

KPMG and REC, UK Report on Jobs: Midlands

Permanent staff appointments fall at softer, but still sharp rate

45.7

PERMANENT PLACEMENTS INDEX
SEP '23

53.3

TEMPORARY BILLINGS INDEX
SEP '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, but temp billings rise further

Softest rise in permanent staff supply since June

Starting salaries rise at slowest pace for three months

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

"We have seen another mixed bag when it comes to recruitment across the Midlands during the third quarter of 2023.

"Latest figures show a continued decline in permanent placements, due to a lack of skilled candidates and a rise in recruitment freezes, which has resulted in an ongoing spike in temporary hires.

"However, figures show that a trend for rising starting salaries has been maintained, continuing a pattern seen for the past 31 months in a row."

Neil Carberry, REC Chief Executive, said:

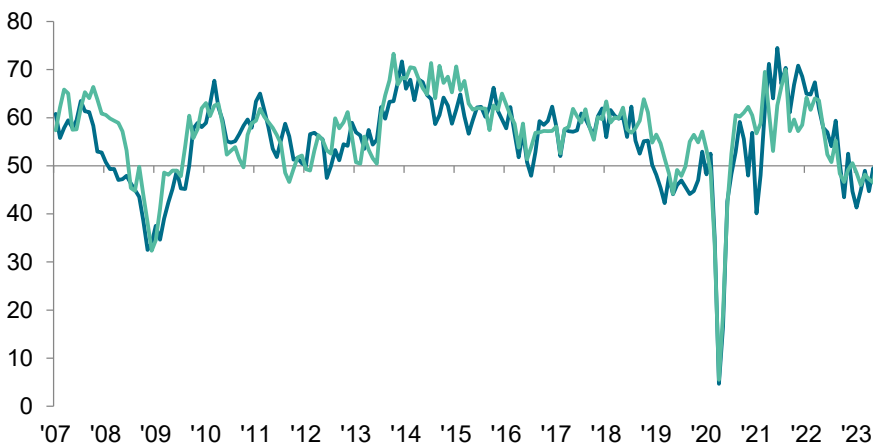
"Employers tell us they are feeling better about themselves as the year moves on, and today's data does suggest the possibility of a turnaround in hiring over the next few months. Permanent placements have been falling for most of the past year now from abnormal post-pandemic highs. While permanent hiring activity continues to slow, the rate of contraction eased from that seen in August. Likewise, temporary hiring remains robust with billings growing in September, with billings up for the fourth time in as many months.

"This feels like a market that is finding the bottom of a year-long slowdown. And the relative buoyancy of the private sector is likely to be driving this more positive outlook. Some sectors such as accounting/financial, blue collar, engineering and healthcare continue to experience very strong demand. Along with high inflation, this is likely to be contributing to the growth of pay for temps and perms alike.

"As we move towards the Autumn Statement, action to help people find high quality roles is essential as the picture varies so widely from sector to sector. The REC would like to see a focus on skills, finally reforming the system to deliver a mix of high-quality courses within the levy framework, and action to tackle inactivity – like extending the Restart programme which has helped recruiters place thousands of long-term unemployed people into work. Both of these could form part of a long-overdue people and growth strategy. From reforming Government procurement to better and more effective regulation, there is a lot government could do in partnership with recruiters to drive growth and prosperity."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

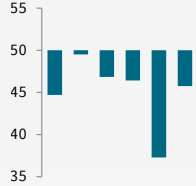


1 Staff appointments

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

Apr - Sep '23
sa, >50 = growth



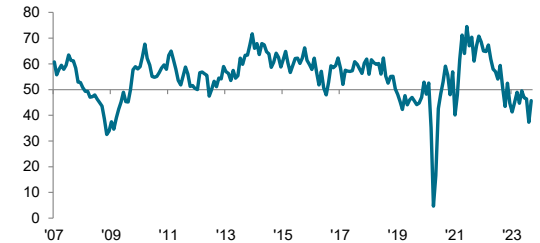
Sharp decline in permanent staff appointments

The number of people placed into permanent roles across the Midlands fell for the tenth consecutive month in September. The rate of contraction eased from that seen in August, though remained sharp overall. Where a decrease was reported, recruiters attributed this to hiring freezes and difficulty sourcing suitable candidates.

The reduction in the Midlands was the second-softest of the monitored English regions, behind London.

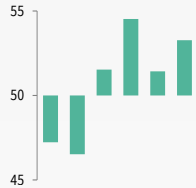
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Apr - Sep '23
sa, >50 = growth

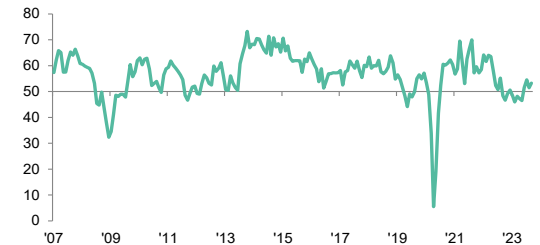


Quicker rise in temp billings

For the fourth time in as many months, billings received for temporary work in the Midlands increased in September. The expansion quickened from the previous survey period and was moderate overall. Anecdotal evidence suggested that some firms had opted to take on temporary staff amid the lack of available permanent workers. Only recruiters based in London recorded a stronger increase in temp billings than the Midlands.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Sep-23	45.1	45.7	51.6	53.3

Job vacancies

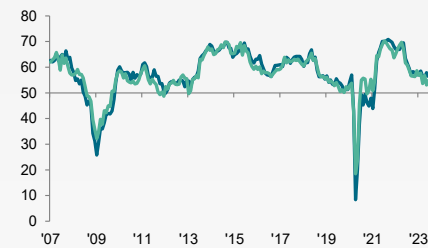
Demand for permanent staff broadly stagnated at the end of the third quarter. The rate of vacancy growth was the weakest in the current 32-month sequence, though contrasted with a renewed decline at the national level.

Temporary job openings meanwhile expanded at a moderate pace during September, though growth softened from August to the softest since January 2021. The upturn in the Midlands was the second-strongest of the four English regions, behind the North of England.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

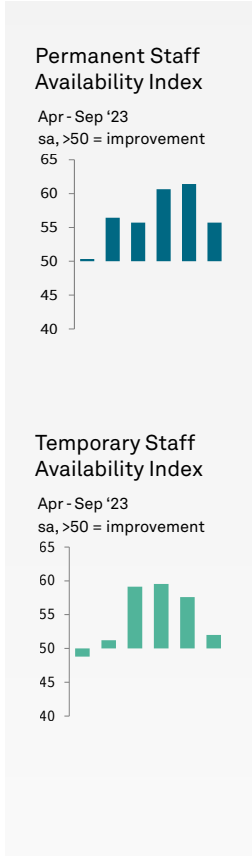


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Sep-23	49.1	50.2	52.0	53.0

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 slower rate

The seasonally adjusted Permanent Staff Availability Index signalled a sixth successive monthly rise in permanent candidate numbers in the Midlands in September. The rate of increase slowed from August and was the softest recorded since June. Recruiters often noted that more candidates were available due to previous redundancies. The rise in staff supply was broadly similar to that at the national level.

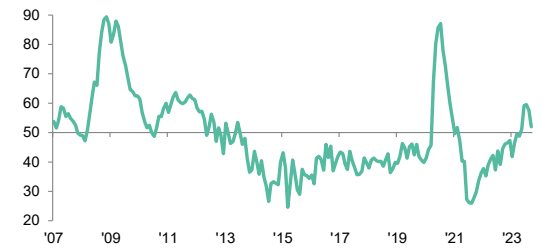
Temp candidate numbers rise only modestly

Recruitment consultancies based in the Midlands signalled a fifth increase in temp candidate supply in as many months in September. The rise was only modest however and the softest recorded since May. There were reports that some candidates were willing to take on temp roles amid difficulty finding permanent 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
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
Sep-23	55.3	55.7	58.2	52.0

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance
 - Finance Directors
 - Payroll
- Blue Collar**
 - Automotive
 - Blue Collar
 - HVAC
 - Industrials
 - Manufacturing
 - Security Guards

- Construction**
 - Professionals
- Engineering**
 - Electrical Engineers
 - Engineers
 - Mechanical Engineers
 - Engineering management
- Executive/Professional**
 - Marketing
- IT & Computing**
 - AI Developers

- Cloud Engineers
- Developers
- Technical support
- Nursing/Medical/Care**
 - Optometrists
 - Pharmacists
- Secretarial/Clerical**
 - Administration
- Other**
 - All Types of Candidates
 - Customer Service

Skills in short supply: Temporary staff

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

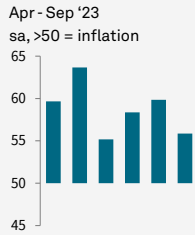
- Industrials
 - Manufacturing
 - Security Guards
 - Unskilled Labour
- Engineering**
 - Engineers
- IT & Computing**
 - Data Engineers

- Developers
- Other**
 - General Operatives
 - Quality Control
 - 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



Starting salary inflation eases to three-month low

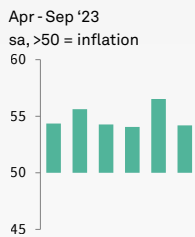
Average salaries awarded to new permanent joiners in the Midlands increased further in September, thereby stretching the current sequence of rising pay to 31 months. The rate of growth was sharp, yet slowed to the softest since June. According to panellists, starting salaries had increased amid difficulty sourcing suitably skilled staff.

Recruiters in the Midlands signalled the second-softest rate of salary inflation, ahead of the South of England.

Permanent Salaries Index



Temporary Wages Index

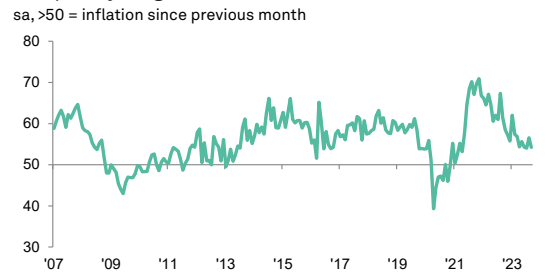


Softer increase in temp pay

Average hourly pay for short-term staff in the Midlands rose for the thirty-fourth month in a row during September. The rate of growth slowed from that seen in August, though was stronger than the national average.

Where higher rates of temp pay were registered, recruiters often attributed this to competition for candidates as well as some instances of short-term staff demanding higher rates.

Temporary Wages Index



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Sep-23	57.6	55.9	52.9	54.2

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 into permanent jobs across the UK fell for the twelfth month running in September. The rate of decline eased from August and was the softest seen since June, though remained sharp overall. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in the South of England.

By contrast, temporary billings saw a renewed rise in the UK, reversing the slight reduction seen in August. The increase was modest overall, but the strongest recorded for five months. Three of the four monitored English regions saw an uptick in temp billings in September, led by London. The South of England was the only region to see a decrease.

Candidate availability

The availability of staff for permanent roles across the UK increased in September, extending the current sequence of growth to seven months. That said, the rate of accumulation slowed sharply from August and was the softest since April. All four monitored English regions saw an uptick in permanent staff supply, the sharpest of which was recorded in the North of England.

At the national level, the number of temporary candidates rose at a strong pace that was nonetheless the slowest seen since June. For the fifth month running, all four monitored regions saw temp staff availability increase, with the South of England seeing the strongest upturn, followed by the North of England.

Pay Pressures

Average starting pay for permanent new joiners in the UK continued to increase during September, thereby extending the current sequence of inflation to 31 months. The rate of inflation slipped to the lowest since March 2021, but remained strong overall. On a regional basis, the steepest increase in starting salaries was seen in London, followed closely by the North of England. The softest increase was recorded in the South of England.

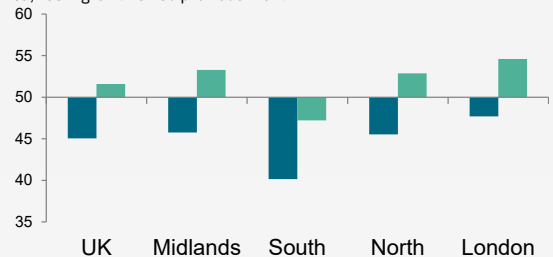
Latest survey data pointed to a further rise in temp wages across the UK in September. Notably, the latest increase in short-term pay was the slowest in the current 31-month sequence of rising rates and only modest overall. All four monitored English regions saw a slower rise in temp wages, with London seeing the strongest increase and the North of England the softest.

September 2023

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



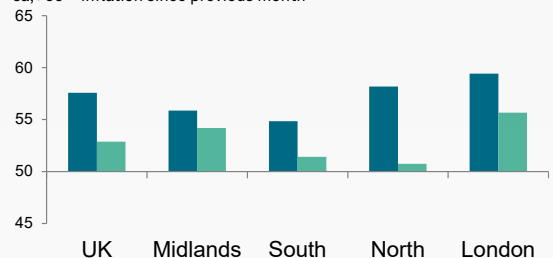
Staff Availability

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@spglobal.com.

Survey Dates

Data were collected 12-25 September 2023.

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