

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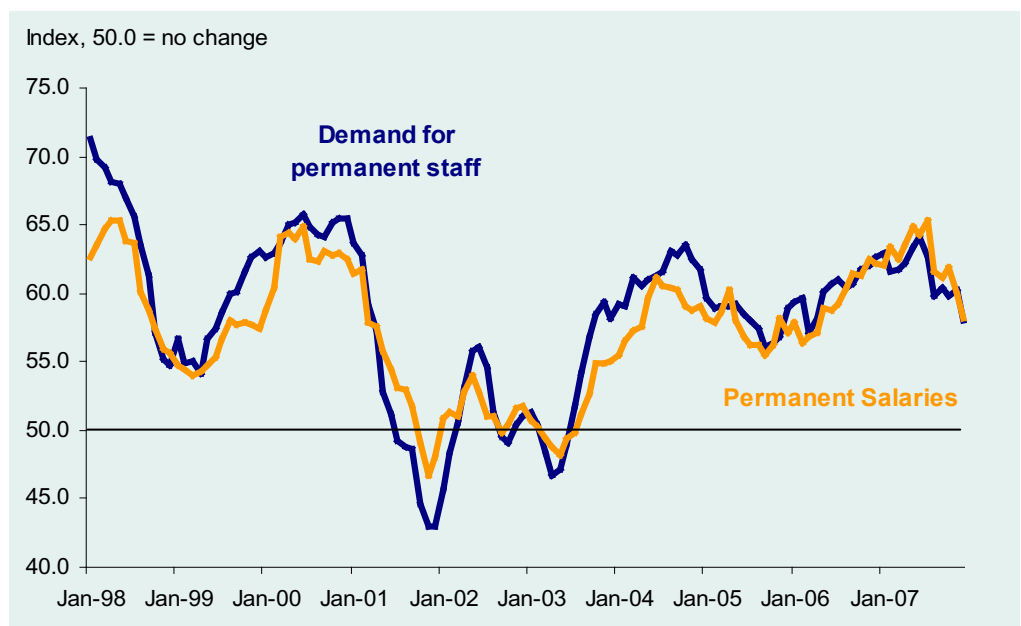
NTC Economics Ltd
Farm Road | Henley-on-Thames
Oxon | RG9 1EJ | United Kingdom

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

Permanent placements rose at the weakest rate for four-and-a-half years. Pay growth continued to slow.



Key points from December survey:

- Permanent placements rose at the weakest rate in fifty-four months, while growth of temp billings eased to a twenty-month low.
- Demand for permanent staff increased at the slowest rate for twenty-one months, while growth of demand for temp staff was the weakest in four months.
- Nursing/Medical/Care was the most sought-after category for both permanent and temp staff.
- Permanent staff availability fell at the slowest pace for twenty-six months, while temp availability declined at the weakest rate for nine months.
- Permanent salary inflation hit a twenty-month low, while temp pay growth was the slowest for a year.

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

“The picture for the UK job market looks increasingly uncertain. The growth in both permanent placements and temporary demand for staff continues to slow this month. There also seems to be increasing speculation of redundancies within specific sectors such as HR and investment banking.

“This speculation coupled with the ongoing uncertainties of the full impact of the credit crunch suggests that recession is an ever more likely possibility. In the coming months, employers will be reviewing resourcing requirements and either considering redundancies or maintaining a flat headcount as a way of riding out the storm.”

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 December are:

Growth of permanent placements hit a four-and-a-half year low...

The number of people placed in permanent jobs increased at the slowest pace for fifty-four months in December. Growth of temporary/contract staff billings eased to a twenty-month low.

...reflecting slowing demand for staff

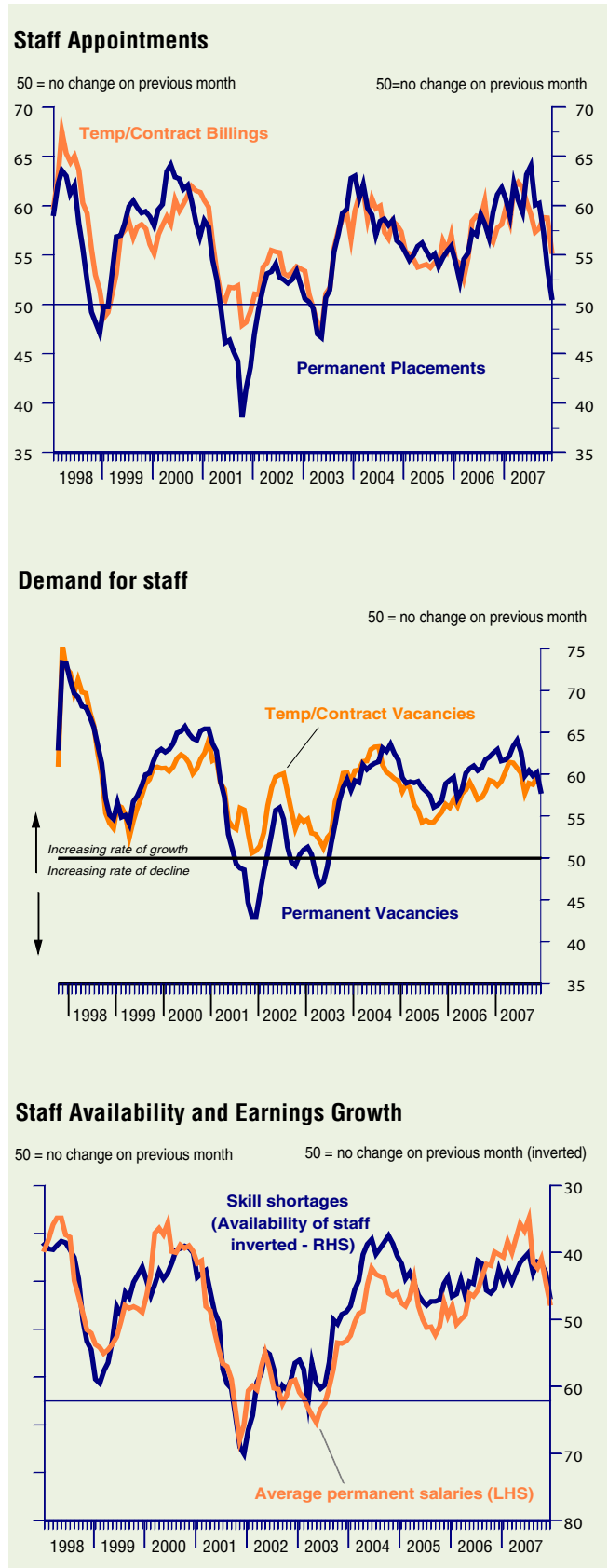
Recruitment consultancies signalled weaker increases in permanent and temporary/contract job vacancies in December, with the latest expansions the slowest for twenty-one and four months respectively.

Pay inflation eased further...

Permanent staff salaries rose at the slowest rate for twenty months in December. Temporary/contract staff pay growth also weakened, hitting a twelve-month low.

...as candidate availability fell at a weaker rate

Although permanent staff availability continued to fall in December, the rate of deterioration eased to the weakest for twenty-six months. Temporary/contract staff availability declined at the slowest pace for nine 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.

Latest data from the survey of recruitment consultancies signalled a further slowing in growth of permanent staff placements to the lowest for four-and-a-half years in December. Meanwhile, temporary/contract staff billings rose at the weakest rate for twenty months.

Permanent Placements

Growth of permanent placements eased further...

Recruitment consultancies reported a rise in the number of people placed in permanent jobs for the fifty-fifth consecutive month in December. However, the rate of expansion eased to only a marginal pace that was the slowest since June 2003. Panellists attributed weaker growth of placements to a general slowdown in client activity.

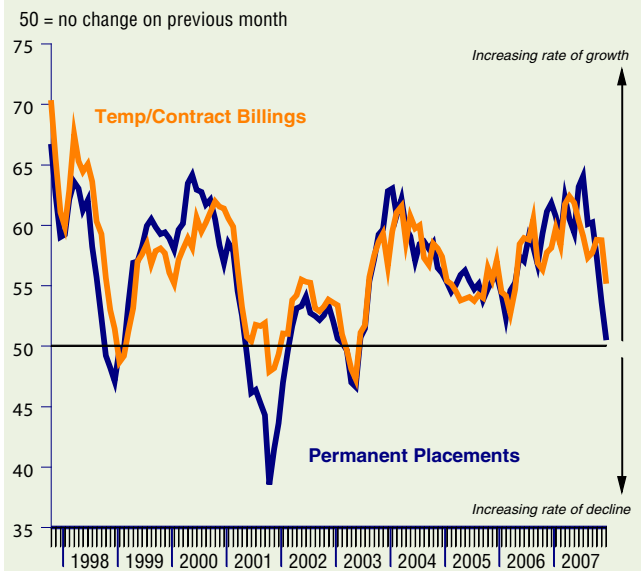
Temp/contract billings

...while growth of temp billings eased to a twenty-month low

Average weekly billings received from the employment of temporary/contract staff continued to rise in December, extending the current period of expansion to fifty-five months. However, the rate of growth eased to the slowest since April 2006.

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 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
Dec	28.3	29.0	42.7	-14.5	42.8	50.7

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 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
Dec	34.9	40.5	24.6	10.3	55.2	55.4

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 hit twenty-one month low

December data signalled a slower rise in overall demand for staff. The Report on Jobs Vacancies Index recorded 58.0, down from 60.2 in November, its lowest level since March 2006.

Permanent staff vacancies

Demand for permanent staff rose at the slowest pace for twenty-one months in December. The rate of growth slipped to a level well below the average for 2007, as signalled by a fall in the seasonally adjusted Permanent Staff Vacancy Index from 60.2 to 58.0.

Temp/contract vacancies

Growth of demand for temporary/contract staff was maintained in December, although the rate of expansion eased to a four-month low. This was highlighted by the seasonally adjusted Temporary Staff Vacancy Index recording 58.1, down from 59.7 in November.

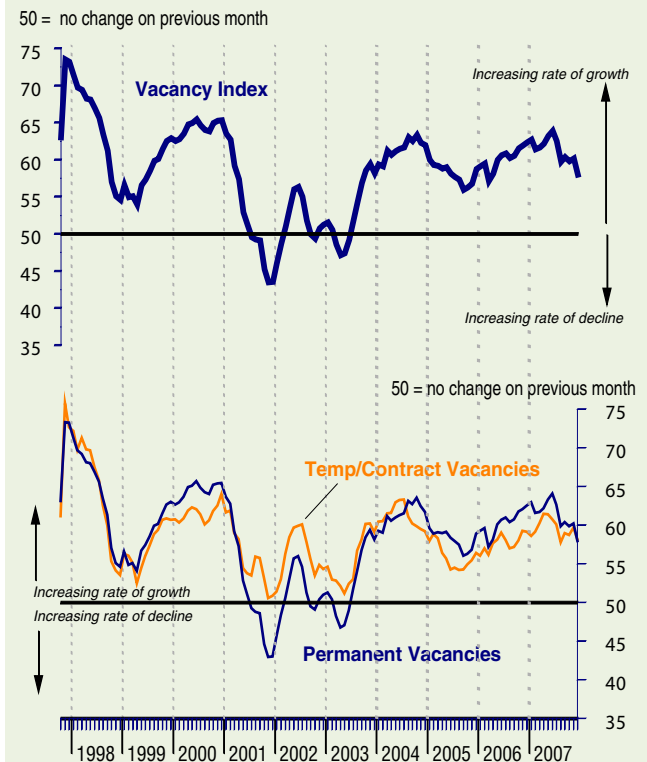
Other vacancy indicators

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 fourteenth consecutive month in November. Furthermore, the rate of growth accelerated from 12.1% to 13.5%.

Online recruiting continued to post strong growth in the third quarter of 2007, according to the latest available data. Internet job advertising was up 33.9% 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					
	Aug	Sep	Oct	Nov	Dec
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	59.7	60.4	59.8	60.2	58.0
Permanent Staff	59.9	60.4	59.9	60.2	58.0
Temporary Staff	57.8	59.0	58.8	59.7	58.1
Other key vacancy data					
Annual % change					
Job centre vacancies	11.4	12.0	12.1	13.5	n/a
Internet job ads*	--	33.9	--	--	--
* 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

All eight categories of permanent staff covered by the survey recorded increased levels of demand in December. The most sought-after type was Nursing/Medical/Care, which posted its strongest expansion for seven years. Engineering/Construction and Executive/Professional also registered marked rates of growth.

	This year		(Last year)	
	Rank	Dec'07	Rank	Dec'06
Nursing/Medical/Care	1	67.9	(8)	(57.7)
Engineer'g/Construction	2	61.2	(4)	(63.3)
Executive/Professional	3	60.3	(3)	(63.7)
Secretarial/Clerical	4	57.3	(2)	(64.1)
Accounting/Financial	5	57.1	(1)	(64.4)
IT & Computing	6	56.0	(6)	(58.6)
Hotel & Catering	7	55.6	(5)	(59.7)
Blue Collar	8	50.9	(7)	(58.3)

Temporary/contract staff

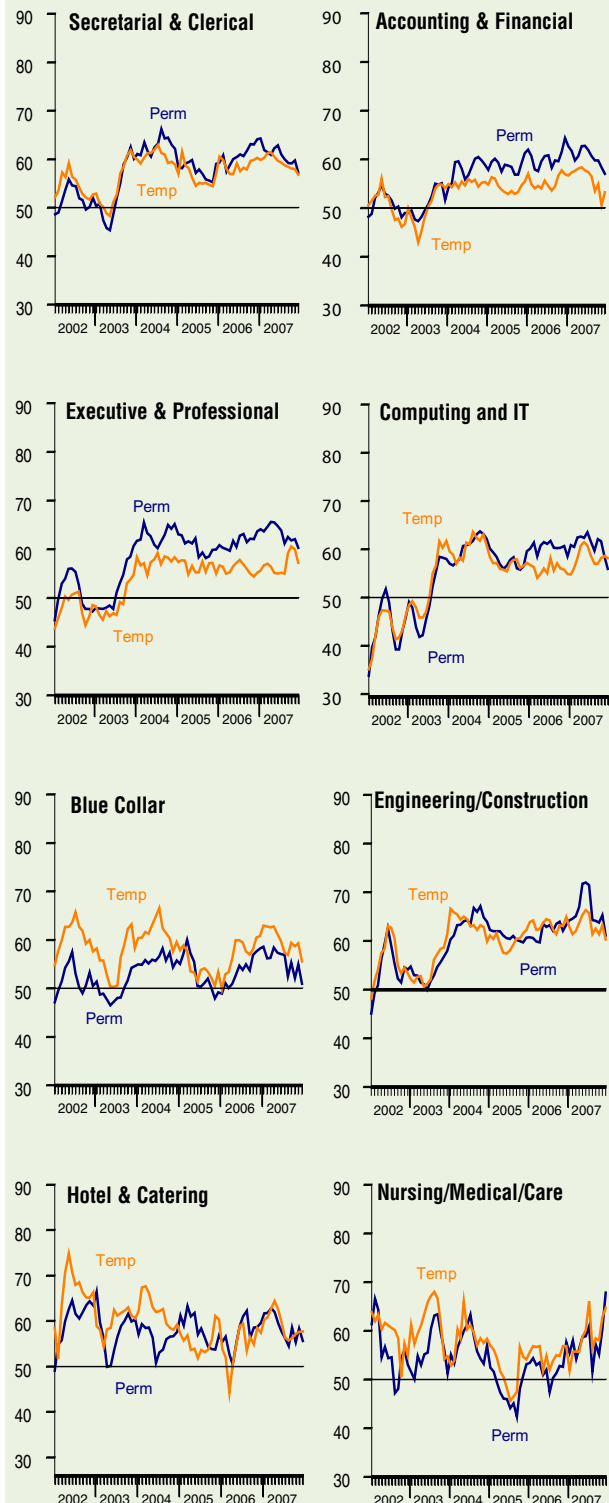
Growth of demand was broad-based across all eight types of temporary/contract staff during December. As with permanent staff, the most in-demand category was Nursing/Medical/Care, followed by Engineering & Construction.

	This year		(Last year)	
	Rank	Dec'07	Rank	Dec'06
Nursing/Medical/Care	1	64.8	(6)	(56.9)
Engineer'g/Construction	2	60.3	(1)	(64.9)
IT & Computing	3	58.2	(8)	(54.9)
Hotel & Catering	4	57.8	(4)	(57.5)
Executive/Professional	5	57.3	(7)	(55.2)
Secretarial/Clerical	6	56.9	(3)	(60.4)
Blue Collar	7	55.6	(2)	(60.9)
Accounting/Financial	8	53.3	(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.

Slower fall in candidate availability

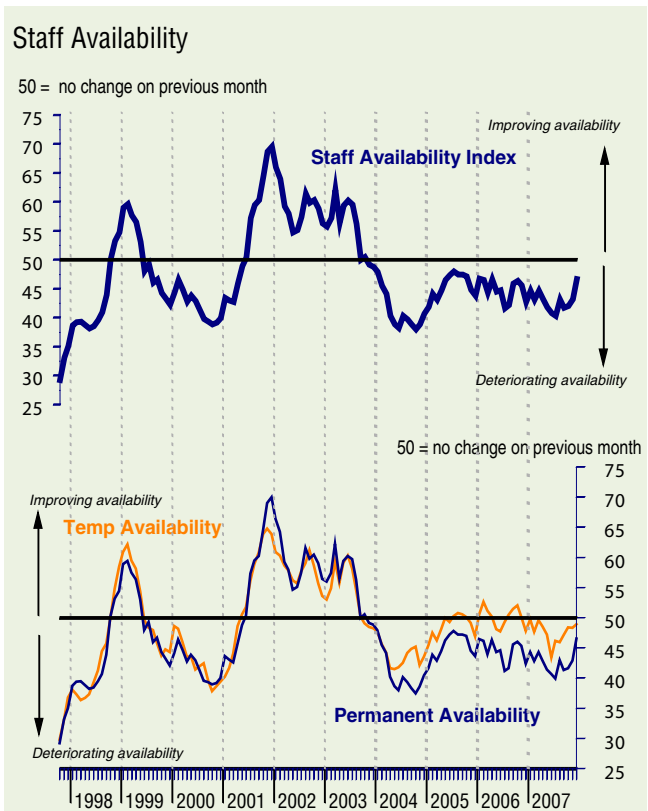
Latest data pointed to easing candidate shortages during December, as both permanent and temporary staff availability fell at weaker rates.

Availability of permanent staff

Recruitment consultancies signalled that the availability of candidates to fill permanent jobs fell for a fiftieth consecutive month in December. However, the rate of deterioration was the slowest since October 2005.

Availability of temporary/contract staff

Temporary/contract staff availability fell for a thirteenth successive month in December. However, the rate of decline eased to only a modest pace that was the weakest since March.



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 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
Dec	17.2	49.3	33.5	-16.3	41.9	46.6

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 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
Dec	21.6	50.8	27.6	-6.1	47.0	48.9

Key permanent staff skills reported in short supply:

- Accounting/Financial:** Financial advisers.
- Hotel/Catering:** Chefs, Catering managers.
- Engineering/Construction:** Engineers.
- Blue Collar:** HGV/LGV drivers.
- Other:** Sales, Customer service.

Key temp skills reported in short supply:

- Accounting/Financial:** Accountants.
- Hotel/Catering:** Chefs.
- Engineering/Construction:** Engineers.
- Blue Collar:** HGV/LGV drivers.
- Other:** Surveyors, Sales, Customer service, Oil & gas.

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 rose for a fifty-third successive month in December, with around 19% of consultants reporting an increase. However, the rate of inflation eased to the lowest since April 2006.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract employment continued to rise in December, which many panellists linked to the recent increase in the national minimum wage. Nevertheless, the pace of growth slowed to the weakest for twelve months.

UK average earnings

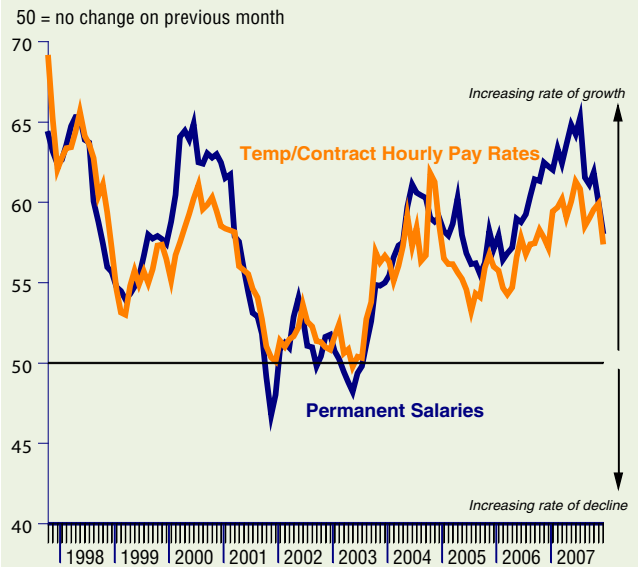
Data from the Office for National Statistics showed that year-on-year growth of employee earnings (including bonuses) eased marginally from September's six-month high of 4.1%, to 4.0% in October. While service pay growth accelerated to a seven-month high of 4.4%, manufacturing earnings rose just 2.5% as last year's strong bonuses were not repeated.

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

	2004	2005	2006	Jul'07	Aug	Sep	Oct
Whole economy	4.3	4.1	4.1	3.5	3.7	4.1	4.0
Manufacturing	3.7	3.6	5.2	4.2	3.6	3.1	2.5
Services	4.3	4.3	4.0	3.5	3.9	4.3	4.4
Private services	4.3	4.1	4.2	3.7	4.1	4.7	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 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
Dec	18.8	74.4	6.8	12.0	56.0	58.2

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 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
Dec	15.0	80.1	4.8	10.2	55.1	57.6

7 Feature | unemployment

Claimant count hits thirty-two year low, but trend likely to unravel in 2008

The number of people seeking jobless benefits in the UK fell to a thirty-two year low in November, according to latest available data from the Office for National Statistics (ONS).

Claimants for Jobseeker's Allowance fell by 11,100 to 813,000, the lowest since June 1975 (see chart 1). Total unemployment, including those not claiming benefit, fell 15,000 to 1.64 million in the three months to October (see chart 2).

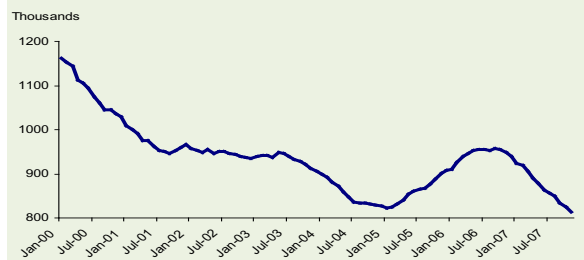
The fall in unemployment was driven by continued strong job creation. The ONS' Labour Force Survey showed that employment increased by 114,000 in the three months to October to 29.29 million (see chart 3).

Although these figures highlight the continued robustness of the labour market in the face of a deteriorating economic outlook, the trends in unemployment and employment should at least steady or even reverse during 2008.

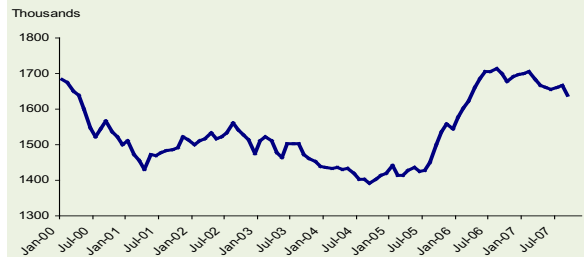
GDP growth is forecast to slow from an estimated 3.0% in 2007, to around 1.8% – below its long-term average of 2.5%. A weaker trend in employment is therefore likely – as highlighted by this month's *Report on Jobs* data – with the public sector unlikely to be able to take up much of the slack as government spending remains on a tight leash.

The claimant count may not rise too dramatically though, as some Eastern European migrants return home to countries with rapidly-growing economies, while many older workers who have recently re-entered the labour force could go back into retirement.

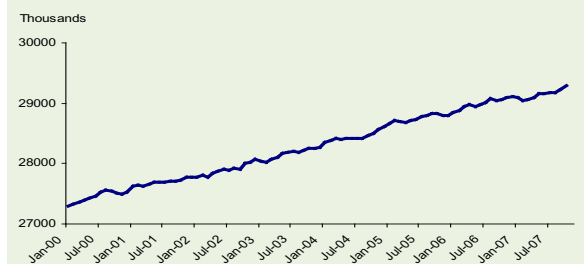
1) Claimant count



2) Total unemployment



3) Total employment



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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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