

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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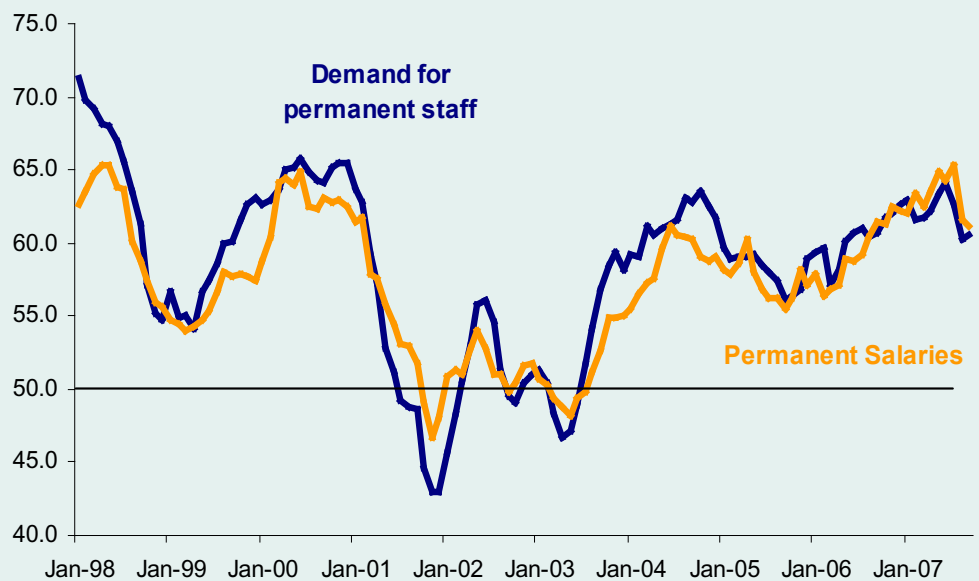
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Permanent salary inflation eased to thirteen-month low in September.

Index, 50.0 = no change



Key points from September survey:

- Growth of permanent placements and temporary billings quickened marginally after easing in the previous month, but remained below recent peaks.
- Demand for staff rose at a robust and accelerated rate, having softened slightly in August.
- Engineering & Construction was again the most in-demand category for both permanent and temporary staff.
- The availability of permanent candidates declined at a sharp and accelerated rate, but temp availability fell at the slowest pace for four months.
- The latest rise in permanent staff salaries was the weakest since August 2006. Temp pay inflation quickened slightly from August's eight-month low.

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

"There are no signs here of any impact from the credit crunch - but then it is probably too early to look for any. The overall picture of a tight labour market remains, although the fact that wage pressures seem to be easing from their summer highs may be of some comfort to the Monetary Policy Committee. This month's interest rate decision is a tough one as the MPC weighs the available evidence that output growth is still too fast for comfort with the likely depressing effect of tighter credit conditions in coming months. There is an argument for cutting interest rates in the hope of 'normalising' the money markets, but on balance the Committee is more likely to wait for a fuller assessment of the outlook with its next forecast in November."

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 September are:

Growth of staff appointments stabilised...

The latest survey of recruitment consultants revealed that growth of permanent placements and temporary billings improved slightly in September from three and ten-month lows respectively, but remained below recent peaks.

...supported by further rise in vacancies

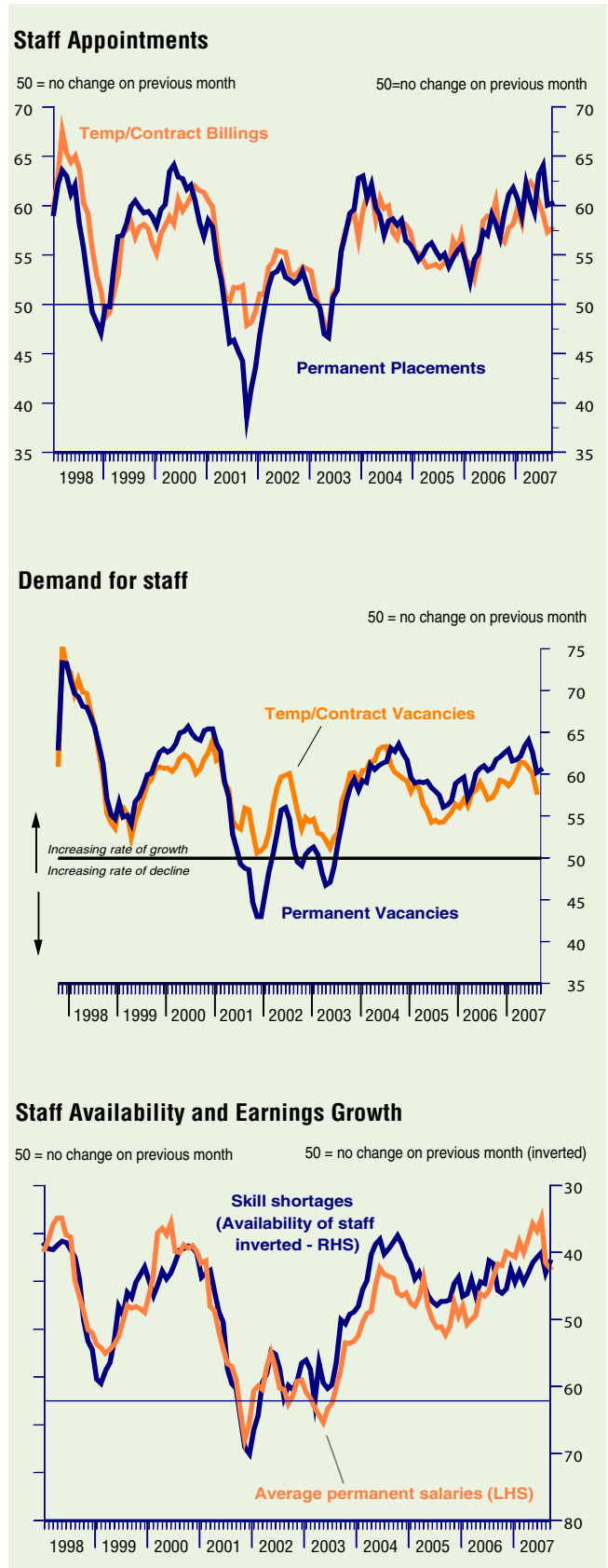
Underpinning higher employee appointments was a further increase in demand for staff during September, with the rate of growth of job vacancies accelerating marginally on August's fifteen-month low. Engineering/Construction remained the most sought-after staff category in both the permanent and temporary markets.

Permanent salary inflation continued to ease

September data indicated that permanent salary inflation eased further from July's nine-year high, hitting a thirteen-month low during the latest period. Temporary staff pay growth quickened slightly on August's eight-month low, but remained below the peak seen in June.

Skill shortages persisted

There was further evidence of skill shortages in September, as staff availability posted a further decline. Data suggested that candidate shortages were mainly centred on the permanent staff sector.



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.

September's survey showed further rises in permanent and temporary staff appointments across the UK, with the respective rates of growth quickening slightly since August.

Permanent Placements

Placements growth remained robust

Permanent staff placements continued to rise at a strong rate in September, although growth remained below July's peak. The latest expansion was broadly similar to that seen in the previous month. Panellists reported that new contacts had been agreed with client businesses, underpinned by increased demand for permanent staff.

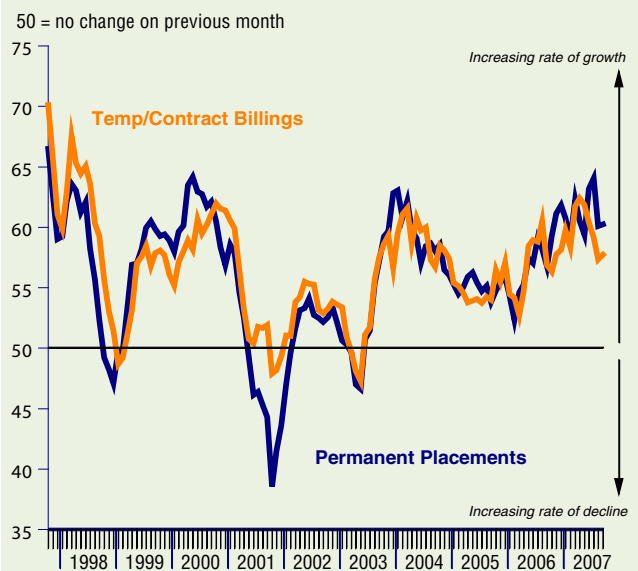
Temp/contract billings

Growth of temp billings quickened slightly on August's ten-month low

The number of people placed in temporary/contract positions increased for a fifty-second consecutive month in September, with recruitment consultancies reporting gains in new business from clients seeking short-term workers. The rate of growth accelerated slightly on the ten-month low recorded in August.

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 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
Sep	46.3	32.8	20.9	25.3	62.7	60.2

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 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
Sep	40.3	40.7	19.1	21.2	60.6	57.7

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 quickened

In September, the Report on Jobs Vacancies Index recorded 60.5, up slightly from August's fifteen-month low of 60.1, but remaining below June's peak of 63.9.

Permanent staff vacancies

Growth of demand for permanent staff quickened slightly in September, with the seasonally adjusted Permanent Staff Vacancy Index rising from August's fifteen-month low of 60.3 to 60.6, a level indicative of robust growth.

Temp/contract vacancies

After hitting an eleven-month low in August, the rate of growth of demand for temporary/contract staff accelerated in September, as signalled by the seasonally adjusted Temporary Staff Vacancy Index rising from 57.9 to 59.1.

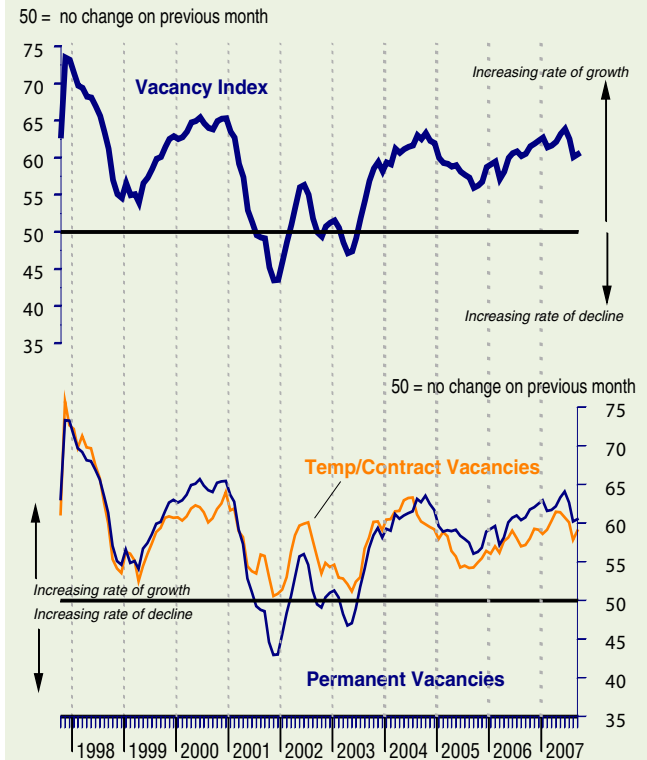
Other vacancy indicators

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 eleventh successive month in August. The rate of growth inched up from 10.7% to 10.8%, its fastest for three years.

Despite easing slightly, growth of online recruiting remained strong in the second quarter of 2007, according to the latest available data. Internet job advertising was up 35.7% 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 Vacancies



Job Vacancy Indicators					
	May	Jun	Jul	Aug	Sep
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	63.2	63.9	62.5	60.1	60.5
Permanent Staff	63.4	64.1	62.7	60.3	60.6
Temporary Staff	61.4	60.8	60.1	57.9	59.1
Other key vacancy data					
Annual % change					
Job centre vacancies	8.7	9.8	9.6	10.4	n/a
Internet job ads*	--	35.7	--	--	--
* 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 was found to have risen for all eight broad categories of permanent staff monitored by the survey in September. The strongest rate of growth was signalled for Engineering/Construction workers, followed by Executive/Professional employees. The slowest expansion of demand was seen for Nursing/Medical/Care staff.

	This year		(Last year)	
	Rank	Sep'07	Rank	Sep'06
Engineering/Construction	1	64.4	(1)	(63.6)
Executive/Professional	2	63.1	(2)	(62.1)
IT & Computing	3	62.1	(4)	(60.3)
Accounting/Financial	4	60.4	(5)	(60.1)
Secretarial/Clerical	5	59.5	(3)	(61.8)
Hotel & Catering	6	57.6	(6)	(55.5)
Blue Collar	7	55.3	(7)	(54.6)
Nursing/Medical/Care	8	55.0	(8)	(51.7)

Temporary/contract staff

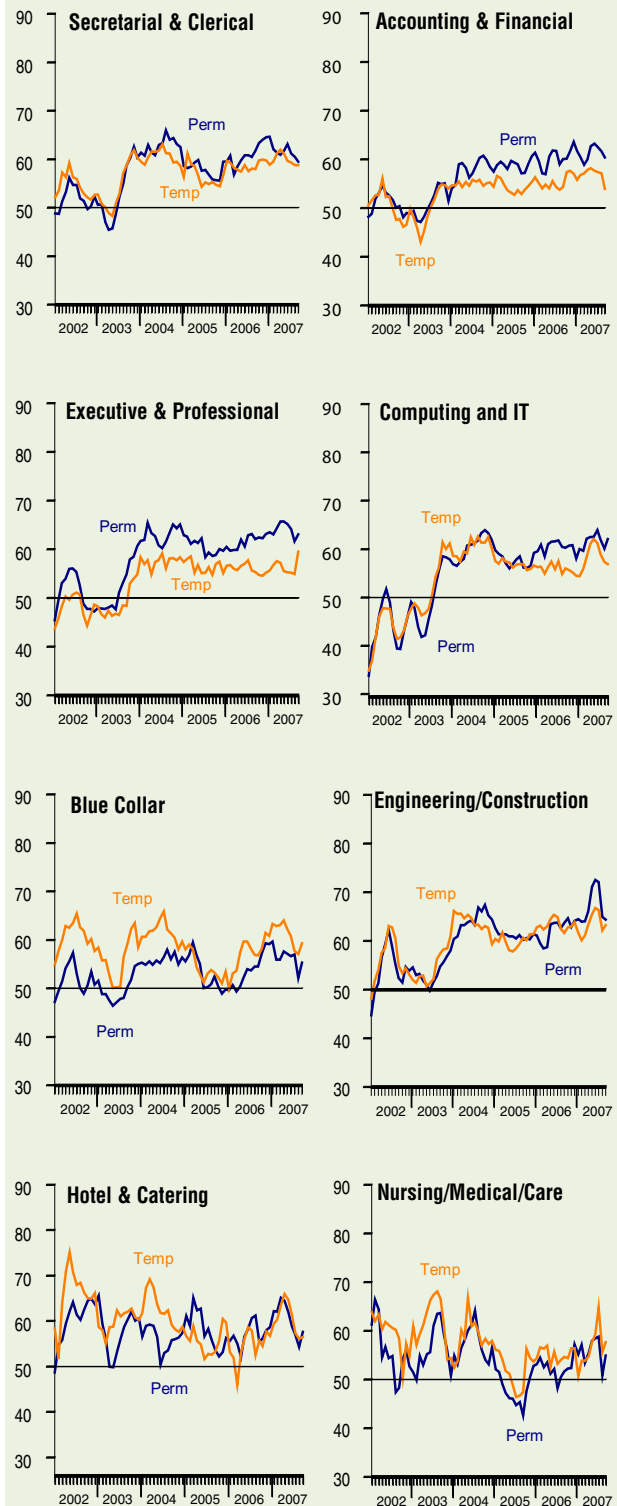
All eight main types of temporary/contract staff registered improvements in demand during the latest month. As with permanent staff, the fastest growth was indicated for Engineering/Construction workers. The weakest rise was signalled for Accounting/Financial employees.

	This year		(Last year)	
	Rank	Sep'07	Rank	Sep'06
Engineering/Construction	1	63.2	(1)	(61.6)
Executive/Professional	2	59.5	(6)	(55.4)
Blue Collar	3	59.4	(3)	(56.9)
Secretarial/Clerical	4	58.8	(2)	(58.0)
Nursing/Medical/Care	5	57.7	(7)	(54.7)
IT & Computing	6	56.9	(4)	(56.1)
Hotel & Catering	7	56.5	(5)	(55.8)
Accounting/Financial	8	53.9	(8)	(54.3)

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 remained apparent

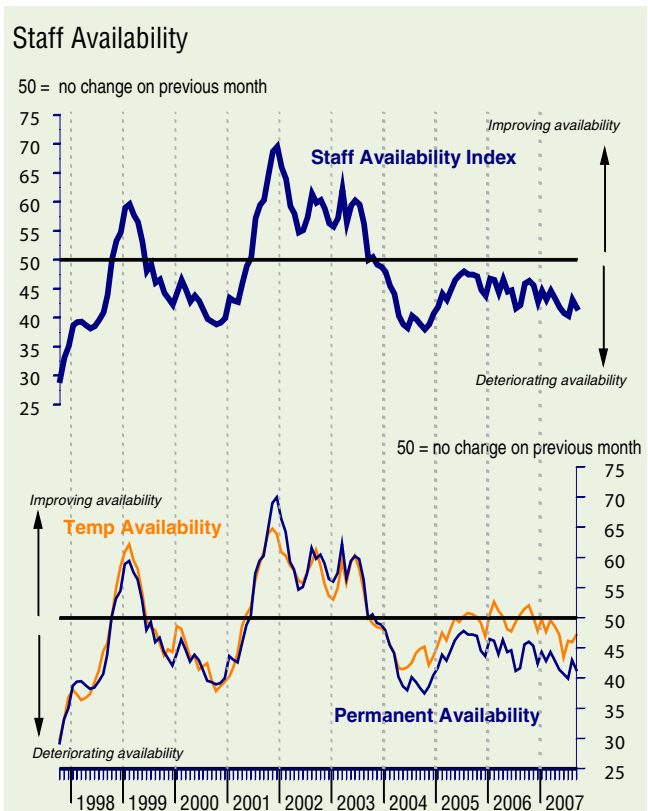
A further decline in candidate availability was recorded in September. Skill shortages were again more prevalent amongst permanent staff than temporary workers.

Availability of permanent staff

Recruitment consultancies signalled a further deterioration in the availability of staff to fill permanent jobs in September. Furthermore, the rate of contraction accelerated since August to a sharp pace. Respondents attributed tight staff availability to the sustained growth of employee appointments.

Availability of temporary/contract staff

Latest data pointed to a tenth successive monthly fall in temporary/contract staff availability during September. However, the rate of decline eased to the weakest since May. Some panellists reported that increased advertising had helped to alleviate temp candidate shortages.



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 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
Sep	16.0	51.1	32.9	-16.9	41.5	41.4

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 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
Sep	17.8	47.0	35.2	-17.3	41.3	47.2

Key permanent staff skills reported in short supply:

- Accounting/Financial:** Qualified accountants.
- Executive/Professional:** Business developers, Legal staff, Lawyers.
- Secretarial/Clerical:** Secretaries, Telephonists.
- Hotel/Catering:** Chefs, Catering managers.
- Engineering/Construction:** Engineers, Senior construction staff.
- Blue Collar:** Drivers, Forklift drivers.
- Other:** Sales, Call centre, Customer services.

Key temp skills reported in short supply:

- IT/Computing:** Developers, Software engineers.
- Hotel/Catering:** Catering.
- Engineering/Construction:** Engineers.
- Blue Collar:** HGV/LGV drivers, Tradesmen.
- Other:** Sales, Freelance designers, Commercial staff.

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

Inflation of permanent staff salaries eased to a thirteen-month low in September. Some consultancies linked slower pay growth to a reluctance amongst client companies to offer higher starting salaries. Nevertheless, the latest increase in permanent staff pay was still strong and extended the current period of inflation to fifty successive months.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract employment continued to rise in September, with the rate of inflation quickening slightly from August's eight-month low. Panellists attributed the latest increase in temp pay to robust demand for short-term workers.

UK average earnings

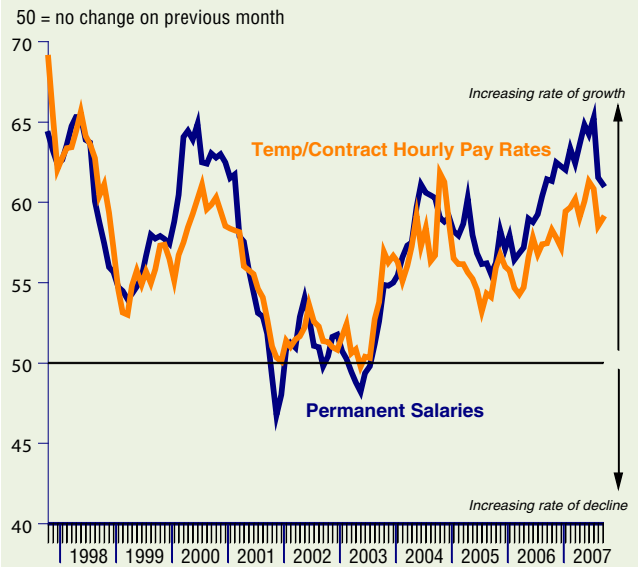
Data from the Office for National Statistics showed that year-on-year growth of employee earnings (including bonuses) was 3.5% in July, up slightly from June's revised figure of 3.4%. Manufacturing pay growth reached a seven-month high of 4.2%, while services pay growth edged up to 3.5%.

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

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



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
2007 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
Sep	27.6	69.4	3.1	24.5	62.2	61.1

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 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
Sep	22.4	71.7	5.9	16.5	58.3	59.0

7 Feature | regional labour market trends

Scotland and London lead employment growth table

Overall UK employment continues to grow strongly, although trends vary markedly by region, according to official data from the Office for National Statistics.

The strongest rises in employment over the year to July 2007 were recorded in Scotland (+88,700) and London (+58,300), equating to 3.6% and 1.6% expansions respectively.

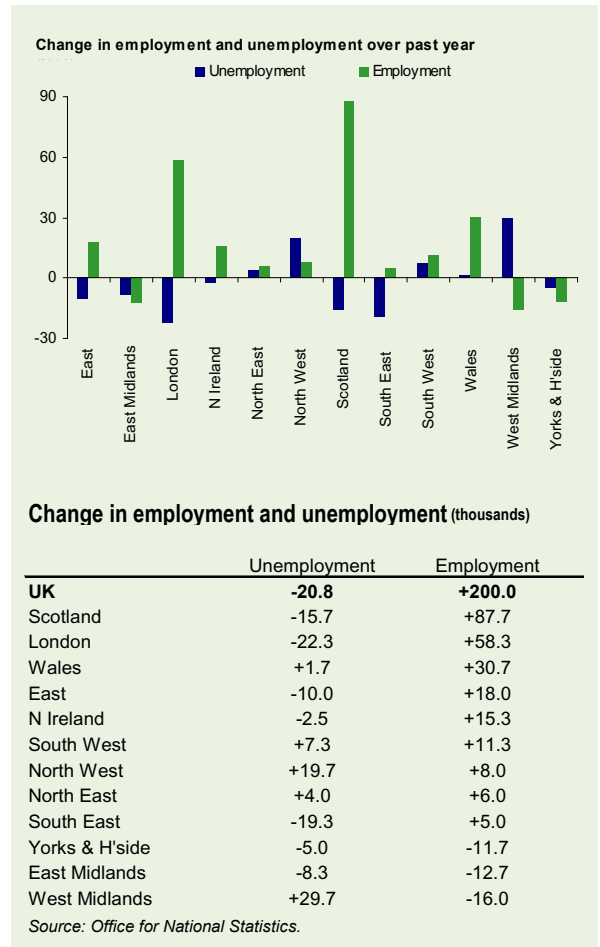
This tallies with evidence from the HBOS *Report on Jobs* surveys for Scotland and London, which have consistently registered robust growth of permanent placements and temporary billings during the last twelve months.

Wales (+30,700) and the East of England (+18,000) also recorded sharp expansions over the past year, leaving employment up 2.3% and 0.7% respectively.

Turning to the data on unemployment, the greatest jobless falls have been seen in London (-22,300), the South East (-19,300) and Scotland (-15,700).

Those regions which depend more heavily on manufacturing have tended to register the greatest increases in unemployment, led by the West Midlands (+29,700) and North West (+19,700).

Although the East Midlands (-8,300) and Yorkshire & Humberside (-5,000) posted falls in unemployment, these were largely linked to declining labour market participation in these areas, as employment also contracted over the same period.



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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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