

KPMG and REC, UK Report on Jobs: Midlands

Downturn in permanent placements eases in March

49.0

PERMANENT PLACEMENTS INDEX
MAR '23

48.2

TEMPORARY BILLINGS INDEX
MAR '23

Slowest decrease in permanent placements for four months
Marginal reduction in both permanent and temp staff supply
Softest rise in permanent vacancies since February 2021

Commenting on the latest survey results, Kate Holt, People Consulting Partner for KPMG in the Midlands said:

"March's data suggests that businesses in the Midlands are still being cautious in their approach to hiring as permanent placements and temporary billings declined again in March. That being said, we are starting to see the market in the region turn a bit of a corner as the downturn in placements eased slightly, echoing improved business confidence. However, businesses in the Midlands are still facing the challenge of finding the right staff with the skills they require, as both permanent and temporary candidate availability fell again. It will be interesting to see if the Government's focus on getting people back to work as outlined in the Budget, combined with the cost of living, starts to push up candidate availability in the Midlands over the coming months."

Neil Carberry, REC Chief Executive, said:

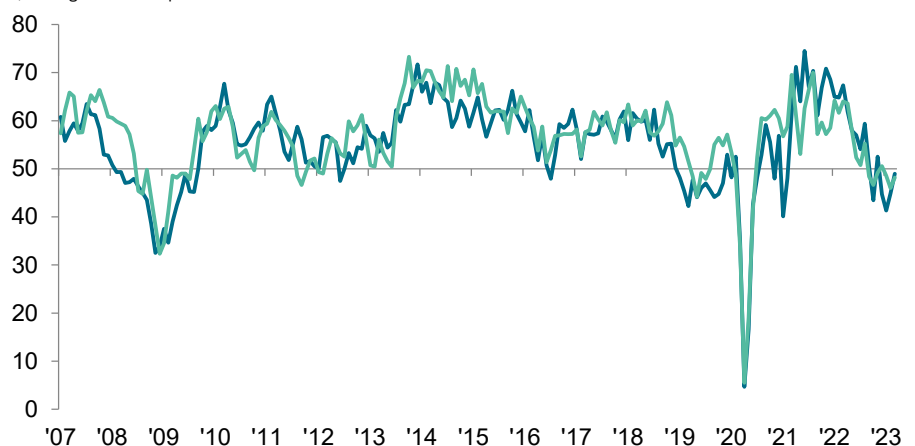
"Over the past few weeks, we have seen a bit more confidence among employers, and this is reflected in this latest data. The contraction in permanent staff appointments in Midlands was the softest in four months and there was a softer reduction in temp billings. This is the mark of an economy performing better than was expected at the end of last year, and means it is still a good time to be looking for work."

"The continuing pay growth is likely reflective of the impact of inflation on wage offers, as well as low labour supply. That means increasing pay is likely to persist."

"But this cautious optimism belies the scale of the challenge we face in tackling shortages and addressing economic inactivity. The recent Budget did call out the need to address labour market shortages, but the steps taken fell short of the more comprehensive workforce strategy that is needed if we are to avoid losing two Elizabeth Lines of growth every year from 2024. We need to put the people first. Government can do more – but businesses too need to step up, as our Overcoming Shortages report showed."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



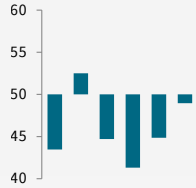
The KPMG and REC, UK Report on Jobs: Midlands is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands.

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.

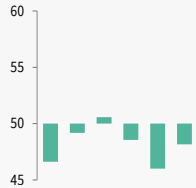
Permanent Placements Index

Oct '22 - Mar '23
sa, >50 = growth



Temporary Billings Index

Oct '22 - Mar '23
sa, >50 = growth



Downturn in permanent placements softens

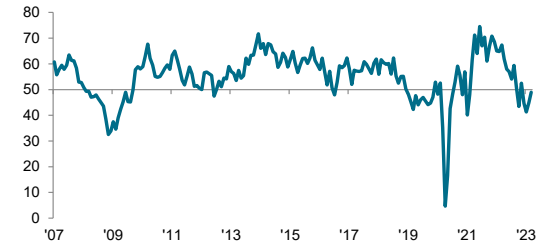
The seasonally adjusted Permanent Placements Index remained below the neutral 50.0 threshold in March to signal a fourth consecutive monthly reduction in permanent staff appointments in the Midlands. That said, the contraction was only mild and the softest in the current sequence. Recruitment consultancies often commented on a lack of suitable candidates and reports of hiring plans being placed on pause due to uncertainty. Out of the four monitored English regions, the Midlands saw the second-fastest reduction, behind London.

Softer reduction in temp billings

For the third month running, temp billings in the Midlands decreased in March. Anecdotal evidence suggested that the reduction in temporary billings was linked to softer demand for temporary staff and client cautiousness. The pace of decline eased from the previous survey period and was only modest, however. The Midlands was the only region of the four monitored to register a decrease in temp billings during March.

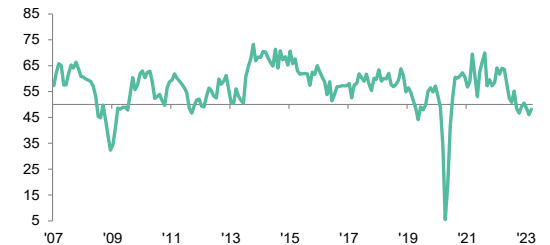
Permanent Placements Index

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
Oct-22	45.0	43.5	50.1	46.6
Nov-22	46.4	52.5	51.5	49.2
Dec-22	44.5	44.7	51.6	50.6
Jan-23	46.8	41.3	52.3	48.6
Feb-23	46.3	44.9	51.1	46.0
Mar-23	49.3	49.0	52.5	48.2

Job vacancies

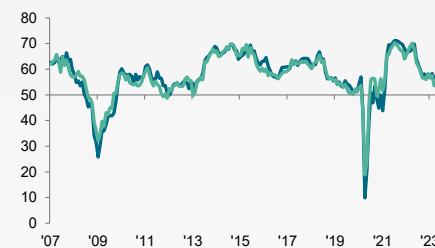
March data signalled a slowdown in the rates of vacancy growth in the Midlands. Though still increasing at a sharp pace, the rise in permanent staff vacancies at the end of the first quarter was the softest since February 2021.

Meanwhile, vacancies for temporary staff rose for the twenty-ninth month running, albeit at the slowest pace since January 2021.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

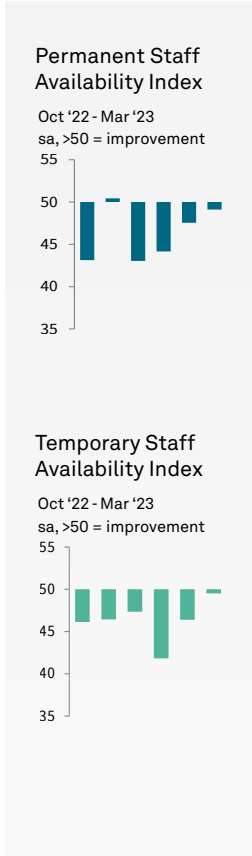


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Oct-22	56.7	58.1	56.2	56.5
Nov-22	54.0	57.6	56.3	56.0
Dec-22	52.8	56.8	56.7	58.3
Jan-23	54.3	57.4	56.1	56.6
Feb-23	55.5	58.3	55.8	57.5
Mar-23	55.4	56.5	52.3	53.6

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 falls for fourth month running

The number of candidates available for permanent roles across the Midlands decreased for the fourth time in as many months in March. That said, the reduction was only marginal and the softest in the current sequence. Recruiters often commented on a lack of suitably skilled staff who were looking for permanent work. The Midlands was the only monitored English region to register a decrease.

Softest fall in temp staff availability in just over two years

As has been the case for the last 25 months, the supply of temporary candidates in the Midlands fell in March. Surveyed recruiters commonly attributed the downturn to candidates seeking more stability through permanent placements. That said, the pace of the decrease was only slight and the slowest in the current sequence. The Midlands posted a fractionally quicker fall in temporary candidate availability than the South of England, while elsewhere candidate numbers increased.

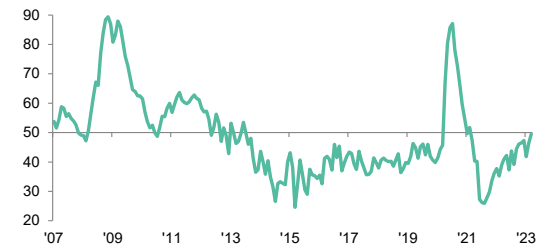
Permanent Staff Availability Index

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
Oct-22	40.6	43.1	45.8	46.1
Nov-22	43.6	50.4	46.2	46.4
Dec-22	45.8	43.0	47.5	47.3
Jan-23	46.2	44.2	47.1	41.8
Feb-23	47.5	47.5	47.6	46.4
Mar-23	51.4	49.1	51.3	49.5

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial	Construction	IT
Accountants	Construction	Technology
Auditors	Engineering	Secretarial/Clerical
Finance	Engineers	Administration
Blue Collar	IT & Computing	Office Staff
Electricians	Data Engineers	Other
Forklift Drivers	Data Scientists	All Types of Candidates
Industrials	Developers	Customer Service
Security Guards		

Skills in short supply: Temporary staff

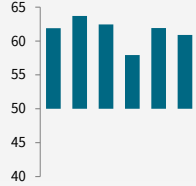
Accounting/Financial	Executive/Professional	Nursing/Medical/Care
Finance	Legal Secretarial	Carers
Blue Collar	Hotel & Catering	Nurses
Industrials	Chefs	Social Workers
Security Guards	IT & Computing	Secretarial/Clerical
Engineering	Data Professionals	Office Staff
Engineers	Developers	Other
	IT	All Types of Candidates
		Skilled

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

Oct '22 - Mar '23
sa, >50 = inflation



Permanent salaries edge lower in March

March data signalled that salaries awarded to new permanent staff across the Midlands rose at a robust pace. That said, the pace of salary inflation eased from the previous survey period and was the second-softest since April 2021. Increasing starting salaries were reportedly driven by shortages of suitably skilled staff and general inflation.

Of the four monitored English regions, the Midlands registered the second-sharpest rate of increase, behind the North of England.

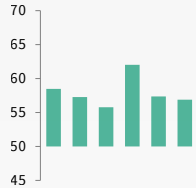
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Oct '22 - Mar '23
sa, >50 = inflation

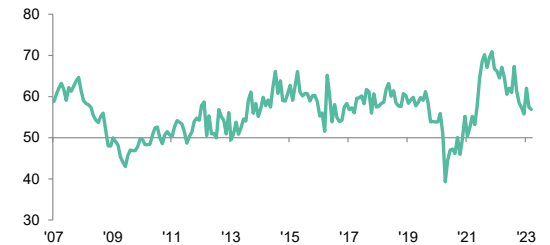


Temp wage growth eases to three-month low

Recruiters based in the Midlands pointed to a sustained rise in average hourly rates of pay for short-term staff at the end of the first quarter. The rate of wage growth was the slowest since December, and the second-weakest in just under two years. Where wage inflation was reported, panel members mentioned paying higher rates to attract suitable staff. The rate of wage growth in the Midlands was slightly softer than the UK average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

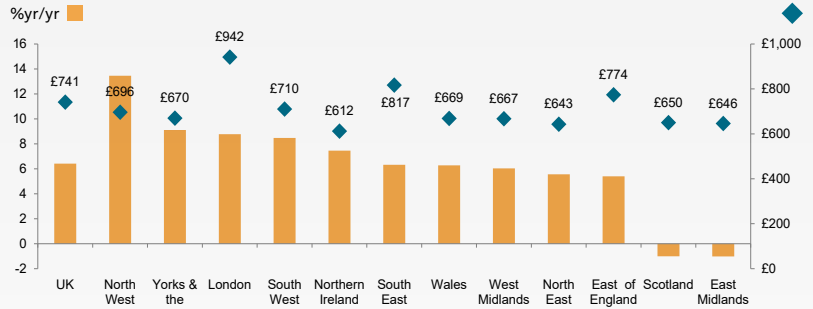
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Oct-22	62.4	61.9	60.5	58.5
Nov-22	62.0	63.7	59.6	57.3
Dec-22	61.9	62.5	56.8	55.8
Jan-23	60.8	57.9	61.1	62.0
Feb-23	61.3	61.9	57.6	57.4
Mar-23	61.1	60.9	57.5	56.9

Official data: UK average weekly earnings

Latest data published by the Office for National Statistics showed that average weekly earnings across the UK increased 6.4% on an annual basis to £741 over the final quarter of 2022.

The North West registered the steepest rate of pay growth (13.5% to £696), followed by Yorkshire & the Humber (9.1% to £670). Only two regions reported a reduction in average earnings, namely Scotland and the East Midlands, with pay falling by 1.0% in both areas to £650 and £646, respectively.

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 UK registered a sixth successive monthly decline in the number of permanent staff placements at the end of the first quarter of 2023. The latest downturn was only marginal, however, and the softest in the current sequence of reduction. Led by London, three of the four monitored English regions registered a reduction in permanent staff appointments. The South of England, meanwhile, bucked the wider trend by recording a renewed upturn that was the first for seven months.

In contrast to the picture for permanent placements, temporary billings rose across the UK during March. The rate of increase was modest and quickened from the previous survey period. London posted the fastest expansion in temp billings. The only region to register a decline was the Midlands.

Candidate availability

The UK saw a renewed rise in permanent staff availability in March that was the first since January 2021 and modest. The uptick was led by a steep rise in the North of England, while the South of England and London also saw permanent staff supply rise in March. Recruiters in the Midlands reported a fourth consecutive reduction, though the decrease was only marginal and the softest in this sequence.

March data signalled the first rise in the supply of temporary staff across the UK for 25 months. The North of England saw the strongest rise since January 2021, while there was also a slight increase among London-based recruiters. While the Midlands and South of England saw reductions sustained in the latest survey period, both saw fractional decreases that were the softest in the respective 25-month sequences of decline.

Pay Pressures

The UK labour market continued to face marked pay pressures in the latest survey period. The rate of salary inflation remained historically elevated in March, but eased slightly since February. All four monitored English regions reported higher permanent starting salaries, though only the North of England recorded an acceleration on the month to post the strongest rate of inflation since September 2022.

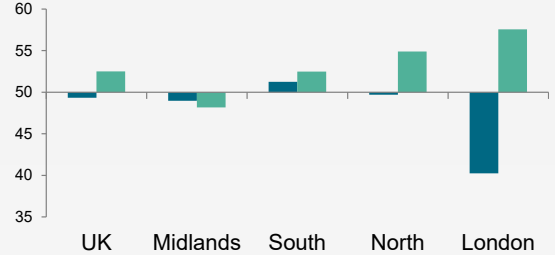
UK recruitment firms indicated that hourly pay rates for temporary workers increased in March. The rate of temp wage inflation was little-changed from February and steep overall. The North of England recorded the quickest rise, while the softest increase was seen in London.

March 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



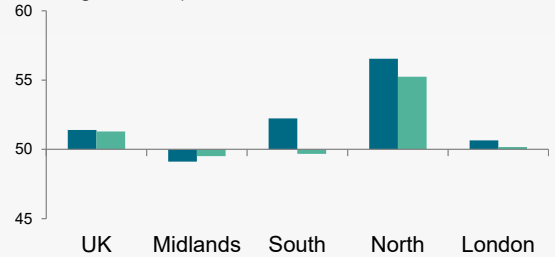
Vacancies

sa, >50 = growth since previous month



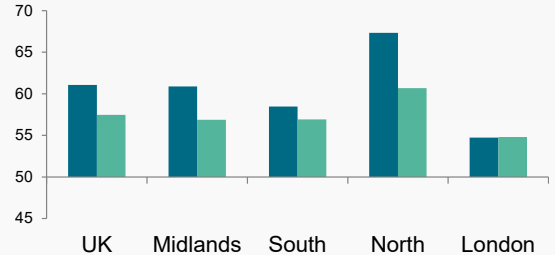
Staff Availability

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.

Survey Dates

Data were collected 10-27 March 2023.

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