

KPMG and REC, UK Report on Jobs: Midlands

Fresh rise in number of permanent staff appointments in May

50.7

PERMANENT PLACEMENTS INDEX
MAY '24

52.3

TEMPORARY BILLINGS INDEX
MAY '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 join temp billings in growth territory

Starting salary growth loses momentum but remains strong

Hourly pay rates rise rapidly, and at the sharpest rate in 2024 so far

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

"This month's data suggests local employers are slowly taking the brakes off of recruitment freezes and are looking to get their businesses moving again. The Midlands was the only region in the UK that recorded an increase in the number of people getting into permanent work which suggests green shoots of jobs recovery are on the horizon."

"With starting salaries rising, local businesses are prepared to pay a premium to get the right skills into their businesses in order to kickstart growth."

"The business environment remains challenging, but as the economy slowly improves, and with the General Election now called which will provide the stability businesses need to start investing again, business confidence is turning a corner."

Neil Carberry, REC Chief Executive, said:

"The jobs market looks like it's on its way back in the UK, with clear improvements over last month on most key measures, especially in the Midlands. Permanent hiring in the Midlands increased for the first time in six months, and the temp billings have improved in the region."

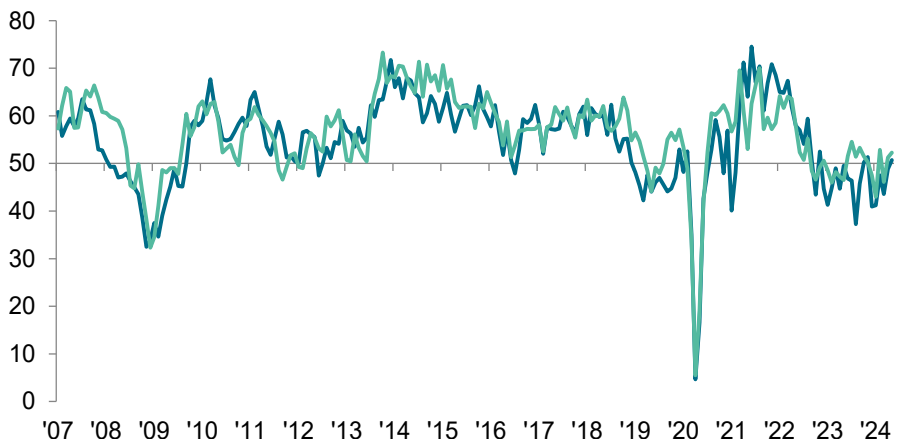
"There is potential energy stored in the economy, as employers are feeling more confident. Political certainty and falling interest rates should add to lower inflation and help this turn into movement over the course of the rest of the year. REC members report that clients are ready to hire, but hesitant. These numbers suggest that caution may be starting to abate."

"Pay growth remains steady, reflecting both settlements made by employers for their staff, but also the substantial National Minimum Wage rise in April."

"No attempt to drive growth will succeed without the next government addressing people issues within its first 100 days. This must include reform of the Apprenticeship Levy to cover high-quality, modular training, and a long-term cross-departmental strategy to tackle labour and skills shortages, owned by the Cabinet Office but delivered locally. As the specialists in jobs, recruiters are ready to help, whoever wins on July 4."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

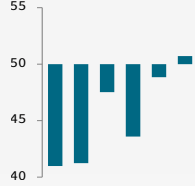


1 Staff appointments

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

Dec '23 - May '24
sa, >50 = growth



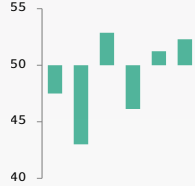
First rise in permanent appointments for six months

The number of staff placed into permanent roles rose across the Midlands, ending a five-month run of decline. Recruiters linked the renewed uplift to increased demand for permanent staff. Others also noted new client wins. That said, the rate of expansion was only marginal and subdued when compared to the long-run series trend.

The Midlands was the only monitored English region to record an uptick in permanent placements.

Temporary Billings Index

Dec '23 - May '24
sa, >50 = growth



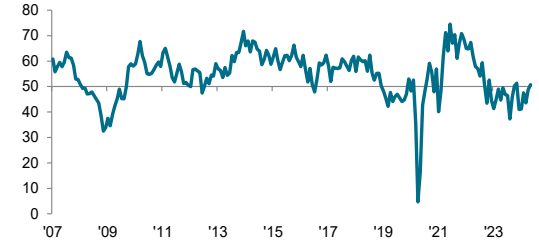
Third monthly rise in temp billings seen in 2024 so far

May data saw the number of billings received for the employment of temporary staff increase for the second month in a row across the Midlands. Survey respondents cited an improvement in demand for temp workers, while others mentioned a rise in candidate availability. While only modest, the uplift was the sharpest for three months.

Regionally, only the North of England registered a faster increase in temp billings than the Midlands.

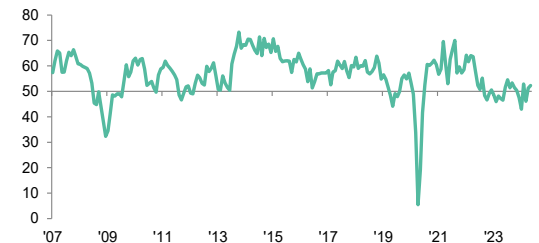
Permanent Placements Index

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
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
Apr-24	46.4	48.8	46.9	51.2
May-24	48.2	50.7	47.2	52.3

Job vacancies

May survey data pointed to a third consecutive monthly rise in demand for permanent staff across the Midlands. The pace of vacancy growth accelerated, but remained modest and broadly consistent with April. Of the four monitored regions, only the North recorded a faster increase than the Midlands.

Temp vacancy growth was sustained in May. However, the rate of expansion was the softest for four months and remained historically subdued. Nevertheless, the upturn was the strongest of the four monitored English regions.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

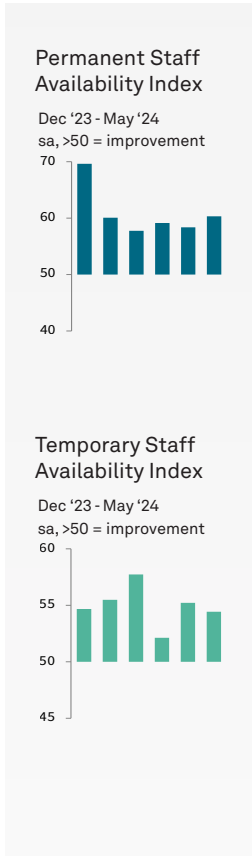


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Apr-24	48.2	51.2	49.8	54.5
May-24	49.7	51.4	50.0	52.9

2 Staff availability

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



Permanent staff availability rises at quickest rate seen this year so far

The seasonally adjusted Permanent Staff Availability Index signalled a fourteenth consecutive monthly rise in permanent candidate numbers in May. There were reports that the uplift in permanent staff supply was linked to a rise in redundancies. The rate of increase was again substantial and the strongest seen this year so far, but subdued when compared to the national average.

Solid rise in temporary staff supply in May

Temp staff availability across the Midlands picked up again in May, as has been the case for just over a year. Recruiters mentioned an increased willingness among candidates to accept temporary contracts. Though easing from April, the rate of growth in temp staff supply was solid.

The Midlands recorded the slowest rise in temp staff availability of all four monitored England regions for the third month running.

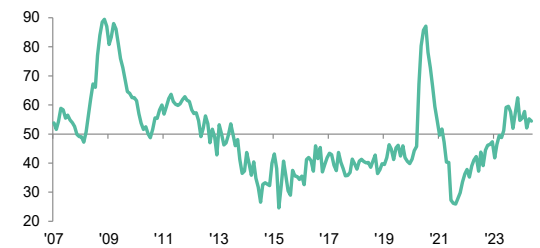
Permanent Staff Availability Index

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
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
Apr-24	60.4	58.4	60.1	55.2
May-24	62.4	60.3	59.7	54.4

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Accountants
 - Entry Level Accountancy
 - Finance
 - Finance Assistant
 - Finance Manager
 - Management Accountants
- Blue Collar**
 - Forklift Driver
 - Manufacturing
 - Security Guards
 - Vehicle Mechanics

- Engineering**
 - Engineers
 - Specialist Engineering
- IT & Computing**
 - Data Architects
 - Data Engineers
 - Developers
 - IT
 - Software
 - Technical Roles
- Executive/Professional**
 - Marketing Agency

- Retail**
 - E-commerce
- Secretarial/Clerical**
 - Administration
 - Office Support Staff
- Other**
 - Account Directors
 - Account Managers
 - Entry Level
 - Sales

Skills in short supply: Temporary staff

- Accounting/Financial**
 - ACA Qualified
 - Accountants
 - Finance
- Blue Collar**
 - Electricians
 - Machine Operators
 - Manufacturing
 - Mechanics
 - Security Guards
 - Spray Painter

- Welder**
- Construction**
 - Architectural Tech
- Engineering**
 - Engineers
- IT & Computing**
 - Automation Testers
 - Data Engineers
 - Developers
 - IT

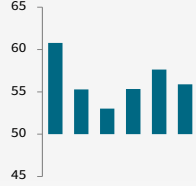
- Nursing/Medical/Care**
 - Dental Nurse
 - Dentists
- Secretarial/Clerical**
 - Office Support Staff

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

Dec '23 - May '24
sa, >50 = inflation



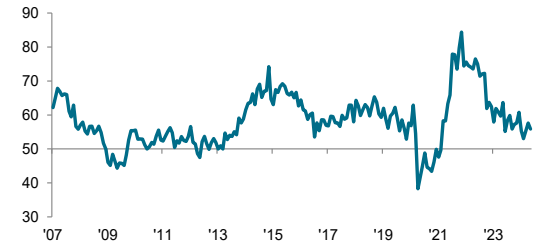
Starting salary inflation loses momentum in May

Recruiters across the Midlands continued to record an increase in starting salaries in May, thereby stretching the current sequence of uplifts which began in March 2021. Some panellists mentioned that a rise was due to an increase in the proportion of senior roles hired. Though strong, the rate of salary inflation eased on the month and remained subdued when compared to the long-run trend.

The Midlands recorded the second-strongest salary growth of the four monitored English regions, behind only the North.

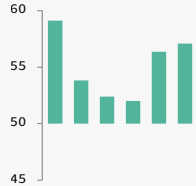
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Dec '23 - May '24
sa, >50 = inflation



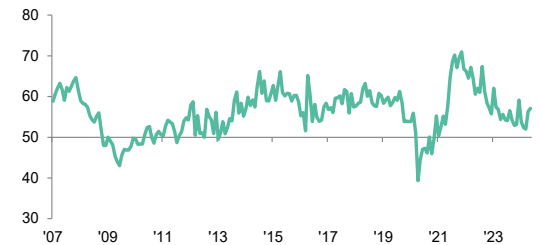
Strongest rise in hourly pay for five months

Average hourly pay for short-term staff continued along an upward trend midway through the second quarter. The rate of temp wage growth was substantial and the most pronounced in 2024 so far. According to anecdotal evidence, the uptick followed a rise in demand for temporary workers.

Only the North registered a sharper rise in temp wages than that seen locally.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Apr-24	55.9	57.6	56.2	56.4
May-24	55.5	55.9	55.8	57.1

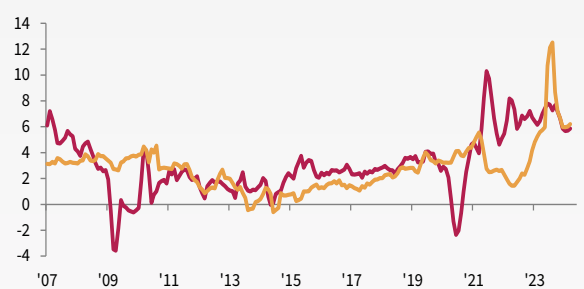
Official data: UK average weekly earnings

The Office for National Statistics (ONS) continued to report growth in whole economy earnings in the three months to March. According to the latest data, earnings rose 5.7% on the year, unchanged from the previous period.

Underlying earnings growth for the public sector rose to 6.2% in the three months to March, the best outturn seen since last November. Private sector earnings growth also continued to increase but, at an annual rate of 5.9%, to a slower degree than in the public sector.

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

The number of permanent staff appointments across the UK dropped again in May, as has been the case for the past 20 months. That said, the rate of contraction was the softest in over a year and only modest overall. Three of the four monitored English regions registered falling placements, with the quickest drop seen in the South. Meanwhile, the Midlands recorded a renewed uplift.

Meanwhile, billings for the employment of temp workers fell again at the national level, thereby stretching the current sequence of decline to seven months. The sustained downturn was led by further decreases across London and the South of England. In contrast, the North saw a return to growth and a sharper upturn was recorded across the Midlands.

Candidate availability

There was a further rise in permanent staff availability across the UK in May, thereby extending the current sequence of growth to 15 months. Moreover, the uplift was the most pronounced seen since the pandemic (December 2020). Excluding London, all of the monitored English regions recorded a faster increase in permanent staff supply in May.

At the national level, though temporary staff supply rose sharply in May, the pace of expansion slowed slightly from April's 40-month high. The Midlands and London registered slower increases in availability, while growth accelerated in the South and North of England.

Pay Pressures

As has been the case on a monthly basis since early-2021, May survey data revealed ongoing salary growth at the UK level. Though starting salaries rose strongly, the upturn lost momentum in May and was notably subdued compared to recent trends. All four monitored English regions recorded permanent starting salary growth, with the quickest inflation seen across in the North of England.

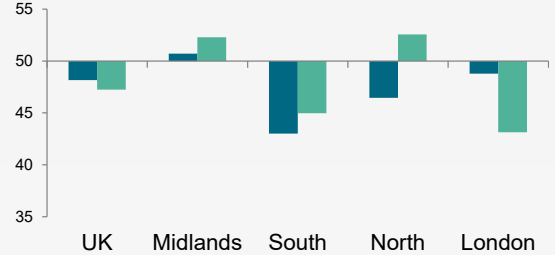
Similarly, the rise in hourly pay rates of temporary staff was strong at the national level, albeit easing from April's ten-month high. As was the case with permanent salaries, the North of England registered the fastest growth of temp rates, while the South of England recorded the slowest.

May 2024

■ Permanent
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



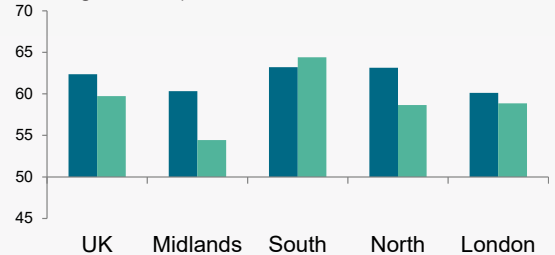
Vacancies

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 9-24 May 2024.

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