

KPMG and REC, UK Report on Jobs: Midlands

Permanent placements return to growth in the Midlands, albeit only marginally

50.2

PERMANENT PLACEMENTS INDEX
OCT '23

51.5

TEMPORARY BILLINGS INDEX
OCT '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 growth returns in the Midlands...

...A marked contrast to the strong downturn for the UK overall

Candidate supply rises; vacancy growth stays relatively soft

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

"It is great to see that, after a challenging few months for the Midlands, the area has seen a return to growth when it comes to permanent jobs, especially when the rest of the country is experiencing a downturn."

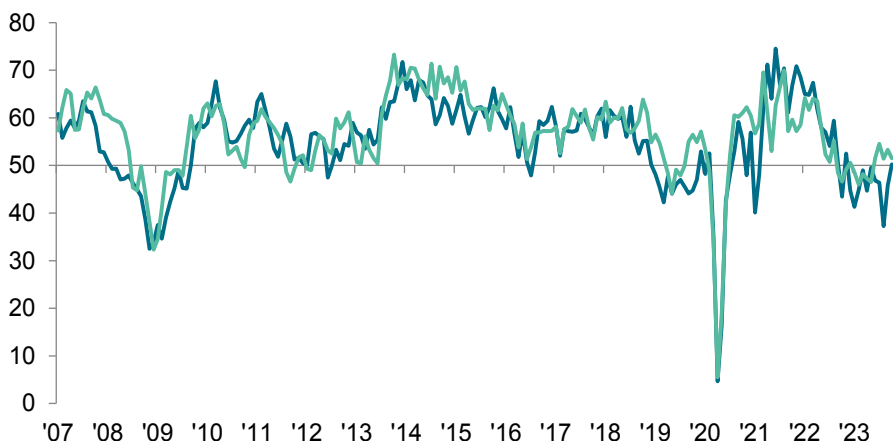
"The figures have been further boosted by a continuing rise in temporary roles also, allowing for positive news for jobseekers in the run up to the festive season."

Neil Carberry, REC Chief Executive, said:

"In many ways, the labour market is marking time waiting for the brakes to be taken off growth by the Bank of England. While permanent hiring bucked the national trend by growing marginally, temporary hiring is strong and continues to pick up the slack – with billings gently growing for most of the second half of the year on the back of rising wages. While the rate of pay growth has now returned to more normal parameters, it is still strong, especially in sectors where staff remain in short supply in Midlands, such as blue collar and hospitality. Looking to the Autumn Statement, businesses and Government need to be aware that the return of growth will reveal shortages more widely – action on skills, welfare-to-work programmes and immigration reform will be needed to prevent a return to growth being squandered."

"Healthcare providers are ramping up their hiring ahead of the winter, but candidate supply is short. Agency medical staff are keeping wards open and getting patients treated - they need a bit more support from Government. Reforming capped on-framework agency rates so pay for temps working on-framework can rise for the first time in four years will save Government money as they will end up using far fewer emergency shifts, and it will reward a part of the NHS workforce that is too often overlooked."

■ Permanent Placements Index
■ Temporary Billings Index
sa, >50 = growth since previous month

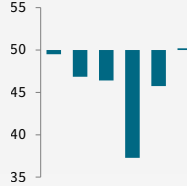


1 Staff appointments

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

May - Oct '23
sa, >50 = growth



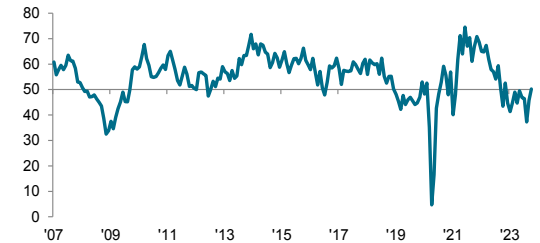
Midlands bucks UK-wide trend with permanent placements growth

For the first time since November last year, the seasonally adjusted Permanent Placements Index posted above the 50.0 no-change mark, signalling a return to growth in permanent staff appointments across the Midlands at the start of the fourth quarter. The upturn was linked to stronger demand, according to surveyed recruiters.

Although the expansion was only marginal, it was a marked contrast to the strong contraction seen at the UK level. Indeed, the Midlands was the only monitored English region to register an expansion in October.

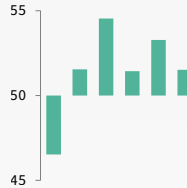
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

May - Oct '23
sa, >50 = growth

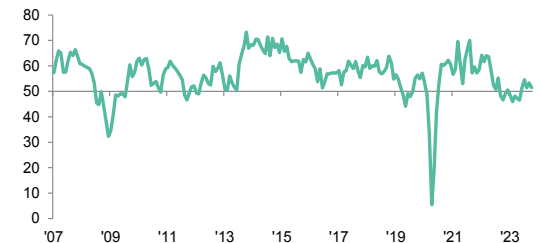


Temp billings growth weakens

Billings received from the employment of short-term staff by recruiters in the Midlands continued to increase in October, extending the current sequence of expansion to five months. While the upturn lost momentum, it was slightly stronger than that seen for the UK as whole. Compared to the other three monitored English regions, only London recorded a quicker rate of growth.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Oct-23	45.8	50.2	50.9	51.5

Job vacancies

October Report on Jobs data continued to signal much softer appetite for hiring across the Midlands compared to the trend seen in the first half of the year.

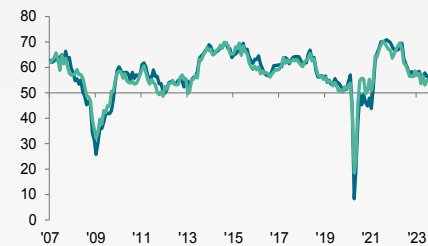
That said, the number of permanent job openings across the region rose further and at a stronger pace during October, contrasting with a fractional drop at the UK level.

Demand for temporary staff rose at the softest pace seen across the current three-year sequence of improvement.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

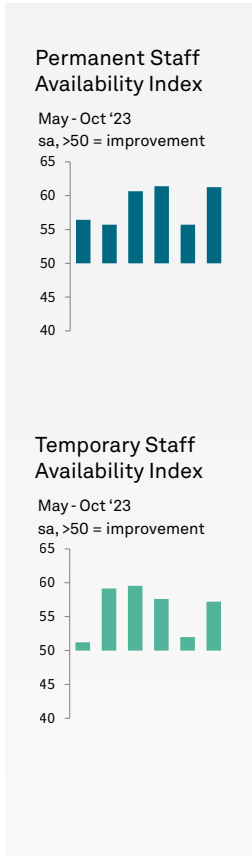


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Oct-23	49.9	51.8	51.7	50.5

2 Staff availability

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



Second-fastest rise in permanent labour supply in nearly three years

Amid reports of redundancies, October survey data signalled a marked and accelerated improvement in permanent candidate availability across the Midlands. Furthermore, the upturn was the second-fastest since December 2020.

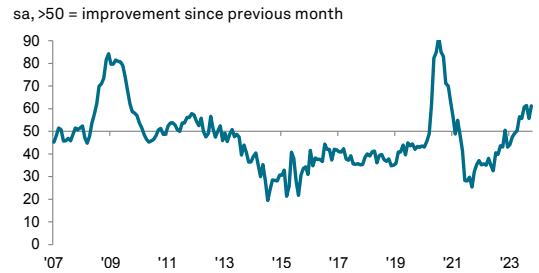
Compared to the other three monitored English regions, only London recorded a stronger expansion in permanent labour supply.

Temporary candidate availability increases at faster rate

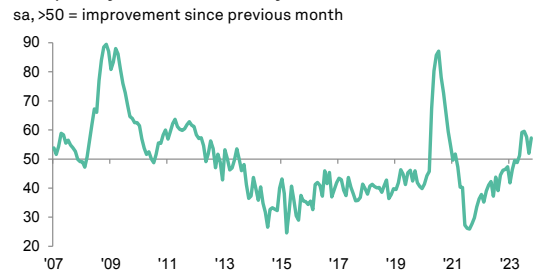
The seasonally adjusted Temporary Staff Availability Index moved further above the 50.0 no-change threshold in October, signalling a faster improvement in the supply of people available for short-term work across the Midlands. Surveyed recruiters noted a greater willingness among candidates to look for new roles.

The upturn seen in the Midlands was narrowly weaker than that seen for the UK as a whole.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Oct-23	59.1	61.3	57.8	57.2

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Finance Manager Management Accountants Payroll	Engineering Electrical Engineers Engineers Maintenance Engineers Mechanical Engineers	Developers IT
Blue Collar Automotive HVAC Semi-skilled Industrials	Executive/Professional Marketing Professional	Nursing/Medical/Care Optometrists Pharmacy Managers
Construction Architectural Tech	Hotel & Catering Hospitality	Secretarial/Clerical Administration
	IT & Computing Automation Testers Data Engineers	Other All Types of Candidates Quality Control Skilled

Skills in short supply: Temporary staff

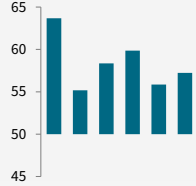
Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Finance Payroll	Construction Architectural Tech	Data Professionals Developers IT
Blue Collar Blue Collar Forklift Drivers Manufacturing Security Guards Trades Unskilled Labour Warehouse	Engineering Engineers Industrial Engineers	Nursing/Medical/Care Pharmacists
	Executive/Professional Legal Secretarial	Secretarial/Clerical Administration
	Hotels & Catering Chefs	Other Consultancy General Operatives Skilled Supervisors
	IT & Computing Automation Testers	

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

May - Oct '23
sa, >50 = inflation



Starting salary growth remains weaker than long-run average

While October Report on Jobs data signalled a sustained rise in salaries awarded to new permanent joiners across the Midlands, and one that was slightly faster than previously, the overall rate of inflation remained weaker than the long-run average.

Competition for candidates continued to exert upward pressure on pay, according to recruiters, although squeezed employer budgets and improved supply reportedly acted to restrict salary growth.

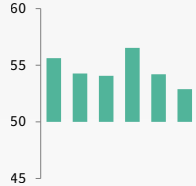
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

May - Oct '23
sa, >50 = inflation

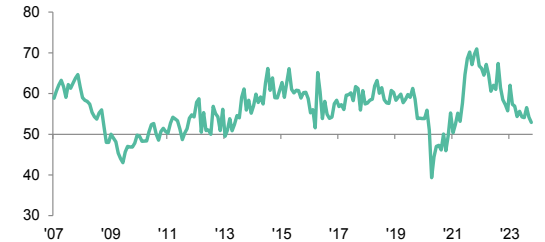


Hourly pay growth slows to 32-month low

Wage rates for temporary work rose again across the Midlands in October, in line with the trend seen since the end of 2020, although the rate of inflation slowed to a 32-month low. The Midlands also saw the slowest rise in hourly pay rates of the four monitored English regions.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Oct-23	57.4	57.2	53.5	52.9

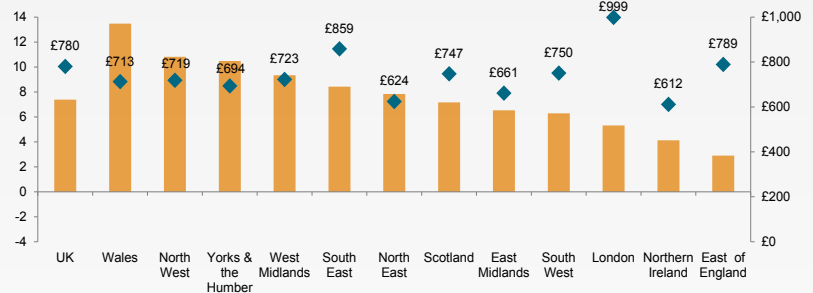
Official data: UK average weekly earnings

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

%yr/yr



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 downturn in permanent staff hiring across the UK persisted in October, in line with the trend seen for just over a year. Furthermore, the rate of decline was strong, despite easing slightly to its weakest since June. The Midlands was the only monitored English region to register growth (albeit only marginally). The steepest contraction was seen in London.

In contrast, temporary billings rose across the UK at the start of the fourth quarter for a second month in a row. The North of England bucked the broader trend, posting a moderate decrease, while growth was recorded for the other three monitored English regions.

Candidate availability

October survey data indicated a sustained and accelerated improvement in permanent candidate availability across the UK. All four monitored English regions saw a rise in permanent labour supply, with London leading the upturn.

At the start of the fourth quarter, temporary candidate numbers also rose at the national level. The rate of improvement did however ease, to its weakest since May. The most marked increase in temporary staff supply was seen in the South of England.

Pay Pressures

As has been the case since March 2021, the latest Report on Jobs survey signalled a further increase in starting pay for new permanent joiners in the UK. That said, the rate of salary inflation cooled to a 31-month low, bringing it back down in line with its historical average. London continued to lead the permanent starting pay growth at the English regional level.

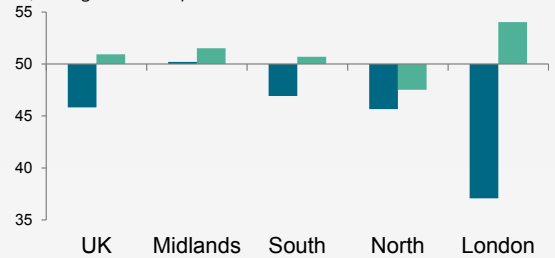
Hourly rates of pay across the UK likewise increased at the start of the fourth quarter, even rising at a slightly faster pace than in September. That said, temp wage growth was the second-slowest seen across the current 32-month inflationary sequence. All four English regions continued to register higher temp pay, with the North of England topping October's rankings.

October 2023

■ Permanent
■ Temporary

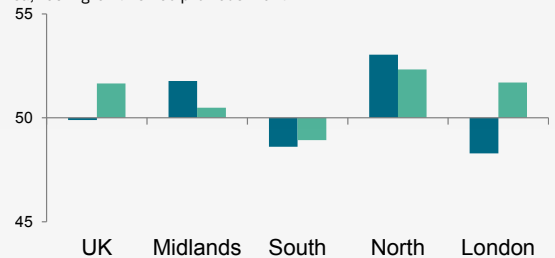
Staff Appointments

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 October 2023.

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