



THE ADECCO GROUP

Labour Market Outlook: Midlands viewpoint

Based on research from the Labour Market Outlook,
Spring 2017, produced in partnership with the CIPD



Midlands viewpoint

The Midlands is an area with a relatively high concentration of manufacturing organisations; they accounted for 25% of the responses from the region in this survey compared to just 15% of the UK as a whole.

This could be a significant reason why the region demonstrated slightly higher belief that the financial situation has improved in the last 12 months. More than a third (37%) of Midlands organisations believe their financial situation has improved over the last year, compared to 30% that believe it has got worse, a balance of +7% which compares to +2% for the UK as a whole.

This confidence extends to the coming year where the balance is +10%, although slightly lower than the UK which records +11%. One difference in the Midlands is that the plurality (39%) actually expect the situation to remain constant during the coming year.

Recruitment intentions

Similarly, recruitment intentions in the Midlands are slightly lower than the rest of the country. Two-thirds of organisations (65%) are planning to hire in the coming quarter while 24% are planning to make redundancies.

In terms of the overall effect of recruitment practices, four in ten (40%) of Midlands organisations believe their staff level will rise in the next three months, while less than one in four (22%) believe it will fall. The overall balance of this is +18%, which compares to +20% for the UK as a whole.

Organisations in the Midlands are currently displaying less open vacancies (5) than the UK average (10). This could be because they face fewer challenges filling the roles they have but also because they are generally hiring less and the make-up of the region includes a higher proportion of small and medium organisations.

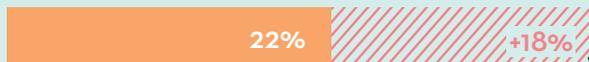
Nine in ten of these roles are replacement roles (as opposed to newly created roles); a higher percentage than the rest of the UK where it is 85%.

What is the overall effect of your recruitment practices in the next three months? (Midlands)

Increase staff level



Reduce staff level





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Recruitment challenges

More than half (58%) of all organisations in the Midlands report difficulties in recruiting for vacant roles; this is slightly higher than the UK average (56%). Similarly to the rest of the UK, the Midlands reports that 50% of current vacant roles are described as 'hard-to-fill'.

Nearly two-thirds (63.7%) of these 'hard-to-fill' vacancies are due to a lack of available skills; this is slightly higher than the UK average (60%).

Upskilling the existing workforce is one way that organisations can look to negate skills gaps over the medium and long term, but more than one in three Midlands organisations do not currently have a formalised training budget. This is far higher than the UK average (25%). They are also less likely to have seen this training pot increase in the last 12 months or to expect it to increase in the coming year than the UK average.

In fact, one in four (25%) of Midlands organisations don't currently undertake any activities to improve their talent pipeline. With the advent of the Apprenticeship Levy this figure could fall, as less than four in ten (38%) of organisations currently offer apprenticeships.

Outlook for pay growth

The Midlands expects similar pay growth to the UK average: 1% at the next pay review. While a quarter of organisations are unsure what their pay award would be as it will depend on organisational performance, more than four in ten (42%) are expecting pay to increase next year. Only 6% are expecting a pay freeze; lower than the UK average (9%).

For those expecting increases of less than 2%, public sector pay restraint is the most often quoted factor, as it is within the UK overall but the impact of inflation (both current and anticipated) is a much bigger factor in the Midlands (mentioned by one in four organisations).

For those expecting to increase wages by more than 2% the biggest driver was a desire to retain talent given what was available in the market.

The 'Brexit' effect

The Midlands has a slightly lower reliance on EU nationals than the rest of the UK; less than half of organisations (45%) claim

to employ any EU nationals, and where they are employed it is in a similar density to the rest of the country (around 20%).

As with the rest of the UK, the reasons for employing EU nationals are most commonly either an inability to attract UK nationals to low-skill roles or a perception that EU nationals present a better work ethic. Nearly one in five (18%) say that there is no specific reason why they don't employ EU nationals.

Organisations in the Midlands are almost twice as likely to attempt to hire EU nationals direct from their country of origin using a recruitment agency based there which is nearly twice as likely as the rest of the UK.

How will your organisation's pay change next year as a result of the next pay decision (Midlands)?



Read the full Labour Market Outlook, Spring 2017 report and find out how the research was conducted [here](#)