

KPMG and REC, UK Report on Jobs: Midlands

Permanent staff availability rises at fastest pace in almost three years

51.3

PERMANENT PLACEMENTS INDEX NOV '23

50.3

TEMPORARY BILLINGS INDEX NOV '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 increase for second month running

Sharp rises in candidate numbers

Rates of pay inflation quicken

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

"It really is great to see what a difference a few months makes. After a tough year for the job market in the Midlands we have now seen two months of consecutive growth in terms of permanent staff appointments – making our region the only one to see positive growth for the past two months when compared to the rest of the country."

"This upturn has also been coupled with a rise in salaries being offered to new permanent hires, and one that is faster than the UK average."

"The Midlands has also seen the number of temporary roles rise alongside temporary pay rates as we head into the final month of 2023."

"The figures are a great fillip as we run up to the end of a tough year and, hopefully, will act as a great springboard for more sustained and positive growth across the region in 2024."

Neil Carberry, REC Chief Executive, said:

"2023 has been a testing year in our labour market, with permanent hiring dropping and temporary hiring flat or growing only a little. That's the story again in this month's data, though the market is quieter overall as firms start to move activity into 2024 rather than pressing ahead now."

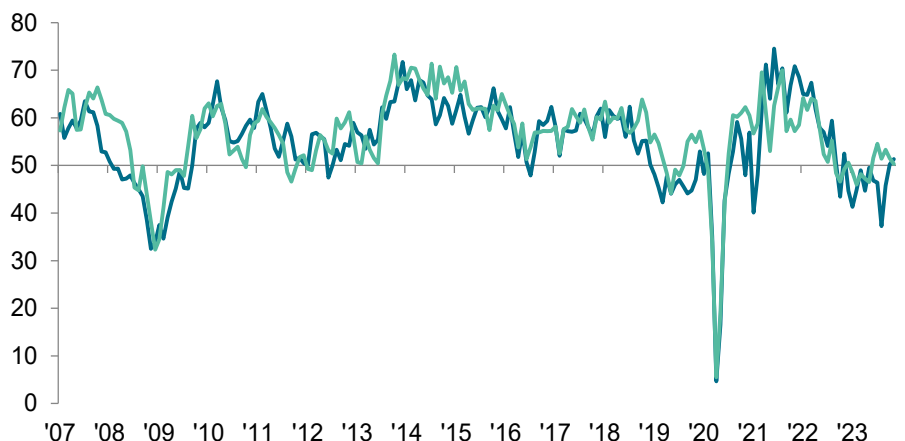
"Salaries for permanent new joiners continued to rise sharply in the Midlands in November and the increase in temp wages was stronger in the region than the UK average. The number of candidates available for permanent roles increased at a slightly stronger pace than the UK average and redundancies had led to a rise in candidate availability for temporary positions in November."

"Anecdote from REC members supports our client survey finding that employers are considering coming back to the market, but that in many cases the activity will be next year. So, while these figures represent a slight but further slowdown in current hiring conditions, recruiters are more positive about the new year."

"For policy makers, any return to growth will put strain on a labour market with embedded shortages – this week's pro-election rather than pro-economy decision on immigration will exacerbate that. Any return to growth could drive domestically-generated inflation unless we adopt a proper plan for workforce capacity, embracing better welfare-to-work support, finally reforming the Apprenticeship Levy, funding Further Education properly and the kind of support for school leavers suggested by today's Broken Ladders report from EDSK and REED on the school-to-work transition."

■ Permanent Placements Index
■ Temporary Billings Index

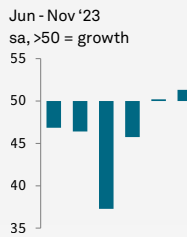
sa, >50 = growth since previous month



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



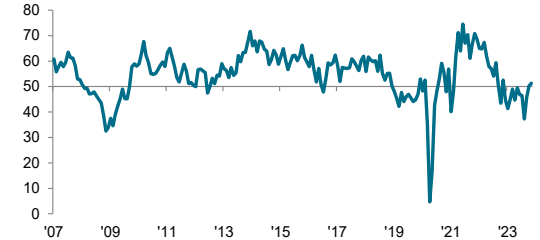
Modest increase in permanent placements

Permanent placements rose in the Midlands for the second month running in November. The rate of expansion was modest, but quickened from October. Moreover, the Midlands was the only English region to record an expansion in permanent placements over the month.

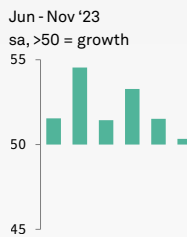
Some respondents indicated that good availability of candidates had contributed to the latest rise in placements.

Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index



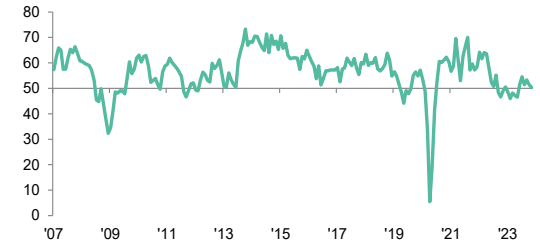
Temp billings rise only marginally

Although recruiters in the Midlands continued to record an increase in temporary billings midway through the final quarter of the year, the rate of expansion was only marginal and the softest in the current six-month sequence of growth.

The expansion in the Midlands compared favourably with a decline at the UK level, with the North of England the only other English region to see a rise.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Nov-23	41.6	51.3	48.0	50.3

Job vacancies

Demand for staff in the Midlands improved solidly during November.

Permanent vacancies increased for the thirty-fourth consecutive month and at the fastest pace since July. The rise in the Midlands was also the most pronounced of the four English regions covered.

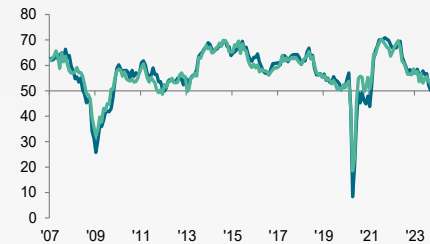
The rate of growth in demand for temporary workers also quickened from the previous survey period. As with permanent vacancies, the Midlands was the best performing English region.

Vacancies Index

■ Permanent

■ Temporary

sa, >50 = growth since previous month

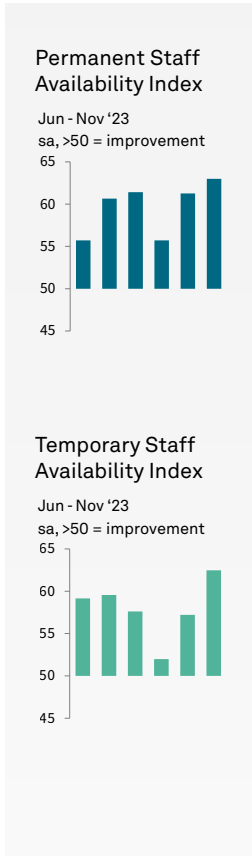


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Nov-23	49.0	53.3	51.7	52.6

2 Staff availability

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



Rapid increase in permanent candidate numbers

The number of candidates available for permanent roles increased sharply in November, with the latest rise the most marked in almost three years. The improvement in the Midlands was slightly stronger than the UK average.

A number of respondents indicated that redundancies had been behind the rise in candidate numbers, while others indicated that staff had moved roles in search of higher salaries and greater job security.

Temp candidates increase to largest extent in over three years

Recruitment companies in the Midlands reported that redundancies had led to a rise in candidate availability for temporary positions in November. The latest increase was substantial and the steepest since October 2020.

The Midlands posted the second-fastest rise in temporary staff availability of the four English regions, behind only London.

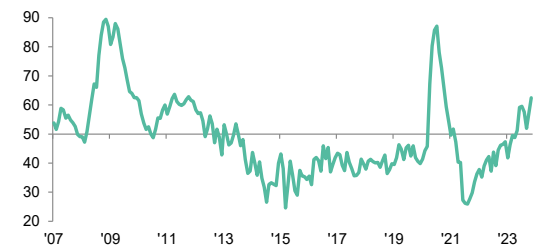
Permanent Staff Availability Index

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
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
Nov-23	62.0	63.0	59.8	62.5

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance Directors
 - Finance Manager
 - Financial Controllers
 - Part-Qualified Accountants
 - Payroll
- Blue Collar**
 - Industrial
 - Security Guards
 - Semi-skilled Industrial

- Construction**
 - Architecture
 - Surveyors
- Engineering**
 - Design Engineers
 - Engineers
 - Maintenance Engineers
 - Technicians
- Executive/Professional**
 - Marketing
- Hotel & Catering**
 - Chefs

- IT & Computing**
 - Developers
 - IT
- Nursing/Medical/Care**
 - Hearing Aid Dispensers
 - Optometrists
 - Pharmacy Managers
- Other**
 - Customer Service
 - Hybrid
 - Juniors
 - Telecommunications

Skills in short supply: Temporary staff

- Accounting/Financial**
 - Accountants
 - Accounts Payable
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Payroll
- Blue Collar**
 - Blue Collar
 - Manufacturing
 - Security Guards
 - Semi-skilled Industrial

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

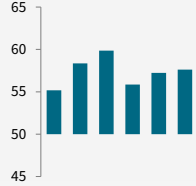
- Developers**
 - IT
- Nursing/Medical/Care**
 - Hearing Aid Dispensers
 - Nurses
 - Optometrists
 - Pharmacists
- Other**
 - Telecommunications

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

Jun - Nov '23
sa, >50 = inflation



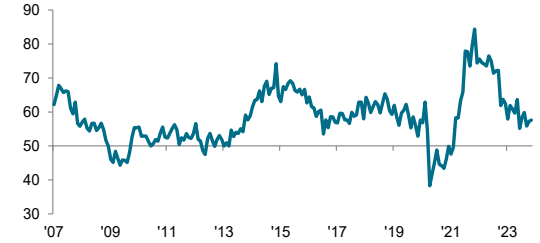
Marked rise in permanent starting salaries

Salaries for permanent new joiners continued to rise sharply in November, with the rate of inflation quickening to a three-month high. That said, the latest rise was still softer than the series average. Recruiters indicated that competition for candidates and the placing of more senior roles had been behind the latest increase.

The rise in permanent salaries in the Midlands was faster than the UK average.

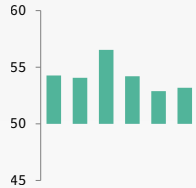
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Jun - Nov '23
sa, >50 = inflation

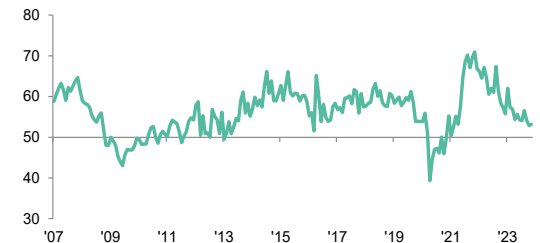


Temp pay inflation ticks higher

Recruitment companies in the Midlands signalled a further rise in temporary pay rates midway through the final quarter of the year. The rate of inflation was solid and ticked up from that seen in October, but was still among the weakest in the current three-year period of inflation. The increase in temp wages was stronger than the UK average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

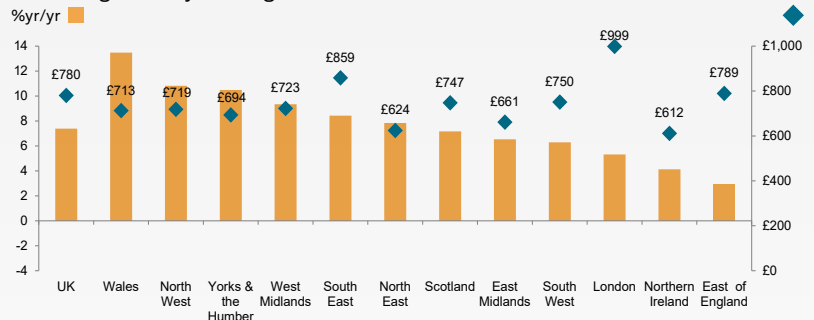
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Jun-23	58.6	55.2	56.4	54.3
Jul-23	58.3	58.4	54.6	54.1
Aug-23	58.2	59.9	55.9	56.5
Sep-23	57.6	55.9	52.9	54.2
Oct-23	57.4	57.2	53.5	52.9
Nov-23	56.0	57.6	52.2	53.2

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

Permanent placements in the UK decreased at a sharp and accelerated pace in November, with the rate of contraction the most marked in three months. The overall decline was driven by a severe reduction in permanent placements in London. Meanwhile, the Midlands bucked the wider trend and posted an increase in permanent placements.

The UK also registered a reduction in temporary billings during November, thereby ending a two-month sequence of expansion. That said, the fall in temporary billings was much softer than that seen for permanent placements as growth was signalled in the Midlands and North of England. The South of England posted the sharpest reduction in temp billings.

Candidate availability

With permanent placements falling, recruiters in the UK signalled a sharp increase in candidate availability midway through the final quarter. The rise in candidate numbers for permanent positions was the most pronounced since December 2020. Marked increases were seen across each of the four English regions.

Widespread increases in candidates for temporary positions were also signalled in November, led by London. The UK as a whole posted a marked rise in temporary candidate availability, and one that was the sharpest in just under three years.

Pay Pressures

Although permanent starting salaries continued to increase in the UK during November, the pace of inflation eased for the seventh consecutive month and was the softest since March 2021. London posted the fastest rise in permanent pay pressures, with the softest increase in the South of England.

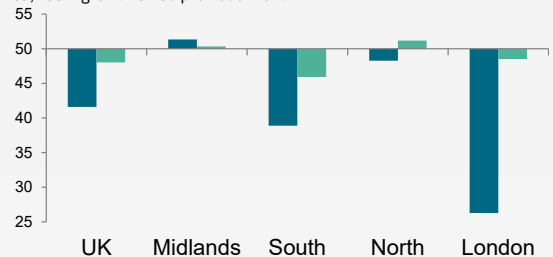
A softer pace of inflation for temporary wages was also recorded in November. The latest increase was the weakest in the current 33-month sequence of rising pay rates for short-term staff. The strongest increase in pay for temps was registered in London, while the North of England was the only English region to signal a drop in wages.

November 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 09-24 November 2023.

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