

KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Third lockdown leads to steep drop in permanent placements across Midlands

KEY FINDINGS

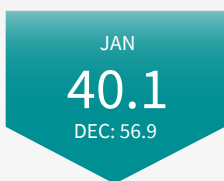
Renewed fall in permanent appointments as firms hold off hiring decisions

Upturn in temp billings sustained, but growth eases

Supply of short-term staff falls for first time since last March

KEY DATA

Permanent Placements Index



Temporary Billings Index



The KPMG and REC, UK Report on Jobs: Midlands is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands.

Commenting on the latest survey results, Kate Holt, People Consulting Partner at KPMG, said:

“It’s clear that business confidence has taken a hit with the latest national lockdown. As we’ve seen in some previous months, this has had a knock-on effect on permanent appointments as businesses press pause on long-term recruitment decisions.

“Demand for temporary staff, however, has risen, showing that many across the Midlands are still hiring, and the majority of these roles will be in the blue collar and medical industries. Starting salaries for permanent hires also saw a slight dip as companies seek to manage costs carefully amidst the uncertainty.

“Looking ahead, there is cause for optimism as the vaccine rollout continues, and with the Budget next month, many will be looking to the Government for measures to help the jobs market and revive the UK’s economy.”

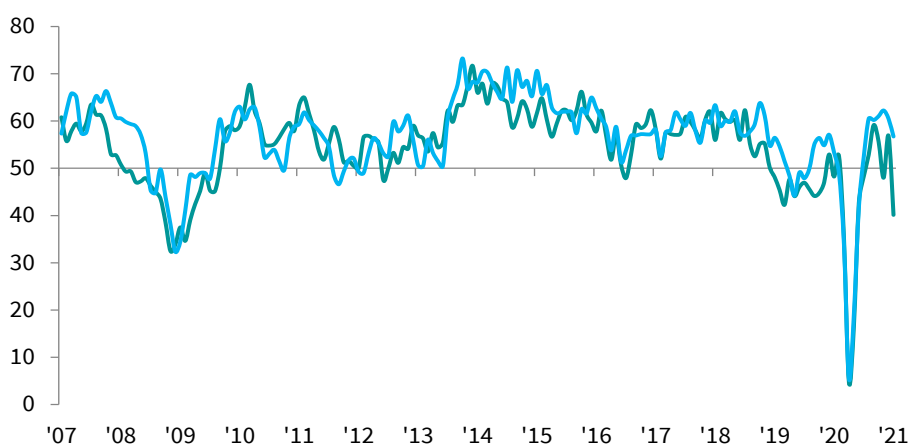
Neil Carberry, Chief Executive at the REC, said:

“Economic uncertainty is weighing on employers’ minds even where they see potential for their own firm to grow, so it’s no surprise that temporary work is leading the jobs recovery. This emphasises again how important flexible forms of work are to helping businesses and public services react to the pandemic. Temporary work is also helping people get back into jobs more quickly after the recent spike in redundancy numbers.

“With the vaccination programme making progress, it’s likely that a path out of the pandemic is emerging. As that happens, we expect a strong recovery in permanent hiring. But businesses need Government help to bridge these last few months. Support for strained corporate cash flows is key. Extending furlough and reducing its cost to firms, supporting family business directors left out of support packages so far, and putting back repayments of deferred VAT and CBILs loans until the recovery would all help enormously.”

Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

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.



Permanent staff appointments fall steeply in January

January data highlighted a renewed drop in permanent placements across the Midlands, with anecdotal evidence attributing the fall to stricter lockdown measures and heightened uncertainty due to the pandemic. Furthermore, the rate of decline was the steepest since last May.

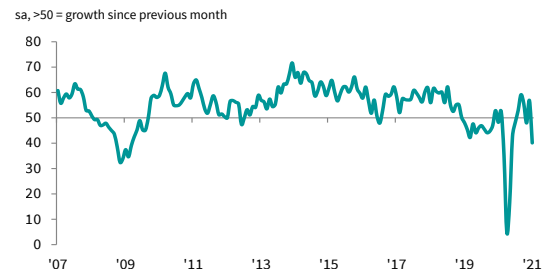
At the regional level, the downturn in permanent appointments was broad-based in January. The Midlands saw the most marked fall, followed by the South.

Upturn in temp billings continues into 2021

As has been the case in each month since July 2020, temp billings across the Midlands rose during January, as firms opted to take on temporary staff amid substantial uncertainty. The rate of increase was the slowest for six months, but still sharp overall.

Across the four monitored English regions, the Midlands registered the quickest upturn in temp billings.

Permanent Placements Index



Temporary Billings Index



sa, >50 = growth since previous month

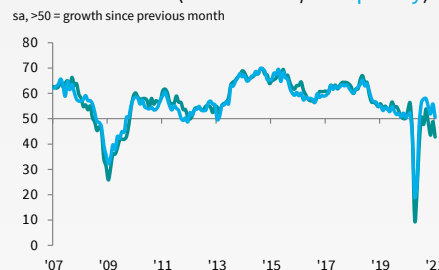
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-20	50.9	52.9	55.6	60.5
Sep-20	56.0	59.1	56.0	60.2
Oct-20	48.8	55.6	56.4	61.0
Nov-20	48.2	48.0	56.1	62.3
Dec-20	51.1	56.9	57.9	60.5
Jan-21	43.8	40.1	55.0	56.7

JOB VACANCIES

Recruiters across the Midlands signalled a further reduction in the number of permanent vacancies in the first month of 2021. Moreover, the rate of decline was the quickest since June last year and sharp.

At the same time, demand for temporary staff in the Midlands rose, albeit at the slowest pace since the current sequence of increasing temporary vacancies began last July. The rate of growth was only slight overall.

Vacancies Index (Permanent / Temporary)

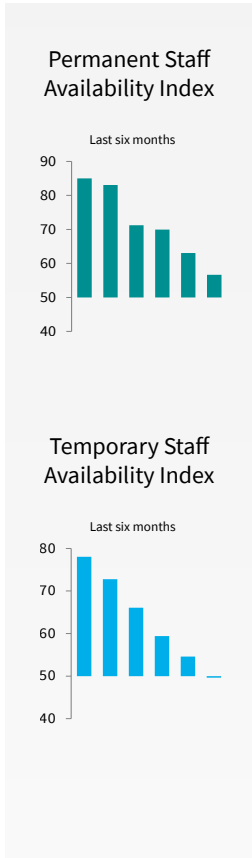


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-20	42.9	47.8	50.6	57.9
Sep-20	50.0	53.9	53.8	57.9
Oct-20	47.4	48.4	52.8	54.7
Nov-20	46.5	43.5	52.0	51.9
Dec-20	50.1	48.9	54.9	55.9
Jan-21	45.4	42.8	51.4	50.5

2 STAFF AVAILABILITY

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



Permanent staff availability rises at softer pace in January

A tenth successive monthly increase in permanent staff supply was recorded during January. Panellists attributed the latest upturn, which was sharp, to a greater number of job seekers as a consequence of COVID-19 related redundancies. The rate of increase slowed for the sixth straight month, although the Midlands nonetheless recorded a quicker upturn than at the UK level.

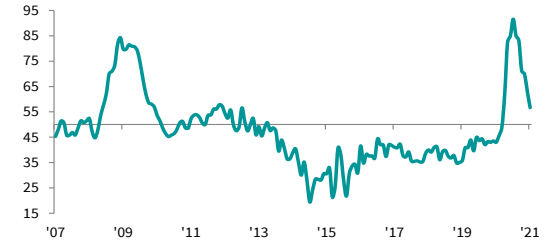
Renewed dip in temp staff supply

For the first time since March last year, the availability of temporary staff across the Midlands fell during January. The rate of decline was only fractional overall, however.

Moreover, the Midlands was the only English region of the four monitored to register a decrease in temp staff supply during January. Short-term candidate availability rose solidly across the UK as a whole.

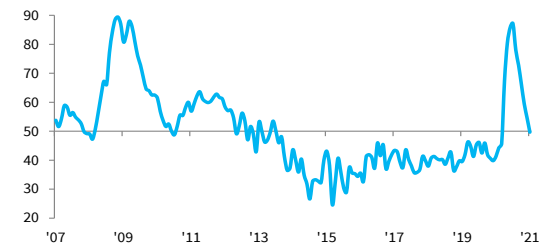
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-20	86.8	85.0	82.3	78.0
Sep-20	76.7	83.0	75.3	72.8
Oct-20	74.2	71.2	74.9	66.1
Nov-20	71.4	70.0	68.5	59.4
Dec-20	64.9	63.1	62.8	54.6
Jan-21	54.4	56.7	55.7	49.6

3 DEMAND FOR SKILLS

Recruitment consultancies are invited to specify any areas in which they have encountered skill shortages during the latest month.

Skills in short supply: Permanent staff

Accounting/Financial	IT & Computing
Accountants	Developers
Auditors	IT
Book Keepers	Python
Credit Controllers	Nursing/Medical/Care
Finance	Health Care Assistants
Payroll	Hearing Aid Dispensers
Blue Collar	Optometrists
Blue Collar	Social Workers
Forklift Drivers	Other
LGV Drivers	Customer Service
Warehouse	Unskilled
Construction	
Architectural Tech	
Executive/Professional	
Digital Marketing	
Microbiologists	

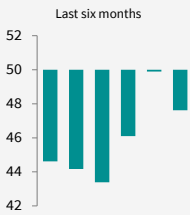
Skills in short supply: Temporary staff

Accounting/Financial	IT & Computing
Accountants	Developers
Auditors	Nursing/Medical/Care
Book Keepers	Carers
CFOs	Chemists
Credit Controllers	Health Care Assistants
Payroll	Social Workers
Taxation	Other
Blue Collar	Supervisors
Drivers	
Forklift Drivers	
HGV Drivers	
LGV Drivers	
Warehouse	
Construction	
Architectural Tech	
Executive/Professional	
Microbiologists	

4 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 Index



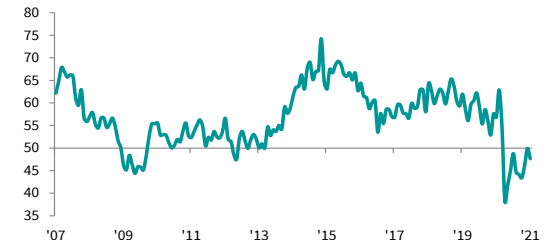
Average salaries decline at moderate pace

Following a broad stabilisation in December, salaries awarded to permanent new joiners across the Midlands fell in January. According to respondents, companies were offering lower pay packages in an effort to reduce costs. The rate of reduction was moderate, but slower than those seen through much of 2020.

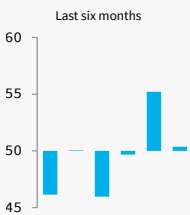
Across the four monitored English regions, only London saw a faster decrease in permanent salaries than the Midlands during January.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index



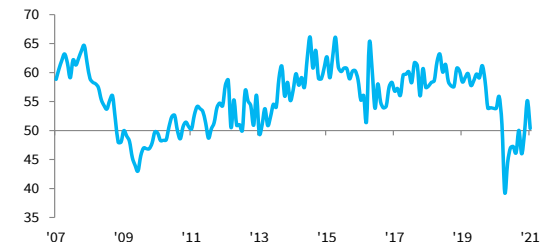
Rate of temp wage inflation slows in January

January data highlighted a further increase in average pay rates for short-term staff across the Midlands. The rate of wage inflation eased noticeably from December and was only fractional, however.

This contrasted with the trend across the UK as a whole, where temp wages fell slightly.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

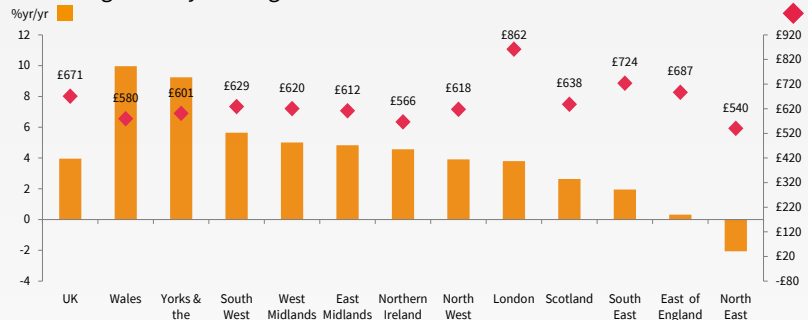
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-20	45.1	44.6	46.2	46.2
Sep-20	44.7	44.2	48.3	50.1
Oct-20	44.5	43.4	46.4	46.0
Nov-20	45.6	46.1	48.6	49.7
Dec-20	50.2	49.9	51.4	55.2
Jan-21	47.7	47.6	49.6	50.4

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Latest data from the Office for National Statistics indicated that average weekly earnings across the UK rose 4.0% on an annual basis over the third quarter of 2020 to £671.

On a regional basis, Wales recorded the strongest increase in pay, with earnings rising 10% on the year to £580. The only area to see a reduction in pay was the North East, where earnings fell 2.1% to £540.

UK average weekly earnings



Source: Office for National Statistics.

5 REGIONAL COMPARISON

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

Staff appointments

January data highlighted a renewed decline in permanent staff appointments across the UK, following a marginal upturn at the end of 2020. Moreover, the rate of reduction was the sharpest since last June. At the regional level, the downturn was broad-based and led by the Midlands. The North of England recorded the slowest fall in permanent placements, albeit one that was still solid.

Meanwhile, temporary billings across the UK continued to rise in January. The latest upturn was the slowest since the current sequence of increase began last August, but nonetheless sharp. Across the four monitored English regions, the Midlands registered the quickest rate of growth, followed by the North of England. Elsewhere, London was the only region to see temp billings fall during the first month of 2021.

Candidate availability

Recruiters across the UK reported another increase in the availability of permanent candidates during January. The latest rise was the softest in the current ten-month sequence, but solid. Each of the four monitored English regions saw permanent staff supply increase during January, with London recording the quickest uptick.

A similar trend was recorded for short-term staff during the first month of 2021, as temp staff supply across the UK rose for the eleventh straight month, but at the softest pace since last March. The rate of increase was still sharp overall, however. London also saw the most marked rise in temporary candidate availability, while the Midlands was the only monitored region to record a decline.

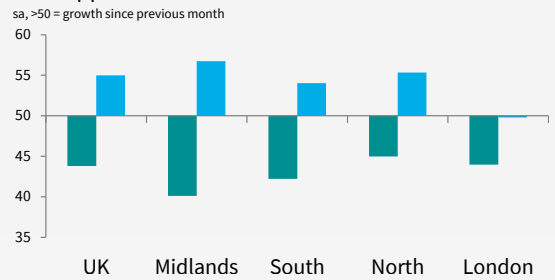
Pay Pressures

Following a slight rise in the previous survey period, salaries awarded to permanent new joiners across the UK decreased during January. The rate of salary deflation was moderate, and much slower than those recorded through much of last year. Across the four monitored English regions the fall was broad based, although London recorded by far the steepest drop in permanent salaries.

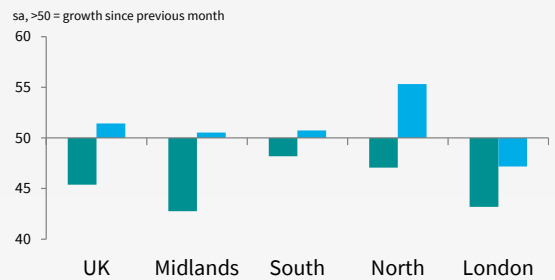
There was also renewed downwards pressure on average pay rates for short-term staff at the start of 2021, although the rate of reduction in temp wages was only fractional overall. At the regional level, a marked fall in London outweighed a slight rise in wages across the remaining three regions.

January 2021
Permanent / Temporary

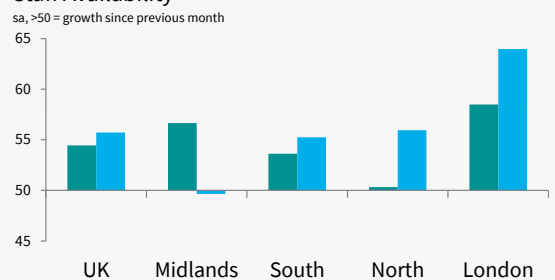
Staff Appointments



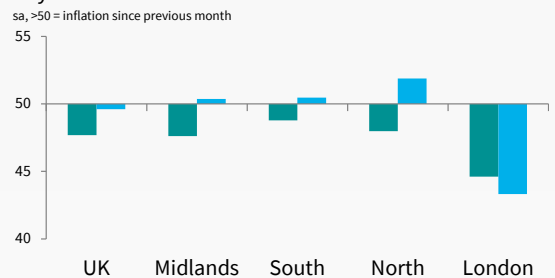
Vacancies



Staff Availability



Pay Pressures



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Methodology

The KPMG and REC, UK Report on Jobs: Midlands is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands (defined as NUTS1 regions West Midlands and East Midlands).

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

January data were collected 12-25 January 2021.

For further information on the survey methodology, please contact economics@ihsmarkit.com.

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