

## News Release

**MARKET SENSITIVE INFORMATION**  
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## Report on Jobs: Midlands

### Firms continue to raise starting salaries to attract candidates

#### Key points:

- Salary inflation for permanent candidates climbs to two-year peak
- Temp billings growth fastest in 25 months
- Candidate pools for both permanent and temporary workers continue to shrink

#### 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 at start of the year

Although permanent candidate placements in the Midlands continued to increase at a solid pace at the start of 2018, the upturn eased from December. In fact, the rate of expansion softened to an 11-month low and was below the UK average. Recruitment agencies reported that appointments' growth was the result of planned expansions on the client side. The number of people placed in permanent positions in the UK increased, with the rise widespread across the five monitored regions.

Recruitment consultancies in the Midlands reported a further expansion in the number of people placed into temporary job roles in January. Moreover, the rate of increase was steep, the fastest observed since December 2015 and above the average for the UK as a whole. Evidence linked the rise to a greater number of contract wins. Temp billings in the UK increased again in January, albeit at the weakest pace since last March.

The number of permanent job vacancies in the Midlands continued to rise strongly in January. Though vacancies increased at a slightly slower pace than in the previous survey period, it remained above the UK-wide average. Demand for short-term staff in the Midlands also rose further in January. As was the case with permanent vacancies, the upturn in temporary job openings was quicker than noted across the UK as a whole.

#### Supply of permanent candidates falls at slower pace

The supply of permanent candidates in the Midlands continued to decrease at the start of 2018, extending the current sequence of decline to 57 months. Anecdotal evidence attributed the fall to a lack of candidates in specific areas. January data signalled a sustained drop in the availability of candidates for permanent roles in the UK, with contractions again noted across the five monitored regions. Rates of decline remained sharp and accelerated in all regions bar the Midlands.

January jobs data signalled a sustained decline in the availability of short-term candidates in the Midlands. Agencies linked the fall to a reduction in the number of unemployed people as well as a lack of candidates with skills in certain areas. Furthermore, the rate of contraction was steep and the fastest since last October. The supply of labour for temporary positions was also down in the other four regions monitored at the start of 2018.

#### Permanent salary inflation accelerates to two-year high

The sustained increase in starting salaries for permanent jobs in the Midlands gathered pace at the start of the year, amid reports of skills shortages. The rate of inflation accelerated to a two-year high, thereby outstripping the average for the UK as a

whole. In fact, the Midlands registered the fastest pace of increase across all monitored regions. The pace of permanent starters' salary inflation accelerated across the UK in January, with pay increasing at faster rates across four out of the five regions.

As was the case with permanent salaries, temp pay rates rose at a solid and stronger pace in the Midlands in January. Jobs data signalled that shortages of candidates exerted upward pressure on wage inflation. The rate of increase was above the average for the UK. Temporary wage rates increased in the UK at the start of the year, although at a softer pace compared to the previous survey period. In fact, the rate of inflation was the joint-slowest in ten months.

#### Comment:

#### Kevin Green, REC Chief Executive says:

*"We are seeing a continued rise in jobs filled via recruiters as it gets more challenging for businesses to find candidates. The UK has almost full employment and the country is plagued by labour, skills and talent shortages. This increasing competition for good quality staff is driving up starting salaries with employers willing to pay higher wages to attract the right people. So, it's a good time to move jobs, especially as employers aren't increasing wages for their existing workforce."*

*"It's reassuring that demand for permanent staff remains strong despite the economic uncertainties. However, there is a slight slowdown in the growth of temporary placements across the UK. This could be an early sign that employers are hesitating."*

*"The struggle to find appropriate candidates will get worse. We are therefore asking for a balanced and evidence-based immigration system. Businesses urgently need to invest in the upskilling of their workforce. The government can help by turning the Apprenticeship Levy into a broader training levy. It's time they put the concerns of UK businesses at the top of their agenda."*

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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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