

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Permanent placement growth climbs to one-year high

Key points:

- Permanent placement growth in the Midlands fastest of all monitored regions
- Availability of candidates for permanent and short-term vacancies worsens further
- Wages and salaries continue to rise sharply

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.

Growth of permanent appointments hits 12-month high

Recruitment agencies in the Midlands noted a further marked increase in the number of candidates placed in permanent job roles in December. Panel members linked growth to expanding client bases. The rate of expansion accelerated from November to the fastest observed throughout 2017. Furthermore, permanent placements in the Midlands increased at the fastest pace of all five monitored regions. The upturn across the UK as a whole remained strong in December, accelerating to a four-month high.

Billings received from the employment of temporary/contract staff in the Midlands continued to rise in December. Despite easing slightly from November, the rate of expansion remained strong and above the UK average. Respondents generally attributed the upturn to new contracts. Meanwhile, billings from temp/contract placements increased across the UK. The rate of expansion eased slightly from the previous month but remained marked. London experienced the fastest rate of growth out of the five monitored regions.

Growth of demand for permanent staff in the Midlands remained robust in December, despite easing slightly from November. Furthermore, for the second successive month, the rate of expansion was the fastest across the UK. The upturn in demand for temporary candidates in the region was also the quickest of the five areas monitored.

Decline in permanent candidate availability eases

The availability of candidates willing to undertake permanent job roles in the Midlands fell further in December, with panellists largely blaming this on skill shortages and geographic challenges. The rate of deterioration eased to the slowest since June, but remained sharp. Candidate availability for permanent jobs in the UK declined, with the rate of contraction the quickest in three months. The pool of suitable candidates for permanent positions fell at the fastest pace in Scotland, whereas London saw the slowest reduction.

Recruitment consultancies based in the Midlands reported a further steep decline in the availability of temp/contract workers during December. In fact, the rate of contraction accelerated and was faster than that observed across the UK as a whole. Agencies reported shortages of accounting, blue collar, construction, engineering and secretarial candidates. Falls in staff availability were also noted in the other four monitored regions. The sharpest drop was registered in London.

Wages and salaries continue to increase sharply

Average starting salaries for permanent staff rose in the Midlands in December. Survey panellists reportedly increased starting salaries in order to attract new candidates. The rate of pay growth remained strong, but softened to a six-month low and was below the average for the UK. In fact, the

Midlands observed the slowest pace of inflation of all monitored regions. By region, the most pronounced upswing in average salaries was recorded in the South of England.

Contract pay in the Midlands continued to rise in December. As was the case with permanent salaries, temp/contract pay growth slowed at the end of the year. That said, the rate of increase remained above the UK average. Increases in temp pay were noted across all five monitored regions in December, subsequently leading temp wages to rise across the UK as a whole. Furthermore, the rate of inflation picked up at the end of 2017, to reach a three-month high.

Comment:

Kevin Green, REC Chief Executive says:

“The number of people finding jobs via recruiters is growing, even while the overall employment rate is plateauing. This suggests that more employers are turning to recruiters to help them fill vacancies as candidate availability continues to fall and recruiting good people becomes that much harder.”

“Nursing and medical staff remain the most in demand for temporary roles across the UK – further evidence of the strain the NHS is feeling on filling vacancies. Recruiters are reporting a vast number of job areas that employers are finding hard to fill including, welders, van drivers and, for the first time, baristas.”

“Employers as a response to these candidate shortages are offering increased starting salaries to attract staff but while this has been the case for some time it isn’t translating into significant wage growth across the economy yet.”

“Early in the New Year, people often think about changing jobs, so employers are going to have to think carefully about how they can both retain existing capabilities and find the new hires they need as competition for people intensifies. Bosses should consider going to wider talent pools and to be inventive about how to improve their employer brand and make themselves an even more attractive place to work.”

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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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