

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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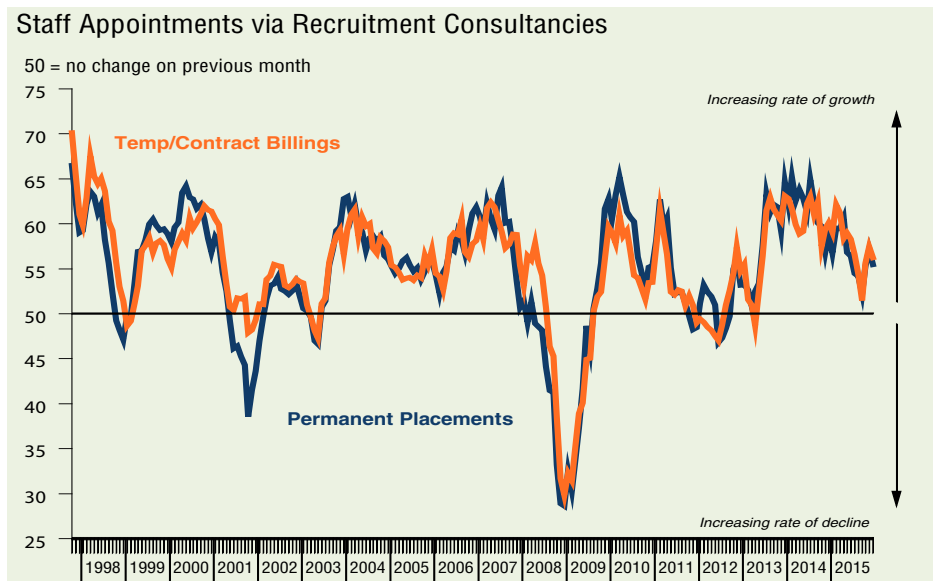
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Growth of staff appointments eases in December



Key points from the December survey:

- Slower rises in both permanent and temporary staff appointments
- Permanent salary growth moderates to 26-month low
- Candidate availability falls at weaker, but still marked, rate

Commenting on the latest survey results, Bernard Brown, Partner at KPMG, said:

“Hiring remained slow but steady during December, with businesses and candidates keen to complete negotiations before Christmas. We are beginning to see a shift away from short term, low risk hiring, with demand for permanent staff outpacing that for temporary workers. This indicates businesses’ confidence is steadily solidifying, leading to an increased willingness to make long term investments in their workforce.

“In the wake of several high profile breaches, companies are investing heavily in their cyber security teams and demand for IT specialists surged in December. This hiring boom has caused a skills shortage in the sector, with recruiters struggling to find enough candidates qualified in IT security to satisfy demand. Faced with such stiff levels of competition businesses need to rethink their recruitment strategy. As well as hiring talent to build up their in house defence capability, they need to upskill the staff they have, or risk losing them to a competitor more willing to make an investment in their careers.”

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 December are:

Growth of staff appointments eases

Although permanent staff placements continued to rise in December, the rate of growth cooled since November's seven-month peak. Temporary/contract staff billings also increased at a slower pace, with the latest rise also slower than the previous month.

Stronger rise in demand for staff

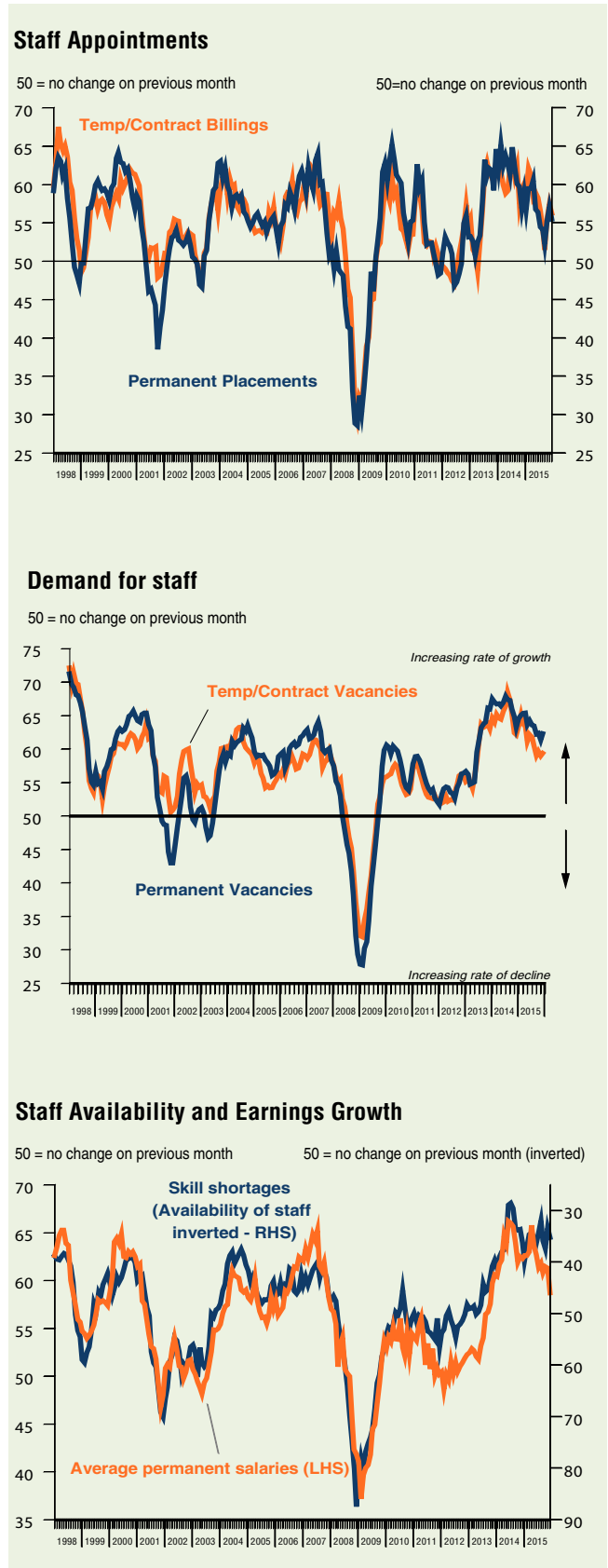
Vacancies increased at a sharp and accelerated rate in December. Demand for permanent staff continued to rise at a faster pace than that signalled for short-term workers.

Decline in candidate availability eases but still sharp

The availability of staff for both permanent and temporary/contract roles fell further in December. Although rates of contraction were slower than in November, they remained marked.

Pay pressures ease

Salaries awarded to staff placed in permanent jobs increased further in December. However, the rate of growth was the slowest in over two years. Temporary/contract staff hourly pay rates increased at the weakest pace in 21 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.

Recruitment consultancies indicated further growth of staff appointments in the final month of 2015. However, both permanent staff placements and temporary/contract staff billings increased at slower rates than in November.

Growth of permanent placements eases from seven-month high

The number of people placed in permanent jobs continued to increase in December. After accounting for expected seasonal factors, the index signalled that the rate of expansion remained solid, albeit slower than in November. Panellists commented on rising demand for staff and robust client confidence as factors underpinning the latest increase in placement volumes.

The South posted the fastest growth of permanent staff placements in December, while the slowest rise was seen in London.

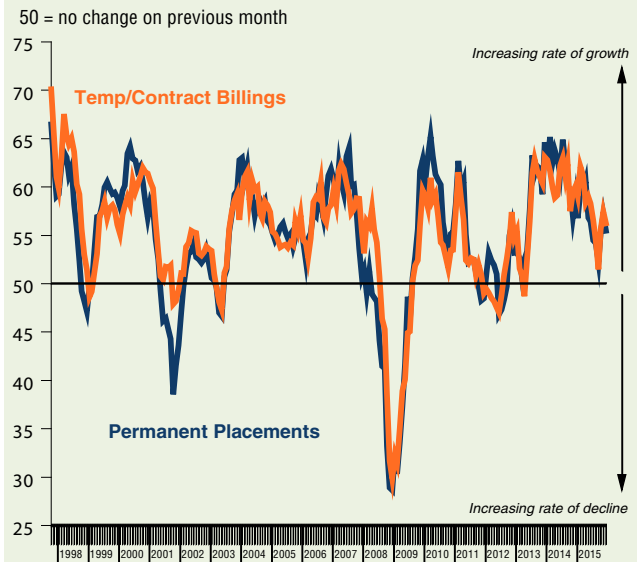
Temp billings growth eases slightly

Agencies' billings from the employment of temporary/contract staff rose further in December. The rate of expansion eased slightly from November's five-month high, but remained marked overall. Anecdotal evidence from the survey panel linked higher temp billings to rising activity levels at client companies.

Growth of short-term appointments was strongest in the Midlands during December, while London-based agencies noted the weakest rise.

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
2015 Jul	39.0	32.9	28.1	10.8	55.4	54.5
Aug	33.5	34.8	31.8	1.7	50.9	54.2
Sep	36.1	35.5	28.4	7.8	53.9	52.3
Oct	40.6	31.6	27.8	12.8	56.4	55.2
Nov	38.3	34.4	27.2	11.1	55.6	57.1
Dec	30.9	30.2	39.0	-8.1	46.0	55.5

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
2015 Jul	39.7	42.1	18.3	21.4	60.7	56.6
Aug	30.9	44.5	24.6	6.4	53.2	54.4
Sep	33.1	42.1	24.8	8.3	54.1	51.5
Oct	34.7	45.5	19.9	14.8	57.4	55.6
Nov	38.6	37.6	23.9	14.7	57.4	57.4
Dec	32.3	45.1	22.6	9.7	54.8	56.2

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.

Further marked rise in demand for staff

The Report on Jobs Vacancy Index posted 62.2 in December, up from 61.2 in November. The latest reading pointed to a strong and accelerated rate of expansion.

Permanent staff continued to record sharper growth of demand than temporary/contract workers, as has been the case throughout the past ten months.

Public & private sector vacancies

Demand for staff remained considerably stronger in the private sector than the public sector during December. The fastest overall increase was signalled for private sector permanent workers. In contrast, demand for public sector permanent staff fell further.

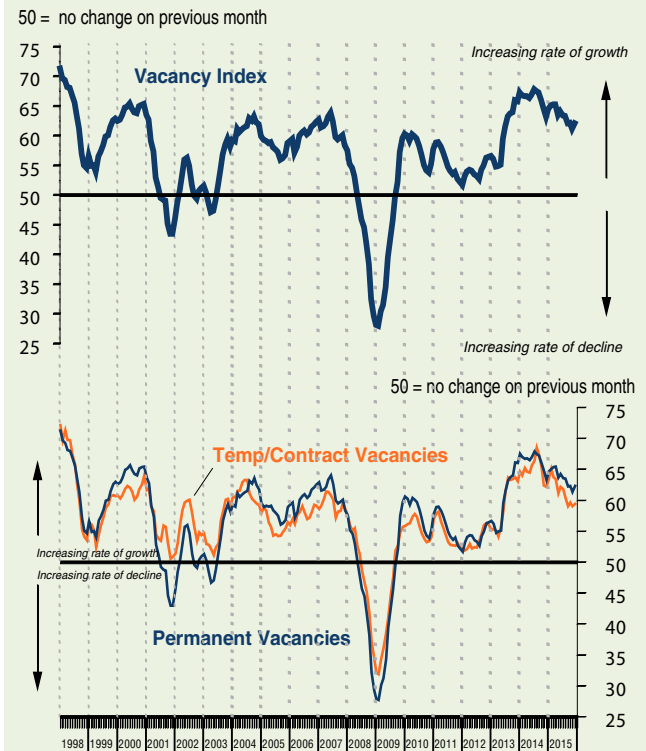
Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies rose 6.4% on an annual basis in the three months to November. That was up slightly from 6.3% in the three months to October.

Meanwhile, internet-based recruitment spending was up 4.6% on a year-on-year basis in the second quarter of 2015. This was down from 5.9% in the first quarter.

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'15	Sep	Oct	Nov	Dec
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	63.3	62.1	62.2	61.2	62.2
Permanent Staff	63.5	62.3	62.4	61.4	62.3
Temporary Staff	60.5	59.1	59.7	59.1	59.4

Public & private sector vacancies (not seasonally adjusted)					
Public: perm	50.4	49.2	50.4	45.9	48.7
Public: temp	55.8	54.4	53.4	52.2	51.1
Private: perm	66.1	66.2	66.7	64.9	63.0
Private: temp	63.6	61.1	62.2	62.0	62.7

Other key vacancy data					
Annual % change					
Job centre vacancies	9.2	8.5	6.3	6.4	n/a
Internet recruitment	4.6	--	--	--	--

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

December data signalled a broad-based rise in demand for permanent staff. The strongest growth was signalled for IT & Computing workers, just ahead of Executive/Professional and Accounting/Financial staff.

	This year		(Last year)	
	Rank	Dec'15	Rank	Dec'14
IT & Computing	1	65.8	(3)	(63.8)
Executive/Professional	2	65.6	(5)	(63.3)
Accounting/Financial	3	65.2	(2)	(64.4)
Secretarial/Clerical	4	62.8	(4)	(63.7)
Nursing/Medical/Care	5	59.9	(1)	(67.8)
Blue Collar	6	57.0	(7)	(58.8)
Engineering*	7	57.0	(8)	(55.6)
Hotel & Catering	8	54.8	(6)	(62.7)
Construction*	9	54.1	(8)	(55.6)

Temporary/contract staff

Hotel & Catering topped the demand for temporary/contract staff demand rankings during December. Demand rose for each of the other categories with the exception of Construction, where a marginal decline was signalled.

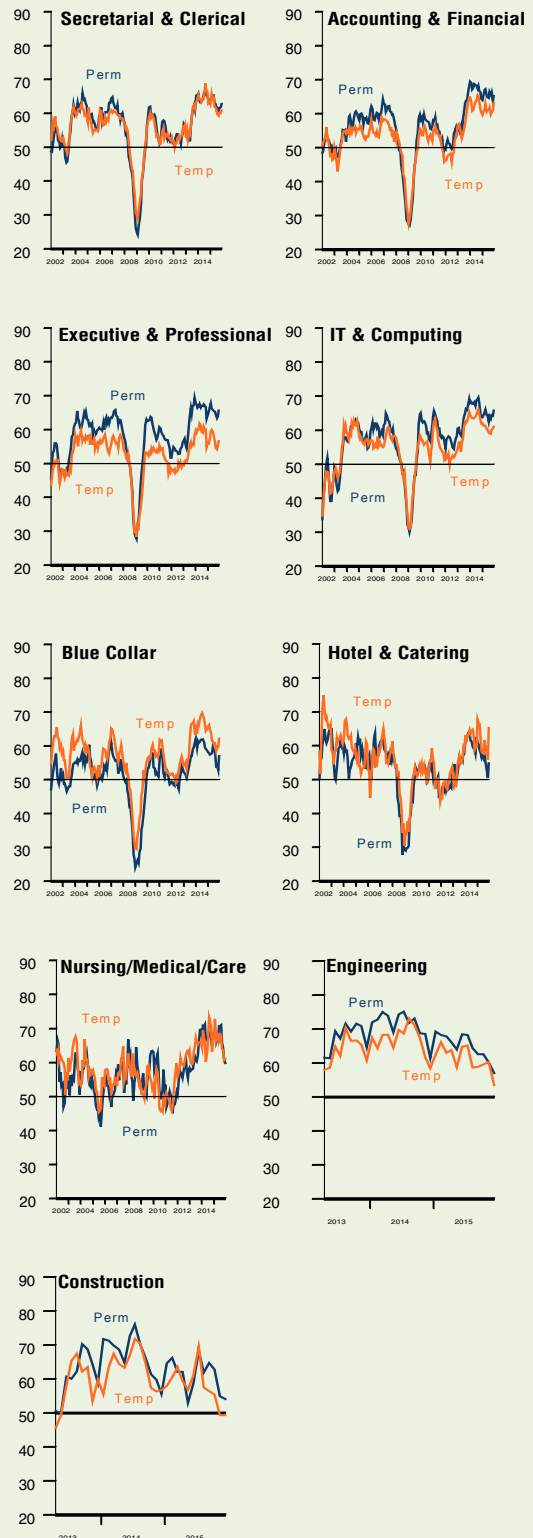
	This year		(Last year)	
	Rank	Dec'15	Rank	Dec'14
Hotel & Catering	1	65.3	(6)	(59.5)
Accounting/Financial	2	63.3	(5)	(60.4)
Blue Collar	3	62.2	(2)	(65.0)
Nursing/Medical/Care	4	61.1	(1)	(66.9)
IT & Computing	5	61.0	(4)	(62.0)
Secretarial/Clerical	6	60.9	(3)	(63.3)
Executive/Professional	7	56.6	(9)	(54.9)
Engineering*	8	53.5	(8)	(55.6)
Construction*	9	49.4	(7)	(56.7)

*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 roles continued to decline in December. Although remaining sharp, the rate of deterioration eased since November.

Lower permanent staff availability was recorded across each of the four monitored English regions, with the sharpest drop seen in the Midlands.

Availability of temp/contract staff

Temporary/contract staff availability fell further at the end of 2015. Although easing from November's 18-year record, the rate of deterioration remained considerable.

Mirroring the trend for permanent staff availability, the sharpest reduction in short-term candidate supply was reported by agencies in the Midlands.

Key permanent staff skills reported in short supply:*

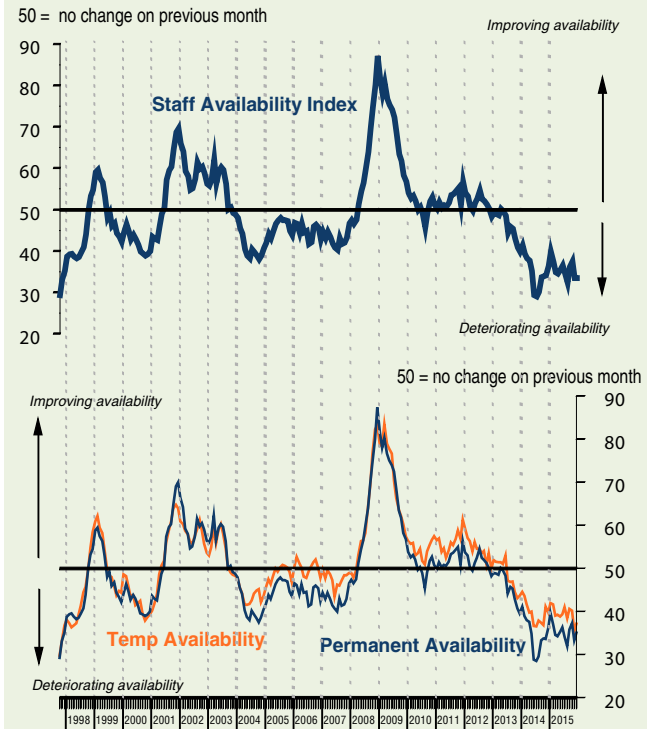
Accountancy/Financial: Accountancy, Audit, Compliance, Credit, Financial Planners, Paraplanners, Payroll, Risk. **Blue Collar:** HGV Drivers. **Construction:** Architects, Designers, Estimators, Project Managers, Quantity Surveyors. **Engineering:** Design Engineers, Rail, Revit. **Executive/Professional:** Business Development, Marketing, Legal, Project Managers. **IT/Computing:** AX, Business Intelligence, Developers, Digital Marketing, Gaming, IT Security, .Net, SQL, Web. **Nursing/Medical/Care:** Care Workers. **Secretarial/Clerical:** Administrators, PAs, Secretaries, Support Staff. **Other:** Call Centre, Customer Service, Garment Technologists, Sales, Social Media, Telesales.

Key temp skills reported in short supply:*

Accountancy/Financial: Accountancy, Audit, Compliance, Risk, Treasury. **Blue Collar:** Cleaners, HGV Drivers, Shop Floor. **Construction:** Labourers. **Engineering:** Architects, Design Engineers, Project Managers, Revit. **Hotels/Catering:** Chefs. **IT/Computing:** Java. **Nursing/Medical/Care:** Care Workers, Nurses. **Secretarial/Clerical:** PAs, Secretaries. **Other:** Call Centre, Customer Service, Laboratory Technicians, Telesales.

*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
2015 Jul	6.0	51.0	43.1	-37.1	31.5	34.2
Aug	7.2	43.3	49.5	-42.2	28.9	32.0
Sep	12.3	49.0	38.8	-26.5	36.7	35.8
Oct	12.4	51.4	36.2	-23.8	38.1	37.3
Nov	6.5	49.1	44.4	-37.9	31.0	33.3
Dec	6.9	51.3	41.8	-34.9	32.5	35.1

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
2015 Jul	11.6	54.2	34.2	-22.7	38.7	41.1
Aug	8.3	51.7	40.0	-31.7	34.2	38.5
Sep	12.5	54.5	33.0	-20.5	39.7	40.7
Oct	11.4	53.4	35.3	-23.9	38.1	40.2
Nov	10.9	48.1	41.0	-30.1	34.9	35.5
Dec	8.4	56.5	35.2	-26.8	36.6	37.2

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 candidates placed in permanent roles continued to rise in December. However, the rate of growth eased to a 26-month low. Around 21% of panellists reported higher salaries in the latest survey period, compared with approximately 6% that signalled a fall. Those panellists reporting higher salaries generally cited competition for scarce candidates.

All four monitored English regions registered higher salaries, with the South and the Midlands posting the strongest growth.

Temp/contract pay rates

Hourly rates of pay for temporary/contract staff increased further in December. Although easing to a 21-month low, the rate of growth remained slightly sharper than the survey's long-run average.

The Midlands led a broad-based rise in temp pay during the latest survey period.

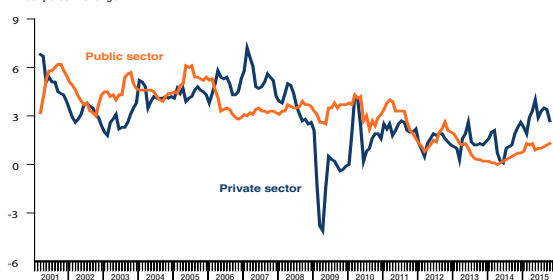
UK average weekly earnings

Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) eased to 2.4% in the three months to October. That was the weakest rate since the three months to March. Construction sector earnings continued to rise at a notably strong pace, however.

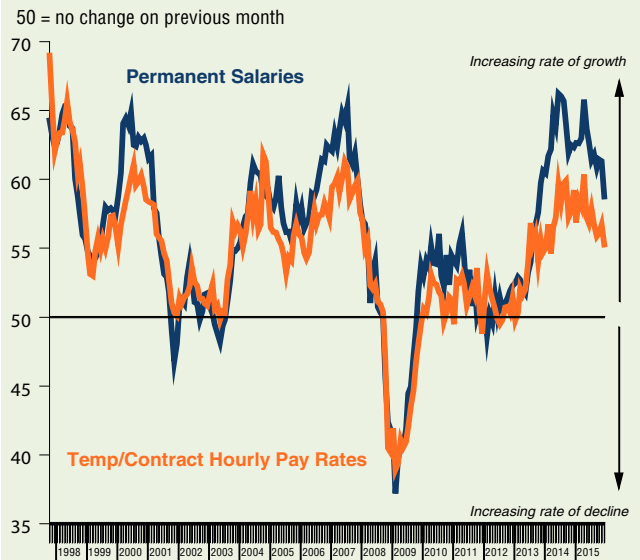
Yr/yr % chg in average weekly earnings (3mma)

	2012	2013	2014	Jul'15	Aug	Sep	Oct
Whole economy	1.4	1.2	1.2	2.9	3.0	3.0	2.4
Private sector	1.4	1.4	1.4	3.3	3.5	3.4	2.7
Public sector	1.6	0.9	0.3	1.0	1.1	1.2	1.3
Services	1.4	1.1	1.0	3.0	3.1	3.0	2.3
Manufacturing	1.8	2.3	2.2	1.5	1.7	1.5	1.5
Construction	1.0	0.3	0.9	5.0	5.2	6.2	6.1

Annual percent change



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
2015 Jun	31.4	63.5	5.1	26.3	63.2	62.7
Jul	30.9	64.5	4.7	26.2	63.1	61.4
Aug	26.1	71.9	2.0	24.2	62.1	61.8
Sep	25.8	71.0	3.3	22.5	61.3	60.9
Oct	24.8	72.9	2.4	22.4	61.2	61.5
Nov	25.1	71.7	3.2	21.9	60.9	61.3
Dec	20.6	73.1	6.3	14.3	57.2	58.7

Temporary/Contract Pay Rates

Q. Are average hourly pay rates for temporary/contract staff higher, the same or lower than one month ago?

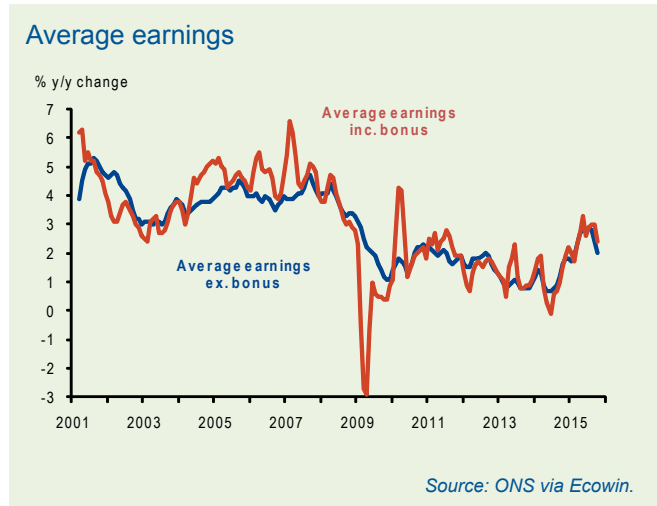
	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2015 Jun	17.0	78.4	4.6	12.5	56.2	56.8
Jul	20.0	75.7	4.3	15.8	57.9	57.9
Aug	16.4	80.7	2.9	13.5	56.7	56.7
Sep	16.9	79.4	3.7	13.3	56.6	55.9
Oct	22.3	72.4	5.3	17.0	58.5	56.1
Nov	18.7	77.7	3.6	15.1	57.6	56.7
Dec	12.1	82.3	5.6	6.5	53.2	55.3

7 Feature | Earnings growth

Earnings growth slows despite tight labour market

The UK labour market remained something of an enigma in October. Unemployment fell to a seven-year low but pay growth also eased, once again confounding expectations that a tightening labour market will inevitably drive wages higher. In fact, wage growth is slowing. Average weekly earnings excluding bonuses rose just 2.0% on a year ago in the three months to October, the slowest rate seen since February and down from 2.4% in the three months to September. Even including bonuses, the annual rate fell from 3.0% in the three months to September to 2.4%.

So why isn't headline pay growth accelerating? It's not because the average worker who stays in their job feels too insecure to ask for a pay rise. A survey of households in December showed job insecurity at the lowest since data were first collected in 2009. The possible answer is that the renewed weakness of pay growth reflects annual pay reviews that are linked to inflation. With inflation around zero, and even negative in some recent months, it's not surprising that pay reviews are having a dampening effect on wage growth. However, in some sectors, notably construction where there tends to be a high turnover of staff and where skill shortages are acute, the effect of the tightening labour market is more than offsetting the weakness of annual pay reviews, and average pay growth has accelerated in recent months.



KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 12,000 partners and staff. The UK firm recorded a revenue of £1.96 billion in the year ended September 2015. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 155 countries and has 174,000 professionals working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.



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 2013/14, 1,155,932 people were employed in either temporary or contract work through consultancies and 634,608 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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