

# KPMG and REC, UK Report on Jobs: Midlands

## Permanent placements continue to fall solidly in July

46.4

PERMANENT PLACEMENTS INDEX JUL '23

54.5

TEMPORARY BILLINGS INDEX JUL '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 fall at fastest rate for three months...

...but temp billings growth quickens to 11-month high

Sharper rise in candidate availability

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

*"The data for July shows a split in what employers are doing when it comes to hiring across the Midlands. A lack of skilled candidates and the continuing economic uncertainty has resulted in a fall in permanent hires, but a rise in temporary workers. However, in good news for those seeking a permanent role the latest figures have highlighted a rise in starting salaries."*

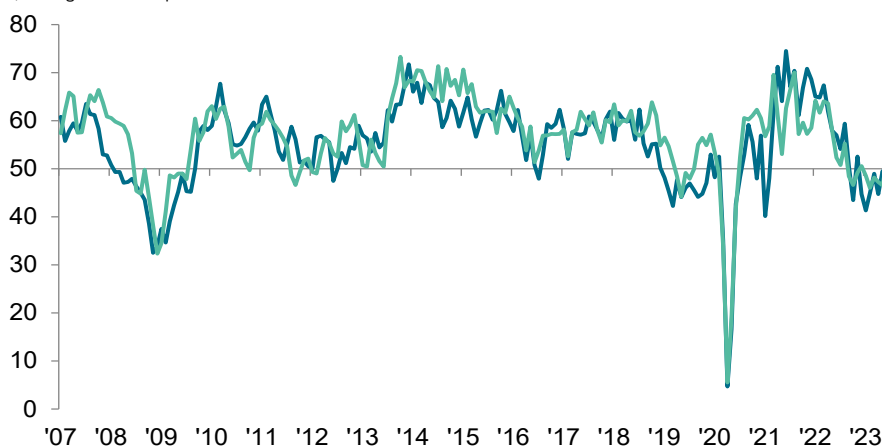
Neil Carberry, REC Chief Executive, said:

*"The jobs market overall in the Midlands remains fairly robust, with temp vacancies expanding solidly and pay still rising, and unemployment low across the UK but there is a sense in today's report that the economy will need some growth soon to sustain this positive picture. Permanent hiring has been slowing all year. To some extent this is normalisation as the post-pandemic boom abates – but it is also driven by uncertainty. This is seen in the scale of companies reshaping themselves while hiring in other areas – recruiters in the Midlands reported the fastest rise in permanent labour supply since December 2020 and a steep rise in temporary labour supply, driven by an increase in redundancies. But it is also obvious in the way firms are relying on temporary labour to keep things going in uncertain times. Temping keeps people in work when firms are uncertain about the future path of the economy – it is a huge UK success story."*

*"Hiring overall is still at a good level, and some sectors remain under pressure from significant labour shortages, including blue collar and construction – so there is opportunity out there for job seekers. But today's report emphasises again that sustained positivity in our labour market rests on economic growth and investment in the UK. A proper industrial strategy that tackles the big issues we face and which fully encompasses workforce thinking around skills, transport, access to work and immigration is long overdue."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

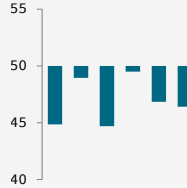


# 1 Staff appointments

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

Feb - Jul '23  
sa, >50 = growth



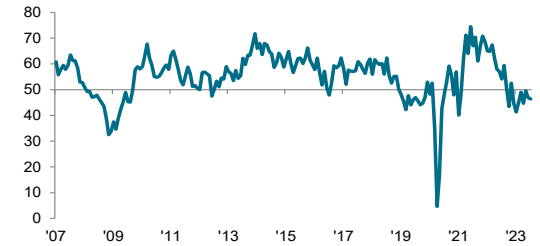
## Further solid drop in permanent staff appointments

Recruitment consultancies based in the Midlands registered a further reduction in the number of people placed into permanent jobs during July. This extended the current sequence of decline to eight months. The rate of contraction was the quickest since April and solid, albeit not as severe as that seen across the UK as a whole.

According to panel members, a combination of reduced confidence in the outlook and the limited availability of skilled workers had impacted permanent staff hiring during the latest survey period.

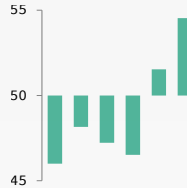
## Permanent Placements Index

sa, >50 = growth since previous month



## Temporary Billings Index

Feb - Jul '23  
sa, >50 = growth



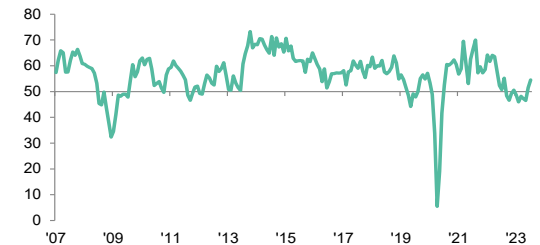
## Steepest increase in temp billings for nearly a year

July survey data signalled a back-to-back increase in temp billings across the Midlands. Furthermore, the rate of expansion was the quickest recorded since August 2022 and solid overall. Recruiters widely linked the rise to increased demand for short-term staff and in some cases improved candidate availability.

The strong rate of billings growth in the Midlands contrasted with only a fractional uptick at the national level.

## Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Jul-23	42.4	46.4	50.2	54.5

# Job vacancies

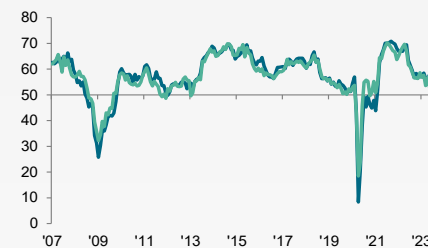
Permanent vacancies in the Midlands continued to rise in July, thereby extending the current run of expansion to two-and-a-half years. The rate of growth was sharp, and picked up slightly since June. Recruiters also recorded a quicker increase in temp vacancies in July, with the rate of expansion the sharpest for three months.

Overall, the Midlands saw the most pronounced upturns in demand for staff of all four monitored English regions in the latest survey period.

## Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

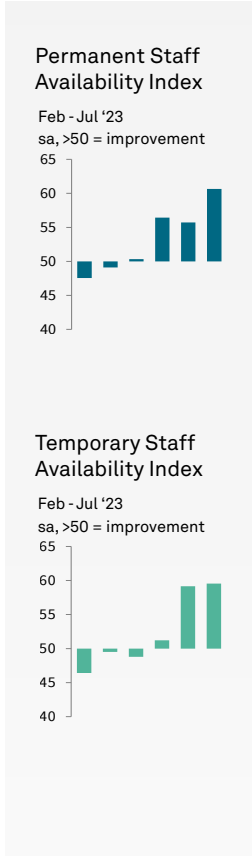


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Jul-23	52.3	56.7	53.1	55.5

## 2 Staff availability

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



### Fastest rise in permanent labour supply since December 2020

The availability of permanent staff across the Midlands increased for the fourth straight month in July. Moreover, the rate of expansion accelerated to a rapid pace that was the quickest in just over two-and-a-half years. Redundancies were a key driver of improved staff availability, according to panellists.

Permanent labour supply also expanded at a quicker pace at the national level, and one that was slightly faster than that seen in the Midlands.

### Further steep rise in temp candidate numbers

The seasonally adjusted Temporary Staff Availability Index pointed to a third successive monthly upturn in temp candidate numbers across the Midlands during July. The rate of growth quickened slightly on the month, and was the sharpest since October 2020. Recruiters often commented on greater amounts of people looking for short-term roles. At the UK level, the uptick in temp labour supply remained slower than that seen in the Midlands, but was sharp overall.

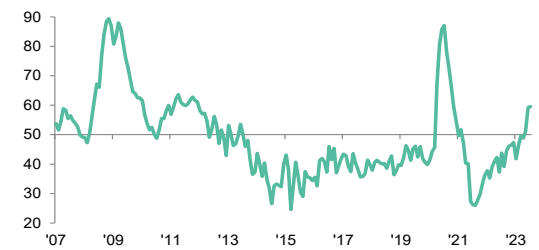
Permanent Staff Availability Index

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
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
Jul-23	61.6	60.7	58.8	59.5

## 3 Demand for skills

### Skills in short supply: Permanent staff

- Accounting/Financial
  - Accountants
  - Auditors
  - Credit Controllers
  - Finance
  - Financial Controllers
  - Payroll
  - Taxation
- Blue Collar
  - Blue Collar
- Engineering
  - Engineers

- Service Engineers
- Executive/Professional
  - Professional
- IT & Computing
  - Cloud Engineers
  - Developers
  - IT
  - Technology

- Nursing/Medical/Care
  - Hearing Aid Dispensers
  - Optometrists
  - Pharmacists
- Secretarial/Clerical
  - Office Staff
- Other
  - All Types of Candidates
  - Customer Service
  - Skilled

### Skills in short supply: Temporary staff

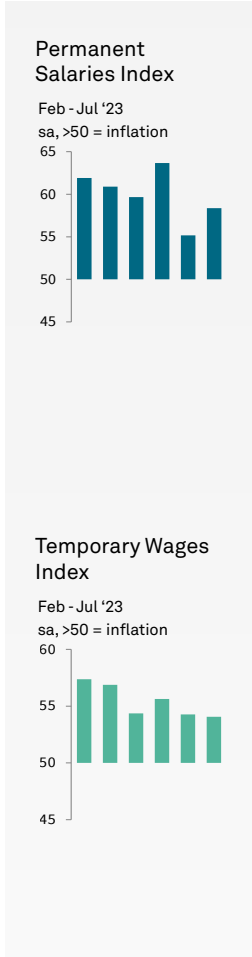
- Accounting/Financial
  - Accountants
  - Auditors
  - Credit Controllers
  - Finance
  - Payroll
  - Taxation
- Blue Collar
  - Blue Collar
  - Forklift Drivers
  - Labour
  - Mechanics
  - Security Guards

- Construction
  - Architectural Tech
- Engineering
  - Engineers
- Executive/Professional
  - Legal Secretarial
  - Recruitment Consultants
- IT & Computing
  - Automation Testers
  - Data Professionals
  - Developers

- Technology
- Nursing/Medical/Care
  - Hearing Aid Dispensers
  - Optometrists
  - Pharmacists
- Secretarial/Clerical
  - Office Staff
- 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.



## Stronger rise in starting salaries

Midlands-based recruiters signalled a further rise in starting salaries for permanent staff at the start of the third quarter. The rate of pay growth picked up from June's 28-month low and was sharp overall. Competition for skilled workers reportedly pushed up permanent salaries. That said, the increase remained slower than seen on average over the current 29-month period of inflation.

Of the four English areas monitored by the survey, only the North of England registered a quicker upturn in starting salaries than that seen in the Midlands.

## Temp pay growth edges down to 27-month low

As has been the case since December 2020, average hourly rates of pay for temp staff increased at the start of the third quarter. However, the rate of wage inflation edged down to the weakest seen in 27 months and was below the series average. Candidate shortages and efforts to attract applicants were cited as key factors driving up pay.

The increase in temp pay in the Midlands was slightly softer than that recorded across the UK as a whole.

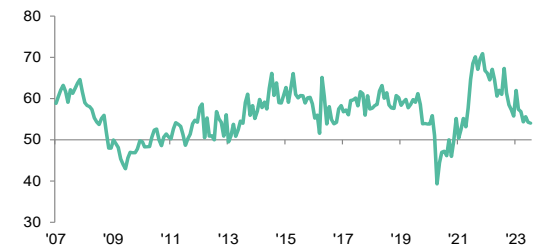
## Permanent Salaries Index

sa, >50 = inflation since previous month



## Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

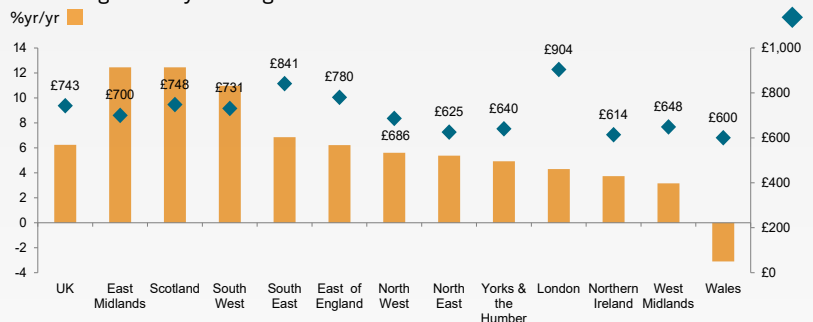
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Feb-23	61.3	61.9	57.6	57.4
Mar-23	61.1	60.9	57.5	56.9
Apr-23	61.4	59.7	57.9	54.4
May-23	59.6	63.7	57.4	55.6
Jun-23	58.6	55.2	56.4	54.3
Jul-23	58.3	58.4	54.6	54.1

# 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

Permanent staff appointments across the UK declined for the tenth month in a row during July. Moreover, the rate of contraction accelerated to the sharpest in just over three years. The reduction in permanent placements was broad-based among the four English regions monitored by the survey, with London seeing the most pronounced drop overall. The softest decline was meanwhile recorded in the Midlands.

July survey data signalled only a fractional rise in billings received from the employment of temp workers across the UK. Notably, the rate of growth was the second-weakest seen since the current period of expansion began three years ago. Mixed trends were seen at the regional level, with billings rising solidly in the Midlands and modestly in London. Mild falls were meanwhile seen in the South and North of England.

### Candidate availability

The supply of permanent workers across the UK expanded for the fifth straight month in July. Notably, the rate of improvement was the quickest seen since December 2020 and rapid overall. Permanent candidate numbers increased across all four monitored English regions, and at sharper rates than in June. London recorded the steepest upturn overall.

The availability of temporary workers across the UK also rose at a sharp and accelerated pace at the start of the third quarter. The increase in short-term staff supply was in fact the most pronounced in 31 months. All English regions bar the South of England saw faster rises in temporary candidate numbers, with London seeing the quickest expansion overall.

### Pay Pressures

Salaries for newly-placed permanent staff in the UK increased again in July. The rate of pay inflation slipped to a 27-month low, but remained sharp overall. Data broken down by English region showed that the strongest upturn in starting salaries was recorded by recruiters in the North of England, while the softest uptick was seen in the capital.

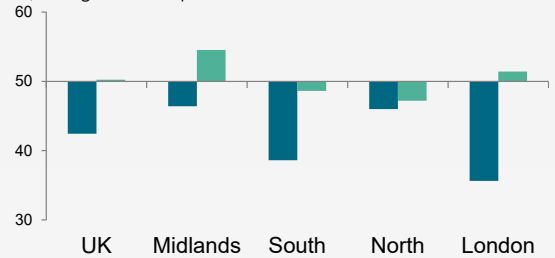
Average hourly rates of pay for temporary workers across the UK increased for the twenty-ninth month running in July. Though solid, the rate of wage growth was the weakest seen over the aforementioned period and below the series average. Slower rates of temp pay inflation were seen in London and the Midlands, which offset slightly stronger rises in the South and North of England.

July 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](mailto:economics@ihsmarkit.com).

### Survey Dates

Data were collected 12-25 July 2023.

### About S&P Global

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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 UK

KPMG LLP, a UK limited liability partnership, operates from 20 offices across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.72 billion in the year ended 30 September 2022.

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