

KPMG and REC, UK Report on Jobs: Midlands

Permanent staff appointments fall markedly in March

43.6

PERMANENT PLACEMENTS INDEX
MAR '24

46.1

TEMPORARY BILLINGS INDEX
MAR '24

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 decrease for fourth month running

Further rises in candidate numbers

Permanent starting salary inflation quickens

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

"This month's data presents an interesting picture – there's a growing demand for staff in the region but actual placements are still falling. Part of the reason for uncertainty in the market is a slower economy accompanied by skills shortages. Businesses in the Midlands currently have a stronger focus on hiring senior and strategic candidates who are in short supply."

"There are still challenges, but businesses stand ready for growth when the Bank of England makes its interest rate cuts. This will boost business confidence to invest, and the economic outlook will become more positive."

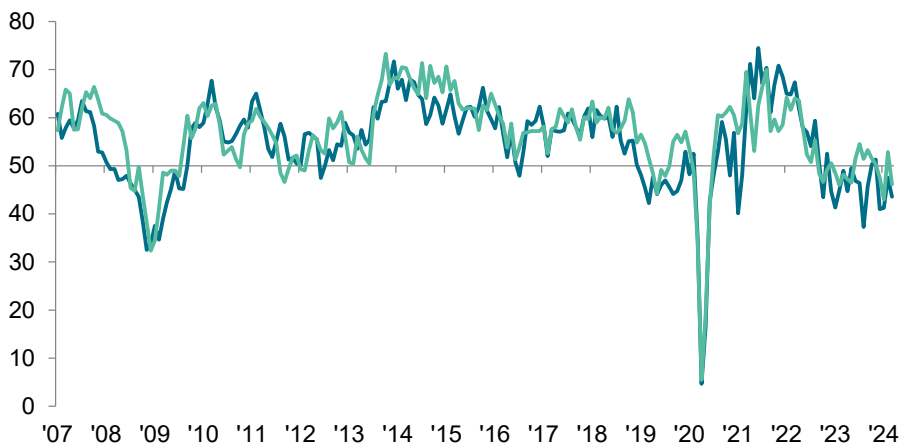
Neil Carberry, REC Chief Executive, said:

"Economic growth has been sidelined for too long and must be at the heart of this year's election campaign. Today's data shows the economy in a holding pattern waiting for inflation and interest rates to ease, so that firms can get to investing. The decline in permanent placements in the Midlands has been steady for some months now, with temporary recruitment still robust, if falling back from the record highs of 2022/3. Like the rest of the UK, employers appear to be leaning on temporary work while they are uncertain about the path of the economy."

"The data here should support a decision by the Bank of England's Monetary Policy Committee to loosen its grip on growth in the near-term future. Pay growth has slowed significantly in the UK. For example, the rate of pay inflation for temps in the Midlands was only modest and eased to the lowest recorded since January 2021, at the end of the first quarter of 2024. Some sectors – like the bellwether firms in construction – need a clear signal. In other areas, particularly engineering, demand remains high, emphasising the importance of a new approach to skills from governments across the UK, led by reform of the Apprenticeship Levy. The uptick in the need for blue collar staff across the UK may be a sign of consumer confidence starting to return – but it also emphasises again how labour shortages may constrain growth when it returns. A proper industrial strategy, with a meaningful and practical workforce element to it, is long overdue."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

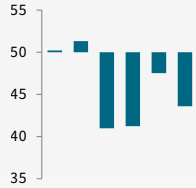


1 Staff appointments

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

Oct '23 - Mar '24
sa, >50 = growth



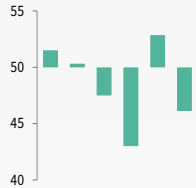
Marked decrease in permanent placements

Permanent placements fell in the Midlands for the fourth month running in March. The rate of decrease quickened sharply from February and was marked overall. The reduction in the Midlands was the second-fastest of the four monitored English regions, slower only than that seen in the South of England.

Some respondents indicated that lower demand for staff, recruitment freezes and redundancies had contributed to the latest fall in placements.

Temporary Billings Index

Oct '23 - Mar '24
sa, >50 = growth



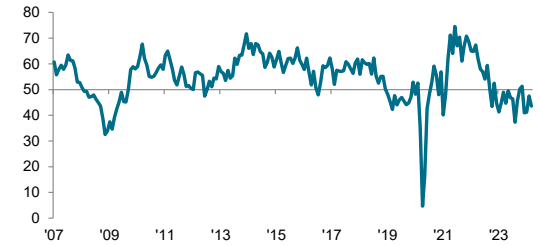
Temp billings fall back into decline

Recruiters in the Midlands recorded a reduction in temporary billings at the end of the first quarter of 2024. The contraction was the third in the past four months and solid overall.

The decrease in the Midlands was in line with a fall at the UK level, while only London saw a steeper decline than the Midlands over the month.

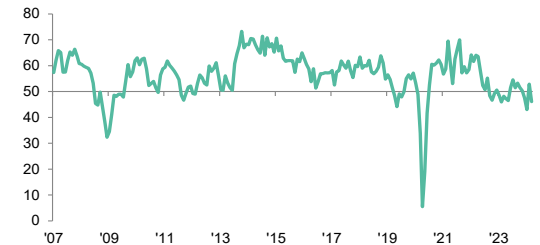
Permanent Placements Index

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
Oct-23	45.8	50.2	50.9	51.5
Nov-23	41.6	51.3	48.0	50.3
Dec-23	45.6	41.0	48.8	47.5
Jan-24	43.4	41.2	48.9	43.0
Feb-24	43.6	47.5	46.0	52.9
Mar-24	43.3	43.6	45.7	46.1

Job vacancies

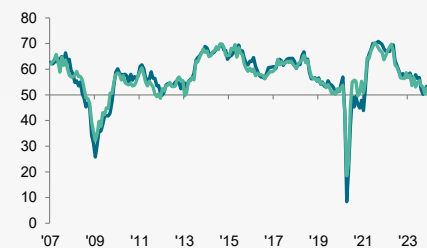
Demand for staff in the Midlands saw a renewed increase during March. The rate of increase in permanent vacancies was only modest, yet the strongest recorded in 2024 so far. Moreover, the Midlands saw the steepest rise in vacancies of the four monitored English regions.

The rate of growth in demand for temporary workers accelerated from the previous survey period. The increase in the Midlands was the strongest since April 2023. Moreover, the Midlands was the only English region to see a rise.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

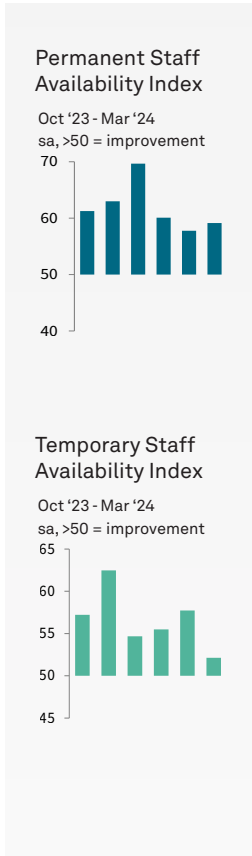


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Oct-23	49.9	51.8	51.7	50.5
Nov-23	49.0	53.3	51.7	52.6
Dec-23	49.2	52.1	50.8	51.3
Jan-24	49.3	51.0	50.7	52.1
Feb-24	46.8	48.9	49.4	53.4
Mar-24	47.0	51.8	49.1	56.0

2 Staff availability

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



Robust increase in permanent candidate numbers

The number of candidates available for permanent roles increased markedly during March, with the latest rise extending the current sequence to a year. The improvement in the Midlands was the second-softest of the four English regions, only ahead of London.

Respondents indicated that redundancies had been one of the main factors behind the rise in candidate numbers.

Temp candidates increase at softest rate for six months

Recruitment companies in the Midlands reported that the end of projects and a smaller appetite for taking on temp staff had led to a further rise in temporary candidate availability. That said, the rate of increase was the softest since last September.

The Midlands posted the slowest rise in temporary staff availability of the monitored regions.

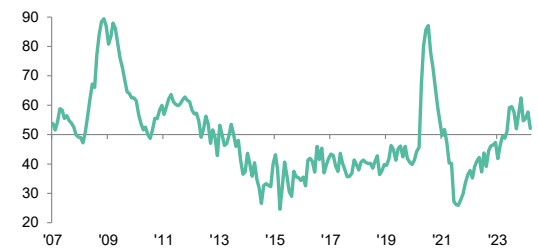
Permanent Staff Availability Index

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
Oct-23	59.1	61.3	57.8	57.2
Nov-23	62.0	63.0	59.8	62.5
Dec-23	59.7	69.7	58.3	54.7
Jan-24	57.6	60.1	56.2	55.5
Feb-24	57.3	57.8	56.7	57.7
Mar-24	60.2	59.1	59.6	52.1

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance
 - Payroll
 - Qualified Accountancy
 - Tax & Audit
- Blue Collar**
 - Blue Collar
 - HVAC
 - Machine Operators
 - Security Guards

- Engineering**
 - Electrical Engineers
 - Energy Process Engineers
 - Engineering Management
 - Engineers
 - Mechanical Engineers
- IT & Computing**
 - AI Developers
 - Developers
 - LLM Engineers
 - ML Engineer
 - Technical Roles

- Nursing/Medical/Care**
 - Dentists
 - Hearing Aid Dispensers
 - Optometrists
 - Pharmacy Managers
- Secretarial/Clerical**
 - Office Support Staff
- Other**
 - Telesales

Skills in short supply: Temporary staff

- Accounting/Financial**
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance
 - Payroll
- Blue Collar**
 - Blue Collar
 - Forklift Drivers
 - Security Guards

- Construction**
 - Architectural Tech
- Engineering**
 - Engineers
 - Technical Administrator
- Hotel & Catering**
 - Chefs
- IT & Computing**
 - Analysts
 - Automation Testers

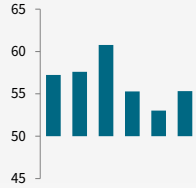
- Data Engineers
- Developers
- IT
- Nursing/Medical/Care**
 - Dentists
 - Hearing Aid Dispensers
 - Nurses
 - Optometrists
 - Pharmacists
- Secretarial/Clerical**
 - Administration

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

Oct '23 - Mar '24
sa, >50 = inflation



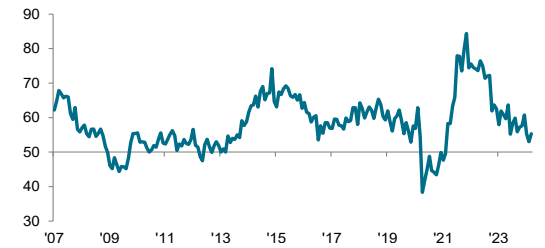
Sharp rise in permanent starting salaries

Salaries for permanent new joiners continued to rise sharply in March, with the rate of inflation quickening from that seen in February. That said, the latest rise was softer than the series average. Recruiters indicated that competition for candidates and the placing of more senior roles were key contributors to the latest increase.

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

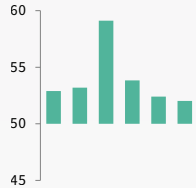
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Oct '23 - Mar '24
sa, >50 = inflation

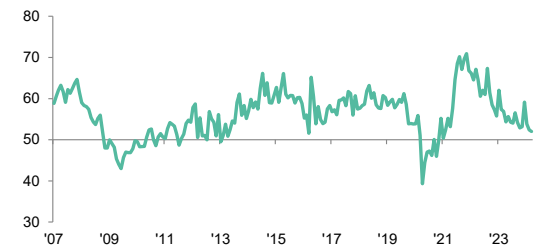


Temp pay inflation ticks lower

Recruitment companies in the Midlands signalled a further rise in temporary pay rates at the end of the first quarter of 2024. The rate of inflation was only modest and eased to the lowest recorded since January 2021. The increase in temp wages was the second-weakest of the four monitored English regions, ahead of London.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

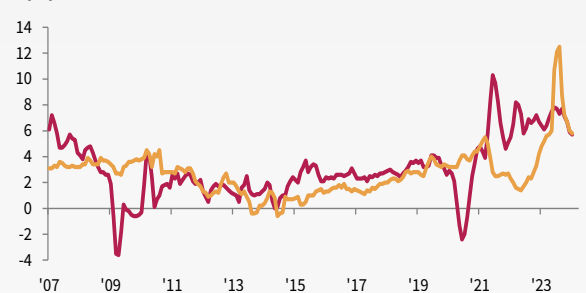
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Oct-23	57.4	57.2	53.5	52.9
Nov-23	56.0	57.6	52.2	53.2
Dec-23	56.5	60.8	54.6	59.1
Jan-24	55.8	55.3	54.8	53.8
Feb-24	55.2	53.0	54.3	52.4
Mar-24	53.3	55.3	53.7	52.0

Official data: UK average weekly earnings

January data from the Office for National Statistics (ONS) indicated that total employee earnings (including bonuses) continued to rise at an above average rate. However, at 5.6%, the latest year-on-year increase was the weakest recorded since July 2022.

Slower earnings growth was apparent across both the private and public sectors in the three months to January. For the private sector, pay rose by +5.7% compared to 12 months ago, the lowest increase for two years. Public sector pay growth, at +5.8%, was at its weakest recorded level for nine months.

UK average weekly earnings %yr/yr, 3mma



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 quicker and marked pace in March, with the rate of contraction the sharpest in four months. The overall decline was driven a substantial reduction in permanent placements in the South of England. The remaining three monitored regions all recorded marked declines in permanent placements.

The UK also registered a reduction in temporary billings during March, extending the current sequence of decrease to five months. Moreover, the decline in temporary billings deepened further and was the most pronounced since July 2020. All four English regions saw temporary billings decrease, led by London.

Candidate availability

With permanent placements falling, recruiters in the UK signalled a robust increase in candidate availability at the end of the first quarter. The rise in candidate numbers for permanent positions was the strongest seen since last November. Marked increases were seen across each of the four monitored English regions, with the sharpest rise in the North of England.

Widespread increases in candidates for temporary positions were also signalled in March, led by London. The UK as a whole posted a marked rise in temporary candidate availability, and one that was the strongest for four months. The rise in candidates for temporary billings in the Midlands was much slower than elsewhere.

Pay Pressures

Although permanent starting salaries continued to increase in the UK during March, the pace of inflation eased for the third month in a row and was the softest in the current 37-month sequence. The Midlands posted the fastest rise in permanent pay pressures, with the softest increase in the South of England.

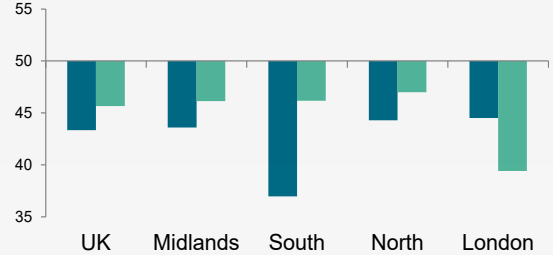
A softer pace of inflation for temporary wages was also recorded in March. The latest increase was the weakest since last November, yet remained solid overall. The strongest increase in pay for temps was registered in the North of England, while the slowest rate of increase was seen in London, where temp pay was broadly unchanged.

March 2024

■ Permanent
■ Temporary

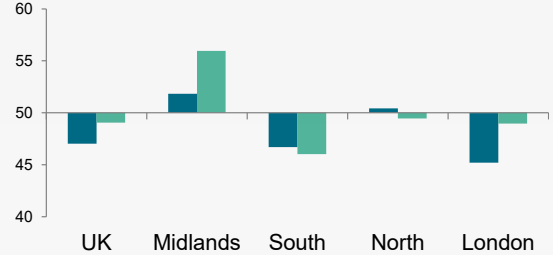
Staff Appointments

sa, >50 = growth since previous month



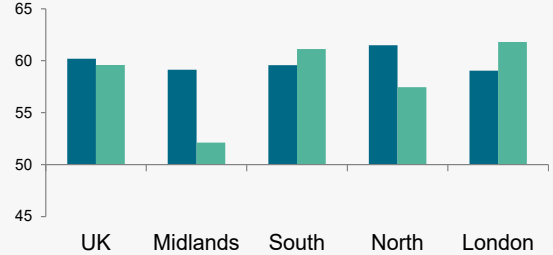
Vacancies

sa, >50 = growth since previous month



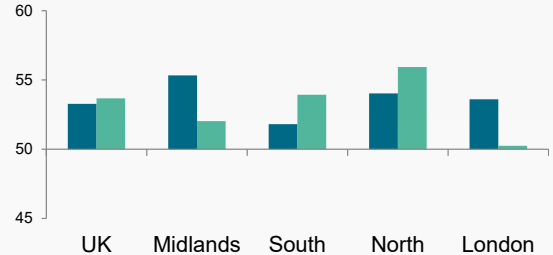
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Tanya Holden
Deputy Head of Media Relations
M: +44 (0) 7874 888656
tanya.holden@kpmg.co.uk

REC

Hamant Verma
Communications Manager
T: +44 (0)20 7009 2129
hamant.verma@rec.uk.com

S&P Global

Usamah Bhatti
Economist
S&P Global Market Intelligence
T: +44 1344 328 370
usamah.bhatti@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
sabrina.mayeen@spglobal.com

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 12-22 March 2024.

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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 18,000 partners and staff. The UK firm recorded a revenue of £2.96 billion in the year ended 30 September 2023.

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