

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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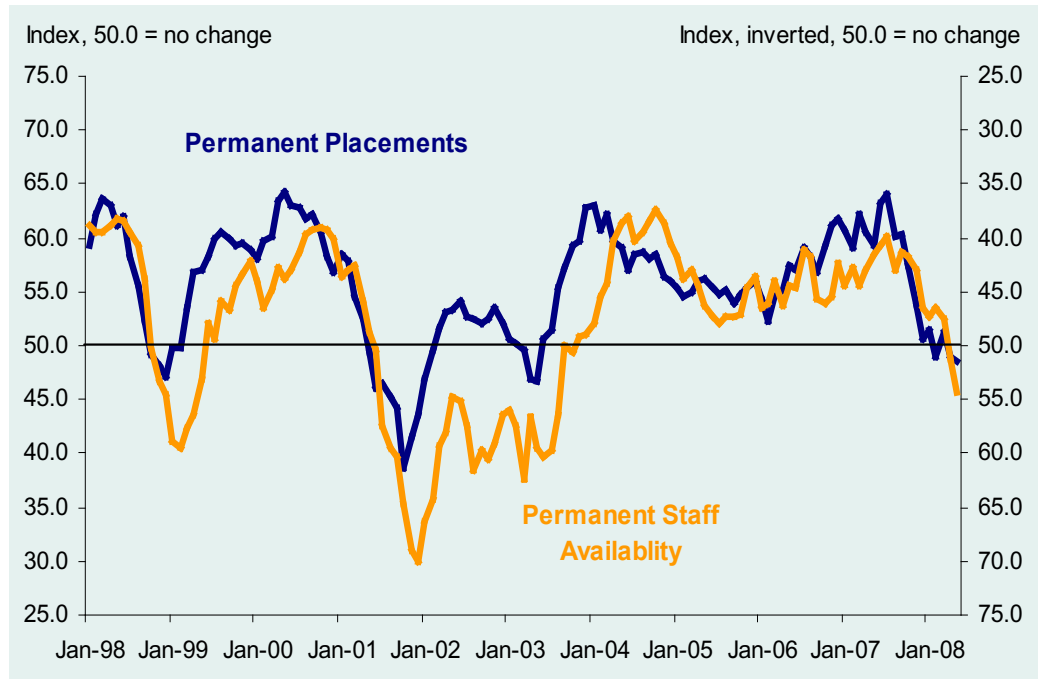
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Further fall in permanent placements, while staff availability improved at a stronger pace.



Key points from May survey:

- Permanent staff placements declined for the third time in the past four months. In contrast, temp billings continued to rise at a solid pace.
- Growth of overall demand for staff eased to a near-stagnant level, with weaker rises recorded for both permanent and temporary vacancies.
- Engineering/Construction remained the most in-demand type of permanent employee, whilst Nursing/Medical/Care was the most coveted temp category.
- Candidate availability rose for the second month running, with stronger improvements signalled for both permanent and temporary staff.
- Permanent salary inflation remained subdued, despite accelerating from April's low. Temporary staff pay rose at the weakest rate in almost five years.

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

"These latest figures confirm a trend we have seen emerging over the last couple of months. In the current economic slowdown employers continue to look towards the flexible labour market as a way to cut costs rather than taking on staff permanently. With city redundancies contributing to a growing pool of labour and increases in the cost of living forcing some families to find a second income, employers currently hold the upper hand in the job market."

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 May are:

Permanent placements declined again but temp billings continued to rise

Amid an uncertain economic climate, companies continued to opt for flexibility in their staffing needs during May, according to the latest survey of recruitment consultancies. While permanent staff placements fell for the third time in four months, temporary/contract staff billings posted a further solid increase.

Growth of job vacancies slowed further

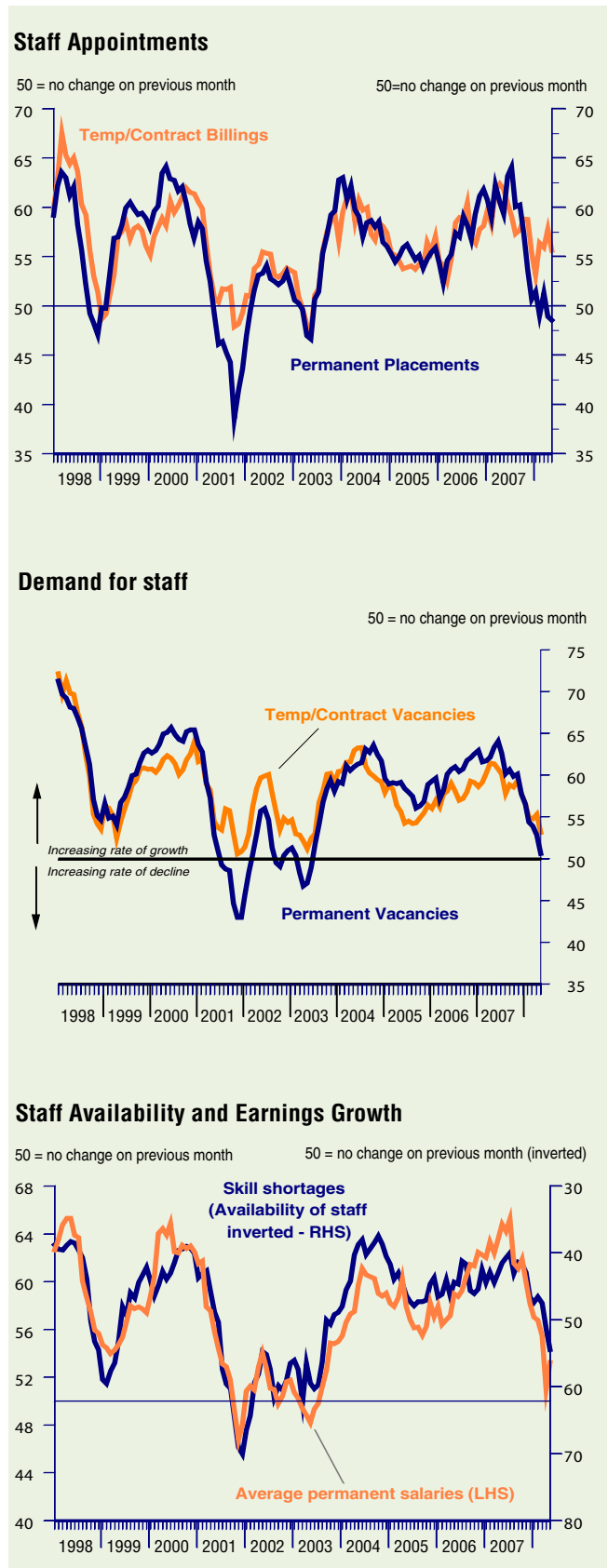
Latest data showed that demand for staff continued to soften in May, with overall job vacancies rising at the weakest rate in the current fifty-nine month expansionary cycle. Slower growth of demand was recorded for both permanent and temporary employees.

Stronger improvement in candidate availability

Concurrent to the weaker trend in permanent employment was a second consecutive monthly rise in candidate availability, with the rate of improvement accelerating since April. Temp availability also increased at a faster pace, which survey respondents in part linked to people seeking additional household income in the wake of the credit squeeze.

Pay pressures remained muted

Growth of permanent staff salaries was subdued in May, albeit stronger than April's recent low. Meanwhile, inflation of temporary/contract staff pay moderated to the weakest in fifty-eight 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.

Employment trends between the permanent and temporary staff sectors continued to diverge in May, suggesting that employers maintained a preference for flexible workforces.

Permanent Placements

Further fall in permanent appointments...

The number of people placed in permanent jobs declined for the third time in the past four months during May. Although still modest, the rate of contraction was the sharpest for five years. Anecdotal evidence suggested that lower placements reflected a lack of confidence at clients companies over the economic outlook.

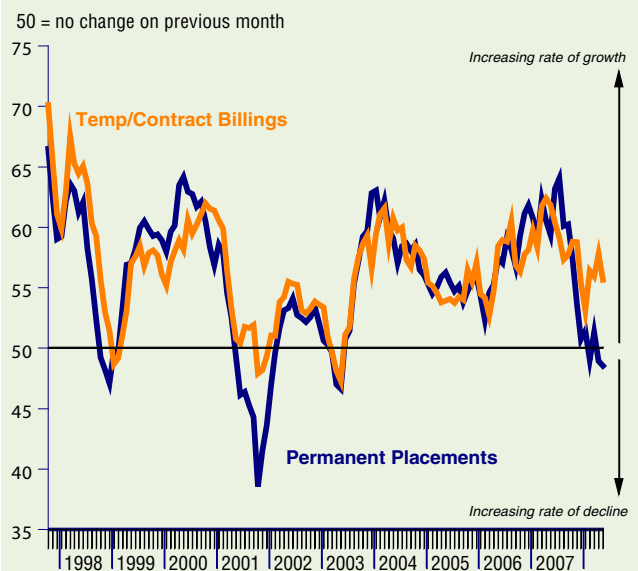
Temp/contract billings

...whilst temp billings continued to increase

Agencies' temporary/contract staff billings continued to increase in May, with around 38% of panellists indicating a rise. The rate of growth remained solid, despite easing to a four-month low. There were a number of reports from panellists suggesting that employers preferred to take on short-term workers due to uncertainty over their future business prospects.

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 Dec	28.3	29.0	42.7	-14.5	42.8	50.7
2008 Jan	40.5	26.6	32.8	7.7	53.9	51.4
Feb	30.8	30.8	38.3	-7.5	46.3	49.0
Mar	45.4	29.6	24.9	20.5	60.2	51.3
Apr	32.7	33.1	34.2	-1.5	49.2	48.9
May	33.5	33.2	33.4	0.1	50.1	48.6

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 Dec	34.9	40.5	24.6	10.3	55.2	55.4
2008 Jan	21.3	31.5	47.1	-25.8	37.1	53.1
Feb	40.5	39.7	19.9	20.6	60.3	56.4
Mar	39.0	43.7	17.3	21.6	60.8	56.0
Apr	36.0	40.7	23.3	12.6	56.3	57.8
May	37.5	38.5	24.0	13.6	56.8	55.6

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 to near-stagnation in May

Although overall demand for staff increased for a fifty-ninth successive month in May, the rate of growth slowed to only a marginal pace that was the weakest in the current period of expansion. This was signalled by the Report on Jobs Vacancies Index falling from 53.0 to 50.8.

Permanent staff vacancies

At 50.6 in May, down from 52.8 in April, the seasonally adjusted Permanent Staff Vacancy Index signalled only a very slight increase in demand for permanent employees and the weakest rate of growth in the current near-five year period of expansion.

Temp/contract vacancies

Growth of demand for temporary/contract staff continued to ease in May, as signalled by the seasonally adjusted Temporary Staff Vacancy Index slipping from 55.3 in April to 53.2, its lowest level in fifty-eight months.

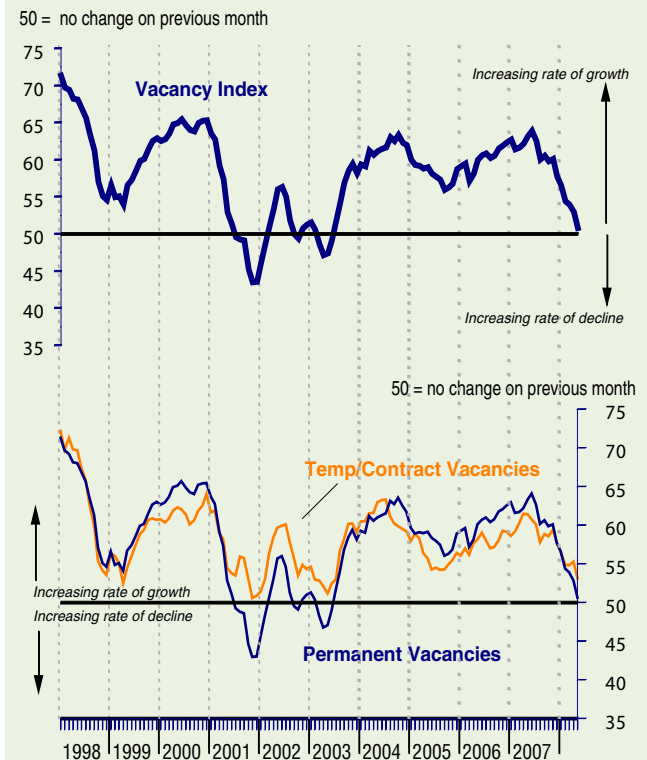
Other vacancy indicators

Government data on job vacancies signalled a year-on-year rise for the nineteenth consecutive month in April. However, the rate of growth eased from 8.7% in March to 7.0%, the slowest since February 2007.

Online recruiting continued to post strong growth in the final quarter of 2007, according to the latest available data. Internet job advertising was up 39.1% on a year earlier in Q4.

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					
	Jan'08	Feb	Mar	Apr	May
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	56.6	54.4	54.0	53.0	50.8
Permanent Staff	56.6	54.4	53.9	52.8	50.6
Temporary Staff	56.6	54.9	54.8	55.3	53.2
Other key vacancy data					
Annual % change					
Job centre vacancies	10.9	9.6	8.7	7.0	n/a
Internet job ads*	39.1	--	--	--	--
* 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

Recruitment consultancies signalled that demand rose for four of the eight broad types of permanent staff monitored by the survey in May, with the strongest growth signalled for Engineering/Construction. The remaining four categories registered declines in demand, with Secretarial/Clerical posting the sharpest fall.

	This year		(Last year)	
	Rank	May'08	Rank	May'07
Engineer'g/Construction	1	59.0	(1)	(71.5)
Hotel & Catering	2	53.7	(6)	(59.5)
Executive/Professional	3	53.3	(2)	(65.9)
IT & Computing	4	50.8	(4)	(62.7)
Accounting/Financial	5	49.4	(3)	(62.9)
Blue Collar	6	48.7	(8)	(57.1)
Nursing/Medical/Care	7	48.7	(7)	(59.2)
Secretarial/Clerical	8	47.3	(5)	(61.4)

Temporary/contract staff

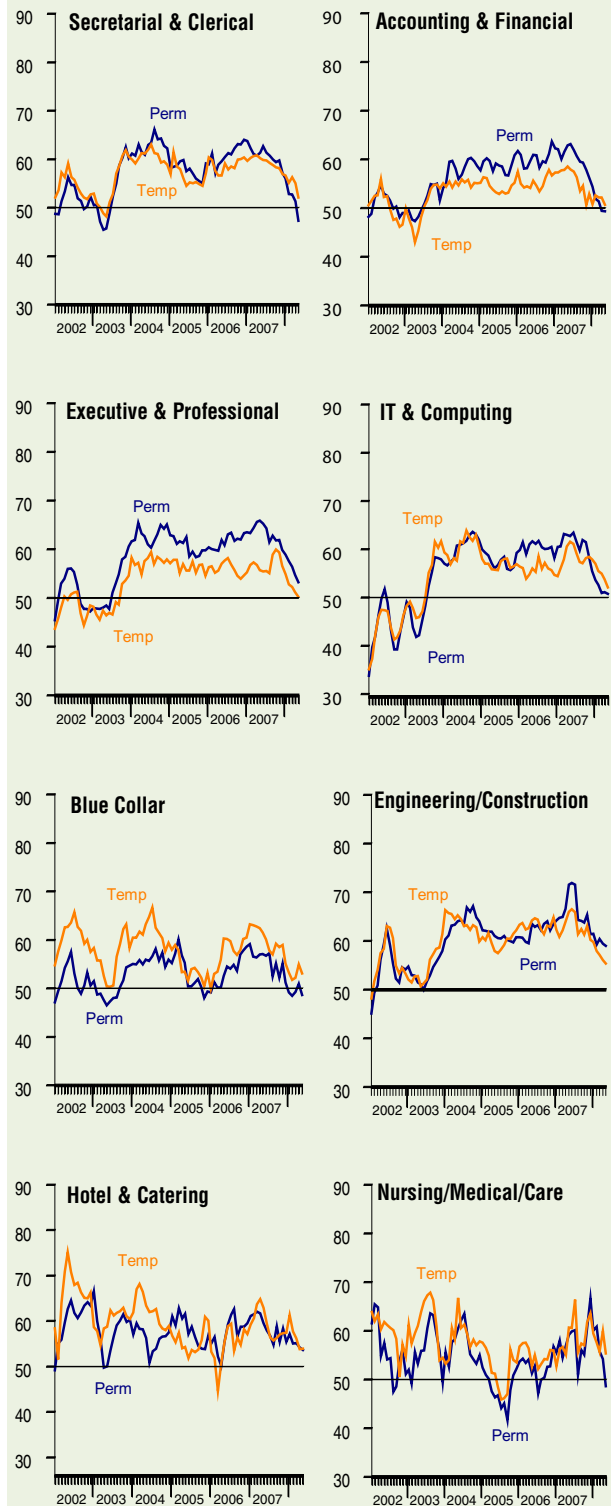
Latest data pointed to higher levels of demand for all eight categories of temporary/contract staff in May. The most sought-after type was Nursing/Medical/Care, closely followed by Engineering/Construction. Only marginal expansions of demand were indicated for Accounting/Financial and Executive/Professional staff.

	This year		(Last year)	
	Rank	May'08	Rank	May'07
Nursing/Medical/Care	1	55.4	(5)	(60.6)
Engineer'g/Construction	2	55.3	(1)	(66.0)
Hotel & Catering	3	54.0	(2)	(63.0)
Blue Collar	4	53.1	(3)	(61.6)
IT & Computing	5	52.2	(4)	(61.6)
Secretarial/Clerical	6	52.1	(6)	(60.2)
Accounting/Financial	7	50.7	(7)	(58.5)
Executive/Professional	8	50.2	(8)	(55.8)

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.

Staff availability continued to rise

Recruitment consultancies reported a further increase in the availability of candidates to fill job vacancies during May. Moreover, the pace of improvement accelerated from the previous month.

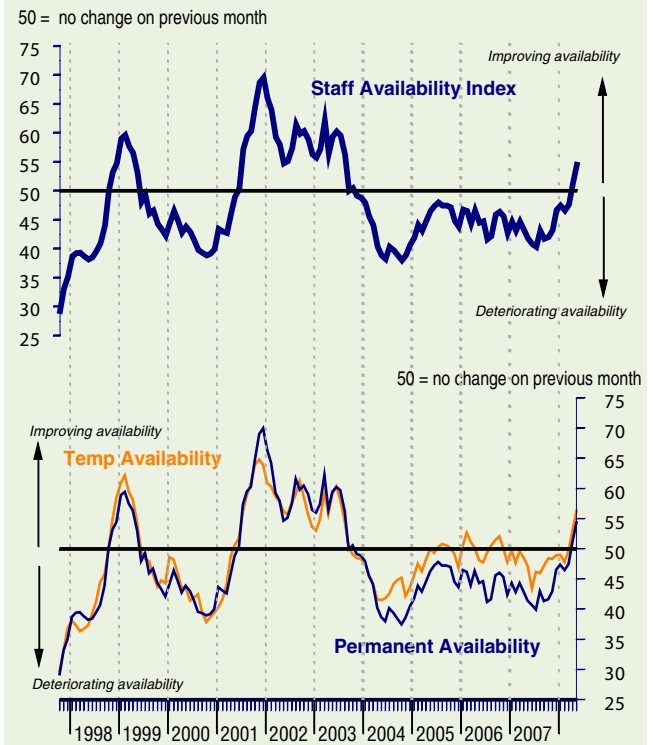
Availability of permanent staff

Permanent staff availability was found to have risen for a second consecutive month in May, following a previous fifty-three month period of contraction. Furthermore, the rate of growth was the strongest since August 2003. Around 32% of consultancies indicated an improvement in availability compared with one month previously, which they attributed to fewer job placements and, in some cases, redundancies.

Availability of temporary/contract staff

The availability of candidates for short-term vacancies increased for the second month running in May. Moreover, the latest improvement was the fastest for almost five years. Anecdotal evidence from panel members pointed to greater numbers of people returning to the labour market to boost their household finances.

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 Dec	17.2	49.3	33.5	-16.3	41.9	46.6
2008 Jan	35.7	46.3	18.0	17.7	58.9	47.4
Feb	27.0	48.0	24.9	2.1	51.1	46.5
Mar	22.9	51.8	25.3	-2.4	48.8	47.5
Apr	26.9	52.6	20.5	6.4	53.2	51.2
May	31.9	49.9	18.3	13.6	56.8	54.4

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 Dec	21.6	50.8	27.6	-6.1	47.0	48.9
2008 Jan	33.8	44.9	21.4	12.4	56.2	49.0
Feb	26.8	52.0	21.2	5.6	52.8	47.9
Mar	23.8	56.1	20.1	3.7	51.8	49.6
Apr	31.7	48.9	19.5	12.2	56.1	53.1
May	28.1	52.8	19.2	8.9	54.4	56.4

Key permanent staff skills reported in short supply:

- Accounting/Financial:** Credit controllers, Accountants.
- Hotel/Catering:** Chefs.
- Engineering/Construction:** Engineers, Construction workers.
- Executive/Professional:** Commercial staff.

Key temp skills reported in short supply:

- Hotel/Catering:** Chefs, Catering personnel.
- Blue Collar:** HGV/LGV drivers.
- Secretarial/Clerical:** Legal secretaries, Receptionists, Audio typists.

6 Pay pressures

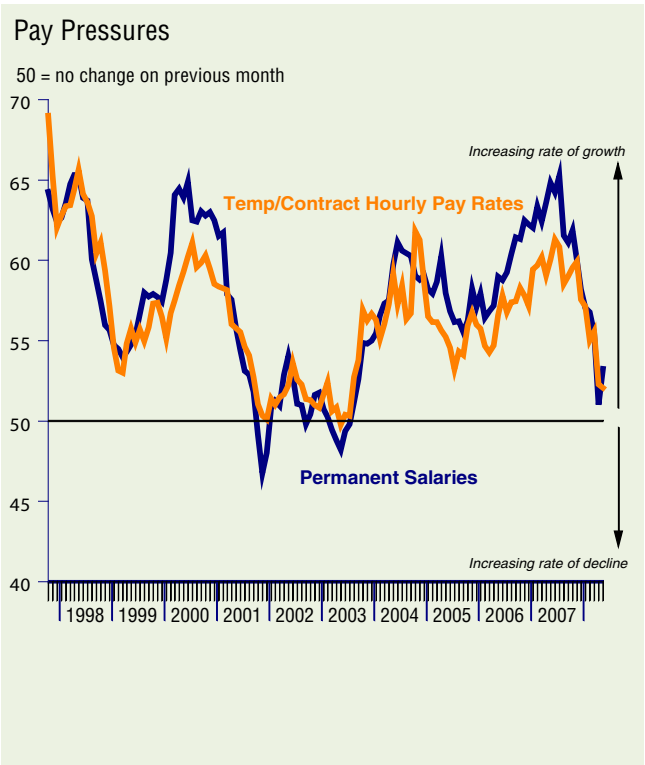
The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent salaries

May data signalled that growth of permanent salaries accelerated from April's low, but was still the second-weakest since September 2003. Approximately 18% of panellists reported an increase in salaries, compared with around 7% that noted a decline.

Temp/contract pay rates

Growth of temporary/contract staff pay eased to a fifty-eight month low in May. There were reports linking the weaker rise in temp pay to an improvement in the supply of short-term candidates.



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 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
2008 Jan	17.8	77.1	5.0	12.8	56.4	57.1
Feb	16.9	78.9	4.1	12.8	56.4	56.8
Mar	17.3	76.1	6.6	10.8	55.4	55.5
Apr	10.3	81.7	8.0	2.2	51.1	51.0
May	18.2	74.7	7.1	11.0	55.5	53.2

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 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
2008 Jan	16.3	79.4	4.3	12.0	56.0	57.1
Feb	12.5	82.9	4.5	8.0	54.0	55.0
Mar	14.6	81.6	3.8	10.8	55.4	55.6
Apr	7.8	87.3	4.9	2.8	51.4	52.3
May	13.9	78.1	8.0	5.9	52.9	52.1

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 4.0% in March 2008 from 3.7% in February. Pay growth quickened to a five-month high in the service sector, and also edged higher in manufacturing.

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

	2005	2006	2007	Dec'07	Jan'08	Feb	Mar
Whole economy	4.1	4.1	3.9	3.8	3.9	3.7	4.0
Manufacturing	3.6	5.2	3.5	3.4	3.8	3.7	3.8
Services	4.3	4.0	4.1	3.9	3.9	3.8	4.3
Private services	4.2	4.2	4.4	4.1	4.1	3.8	4.4



7 Feature | unemployment

Pool of available labour expanding as economy slows and unemployment rises

Unemployment increased by 7,200 during April, the largest amount in two years, according to the latest claimant count data from the Office for National Statistics (ONS). Moreover, March's figure was revised to show a gain of 3,600 instead of an estimated 1,600 decline, meaning that unemployment has now risen for three consecutive months to 806,300 (see chart top right).

The nascent upward trend in the claimant count chimes with recent data from the *Report on Jobs* indicating that the slowdown in the wider economy is starting to weigh on the labour market.

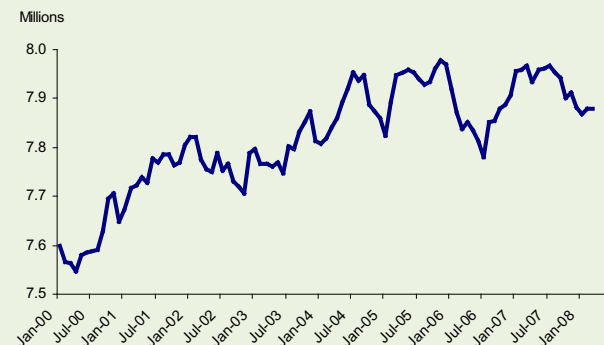
As companies retrench on hiring and, in some cases, make redundancies, so the pool of available workers is starting to rise. Recruitment consultancies participating in May's survey reported an improvement in candidate availability for the second straight month (see section 5).

It is likely that the supply of labour is also being boosted by more people entering the job market in search of extra income as a result of the credit crunch and rising household costs. This is highlighted by a decline in the number of economically inactive people of working age of 33,000 to 7.88 million in the three months to March, 80,000 lower than one year previously (see chart bottom right).

Claimant count



Economic inactivity



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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