

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Growth in staff appointments remains sharp in August

Key points:

- Midlands sees strongest growth in staff appointments of all UK regions
- Temp pay growth reaches 16-month high
- Candidate availability drops at fastest pace for a year-and-a-half

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.

Temp billings growth joint-highest for 19 months

August survey data pointed to a sharp rise in temp billings in the Midlands. Moreover, the rate of growth was the joint-highest for just over a year-and-a-half (on par with May 2017), and the strongest of all monitored UK regions. The Midlands was, in fact, the only region to register a faster rate of expansion, as temp billings growth slowed in London, Scotland and the North of England, and was unchanged (at a three-year high) in the South of England. Overall, temp billings grew sharply at the UK level, with the pace of increase matching July's 29-month record.

Recruitment consultancies in the Midlands signalled a further increase in permanent staff placements during August. Notably, the pace of expansion remained sharp, despite softening slightly since July. The rate of growth was also the strongest of all five monitored UK regions. Permanent staff appointments expanded at a slightly weaker rate at the UK level, with slower increases also recorded in London and the North of England.

The number of permanent staff vacancies in the

Midlands continued to increase in August, and to the greatest extent for 18 months. At the same time, recruitment consultancies also saw a steep increase in short-term staff vacancies midway through the third quarter. However, rates of demand growth for both permanent and temporary workers in the region were slightly below those seen for the UK as a whole.

Quickest drop in permanent candidate numbers for 18 months

Permanent staff availability in the Midlands fell for the fifty-second successive month in August. Furthermore, the rate of deterioration was the sharpest recorded since February 2016. Permanent staff availability also fell at steeper rates in London, Scotland and the South of England. At the national level, permanent candidate numbers fell at a slightly sharper rate than in July.

Latest survey data signalled that short-term candidate availability in the Midlands fell at an accelerated rate in August. As was the case for permanent workers, the rate of reduction was the sharpest seen for 18 months, and the strongest of all UK regions. Nonetheless, sharper rates of contraction were also noted elsewhere, leading temp labour supply at the UK level to deteriorate at the quickest pace for 20 months.

Temp pay growth accelerates to 16-month high

Growth in temp pay accelerated across the Midlands midway through the third quarter. Notably, the latest upturn was the quickest since April 2016 and the strongest of all monitored UK regions. Short-term pay rates also rose sharply in the remaining four UK regions.

The rate of permanent starters' salary inflation softened slightly in the Midlands during August, but remained sharp overall. That said, the rate of

increase remained below that seen at the UK level. Slower increases in starting salaries were also registered in the North of England and Scotland, while London and the South of England noted faster rates of inflation. At the UK level, starting salaries increased to the greatest extent since October 2015.

Comment:

Kevin Green, REC Chief Executive says:

“As this month’s report clearly shows, employers are increasingly turning to recruitment agencies as it becomes harder to find the people to fill the jobs available. There are two trends at play. Businesses are seeking more professional and managerial capability, so we’re seeing high demand for roles like financial directors, analysts, and compliance and HR professionals. Meanwhile, there is a significant shortage of people to fill blue collar roles such as drivers, electricians, and construction workers, and this is being exacerbated by a fall in net migration from the EU.

“In many areas of the jobs market candidate supply cannot meet demand. Employers are having to offer more money to secure the people with the skills they need. While the working population in general has experienced a pay squeeze, there are clearly opportunities now to earn more by moving jobs.

“This is good news for individuals, but businesses will be concerned about the sustainability of this trend. Businesses can only grow if they have access to the people and skills they need. It is essential that the government recognises this by developing an evidence-based immigration system that will support the economy.”

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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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