

Report on Jobs: Midlands



The *Report on Jobs: Midlands* is a monthly publication produced by Markit and sponsored by the Recruitment and Employment Confederation and KPMG LLP.

The report features original survey data which provide the most up-to-date monthly picture of recruitment, employment, staff availability and employee earnings trends in the Midlands.

Regional reports are also available for London, the South of England and the North of England. Survey data are designed to complement, and are directly comparable with, the UK Report on Jobs.

1 Staff appointments / Vacancies

2 Staff availability

3 Pay pressures

4 Regional comparisons

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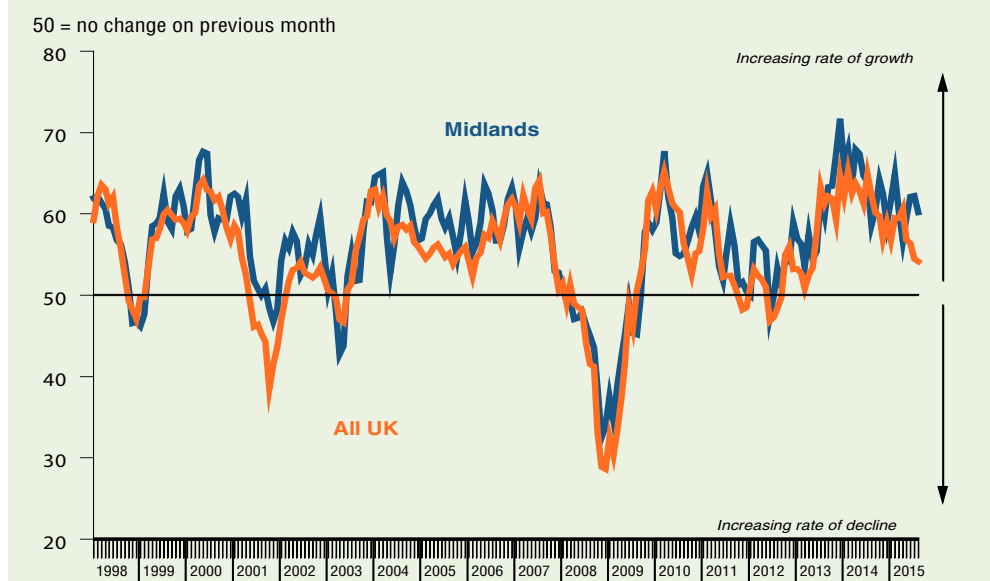
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Both permanent and temp staff availability fall at fastest rates since March

Permanent Placements via Recruitment Consultancies



Key points from August survey:

- Permanent and temp candidate availability both decline at sharper rates
- Marked increases in both permanent appointments and temp billings
- Permanent starting salaries and temp pay rise, although at weaker rates

Mike Steventon, Midlands Regional Chairman at KPMG, comments:

"With permanent and temporary staff availability both sharply declining in August, and at the highest rate of any UK region, Midlands employers are facing an on-going battle to employ the talent they need. And when we focus on the detail, it is clear some sectors are suffering more than others. Both permanent and temporary engineering staff are in short supply, which is a concern given the Midlands is the UK heartland for manufacturing. Also worrying is the lack of availability of permanent rail and traffic specialists within the region – with HS2 on its way and the improvements being made region-wide to our transport infrastructure, any on-going staff shortages in these areas could have a real impact.

"With other sectors, such as finance and technology also affected, the crisis of availability is undoubtedly widespread in the Midlands and looks to be gathering steam. Employers need to consider how they can stem the tide without continuing the pay inflation which is still being reported. Putting in place more skills-based training for entry level staff and forming partnerships with academia could help, although of course these measures are longer term and may not help employers straight away."

1 Staff appointments / Vacancies

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

Marked increase in permanent appointments

Growth in permanent placements slowed from July's five-month high, but was nevertheless sharp and faster than the historical average. Around 38% of survey participants noted greater permanent staff placements in comparison to the previous survey period. Meanwhile, at the UK level permanent placements rose at the slowest pace in 27 months, and one that was weaker than in the Midlands for the fourth straight month.

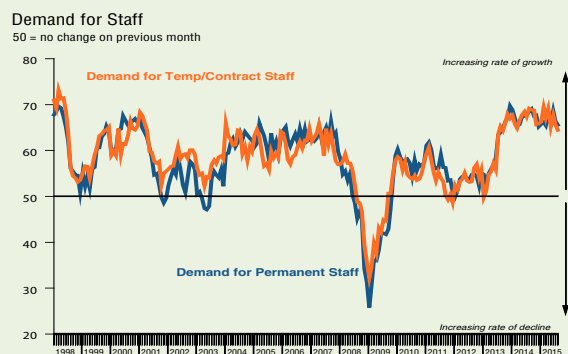
Temp billings increase sharply

Latest survey data pointed to an increase in temp billings in the Midlands. Growth in temp billings was faster than the UK average, where growth slowed to the weakest since May 2013. That said, the rate of expansion in the Midlands was slower than the average seen over the year so far.

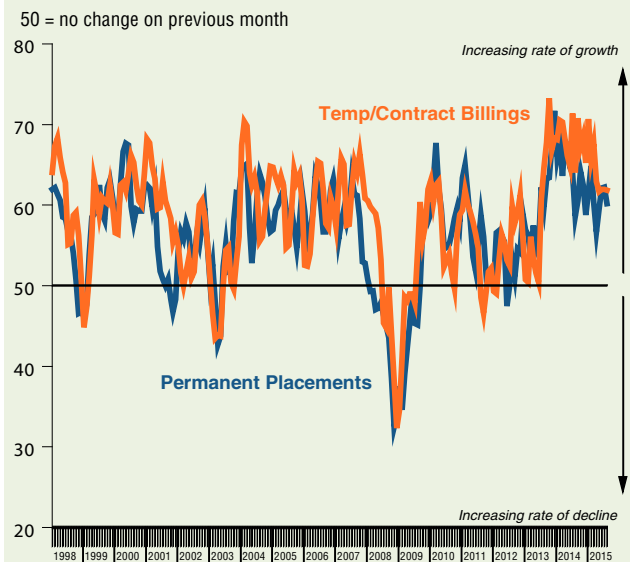
Job vacancies

Growth in demand for permanent staff in the Midlands slowed to the weakest since March in August. However, demand for permanent labour in the Midlands was still greater than the UK-wide average. Similarly, growth in demand for temp staff slowed to the weakest since September 2013, but was faster than for the UK as a whole.

	Perm		Temp	
	Midlands	UK	Midlands	UK
2015 Mar	65.5	65.4	67.2	64.0
Apr	68.3	65.5	69.1	63.7
May	65.9	63.6	65.2	61.3
Jun	68.6	64.4	67.7	62.3
Jul	66.5	63.6	65.7	61.9
Aug	65.6	63.7	64.5	60.5



Staff Appointments via Recruitment Consultancies



Permanent Staff Placements

Q. Please compare the number of staff placed in permanent positions with the number one month ago.

	Midlands				All UK	
	Higher %	Same %	Lower %	Index 50 = no chg	S.Adj. Index	S.Adj. Index
2015 Mar	44.8	32.8	22.4	61.2	60.3	59.5
Apr	37.9	34.8	27.3	55.3	56.7	60.6
May	41.5	40.0	18.5	61.5	59.5	56.8
Jun	43.9	36.4	19.7	62.1	62.1	56.4
Jul	47.8	31.3	20.9	63.4	62.2	54.5
Aug	38.1	39.7	22.2	57.9	60.2	54.2

Temporary/Contract Staff Billings

Q. Please compare your billings received from the employment of temporary and contract staff with the situation one month ago.

	Midlands				All UK	
	Higher %	Same %	Lower %	Index 50 = no chg	S.Adj. Index	S.Adj. Index
2015 Mar	47.5	44.3	8.2	69.7	67.6	61.2
Apr	36.7	41.7	21.7	57.5	62.9	58.4
May	36.7	50.0	13.3	61.7	61.7	59.0
Jun	55.9	28.8	15.3	70.3	61.9	58.3
Jul	51.7	38.3	10.0	70.8	62.0	56.6
Aug	42.9	42.9	14.3	64.3	61.9	54.4

2 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.

There were substantial falls in both temp and permanent staff availability in the Midlands during August, and at the quickest rates in five months in both cases.

Permanent staff numbers contract at fastest pace since March

Permanent staff availability declined sharply in August, with the rate of contraction the fastest in five months. Almost two-thirds of panellists recorded lower permanent staff availability, in comparison to 3% that noted an increase. Meanwhile, at the UK level, permanent staff numbers decreased at the fastest rate in a year, but one that was still slower than in the Midlands.

Sharp decline in temp candidate availability

Recruitment consultancies in the Midlands reported a further marked decline in temp staff availability in August. Moreover, the latest contraction was the sharpest since March, with over half of the survey panel recording lower temp candidate numbers. For the third month running, the Midlands saw a greater fall in temp candidate availability than the UK as a whole.

Key permanent staff skills reported in short supply:*

Accounting & Financial: Banking and Financial Staff.

Engineering: Engineers, Rail and Traffic Specialists.

IT & Computing: IT Staff, Web Designers.

Other: Digital Marketing, Technical Sales.

Key temp skills reported in short supply:*

Blue Collar: L.G.V Drivers, Fork Lift Drivers, Welders, Vehicle Technicians.

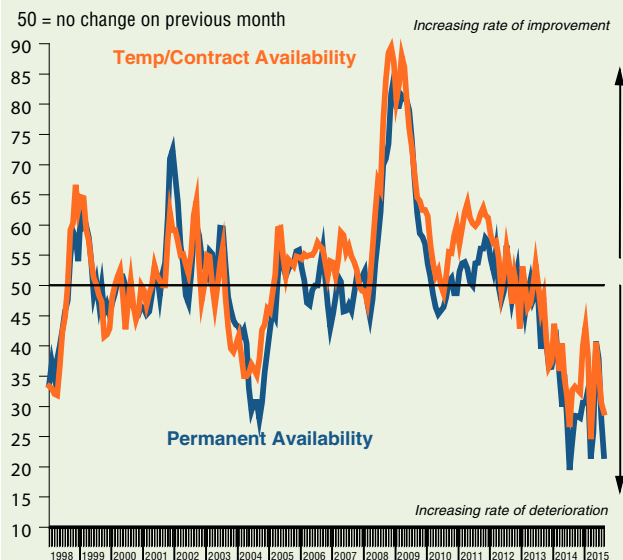
Engineering: Engineers.

Executive & Professional: Legal Secretaries.

Other: Admin Staff, Telesales Staff, Customer Services.

**consultants are invited to specify any areas in which they have encountered skill shortages during the latest month*

Candidate Availability



Availability of permanent staff

Q. Is the availability of candidates for permanent vacancies better, the same or worse than one month ago?

	Midlands					All UK
	Better %	Same %	Worse %	Index 50 = no chg	S.Adj. Index	S.Adj. Index
2015 Mar	7.4	27.9	64.7	21.3	21.3	34.6
Apr	4.5	42.4	53.0	25.8	25.8	34.3
May	12.3	56.9	30.8	40.8	40.8	35.3
Jun	12.1	47.0	40.9	35.6	37.9	36.4
Jul	10.4	31.3	58.2	26.1	27.9	34.2
Aug	3.2	31.7	65.1	19.0	21.8	32.0

Availability of temporary/contract staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

	Midlands					All UK
	Better %	Same %	Worse %	Index 50 = no chg	S.Adj. Index	S.Adj. Index
2015 Mar	4.9	39.3	55.7	24.6	24.6	39.1
Apr	6.8	50.8	42.4	32.2	32.2	39.2
May	10.3	53.4	36.2	37.1	40.7	38.9
Jun	8.6	51.7	39.7	34.5	35.9	39.4
Jul	15.3	30.5	54.2	30.5	30.5	41.1
Aug	7.1	41.1	51.8	27.7	29.0	38.5

3 Pay pressures

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent salaries

As has been the case since April 2013, permanent salaries increased in August. Furthermore, the rate of salary inflation was faster than the UK average. According to panellists, a shortage of skilled staff led to greater pressures amongst employers to offer higher wages. However, the rate of increase was the weakest since January.

Temp/contract pay rates

Temp pay rates rose for the thirty-first month running in August. The rate of inflation was marked, despite easing slightly from the prior month. Moreover, the latest increase was faster than the UK average.

UK average weekly earnings

Data from the Office for National Statistics signalled that average weekly earnings across the UK rose 2.5% year-on-year to £580 in the second quarter of 2015.

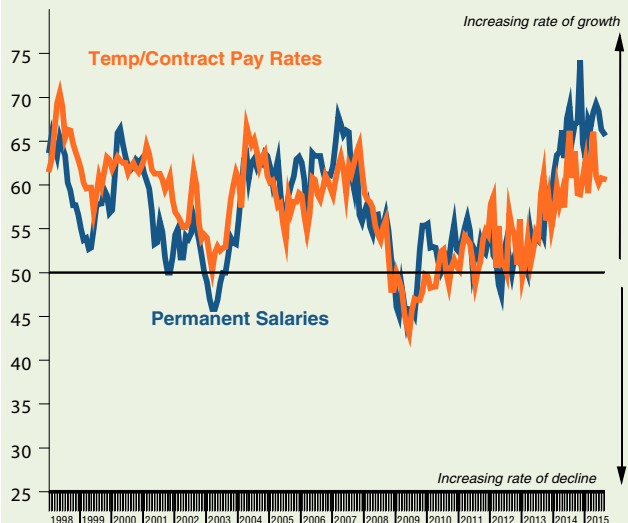
The East Midlands posted the strongest annual rise, up 11.3% to £547. The sharpest fall was seen in the South West, where average weekly earnings were down -1.9% on the previous year to £550.

Average weekly earnings in Q2 2015

	£	Change on year	Change %
All UK	580	+14	2.5
East Midlands	547	+55	11.3
Yorks & Humber	524	+31	6.3
East of England	606	+31	5.3
Wales	528	+22	4.4
Northern Ireland	474	+19	4.1
Scotland	556	+17	3.1
West Midlands	525	+15	3.0
North West	509	+10	2.1
South East	652	+11	1.8
London	714	-10	-1.3
North East	496	-7	-1.4
South West	550	-11	-1.9

Wages and Salaries

50 = no change on previous month



Permanent Salaries

Q. Are average salaries awarded to staff placed in permanent positions higher, the same or lower than one month ago?

	Midlands				All UK	
	Higher %	Same %	Lower %	Index 50 = no chg	S.Adj. Index	S.Adj. Index
2015 Feb	38.1	58.7	3.2	67.5	67.5	62.6
Mar	34.8	63.6	1.5	66.7	66.7	63.0
Apr	45.5	51.5	3.0	71.2	68.4	65.8
May	40.0	58.5	1.5	69.2	69.2	63.7
Jun	40.0	56.9	3.1	68.5	68.5	62.7
Jul	38.8	59.7	1.5	68.7	66.3	61.4
Aug	31.7	68.3	0.0	65.9	65.9	61.8

Temporary/Contract Pay Rates

Q. Are average hourly pay rates for temporary/contract staff higher, the same or lower than one month ago?

	Midlands				All UK	
	Higher %	Same %	Lower %	Index 50 = no chg	S.Adj. Index	S.Adj. Index
2015 Feb	16.4	81.8	1.8	57.3	59.1	58.5
Mar	31.1	67.2	1.6	64.8	62.7	58.0
Apr	33.9	64.4	1.7	66.1	66.1	60.4
May	15.3	84.7	0.0	57.6	61.0	57.2
Jun	20.3	79.7	0.0	60.2	60.2	56.8
Jul	19.0	79.3	1.7	58.6	60.8	57.9
Aug	17.9	82.1	0.0	58.9	60.7	56.7

4 Regional comparisons

The Report on Jobs: Midlands is one of four regional reports tracking labour market trends across England. Data are also available for London, the South of England and the North of England.

Staff appointments

Both permanent appointments and temp billings in the Midlands increased midway through Q3, and at quicker rates than the respective UK averages. However, growth in temp billings remained close to May's 22-month low.

Three out of the four English regions surveyed indicated slower growth in both permanent and temp appointments, with only the South of England registering faster expansions in August. Growth in appointments of both permanent and temp staff was the fastest in the Midlands for the third month running.

Candidate availability

Permanent and temporary candidate availability declined sharply in the Midlands in the latest survey period, with both decreasing at quicker rates than the respective UK averages.

The Midlands, the North of England and London all signalled sharper declines in permanent and temporary candidate availability, with the Midlands registering the greatest declines in both cases.

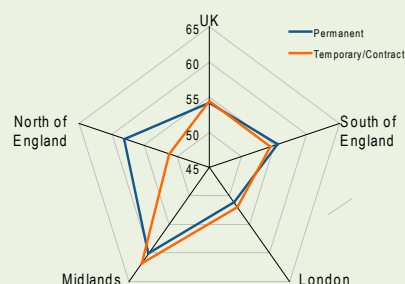
Pay Pressures

Permanent salary inflation in the Midlands eased to the weakest since January, but was nevertheless faster than the UK average. Meanwhile, temp pay rates at Midlands firms rose at a marked rate, and one that was faster than the UK average.

For the fourth month running, the Midlands reported the sharpest increase in permanent starting salaries out of the four regions surveyed. The North of England registered the quickest increase in temp pay, closely followed by the Midlands.

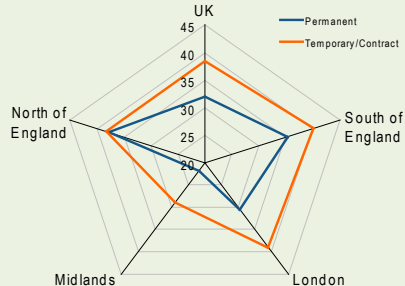
Staff Appointments

50.0 = no change on previous month



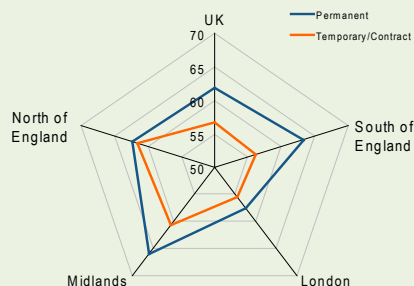
Candidate Availability

50.0 = no change on previous month



Wages and Salaries

50.0 = no change on previous month



Recruitment Industry Survey: Midlands

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 (NUTS 1 definition).

Monthly survey data were first collected in October 1997 and are collected in the latter half of each month, with respondents asked to specify the direction of change in a number of survey variables. Data are presented in the form of diffusion indices whereby 50 = no change on the previous month. Readings above 50 signal an increase; readings below 50 signal a decline. Markit does 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.

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