

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Permanent placements and temporary billings rise at faster rates

Key points:

- Sharp increase in staff appointments
- Permanent starting salaries continue to rise markedly...
- ... as demand for permanent staff reaches 13-month record

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 in permanent placements strengthens

After easing to a seven-month low in February, growth in permanent placements in the Midlands accelerated to a sharp pace in March. Notably, the latest increase was stronger than the long-run series average and faster than that seen for the UK as a whole. Permanent staff appointments also rose in the other four monitored regions. The upturn was led by the South, while the weakest increase was noted in London. Across the UK as a whole, growth in permanent placements weakened slightly from February's one-year high, but was solid overall.

Temp billings received by recruitment agencies in the Midlands continued to increase in March. Furthermore, the rate of expansion picked up markedly from February's recent low and was the second-steepest in ten months. Growth in temp billings also gathered pace across the UK as a whole, but was weaker than that seen for the Midlands. Temp billings also rose at quicker rates in the North, London and Scotland, but growth weakened in the South.

Growth of demand for staff in the Midlands remained

robust in March. The number of permanent vacancies increased at the sharpest rate in 13 months. Demand for short-term staff also rose markedly in the region, despite the rate of expansion weakening slightly from February's 18-month record. In both cases, demand increased at similar rates to those seen for the UK as a whole.

Softest fall in permanent candidate availability since July 2016

The supply of permanent candidates in the Midlands continued to decline in March, thereby extending the current trend to 47 months. Although the rate of reduction eased to the weakest since last July, it remained sharp overall. Candidate numbers also declined across the UK as a whole, and at a faster pace than that seen in the Midlands. Across the remaining four regions, staff availability declined at faster rates in London and the North, while slower contractions were noted in Scotland and the South.

Agencies based in the Midlands reported a further steep reduction in temporary/contract staff availability in March. Furthermore, the rate of deterioration was the quickest seen in five months and faster than the UK average. The supply of temp labour also fell at faster rates in the North and London. The South and Scotland were the only regions to register weaker declines in short-term staff availability. At the national level, temp availability worsened to the greatest extent since January 2016.

Further sharp rise in starting salaries

Permanent starting salaries in the Midlands continued to rise in March. Salaries have now increased for four successive years. Furthermore, the rate of inflation was little-changed from February's eight-month high and slightly stronger than the UK average. The other four monitored regions also noted robust increases in starting salaries, with the strongest rate of inflation recorded in the South.

Contract pay in the Midlands continued on an upward trend at the end of the first quarter. The rate of pay growth was sharp, despite softening to the weakest in five months. Moreover, the rate of wage inflation in the region was stronger than that seen for the UK as a whole. Temp pay rates also rose at

weaker rates in the South, the North and London. Scotland was the only region to record a faster increase in contract pay. At the UK level, the rate of wage inflation weakened to a pace that, though solid, was the slowest in four months.

Comment:

REC Chief Executive Kevin Green says:

“Finding people to do the jobs on offer is rapidly becoming employers’ biggest headache and many are reporting an increasing number of white collar jobs as hard to fill, including in the IT and financial sectors.

“Shortages of appropriately skilled, willing and able candidates was a problem before the referendum. Our concern is that Brexit will make the problem worse, particularly if onerous restrictions are imposed on people coming from the EU to work.

“Also, economic uncertainty about future prospects is having a detrimental effect on employees’ willingness to risk a career move at this time, which seems to be driving down candidate availability. Our data shows London and the South, where financial services jobs are concentrated, as particularly suffering from low candidate availability for permanent job vacancies.

“This shrinking talent pool of available candidates means that businesses are boosting the starting salaries and hourly rates they are prepared to offer to the right candidate. So for job hunters willing to move roles at the moment, there are financial rewards on offer – especially it seems in finance, IT and other management and office-based professional roles.”

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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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