

KPMG and REC, UK Report on Jobs: Midlands

Economic uncertainty restricts hiring activity in the Midlands

37.3

PERMANENT PLACEMENTS INDEX
AUG '23

51.4

TEMPORARY BILLINGS INDEX
AUG '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 sharpest rate since May 2020

Strongest rise in permanent staff supply for 32 months

Permanent and temporary pay pressures strengthen

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

"It is unfortunate to see another month in which the number of permanent job roles has fallen sharply in the midst of continuing economic pressures faced by firms across the Midlands."

"These pressures are hampering hiring plans on a permanent basis but allowing for a rise in temporary roles and positions."

"Another glimmer of hope is that firms are offering up better salaries to potential candidates in an effort to attract them and take into account the cost of living crisis."

Neil Carberry, REC Chief Executive, said:

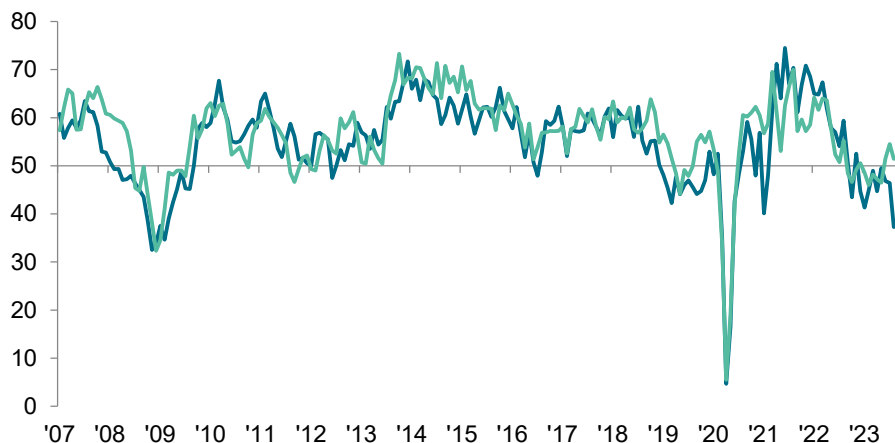
"August is always a slower month for new permanent roles, but this has been exacerbated in 2023 by the lack of confidence to start the new hiring we saw among firms in the Spring. As inflation begins to drop, it is likely that firms will return to the market later in the year – employer surveys suggest confidence may be returning. But for now, the labour market has more slack than it has since the heights of the first lockdown. Firms continue to use temps to fill any short-run needs, with a temp billings rise at a softer pace in August representing little change from the past few months."

"Recruiters routinely describe this sober overall picture as harder, but not necessarily bad. Vacancies are still in a reasonable position. There are huge variations between sectors, too. Hospitality, Accounting, Construction, Blue Collar and Engineering continue to be in demand, meaning employers are still experiencing shortages. Demand for permanent healthcare staff in the Midlands continues and across the UK has now risen for 37 months, for instance. In many of these sectors, temporary staff are keeping employers going – including in the NHS, where agencies have been unfairly blamed for failures of training and procurement practice from NHS England. A focus on effective skills reform will be vital to addressing shortages overall in all the shortage sectors."

"With demand weakening, we see the drivers for rising pay being more to do with companies' pay settlements for existing staff, rather than market demand. Those finding new jobs are benefitting from rises that many firms put in place for their teams earlier in the year. That said, data that covers the whole of the UK shows that pay pressures remain sharp for permanent workers in some sectors driven by ongoing shortages."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

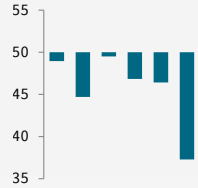


1 Staff appointments

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

Mar - Aug '23
sa, >50 = growth



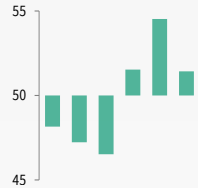
Permanent staff appointments fall markedly

Recruitment consultancies based in the Midlands signalled a reduction in the number of people placed in permanent roles for the ninth consecutive month in August. The rate of contraction accelerated sharply on the month and was the steepest recorded since May 2020. Moreover, the drop in the Midlands was the sharpest of the four monitored English regions.

Anecdotal evidence indicated that permanent appointments fell due to more cautious hiring policies amid economic uncertainty. There were also some reports of candidate shortages.

Temporary Billings Index

Mar - Aug '23
sa, >50 = growth

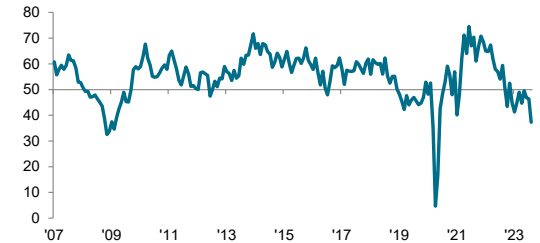


Temp billings rise at softer pace in August

August survey data signalled a rise in temporary billings in the Midlands for the third month in a row. The rate of increase eased from that seen in July and was the softest in the current sequence, however. The Midlands was the only monitored English region to report higher temp billings in August, which fell marginally across the UK on average.

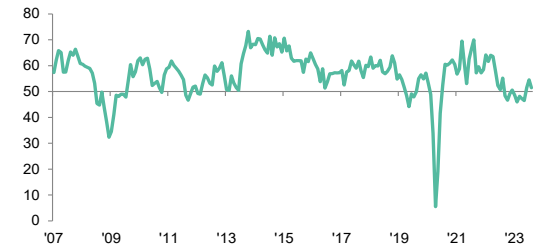
Permanent Placements Index

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
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
Aug-23	38.9	37.3	49.5	51.4

Job vacancies

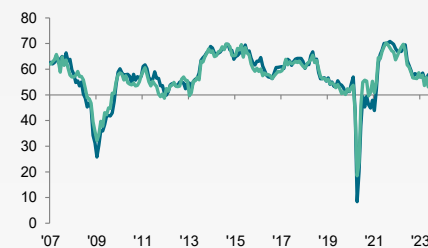
Midlands-based recruiters signalled a sharp slowdown in permanent vacancy growth midway through the third quarter. Notably, the rate of expansion was the softest seen since February 2021. Growth of demand for permanent staff broadly stagnated at the UK level and was weaker than that seen in the Midlands.

Temp vacancies also expanded at a slower pace during August. The increase was the slowest for three months but slightly stronger than the UK average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

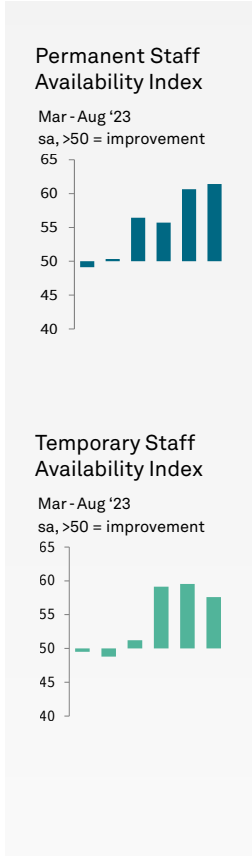


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Aug-23	50.2	52.1	53.1	53.7

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 at fastest pace in 32 months

Adjusted for seasonality, the Permanent Staff Availability Index posted well above the neutral 50.0 threshold to signal an increase in permanent candidate numbers in the Midlands. The rate of growth was robust, the strongest seen since December 2020 and above the national average.

Higher staff supply was mainly linked by recruiters to redundancies, alongside an increase in overseas applicants.

Strong rise in temp candidate numbers

The supply of short-term workers in the Midlands increased again midway through the third quarter, thereby stretching the current sequence of accumulation to four months. The rate of decline eased from that seen in July but remained strong overall. The rise in the Midlands was the second-softest of the four monitored English regions, ahead of the North of England.

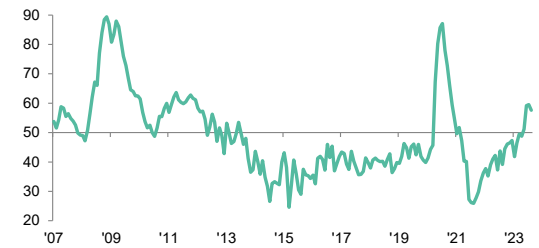
Permanent Staff Availability Index

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
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
Aug-23	60.3	61.4	59.1	57.6

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance
 - Payroll
- Blue Collar**
 - Automotive
 - Blue Collar
 - HVAC

- Construction**
 - Architectural Tech
- Engineering**
 - Electrical Engineers
 - Engineers
 - Mechanical Engineers
- IT & Computing**
 - AI Developers
 - Cloud Engineers
 - Developers
 - IT

- Nursing/Medical/Care**
 - Hearing Aid Dispensers
 - Optometrists
 - Pharmacists
- Secretarial/Clerical**
 - Administration
 - Office Support Staff
- Other**
 - All Types of Candidates
 - Entry Level
 - Qualified Candidates

Skills in short supply: Temporary staff

- Accounting/Financial**
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance
 - Payroll
- Blue Collar**
 - Industrials
- Engineering**
 - Engineers

- Executive/Professional**
 - Legal Secretarial
- Hotels & Catering**
 - Chefs
- IT & Computing**
 - Data Engineers
 - Developers
 - IT

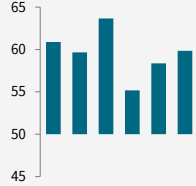
- Nursing/Medical/Care**
 - Carers
 - Nurses
 - Social Workers
- Secretarial/Clerical**
 - Office Staff
- Other**
 - Consultancy
 - Entry Level
 - Supervisors

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

Mar - Aug '23
sa, >50 = inflation



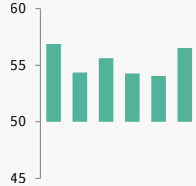
Starting salary inflation rises to three-month high

Salaries awarded to new permanent joiners in the Midlands increased again in August. The rate of pay growth accelerated to a three-month high but remained softer than the levels seen over much of the past two years. Recruiters often mentioned that salaries had risen in order to attract suitably skilled staff, alongside increased wage demands from candidates in response to the increased cost of living.

Only recruiters based in the North of England saw a stronger rise in starting salaries than the Midlands.

Temporary Wages Index

Mar - Aug '23
sa, >50 = inflation



Strongest increase in temp wages for five months

Average hourly wages for temp staff in the Midlands increased for the thirty-third consecutive month in August. There were a number of reports that greater competition for scarce staff had pushed up wages. The rate of pay inflation was steep and the strongest recorded since March. Temp pay growth in the Midlands was the second-strongest of the monitored regions, behind London.

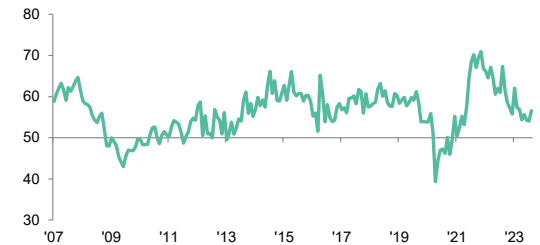
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

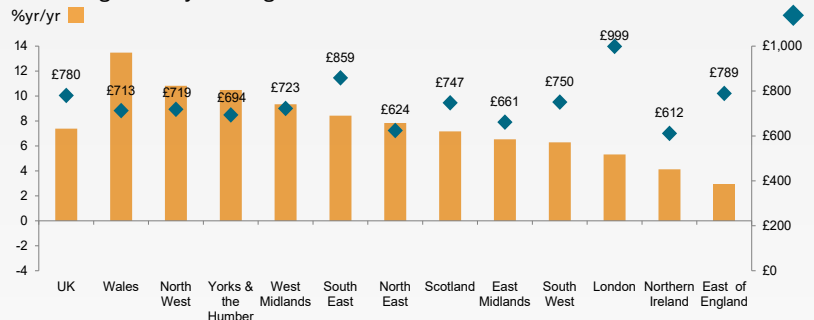
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Mar-23	61.1	60.9	57.5	56.9
Apr-23	61.4	59.7	57.9	54.4
May-23	59.6	63.7	57.4	55.6
Jun-23	58.6	55.2	56.4	54.3
Jul-23	58.3	58.4	54.6	54.1
Aug-23	58.2	59.9	55.9	56.5

Official data: UK average weekly earnings

Latest data from the Office for National Statistics showed that average weekly earnings across the UK rose by 7.4% on an annual basis to £780 during the second quarter of 2023.

Wales posted the strongest annual rise of all 12 UK regions (up 13.5% to £713), followed by the North West (up 10.8% to £719). The softest rate of pay growth was meanwhile seen in the East of England, where earnings increased by 2.9% to £789.

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 in permanent job roles across the UK fell for the eleventh month running in August. Furthermore, the rate of decline accelerated from July and was the steepest recorded since June 2020. Permanent staff appointments fell across all four monitored English regions, with the Midlands seeing the strongest reduction. The softest contraction meanwhile was seen in London, although the rate of decline was also marked here.

Temp billings fell across the UK for the first time since July 2020 in the latest survey period, though the downturn was only marginal overall. The reduction was led by a moderate fall in temp billings in London, alongside marginal contractions in the South and North of England. Recruiters in the Midlands meanwhile bucked the wider trend to signal a third consecutive rise in temp staff billings.

Candidate availability

The supply of permanent workers across the UK rose for the sixth successive month in August. The rate of improvement eased slightly from that seen in July, yet remained robust overall. Data broken down by English region indicated that the upturn was broad-based and led by London. The softest increase in candidate numbers was seen in the South of England.

The supply of temporary labour also expanded again in August, with the rate of growth accelerating to a marked rate that was the strongest since December 2020. All four monitored English regions saw robust rises in temp staff supply, led again by London, while the softest increase was signalled by recruiters in the North of England.

Pay Pressures

Starting salaries awarded to permanent new starters in the UK increased in August, extending the current sequence of salary inflation to two-and-a-half years. The rate of growth was strong overall yet eased slightly from July to the softest since April 2021. While all four English regions recorded increases in permanent pay, London and the South of England saw the rate of salary inflation ease, but there were accelerations in salary growth in the North of England and the Midlands.

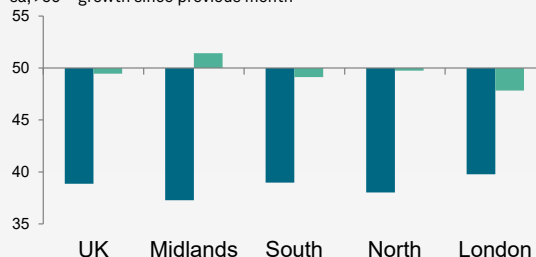
Average rates of pay for temporary workers across the UK also rose again during August. Notably, the rate of wage growth edged up from the previous survey period and was steep overall. Regional data highlighted sharper increases in temp pay in London and the Midlands, while the North and South of England saw pay growth ease on the month.

August 2023

■ Permanent
■ Temporary

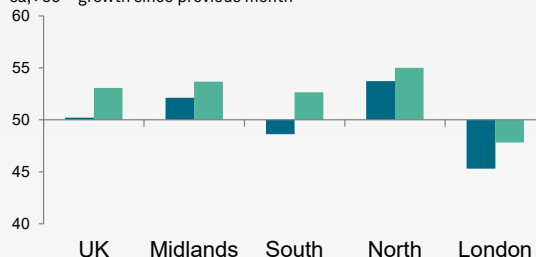
Staff Appointments

sa, >50 = growth since previous month



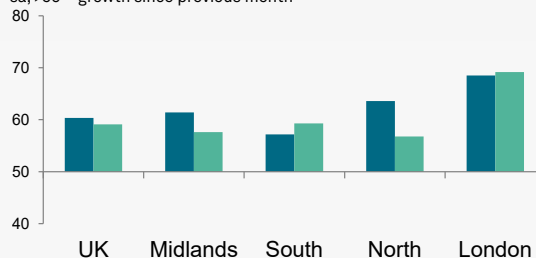
Vacancies

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 10-24 August 2023.

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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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