



KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Permanent placements fall at much slower pace in February

KEY FINDINGS

Back-to-back decrease in permanent appointments, but fall eases considerably

Temp billings rise sharply again

Demand for staff remains uneven

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:

"The combination of people not wanting to change roles during times of uncertainty and businesses pressing pause on recruitment decisions is reflected in this latest report. However, the uptick in temporary vacancies and candidates suggests that companies are continuing to hire with a short-term view."

"So, there's a long way to go to rebuild confidence in the UK jobs market. But with the Covid roadmap to recovery in place and the Chancellor's Budget announcement to further support businesses and individuals, there is reason for optimism for the UK's future workforce."

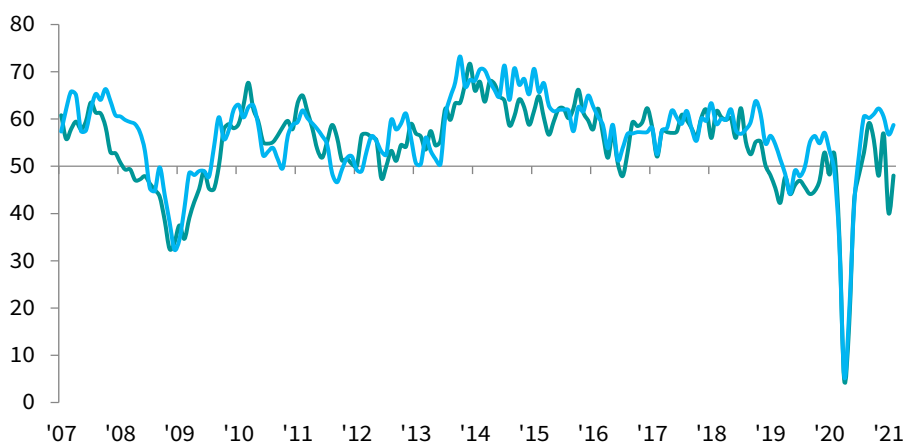
Neil Carberry, Chief Executive at the REC, said:

"Given the national lockdown that has been in place for the past two months, the labour market has coped remarkably well. Permanent placements have only fallen modestly, while vacancies were broadly stable. Meanwhile, businesses have continued to use temporary work to help them through this tough period. We are well-positioned for a recovery as restrictions are lifted – but both businesses and workers will need help to do so."

"With that in mind, there was some good news in this week's Budget. It was sensible to extend support measures like the furlough scheme and business tax deferrals while health restrictions are still in place, and expand support for the self-employed. But more could have been done to tackle the big economic transitions we face, encouraging growth and reducing unemployment. For example, cutting employers' National Insurance to encourage job retention and creation, replacing the failed apprenticeship levy with a flexible levy that meets the economy's needs, and investing in job finding services with recruiters at their heart."

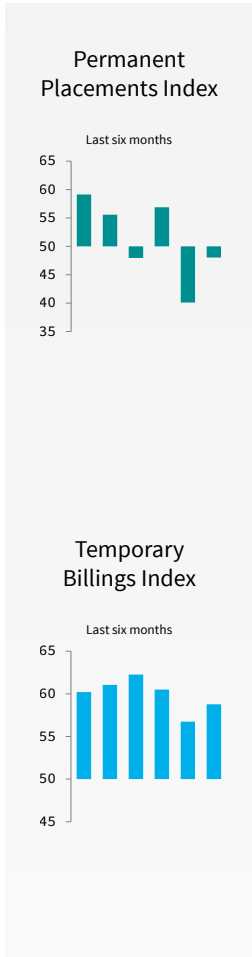
Permanent Placements Index / Temporary Billings Index

sa, >50 = growth since previous month



1 STAFF APPOINTMENTS

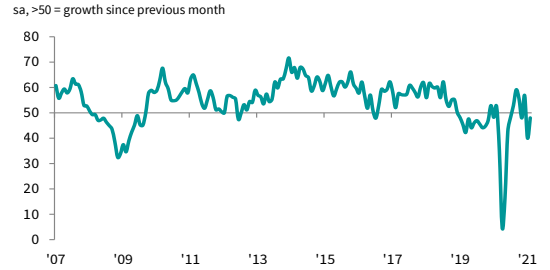
Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Permanent appointments fall at much slower pace

Following the renewed fall in January, the number of permanent staff appointments across the Midlands continued to decline in February. Respondents attributed the latest fall to the coronavirus disease 2019 (COVID-19) pandemic. That said, the rate of reduction slowed noticeably on the month, with the fall only mild overall and slower than that recorded across the UK as a whole.

Permanent Placements Index



Further sharp rise in temp billings

Temporary billings across the Midlands rose sharply again during February, with the rate of increase quickening since January. According to panellists, companies were choosing to recruit more roles on a temporary basis due to uncertainty.

Moreover, the Midlands registered the strongest upturn in temporary billings across the four monitored English regions in February.

Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Feb-21	47.1	48.0	51.6	58.8

JOB VACANCIES

February data highlighted another decrease in the number of permanent vacancies across the Midlands. The rate of reduction was the slowest in the current five-month sequence and only fractional, however.

At the same time, demand for temporary staff continued to increase. Temp vacancies rose at a faster pace than in January and solidly overall.

Vacancies Index (Permanent / Temporary)

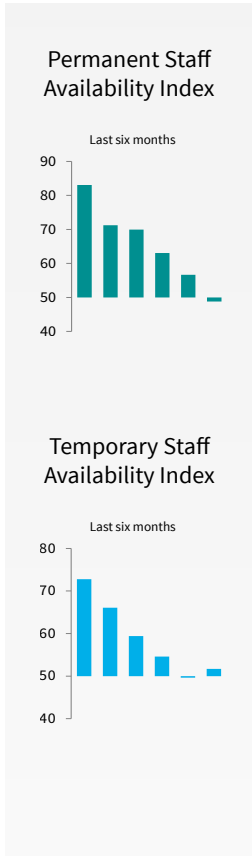


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Sep-20	50.0	53.7	53.8	57.7
Oct-20	47.4	48.4	52.8	54.5
Nov-20	46.6	44.0	51.9	51.7
Dec-20	50.1	48.7	54.7	55.8
Jan-21	45.5	43.3	51.4	50.9
Feb-21	49.7	49.6	53.0	54.2

2 STAFF AVAILABILITY

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



Permanent staff supply falls for first time since last March

Recruiters across the Midlands signalled a reduction in the supply of permanent staff for the first time in 11 months during February. The fall was commonly attributed by respondents to heightened uncertainty, making staff unwilling to move between roles. The rate of decline was marginal.

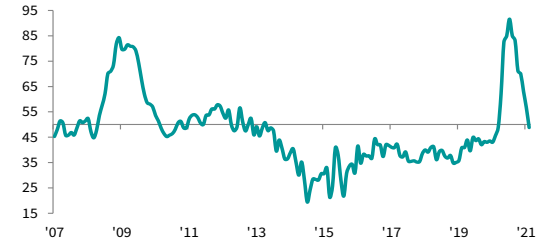
Renewed upturn in availability of temporary staff

Following a slight decrease in January, the availability of temporary staff across the Midlands rose during February. According to anecdotal evidence, a lack of jobs and ongoing lay-offs due to the COVID-19 pandemic had resulted in a greater number of available candidates. That said, the upturn was only marginal, and much weaker than those throughout the final three quarters of 2020.

At the regional level, the increase in temp staff supply was broad based, although the Midlands saw the slowest rise.

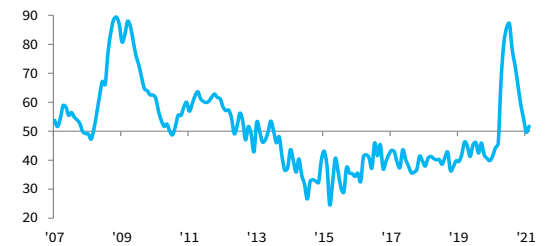
Permanent Staff Availability Index

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
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
Feb-21	49.9	48.8	55.3	51.7

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	Automation Testers
Auditors	Developers
Taxation	Digital
Blue Collar	IT
Forklift Drivers	PHP Developers
LGV Drivers	Programmers
Warehouse	Software
Construction	Nursing/Medical/Care
Architectural Tech	Clinical Research Managers
Engineering	Hearing Aid Dispensers
Engineers	Nurses
Senior Electronic Engineers	Optometrists
Executive/Professional	Secretarial/Clerical
Marketing	Administration
	Other
	Microbiologists
	Sales
	Semi Skilled
	Skilled

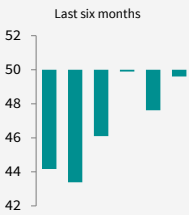
Skills in short supply: Temporary staff

Accounting/Financial	Nursing/Medical/Care
Accountants	Carers
Auditors	Chemists
Blue Collar	Hearing Aid Dispensers
Drivers	Nurses
Forklift Drivers	Optometrists
HGV Drivers	Secretarial/Clerical
LGV Drivers	Administration
Warehouse	Office Staff
Construction	Other
Architectural Tech	Microbiologists
IT & Computing	
Automation Testers	
Developers	

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

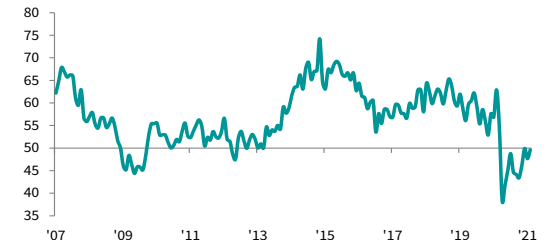


Permanent salaries move back towards stabilisation

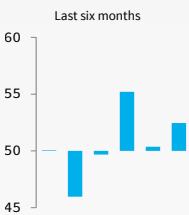
February data highlighted a further fall in salaries awarded to permanent new joiners in the Midlands, extending the current sequence of deflation to 11 months. That said, the rate of reduction slowed noticeably from January and pointed to only a fractional fall overall, with salaries again moving towards stabilisation.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index



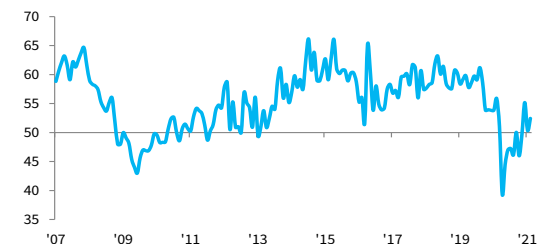
Temp rates increase for third straight month

Recruiters across the Midlands recorded a third consecutive monthly rise in average hourly pay rates for short-term staff during February. The rate of temp wage inflation was mild, despite quickening since January.

Nonetheless, of the four monitored English regions, the Midlands saw the fastest rise in temp pay.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

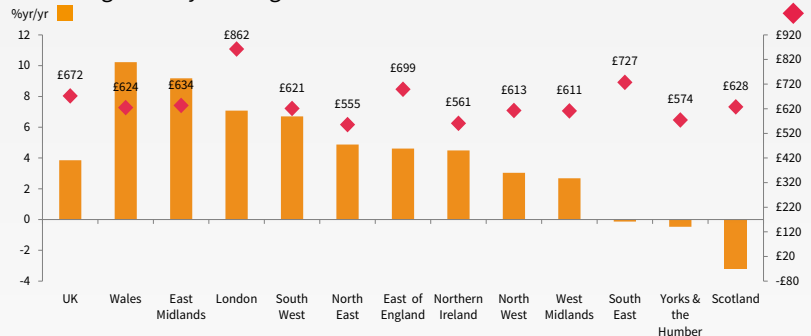
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Sep-20	44.7	44.2	48.3	50.1
Oct-20	44.5	43.4	46.4	46.0
Nov-20	45.6	46.1	48.6	49.7
Dec-20	50.2	49.9	51.4	55.2
Jan-21	47.7	47.6	49.6	50.4
Feb-21	48.6	49.6	49.9	52.5

OFFICIAL DATA: UK AVERAGE WEEKLY EARNINGS

Data from the Office for National Statistics signalled that average weekly earnings across the UK rose 3.8% year-on-year to £672 in the final quarter of 2020.

Wales posted the strongest annual increase, up 10.2% to £624. The sharpest fall was seen in Scotland, where average weekly earnings were down -3.2% on the previous year to £628.

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

The number of permanent staff appointments across the UK fell for the second month in a row during February. The rate of decline was strong, although it did ease noticeably on the month. Across the four monitored regions, the South of England recorded the quickest fall, followed by London. The North of England was the only area to see permanent placements rise in February.

At the same time, temp billings increased again, but the upturn was the slowest in the current seven-month sequence of expansion and only mild. Across the four monitored English regions, a steep rise in temp billings in the Midlands and slight upturns in both the North and South of England were partially offset by a sharp decrease in London.

Candidate availability

February data highlighted a broadly unchanged supply of permanent candidates across the UK during February. Following a ten-month long sequence of increase, the respective seasonally adjusted index posted just below the 50.0 mark to signal broadly stable permanent staff availability. Regional trends highlighted divergences, as renewed falls in permanent staff supply in the Midlands and North of England were cancelled out by further rises in the South of England and London.

Meanwhile, the availability of temporary staff rose further. The rate of increase was the slowest for nearly a year, but nonetheless sharp. At the regional level, the upturn in temp staff supply was broad based, but London registered a markedly faster increase than the three remaining monitored English regions.

Pay Pressures

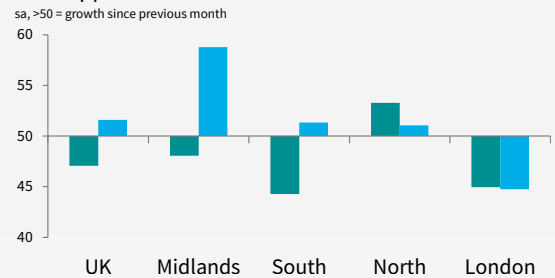
There were further signs of deflationary pay pressures in the UK labour market during February, as salaries awarded to permanent new joiners fell. Declines were recorded in each of the four monitored English regions, with the South of England seeing the fastest reduction.

Permanent salaries across the UK have now fallen in all but one of the past 11 months.

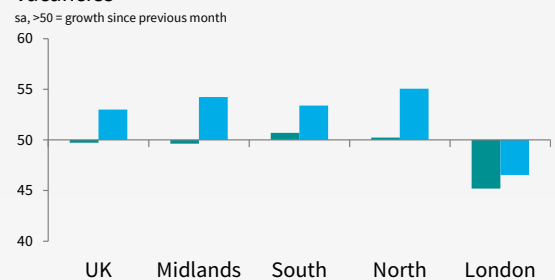
Turning to temporary pay, February data pointed to broadly stable hourly wage rates for short-term staff across the UK, with the respective seasonally adjusted index rising to just below the neutral 50.0 mark. Sustained wage inflation in the Midlands, South and North of England offset another sharp reduction in temp rates in London.

February 2021
Permanent / Temporary

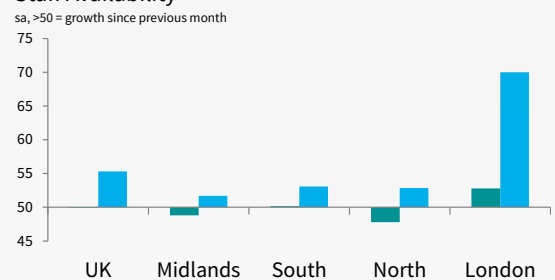
Staff Appointments



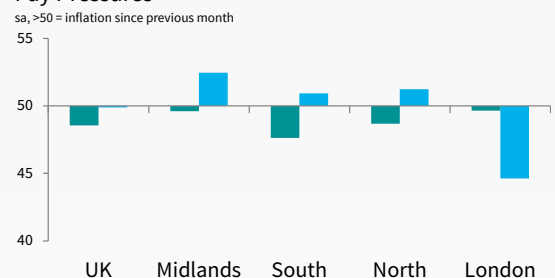
Vacancies



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.

February data were collected 11-22 February 2021.

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

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