

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Starting salaries increase at fastest rate since November 2015

Key points:

- Midlands sees sharper rise in starting salaries
- Permanent placements rise at weakest rate in 19 months, amid marked fall in staff availability
- 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.

Permanent placements rise modestly in September

Latest data signalled a weaker rise in permanent placements in the Midlands, with the rate of growth easing for the second successive month. Notably, the increase was the softest seen among all four monitored English regions and well below the average seen across the UK as a whole. Permanent staff placements also expanded at a slower pace at the national level. Softer growth reflected weaker rises in all four English regions except London, where permanent appointments increased at the fastest rate since May 2017.

Recruitment agencies in the Midlands continued to signal a marked rise in temporary billings in September. Furthermore, the rate of expansion was the fastest for four months, and the quickest of the four monitored English regions. Anecdotal evidence suggested the acquisition of new clients and strong demand for staff drove the upturn. Temporary billings across the UK as a whole expanded at a slightly stronger rate at the end of the third quarter, reflecting steeper increases in three English regions. The only area to signal a weaker expansion was the North of

England.

Growth in permanent job vacancies in the Midlands eased for the second month running in September, though the increase remained sharp overall. The pace of expansion in temporary vacancies also softened. Moreover, demand for short-term staff rose at the weakest rate for two years, with growth also below the UK average.

Marked fall in permanent staff availability

Recruitment consultancies based in the Midlands reported a further decline in the availability of permanent staff, extending the current sequence of deterioration that began in April 2013. Overall, the supply of permanent candidates fell at the quickest rate for four months and at a faster pace than the UK average. A steeper rate of contraction was also seen in the South of England, while London and the North of England registered softer falls. At the UK level, permanent staff supply fell to the least marked extent since March.

The availability of temporary workers in the Midlands also contracted in September. The rate of decline remained strong, despite easing to the least marked in 16 months. However, the pace of decrease was slower than the UK average. The availability of temp workers decreased at a faster rate across the UK as a whole, reflective of sharper deteriorations in the South of England and London. Conversely, the Midlands and the North of England recorded softer falls in the supply of temp workers.

Strongest rise in starting salaries since November 2015

Greater competition for candidates and efforts to attract skilled workers was linked by panellists to the latest rise in starting salaries. The pace of pay inflation quickened to a near three-year record and was above that seen across the UK as a whole.

Moreover, the rate of increase was the second-strongest of the four monitored English regions (behind the South of England). Starting salaries rose at an accelerated pace across the UK, with the rate of inflation at a near three-and-a-half year high. Faster rises in pay were seen in three of the four monitored English regions, with only the North of England registering a softer increase.

The rate of temp pay inflation across the Midlands softened in September, with the pace of increase easing to the weakest since the start of the year. That said, the rate of inflation remained sharp overall. Temp wage inflation quickened from August's five-month low at the UK level, according to the latest data. London registered the quickest increase in short-term pay, while the weakest rise was seen in the North of England.

Comment:

Neil Carberry, Chief Executive at REC says:

“UK businesses are resilient, but they’re struggling to find the people they need to drive growth and opportunity. Recruiters’ specialist skills help to address this, but with Brexit looming a comprehensive mobility deal with the EU will be needed to underpin prosperity. Higher skills investment, driven by a reformed apprenticeship levy, will also be essential.”

“An effective approach to post-Brexit immigration must acknowledge that there is unmet need for roles of all sorts - not just those filled by the very highest earners. Keeping deliveries going, patients being treated and goods on the shelves means an open approach to workers from elsewhere. Businesses understand the need for control - but this is not in conflict with openness to those who come to contribute.”

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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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