

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 IHS Markit and sponsored by the Recruitment and Employment Confederation.

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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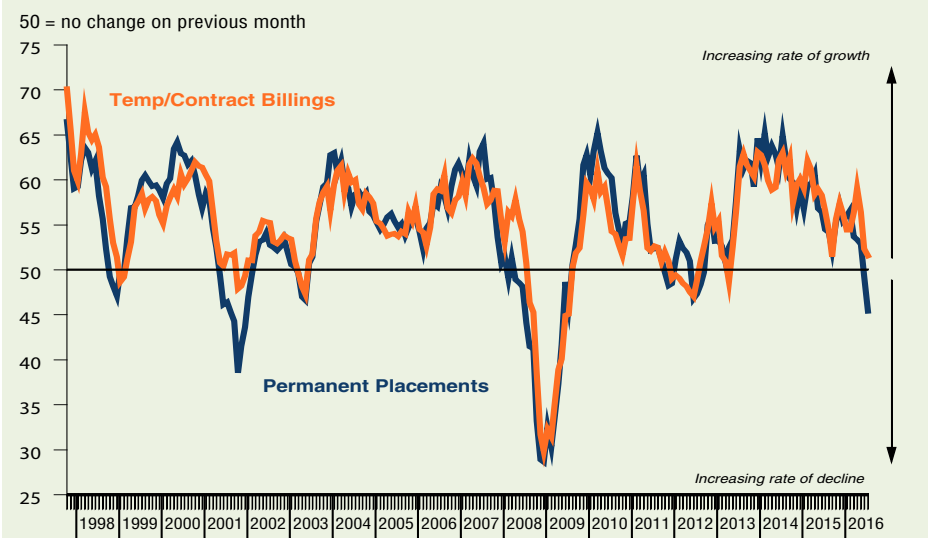
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Permanent placements fall at sharpest rate in over seven years

Staff Appointments via Recruitment Consultancies



Key points from the July survey:

- Marked drop in permanent appointments amid heightened uncertainty
- Temp billings continue to rise, but at slowest rate in ten months
- Permanent salaries increase at weakest rate in over three years

Commenting on the latest survey results, REC chief executive Kevin Green says:

“The UK jobs market suffered a dramatic freefall in July, with permanent hiring dropping to levels not seen since the recession of 2009. Demand for staff remains strong with vacancies continuing to rise, but the sharp fall in placements suggests that businesses are highly cautious about committing to new hires. Economic turbulence following the vote to leave the EU is undoubtedly the root cause.

“The record-high employment rate and ongoing skill shortages have made it difficult for employers to find suitable candidates for the roles available in the past, and this remains the case. We’re now seeing the added problem of individuals deciding to stay put rather than change jobs in the current environment.

“While there are worrying signs, it’s important we don’t jump to conclusions from one month’s data. The truth is we don’t know what long term consequences the referendum result will have on UK jobs; with the political situation becoming more stable and the Bank of England making sensible decisions, we may well see confidence return to the jobs market more quickly than anticipated.”

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 July are:

Permanent placements fall at steeper rate...

The number of people placed in permanent roles decreased for a second successive month in July. Moreover, the rate of contraction accelerated to the sharpest since May 2009, with panellists frequently citing Brexit-related uncertainty. A particularly marked impact was reported by consultancies based in London.

...while temp billings growth eases further

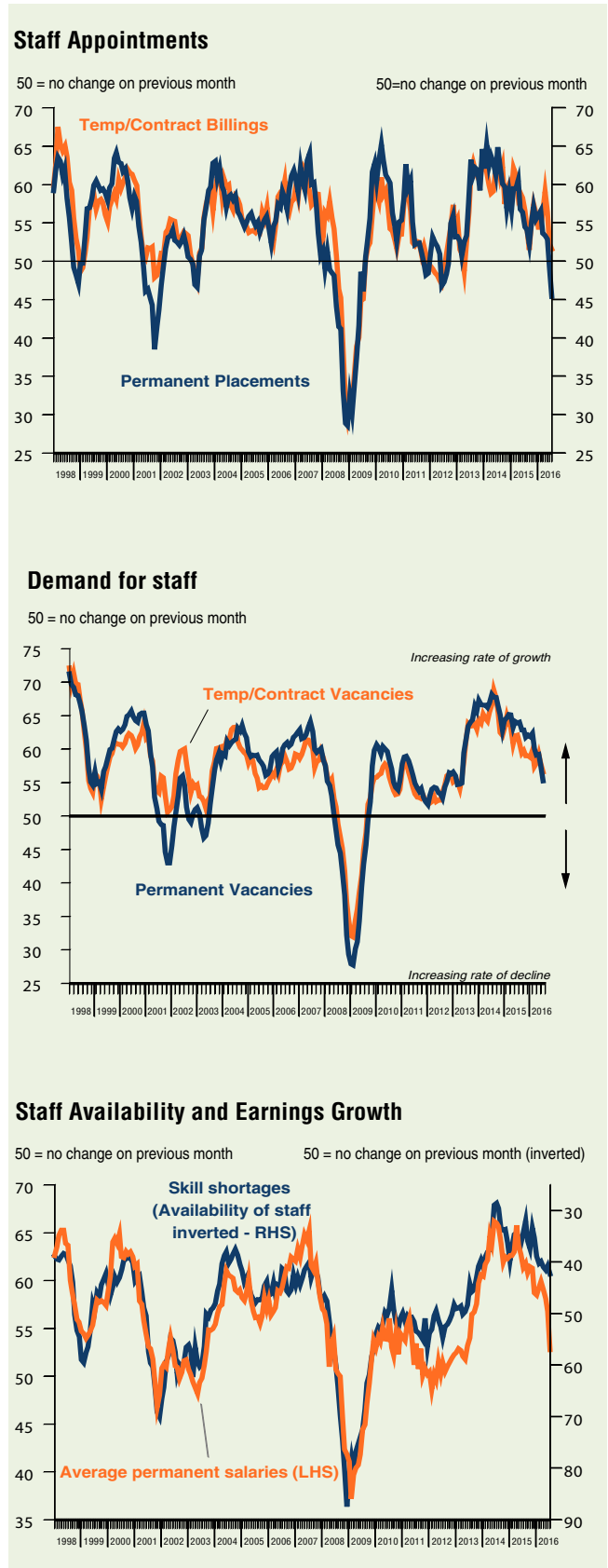
Temporary/contract staff billings continued to rise in July, with some panellists indicating that clients had shifted focus towards short-term staff amid an uncertain economic climate. However, the latest increase in billings was the weakest in ten months.

Permanent salaries rise at slowest rate in over three years

Starting salaries for successful permanent candidates increased further in July. That said, the rate of growth eased to a 38-month low. Temporary/contract staff pay meanwhile rose at the slowest rate since February.

Candidate availability remains tight

Permanent staff availability continued to fall in July. The rate of decline eased to the slowest since October 2013, although remained marked overall. Temporary/contract staff availability meanwhile decreased at the sharpest pace since February.



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 showed temporary/contract staff appointments holding up better than permanent placements during July, with the latter falling at an accelerated rate.

Permanent placements decline at sharper rate

Recruitment consultants signalled a reduction in the number of people placed in permanent jobs for the second month running during July. Moreover, the rate of contraction quickened to the sharpest since May 2009. Heightened uncertainty following the Brexit result was widely reported to have weighed on placement volumes. Some panellists also commented on difficulty finding high-quality candidates.

The most marked decline in placements was seen in London, while falls were also recorded in the Midlands, South and Scotland. Only the North saw a rise in placements (albeit the weakest in over three years).

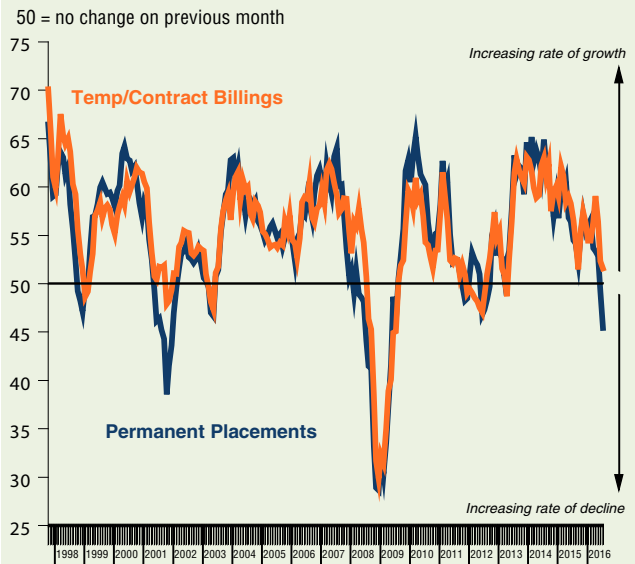
Growth of temp billings eases further

Agencies' temporary/contract staff billings continued to rise in July, although the rate of expansion slowed to a ten-month low. A number of panellists indicated that uncertainty following the EU referendum had prompted clients to seek short-term staffing solutions as an alternative to permanent hires.

Higher temp billings were recorded across all regions with the exception of London, where the rate of decline was the most marked in seven years.

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
2016	Feb	44.8	29.3	25.9	18.8	59.4	56.6
	Mar	37.7	35.9	26.3	11.4	55.7	53.7
	Apr	38.1	34.1	27.8	10.4	55.2	53.4
	May	37.1	31.5	31.4	5.7	52.9	52.9
	Jun	33.4	34.7	31.8	1.6	50.8	49.3
	Jul	28.1	34.0	37.9	-9.8	45.1	45.4

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
2016	Feb	32.5	44.6	22.9	9.5	54.8	54.4
	Mar	38.6	46.8	14.6	24.0	62.0	56.4
	Apr	34.9	43.7	21.4	13.4	56.7	59.1
	May	35.3	42.3	22.4	12.9	56.5	56.4
	Jun	32.3	46.3	21.4	10.9	55.4	52.3
	Jul	34.3	41.1	24.7	9.6	54.8	51.6

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.

Vacancy growth eases further

Demand for staff continued to rise in July, but the rate of expansion slowed again. At 55.4, down from 57.6 in June, the Report on Jobs Vacancy Index pointed to the weakest growth in over three years.

Permanent and temporary staff both saw slower rises in demand during the latest survey period.

Public & private sector vacancies

Growth of demand remained stronger for private sector roles than those in the public sector during July. Private sector temporary workers again registered the fastest increase overall.

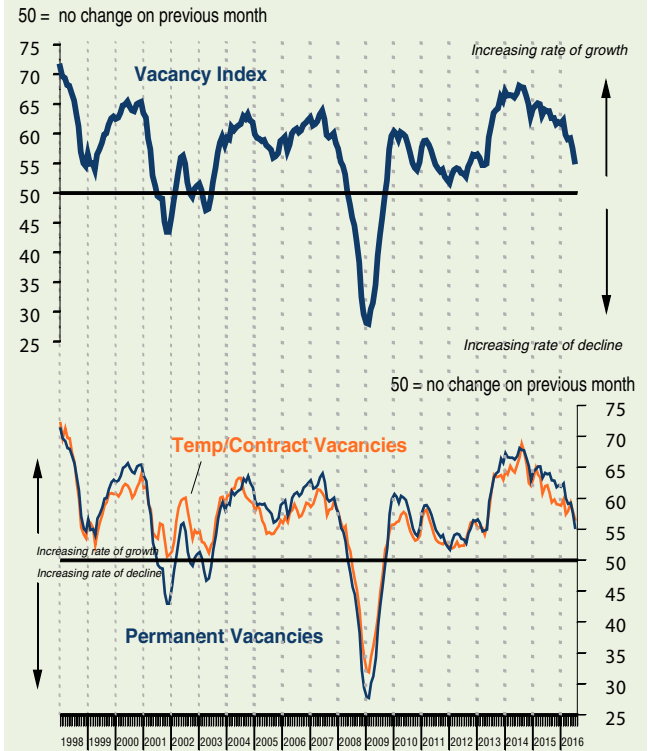
Other vacancy indicators

Latest official data from the Office for National Statistics (ONS) signalled that vacancies rose 2.2% on an annual basis in the three months to June, down slightly from the 2.3% pace seen in the three months to May.

Internet-based recruitment spending fell -6.7% on a year-on-year basis in the final quarter of 2015. This was the first drop since the third quarter of 2012. Moreover, the rate of decline was the sharpest in six years.

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

	Mar'16	Apr	May	Jun	Jul
Job Vacancy Index (recruitment industry survey)					
50 = no change on previous month					
Total	59.9	59.1	59.3	57.6	55.4
Permanent Staff	60.1	59.2	59.3	57.6	55.3
Temporary Staff	57.4	57.9	59.3	57.9	56.6

Public & private sector vacancies (not seasonally adjusted)

Public: perm	48.6	48.7	50.7	50.4	51.5
Public: temp	53.8	50.7	52.0	53.0	50.3
Private: perm	66.2	60.9	62.0	58.6	56.2
Private: temp	60.6	60.1	61.9	63.2	58.2

Other key vacancy data

Annual % change					
Job centre vacancies	1.9	2.0	2.3	2.2	n/a
Internet recruitment	-6.7	--	--	--	--

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

Nursing/Medical/Care was the most in-demand category for permanent staff during July. On the other hand, Construction workers saw a decline in demand for their services, albeit modest overall.

	This year		(Last year)	
	Rank	Jul'16	Rank	Jul'15
Nursing/Medical/Care	1	56.8	(1)	(69.7)
IT & Computing	2	56.7	(6)	(63.3)
Engineering*	3	56.6	(2)	(68.3)
Executive/Professional	4	56.4	(4)	(66.0)
Accounting/Financial	5	55.9	(5)	(64.9)
Blue Collar	6	54.5	(8)	(58.5)
Hotel & Catering	7	54.2	(9)	(55.9)
Secretarial/Clerical	8	53.2	(7)	(62.0)
Construction*	9	48.4	(2)	(68.3)

Temporary/contract staff

Mirroring the trend seen for permanent staff, Nursing/Medical/Care was the most sought-after category for short-term employees during July. The slowest growth was signalled for Executive/Professional staff.

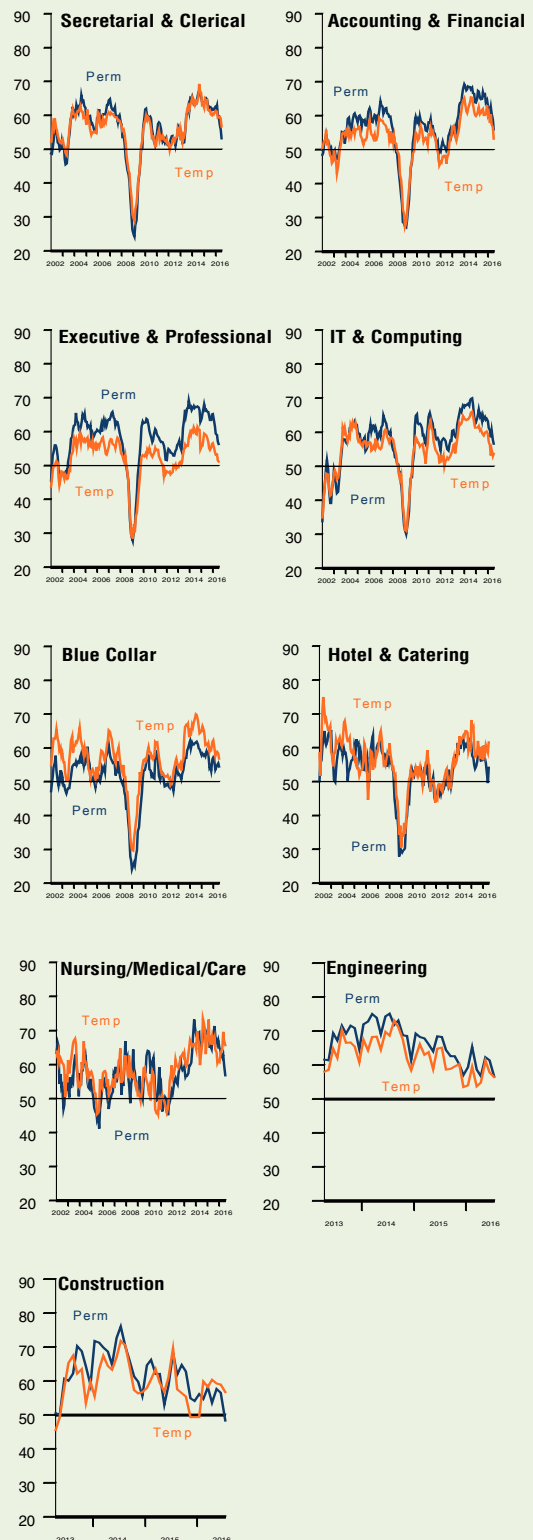
	This year		(Last year)	
	Rank	Jul'16	Rank	Jul'15
Nursing/Medical/Care	1	65.7	(2)	(67.2)
Hotel & Catering	2	61.6	(8)	(58.6)
Blue Collar	3	56.8	(6)	(60.8)
Secretarial/Clerical	4	56.8	(5)	(61.5)
Construction*	5	56.7	(1)	(69.6)
Engineering*	6	56.5	(3)	(65.1)
IT & Computing	7	53.7	(7)	(59.7)
Accounting/Financial	8	53.2	(4)	(61.7)
Executive/Professional	9	51.2	(9)	(58.4)

*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

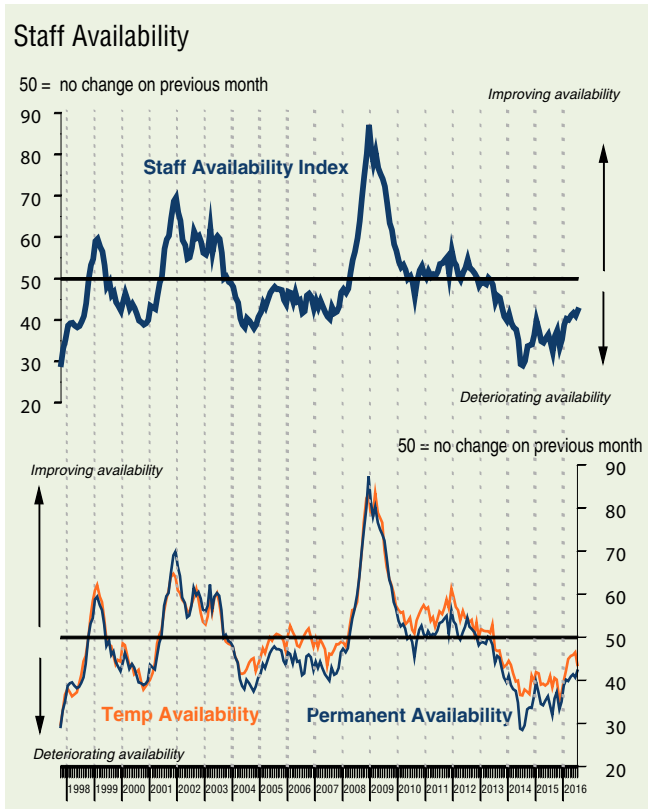
The availability of candidates for permanent roles continued to fall in July. That said, the rate of decline eased to the slowest since October 2013. In some cases, panellists indicated that candidates were reluctant to move as a result of Brexit-related uncertainty.

Permanent candidate availability fell across all monitored regions, with agencies based in the North reporting the sharpest decline.

Availability of temp/contract staff

Temporary/contract staff availability deteriorated further in July, continuing the trend seen throughout the past three years. Moreover, the latest fall was the sharpest since February.

The drop in temporary/contract staff availability was broad-based across the English regions, with Scotland bucking the trend in seeing a further rise (the strongest since early-2012).



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
2016 Feb	15.5	55.7	28.8	-13.4	43.3	40.2
Mar	9.1	58.9	32.1	-23.0	38.5	39.9
Apr	12.4	58.7	28.9	-16.5	41.7	40.9
May	10.9	59.0	30.1	-19.2	40.4	41.5
Jun	9.7	57.8	32.5	-22.8	38.6	40.7
Jul	11.7	53.1	35.2	-23.5	38.2	42.3

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
2016 Feb	16.4	61.7	21.9	-5.6	47.2	42.3
Mar	15.4	58.8	25.9	-10.5	44.7	45.0
Apr	13.5	63.1	23.4	-9.9	45.1	45.7
May	12.0	64.6	23.3	-11.3	44.3	46.0
Jun	16.3	59.1	24.6	-8.3	45.8	46.5
Jul	10.6	61.2	28.2	-17.6	41.2	43.6

Key permanent staff skills reported in short supply:*

Accountancy/Financial: Accounts, Finance. **Blue Collar:** HGV Drivers. **Construction:** Estimators, Project Managers. **Engineering:** Design Engineers. **IT/Computing:** Business Analysts, Digital Marketing, Embedded Software, Java, .Net, SQL, Web Developers. **Secretarial/Clerical:** Admin, Legal Secretaries. **Other:** Languages, Sales, Teachers, PR.

Key temp skills reported in short supply:*

Accountancy/Financial: Accounts, Finance, Payroll. **Blue Collar:** Forklift Drivers, HGV Drivers, Production Operatives, Warehouse, Welders. **Construction:** Carpenters, Trades, Painters & Decorators. **Engineering:** CNC Machinists. **Engineering:** Rail. **Hotels/Catering:** Chefs. **IT/Computing:** Developers. **Other:** Teachers.

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

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

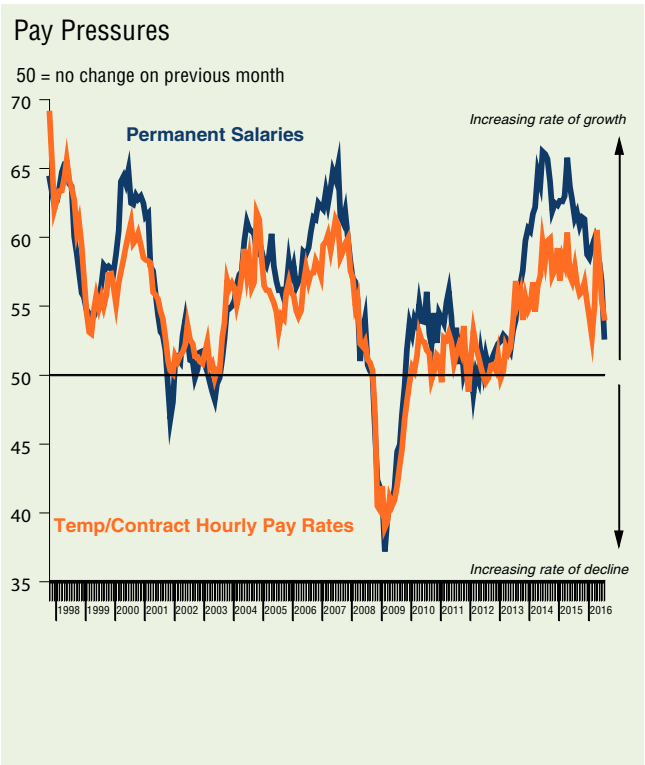
Average starting salaries for candidates placed in permanent jobs continued to rise in July. Where an increase in salaries was recorded (at around 13% of panellists), this was generally linked to shortages of qualified candidates. However, the rate of salary growth eased to the slowest in 38 months.

Consultancies based in the North registered the strongest rise in permanent staff salaries, while the weakest increase was seen in London.

Temp/contract pay rates

Hourly rates of pay for staff in temporary/contract employment increased further during July. That said, the rate of temp pay growth eased to a five-month low.

Midlands-based agencies signalled the strongest temp pay growth, while those in the South reported the weakest increase.



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
2016 Jan	19.4	75.3	5.3	14.1	57.0	58.5
Feb	22.9	72.2	5.0	17.9	59.0	59.3
Mar	24.5	70.9	4.5	20.0	60.0	59.9
Apr	26.0	68.8	5.2	20.8	60.4	59.1
May	22.0	74.2	3.8	18.2	59.1	58.2
Jun	17.3	78.9	3.7	13.6	56.8	56.8
Jul	13.4	80.4	6.2	7.3	53.6	52.8

Temporary/Contract Pay Rates

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

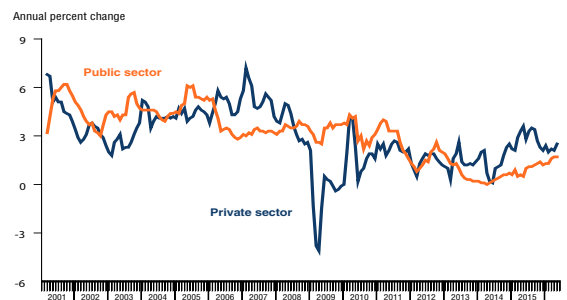
	Higher %	Same %	Lower %	Net +/-	Index	S.Adj. Index
2016 Jan	13.4	79.0	7.6	5.8	52.9	54.2
Feb	11.1	82.7	6.1	5.0	52.5	52.8
Mar	16.1	79.5	4.4	11.7	55.9	55.1
Apr	24.3	71.6	4.1	20.2	60.1	60.5
May	19.7	75.4	5.0	14.7	57.3	58.2
Jun	15.7	77.9	6.4	9.4	54.7	55.5
Jul	12.7	82.5	4.8	7.8	53.9	54.2

UK average weekly earnings

Data from the Office for National Statistics indicated that annual growth of employee earnings (including bonuses) accelerated to 2.3% in the three months to May 2016. Private sector earnings growth quickened to a seven-month high of 2.5%, whereas that in the public sector was unchanged at 1.7%.

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

	2013	2014	2015	Feb'16	Mar	Apr	May
Whole economy	1.2	1.2	2.5	1.9	2.0	2.0	2.3
Private sector	1.4	1.4	2.9	2.0	2.2	2.1	2.5
Public sector	0.9	0.3	1.0	1.3	1.6	1.7	1.7
Services	1.1	1.0	2.6	1.6	1.7	1.6	1.9
Manufacturing	2.3	2.2	1.3	1.7	1.7	1.7	2.2
Construction	0.3	0.9	4.3	8.1	8.3	8.2	8.3



7 Feature | Household finances

Workplace activity and job security perceptions hit in wake of Brexit vote

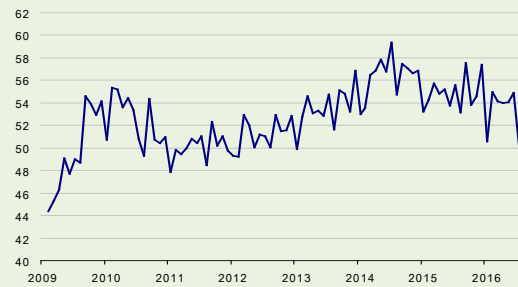
Workplace activity fell for the first time in over four years during July, following the 'leave' result in the EU referendum. Though only modest, the rate of decline was the quickest since March 2011. IHS Markit's Household Finance Index™ (HFI™) showed that activity decreased in the private sector for only the second time in three-and-a-half years, while the rate of expansion slowed in the public sector.

The drop in activity appeared to affect employees' sentiment towards their job security in July. Households were more worried than at any time since August 2013.

Despite the worsening trends in workplace activity and job security, households reported that their income from employment rose for the fourth month in a row. Furthermore, the pace of salary inflation picked up to a survey-record high. Notably, the lowest income earners saw their wages increase at the fastest rate in the series history. Whether the improved trend in income can be sustained in the face of a likely slowdown in economic growth is questionable however, and the upturn may well prove to be short-lived.

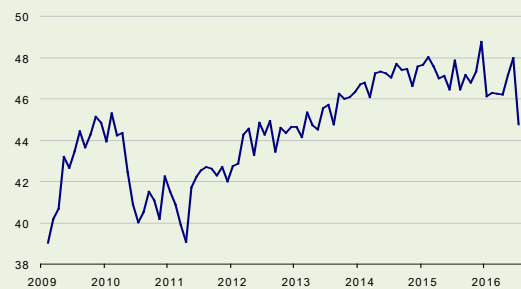
Workplace activity

HFI workplace activity index (all respondents)



Job security

HFI job security index (all respondents)



Source: IHS Markit.



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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Website: ihsmarkit.com

Recruitment Industry Survey

The monthly survey features original research data collected via questionnaire by IHS Markit from a panel of 400 UK recruitment and employment consultancies. In 2014/15, 1,197,928 people were employed in either temporary or contract work through consultancies and 633,992 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. IHS 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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