

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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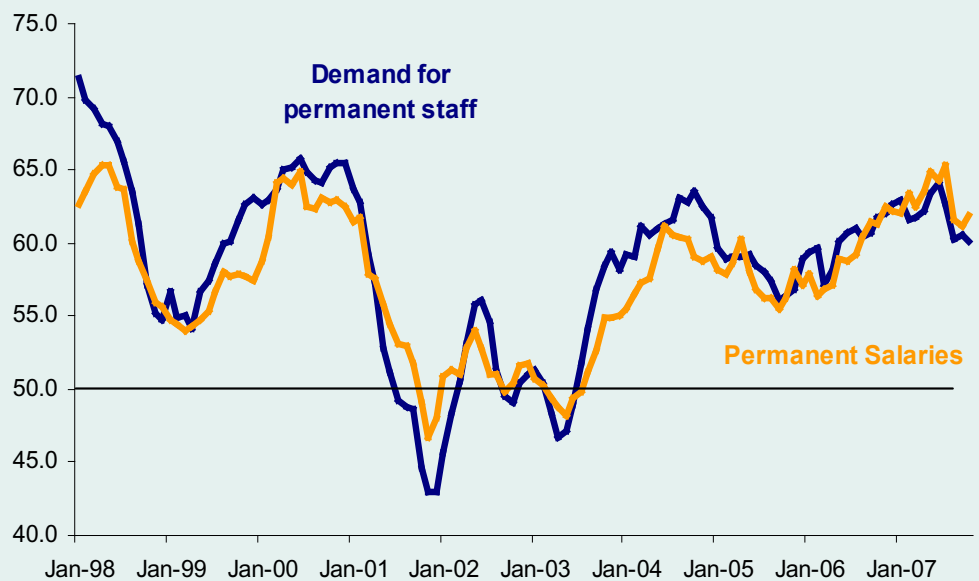
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Slowest growth of permanent placements for thirteen months in October.

Index, 50.0 = no change



Key points from October survey:

- Growth of permanent placements eased to a thirteen-month low, but temp billings rose at the fastest pace for three months.
- Demand for permanent staff increased at the slowest pace for seventeen months, while growth of demand for temp staff also weakened slightly.
- Engineering & Construction remained the most sought-after category for both permanent and temporary/contract staff.
- The availability of permanent candidates continued to decline at a strong pace, but temp availability fell only modestly and at the weakest rate for six months.
- Permanent salary inflation quickened from September's thirteen-month low, but remained well below July's peak. Temp pay inflation accelerated to a three-month high.

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

"The credit crunch begins to cast its shadow over the job market with the lowest growth in permanent placements for thirteen months and the slowest pace for demand in permanent staff for seventeen months. If this trend continues we may see job losses across the sectors which are particularly volatile. Where job losses are required it is paramount for employers to plan their termination payment programmes effectively to avoid tax and legal pitfalls. Employers should also take the opportunities now to look at how they can reduce their employment costs to minimise the number of job losses and impact of the credit crunch."

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 October are:

Slower expansion of permanent placements...

Although the number of people placed in permanent jobs continued to rise in October, the rate of growth eased to a thirteen-month low. In contrast, temporary/contract staff billings increased at the fastest pace for three months.

...as growth of demand for staff eased

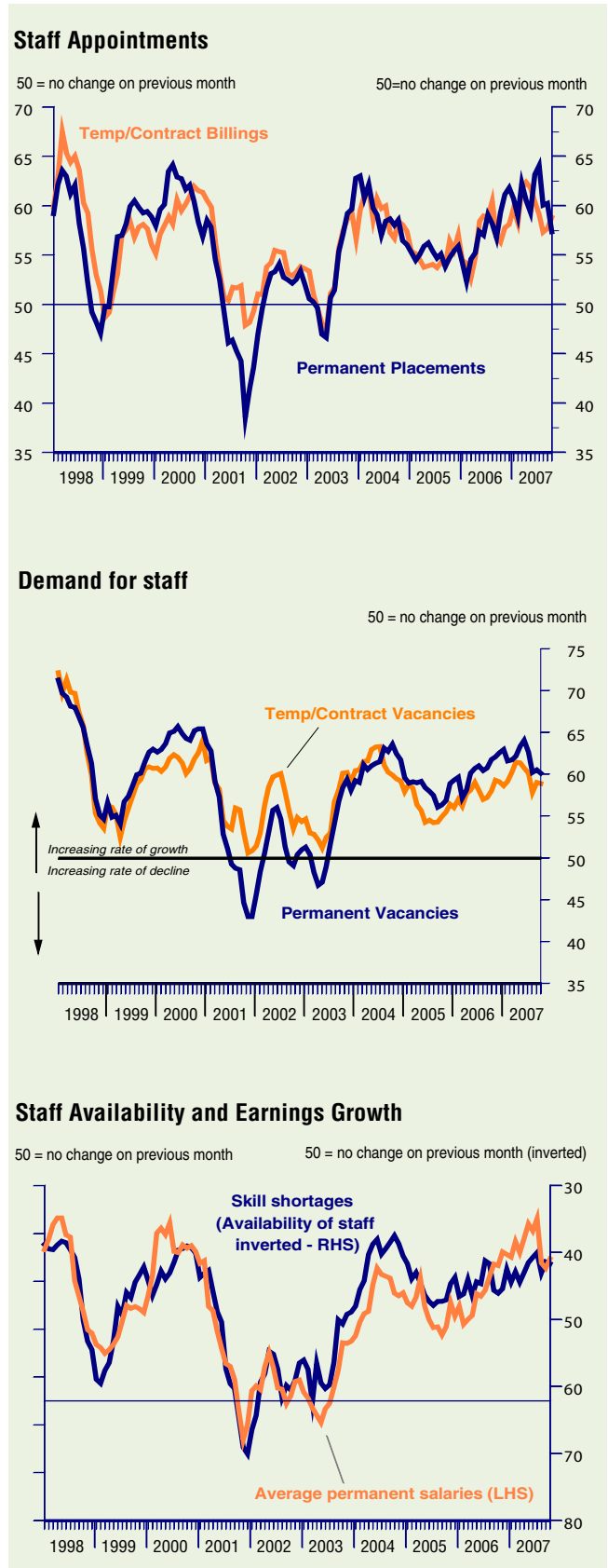
Further increases in permanent and temporary job vacancies were recorded in October. However, the respective rates of growth eased marginally since September, with the former hitting a seventeen-month low.

Slight acceleration in pay growth...

Average starting salaries for people placed in permanent jobs rose for a fifty-first successive month in October, with the rate of pay inflation accelerating slightly from September's thirteen-month low to the sharpest for three months. Temporary/contract staff pay growth also quickened to a three-month high.

...as skill shortages remained apparent

The availability of candidates to fill job vacancies was found to have deteriorated again in October, with consultants identifying skill shortages across a range of professions. The rate of contraction of availability remained far stronger for permanent staff than 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.

Recruitment consultancies reported a further increase in staff appointments during October. However, trends diverged between the permanent and temporary sectors.

Permanent Placements

Weakest rise in permanent placements for thirteen months...

The number of people placed in permanent jobs by recruitment consultancies rose for a fifty-third consecutive month in October. Panellists attributed the latest increase in placements to a further expansion of demand for staff. However, the rate of growth eased to the slowest for thirteen months.

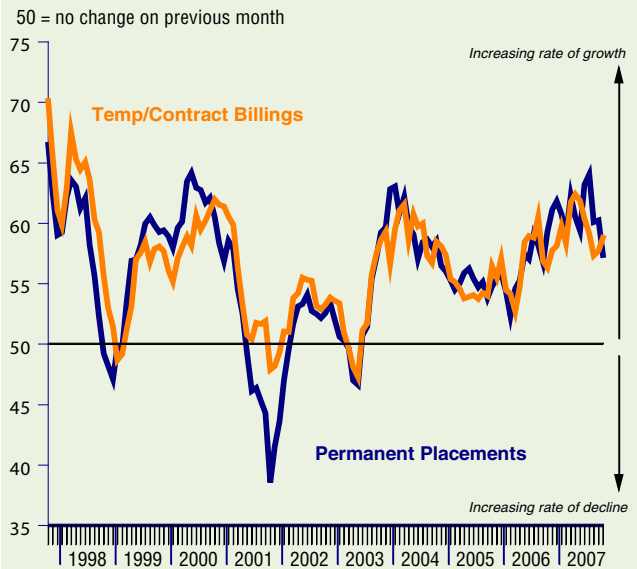
Temp/contract billings

...but growth of temp billings quickened to three-month high

Latest data pointed to a further increase in recruitment agencies' temporary/contract staff billings in October, extending the current period of growth to fifty-three successive months. Furthermore, the rate of expansion quickened slightly to its sharpest since July. Anecdotal evidence linked higher temp billings to robust demand for temps at client companies.

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 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
Oct	41.3	33.7	25.0	16.3	58.2	57.4

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 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
Oct	43.9	36.7	19.4	24.5	62.3	58.8

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.

Slight easing in growth of demand for staff

The Report on Jobs Vacancies Index recorded 60.1 in October, down marginally from 60.5 in September, but still indicative of a robust rate of growth.

Permanent staff vacancies

Growth of demand for permanent staff eased slightly in October, with the seasonally adjusted Permanent Staff Vacancy Index falling to a seventeen-month low of 60.2, from 60.6 in September.

Temp/contract vacancies

The seasonally adjusted Temporary Staff Vacancy Index slipped slightly from 59.1 in September, to 58.9 in October, a level in line with the series average of 58.8.

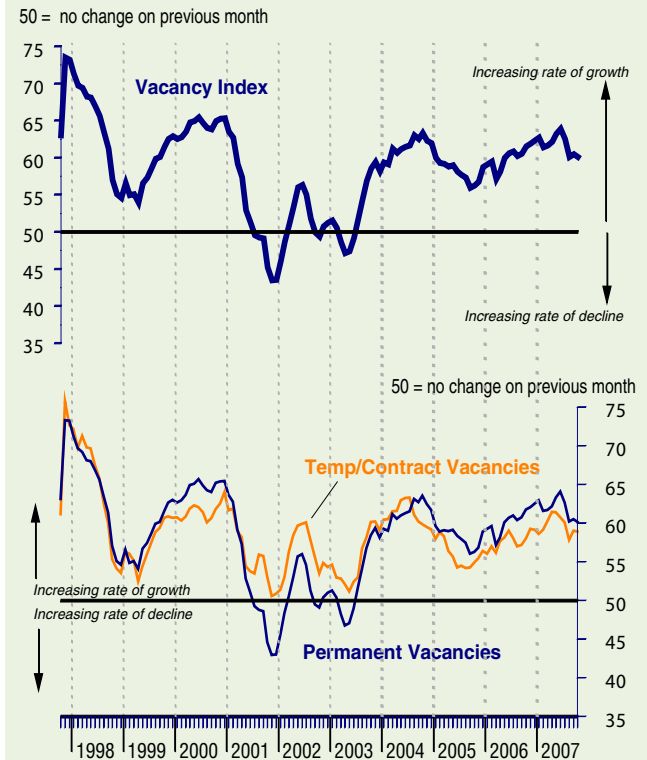
Other vacancy indicators

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 twelfth consecutive month in September. Furthermore, the rate of growth quickened to 11.9%, its fastest for over 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

	Jun	Jul	Aug	Sep	Oct
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	63.9	62.5	60.1	60.5	60.1
Permanent Staff	64.1	62.7	60.3	60.6	60.2
Temporary Staff	60.8	60.1	57.9	59.1	58.9

Other key vacancy data

Annual % change					
Job centre vacancies	9.9	10.9	11.3	11.9	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 reported to have risen for all eight broad categories of permanent staff monitored by the survey in October. The strongest growth was signalled for Engineering/Construction, followed by IT/Computing and Executive/Professional. Blue Collar continued to register the weakest rate of expansion.

	This year		(Last year)	
	Rank	Oct'07	Rank	Oct'06
Engineering/Construction	1	64.3	(1)	(64.7)
IT & Computing	2	62.5	(4)	(60.8)
Executive/Professional	3	62.4	(3)	(62.5)
Accounting/Financial	4	60.6	(5)	(60.2)
Secretarial/Clerical	5	59.5	(2)	(63.4)
Nursing/Medical/Care	6	54.2	(8)	(52.3)
Hotel & Catering	7	53.9	(7)	(56.2)
Blue Collar	8	52.1	(6)	(57.2)

Temporary/contract staff

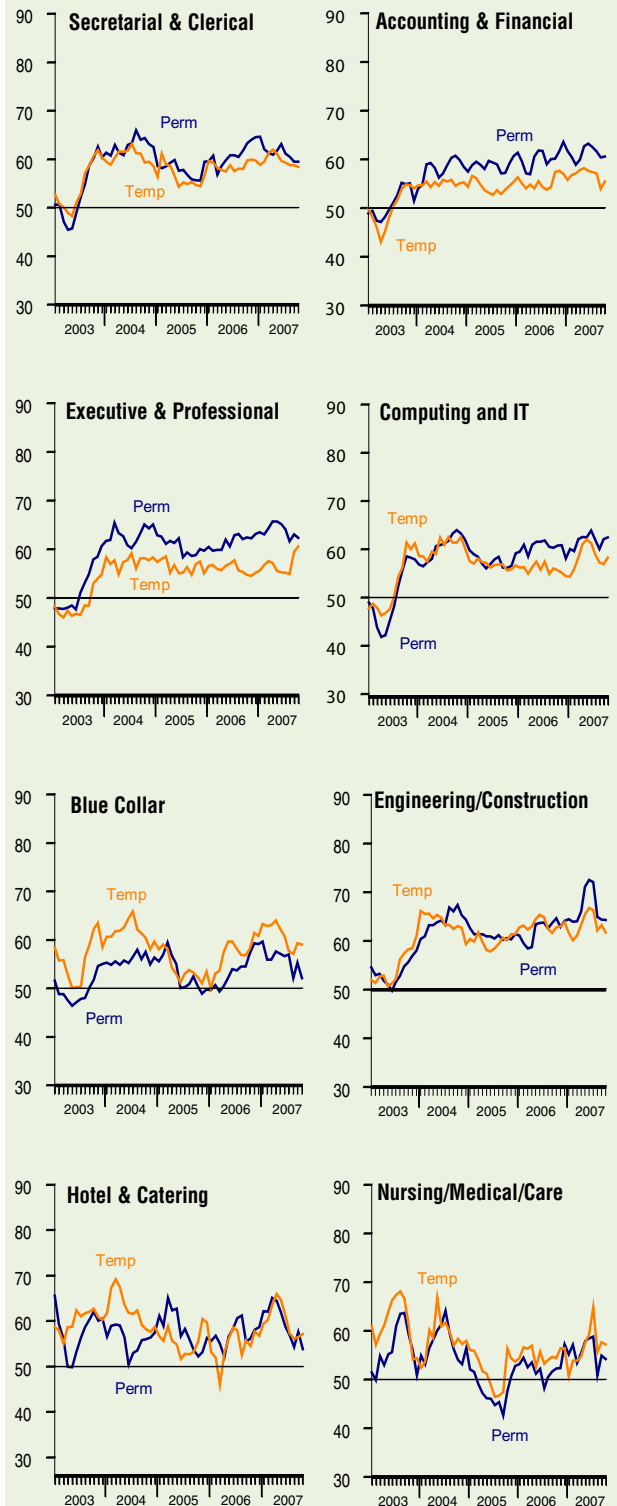
Growth of demand for temporary/contract workers was broad-based across all eight main staff categories in October. Mirroring the trend for permanent employees, the sharpest expansion was signalled for Engineering/Construction. Accounting/Financial posted the slowest rate of growth.

	This year		(Last year)	
	Rank	Oct'07	Rank	Oct'06
Engineering/Construction	1	61.7	(1)	(62.8)
Executive/Professional	2	60.6	(6)	(54.8)
Blue Collar	3	59.1	(3)	(58.2)
Secretarial/Clerical	4	58.5	(2)	(59.8)
IT & Computing	5	58.3	(5)	(55.7)
Nursing/Medical/Care	6	57.3	(8)	(54.4)
Hotel & Catering	7	57.2	(7)	(54.5)
Accounting/Financial	8	55.4	(4)	(57.5)

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

Recruitment consultancies continued to report difficulties finding suitably qualified staff in October. Skill shortages remained more marked amongst permanent staff than temporary/contract workers.

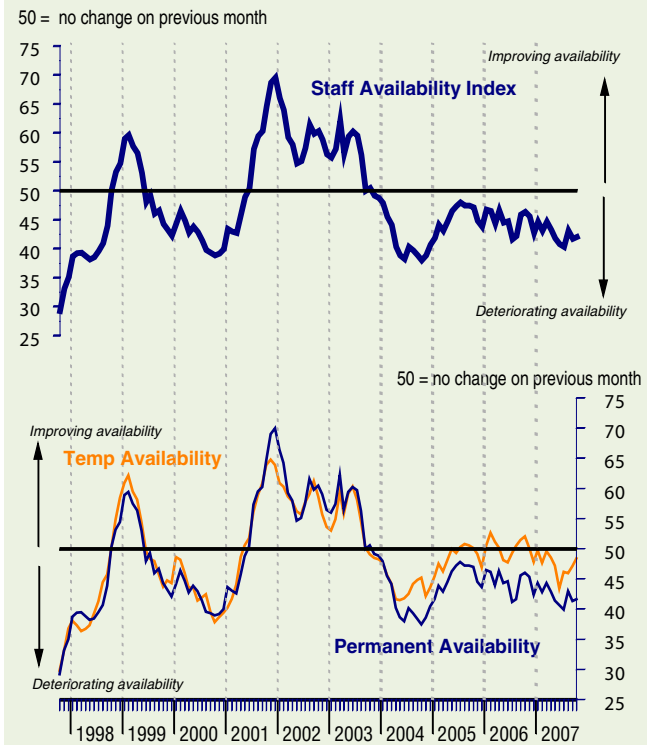
Availability of permanent staff

The availability of permanent staff fell for a forty-eighth successive month in October. The rate of contraction remained strong, with panellists indicating that a range of skill-sets were in short supply.

Availability of temporary/contract staff

Latest data indicated an eleventh consecutive monthly decline in temporary/contract staff availability during October. However, the rate of deterioration eased for the second month running to its weakest since April.

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
2007 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
Oct	15.5	50.6	33.9	-18.4	40.8	41.7

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 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
Oct	20.9	51.0	28.1	-7.1	46.4	48.4

Key permanent staff skills reported in short supply:

- Accounting/Financial:** Accountants, IFAs.
- Secretarial/Clerical:** Secretaries.
- Hotel/Catering:** Chefs, Catering managers, Hospitality.
- Engineering/Construction:** Engineers.
- Blue Collar:** Drivers.
- Other:** Sales, Call centre, Telemarketing, Housing professionals.

Key temp skills reported in short supply:

- Secretarial/Clerical:** Front office, Admin, Experienced secretaries.
- Hotel/Catering:** Chefs, Catering, Hospitality.
- Engineering/Construction:** Mechanical engineers, Construction, Contractors.
- Blue Collar:** HGV/LGV drivers, Unskilled.
- Other:** Call centre.

6 Pay pressures

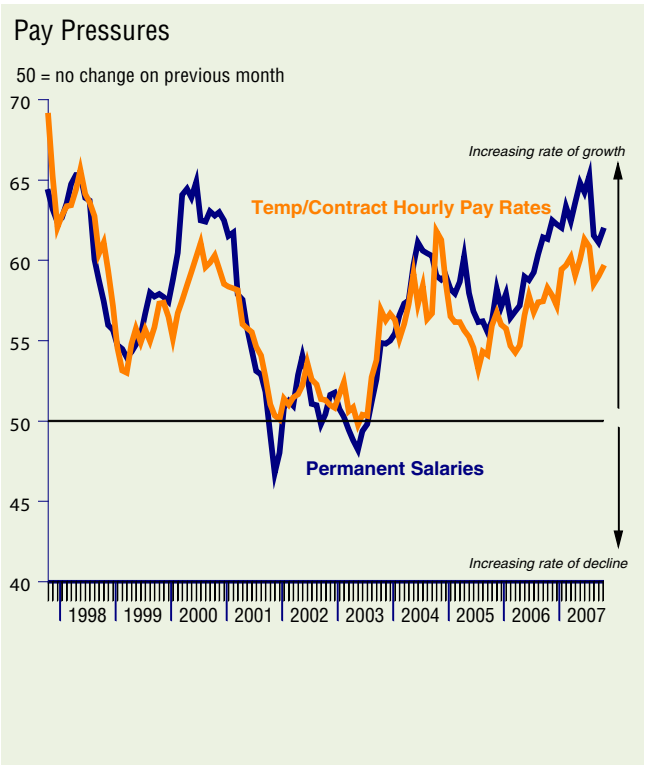
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent salaries

The rate of inflation of permanent staff salaries accelerated marginally from September's thirteen-month low in October, but remained comfortably below July's peak. Panellists attributed higher salaries to market forces and greater numbers of senior-level placements.

Temp/contract pay rates

A further rise in temporary/contract staff pay was signalled in October, which consultants widely linked to an increase in the national minimum wage. The rate of inflation of temp pay accelerated slightly to the strongest for three months.



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 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
Oct	30.0	64.9	5.1	24.8	62.4	61.9

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 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
Oct	35.1	59.3	5.5	29.6	64.8	59.5

UK average earnings

Data from the Office for National Statistics showed that year-on-year growth of employee earnings (including bonuses) accelerated to a four-month high of 3.7% in August, from 3.5% in July. Stronger pay growth was driven by the service sector, as manufacturing earnings growth eased on the month.

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

	2004	2005	2006	May'07	Jun	Jul	Aug
Whole economy	4.3	4.1	4.1	3.5	3.4	3.5	3.7
Manufacturing	3.7	3.6	5.2	3.7	3.8	4.2	3.6
Services	4.3	4.3	4.0	3.5	3.4	3.5	3.9
Private services	4.3	4.1	4.2	3.6	3.5	3.7	4.1

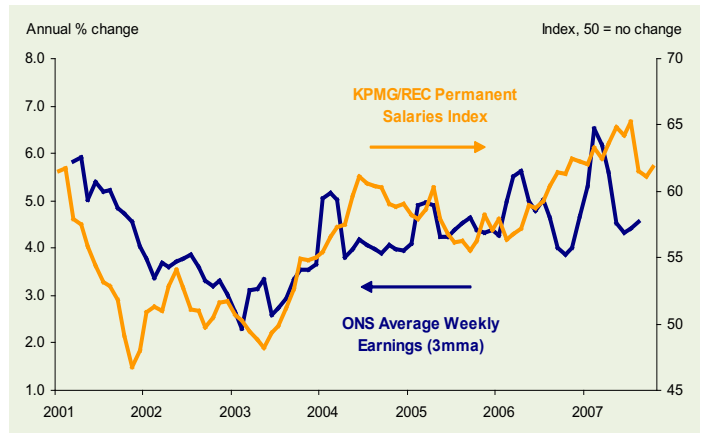


7 Feature | employee earnings

Experimental pay data could have implications for Bank of England

As highlighted on this page in the June *Report on Jobs*, official pay figures may be underplaying the true rate of average earnings growth.

The Office for National Statistics' 'experimental' measure of average weekly earnings has signalled that annual increases in seasonally adjusted pay, including bonuses, since January have been around or above the 4.5% level likely to trigger inflationary concerns on the Bank of England's monetary policy committee.



This growth rate, based on a rolling three-monthly average, is between 1 and 1.6 percentage points higher than that reported by the ONS in its official national average earnings statistics. Many economists now believe that the experimental data provide a better guide to the true state of earnings than official statistics.

A recent *Financial Times* article quoted Alan Castle, senior UK economist at Lehman Brothers, as commenting: "Although policymakers still appear to give the official earnings data more weight, we are concerned that these experimental data are flagging potential upside risks to wage growth heading into the next pay round."

While official average earnings statistics have diverged with recent survey evidence from the *Report on Jobs* (see chart on page 6), the stronger trend in the average weekly earnings series is more in line with the robust growth of permanent staff salaries reported by recruitment consultancies of late (see chart top right).

The ONS is due to decide shortly whether to include the experimental average weekly earnings figures in its official national statistics next year.

Average weekly earnings, first published in 2005, use the same source material as the national statistics but exclude fewer data that might distort individual monthly outcomes, and are therefore based on a wider sample. The figures also take more immediate account of workers moving between lower and higher paid jobs.



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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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