

## News Release

**MARKET SENSITIVE INFORMATION**  
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### Report on Jobs: Midlands

#### Permanent staff appointments increase at stronger pace

##### Key points:

- Growth in permanent placements in the Midlands outstrips UK average
- Both permanent and temp candidate availability continues to shrink
- Temp pay increases at strongest pace in over two years

##### 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.

##### Permanent placements rise further

May survey data indicated a further rise in the number of permanent placements in the Midlands. Furthermore, the upturn was more marked than that observed in April and remained above the average for the UK as a whole. According to recruiters, increased customer volumes was behind the overall improvement. Permanent placements increased across all five monitored regions for the eighth month running. The pace of expansion eased across the UK as a whole, as decelerations in the South of England and the North of England offset accelerations elsewhere.

Temp billings continued to rise in the Midlands midway through the second quarter. The rate at which candidates were placed into temporary roles accelerated from the prior survey period to a four-month high. Furthermore, the pace of growth in the Midlands outstripped the UK average. Stronger demand for temp staff was behind the sustained increase, according to panel members. Additional

candidates were also placed into temp roles in the other four monitored regions. Furthermore, rates of increase accelerated in four out of the five localities, the exception being the South of England where the upturn eased slightly. Consequently, temp billings increased at the fastest pace for five months at the UK level.

May saw demand for permanent candidates strengthen in the Midlands, with growth climbing to a six-month high. Demand for temporary candidates also increased with the upturn the quickest of all five monitored regions. Permanent vacancies increased at a faster pace than that observed across the UK as a whole.

##### Pool of candidates for permanent positions shrinks further

Recruitment agencies in the Midlands reported a further decline in the number of candidates available to fill permanent roles in May. Survey respondents reported that skill shortages were partially to blame for the sustained contraction. Having accelerated from April, the rate of decrease was marked, the fastest observed in six months, and stronger than the UK average. Candidate numbers likewise shrunk in the other four monitored regions, with the strongest decrease observed in London.

May survey data signalled a contraction in the availability of temp staff in the Midlands. The rate of decline was strong, having quickened from the previous survey period, and faster than that observed across the UK as a whole. As was the case with permanent candidate availability, panel members frequently mentioned that skill shortages was the key factor behind the decrease in temp candidates. Similarly, temp supply contracted in the remaining four areas of the UK. The pace of decline for the UK as a whole accelerated from April to the fastest observed since November last year.

## Permanent salaries continue to increase

Starting salaries for permanent staff increased further in the Midlands midway through the second quarter. Furthermore, the rate of pay inflation accelerated to a four-month high, despite being below the UK average. Anecdotal evidence often linked higher starting pay to efforts to attract suitable employees as the candidate pool shrank. Recruitment agencies recorded a sharper rise in starting salaries for permanent positions across the UK during May. In fact, pay inflation strengthened across all five monitored regions, with the most marked rise observed in the North of England.

May survey data signalled a further increase in contract pay in the Midlands. Higher demand for staff fuelled wage inflation, according to panel members. Having accelerated from April to a 25-month high, the rate at which temp wages rose was substantial and the most marked out of the five monitored UK regions. The rise across the UK as a whole remained strong, despite easing slightly from April.

### Comment:

**REC director of policy Tom Hadley says:**

*“Despite growth in demand for staff this month, we have seen another severe drop in staff availability. Whilst it is encouraging to see a rise in staff appointments for permanent and temporary staff, indicating that employers are feeling confident in making hiring decisions, a lack of candidates remains a major challenge for recruiters - particularly in areas like nursing, engineering, manufacturing and IT. Staff shortages are becoming business critical in many of these key sectors.*

*“Because of the lack of candidate availability we are seeing employers paying higher salaries to attract the right people. This is only part of the solution, with employers also having to think about providing a more flexible working environment and progression opportunities. With skills needs and candidate expectations continuing to evolve, employers are having to radically re-imagine their hiring procedures. Government can help by ramping up the UK skills base and ensuring a balanced and evidence-based immigration system.”*

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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.

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