

KPMG and REC, UK Report on Jobs: Midlands

Permanent staff appointments fall at quickest rate for two years

41.3

PERMANENT PLACEMENTS INDEX
JAN '23

48.6

TEMPORARY BILLINGS INDEX
JAN '23

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.

Permanent placements and temp billings decline

Softest rise in permanent starters' pay for 23 months

Temp pay growth quickens as temp labour supply falls sharply

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

"January saw permanent staff appointments fall at the quickest pace in two years, with demand for skilled staff continuing to outpace availability across the Midlands."

"With the cost of living continuing to place upwards pressure on pay, job security causing low candidate supply and employers relying on temporary staff as permanent placements decline again, the jobs market remains volatile."

"Recruiters and employers should be thinking creatively about how to attract and retain permanent hires to bring about stability, including by taking on more apprentices across a range of age groups, and investing in upskilling and reskilling their existing staff."

Neil Carberry, Chief Executive of the REC, said:

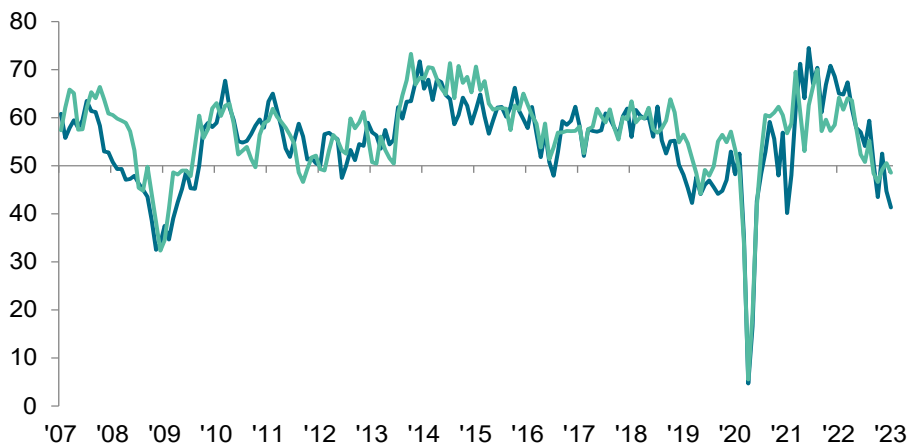
"January's recruitment activity suggests that speculation about a shallower economic downturn may be justified. Temporary pay growth has quickened as supply of short-term workers has fallen sharply. This means the rate of pay growth in the Midlands increased to a five-month high and was stronger than the national average."

"Underpinning a sense of optimism, vacancies increased for both temporary and permanent roles in January. While this will reflect activity that may have been delayed from the autumn, it is another sign of firms feeling confident to hire, even if they are leaning more to temporary hiring than normal in this uncertain environment. That is the power of our temporary work market – it gives us a way to ensure firms can grow and people can build their careers even when the picture is uncertain."

"The need to address the fundamental challenges our labour market faces has not changed with the turning of the year. From skills to tackling economic inactivity, and from immigration to childcare there is much that can be done in partnership with business to help our economy grow and workers to prosper. Ahead of the Budget, the Chancellor should put the people first across the whole of government. Every department has a role to play in getting growth going – and that starts with enabling our labour market."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



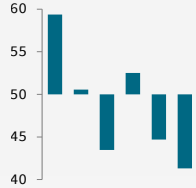
1 Staff appointments

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

Aug '22 - Jan '23

sa, >50 = growth



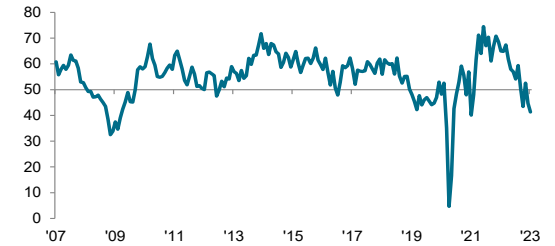
Stronger decline in permanent staff appointments

The number of people placed into permanent roles across the Midlands fell for the third time in the past four months in January. Notably, the rate of contraction accelerated to a substantial pace that was the quickest recorded for two years. It was also the steepest seen of all four monitored English regions.

Recruiters that posted a fall in permanent placements often linked this to the weak economic climate and candidate shortages.

Permanent Placements Index

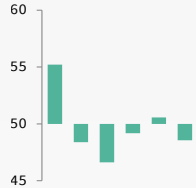
sa, >50 = growth since previous month



Temporary Billings Index

Aug '22 - Jan '23

sa, >50 = growth



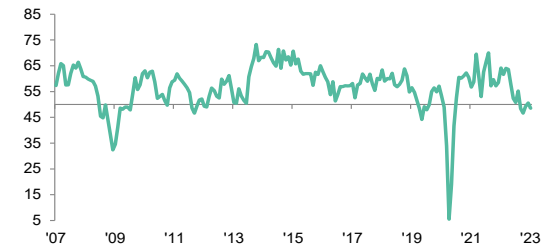
Fresh fall in temp billings

After expanding for the first time in four months in December, billings received from temp staff hires in the Midlands declined in January. Though only modest, the reduction contrasted with increases in temp billings across the three other monitored English regions.

Anecdotal evidence indicated that billings for short-term staff fell due to greater caution among clients due to the weaker economic outlook as well as low candidate supply.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-22	53.3	59.4	56.4	55.2
Sep-22	51.2	50.6	55.3	48.4
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

Job vacancies

Demand for permanent staff in the Midlands continued to rise at the start of the year. The rate of vacancy growth quickened slightly on the month and was sharper than that seen at the national level. That said, the upturn remained softer than the long-run trend.

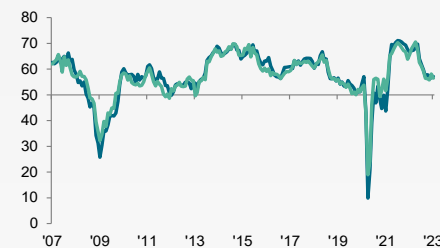
Temporary job openings also expanded markedly, though growth softened from that seen in December and was below the series average. Nevertheless, the upturn was slightly quicker than that seen across the UK as a whole.

Vacancies Index

■ Permanent

■ Temporary

sa, >50 = growth since previous month

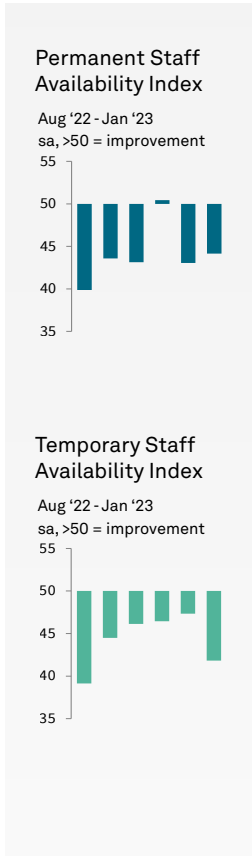


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-22	62.2	59.8	61.9	59.2
Sep-22	58.0	57.1	58.8	56.4
Oct-22	56.7	57.9	56.3	56.3
Nov-22	54.0	57.4	56.3	55.8
Dec-22	52.9	56.5	56.7	58.2
Jan-23	54.2	57.2	56.1	56.5

2 Staff availability

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



Permanent staff supply falls at slightly softer rate

The seasonally adjusted Permanent Staff Availability Index signalled a second successive monthly fall in permanent candidate numbers in the Midlands during January. The rate of decline eased slightly on the month, but remained sharp overall and exceeded the UK-wide trend. Concerns over the economy and job security had reportedly deterred potential job seekers, while Brexit and a low unemployment rate were also cited by recruiters as limiting candidate supply.

Downturn in temp candidate numbers accelerates

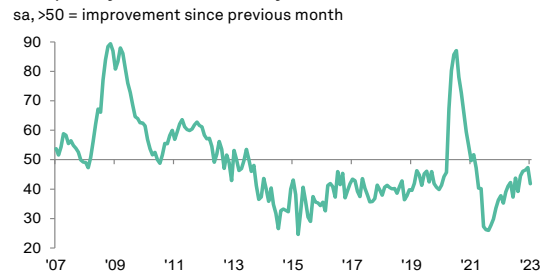
Recruitment consultancies based in the Midlands signalled a sharp and accelerated reduction in temp candidate supply at the start of 2023. Furthermore, the rate of deterioration was the sharpest seen in five months and the quickest of all four monitored English regions.

There were reports that candidates often preferred the stability of permanent roles, while candidate availability was also hampered by skill shortages.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-22	40.1	39.9	41.2	39.1
Sep-22	40.5	43.6	45.1	44.5
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

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Payroll	IT & Computing Data Engineers Data Scientists Developers IT SAP
Blue Collar Industrials Manufacturing	Secretarial/Clerical Administration Office Staff Receptionist
Construction Architectural Tech	Other All Types of Candidates Health & Safety Logistics Sales Skilled Teachers
Engineering Electrical Engineers Engineers Maintenance Engineers	
Executive/Professional Human Resources	

Skills in short supply: Temporary staff

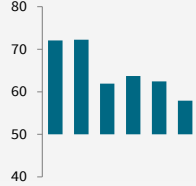
Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Finance Payroll	Developers IT
Construction Architectural Tech	Secretarial/Clerical Administration Office Staff
Engineering Engineers	Other All Types of Candidates Teachers Unskilled
Executive/Professional Legal Secretarial	
IT & Computing CAD Data Engineers Data Professionals	

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

Aug '22 - Jan '23
sa, >50 = inflation



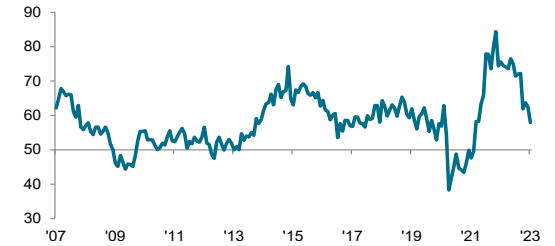
Starting salary inflation slips to 23-month low

Average salaries awarded to newly-placed permanent staff in the Midlands increased further in January, thereby stretching the current sequence of rising pay to 23 months. Though marked overall, the rate of growth eased to the softest seen over this period and was weaker than those seen across the three other monitored English regions.

According to panellists, starting salaries had increased amid efforts to attract candidates and fill vacancies.

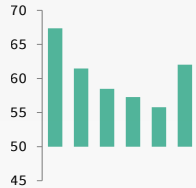
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Aug '22 - Jan '23
sa, >50 = inflation



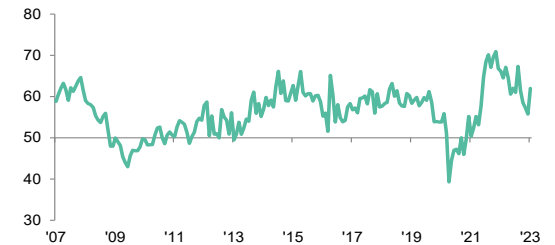
Sharper increase in temp pay

Average hourly pay for short-term staff in the Midlands rose for the twenty-sixth month in a row during January. Furthermore, the rate of growth quickened to a five-month high and was slightly stronger than the national average.

Where higher rates of temp pay were registered, recruiters often attributed this to greater competition for scarce workers.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

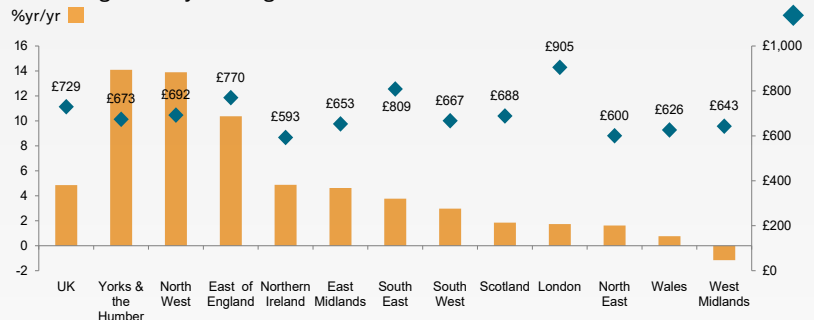
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-22	70.4	72.1	63.8	67.4
Sep-22	70.2	72.2	61.9	61.5
Oct-22	62.4	61.9	60.5	58.5
Nov-22	62.0	63.7	59.6	57.3
Dec-22	61.9	62.5	56.8	55.8
Jan-23	60.8	57.9	61.1	62.0

Official data: UK average weekly earnings

Latest data published by the Office for National Statistics showed that average weekly earnings across the UK rose 4.9% year-on-year to £729 over the third quarter of 2022.

The strongest rate of pay growth was seen in Yorkshire & the Humber (14.1% to £673), closely followed by the North West (13.9% to £692). The only region to record a drop in pay was the West Midlands, where earnings fell -1.2% to £643.

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 people placed into permanent jobs across the UK fell for the fourth straight month in January. The rate of decline was the softest seen over this period, albeit solid overall. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in the Midlands.

In contrast, billings received from the employment of short-term staff across the UK rose further at the start of 2023. Though mild, the rate of growth was the best seen for four months. All four monitored English areas bar the Midlands saw higher temp billings in January, with the North of England leading the upturn.

Candidate availability

The availability of staff for permanent roles across the UK contracted in January, as has been the case throughout the past two years. Though solid, the rate of deterioration was the softest seen since March 2021 and much slower than that seen on average in 2022. The Midlands and the North of England posted the joint-steepest drop in permanent candidate numbers. London was the only monitored English region to see an improvement in permanent candidate supply.

At the national level, the number of temporary candidates fell at a solid rate that was slightly faster than that seen at the end of 2022. As was the case for permanent staff supply, London was the only English area to see an improvement in temp candidate availability. Of the three monitored English regions to see a decline, the Midlands registered the quickest rate of contraction.

Pay Pressures

Average starting pay for permanent workers in the UK continued to increase at the start of the year, thereby stretching the current sequence of inflation to 23 months. The rate of growth slipped to the lowest since April 2021, having eased further from March 2022's survey record, but remained sharp overall. On a regional basis, the steepest increase in starting salaries was seen in the North of England and the softest in the Midlands.

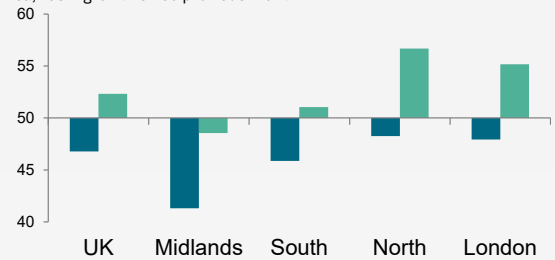
Latest survey data pointed to a renewed acceleration in temp wage inflation across the UK in January. Notably, the latest increase in short-term pay was the strongest since last September. All four monitored English regions recorded higher temp wages at the start of the year, with the sharpest rate of inflation seen at recruiters based in the Midlands.

January 2023

■ Permanent
■ Temporary

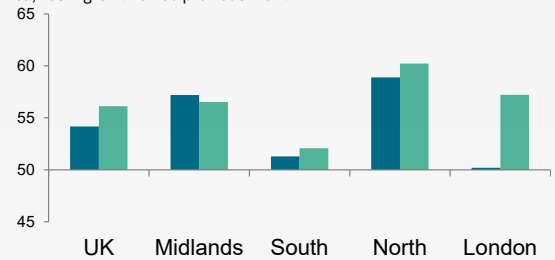
Staff Appointments

sa, >50 = growth since previous month



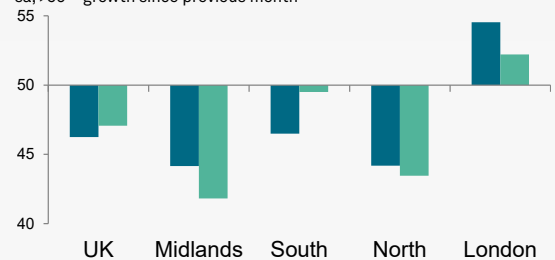
Vacancies

sa, >50 = growth since previous month



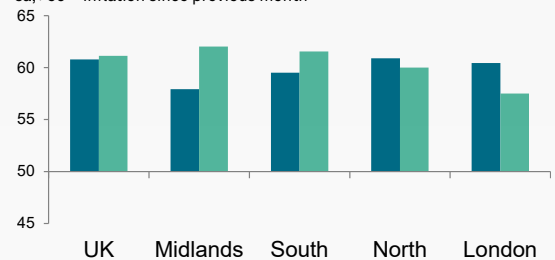
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Tanya Holden
Deputy Head of Media Relations
+44 (0) 203 078 3996
tanya.holden@kpmg.co.uk

REC

Hamant Verma
Communications Manager
T: +44 (0)20 7009 2129
hamant.verma@rec.uk.com

S&P Global

Annabel Fiddes
Economics Associate Director
S&P Global Market Intelligence
T: +44 149 146 1010
annabel.fiddes@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
sabrina.mayeen@spglobal.com

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 12-25 January 2023.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About KPMG

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.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 145 countries and territories with more than 236,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.