

KPMG and REC, UK Report on Jobs: Midlands

Permanent staff appointments fall at softest rate for six months

49.5

PERMANENT PLACEMENTS INDEX
MAY '23

46.5

TEMPORARY BILLINGS INDEX
MAY '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.

Softer fall in permanent placements

Strongest rise in permanent staff supply for 28 months

Starting salaries rise at quickest pace since November 2022

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

“The jobs market remains subdued, with the latest survey results showing dampened hiring activity amid ongoing economic concerns. Overall vacancy growth slowed as businesses delayed hiring decisions, but the continued salary inflation signalled positive times to come for the Midlands’ employment landscape as businesses continue to look for skilled candidates.

“For job seekers there was more demand for permanent workers in the tech, financial and accounting sectors. And while temporary vacancy growth slowed, there are still plenty of opportunities, especially for customer service and administration roles.

“It’s a tough time for employers, and what they really need is an upskilled and reskilled workforce which can move between sectors and quickly fill their vacancies. This will in turn aid economic recovery. The Government’s new Local Skills Improvement Fund scratches the surface of the problem, but more needs to be done to urgently address the UK’s widening skills gap.”

Neil Carberry, REC Chief Executive, said:

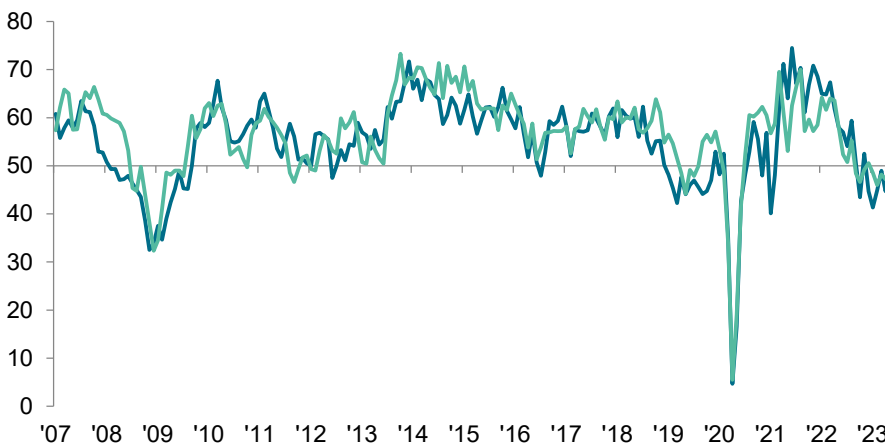
“We’ve been hearing more and more about differences between sectors in hiring rates over the past few months, and today’s data really highlights this. Permanent hiring is declining from the sugar rush of 2022, but the story can vary widely across different businesses as their economic outlook remains unclear.

“For hiring businesses, greater candidate availability will help resolve shortages, though inflation means wage growth remains high. In addition, candidates may have to change sectors in their job search, so there is not an automatic increase in candidate supply for shortage roles. All of this puts a premium on getting our response right as businesses – looking at skills development and widening the net of places that firms look for candidates. Recruiters can help with this.

“Government can play its part, too. Proper reform of the Apprenticeship Levy to deliver more flexible and effective training options could help speed sector-to-sector transfers, as could greater use of temporary working to help candidates get a start. Regulation also needs to treat temporary work as a positive option – not a second choice.”

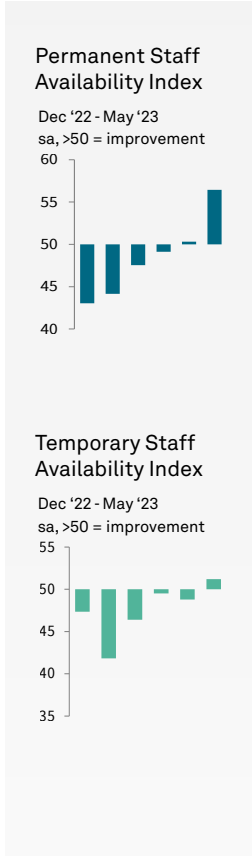
■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



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 rises at quicker rate

The seasonally adjusted Permanent Staff Availability Index signalled a second successive monthly rise in permanent candidate numbers in the Midlands in May. The rate of increase accelerated from April and was the strongest recorded since January 2021. Recruiters often noted that more candidates were available due to previous redundancies, while new graduates also entered the job market. The rise in staff supply was stronger than at the national level.

Renewed uptick in temp candidate numbers

Recruitment consultancies based in the Midlands signalled a renewed increase in temp candidate supply in the latest survey period. While only modest, the rise was the first recorded since February 2021. There were reports that some candidates were more willing to take on temp roles after having been made redundant from other positions. The rate of increase in the Midlands was the softest across the four monitored English regions, however.

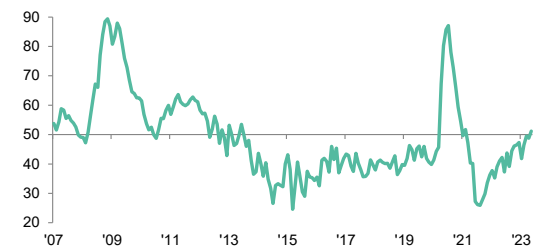
Permanent Staff Availability Index

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
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
May-23	55.8	56.4	52.9	51.2

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Finance Payroll	Engineering Engineers Executive/ Professional	Secretarial/Clerical Administration
Blue Collar Industrials	Marketing IT & Computing	Other All Types of Candidates Skilled
Construction Architectural Tech	Automation Testers Developers Technology	

Skills in short supply: Temporary staff

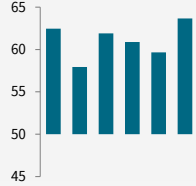
Accounting/Financial Accountants Finance Payroll	Engineering Engineers Executive/ Professional	IT & Computing Data Engineers Developers
Blue Collar Industrials Welders	Legal Hotel & Catering Chefs	Secretarial/Clerical Administration
Construction Architectural Tech		Other All Types of Candidates Skilled 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

Dec '22 - May '23
sa, >50 = inflation



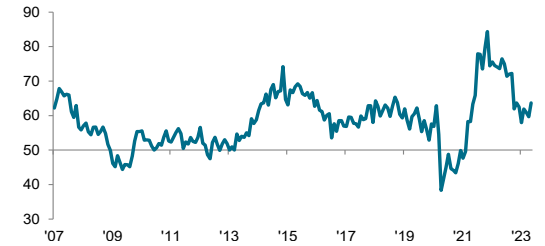
Starting salary inflation picks up to six-month high

Average salaries awarded to new permanent joiners in the Midlands increased further in May, thereby stretching the current sequence of rising pay to 27 months. The rate of growth was marked overall and the steepest recorded since November 2022. According to panellists, starting salaries had increased amid efforts to attract suitably skilled staff.

Recruiters in the Midlands signalled the second-strongest rate of salary inflation of the monitored regions, behind the North of England.

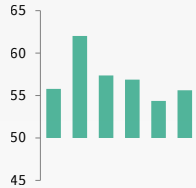
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Dec '22 - May '23
sa, >50 = inflation



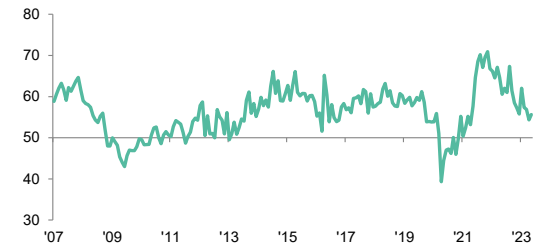
Sharper increase in temp pay

Average hourly pay for short-term staff in the Midlands rose for the thirtieth month in a row during May. The rate of growth quickened from that seen in April though was weaker than the national average.

Where higher rates of temp pay were registered, recruiters often attributed this to higher payments being offered due to the increased cost of living.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

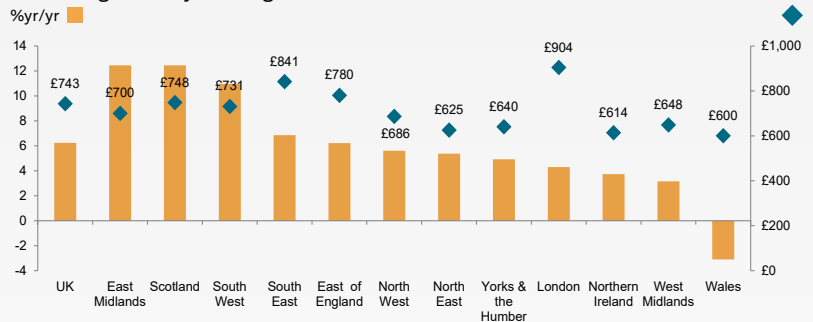
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-22	61.9	62.5	56.8	55.8
Jan-23	60.8	57.9	61.1	62.0
Feb-23	61.3	61.9	57.6	57.4
Mar-23	61.1	60.9	57.5	56.9
Apr-23	61.4	59.7	57.9	54.4
May-23	59.6	63.7	57.4	55.6

Official data: UK average weekly earnings

Data from the Office for National Statistics indicated that average weekly earnings across the UK increased by 6.2% year-on-year to £743 over the opening quarter of 2023.

Average pay increased across all bar one of the 12 UK regions, with the East Midlands (12.5% to £700), Scotland (12.4% to £748) and the South West (11% to £731) recording the steepest rates of growth. Wales was the only region to see earnings decline, with pay falling -3.1% to £600.

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 eighth month running in May. The rate of decline strengthened from April and was the joint-strongest since June 2020. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in London.

In contrast, temporary billings continued to rise across the UK, the thirty-fourth successive month in which that has been the case. The rate of expansion was only slight, however, and the softest since last October. Both London and the South of England saw further upticks in May, while there was a renewed decline in the North of England. The strongest decrease was noted in the Midlands.

Candidate availability

The availability of staff for permanent roles across the UK increased in May, extending the current sequence of growth to three months. The rate of accumulation was steep and the sharpest recorded since December 2020. All four monitored English regions saw an uptick in permanent staff supply, the sharpest of which was recorded in London.

At the national level, the number of temporary candidates rose at a moderate rate that was the quickest for 27 months. For the first time since February 2021, all four of the monitored English regions saw temp staff availability increase, with the North of England seeing the strongest upturn, closely followed by London.

Pay Pressures

Average starting pay for permanent new joiners in the UK continued to increase during May, thereby stretching the current sequence of inflation to 27 months. The rate of growth slipped to the lowest since April 2021, but remained marked overall. On a regional basis, the steepest increase in starting salaries was seen in the North of England, followed closely by the Midlands. The softest increase was recorded in London.

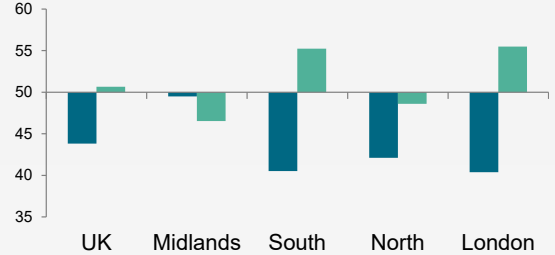
Latest survey data pointed to a further rise in temp wages across the UK in May. Notably, the latest increase in short-term pay was the slowest since April 2021. All four monitored English regions saw a sustained increase in temp wage inflation, with the strongest rise recorded in the North of England while the slowest increase was seen in London.

May 2023

■ Permanent
■ Temporary

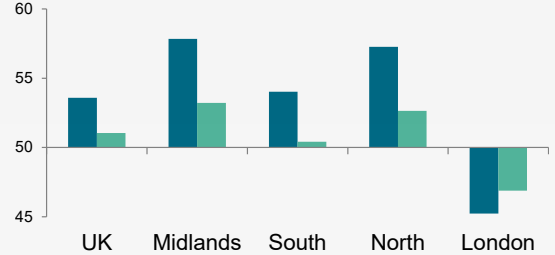
Staff Appointments

sa, >50 = growth since previous month



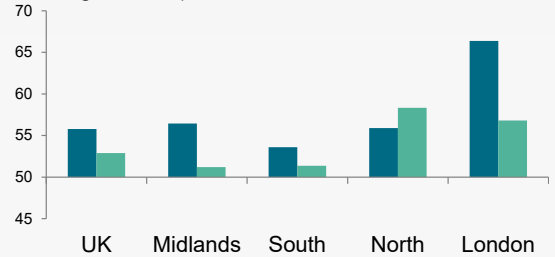
Vacancies

sa, >50 = growth since previous month



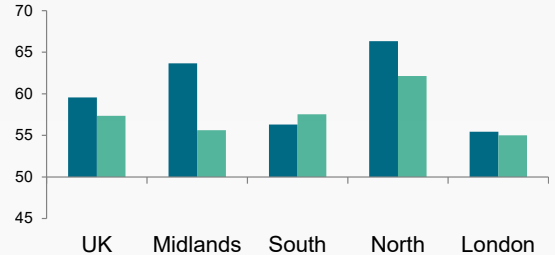
Staff Availability

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 11-24 May 2023.

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