

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Midlands

Temp billings increase at sharpest rate in eight months at start of 2017

Key points:

- Temp billings rise at sharpest rate since May 2016...
- ...while permanent placement growth eases to five-month low
- Permanent salaries increase at slowest rate in four months

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 eases to five-month low

Permanent appointments in the Midlands rose at the slowest pace in five months at the start of 2017. However, the rate of expansion was still stronger than the long-run series trend and greater than the UK-wide average.

Growth in temp billings accelerated to an eight-month high in January. Moreover, the rate of expansion outpaced that seen at the UK level, reversing the trend seen in the previous survey period.

Permanent candidate appointments across the UK as a whole rose at the slowest pace in four months at the start of 2017. Out of the five UK regions covered by the survey, the North of England registered the sharpest growth, followed by the Midlands. Meanwhile, Scotland was the only region to record a contraction, the fourth in as many months. Temp billings across the UK increased at a marked, albeit slightly slower, pace in January. This reflected strong expansions in all five monitored UK

regions, led by the North of England.

Growth in demand for permanent staff in the Midlands accelerated to an 11-month high in January. Nevertheless, the rate of increase was weaker than the UK average for the first time since June 2016. Meanwhile, demand for temp staff rose at the quickest rate in 16 months, and one that was sharper than the UK-wide average for the seventh month running.

Permanent candidate availability falls at quicker pace

Permanent candidate availability in the Midlands declined at the quickest rate since October 2016, and one that outpaced the UK average. However, the rate of decrease was weaker than the average over the current 45-month sequence of contraction.

Temporary candidate availability in the Midlands contracted at the weakest rate since September 2016 in January. Nevertheless, the rate of decline was quicker than the UK average for the fourth consecutive month.

Permanent staff availability across the UK as a whole declined at a slightly quicker pace during January. Four out of the five surveyed regions registered softer falls, with only the Midlands noting a quicker decline in permanent staff availability. Meanwhile, temp candidate availability at the UK level fell at the weakest rate in three months. This reflected softer declines in the Midlands, the South of England, the North of England and London. Temp availability was unchanged in Scotland.

Salary growth slowest since September 2016

Permanent salary inflation in the Midlands eased to a four-month low at the start of 2017. The rate of increase was slower than the average over the current 46-month sequence of inflation and weaker than the UK-wide trend for the first time in nine

months.

Temp pay in the Midlands rose at the slowest rate in three months during January. Despite this, the rate of temp wage inflation was stronger than the UK average for the seventh consecutive month.

Permanent salaries across the UK as a whole increased at the sharpest rate since April 2016. The

South of England, London and Scotland all noted stronger rises in permanent salaries. On the other hand, UK temp pay rose at a slower rate at the start of 2017. Most regions noted slower increases in temp pay rates, with the only exception being London, where temp wages rose at the sharpest pace in nearly two years.

Comment:

REC Chief Executive Kevin Green says:

“Employers are crying out for people to fill vacancies. Recruiters say that fewer candidates are available in all regions, and this is dampening jobs growth.

“If businesses can’t find the people they need they will outsource abroad, automate activity or shut up shop, resulting in fewer jobs available to UK nationals.

“The NHS is already in turmoil because it doesn’t have enough staff and the government’s decision to prioritise immigration control over the economy in their EU negotiations means that finding candidates will become yet more difficult in the future.

“We agree that more can be done to encourage under-represented groups into work, including disabled people, single parents and older workers. But the idea that this will resolve the talent shortage is pie in the sky.”

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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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