

KPMG and REC, UK Report on Jobs: Midlands

Marked fall in number of permanent staff appointments in January

40.3

PERMANENT PLACEMENTS INDEX
JAN '25

50.1

TEMPORARY BILLINGS INDEX
JAN '25

Permanent placements fall again, temp billings growth stalls

Starting salary inflation gains momentum

Marked rise in candidate numbers

Kate Holt, People Consulting Partner at KPMG in the Midlands said:

“Businesses in the Midlands are maintaining a highly cautious approach when it comes to making permanent hires, and the eight-month trend of declining appointments is likely to be extended until the new tax year at least.

“Growth of temporary billings in the region have also stalled, in a clear sign that the impending employers’ National Insurance rate rise alongside ongoing economic pressures are weighing heavy on employers’ confidence.

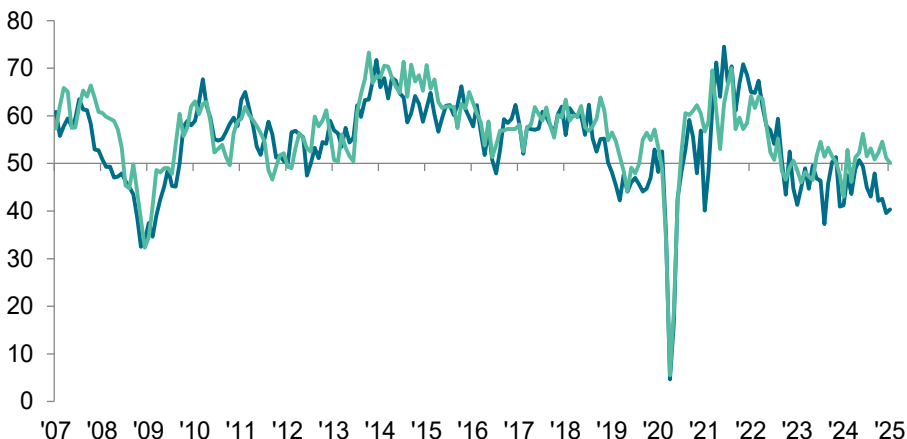
“Wage increases also continue to dominate the local market, with starting salaries for both permanent and temporary staff in the Midlands now escalating above the national average. As employers are forced to offer higher starting salaries to attract and retain talent, this will only serve to exacerbate wage inflation further. All this points to the Midlands job market remaining challenging throughout 2025.”

Commenting, Neil Carberry, REC Chief Executive, said:

“Businesses entered the year uncertain on the growth path, and that has driven a “wait and see” approach to hiring. Around the country, REC members report that clients have plans and are hopeful for the year ahead - but firms are slowing investment until they see more momentum in the economy. This explains why temporary staff employment broadly stalled across the Midlands, although the Midlands and London had softer declines in permanent hiring than elsewhere in England, however. Last week’s move on interest rates was timely as a way of boosting confidence. The more central role of growth in Government thinking since the Chancellor’s speech last month will also help. But it takes time, and real action, to build business confidence. An autumn of fiscal gloom, difficulty navigating significant upcoming tax rises and little progress on the practicalities of a costly new approach to employment rights are all acting as brakes on progress. As well as the monetary stimulus to growth, it’s time for greater clarity on how the Government will use its industrial strategy to drive the growth of the whole economy.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month



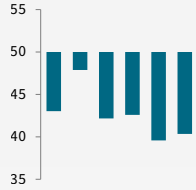
The KPMG and REC, UK Report on Jobs: Midlands is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands.

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

Aug '24 - Jan '25
sa, >50 = growth



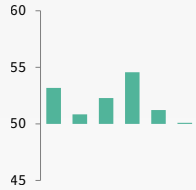
Eighth consecutive decrease in permanent staff appointments

The number of staff placed into permanent roles fell across the Midlands in January, extending the current sequence to eight months. Recruiters linked the sustained reduction to a lack of demand from clients as well as reports of recruitment freezes in response to upcoming changes in employment law.

All four monitored English regions saw permanent placements fall in January, with the Midlands seeing the second-softest decline, after London.

Temporary Billings Index

Aug '24 - Jan '25
sa, >50 = growth

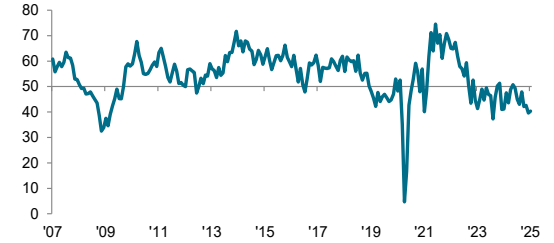


Temp billings growth stalls in January

January data saw the number of billings received for temporary staff employment broadly stall across the Midlands. The seasonally adjusted Temporary Billings Index was only just above the neutral 50.0 threshold, as recruiters mentioned a lack of jobs coming through agencies. Although fractional, the Midlands was the only region to post a rise in temporary billings.

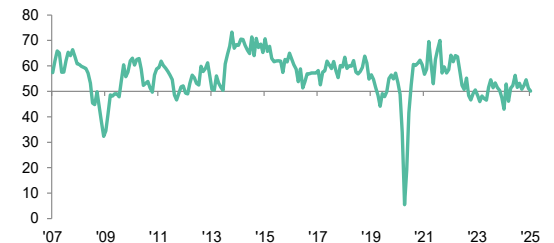
Permanent Placements Index

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
Aug-24	44.6	43.0	49.5	53.2
Sep-24	44.9	47.9	46.9	50.8
Oct-24	44.1	42.2	46.3	52.3
Nov-24	40.7	42.6	47.7	54.6
Dec-24	39.5	39.6	46.3	51.2
Jan-25	39.8	40.3	41.5	50.1

Job vacancies

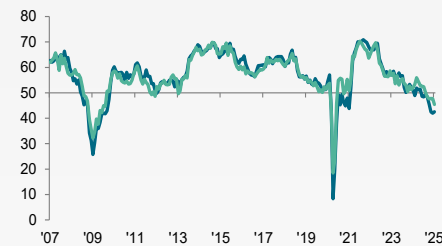
Latest data pointed to an eighth consecutive monthly decrease in demand for permanent staff in the Midlands. The pace of reduction eased slightly but remained robust overall. Of the four monitored regions, only London saw a softer fall in vacancies than the Midlands.

Temp vacancies fell for the fifth month in a row in January. The decrease was sharp and the most severe since May 2020. Nevertheless, the downturn was the softest of the four monitored English regions.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

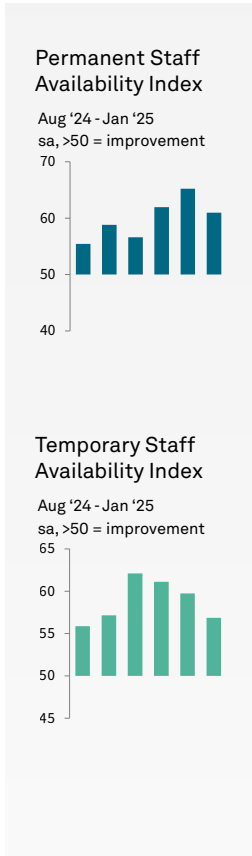


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-24	49.0	49.4	49.2	50.1
Sep-24	47.6	48.4	47.8	48.4
Oct-24	46.1	45.5	46.6	47.6
Nov-24	43.8	42.6	46.2	47.8
Dec-24	42.7	42.0	45.4	47.7
Jan-25	41.5	42.5	43.3	45.4

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 softer yet still marked rate

Adjusted for seasonal factors, the Permanent Staff Availability Index signalled a twenty-second consecutive monthly increase in permanent candidate numbers in January. There were reports that the uplift in staff supply was linked to a rise in redundancies. The rate of increase was marked but the least prominent in three months. The rise in the Midlands was the strongest of the four monitored regions.

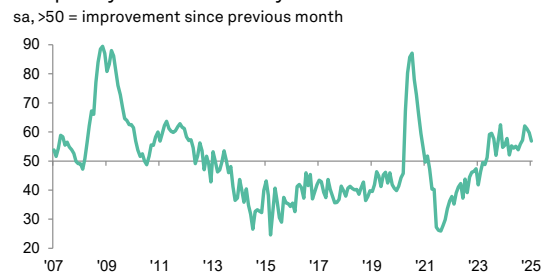
Slower rise in temporary staff supply in January

Temp staff availability across the Midlands picked up again at the start of 2025, extending the current sequence to 21 months. Recruiters mentioned a lack of temporary contracts being available which pushed candidate numbers higher. The rate of growth in temp staff supply slowed from December and was the softest since last August.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-24	59.8	55.4	59.9	55.9
Sep-24	58.9	58.8	57.9	57.2
Oct-24	59.1	56.6	61.3	62.1
Nov-24	59.8	61.9	59.4	61.1
Dec-24	60.7	65.2	59.5	59.7
Jan-25	57.7	61.0	58.1	56.9

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
- Accountants
- Accounts Payable
- Accounts Technician
- Auditors
- Credit Controllers
- Finance Business Partner
- Finance Manager
- Financial Controllers
- Management Accountants
- Payroll
- Qualified Accountancy
- Tax & Audit
- Blue Collar**

- Blue Collar
- HVAC
- Construction**
- Architectural Tech
- Engineering**
- Electrical Engineers
- Engineering Management
- Engineers
- Mechanical Engineers
- Executive/Professional**
- Solicitors
- IT & Computing**

- Data Scientists
- Developers
- IT
- ML Engineer
- Technical Roles
- Secretarial/Clerical**
- Office Staff
- Office Support Staff
- Other**
- Buyers
- Sales

Skills in short supply: Temporary staff

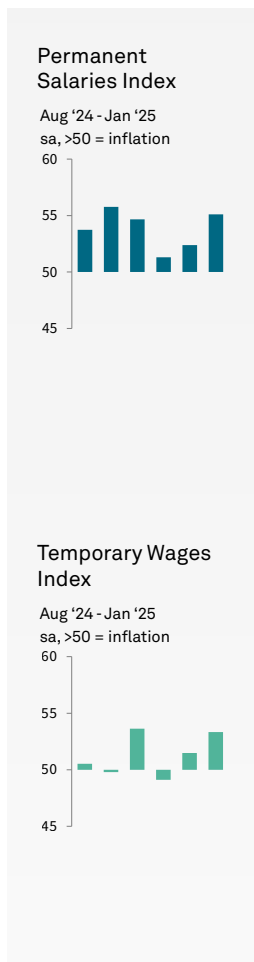
- Accounting/Financial**
- Accountants
- Accounts Payable
- Auditors
- Credit Controllers
- Finance
- Payroll
- Blue Collar**
- Blue Collar
- Security Guards
- Steel Operatives
- Engineering**

- Engineering General
- Engineers
- Executive/Professional**
- Legal Secretarial
- IT & Computing**
- Data Engineers
- Developers
- IT
- Nursing/Medical/Care**
- Hearing Aid Dispensers
- Optometrists

- Pharmacists
- Secretarial/Clerical**
- Office Support Staff
- Other**
- Buyers
- Operations

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.



Starting salary inflation gains momentum in January

Recruiters across the Midlands continued to record an increase in starting salaries for permanent workers in January, thereby stretching the current sequence of uplifts which began in March 2021. Some panellists mentioned that the rise was due to higher salary offers to attract suitably skilled staff. The rate of starting salary inflation strengthened from the previous survey period to reach the highest since last September.

The Midlands recorded the strongest salary growth of the four monitored English regions.

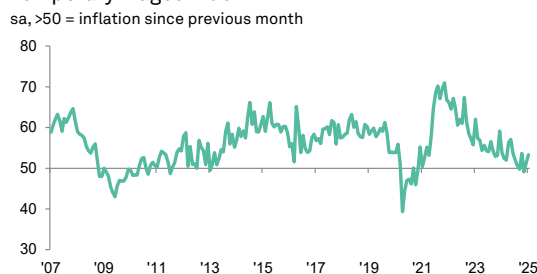
Hourly pay rises for the second successive month

Average hourly pay for short-term staff rose for the second time in as many months at the start of the year. Where temp wages increased, anecdotal evidence suggested the rise was due to a shortage of skilled staff. The rate of increase was solid, and the steepest for three months.

Permanent Salaries Index



Temporary Wages Index



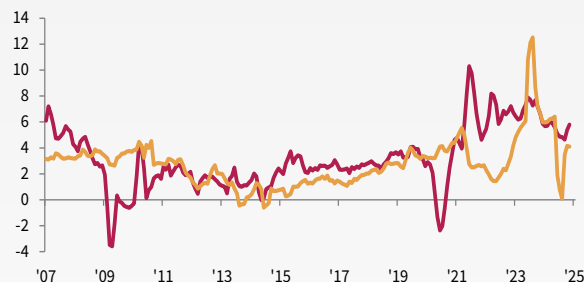
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Aug-24	54.4	53.7	50.7	50.5
Sep-24	52.8	55.8	49.9	49.8
Oct-24	52.5	54.7	51.5	53.6
Nov-24	52.6	51.3	51.2	49.1
Dec-24	53.1	52.4	51.6	51.5
Jan-25	52.6	55.1	50.5	53.3

Official data: UK average weekly earnings

Earnings growth in the UK continued to pick up in November, accelerating to an annual rate of 5.6% from 5.2% in the previous month. The latest growth rate was the highest since May 2024.

The private sector was the principal driver of the upturn in overall growth. November data showed that private sector earnings rose at an annual rate of 5.8%, the fastest in seven months. In contrast, public sector earnings increased by 4.1%, a rate little changed on October's 4.2%.

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 in the UK dropped again at the start of 2025, extending the current sequence of reduction to 28 months. The rate of contraction was marked, and eased only slightly from that seen in December. All four monitored English regions registered falling permanent placements, with the quickest drop seen in the North of England. Meanwhile, London recorded the softest fall.

Billings for the employment of temp workers fell again at the national level, as has been the case for the past seven months. The downturn was strong, and the most marked since June 2020. Three of the four regions in England saw decreasing temp billings, with the sharpest reduction in the South of England. The Midlands was the sole region to register a positive reading, though growth broadly stalled.

Candidate availability

There was a further rise in permanent staff availability across the UK in January, thereby extending the current sequence of growth to 23 months. While still marked, the uplift eased for the first time in four months to reach the softest since last February. The Midlands saw the strongest increase in permanent staff supply, though all four monitored regions saw growth rates ease on the month.

At the national level, though temporary staff supply rose markedly in January, the pace of expansion eased to the slowest for four months. The North of England and London registered quicker increases in availability, while growth softened in the Midlands and South of England.

Pay Pressures

As has been the case since March 2021, January survey data revealed monthly increases in starting salaries for permanent workers in the UK. The pace of inflation eased from that seen at the end of 2024 however. The Midlands saw the steepest increase in permanent salary inflation, while the South of England was the only region to see a reduction.

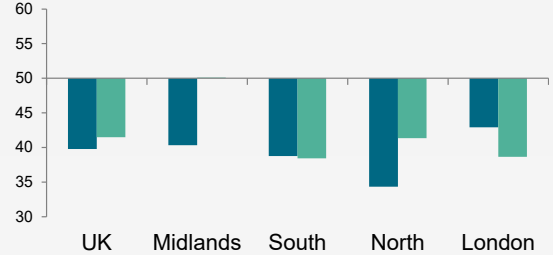
Meanwhile, temp wages rose only marginally in January, with the latest increase the softest in the current four-month sequence. The seasonally adjusted Temporary Wages Index remained above the 50.0 no-change threshold, with the Midlands, London and North of England all seeing increases in temp hourly pay. The South of England was the only region monitored to see temp wages fall on the month.

January 2025

■ Permanent
■ Temporary

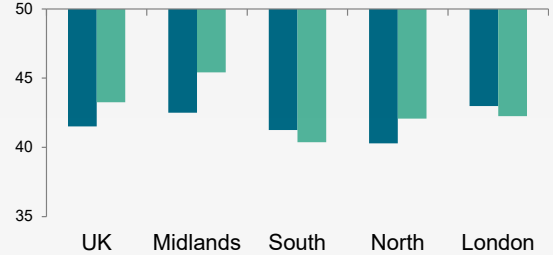
Staff Appointments

sa, >50 = growth since previous month



Vacancies

sa, >50 = growth since previous month



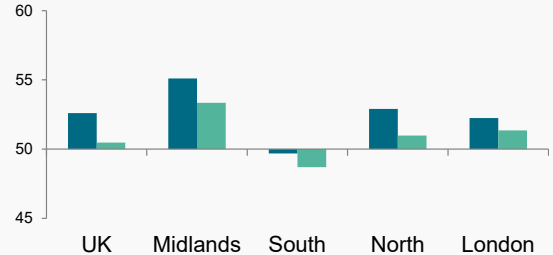
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Claire Barratt
Deputy Head of Media Relations
M: +44 (0)7923 439264
claire.barratt@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

Corporate Communications
S&P Global Market Intelligence
press.mi@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 09-27 January 2025.

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