

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 Markit 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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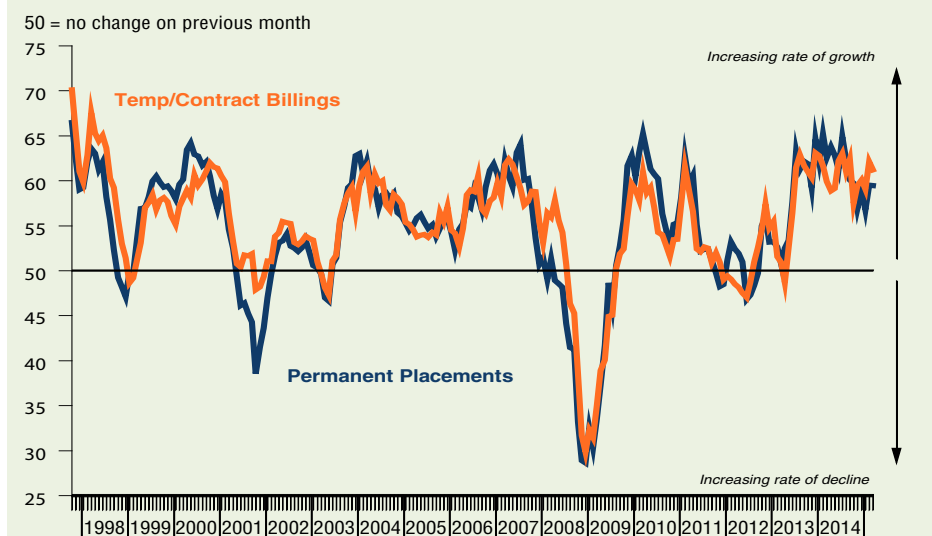
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Staff appointments growth remains strong, while salaries rise at fastest rate in six months

Staff Appointments via Recruitment Consultancies



Key points from the March survey:

- Further marked increases in permanent placements and temp billings
- Salaries for permanent hires rise at sharpest rate in six months
- Candidate availability tightens further

Commenting on the latest survey results, Bernard Brown, Partner and Head of Business Services at KPMG, said:

“Recruiters are struggling with industry-wide skills shortages, as demand for talent continues to outstrip the number of candidates seeking work. This pervasive skills shortage could put the brakes on economic growth if it continues unabated.

“Nervousness in the run up to the election could be one factor seizing the market, as candidates seek certainty before leaving the safe haven of their current role.

“This tightening labour market is forcing up wage inflation as businesses bid for the best talent. Such a trend could cause a two-tier pay market, creating a significant divide between highly paid new starters and current employees receiving subdued pay increases. This dynamic will cause businesses problems in the long term as they struggle to keep hold of talented staff increasingly dissatisfied by their remuneration packages.”

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 to provide the first indication each month of labour market trends.

The main findings for March are:

Staff placements continue to rise strongly...

March survey data highlighted further marked growth of recruitment activity across the UK. Permanent staff placements rose at a rate unchanged from February's considerable pace, while temp billings growth was only slightly slower than the five-month high recorded in the preceding period.

...supported by robust demand for staff

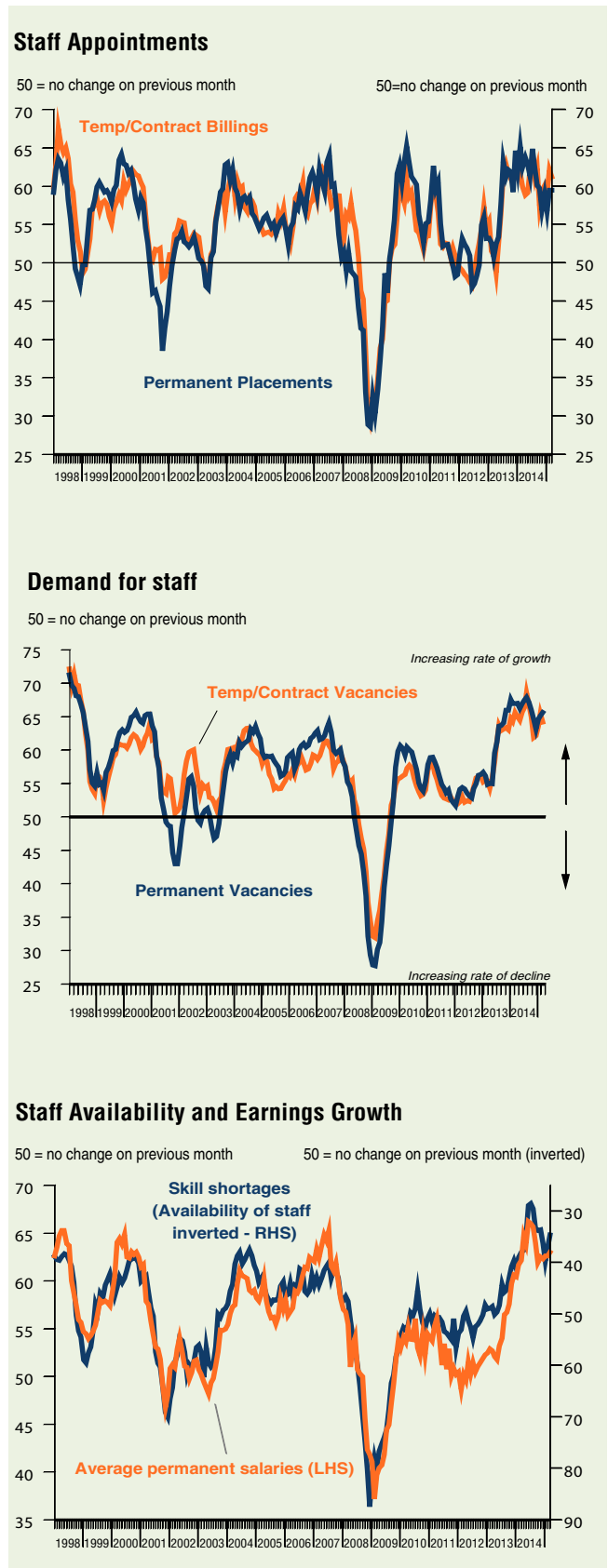
The survey's index of job vacancies rose to a five-month high in March, signalling strong demand for staff. Marked rates of expansion were indicated for both permanent and short-term workers.

Salary growth fastest in six months...

Average starting salaries for people placed in permanent job roles increased further in March. The latest increase was the strongest since last September. Hourly rates of pay for temporary/contract staff rose at a robust pace, albeit slightly slower than in February.

...amid falling candidate availability

The availability of staff to fill vacancies continued to decline in March. The latest drop in permanent candidate supply was the sharpest in four months, while temp availability deteriorated at the fastest pace since last October.



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 indicated that both permanent and temporary staff appointments increased at strong rates in March.

Further marked increase in permanent placements

March data signalled continued growth in the number of people placed in permanent job roles. The rate of expansion remained unchanged from February's robust pace. Almost half of panellists signalled an increase in placements during the latest survey period, compared with around 22% that signalled a reduction. Survey respondents attributed higher placements to increased confidence and business activity levels at clients.

All four monitored English regions saw rising permanent placements during March, with growth strongest in the Midlands and the South.

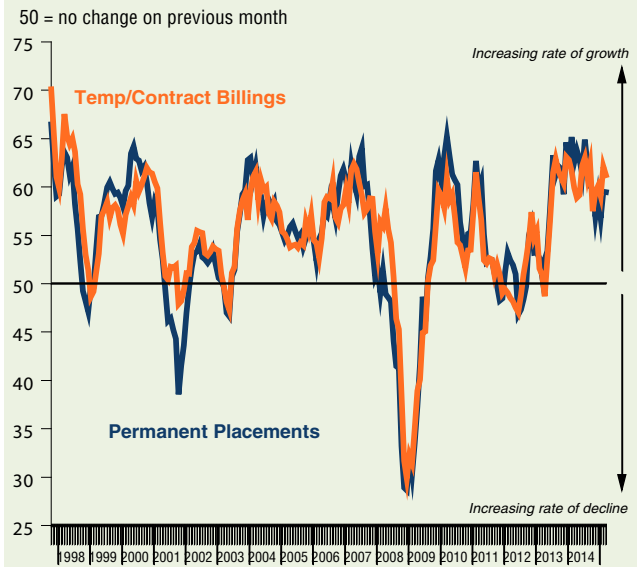
Temp billings continue to rise strongly

Agencies' billings from the employment of temporary/contract staff increased further in March. The rate of growth remained strong, despite easing slightly from February's five-month high. Increased client workloads were reported to have underpinned the latest expansion of temp billings.

Midlands-based agencies recorded the fastest increase in temp billings during the latest survey period.

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
2014 Oct	44.4	30.1	25.4	19.0	59.5	59.8
Nov	33.1	38.5	28.4	4.7	52.4	56.9
Dec	31.7	37.2	31.1	0.6	50.3	59.0
2015 Jan	42.6	28.9	28.5	14.1	57.0	56.8
Feb	46.0	31.1	22.9	23.1	61.5	59.5
Mar	48.0	30.1	21.9	26.0	63.0	59.5

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
2014 Oct	34.1	44.7	21.2	12.9	56.5	57.5
Nov	38.7	42.3	19.0	19.7	59.8	59.5
Dec	34.5	48.8	16.8	17.7	58.8	60.1
2015 Jan	26.7	42.1	31.2	-4.6	47.7	59.1
Feb	43.6	38.8	17.6	25.9	63.0	62.1
Mar	44.4	42.3	13.3	31.1	65.6	61.2

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.

Vacancy growth quickens to five-month high

The Report on Jobs Vacancy Index edged higher in March, signalling the strongest expansion of demand for staff since October 2014. The index posted 65.6, up from 65.2 in February.

Permanent vacancies rose at the sharpest rate in five months, whereas temporary staff demand increased at a slightly slower pace compared with February.

Public & private sector vacancies

Private sector demand for staff remained stronger than that in the public sector during March. Private sector permanent vacancies registered the sharpest increase overall.

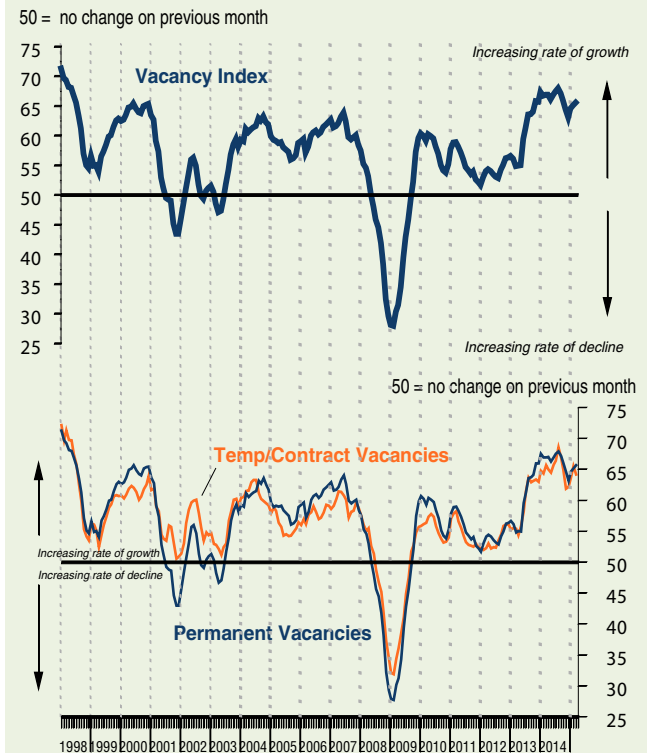
Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies rose 23.3% on an annual basis in the three months to February.

Meanwhile, internet-based recruitment spending continued to rise in the third quarter of 2014. However, the annual rate of growth eased from 8.8% in the second quarter to 6.0%, the slowest since Q1 2013.

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

	Nov'14	Dec	Jan'15	Feb	Mar
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	64.5	63.1	64.6	65.2	65.6
Permanent Staff	64.6	63.2	64.7	65.2	65.7
Temporary Staff	61.9	62.2	63.6	65.5	64.2

Public & private sector vacancies (not seasonally adjusted)

Public: perm	54.5	52.4	47.8	52.2	55.7
Public: temp	56.9	54.4	50.4	55.8	59.6
Private: perm	67.1	65.9	68.2	71.1	72.4
Private: temp	65.1	64.2	58.4	66.9	70.2

Other key vacancy data

Annual % change					
Job centre vacancies	23.9	23.9	24.2	23.3	n/a
Internet recruitment	6.0	--	--	--	--

Sources: Job centre vacancies provided by ONS via EcoWin.
Internet recruitment spending provided by 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 monitored types of permanent staff registered higher levels of demand for their services in March. The most sought-after categories were Engineering and Accounting/Financial, marginally ahead of Executive/Professional.

	This year		(Last year)	
	Rank	Mar'15	Rank	Mar'14
Engineering*	1	67.9	(1)	(69.9)
Accounting/Financial	2	67.9	(4)	(67.9)
Executive/Professional	3	67.4	(6)	(66.9)
IT & Computing	4	66.3	(3)	(68.8)
Secretarial/Clerical	5	66.1	(7)	(63.9)
Nursing/Medical/Care	6	65.1	(5)	(67.8)
Construction*	7	62.1	(1)	(69.9)
Blue Collar	8	57.5	(8)	(61.5)
Hotel & Catering	9	54.4	(9)	(61.1)

Temporary/contract staff

Growth of demand was broad-based across all monitored temp categories during the latest survey period. The sharpest increase was signalled for Nursing/Medical/Care workers, with Blue Collar staff seeing the next-fastest rise.

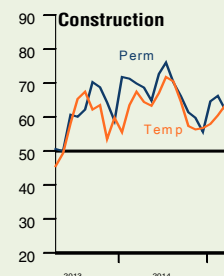
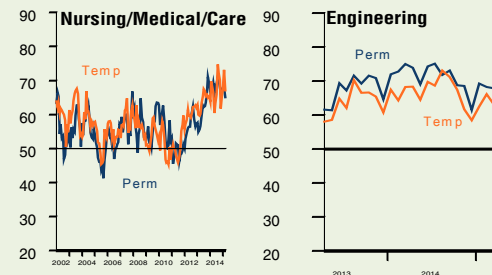
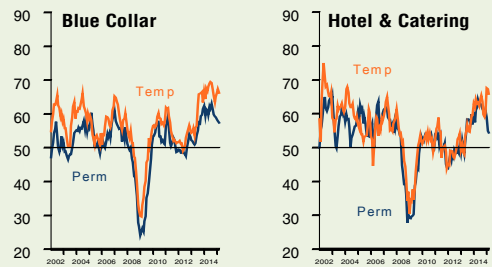
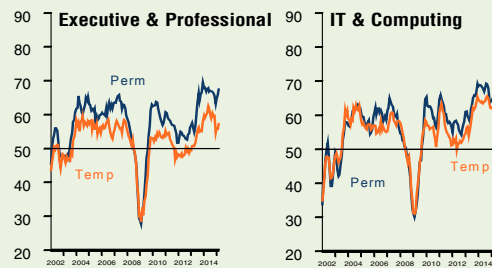
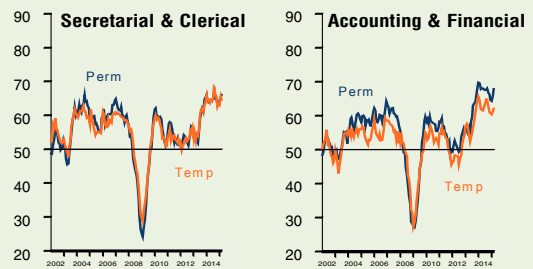
	This year		(Last year)	
	Rank	Mar'15	Rank	Mar'14
Nursing/Medical/Care	1	67.1	(2)	(67.8)
Blue Collar	2	66.2	(3)	(67.6)
Hotel & Catering	3	65.9	(6)	(64.3)
Secretarial/Clerical	4	64.7	(5)	(64.6)
Construction*	5	63.5	(4)	(67.5)
Engineering*	6	63.0	(1)	(69.9)
Accounting/Financial	7	62.1	(8)	(61.9)
IT & Computing	8	61.7	(7)	(63.8)
Executive/Professional	9	57.3	(9)	(60.0)

*Non-seasonally adjusted data. Prior to April 2013 Engineering/Construction was reported as a single category.

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.

Availability of permanent staff

The availability of candidates to fill permanent job vacancies continued to deteriorate in March. Moreover, the latest fall was the sharpest since last November. Around 41% of panellists reported lower permanent staff availability, versus 7% that signalled an increase.

Each of the four English regions registered reductions in permanent candidate availability, with the sharpest drop indicated in the Midlands.

Availability of temp/contract staff

Temporary/contract staff availability fell further in March, with the rate of decline accelerating to the sharpest since last October.

The Midlands led a broad-based reduction in short-term staff availability during the latest survey period.

Key permanent staff skills reported in short supply:*

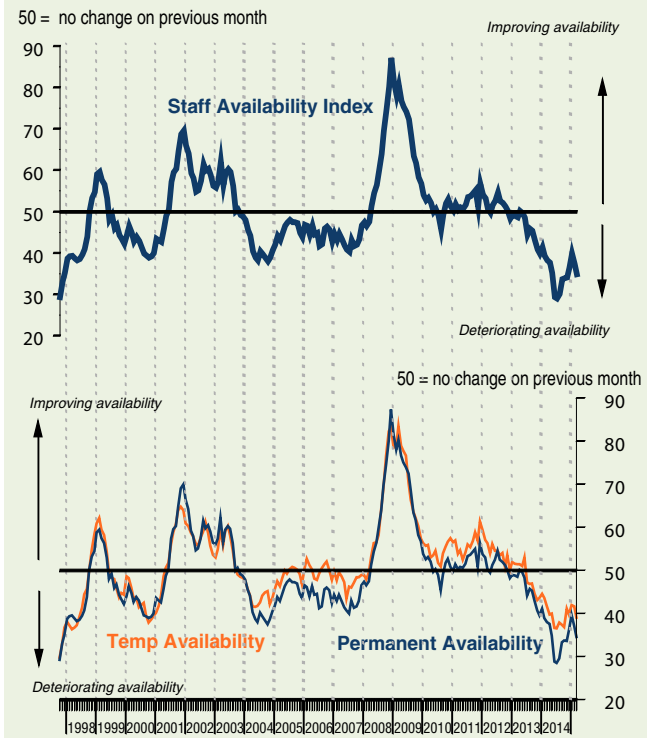
Accountancy/Financial: Accountants, Audit, Compliance, Credit, Finance, Financial Planners, Payroll, Risk, Treasury.
Blue Collar: Cleaners, Drivers, Forklift, Industrial.
Construction: Designers, Estimators, Quantity Surveyors.
Engineering: Aerospace, Automotive, CAD, Electrical.
Executive/Professional: Advertising, Management, Marketing. **Hotels/Catering:** Chefs. **IT/Computing:** Business Analysts, C#, Developers, Helpdesk, Java, .Net, Sharepoint, SQL, Web. **Nursing/Medical/Care:** Carers, Healthcare Assistants. **Secretarial/Clerical:** General Office, Secretaries. **Other:** Account Managers, Events, Languages, Reprographics, Sales, Teachers.

Key temp skills reported in short supply:*

Accountancy/Financial: Accountants, Audit, Compliance, Credit, Risk, Treasury. **Blue Collar:** Drivers, Forklift, Industrial, Welders. **Construction:** Plant Operations.
Engineering: Automotive, Electrical, Revit. **Executive/Professional:** HR, Legal, Marketing. **Hotels/Catering:** Chefs. **IT/Computing:** Business Analysts, Developers, Java, .Net, Sharepoint, SQL. **Nursing/Medical/Care:** Carers, Healthcare Assistants, Homecarers, Medical Secretaries.
Secretarial/Clerical: Admin, Legal Secretaries, Office Support, Reception. **Other:** Reprographics, Sales, Teachers.

*consultants are invited to specify any areas in which they have encountered skill shortages during the latest month

Staff Availability



Availability of permanent staff

Q. Is the availability of candidates for permanent vacancies better, the same or worse than one month ago?

	Better %	Same %	Worse %	Net +/-	Index	S.Adj. Index
2014 Oct	7.9	51.3	40.8	-32.8	33.6	33.7
Nov	8.0	48.4	43.6	-35.6	32.2	33.6
Dec	8.1	50.0	41.9	-33.8	33.1	36.2
2015 Jan	28.2	40.0	31.8	-3.6	48.2	39.7
Feb	13.9	50.7	35.4	-21.6	39.2	37.0
Mar	7.1	52.2	40.7	-33.6	33.2	34.6

Availability of temporary/contract staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

	Better %	Same %	Worse %	Net +/-	Index	S.Adj. Index
2014 Oct	8.5	54.1	37.5	-29.0	35.5	36.9
Nov	15.5	53.1	31.4	-15.9	42.0	41.2
Dec	12.4	52.7	34.9	-22.6	38.7	39.8
2015 Jan	26.9	48.0	25.1	1.9	50.9	42.0
Feb	16.7	52.3	30.9	-14.2	42.9	41.7
Mar	8.6	57.8	33.6	-25.0	37.5	39.1

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 for people placed in permanent jobs rose further in March. Moreover, the rate of growth accelerated to the strongest since last September. Around 31% of panellists reported an increase in salaries, compared with approximately 5% that noted a decline. A combination of strong demand for staff and shortages of suitable candidates underpinned higher salaries according to survey respondents.

The Midlands saw the sharpest increase in salaries during March, closely followed by the South.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract employment continued to rise in March. That said, the rate of growth eased slightly since February.

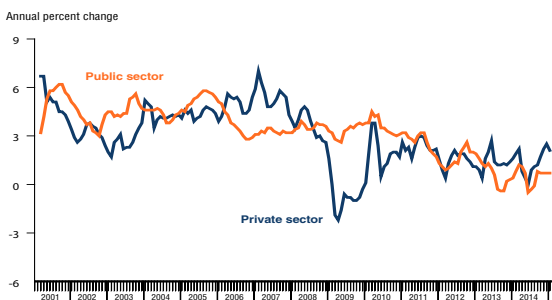
As was the case with permanent salaries, the strongest rise in temp pay was recorded by Midlands-based agencies during March.

UK average weekly earnings

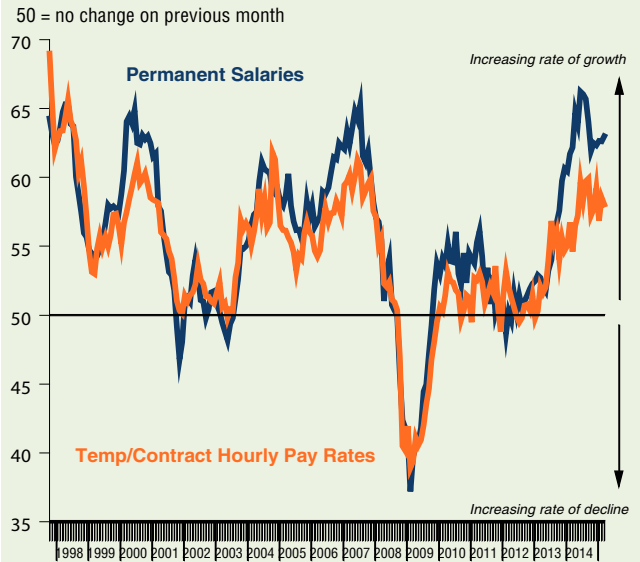
Data from the Office for National Statistics indicated that employee earnings (including bonuses) rose 1.8% on an annual basis in the three months to January, easing from 2.1% in the three months to December 2014 (a one-and-a-half year high). Pay growth slowed in the private sector, although remained considerably stronger than in the public sector.

Yr/yr % chg in average weekly earnings (3mma)

	2012	2013	2014	Oct'14	Nov	Dec	Jan'15
Whole economy	1.4	1.2	1.1	1.5	1.8	2.1	1.8
Private sector	1.5	1.4	1.4	1.7	2.2	2.5	2.1
Public sector	1.6	0.7	0.5	0.7	0.7	0.7	0.7
Services	1.5	1.1	1.0	1.4	1.8	2.1	1.9
Manufacturing	1.8	2.2	2.2	1.8	1.7	1.6	1.1
Construction	0.9	0.0	1.7	2.0	2.7	3.1	1.8



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
2014 Sep	32.1	64.5	3.4	28.7	64.4	64.0
Oct	28.3	65.9	5.8	22.5	61.3	61.9
Nov	27.8	69.1	3.2	24.6	62.3	62.5
Dec	24.3	73.6	2.1	22.3	61.1	62.3
2015 Jan	26.2	69.9	3.8	22.4	61.2	62.6
Feb	29.2	65.7	5.0	24.2	62.1	62.6
Mar	31.1	63.8	5.1	26.0	63.0	63.0

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
2014 Sep	23.2	74.0	2.8	20.4	60.2	59.9
Oct	24.4	71.6	4.0	20.4	60.2	57.3
Nov	19.4	77.1	3.4	16.0	58.0	57.7
Dec	18.1	78.6	3.3	14.9	57.4	59.2
2015 Jan	16.1	79.9	4.0	12.0	56.0	56.9
Feb	20.7	75.6	3.7	17.1	58.5	58.5
Mar	21.4	73.3	5.3	16.0	58.0	58.0

7 Feature | Pay expectations

Weak pay growth expectations among broader workforce despite rising salaries for new hires

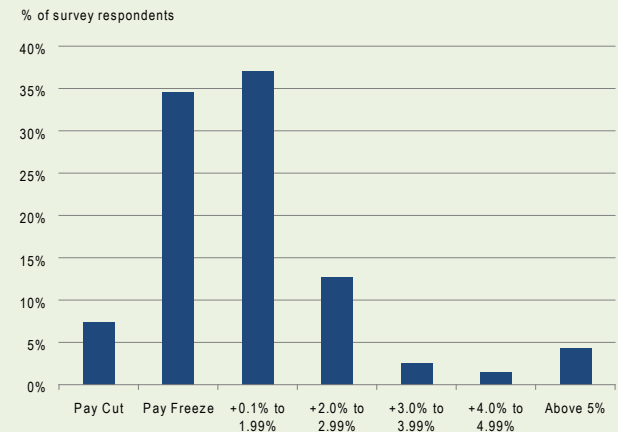
A survey of just under 1,000 (973) employees in March showed an ongoing lack of pay pressures in the economy at the end of the first quarter. The representative panel of British households, polled by IPSOS Mori on behalf of Markit, found that, while 58 percent of employees expect a pay rise in 2015, only one-in-five anticipate an increase of 2 percent or more. Just 8 percent anticipate a pay rise in excess of 3 percent.

Only 10 percent of public sector employees expect their pay to rise by more than 2 percent compared to 27 percent in the private sector. Meanwhile, just over one-in-three employees (35 percent) expect to see their pay frozen compared with 2014, while a further 7 percent expect their pay to be cut.

Taken in conjunction with survey evidence from the *Report on Jobs*, the findings suggest a divergence of pay pressures between those changing jobs and those staying in their current roles. The former group are frequently seeing higher salary offers, linked to skill shortages (see sections 5 and 6). However, people not changing jobs, constituting the majority of the workforce, are clearly struggling to negotiate higher pay, partly reflecting record low inflation.

UK pay expectations

Thinking about your income from employment for 2015 as a whole, and without taking into account the impact of tax changes, which of the following best describes your expected earnings?



Source: Markit



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The Recruitment & Employment Confederation (REC) is the professional body for the UK's £28.7 billion recruitment industry. The REC represents 3,349 corporate members who have branches across all regions of the UK. In addition, the REC represents 5,759 individual members within the Institute of Recruitment Professionals (IRP). All members must abide by a code of professional practice. Above all, the REC is committed to raising standards and highlighting excellence throughout the industry. Find out more on www.rec.uk.com.

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Recruitment Industry Survey

The monthly survey features original research data collected via questionnaire by Markit from a panel of 400 UK recruitment and employment consultancies. In 2010/11, some 1,049,333 people were employed in either temporary or contract work through consultancies and 604,193 people were placed in permanent positions through consultancies. Monthly survey data 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. Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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