

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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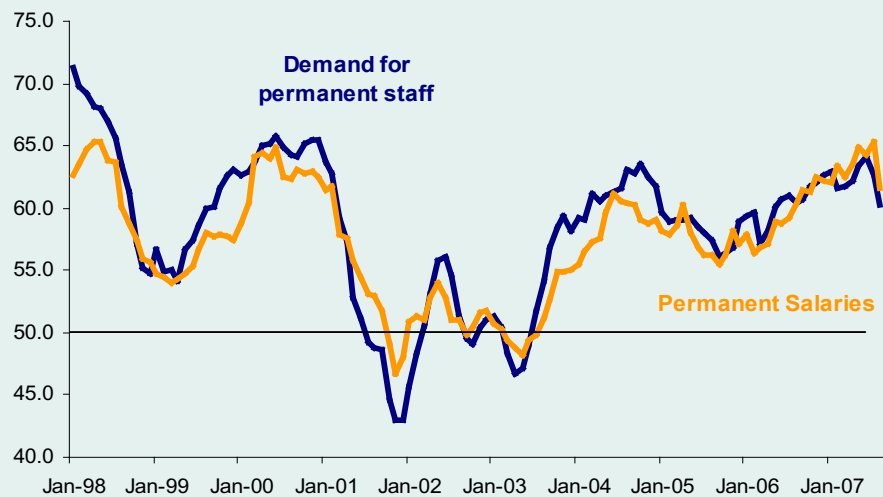
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Job market cooled in August, as employment growth and pay inflation eased from July peaks.

Index, 50.0 = no change



Key points from August survey:

- Growth of permanent staff placements eased from July's eighty-six month high to the weakest for three months in August. Temp billings rose at the slowest pace for ten months.
- The rate of expansion of demand for permanent staff moderated further from June's peak to hit a fifteen-month low in August. Growth of demand for temp staff was the slowest for eleven months.
- Engineering & Construction was again the most sought-after category for both permanent and temporary staff.
- Permanent staff availability declined at the weakest rate for five months. The rate of contraction of temp availability was little-changed since July.
- Inflation of permanent staff salaries eased to a ten-month low, while temp pay growth was the slowest of 2007 so far.

Commenting on the latest survey results, Alan Nolan, KPMG said:

"Given recent interest rates hikes and stock market uncertainties it is no surprise that the statistics for August show a slower rate of growth for both permanent and temporary employment. However it should not be forgotten that the appointments are still growing but simply at a slower rate. Employers should now take stock to review their staffing levels and to identify whether the right people are in the right places both in terms of job roles and locations. If the statistics continue in this vein in future months and the market becomes more uncertain, employers should also think about how to persuade potential recruits to leave their existing employment to ensure that they attract the right people."

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 August are:

Slower growth of staff appointments...

Although recruitment consultancies reported further growth of staff appointments during August, the rates of expansion of permanent and temporary employment eased since the previous period. Growth of permanent placements moderated noticeably from July's eighty-six month peak to its weakest since May, while temporary/contract staff billings rose at the slowest pace for ten months.

...as demand for staff cooled

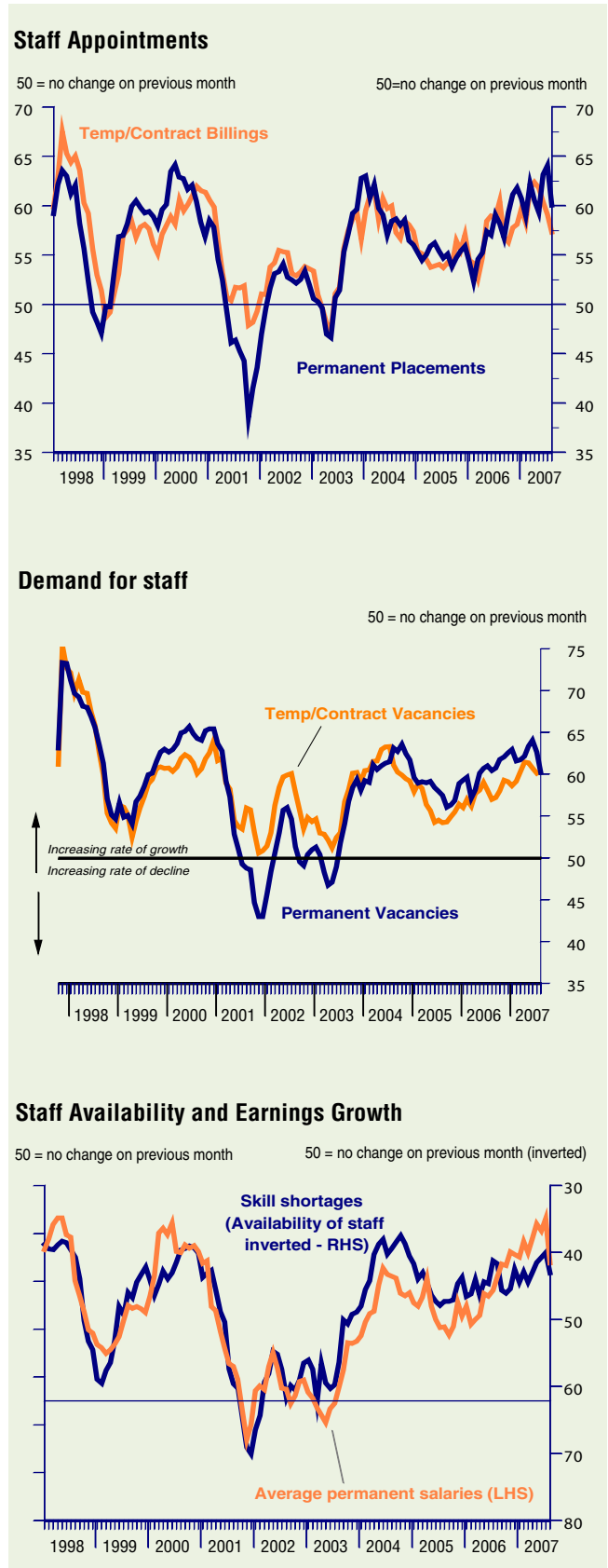
Underlying softer employment growth in August was a weaker increase in job vacancies. Growth of demand for permanent staff eased to a fifteen-month low, while the latest rise in demand for temp staff was the slowest for eleven months.

Pay inflation moderated...

Although still strong, the rate of inflation of permanent staff salaries eased significantly in August and was well below July's nine-year high. Temporary/contract staff pay growth also slowed, hitting an eight-month low.

...as candidate shortages eased

Permanent candidate availability fell at the weakest rate for five months in August, suggesting a decrease in the incidence of skill shortages. However, the rate of contraction of permanent staff availability remained sharper than that recorded for temp workers.



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 that growth of staff appointments eased from a strong level in August, with both permanent staff placements and temporary/contract staff billings increasing at weaker rates than one month previously,

Permanent Placements

Growth of permanent placements moderated from July's peak

After hitting an eighty-six month high in July, growth of permanent staff placements eased in August to the slowest pace for three months. Although still at a level well above the series average, the rate of expansion was significantly below that recorded in the previous survey period.

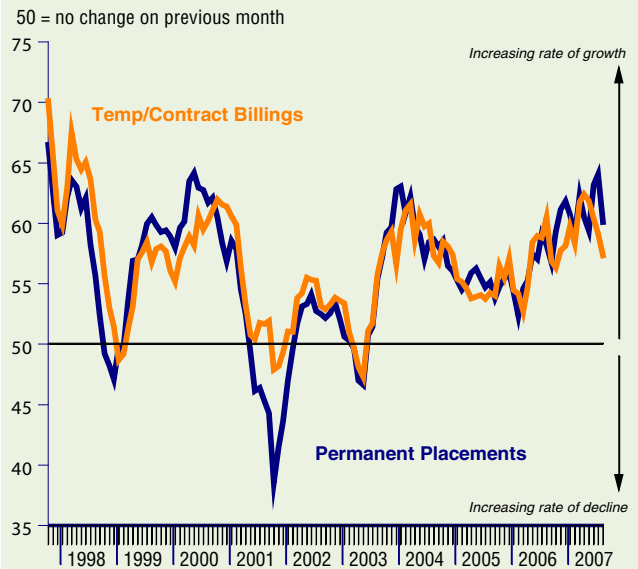
Temp/contract billings

Temp billings rose at the slowest rate for ten months

The number of people placed in temporary/contract positions by recruitment consultancies across the UK continued to rise in August, extending the current period of growth to fifty-one months. However, the rate of expansion eased further since peaking in April to hit a ten-month low.

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
2007 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
May	43.2	30.8	26.0	17.3	58.6	59.4
Jun	49.0	32.1	18.8	30.2	65.1	63.2
Jul	50.4	31.9	17.7	32.7	66.4	64.1
Aug	36.4	31.1	32.5	3.8	51.9	60.1

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
2007 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
May	41.7	41.9	16.5	25.2	62.6	61.8
Jun	40.9	41.8	17.3	23.6	61.8	60.4
Jul	43.5	39.6	17.0	26.5	63.3	59.1
Aug	35.8	38.6	25.6	10.1	55.1	57.3

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 eased further in August

Although still pointing to a strong rate of growth, the Report on Jobs Vacancies Index fell further from June's six-and-a-half year high, recording 60.1 in August, its lowest level since May 2006.

Permanent staff vacancies

Demand for permanent staff continued to rise in August, underpinned by increased workloads at client companies. However, the rate of expansion was the slowest for fifteen months, as signalled by a fall in the seasonally adjusted Permanent Staff Vacancy Index from 62.7 to 60.3.

Temp/contract vacancies

Growth of demand for temporary/contract staff eased to an eleven-month low in August, with the seasonally adjusted Temporary Staff Vacancy Index posting 57.9, down from 60.1 in July.

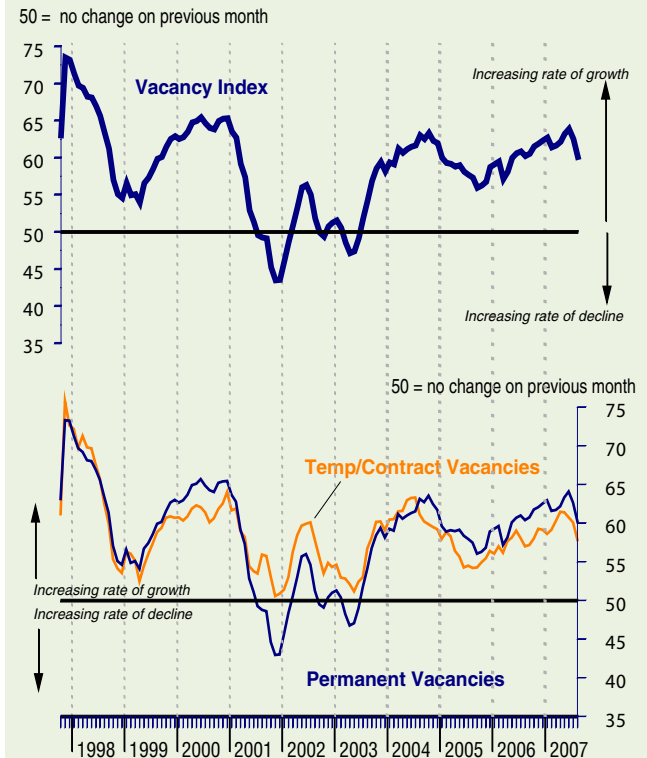
Other vacancy indicators

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 tenth successive month in July. Moreover, the rate of growth accelerated from 9.6% to 10.4%, its fastest for almost three years.

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 Vacancies



Job Vacancy Indicators					
	Apr	May	Jun	Jul	Aug
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	62.2	63.2	63.9	62.5	60.1
Permanent Staff	62.2	63.4	64.1	62.7	60.3
Temporary Staff	61.5	61.4	60.8	60.1	57.9
Other key vacancy data					
Annual % change					
Job centre vacancies	8.7	9.8	9.6	10.4	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

Demand rose for all eight main types of permanent staff covered by the survey in August. The strongest increase was signalled for Engineering & Construction, although the rate of growth was below the elevated levels seen in the previous three months. Demand for Nursing/Medical/Care staff rose only marginally in the latest period.

	This year		(Last year)	
	Rank	Aug'07	Rank	Aug'06
Engineering/Construction	1	64.9	(2)	(62.6)
Accounting/Financial	2	61.7	(6)	(59.0)
Executive/Professional	3	61.6	(1)	(63.2)
Secretarial/Clerical	4	60.5	(5)	(60.5)
IT & Computing	5	60.1	(4)	(60.5)
Hotel & Catering	6	54.4	(3)	(61.2)
Blue Collar	7	52.1	(7)	(54.5)
Nursing/Medical/Care	8	50.8	(8)	(50.5)

Temporary/contract staff

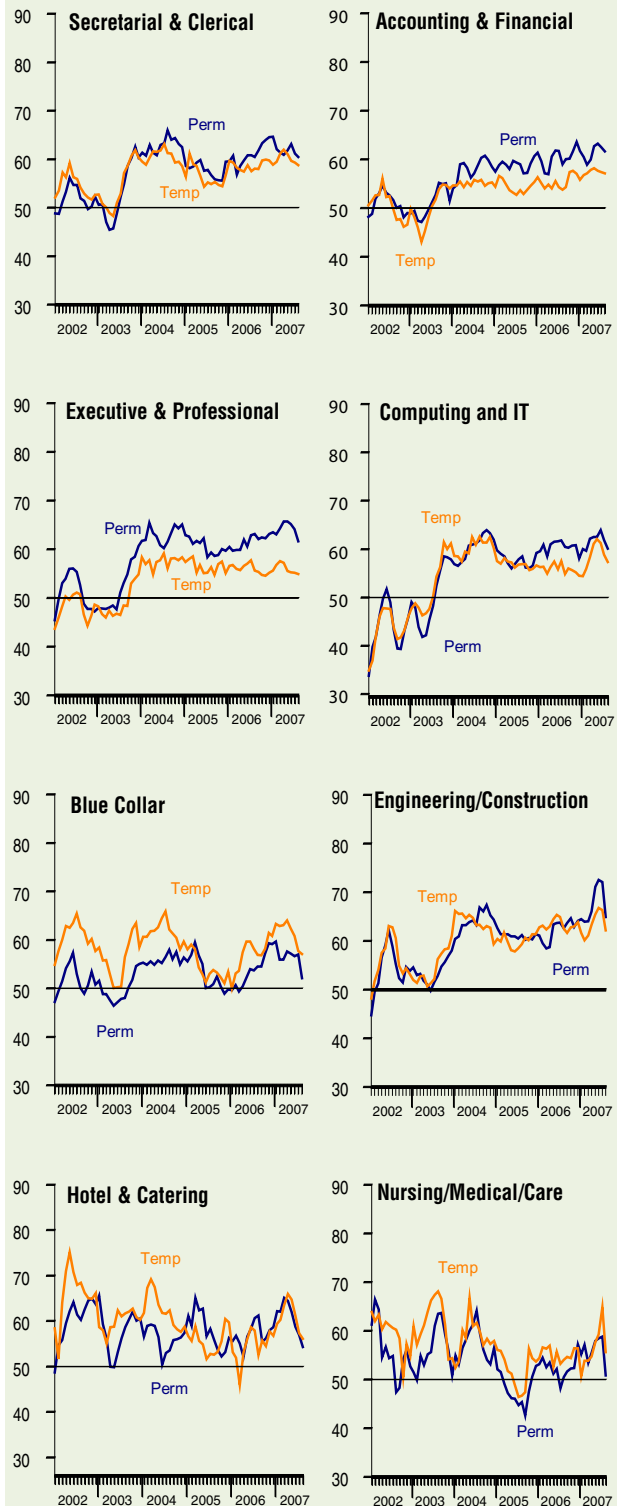
Growth of demand for temporary/contract workers was broad-based across all eight staff categories in August. The strongest rate of growth was signalled for Engineering & Construction employees, while the weakest rise was indicated for Executive & Professional staff.

	This year		(Last year)	
	Rank	Aug'07	Rank	Aug'06
Engineering/Construction	1	62.2	(1)	(62.5)
Secretarial/Clerical	2	58.9	(2)	(58.1)
IT & Computing	3	57.3	(5)	(54.9)
Accounting/Financial	4	57.2	(7)	(53.8)
Blue Collar	5	57.1	(3)	(57.0)
Hotel & Catering	6	56.2	(8)	(52.5)
Nursing/Medical/Care	7	55.7	(6)	(54.0)
Executive/Professional	8	54.9	(4)	(55.7)

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.

Candidate availability continued to decline

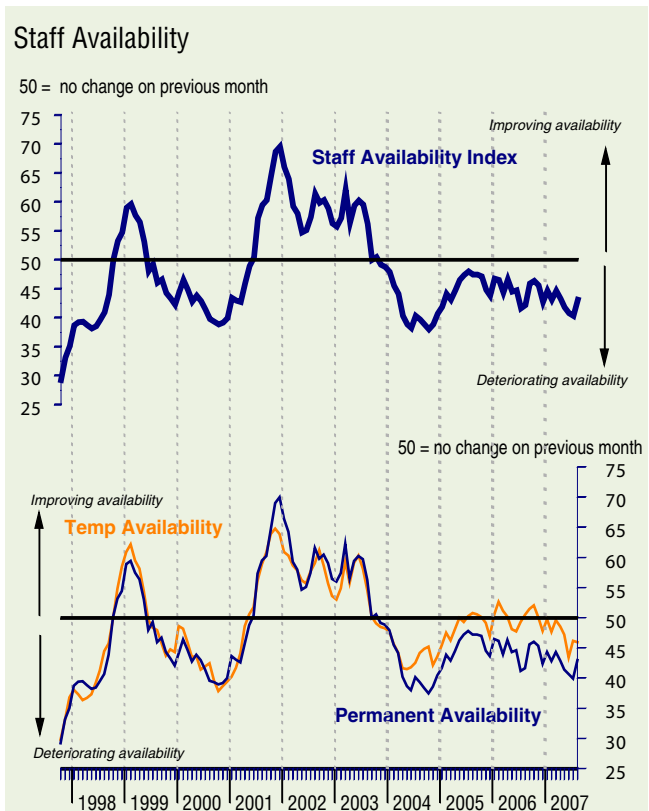
Recruitment consultancies continued to report difficulties finding suitably qualified candidates in August although, in the case of permanent staff, shortages were less marked than in July.

Availability of permanent staff

The availability of permanent staff fell for a forty-sixth consecutive month in August. Although still sharp, the rate of deterioration eased to the slowest since March.

Availability of temporary/contract staff

Temporary/contract staff availability declined for the ninth successive month in August. The rate of contraction was little-changed on July's solid pace.



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
2007 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
May	13.6	53.3	33.1	-19.5	40.2	41.5
Jun	12.9	48.8	38.3	-25.5	37.3	40.7
Jul	14.6	50.1	35.3	-20.7	39.6	40.0
Aug	13.3	51.3	35.5	-22.2	38.9	43.0

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
2007 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
May	14.9	57.1	28.0	-13.1	43.5	47.3
Jun	21.9	47.1	31.0	-9.2	45.4	43.4
Jul	25.6	52.6	21.8	3.9	51.9	46.2
Aug	20.0	46.8	33.2	-13.1	43.4	46.0

Key permanent staff skills reported in short supply:

- Accounting/Financial:** Accounts staff.
- Executive/Professional:** Project managers, Legal staff.
- Secretarial/Clerical:** Secretaries, Admin staff.
- IT/Computing:** Business analysts, Developers.
- Hotel/Catering:** Chefs, Catering managers.
- Engineering/Construction:** Engineers, Architects.
- Blue Collar:** General blue collar.
- Other:** Sales.

Key temp skills reported in short supply:

- Accounting/Financial:** Payroll.
- Secretarial/Clerical:** Receptionists, Admin staff.
- IT/Computing:** Business analysts, Developers.
- Hotel/Catering:** Chefs, Chamber maids.
- Nursing/Medical/Care:** Nursery nurses, Care assistants.
- Blue Collar:** HGV/LGV drivers, General blue collar.
- Other:** Call centre, Telesales.

6 Pay pressures

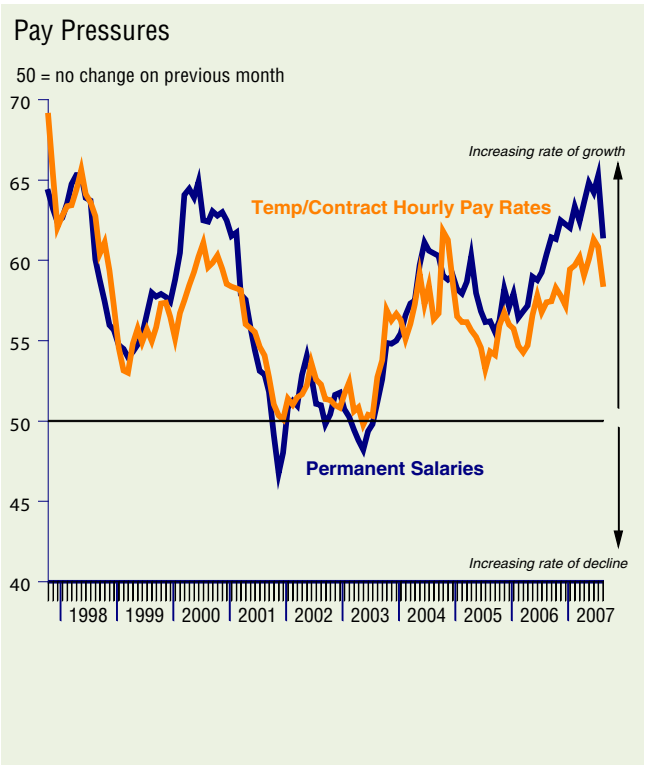
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent salaries

Starting salaries awarded to successful candidates placed in permanent jobs rose for a forty-ninth consecutive month in August. Anecdotal evidence suggested that salaries were driven higher by competition between employers for scarce candidates with the appropriate skills and experience. Although still strong, the rate of pay inflation eased on July's nine-year peak to the slowest since October 2006.

Temp/contract pay rates

The rate of inflation of temporary/contract staff hourly pay eased further from June's peak in August, hitting an eight-month low. There were some reports from panellists linking weaker temp pay growth to reluctance amongst client companies to offer higher wages after recent inflationary increases.



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
2007 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
May	33.8	63.5	2.7	31.0	65.5	64.8
Jun	31.4	66.1	2.5	28.9	64.5	64.2
Jul	33.6	63.4	3.0	30.5	65.3	65.3
Aug	21.4	73.8	4.8	16.6	58.3	61.5

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
2007 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
May	24.6	74.0	1.4	23.2	61.6	60.1
Jun	22.6	75.9	1.5	21.1	60.6	61.3
Jul	22.2	76.1	1.7	20.5	60.2	60.9
Aug	16.2	81.0	2.8	13.5	56.7	58.5

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-year low of 3.3% in June from 3.5% in May. Pay growth eased in the service sector but quickened slightly in manufacturing.

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

	2004	2005	2006	Mar'07	Apr	May	Jun
Whole economy	4.3	4.1	4.1	4.5	4.1	3.5	3.3
Manufacturing	3.7	3.6	5.2	3.5	3.4	3.7	3.8
Services	4.3	4.3	4.0	4.7	4.2	3.5	3.3
Private services	4.3	4.1	4.2	5.2	4.5	3.6	3.4



7 Feature | employee earnings

Industry and retail based sectors head pay growth table

Latest data from the Office for National Statistics (ONS) signalled that underlying growth of whole economy average earnings (including bonuses) eased to a four-year low of 3.3% in June, driven by weaker pay inflation in the service sector (3.3%). In contrast, manufacturing pay growth quickened to a five-month high (3.8%).

A detailed breakdown of the data (right) shows that Financial Intermediation actually registered a slight year-on-year fall in pay (-0.8%) – in marked contrast to the first two months of 2007 when bumper bonuses in the City of London pushed earnings growth in the sector into double-figures.

Also recording declines in earnings were Food Products, Beverages and Tobacco (-1.7%) and Agriculture, Forestry & Fishing (-5.3%).

At the other end of the table, Wholesale Trade posted the strongest increase in earnings (7.2%), followed by industrial sectors such as Basic Metals (6.8%), Mining & Quarrying (5.5%), Electricity, Gas & Water (5.2%) and Chemicals (5.1%).

The public sector continued to narrow the gap in earnings growth against the private sector, with the differential in June the smallest for nine months at just 0.1%.

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

Sector	Annual % change (3mma)	
	Excluding bonuses	Including bonuses
Wholesale Trade	4.7%	7.2%
Basic Metals & Metal Products	2.3%	6.8%
Mining & Quarrying	9.7%	5.5%
Electricity, Gas & Water Supply	3.8%	5.2%
Chemicals & Man-made Fibres	3.8%	5.1%
Hotels and Restaurants	5.6%	4.8%
Engineering & Allied Industries	5.4%	4.7%
Retail Trade and Repairs	3.4%	4.2%
Other Manufacturing	4.6%	4.1%
Education	4.1%	4.0%
Real Estate, Renting & Business Activities	4.6%	3.9%
Other Services	2.2%	3.9%
Health & Social Work	3.2%	3.1%
Textiles, Leather & Clothing	1.2%	2.9%
Transport, Storage & Communication	2.0%	2.7%
Construction	2.1%	2.6%
Public Administration	1.6%	1.9%
Financial Intermediation	1.8%	-0.8%
Food Products, Beverages & Tobacco	-0.1%	-1.7%
Agriculture, Forestry & Fishing	-7.8%	-5.3%
Manufacturing	3.9%	3.8%
Services	3.5%	3.3%
Private sector	3.5%	3.3%
Public sector	3.2%	3.2%
Whole economy	3.4%	3.3%

Source: Office for National Statistics



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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 400 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.

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