



WHEALE · THOMAS · HODGINS · PLC

Executive Resourcing

13 Berkeley Square, Clifton, Bristol BS8 1HG
Telephone: 0117 927 2311 Fax: 0117 927 2315 E-mail: wth@wth.co.uk

Market Update – June 2006

UK Economy



The recent fluctuations in the Stock Market make this an interesting time for economic forecasters, companies and investors alike. Shedding not a little light on the issues, Sir Stephen Nickell, a member of the Bank of England's Monetary Policy Committee, recently said: "There are always two views: one is the world is going fine; the other is that everything is going to hell. And the stock market veers from one to the other without any particular logic to it." So now you know. Back to the facts; despite some wobbles, trading on the London Stock Exchange set new records during May with average daily value of trades reaching a new high of £7.6 billion, up 107 per cent on May 2005. During May, there were five IPOs on the Main Market raising £1.2 billion between them and 31 IPOs on AIM during the month, which raised a total of £1.2 billion.

However the picture is not all rosy. Many businesses may have been hearing about the bullish start to 2006 but they are yet to feel the benefits of it themselves. For most of us part of the reason is that many of the economic indicators referred to in media reports are predictors of future activity. For example increasing numbers of mortgages approved do not in themselves show that there is increasing house price inflation; they do indicate a risk that house price inflation will occur if the trend continues and other factors do not intervene to dampen the rising trend. Economists from the Government and Bank of England use the longer term activity indicators to ensure that they are proactively managing the economy. As a result the media tends to report fears of rampant growth and rising house price inflation as if they were reality when in fact they are simply possible future scenarios which the powers that be are working to avoid.

Meanwhile the split in the economy between the service and manufacturing sectors continues. Many areas of the service sector are still relying on consumer spending which appears to have cooled – perhaps reflecting the UK economy's position at the bottom of a four year cycle. The May CBI Regional Trends Survey showed a steady increase in orders for manufacturers in many parts of the country but the sharp decline in jobs in this sector continued. The recent strengthening of sterling is increasing the price of exports at the same time as making imports cheaper and making it less and less likely that the Bank of England will cut interest rates to ease the burdens on manufacturing.

Recruitment Market



On the back of this mixed picture of growth and tightening the recruitment market is variable. There are many excellent candidates in the £50,000-£150,000 bracket across most disciplines but not enough vacancies to fill the demand. On the other hand WTH has seen a reasonable start to 2006 particularly in the food, high tech, financial services, healthcare and construction sectors. Much of this recruitment activity is being fuelled by investment, making companies bring in new talent to drive the growth needed to justify investors' commitment.



WHEALE · THOMAS · HODGINS · PLC

Executive Resourcing

13 Berkeley Square, Clifton, Bristol BS8 1HG
Telephone: 0117 927 2311 Fax: 0117 927 2315 E-mail: wth@wth.co.uk

Age and experience



New legislation is coming into force on 1 October 2006 which will outlaw discrimination on the grounds of age but are companies ready for it? To implement the legislation, not just as a piece of HR policy but throughout the business, will be a major task for many businesses. Let's be honest, many of us have a fairly fixed idea of who might fit into a particular role in our businesses. We have got used to being open minded on gender, race and many other areas but in the past so many roles have been recruited for on the basis of age and/or experience that it is going to be a very hard habit to break. The new legislation covers areas such as:

- Retirement age – should it be fixed, flexible or abolished altogether?
- Recruitment
- Pay rates, bonuses and benefits
- Progression, promotion and performance assessment
- Access to training
- Redundancy

WTH is advising clients on how to comply with the new legislation as it affects recruitment and compensation and benefits. The main change in profiling and advertising is to cut out short-hand terms such as "10 years experience of..." and instead focus on what someone with the right level of experience should be able to do. The benefits to the employer of doing this are that they will have the best pool of talent available to them and will be compliant with the law so avoiding threats of legal action.

Further information is available through the Employers' Forum on Age which has many useful publications and a very useful specimen recruitment application form. See www.efa.org.uk/publications.

Survey



At WTH we are always seeking to improve the way we work. Enclosed is a quick survey we are undertaking to gauge views on what we are doing right and where we can improve. We would be very grateful if you could take a minute to fill this out and return it to us in the envelope enclosed.

Candidates

Given the current market condition, WTH have an excellent database of candidates based in the South/South West seeking new roles in Finance, Marketing, HR, Operations and General Management.

We also have a number of excellent candidates looking for their first/next NED post, many of these also have equity to invest in a business opportunity.