

KPMG and REC, UK Report on Jobs: Midlands

Permanent placements fall at softer rate

47.5

PERMANENT PLACEMENTS INDEX
FEB '24

52.9

TEMPORARY BILLINGS INDEX
FEB '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.

Slowest reduction in permanent placements in three months

Permanent vacancies fall for first time since January 2021

Permanent and temporary pay growth eases

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

"The deadlock between economic uncertainty and hiring decisions continued into February. Businesses in the Midlands are ready to invest and grow - including taking on new staff - yet the reality is they're being held back by the prospect of weaker demand."

"Permanent hiring has been slowing over the last few months, but we saw green shoots as the Midlands registered growth in both temporary billings and vacancies. Temping keeps people in work when firms are uncertain about the future and keeps the economy ticking."

"Businesses needed the Chancellor to deliver a Budget that would drive investment, boost economic growth and help productivity bounce back. We will have to wait and see if the measures announced in will be enough to improve the economic outlook."

Neil Carberry, REC Chief Executive, said:

"As inflation is falling back to target earlier than expected, it's time to get the focus on growth. This month's survey shows the market slowing, and a sustained decrease in permanent staff appointments across the Midlands. And easing pay growth inflation for permanent and temp workers in the region."

"Having said that, there is a demand for workers with accounting and financial and IT skills in the region."

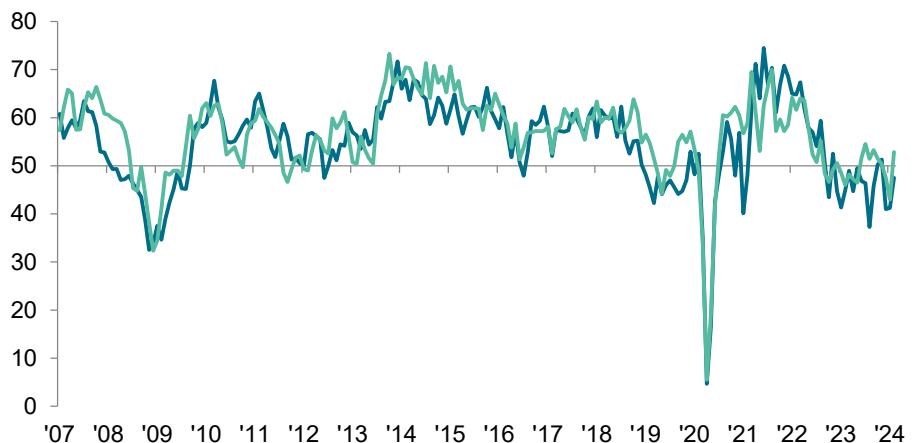
"Given recent news about GDP dropping, this overall picture is no surprise - but it is certainly still quite resilient by comparison with previous recessions. We know the economy has the potential to create jobs and opportunities - but it can only do that sustainably if we can get economic growth going."

"Following the Budget last week, which didn't address some of the key drivers of growth like skills, infrastructure and reducing the cost of investment and employment, all eyes are on the Bank now. Lower interest rates will help build firm's confidence to invest."

"The temporary labour market is the unsung hero of the economic uncertainty of recent years. It keeps the cogs of the economy turning amidst uncertainty and labour shortages - but it still needs nurturing. As we approach the General Election, businesses will be looking to politicians for commitment on this, and reforms of regulation that will support it from IR35, to regulating of the umbrella market and delivering flexibility to the Apprenticeship Levy."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

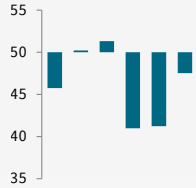


1 Staff appointments

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

Sep '23 - Feb '24
sa, >50 = growth



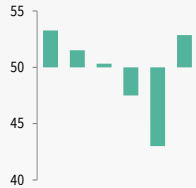
Midlands sees softest reduction across monitored regions

The seasonally adjusted Permanent Placements Index posted below the 50.0 no-change mark, signalling a sustained decrease in permanent staff appointments across the Midlands in February. The downturn was linked to redundancies and recruitment freezes. The rate of reduction eased from the start of the year, however, and was the softest in the current three-month sequence.

All four monitored regions saw permanent staff appointments fall, though the reduction in the Midlands was the softest.

Temporary Billings Index

Sep '23 - Feb '24
sa, >50 = growth

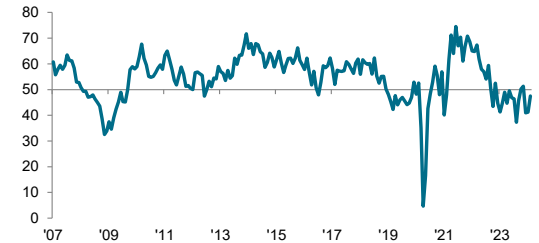


Temp billings return to growth

Billings received from the employment of short-term staff by recruiters in the Midlands returned to growth midway through the first quarter. The rate of increase was solid and the strongest recorded for five months. The Midlands was the only one of the four monitored English regions to report higher temp billings numbers.

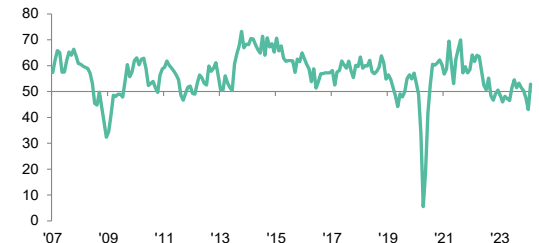
Permanent Placements Index

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
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
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

Job vacancies

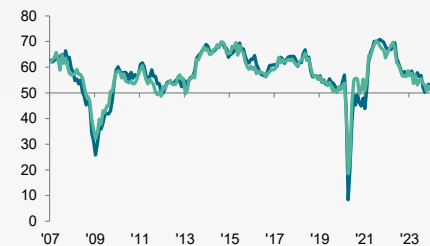
February data signalled a reduction in permanent vacancies for the first time since January 2021. That said, the decline was modest. All four monitored regions saw reductions in permanent vacancies, with only the North of England recording a softer reduction than the Midlands.

At the same time, temporary vacancies rose further and at the strongest rate for six months. Demand for temps has now increased in 40 successive months.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

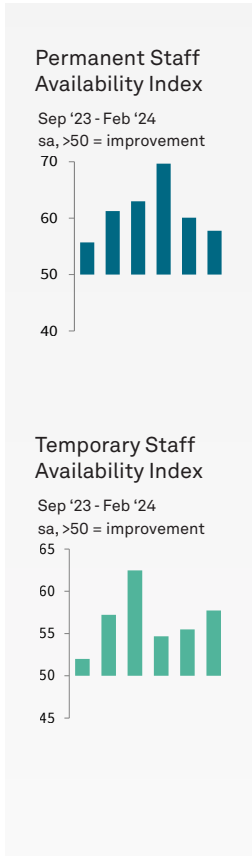


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
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

2 Staff availability

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



Softest rise in permanent labour supply in five months

February survey data signalled a slower increase in permanent candidate availability across the Midlands. The upturn was the slowest recorded since last September, yet remained sharp nonetheless.

Of the four monitored English regions, the Midlands recorded the second-softest increase, ahead of London.

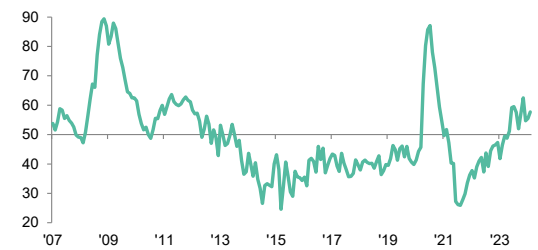
Temp candidate availability increases at faster rate

The seasonally adjusted Temporary Staff Availability Index moved further above the neutral 50.0 threshold in February, signalling a faster improvement in the supply of people available for short-term work across the Midlands. Surveyed recruiters noted a greater number of candidates looking for work due to redundancies. Moreover, the upturn in the Midlands was stronger than that seen for the UK as a whole.

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
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
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

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial
 - Accountants
 - Accounts Payable
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance Directors
 - Finance Manager
 - Financial Controllers
 - Management Accountants
 - Part Qualified Accountants

- Payroll
 - Blue Collar
 - Manufacturing
- Construction
 - Fitters
- Engineering
 - Electrical Engineers
 - Engineers
 - Maintenance Engineers

- IT & Computing
 - Data Engineers
 - Data Scientists
 - Developers
 - Technical Roles
 - UX Developers
- Secretarial/Clerical
 - Administration

Skills in short supply: Temporary staff

- Accounting/Financial
 - ACA Qualified
 - Accountants
 - Auditors
 - Book Keepers
 - Credit Controllers
 - Finance
 - Payroll
- Blue Collar
 - Industrials
 - Security Guards

- Construction
 - Architectural Tech
- Engineering
 - Engineers
- Hotel & Catering
 - Chefs
- IT & Computing
 - Automation Testers
 - Data Engineers

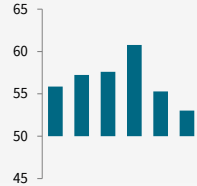
- Developers
- Technical Roles
- Nursing/Medical/Care
 - Nurses
- Other
 - Customer Service
 - Telecoms

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

Sep '23 - Feb '24
sa, >50 = inflation



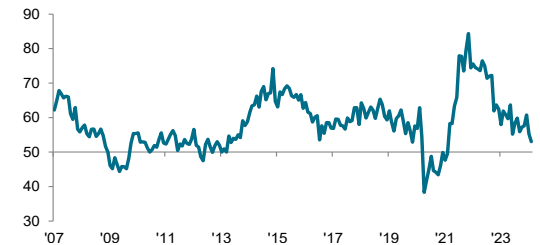
Starting salary growth rises at softest pace for three years

Latest data signalled a sustained rise in salaries awarded to new permanent joiners across the Midlands. That said, the overall rate of inflation slowed for the second month running and was the softest seen in the current three-year sequence of rising salaries.

Where higher salaries were reported, stronger competition and candidates demanding higher pay were the key factors behind the rise.

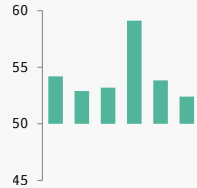
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Sep '23 - Feb '24
sa, >50 = inflation

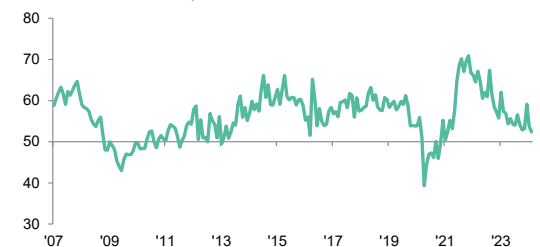


Hourly pay growth slows to 37-month low

Pay rates for temporary work rose again across the Midlands, extending the sequence of inflation to 39 months. That said, the rate of wage inflation eased to the softest since January 2021. 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
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
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

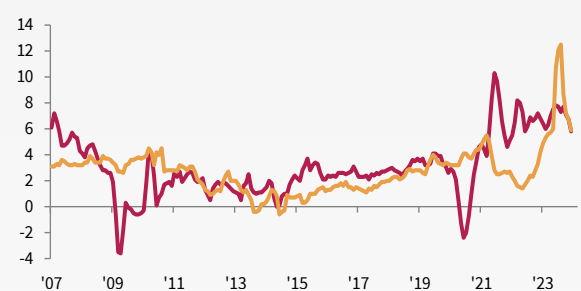
Official data: UK average weekly earnings

Data from the Office for National Statistics (ONS) signalled that total employee earnings (including bonuses) rose by +5.8% in the final quarter of 2023 compared to the same period one year ago. While sharp, this represented the softest rate of pay growth for nearly a year-and-a-half.

The sustained slowdown in earnings growth was broad-based across both the private and public sectors. In the private sector, pay increased at the joint-softest rate in nearly two years (+5.8%). Earnings expanded at a near-identical pace across the public sector (+5.9%), which marked the weakest upturn in pay since the three months to April 2023.

UK average weekly earnings

%/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

The downturn in permanent staff hiring across the UK persisted in February, with the latest decrease little-changed from the sharp fall seen at the start of the year. London saw the steepest contraction of the four monitored regions, followed by the South and North of England. Recruiters in the Midlands reported the softest decrease.

At the same time, temporary billings across the UK fell for the fourth month in a row midway through the first quarter. The rate of reduction was solid and the strongest since July 2020. The steepest fall was recorded in London, while there were renewed decreases in the North and South of England. The Midlands bucked the wider trend and registered growth for the first time in three months.

Candidate availability

February survey data indicated a sustained improvement in permanent candidate availability across the UK. While strong, the rate of improvement eased slightly to a five-month low. All four monitored English regions saw a rise in permanent labour supply, with the North of England leading the upturn.

Temporary candidate numbers also rose at the national level midway through the first quarter. Moreover, the rate of improvement picked up for the first time in three months and was steep overall. Three of the four monitored regions saw the respective rate of increase quicken in February, with only London seeing a slower rise. That said, the capital saw the strongest overall increase.

Pay Pressures

As has been the case since March 2021, the latest survey data signalled a further increase in starting pay for new permanent joiners in the UK. That said, the rate of salary inflation cooled to softest in just under three years. The North of England led permanent pay growth at the regional level, followed closely by London.

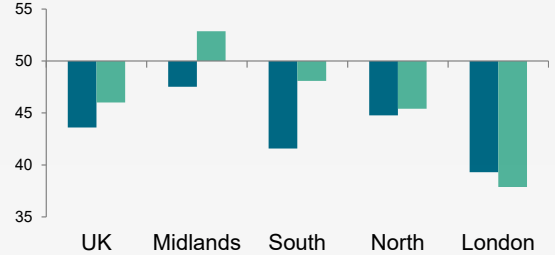
Hourly pay rates for temporary staff across the UK likewise increased during February, with the rate of wage inflation easing from that seen in January. As a result, temp wage growth was the softest since last November. All four monitored English regions registered higher temp pay rates, with the North of England topping the rankings.

February 2024

■ Permanent
■ Temporary

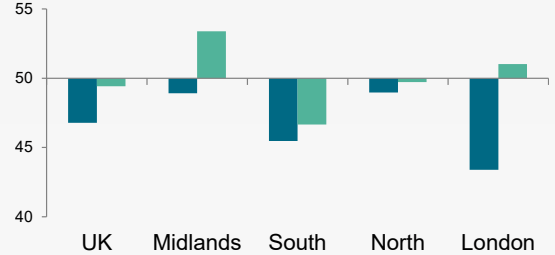
Staff Appointments

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



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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 12-23 February 2024.

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