

KPMG and REC, UK Report on Jobs: Midlands

Renewed drop in permanent staff placements following just one month of growth

49.4

PERMANENT PLACEMENTS INDEX JUN '24

56.3

TEMPORARY BILLINGS INDEX JUN '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 staff appointments fall, but temp billings rise sharply

Sharpest rise in permanent staff supply in 2024 so far

Fresh decline in demand for permanent workers

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

"The Midlands job market presents a mixed picture. The decline in permanent staff placements is concerning, especially considering the simultaneous increase in staff availability. Businesses are becoming more cautious in their hiring decisions; however, this could lead to higher unemployment in the long term. The East Midlands is already showing the highest unemployment rate across all monitored regions in the UK at 5.6% and the West Midlands is closely behind at 5.1%.

"On a slightly more positive note, salaries are on the rise, albeit at a slower pace than in previous months. Overall, the report paints a picture of a job market in transition."

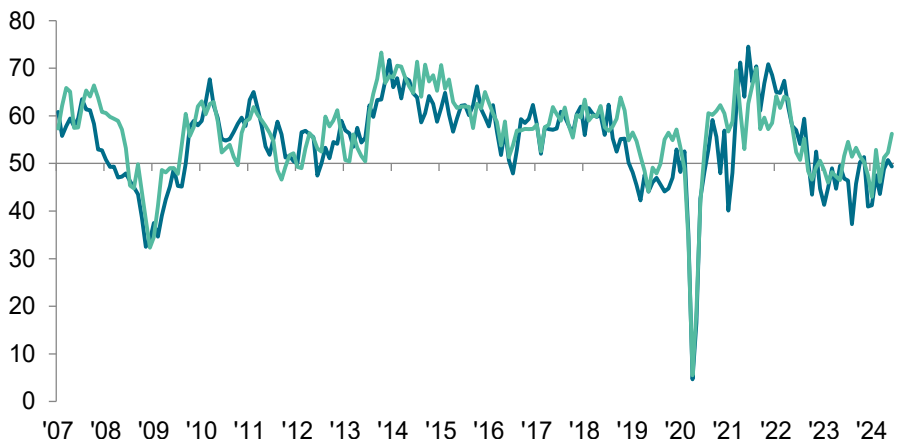
Neil Carberry, REC Chief Executive, said:

"Recruiters report companies delayed some permanent hiring decisions during the election campaign, albeit the rate of decline was only marginal overall in the Midlands. Now a new government has been elected, recruitment firms are looking for that investment to be unlocked. The return of temporary worker demand to positive territory, driven particularly by the Midlands, is a sign that the gentle improvement of the last few months in the UK is still with us despite the political noise. The Midlands saw its fastest rise in billings for temporary staff for 25 months, after all. As policy uncertainty abates, and interest rates drop, we expect permanent hirers to return to the market this summer.

"The incoming government has been clear that growth and prosperity will be their core goal. But only business can deliver this for them – a partnership is necessary. Working with business to make sure the new deal for workers is delivered in a way that businesses can adopt, and which supports the agility workers and employers need, is key. As is reforming the flawed Apprenticeship Levy. There can be no successful industrial strategy that does not have a stable workforce strategy at its heart."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

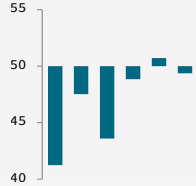


1 Staff appointments

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

Jan - Jun '24
sa, >50 = growth



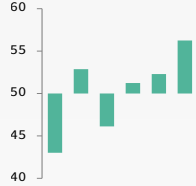
Renewed drop in permanent staff placements

Following a brief period of growth in May, recruiters in the Midlands indicated a renewed decline in the number of staff placed into permanent roles. The drop in staff appointments reportedly reflected weak demand for permanent workers and subsequently a fall in the number of vacancies. That said, that rate of decline was only marginal overall.

Of all four monitored English regions, the Midlands posted the softest decrease in permanent placements in June.

Temporary Billings Index

Jan - Jun '24
sa, >50 = growth

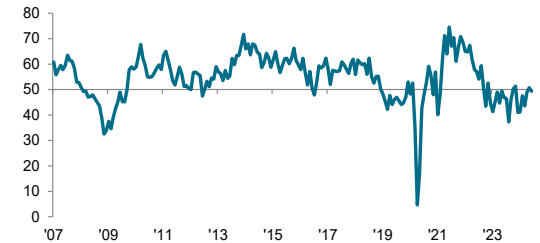


Fastest rise in billings for temporary staff for 25 months

June data revealed a third consecutive monthly rise in the number of billings for temporary staff across the Midlands. Moreover, the latest increase was the quickest for just over two years and sharp overall. Recruitment consultancies linked the improvement to increased demand for temporary staff, with some stating a preference over permanent workers. Regionally, the Midlands recorded the quickest rise in billings received for the employment of temporary staff.

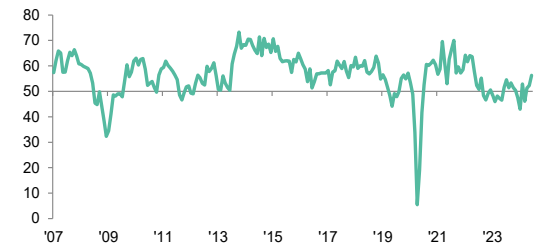
Permanent Placements Index

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
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
Jun-24	45.5	49.4	50.3	56.3

Job vacancies

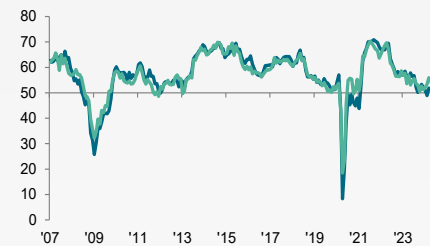
There was a fresh decline in the number of vacancies for permanent roles across the Midlands at the end of the quarter, the first decrease for four months. The contraction was the fastest since the start of 2021.

June data signalled a slowdown in vacancy growth for temporary staff across the Midlands. Though still moderate, the latest increase in demand for temp workers was the slowest for five months.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

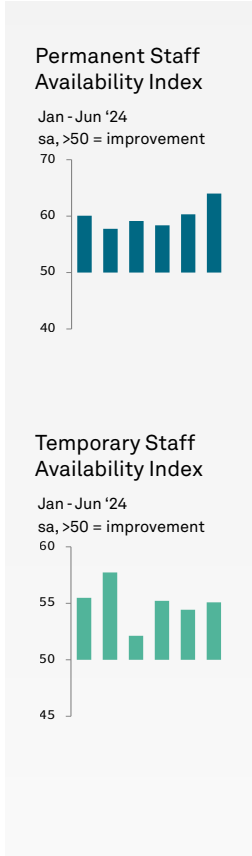


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
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
Jun-24	48.5	48.7	50.1	52.6

2 Staff availability

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



Quickest rise in permanent staff availability for six months

June saw the number of candidates available for permanent roles rise for the fifteenth month in a row across the Midlands. Recruiters commonly attributed the rise in availability to redundancies. Moreover, the rate at which permanent staff supply increased was the most pronounced seen this year so far and substantial overall.

The local rise was the sharpest of all four monitored English regions.

Strong rise in supply of temporary staff in June

As has been the case for the past 14 months, temp staff availability picked up again in June, as signalled by recruiters in the Midlands. Survey respondents linked the rise to an increased number of redundancies. The rate of expansion in temp staff supply was strong in June having accelerated from May.

That said, the increase was the slowest of all four English regions monitored by the survey.

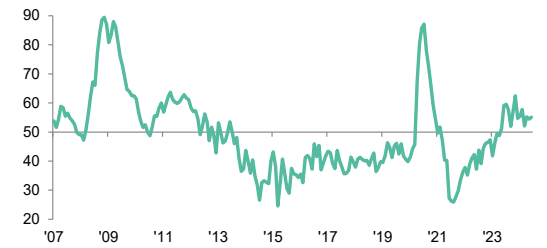
Permanent Staff Availability Index

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
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
Jun-24	61.1	64.0	59.5	55.1

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Accounts Payable
 - Auditors
 - Credit Controllers
 - Financial Accountants
 - Part Qualified Accountants
 - Risk
 - Taxation
- Blue Collar**
 - Drivers

- Security Guards
- Semi-skilled Industrial
- Engineering**
 - Engineering General
 - Engineering Management
 - Engineers
- Nursing/Medical/Care**
 - Dental Nurse
 - Dentists

- IT & Computing**
 - Data Architects
 - Data Engineers
 - Developers
 - IT
- Secretarial/Clerical**
 - Office Staff
- Other**
 - Sales

Skills in short supply: Temporary staff

- Accounting/Financial**
 - Finance
- Blue Collar**
 - Driver
 - Machine Operators
- Engineering**
 - Industrial Engineers
 - Engineers

- IT & Computing**
 - C#
 - Data Engineers
 - Developers
 - IT Infrastructure
- Nursing/Medical/Care**
 - Dentists

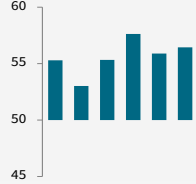
- Secretarial/Clerical**
 - Office Support Staff

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

Jan - Jun '24
sa, >50 = inflation



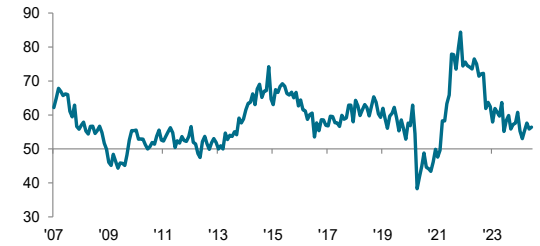
Marked rise in starting salaries at the end of the quarter

Average salaries awarded to newly placed staff in the Midlands increased in June, thereby stretching the current run of growth to 40 months. Though the respective seasonally adjusted index picked up to signal a sharp rise in starting salaries, inflation remained subdued compared to the historical trend.

The North of England and London both recorded sharper pay growth for permanent staff than the Midlands, while the South of England posted comparatively softer growth.

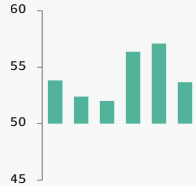
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Jan - Jun '24
sa, >50 = inflation



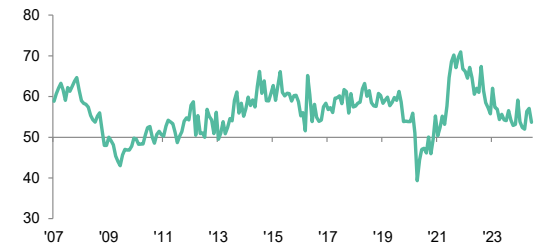
Hourly pay growth eases to three-month low in June

The seasonally adjusted Temporary Wages Index posted above the 50.0 no-change mark again in June, to signal a further rise in pay for temp staff across the Midlands. Pay growth reportedly reflected firms meeting the National Living Wage. Growth of hourly pay for temp workers eased to the softest for three months and was solid overall.

The rate of inflation across the Midlands matched the UK average.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

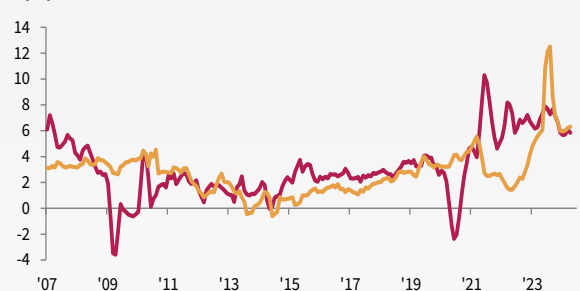
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Jan-24	55.8	55.3	54.8	53.8
Feb-24	55.2	53.0	54.3	52.4
Mar-24	53.3	55.3	53.7	52.0
Apr-24	55.9	57.6	56.2	56.4
May-24	55.5	55.9	55.8	57.1
Jun-24	57.1	56.4	53.7	53.7

Official data: UK average weekly earnings

Total employee earnings (including bonuses) rose at an unchanged annual pace of 5.9% in the three months to April, according to the latest data from the Office for National Statistics (ONS).

Public sector pay growth remained quicker than in the private sector. For the latter, annual pay growth slipped a little to 5.8% (from 6.1%). In contrast, a 6.3% increase for public sector pay was the best since the three months to November 2023.

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 people placed into permanent roles fell across the UK in June, thereby continuing the trend of contraction seen since October 2022. The rate of decline was solid and the quickest seen in the second quarter. The Midlands rejoined the remaining three monitored English regions in contraction territory in June, where the sharpest decline in permanent staff appointments was in the South of England.

By contrast, there was a fresh rise in temporary billings recorded at the UK level in June. Though only fractional, the uptick was the first for eight months. The increase in temp billings was in part driven by sharper rises in the Midlands and the North of England. Meanwhile, the South of England and London registered softer declines.

Candidate availability

At the national level, the availability of staff for permanent roles increased sharply again in June, thereby extending the current sequence of growth to 16 months. All four monitored English regions registered upturns, the sharpest of which was recorded in the Midlands.

June survey data pointed to a rise in the number of temporary candidates across the UK. Permanent labour supply increased at accelerated rates across all monitored English regions excluding the South of England, where the uplift was only fractionally slower and nevertheless substantial.

Pay Pressures

At the UK level, average starting pay for permanent new joiners continued to rise in June. Moreover, the rate of salary inflation was marked and the most pronounced for eight months. London took the top spot for strongest growth in starting salaries, while the South of England registered the slowest pay growth.

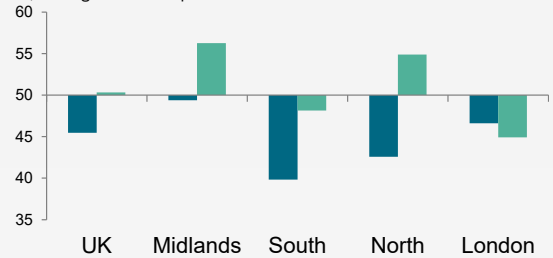
Hourly rates of pay across the UK rose again in June, thereby marking 40 months of successive increases. UK temp rate inflation was solid having slowed for a second month in a row. All four monitored regions of England posted upticks in hour pay, the fastest of which was in the North of England.

June 2024

■ Permanent
■ Temporary

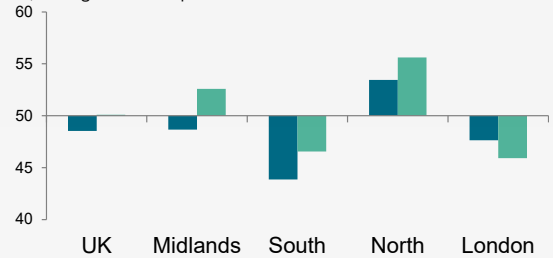
Staff Appointments

sa, >50 = growth since previous month



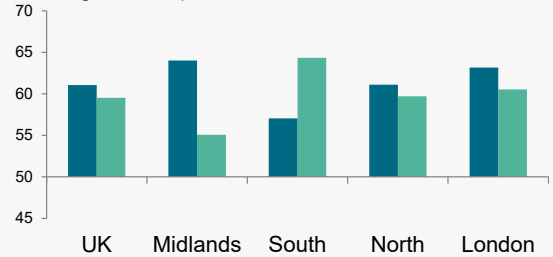
Vacancies

sa, >50 = growth since previous month



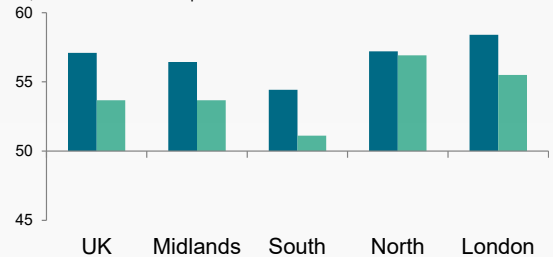
Staff Availability

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 12-24 June 2024.

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