

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Permanent placement growth slows, but remains robust

Key points:

- Slower, albeit still sharp, upturn in permanent staff appointments
- Further reductions in candidate availability
- Job vacancies continue to increase

Summary:

The Report on Jobs: Midlands contains original data from the survey of recruitment and employment consultants in the Midlands. The report is designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

Midlands sees strongest upturn in permanent placements of all regions

Permanent staff appointments in the Midlands rose for the twentieth straight month in March. Despite softening from February, the rate of expansion was sharp and the strongest of all five UK areas monitored by the survey. In many cases, recruitment consultancies linked growth to greater job vacancies. Slower increases in permanent placements were also recorded in three other regions, with London bucking the trend and posting an accelerated rise that was the most marked in four months.

Agencies' billings received from the employment of short-term staff continued to grow at the end of the first quarter, thereby stretching the current period of expansion to over six years. Having picked up from February, the pace of increase was sharp and above the UK average. Two other areas covered by the survey likewise saw quicker rises in temp billings, namely Scotland and the South of England. Slowdowns were evident in the North of England and in the capital.

Demand for short-term workers in the Midlands improved to a greater extent in March. In fact, the upturn was the strongest registered on a regional basis. At the other end of the rankings was London, where temp vacancies rose at the slowest pace of all five tracked localities. Growth of permanent positions in the Midlands softened, but remained substantial and above its long-run average. A softer increase was also noted in the North of England, with accelerations evident elsewhere.

Downturn in permanent candidate supply eases

As has been observed on a monthly basis for almost five years, permanent candidate supply in the Midlands deteriorated at the end of the first quarter. Anecdotal evidence suggested that accountants, drivers, engineers and sales professionals were highly sought after in March. The rate of contraction in overall permanent staff availability softened to the slowest in one year, however, and was the second-weakest of the five monitored regions. The slowest drop was seen in London and the sharpest in the South of England.

March data showed another monthly decline in temp supply across the Midlands. Although the weakest since last November, the rate of reduction was the fastest of all UK regions. Recruitment consultancies in the Midlands reported difficulties in filling short-term positions in care, accountancy, engineering and a range of blue collar vacancies.

Starting salaries rise at softer rate

Shortages of suitable candidates to fill permanent positions continued to push up starting salaries in the Midlands. March saw a slowdown in the rate of pay growth, but inflation remained above the average for the survey's over 20-year history and was broadly in line with that registered at the national level. Slower increases were also noted in London and Scotland.

The steepest rise was again seen in the South of England, where the rate of salary inflation picked up to a five-month high.

Temp pay rates increased further in the Midlands during March, with the rate of wage inflation climbing to a four-month high. Around four times as many panellists indicated higher hourly pay rates as those that reported a reduction. The sharp rise in temp pay across the Midlands was stronger than the UK average and slower only than those noted in the capital and in Scotland.

Comment:

REC director of policy Tom Hadley says:

“Permanent placements are growing month on month as demand for staff remains high. More people are entering employment, but it doesn’t make up for the shortfall of candidates for many roles, from cyber security and aerospace through to sewing machinists and drivers.

“As a result, employers are increasing starting pay to draw candidates away from current roles into new positions. Growth in pay for temporary roles especially is accelerating. In hospitality, demand for temporary staff is really high, but businesses have had fewer applicants from the EU since the Brexit vote. Employers are working hard to make themselves attractive to UK nationals, but they will still need temporary roles to be filled by EU nationals post-Brexit and the government must allow for this.

“Candidates planning to move jobs have a strong chance of getting a pay rise. With inflation outstripping pay growth for over a year now, high pay offers will be tempting, as the pressure on starting salaries still isn’t translating into pay rises for staff who stay put. Employers need to look at other means to keep staff, such as creating a good workplace culture and offering progression opportunities.”

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Note to Editors:

The Report on Jobs: Midlands is based on data compiled from monthly replies to questionnaires sent to around 100 recruitment and employment consultancies across the East Midlands and West Midlands regions. The consultancies are drawn from IHS Markit's UK Report on Jobs panel.

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.

All Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

About the Recruitment & Employment Confederation

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