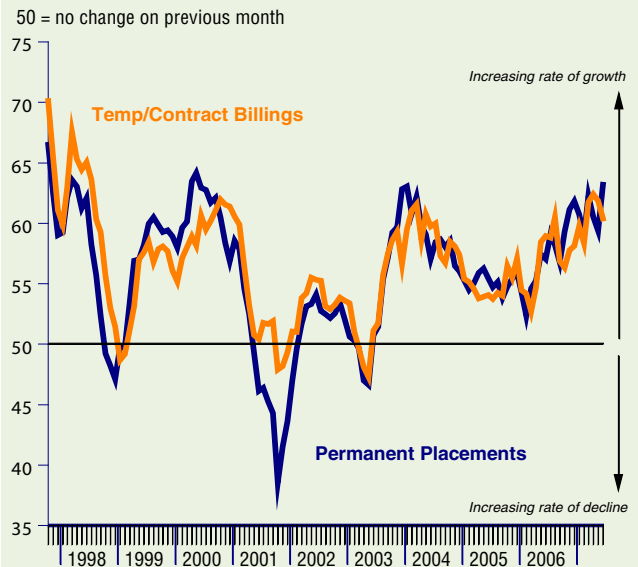
## Temp/contract billings

### Further strong rise in temp billings

Latest data pointed to continued growth of temporary/contract staff billings during June, with around 41% of panellists reporting an increase. Although still robust, the rate of expansion eased further from April's peak to the lowest for four months. Anecdotal evidence linked slower growth of temp billings to shortages of quality candidates.

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>2007</b>	Jan	45.4	31.4	23.2	22.2	61.1	<b>60.8</b>
	Feb	43.1	32.9	23.9	19.2	59.6	<b>59.0</b>
	Mar	51.2	31.1	17.8	33.4	66.7	<b>62.3</b>
	Apr	44.8	34.1	21.1	23.6	61.8	<b>60.5</b>
	May	43.2	30.8	26.0	17.3	58.6	<b>59.4</b>
	Jun	49.0	32.1	18.8	30.2	65.1	<b>63.2</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>2007</b>	Jan	24.8	38.5	36.7	-11.9	44.1	<b>59.7</b>
	Feb	39.5	38.0	22.5	17.1	58.5	<b>58.3</b>
	Mar	44.5	41.5	14.1	30.4	65.2	<b>61.7</b>
	Apr	35.8	47.9	16.3	19.5	59.8	<b>62.4</b>
	May	41.7	41.9	16.5	25.2	62.6	<b>61.8</b>
	Jun	40.9	41.8	17.3	23.6	61.8	<b>60.4</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.

## Demand for staff rose at the fastest pace for six-and-a-half years in June

Demand for staff continued to harden in June, with the Report on Jobs Vacancies Index edging up from 63.2 in May, to 63.9, its highest level for seventy-eight months.

### Permanent staff vacancies

Growth of demand for permanent staff accelerated for the fourth month running in June. The seasonally adjusted Permanent Staff Vacancy Index rose from 63.4 in May, to a six-and-a-half year high of 64.1.

### Temp/contract vacancies

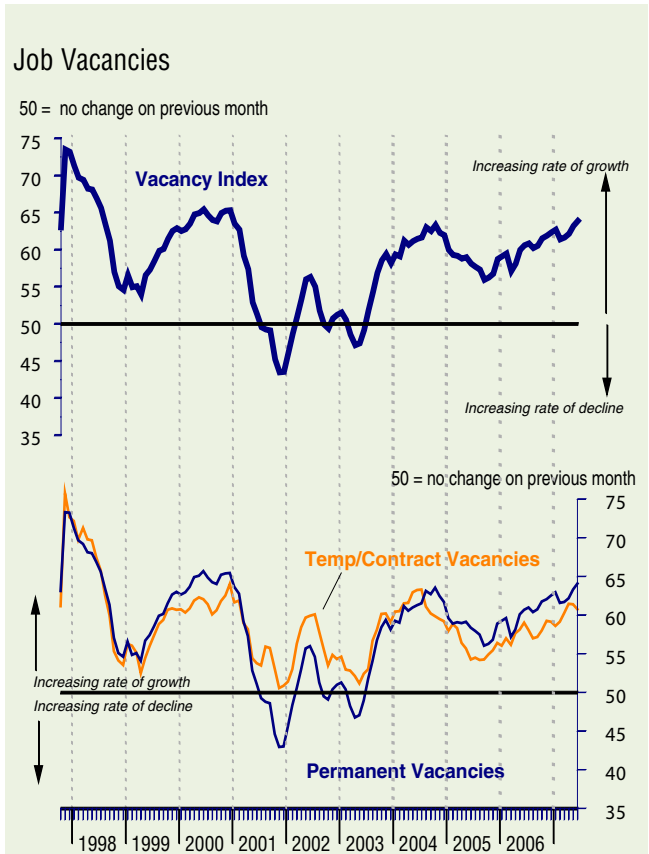
Despite easing slightly to a three-month low of 60.8, down from 61.4 in May, the seasonally adjusted Temporary Staff Vacancy Index remained above the series average of 58.8 and signalled a further robust expansion of demand for temp/contract staff during June.

### 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 eighth successive month in May. Moreover, the rate of growth continued to accelerate, reaching its highest level for thirty-two months at 9.3%, up from 8.4% in April.

Growth of online recruiting accelerated in the first quarter of 2007, according to the latest available data. Internet job advertising was up 38.9% on a year earlier, the strongest rise for over one-and-a-half years.

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	Mar	Apr	May	Jun
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	61.4	61.6	62.2	63.2	63.9
Permanent Staff	61.6	61.7	62.2	63.4	64.1
Temporary Staff	59.2	60.3	61.5	61.4	60.8

#### Other key vacancy data

Annual % change					
Job centre vacancies	3.2	7.7	8.4	9.3	n/a
Internet job ads*	--	38.9	--	--	--

\* 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

Growth of demand for permanent staff was broad-based across all eight staff categories in June. The sharpest rise was recorded for Engineering & Construction workers, with the latest expansion the strongest for almost nine-and-a-half years. The slowest growth of demand was seen for Blue Collar employees.

	This year		(Last year)	
	Rank	Jun'07	Rank	Jun'06
Engineer'g/Construction	1	72.6	(1)	(63.7)
Executive/Professional	2	65.2	(5)	(60.6)
IT & Computing	3	63.9	(3)	(61.6)
Accounting/Financial	4	63.3	(2)	(61.9)
Secretarial/Clerical	5	63.2	(4)	(60.9)
Hotel & Catering	6	58.8	(6)	(58.4)
Nursing/Medical/Care	7	58.5	(8)	(52.2)
Blue Collar	8	56.7	(7)	(54.0)

## Temporary/contract staff

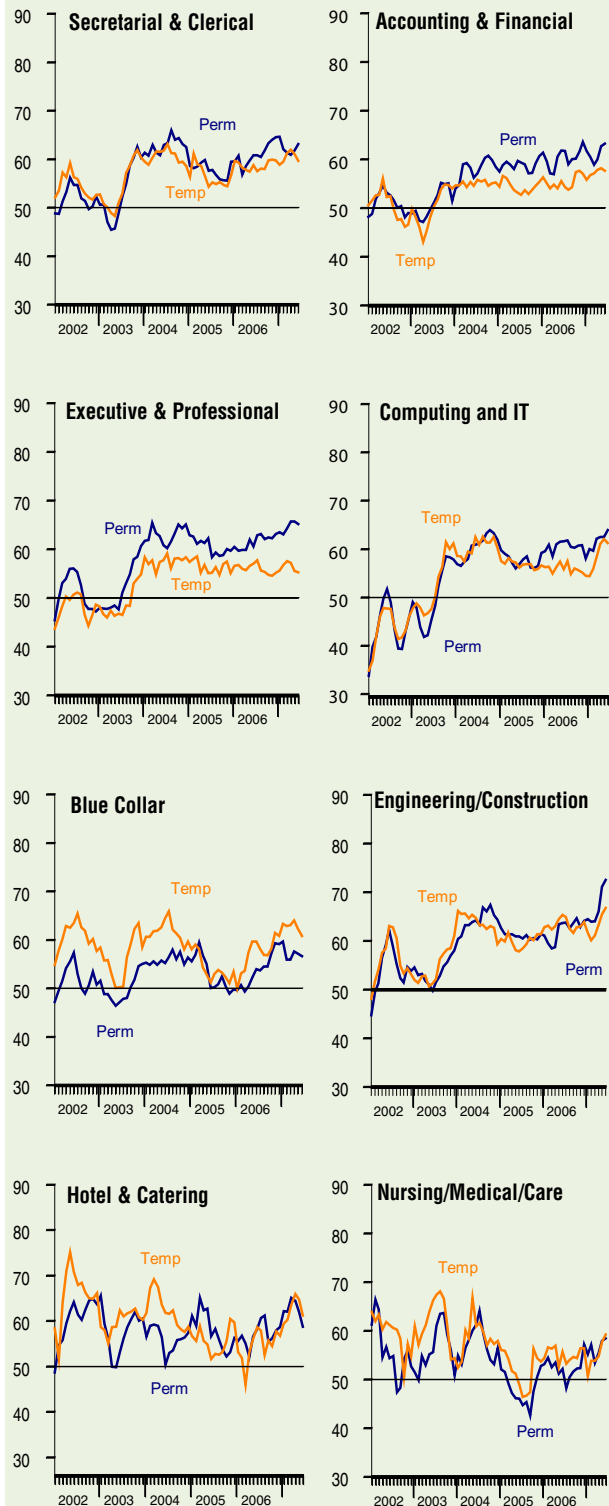
Demand was found to have risen for all eight broad types of temporary/contract staff monitored by the survey in June. The strongest rise was again seen for Engineering & Construction workers, with growth reaching its highest level for over nine years.

	This year		(Last year)	
	Rank	Jun'07	Rank	Jun'06
Engineer'g/Construction	1	66.8	(1)	(65.3)
IT & Computing	2	61.3	(6)	(55.8)
Hotel & Catering	3	61.3	(4)	(58.7)
Blue Collar	4	60.9	(2)	(59.7)
Secretarial/Clerical	5	59.7	(3)	(58.9)
Nursing/Medical/Care	6	59.3	(7)	(55.8)
Accounting/Financial	7	57.7	(8)	(55.6)
Executive/Professional	8	55.3	(5)	(57.0)

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 worsened

Latest data pointed to growing shortages of skilled staff in June. Both permanent and temporary candidate availability declined at faster rates than one month previously.

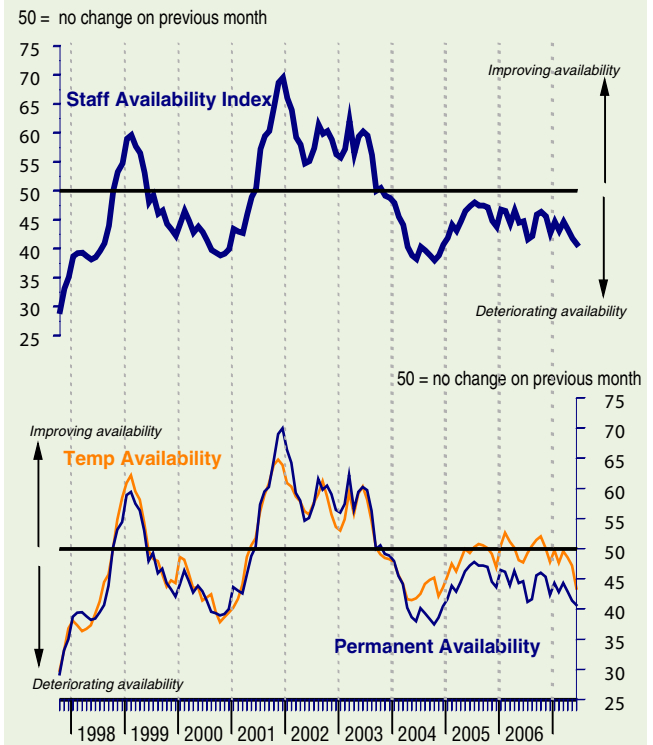
## Availability of permanent staff

The availability of candidates to fill permanent vacancies continued to decline in June – extending the current downturn to forty-four successive months. Moreover, the rate of deterioration quickened to its strongest since December 2004.

## Availability of temporary/contract staff

Temporary/contract staff availability fell again in June, with the rate of contraction accelerating sharply since May to the fastest for thirty-one months.

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
<b>2007</b> Jan	39.5	37.2	23.3	16.2	58.1	<b>44.4</b>
Feb	25.3	42.3	32.4	-7.2	46.4	<b>42.9</b>
Mar	19.8	49.5	30.6	-10.8	44.6	<b>44.4</b>
Apr	16.8	49.6	33.6	-16.8	41.6	<b>42.9</b>
May	13.6	53.3	33.1	-19.5	40.2	<b>41.5</b>
Jun	12.9	48.8	38.3	-25.5	37.3	<b>40.7</b>

## 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
<b>2007</b> Jan	36.1	42.7	21.3	14.8	57.4	<b>49.8</b>
Feb	26.5	52.0	21.5	4.9	52.5	<b>47.7</b>
Mar	21.6	53.4	25.1	-3.5	48.3	<b>49.6</b>
Apr	16.7	61.3	22.0	-5.2	47.4	<b>48.6</b>
May	14.9	57.1	28.0	-13.1	43.5	<b>47.3</b>
Jun	21.9	47.1	31.0	-9.2	45.4	<b>43.4</b>

## Key permanent staff skills reported in short supply:

- Accounting/Financial:** Accounts, Financial services.
- Executive/Professional:** Project managers, Marketing, Middle to senior management.
- Secretarial/Clerical:** Legal secretaries, Bilingual secretaries.
- IT/Computing:** IT sales, Help desk, Business analysts, General IT.
- Hotel/Catering:** Chefs.
- Engineering/Construction:** Engineers, Engineering production staff, Architects, Design engineers.
- Blue Collar:** HGV/LGV drivers, Blue collar.
- Other:** Sales, Call centre, Customer service, Buyers, Educational managers.

## Key temp skills reported in short supply:

- Executive/Professional:** Housing professionals.
- Secretarial/Clerical:** Legal secretaries.
- IT/Computing:** Help desk.
- Hotel/Catering:** Chefs, Kitchen porters.
- Engineering/Construction:** Planning engineers, Aviation specialists.
- Blue Collar:** HGV/LGV drivers, Blue collar, Fitters.
- Other:** Call centre, Customer service.

# 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

The rate of inflation of permanent staff salaries remained at an elevated level in June and was only marginally below May's eighty-three month high. Around 31% of consultancies reported a rise in salaries, which they attributed to strong demand for permanent employees and shortages of high-calibre candidates.

## Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract employment rose at the fastest pace for thirty-one months in June. Panellists linked higher temp pay to strong demand for hired help at client businesses.

### UK average earnings

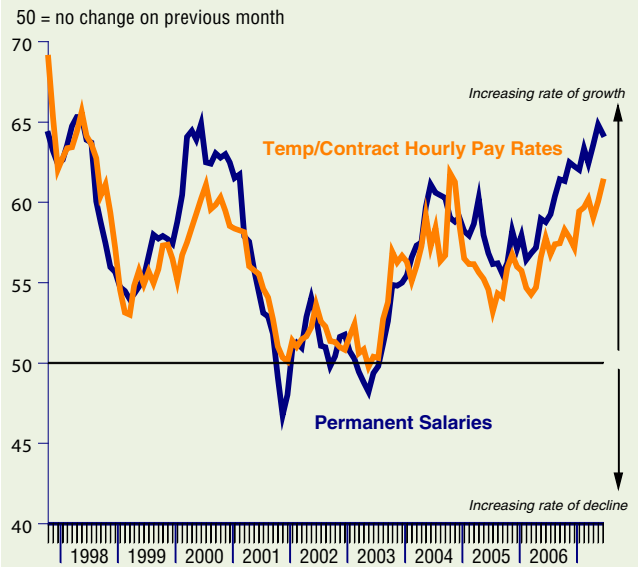
Data from the Office for National Statistics showed that year-on-year growth of employee earnings (including bonuses) eased to a four-month low of 4.0% in April, down from 4.4% in March. Both the services and manufacturing sectors recorded weaker increases in average pay than one month previously.

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

	2004	2005	2006	Jan'07	Feb	Mar	Apr
Whole economy	4.3	4.1	4.1	4.2	4.6	4.4	4.0
Manufacturing	3.7	3.6	5.2	4.0	3.6	3.5	3.3
Services	4.3	4.3	4.0	4.4	5.0	4.7	4.2
Private services	4.3	4.1	4.2	4.8	5.5	5.2	4.5



### 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
<b>2006</b> Dec	21.1	77.6	1.4	19.7	59.9	<b>62.3</b>
<b>2007</b> Jan	26.3	69.3	4.4	21.9	61.0	<b>62.0</b>
Feb	28.4	69.5	2.1	26.3	63.2	<b>63.3</b>
Mar	28.6	68.8	2.6	26.0	63.0	<b>62.4</b>
Apr	30.5	67.5	2.0	28.5	64.2	<b>63.6</b>
May	33.8	63.5	2.7	31.0	65.5	<b>64.8</b>
Jun	31.4	66.1	2.5	28.9	64.5	<b>64.2</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>2006</b> Dec	15.3	81.0	3.7	11.5	55.8	<b>57.2</b>
<b>2007</b> Jan	18.5	77.9	3.6	14.9	57.5	<b>59.4</b>
Feb	20.6	76.6	2.7	17.9	58.9	<b>59.7</b>
Mar	23.0	72.5	4.4	18.6	59.3	<b>60.2</b>
Apr	19.2	76.8	4.0	15.1	57.6	<b>59.1</b>
May	24.6	74.0	1.4	23.2	61.6	<b>60.1</b>
Jun	22.6	75.9	1.5	21.1	60.6	<b>61.3</b>

# 7 Feature | employment

## Official employment data look set to turn up from current weak trend

Official data from the Office for National Statistics (ONS) have pointed to weakening growth of employment in recent months, with employee jobs rising just 0.7% in the first quarter of 2007, the slowest annual rate for over three years (see chart on left).

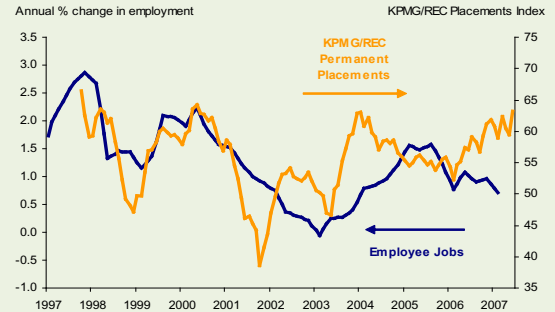
Softer employment growth reflected significant job losses in the civil service, as Gordon Brown's public sector cutbacks hit home. Meanwhile, private sector employment was stagnant (see table on left). One factor underlying the weakness of employment over this period was a rise in economic inactivity to a record high.

However, the weak trend in employment growth is unlikely to prove long-lasting, with the latest ONS data indicating that job centre vacancies rose at the fastest annual rate for thirty-two months in April (see page 3).

Furthermore, survey data are currently pointing to substantial jobs growth. Recruitment consultancies participating in the *Report on Jobs* reported that permanent staff placements rose at the fastest rate for over seven years in June, underpinned by a similarly marked expansion of demand for staff. May's PMI survey of UK private sector services also pointed to an improvement in hiring.

It would therefore appear likely that official figures will show a recovery in employment growth over the coming months.

### Employee jobs vs Permanent Placements



### Employment by sector

Change on quarter (thousands)

	Public	Private	Total
2004 Q1	32	0	32
2004 Q2	10	15	25
2004 Q3	32	35	67
2004 Q4	13	147	160
2005 Q1	27	-15	12
2005 Q2	25	66	91
2005 Q3	-2	50	48
2005 Q4	-4	17	13
2006 Q1	-17	141	124
2006 Q2	-9	48	39
2006 Q3	-21	62	41
2006 Q4	-9	26	17
2007 Q1	-10	0	-10

Sources: ONS, NTC



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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

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