

KPMG and REC, UK Report on Jobs: Midlands

Softer uptick in permanent placements in May

57.9

PERMANENT PLACEMENTS INDEX
MAY '22

57.9

TEMPORARY BILLINGS INDEX
MAY '22

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

Slowest rise in permanent placements in 15 months

Temp billings increase at softest pace since last November

Sharpest rise in permanent starting salaries for six months

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

“The confidence of businesses to hire in the Midlands remained robust in May, as the region saw a further uptick in the number of permanent job placements – its fifteenth consecutive monthly rise. But while the strong demand for candidates continues to outpace supply, there are signs that appetite could be easing, as the rise softened to its slowest rate in that sequence.”

“Businesses need to ensure they keep a close handle on cost pressures, whilst still trying to attract new talent. This is no mean feat, especially considering they’re also facing the sharpest rise in starting salaries for six months, and firms will need to show the resilience of the last two years while they wait for the turbulence to ease.”

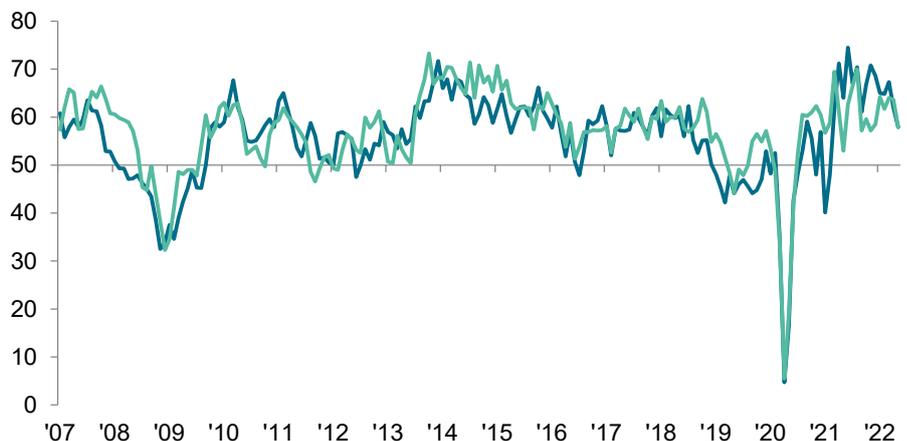
Neil Carberry, Chief Executive of the REC, said:

“These numbers show a hugely positive jobs market if you are looking for work. While the pace of growth has dropped after a stellar first quarter, by any normal measure there are still lots of vacancies out there, offering improved wages. For companies, they emphasise again that hiring is a challenge in this market, and getting it right matters – the help of professional recruiters will be vital. Demand for temporary workers is stabilising faster than for permanent staff, which could suggest a little caution creeping into employers’ thinking in the face of high inflation.”

“But compared to pre-pandemic, labour supply is still the big issue we have to solve. With over half a million people missing from the jobs market, and demand still growing strongly, this is a big, strategic issue for the UK. Growth is essential to funding public services and paying higher wages sustainably. Any plan for growth must include action to help people into work from inactivity, skills reform, support for innovation on productivity and targeted immigration reform.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

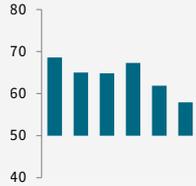


1 Staff appointments

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 Placements Index

Dec '21 - May '22
sa, >50 = growth

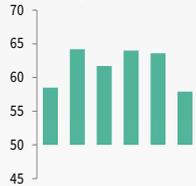


Permanent staff appointments rise at softer pace

The number of permanent placements across the Midlands rose for the fifteenth consecutive month in May. The rate of increase softened from the previous survey period and was the slowest in the current sequence. That said, the rise remained marked overall. According to anecdotal evidence, companies kept up hiring amid stronger demand for staff, however some recruiters noted a lack of suitably skilled workers. Across the four monitored English regions, the Midlands saw the second-slowest upturn in May, ahead of the South of England.

Temporary Billings Index

Dec '21 - May '22
sa, >50 = growth



Slowest upturn in temp billings since last November

As has been the case in each of the last 23 months, temp billings in the Midlands rose during May. The rate of increase was robust, yet eased to the softest for six months. Firms generally commented that additional candidates were taken on in response to rising demand.

The rise in temp billings in the Midlands was also the second-sharpest of the monitored regions, behind the North of England.

Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-21	68.4	68.6	61.8	58.5
Jan-22	66.8	65.0	64.6	64.2
Feb-22	65.3	64.8	62.5	61.7
Mar-22	64.1	67.3	60.7	64.0
Apr-22	59.8	61.9	59.8	63.6
May-22	59.2	57.9	58.3	57.9

Job vacancies

Recruiters across the Midlands signalled a sustained increase in the number of permanent vacancies in May. The rate of expansion quickened for the fourth month running and was the strongest since last August. That said, the rise in vacancies in the Midlands was the second-softest of the four monitored regions.

Concurrently, temporary vacancies rose at a slower pace in May. Despite this, the increase was rapid and the strongest among the four monitored regions.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

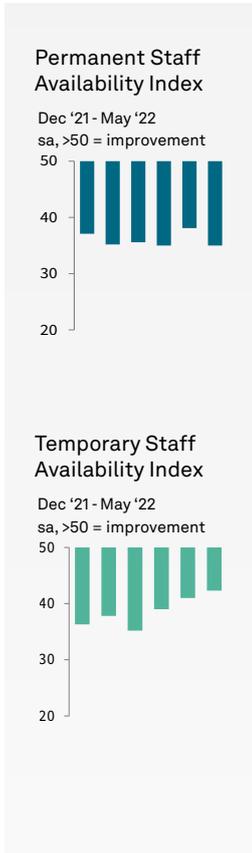


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-21	69.3	65.9	66.6	63.6
Jan-22	69.0	64.9	68.1	65.1
Feb-22	70.4	66.4	69.3	68.0
Mar-22	71.4	67.5	69.8	69.4
Apr-22	71.2	68.7	69.4	71.3
May-22	71.2	70.5	66.8	68.9

2 Staff availability

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



Downturn in permanent staff availability accelerates

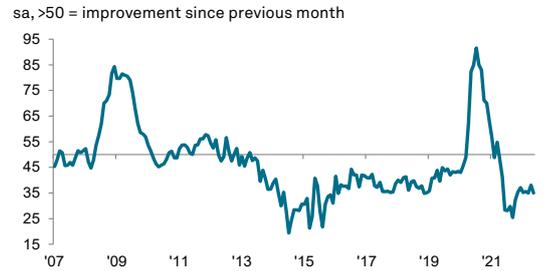
A fourteenth consecutive monthly decrease in permanent staff supply was recorded in May. Moreover, the pace of the fall quickened and pushed the respective seasonally adjusted index to the joint-lowest level since last October. Recruiters commonly attributed the downturn to a shortage of suitably qualified candidates amid strong demand. All four monitored regions saw staff availability fall, with the Midlands reporting the second-strongest reduction.

Further fall in temp staff supply

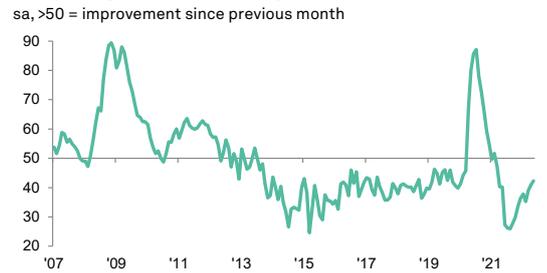
The availability of temporary staff across the Midlands fell for the fifteenth month running during May. The rate of decline was robust, though eased from the previous survey period to the softest since March 2021.

All four monitored regions recorded falls in temp staff supply in the latest survey period, with recruiters in the Midlands reporting the second-softest decline, behind London.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-21	37.8	37.1	35.5	36.3
Jan-22	34.9	35.2	37.1	37.8
Feb-22	31.8	35.6	35.8	35.2
Mar-22	31.6	35.0	36.1	39.0
Apr-22	34.4	38.1	38.3	41.0
May-22	34.8	35.0	39.7	42.3

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial	Chemists
Accountants	Secretarial/Clerical
Auditors	Office Staff
Book Keepers	Other
Credit Controllers	All Types of Candidates
Payroll	Logistics
Construction	Sales
Architectural Tech	Supply Chain
Engineering	
Engineers	
Hotels & Catering	
Chefs	
IT & Computing	
Developers	
Software Engineers	
Nursing/Medical/Care	
Care	

Skills in short supply: Temporary staff

Accounting/Financial	Office Staff
Accountants	Other
Auditors	All Types of Candidates
Book Keepers	Graduates
Credit Controllers	Sales
Payroll	Supervisors
Blue Collar	Unskilled
Drivers	
Forklift Drivers	
Industrials	
Production	
Warehouse	
Construction	
Architectural Tech	
IT & Computing	
Developers	
Secretarial/Clerical	
Administration	

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

May data highlighted a further rise in permanent staff appointments across the UK, marking the fifteenth increase in as many months. While marked, the rate of increase was the joint-slowest recorded in the current sequence of growth. At the regional level, growth was led by London. The South of England recorded the softest increase in permanent placements, albeit one that was still solid.

At the same time, temporary billings across the UK continued to rise in May. The latest uptick extended the current sequence of higher temporary appointments to 22 months, though the rise was the softest since February 2021. The North of England saw the strongest rise in temp billings and was the only region to see an acceleration in May. The remaining monitored regions all saw softer increases, with the slowest expansion recorded in London.

Candidate availability

Recruiters across the UK reported another decrease in the availability of permanent candidates during May. The latest fall was the sixteenth in a row, albeit the softest since January. Each of the four monitored regions saw permanent staff supply fall in May, with the South of England recording the sharpest reduction.

A similar trend was reported for short-term staff in the latest survey period, as temp staff supply fell for the fifteenth month running. That said, the rate of decrease was the softest for 13 months. Recruiters based in the South of England saw the most marked reduction in temporary candidate availability, while London-based recruiters signalled the softest fall of the monitored English regions.

Pay Pressures

Salaries awarded to new permanent joiners across the UK rose for the fifteenth consecutive month during May. The rate of salary inflation eased for the second month running to the softest since January, yet remained rapid overall. Across the four monitored English regions, the rise in starting salaries was broad-based, with recruiters in London reporting the strongest rise in salaries.

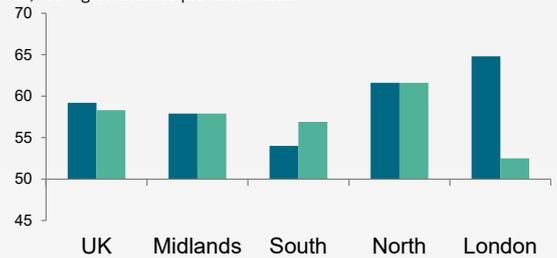
There was also further upward pressure on average pay rates for short-term staff in May, with another substantial increase in temp wages. That said, temp wage inflation in the UK was the softest reported for almost a year. At the regional level, the rise was led by the South of England.

May 2022

■ Permanent
■ Temporary

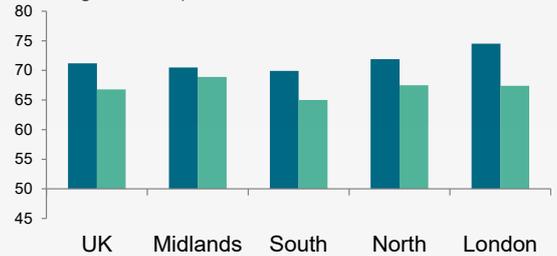
Staff Appointments

sa, >50 = growth since previous month



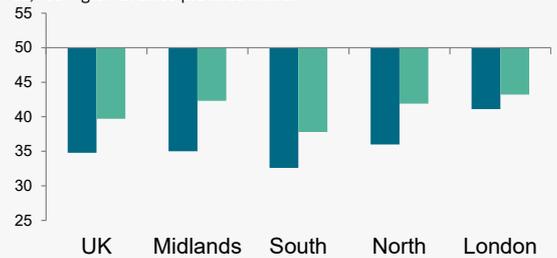
Vacancies

sa, >50 = growth since previous month



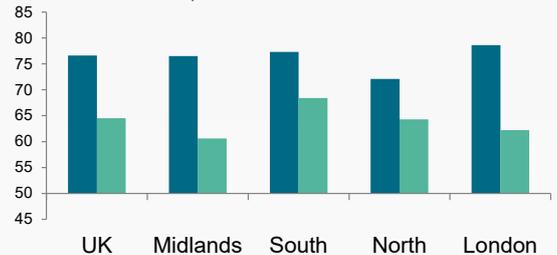
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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Methodology

The KPMG and REC, UK Report on Jobs: Midlands is compiled by S&P Global 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.

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

About S&P Global

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KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 15,300 partners and staff. The UK firm recorded a revenue of £2.43 billion in the year ended 30 September 2021.

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