

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

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

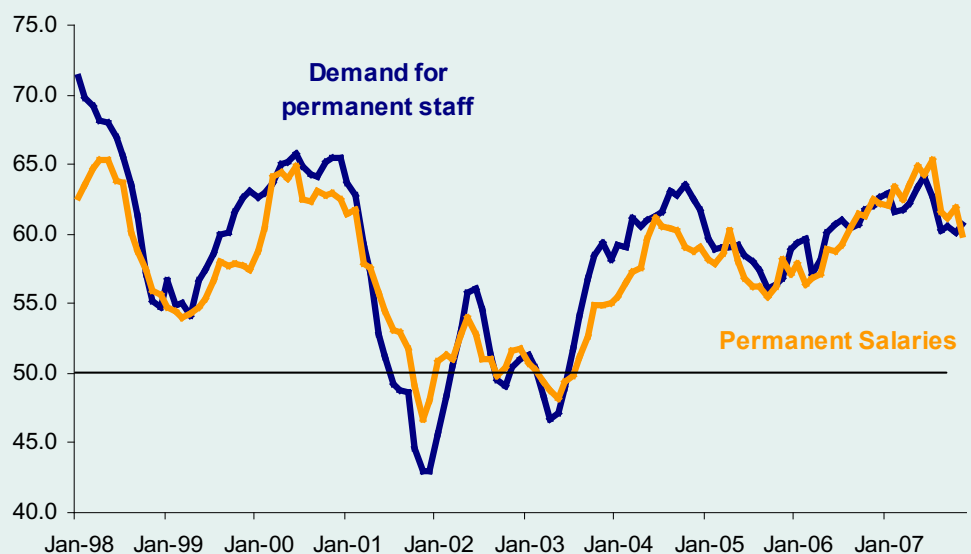
Tel: 01491 411000
Fax: 01491 571188
jack.kennedy@ntceconomics.com

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

Weaker growth of permanent placements and salaries in November.

Index, 50.0 = no change



Key points from November survey:

- Permanent placements rose at the weakest rate for twenty-one months, but temp billings continued to increase at a robust pace.
- Growth of demand for permanent staff edged up from October's seventeen-month low, but remained below the 2007 average. Demand for temporary staff rose at the sharpest rate for four months.
- Engineering & Construction remained the most in-demand category for both permanent and temporary staff.
- Permanent staff availability showed a further strong decline, whereas temporary staff availability fell only modestly.
- Permanent salary inflation hit a sixteen-month low. In contrast, temp pay growth reached a four-month high.

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

"What we are seeing is that the credit crunch is tightening its grip over the economy. Whilst the job market remains broadly robust, this latest Report suggests an underlying weakening with both demand for permanent staff and vacancies down on the levels earlier this year.

"At the same time, for temporary staff, demand and pay growth have picked up, perhaps a sign that while the business environment remains comfortable at present, employers are becoming more wary about the outlook, and want to increase flexibility.

"This mixed picture adds further to the MPC's quandary as it tries to balance the evidence on growth and inflation against the potentially depressing impact of tighter credit conditions in the coming months."

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 November are:

Further deceleration in growth of permanent placements...

Growth of permanent placements continued to slow in November, hitting a twenty-one month low. In contrast, temporary/contract staff billings posted a further robust increase.

...while salary inflation also eased

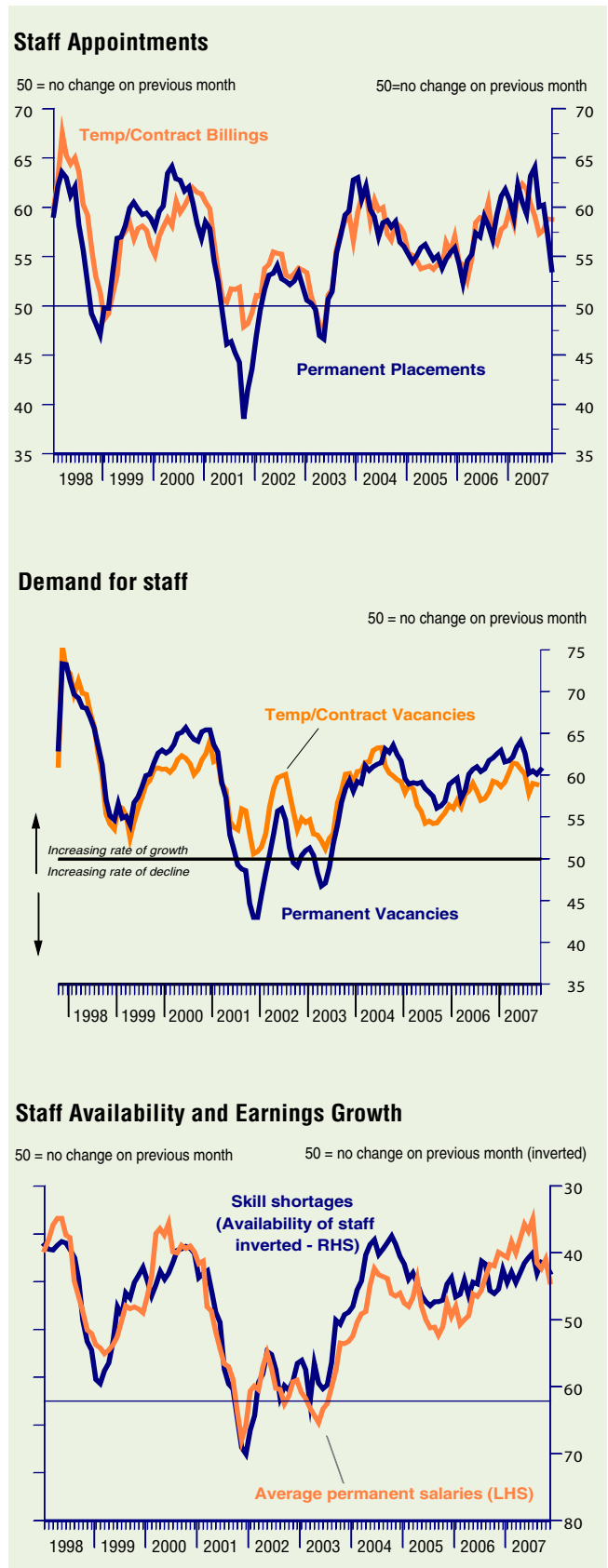
The rate of inflation of permanent staff salaries reached a sixteen-month low in November and was well down on July's nine-year high. Meanwhile, temporary/contract staff pay growth edged up to a four-month high, with panellists again citing the impact of the recent increase in the national minimum wage.

Candidate availability continued to fall

Latest data indicated further declines in permanent and temporary/contract staff availability during November, with the stronger fall again seen for the former. A range of skill-sets were reported to be in short-supply.

Slightly stronger rise in vacancies

The rate of expansion of job vacancies quickened slightly from October's seventeen-month low to its fastest for four months in November, but remained below the 2007 average. Broadly similar rates of demand growth were recorded for permanent and temporary/contract staff.



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 from the survey of recruitment consultancies indicated a marked slowdown in the rate of expansion of permanent staff placements during November. In contrast, growth of temporary/contract staff billings was maintained at a robust pace.

Permanent Placements

Weakest rise in permanent placements for twenty-one months...

November data signalled that the number of people placed in permanent jobs by recruitment consultancies rose at the slowest pace since February 2006. There were a number of reports linking weaker growth of placements to candidate shortages.

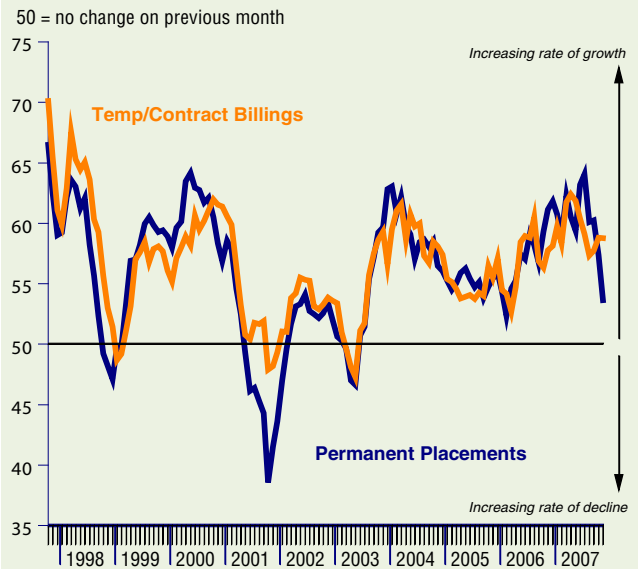
Temp/contract billings

...but temp billings posted a further robust rise

Agencies' billings from the employment of temporary/contract staff continued to rise in November, extending the current period of expansion to four-and-a-half years. The rate of growth was unchanged from October's robust pace, with almost 40% of panellists recording an increase in temp billings during the latest month.

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 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
Nov	35.1	31.8	33.1	2.0	51.0	53.7

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 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
Nov	39.5	35.5	25.0	14.6	57.3	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.

Growth of demand for staff edged up to four-month high

The Report on Jobs Vacancies Index posted 60.6 in November, up marginally from 60.1 in October, to signal the sharpest rate of growth of demand for staff for four months.

Permanent staff vacancies

The seasonally adjusted Permanent Staff Vacancy Index rose marginally from October's seventeen-month low to reach a four-month high of 60.7 in November, up from 60.2 in October. However, the index remained below the average for 2007 so far (61.8).

Temp/contract vacancies

November data showed that growth of demand for temporary/contract staff quickened to its sharpest since July. That was indicated by the seasonally adjusted Temporary Staff Vacancy Index recording 60.0, up from 58.9 in October.

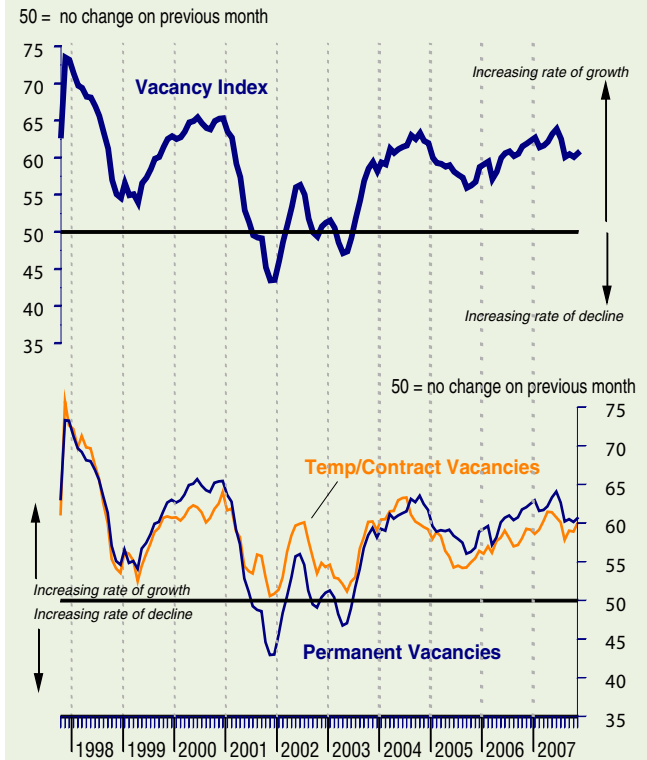
Other vacancy indicators

Government data on job centre vacancies, which tend to cover the lower end of the labour market, signalled a year-on-year rise for the thirteenth successive month in October. However, the rate of growth eased slightly from 11.6% to 11.2%.

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					
	Jul	Aug	Sep	Oct	Nov
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	62.5	60.1	60.5	60.1	60.6
Permanent Staff	62.7	60.3	60.6	60.2	60.7
Temporary Staff	60.1	57.9	59.1	58.9	60.0
Other key vacancy data					
Annual % change					
Job centre vacancies	10.8	11.1	11.6	11.2	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

All eight categories of permanent staff monitored by the survey recorded growth of demand in November. The strongest rate of expansion was again signalled for Engineering/Construction, followed by Executive/Professional. The slowest rates of growth were indicated for Blue Collar and Hotel/Catering.

	This year		(Last year)	
	Rank	Nov'07	Rank	Nov'06
Engineer'g/Construction	1	66.2	(2)	(62.8)
Executive/Professional	2	62.6	(3)	(62.3)
Secretarial/Clerical	3	60.3	(1)	(64.0)
Nursing/Medical/Care	4	59.6	(8)	(52.4)
IT & Computing	5	59.1	(5)	(60.9)
Accounting/Financial	6	59.0	(4)	(61.7)
Hotel & Catering	7	57.8	(7)	(58.1)
Blue Collar	8	55.5	(6)	(59.4)

Temporary/contract staff

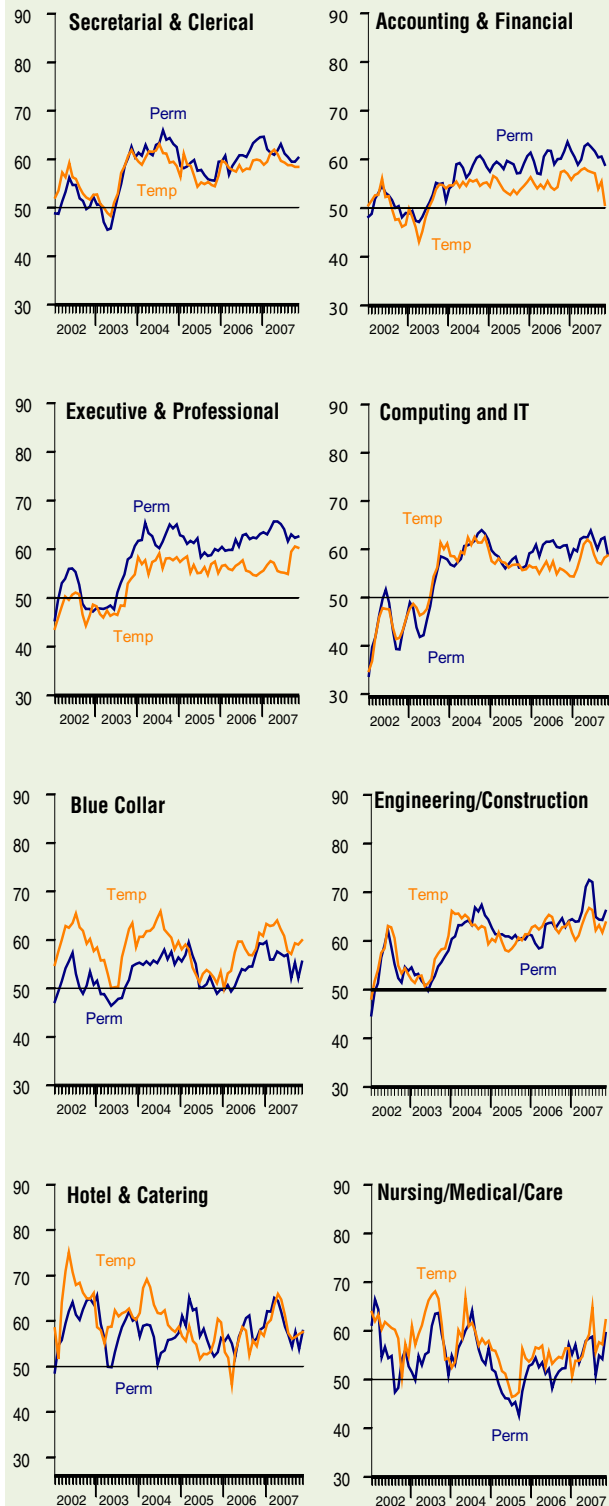
Demand rose for all eight broad categories of temporary/contract staff in November, led by Engineering/Construction. The second highest rate of expansion was recorded for Nursing/Medical/Care. Accounting/Financial registered the weakest rate of growth, posting only a marginal increase.

	This year		(Last year)	
	Rank	Nov'07	Rank	Nov'06
Engineer'g/Construction	1	63.8	(1)	(63.0)
Nursing/Medical/Care	2	62.2	(6)	(56.5)
Executive/Professional	3	60.3	(8)	(54.6)
Blue Collar	4	60.0	(2)	(61.4)
IT & Computing	5	58.8	(7)	(55.2)
Secretarial/Clerical	6	58.4	(3)	(60.0)
Hotel & Catering	7	57.7	(4)	(57.8)
Accounting/Financial	8	50.7	(5)	(57.7)

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 to fill job vacancies during November. Skill shortages remained centred on the permanent staff sector.

Availability of permanent staff

The availability of permanent staff declined for a forty-ninth consecutive month in November. The rate of deterioration remained strong, despite easing to the slowest since August. Panellists indicated shortages of candidates with the necessary skills and experience across a range of professions.

Availability of temporary/contract staff

Temporary/contract staff availability continued to fall in November, extending the current period of decline to a year. The rate of deterioration remained unchanged from October's modest pace and was weaker than that signalled for permanent staff.

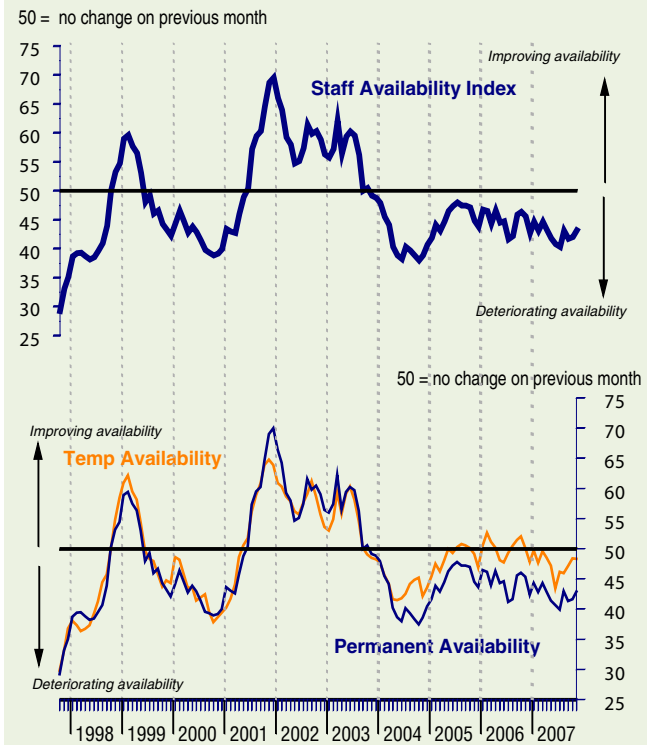
Key permanent staff skills reported in short supply:

- Accounting/Financial:** Accounts.
- IT & Computing:** IT developers.
- Executive & Professional:** Project managers.
- Secretarial/Clerical:** Receptionists, Admin, Customer services.
- Hotel/Catering:** Chefs, Catering managers.
- Engineering/Construction:** Skilled engineers.
- Other:** Sales, Oil & gas.

Key temp skills reported in short supply:

- Secretarial/Clerical:** Admin, Purchase ledger.
- Accounting/Financial:** Financial services.
- Hotel/Catering:** Chefs, Catering, Chamber maids.
- Engineering/Construction:** Mechanical engineers.
- Blue Collar:** HGV/LGV drivers, Press brake operators, Welders, Semi-skilled.
- Other:** Sales, Call centre, Oil & gas.

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 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
Nov	16.8	49.1	34.1	-17.3	41.4	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
2007 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
Nov	21.2	50.3	28.5	-7.3	46.4	48.4

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 awarded to successful candidates placed in permanent jobs continued to rise in November, with around 22% of panellists signalling an increase. However, the rate of inflation eased to a sixteen-month low and was below the average for 2007 so far.

Temp/contract pay rates

Latest data pointed to a further rise in hourly rates of pay for staff in temporary/contract positions during November. Furthermore, the rate of inflation quickened to a four-month high. Higher temp pay was partly attributed by recruitment consultants to the recent increase in the national minimum wage.

UK average earnings

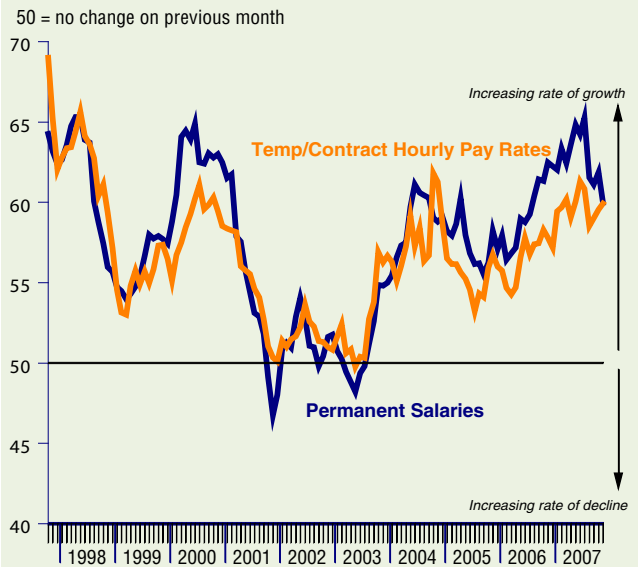
Data from the Office for National Statistics showed that year-on-year growth of employee earnings (including bonuses) accelerated to a six-month high of 4.1% in September, from 3.7% in August. Stronger pay growth was driven by the service sector, as manufacturing earnings growth eased on the month.

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

	2004	2005	2006	Jun'07	Jul	Aug	Sep
Whole economy	4.3	4.1	4.1	3.4	3.5	3.7	4.1
Manufacturing	3.7	3.6	5.2	3.8	4.2	3.6	3.0
Services	4.3	4.3	4.0	3.4	3.5	3.9	4.3
Private services	4.3	4.1	4.2	3.5	3.7	4.1	4.7



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 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
Nov	22.1	74.1	3.8	18.3	59.2	60.0

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 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
Nov	25.4	72.5	2.1	23.3	61.7	59.9

7 Feature | labour market trends

Is the job market really turning?

With the UK economy widely expected to slow over the near-term, early signs are emerging that labour market conditions may also be beginning to weaken.

Latest survey evidence from the *Report on Jobs* signalled the slowest growth of permanent staff placements for twenty-one months in November, while salaries rose at the weakest pace for sixteen months.

Official data are currently painting a mixed picture. Latest available data from the Office for National Statistics showed that total employment rose by 69,000 to a record high of 29.22 million in the three months to September.

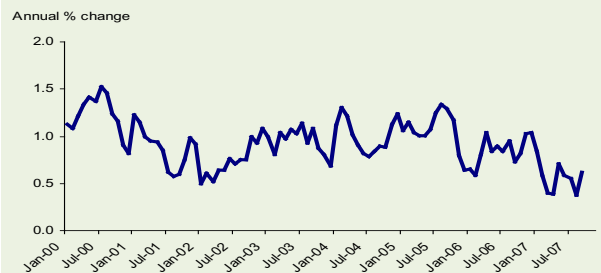
Nevertheless, employment growth has clearly slowed during 2007, and the rate of expansion in the latest quarter remained well below trend (see chart 1).

With job creation failing to keep pace with growth in the labour force, unemployment according to the ILO definition rose by 6,000 to 1.67 million during the three months to September (see chart 2). The trend in unemployment has hit a plateau in 2007, following strong rises throughout 2005 and 2006.

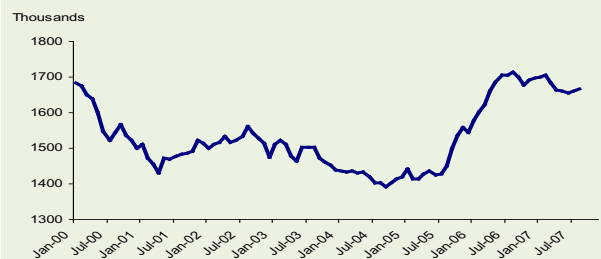
The financial services sector, a key driver of jobs growth in recent years, saw a decline in vacancies during the three months to October amidst the fall-out from the credit squeeze.

The retail & hospitality sector also registered a weakening trend in vacancies. In contrast, the public sector posted a strong increase in vacancies, while manufacturing and transport & communications maintained robust rates of growth (see chart 3).

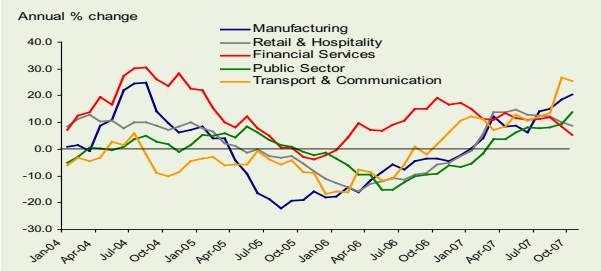
1) ILO employment



2) ILO unemployment



3) Vacancies – main sectors



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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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