

KPMG and REC, UK Report on Jobs: Midlands

Permanent staff appointments fall at stronger rate, but temp billings increase

46.8

PERMANENT PLACEMENTS INDEX JUN '23

51.5

TEMPORARY BILLINGS INDEX JUN '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.

Temp billings rise for the first time since December

Softest increase in permanent starting salaries for 28 months

Staff availability rises sharply

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

"While June's data shows demand for permanent staff, the actual placements fell showing hesitancy from businesses to hire and commit to candidates that may not meet all of the requirements. This is supported by the accelerated increase in temporary candidates as they give employers the opportunity to 'try without committing'.

"Similarly to other UK regions, we continue to see a skills shortage in the tech, blue collar and professional sectors, highlighting the need for businesses to continue investing in upskilling current staff and working closely with local education providers to ensure a synergy between available courses and the skills needed to boost the region."

Neil Carberry, REC Chief Executive, said:

"There is a risk of seeing an element of Groundhog Day in June hiring, with permanent billing easing again and firms turning to temporary staff in the face of uncertainty. But there was quite a lot of change in the shadows of the headline data. There was a significant step up in the number of candidates looking for a new permanent or temporary role. This is likely driven by people reacting to high inflation by stepping up their job search, and by some firms reshaping their businesses in a period of low growth. It's no surprise, therefore that the rate at which wages are rising eased.

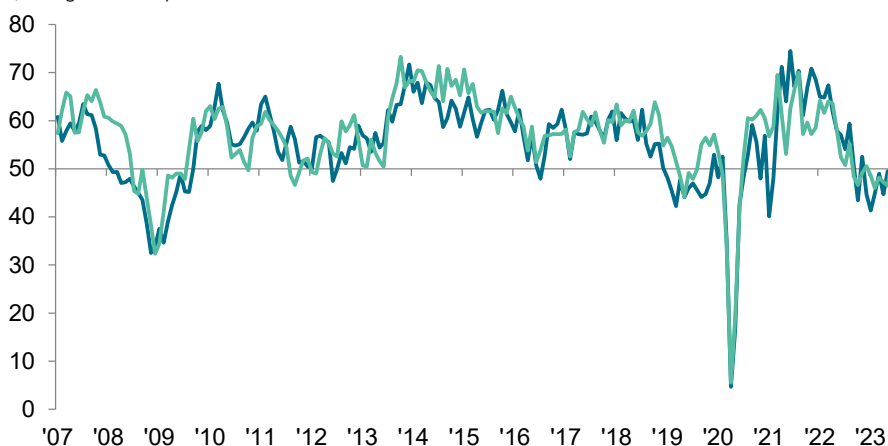
"Despite these trends, the labour market remains very tight. There are still broad skills shortages, with accountancy and construction among those sectors struggling to find and retain workers. This is despite the supply of candidates across the job market continuing to rise in the Midlands, and for four consecutive months across the UK.

"The growth in vacancies for staff in hotel & catering and blue-collar jobs in Midlands, and for temp positions in retail across the UK, suggest businesses anticipate that people are still prepared to spend their wages on goods and services despite the fall in their purchasing power and the wider cost-of-living crisis. This is backed by anecdotes from REC members noting that the warm weather in June was a significant driver of demand.

"Long-term progress rests on the UK being a great place to invest. A strong industrial strategy with people at its heart would help overcome labour and skills shortages, acknowledging the wide range of choices that people have about how they work. Progress should start with action on skills and immigration, but also accelerating steps on childcare, transport and back-to-work support, as set out in the REC's Overcoming Shortages report."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

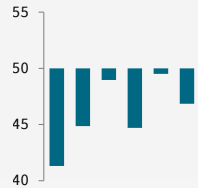


1 Staff appointments

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

Jan - Jun '23
sa, >50 = growth

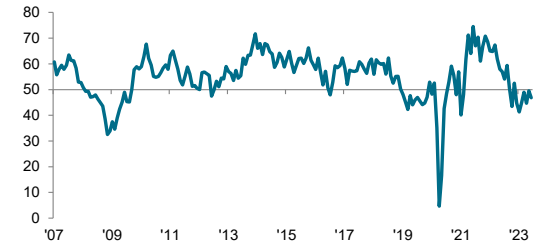


Sharper fall in permanent staff placements

The number of people placed into permanent roles in the Midlands fell for the seventh successive month in June. Respondents noted recruitment freezes at clients and economic uncertainty as the key factors behind the decrease. The rate of reduction was solid overall and broadly in line with the decline registered at the UK level.

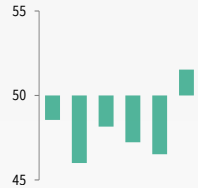
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Jan - Jun '23
sa, >50 = growth

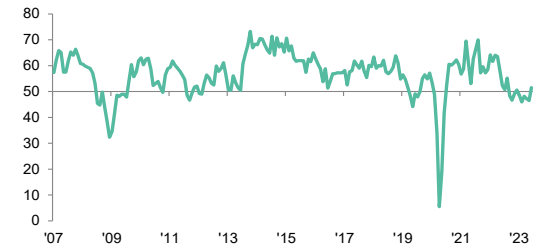


Renewed rise in temp billings

Billings received from the employment of temporary staff in the Midlands returned to growth territory in June. The increase was the first recorded in 2023 and the strongest seen in ten months. Anecdotal evidence indicated that clients were looking to take on more flexible staff.

Temporary Billings Index

sa, >50 = growth since previous month



The rise in temp billings in the Midlands was the weakest of the three English regions that posted an expansion in June, with only the North of England recording a reduction.

sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
May-23	43.8	49.5	50.7	46.5
Jun-23	46.4	46.8	51.1	51.5

Job vacancies

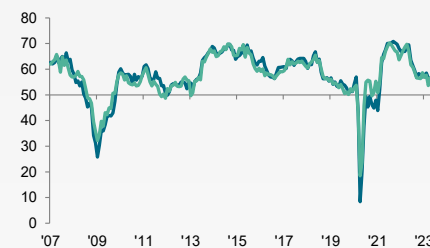
Demand for permanent staff in the Midlands rose for the twenty-ninth consecutive month in June. The increase in vacancies was strong, but softened from that seen in May and was weaker than the series average. Among the English regions, the Midlands saw the second-fastest rise in vacancies, behind the North of England.

Vacancies for temporary staff rose at a sharper rate in June meanwhile, and one that was stronger than the national average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

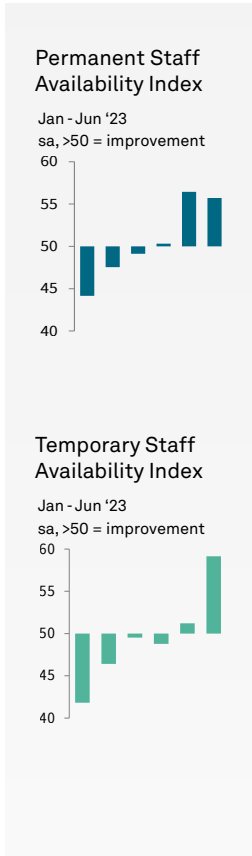


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Jan-23	54.1	57.6	55.6	56.9
Feb-23	55.3	58.5	55.6	57.7
Mar-23	55.2	56.5	52.2	53.6
Apr-23	54.4	56.0	54.8	56.8
May-23	53.0	57.8	50.9	53.1
Jun-23	52.6	56.4	53.6	54.8

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 improves further in June

The seasonally adjusted Permanent Staff Availability Index signalled a third successive monthly rise in permanent candidate numbers in the Midlands in June. This was often linked to more candidates being available due to previous redundancies.

That said, the rate of growth in candidate numbers in the Midlands was the weakest of the four monitored English regions.

Strong rise in temp candidate numbers

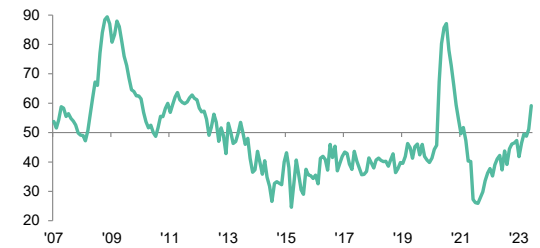
Recruitment consultancies based in the Midlands signalled an accelerated increase in temp candidate supply at the end of the second quarter. The uptick was marked, and the strongest recorded since November 2020 amid an increase in the number of people looking for work.

The increase in the Midlands was the strongest of the four English regions.

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
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
Jun-23	57.6	55.7	58.0	59.2

3 Demand for skills

Skills in short supply: Permanent staff

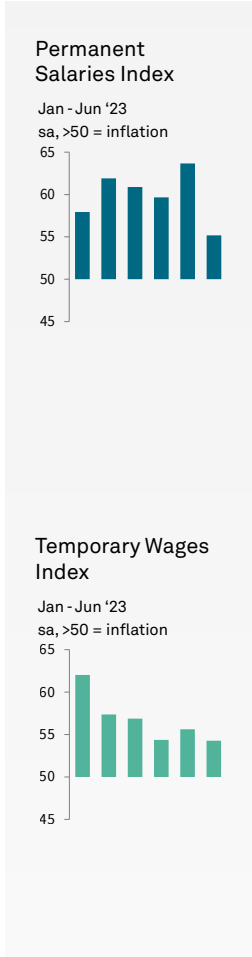
Accounting/Financial	Welders	Developers
Accountants	Construction	IT
Auditors	Architectural Tech	Software
Book Keepers	Engineering	Technology
Credit Controllers	Engineers	Secretarial/Clerical
Finance	Executive/Professional	Administration
Payroll	Marketing	Other
Blue Collar	IT & Computing	All Types of Candidates
Electricians	CNC	Skilled
Industrials		
Production		
Security Guards		

Skills in short supply: Temporary staff

Accounting/Financial	Construction	IT & Computing
Accountants	Architectural Tech	Data Professionals
Auditors	Construction	Developers
Book Keepers	Engineering	Technology
Credit Controllers	Engineers	Other
Finance	Executive/Professional	All Types of Candidates
Payroll	Legal Secretarial	Skilled
Blue Collar	Hotel & Catering	Unskilled
Automotive	Chefs	
Drivers		
Industrials		
Welders		

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.



Starting salary inflation slows sharply

Average salaries awarded to new permanent joiners in the Midlands increased for the twenty-eighth time in as many months in June. That said, the rate of salary growth eased to the slowest in the current sequence. Higher salaries were linked to efforts to attract suitably skilled staff.

Salary inflation in the Midlands was the second-slowest of the monitored regions, ahead of the South of England.

Temp wage growth slows in June

Average hourly pay for short-term staff in the Midlands rose again in June, extending the current sequence to 31 months. Recruiters observed that firms raised temp wages due to clients paying more to retain staff as market competition remained strong. That said, the rate of wage growth slowed from May and was the weakest since April 2021, as well as the softest of the four English regions.

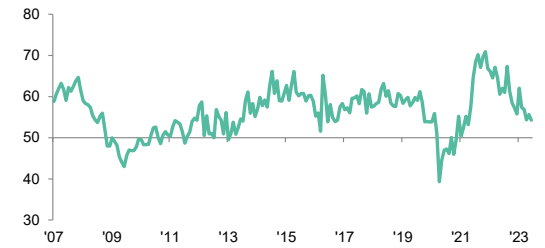
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

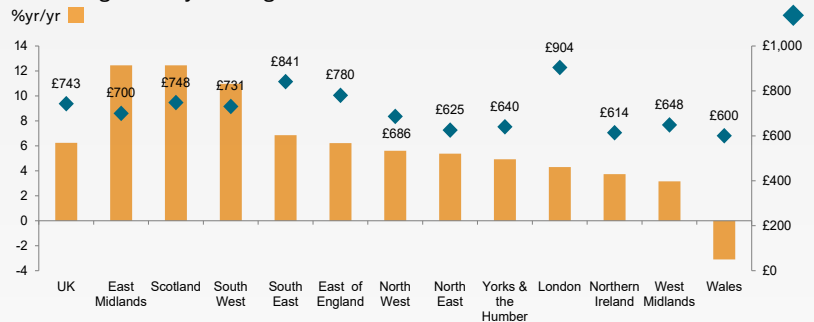
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Jan-23	60.8	57.9	61.1	62.0
Feb-23	61.3	61.9	57.6	57.4
Mar-23	61.1	60.9	57.5	56.9
Apr-23	61.4	59.7	57.9	54.4
May-23	59.6	63.7	57.4	55.6
Jun-23	58.6	55.2	56.4	54.3

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 but 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 via S&P Global Market Intelligence.

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 ninth consecutive month in June. That said, the rate of decline eased from May and was the softest seen for three months. Three of the four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in London. Permanent staff placements rose in the North of England.

In contrast, billings received from temporary staff employment rose for the thirty-fifth consecutive month. There was a renewed rise in temp billings in the Midlands, while London and the South of England recorded sustained albeit softer increases. Recruiters in the North saw the sharpest reduction since November 2022, however.

Candidate availability

The availability of staff for permanent roles across the UK rose at the end of the second quarter, as has been the case for the past four months. The rate of increase accelerated from that seen in May and was the strongest signalled since December 2020. All four monitored regions saw a sharp rise in June, led by London where the rate of increase hit a two-and-a-half year high.

At the UK level, the number of temporary candidates rose for the fourth month running in June, and at a strong pace that was the quickest since the end of 2020. The Midlands led the rise, but all four monitored English regions saw a stronger upturn in candidate availability.

Pay Pressures

Average starting pay for permanent workers rose in the UK during June, taking the current sequence of salary inflation to 28 months. The rate of growth eased on the month however, and was the weakest seen since April 2021. On a regional basis, the steepest increase in starting salaries was seen in the North of England and the softest in the South.

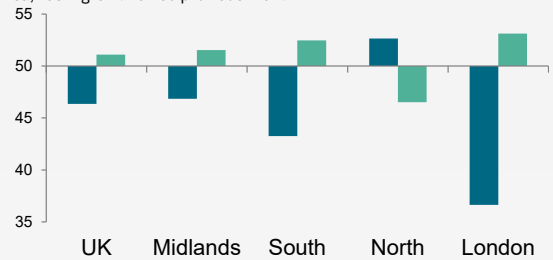
Latest survey data pointed to the weakest UK temp wage inflation in 26 months. That said, the latest increase in pay for short-term staff remained stronger than the long-run trend. All four monitored English regions recorded higher temp wages in June, with the sharpest rate of inflation seen in London. The softest increase was in the Midlands.

June 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



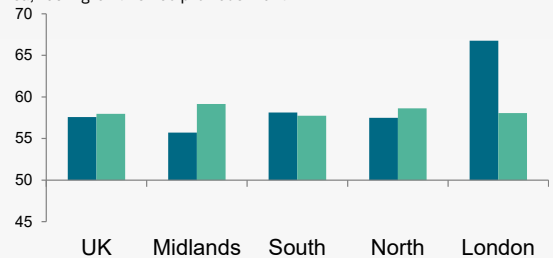
Vacancies

sa, >50 = growth since previous month



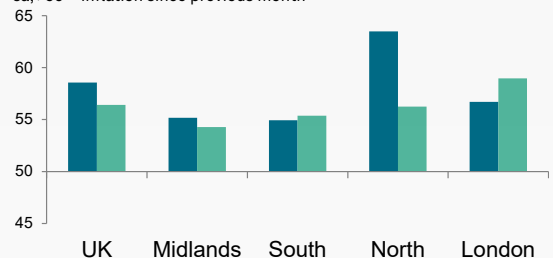
Staff Availability

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 12-26 June 2023.

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