

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Further expansion in permanent placements during April

Key points:

- Growth of permanent staff appointments strongest on regional basis
- Availability of candidates continues to deteriorate
- Temp wage inflation accelerates to two-year high

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 continue to increase at marked pace

Permanent placements in the Midlands continued to rise during April. Although the pace of decline eased from March, it remained marked. The upturn was also the fastest observed across the five monitored regions for the third month in a row. A number of recruitment agencies linked the sustained increase to new clients and stronger demand for staff. The number of people placed into permanent positions increased in each of the five monitored UK regions during April. In fact, three areas experienced faster rates of growth, the exceptions being the Midlands and London. As a result, there was a slower pace of expansion across the UK as a whole, though one that remained marked.

April saw a further increase in temp billings, with the pace of expansion broadly similar to the one recorded from March. Furthermore, the upturn was faster than that seen across the UK as a whole.

Anecdotal evidence suggested that a greater number of new contracts was behind temp billings growth in the region. For the fourth month in a row, temp billings rose across all five regions covered by the survey. Across the UK as a whole, temp billings expanded at a quicker rate than in March.

Demand for permanent staff in the Midlands increased at the quickest rate observed in 2018 so far. Moreover, the rate of expansion surpassed the UK average at the start of the second quarter. Meanwhile, demand for temp staff continued to rise during April. Despite softening from March, the rate of growth remained strong and above the average observed across the UK.

Downturn in permanent candidate supply eases

The pool of available candidates for permanent roles in the Midlands shrunk again at the start of the second quarter, extending the current sequence of decline to five years. Respondents largely attributed the ongoing fall to a shortage of skilled workers. Despite remaining marked, the rate of contraction softened slightly from March and was the slowest observed of all five monitored UK regions. The rate at which staff availability shrunk across the UK as a whole was the quickest observed in three months.

Latest survey data signalled a sustained drop in the availability of temp workers in the Midlands during April. A lack of experienced workers and stronger candidate demand for permanent roles influenced the contraction, according to panellists. Despite easing from March, the rate of decrease remained faster than that observed across the UK as a whole. The supply of temp workers across the UK as a whole contracted in April, and to a greater extent than that observed in the prior survey period. In fact, faster rates of decline were also observed in three other monitored regions, the sole exception being the North of England where a slowdown was registered.

Starting salaries rise at sharper rate

April saw starting salaries for permanent workers increase in the Midlands. In fact, salary inflation accelerated at the start of the second quarter from the three-month low observed in March. A greater number of senior roles, combined with a lack of suitable candidates, reportedly underpinned pay inflation in the region. Starting salaries awarded to permanent staff increased in a broad-based fashion at the start of the second quarter. The most pronounced upswing was recorded in the South of England, despite a slowdown in salary growth.

Contract pay continued to increase in the Midlands during April. Notably, temp wage inflation quickened from March to a two-year high, outstripping the average observed for the UK as a whole. April saw wage inflation strengthen across the UK, as temp pay also increased at quicker rates in three other regions. The exception was London, where average starting salaries rose at the same rate as in March.

Comment:

REC director of policy Tom Hadley says:

"Following the recent headlines about high street closures, it's unsurprising to see demand for retail staff falling this month. With consumers increasingly shopping online, it's a good time for retail workers to think about how their skills translate into other areas within the business - for example, recruiters say there's huge demand for staff in IT, and there is also a shortage of order pickers and packers. Helping people make career transitions will become increasingly important in this fast changing business and employment landscape.

"Demand for staff is still on the rise in every other sector, but candidate availability keeps dropping. Our data shows that employers are paying more to attract the right people into their vacancies. For individuals, now is a good time to look for a new job, as you are in a strong position to negotiate higher pay.

"For employers, the challenge is to stay ahead of the competition to maintain and enhance your workforce. This is about more than just pay, it is about providing progression opportunities and a positive workplace culture. As recruitment gets harder the only solution for employers is to get better at attracting and retaining the right skills and staff."

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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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