

KPMG and REC, UK Report on Jobs: Midlands

Economic uncertainty continues to dampen hiring activity in the Midlands

44.7

PERMANENT PLACEMENTS INDEX
APR '23

47.2

TEMPORARY BILLINGS INDEX
APR '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 fall further

Permanent staff supply rises for first time in five months

Pay pressures ease but remain marked overall

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

“April’s data is evidence that many employers across the Midlands are in need of new talent, and there are also a number of people who want new roles with greater development opportunities and pay – highlighted by the rise in available permanent staff. However, placements are still falling which means there is a disconnect between what workers want and what employers are offering. In this age of ‘great resignation’ and ‘quiet quitting’ more and more people will be looking for job satisfaction on top of good benefits and hiring managers will have to go a step further to show that they can provide this to potential candidates.”

Neil Carberry, REC Chief Executive, said:

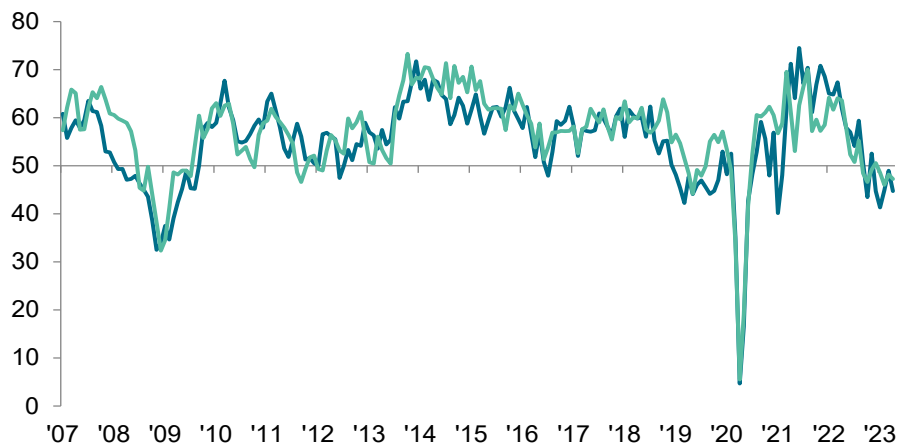
“This data shows how uncertain many employers are feeling right now. Permanent placements have fallen but the drop was slightly softer than that seen across the UK as a whole. Businesses continue to turn to temps to help them through, with temp vacancies expanding in the Midlands at a sharp and accelerated pace that outstripped the UK-wide average.

“Across the UK, REC members reporting weaker demand in some sectors than others as sectors like logistics, driving and food are heavily affected by changing consumer behaviour. Taken together, however, there is still plenty of opportunity out there for jobseekers. Wages are rising for both temps and new permanent hires in the Midlands in the face of inflation, even though permanent candidate availability is finally starting to improve in the region.

“For employers, hiring is unlikely to get easier soon. Those businesses that succeed will have good, long-term strategies for accessing talent from a wide range of sources, including retraining. Recruiters are well-placed to help with this. Nowhere is the need for a strong hiring strategy more obvious than in our largest employer, the NHS, where the failure to partner properly with NHS staffing suppliers is lengthening waiting times and costing the public purse more than necessary. Reforming NHS frameworks in partnership with the industry would be in the interests of patients, medical staff and the taxpayer.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

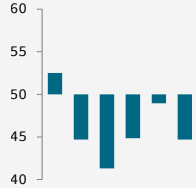


1 Staff appointments

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

Nov '22 - Apr '23
sa, >50 = growth



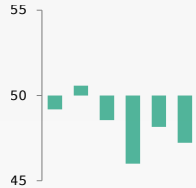
Permanent staff appointments fall at quicker rate

Recruitment consultancies based in the Midlands signalled a reduction in the number of people placed into permanent roles for the fifth successive month in April. The rate of contraction quickened notably on the month and was solid overall. That said, the drop was slightly softer than that seen across the UK as a whole.

Anecdotal evidence indicated that permanent staff appointments fell due to more cautious hiring policies at clients. There were also some reports that candidate shortages had impacted recruitment efforts.

Temporary Billings Index

Nov '22 - Apr '23
sa, >50 = growth

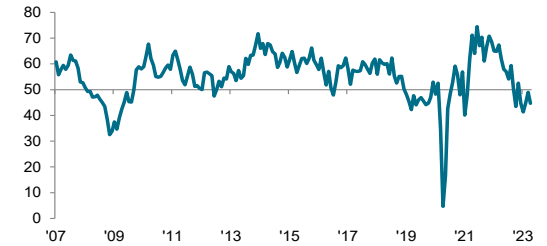


Temp billings continue to decline in April

April survey data signalled a decline in billings received from the employment of short-term staff in the Midlands for the fourth month in a row. Though moderate, the rate of contraction was quicker than that seen in March. Lower billings were often linked to subdued economic conditions and a preference amongst workers for permanent roles. The Midlands was the only monitored English region to report lower temp billings in April, which rose solidly across the UK on average.

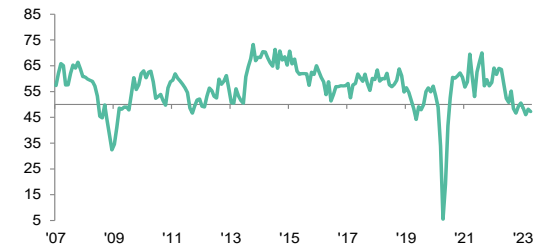
Permanent Placements Index

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
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
Apr-23	44.2	44.7	53.3	47.2

Job vacancies

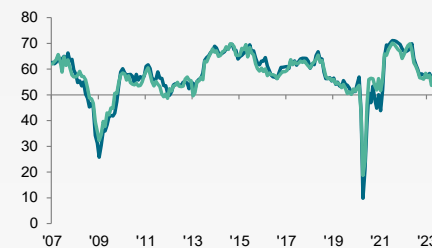
Midlands-based recruiters signalled a further slowdown in permanent vacancy growth at the start of the second quarter. Notably, the rate of expansion was the softest seen since February 2021. Growth of demand for permanent staff also softened at the UK level, but was firmer than that seen in the Midlands.

In contrast, temp vacancies expanded at a sharp and accelerated pace that outstripped the UK-wide average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

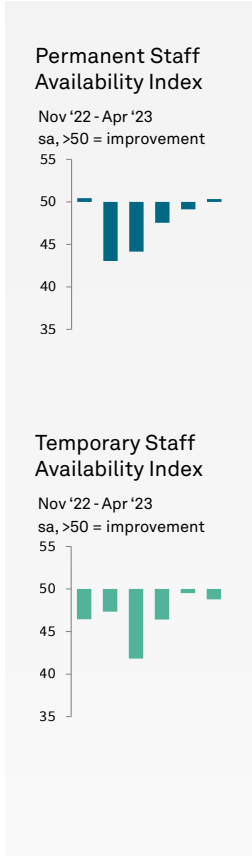


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Nov-22	54.0	57.7	56.3	56.1
Dec-22	52.9	56.9	56.7	58.4
Jan-23	54.5	57.5	56.1	56.7
Feb-23	55.6	58.3	55.8	57.6
Mar-23	55.6	56.7	52.3	53.7
Apr-23	54.7	55.8	55.3	57.3

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 expands for first time in five months

Adjusted for seasonality, the Permanent Staff Availability Index posted above the neutral 50.0 mark to signal the first improvement in permanent candidate numbers in the Midlands for five months. That said, the rate of expansion was only marginal and weaker than that seen across the UK as a whole.

Higher staff supply was mainly linked by recruiters to redundancies.

Modest fall in temp candidate numbers

The supply of short-term workers in the Midlands decreased again at the start of the second quarter, thereby stretching the current sequence of deterioration to 26 months. The rate of decline was quicker than that seen in March, but moderate overall. Nevertheless, the sustained fall contrasted with a slight upturn at the national level.

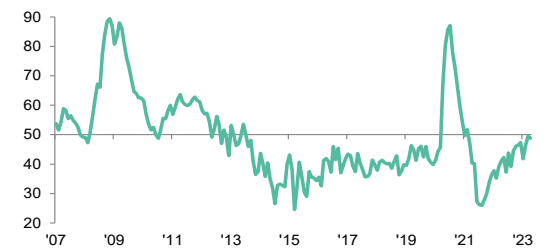
Permanent Staff Availability Index

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
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
Apr-23	51.6	50.3	50.2	48.8

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial
Accountants
Auditors
Book Keepers
Credit Controllers
Payroll

Blue Collar
Welders

Construction
Architectural Tech

Engineering
Engineers

IT & Computing
Automation Testers
Data Engineers
Data Scientists
Developers
IT
Technology

Secretarial/Clerical
Administration
Office Staff

Other
All Types of Candidates
Logistics
Sales

Skills in short supply: Temporary staff

Accounting/Financial
Accountants
Auditors
Book Keepers
Credit Controllers
Finance
Payroll

Blue Collar
Forklift Drivers
Production
Security Guards

Warehouse

Engineering
Engineers

Hotel & Catering
Chefs

IT & Computing
Developers

Secretarial/Clerical
Administration
Office Staff

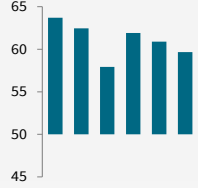
Other
All Types of Candidates
Call Centre
Customer Service
Unskilled

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

Nov '22 - Apr '23
sa, >50 = inflation



Starting salary inflation dips to three-month low

Salaries awarded to new permanent joiners in the Midlands increased again during April. The rate of pay growth edged down to a three-month low but remained sharp in the context of historical data. Recruiters often mentioned that salaries had risen due to increased competition and counteroffers to secure staff, as the supply of candidates remained limited.

Of the four monitored English regions, only London saw a softer rise in starting salaries than the Midlands. The North of England recorded the quickest rate of pay growth.

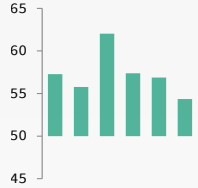
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Nov '22 - Apr '23
sa, >50 = inflation

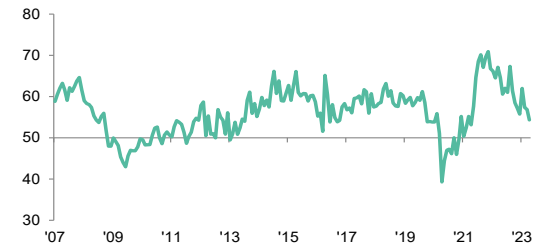


Softest increase in temp wages for two years

Average hourly wages for temp staff in the Midlands increased for the twenty-ninth consecutive month in April. There were a number of reports that greater competition for scarce staff and the rising cost of living had pushed up wages. Though solid, the rate of pay inflation edged down for the third month in a row and was the slowest seen for two years. Temp pay growth meanwhile quickened to a three-month high across the UK as a whole, and outpaced that seen in the Midlands.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

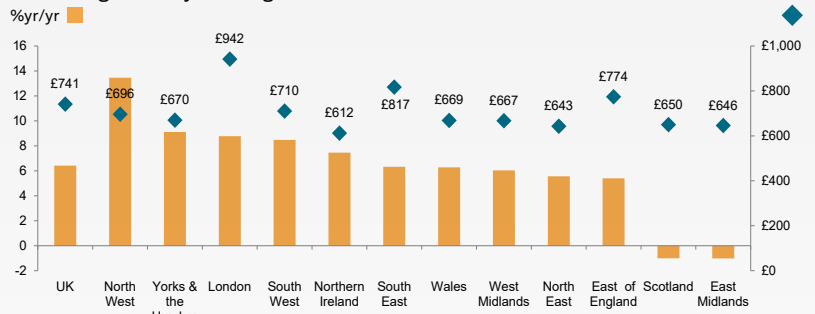
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Nov-22	62.0	63.7	59.6	57.3
Dec-22	61.9	62.5	56.8	55.8
Jan-23	60.8	57.9	61.1	62.0
Feb-23	61.3	61.9	57.6	57.4
Mar-23	61.1	60.9	57.5	56.9
Apr-23	61.4	59.7	57.9	54.4

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 number of people placed into permanent job roles across the UK fell for the seventh month running in April. Furthermore, the rate of decline quickened from March and was the steepest recorded since January 2021. Permanent staff appointments fell across all four monitored English regions, with London seeing by far the sharpest reduction. The softest contraction was meanwhile seen in the South of England.

Temp billings growth across the UK quickened for the second month running in April, with the rate of expansion the fastest since September 2022. The upturn was supported by steep increases in the South and North of England and mild growth in London. The Midlands was the only monitored English area to register a fall in temp billings.

Candidate availability

The supply of permanent workers across the UK expanded for the second straight month in April. The rate of improvement quickened slightly from March but remained modest overall. Data broken down by English region indicated that the upturn in permanent staff supply was broad-based and led by London. The softest increase in candidate numbers was seen in the Midlands.

The supply of temporary labour also expanded again in April, but the rate of growth softened to one that was fractional overall. Divergent trends were seen at the regional level, with higher temp candidate availability in London and the North of England contrasting with falls in the Midlands and the South of England.

Pay Pressures

Starting salaries awarded to permanent staff in the UK increased for the twenty-sixth month running at the start of the second quarter. The rate of inflation was the sharpest seen in 2023 to date and comfortably above the series average. All four English regions monitored by the survey recorded marked increases in permanent pay, led by the North of England.

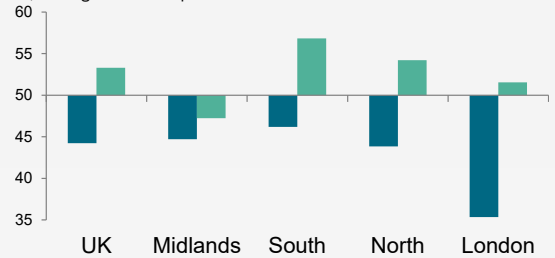
Average rates of pay for temporary workers across the UK also rose again during April. Notably, the rate of wage growth edged up to a three-month high. Regional data highlighted that sharper increases in temp pay in the North of England and London offset softer rates of inflation in the South of England and the Midlands.

April 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



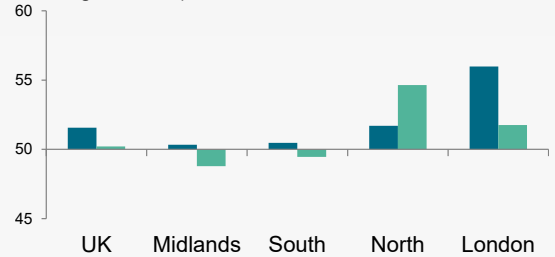
Vacancies

sa, >50 = growth since previous month



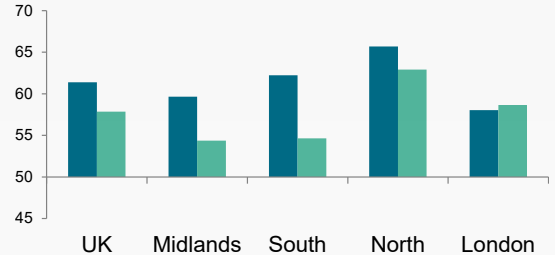
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Rory Brown
Senior Manager
M: +44 (0) 751 0374 794
Rory.brown@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 12-24 April 2023.

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