News Release

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KPMG and REC, UK Report on Jobs: Midlands

Softer uptick in permanent placements in May

Key findings

Slowest rise in permanent placements in 15 months

Temp billings increase at softest pace since last November

Sharpest rise in permanent starting salaries for six months

Data collected May 12-25.

Summary

The latest KPMG and REC, UK Report on Jobs: Midlands survey highlighted a further increase in the number of permanent staff appointments during May. The rate of expansion remained marked, yet was the slowest seen in the current 15-month sequence of growth. Temp billings also continued to rise, albeit at the softest rate since last November. Stronger demand for permanent staff amid a sustained lack of availability of suitably skilled workers coincided with the sharpest uptick in permanent starting salaries for six months.

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 rise at softer pace

The number of permanent placements across the Midlands rose for the fifteenth consecutive month in May. The rate of increase softened from the previous survey period and was the slowest in the current sequence. That said, the rise remained marked overall. According to anecdotal evidence, companies kept up hiring amid stronger demand for staff, however some recruiters noted a lack of suitably skilled workers. Across the four monitored English regions, the Midlands saw the second-slowest upturn in May, ahead of the South of England.

As has been the case in each of the last 23 months, temp billings in the Midlands rose during May. The rate of increase was robust, yet eased to the softest for six months. Firms generally commented that additional candidates were taken on in response to rising demand.

The rise in temp billings in the Midlands was also the second-sharpest of the monitored regions, behind the North of England.

Recruiters across the Midlands signalled a sustained increase in the number of permanent vacancies in May. The rate of expansion quickened for the fourth month running and was the strongest since last August. That said, the rise in vacancies in the Midlands was the second-softest of the four monitored regions.

Concurrently, temporary vacancies rose at a slower pace in May. Despite this, the increase was rapid and the strongest among the four monitored regions.

Downturn in permanent staff availability accelerates

A fourteenth consecutive monthly decrease in permanent staff supply was recorded in May. Moreover, the pace of the fall quickened and pushed the respective seasonally adjusted index to the joint-lowest level since last October. Recruiters commonly attributed the downturn to a shortage of suitably qualified candidates amid strong demand. All four monitored regions saw staff availability fall, with the Midlands reporting the second-strongest reduction.

The availability of temporary staff across the Midlands fell for the fifteenth month running during May. The rate of decline was robust, though eased from the previous survey period to the softest since March 2021.

All four monitored regions recorded falls in temp staff supply in the latest survey period, with

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recruiters in the Midlands reporting the second-softest decline, behind London.

Further rapid rise in permanent starting salaries

Salaries awarded to permanent new joiners across the Midlands increased at a substantial pace in May. The rate of increase accelerated from the previous survey period and was the quickest recorded for six months. According to respondents, stronger demand for skilled workers amid shortages was a key factor in higher starting salaries. Recruiters in the Midlands recorded the second-slowest rise in average starting salaries of the four monitored regions.

Latest data highlighted an eighteenth consecutive monthly increase in average pay rates for short-term staff in the Midlands. The rate of wage inflation softened to a one-year low, though remained marked overall.

All four English regions reported strong rises in temp rates, however Midlands-based recruiters reported the softest pace of wage inflation.

Comments

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

"The confidence of businesses to hire in the Midlands remained robust in May, as the region saw a further uptick in the number of permanent job placements – its fifteenth consecutive monthly rise. But while the strong demand for candidates continues to outpace supply, there are signs that appetite could be easing, as the rise softened to its slowest rate in that sequence.

"Businesses need to ensure they keep a close handle on cost pressures, whilst still trying to attract new talent. This is no mean feat, especially considering they're also facing the sharpest rise in starting salaries for six months, and firms will need to show the resilience of the last two years while they wait for the turbulence to ease."

Neil Carberry, Chief Executive of the REC, said:

"These numbers show a hugely positive jobs market if you are looking for work. While the pace of growth has dropped after a stellar first quarter, by any normal measure there are still lots of vacancies out there, offering improved wages. For companies, they emphasise again that hiring is a challenge in this market, and getting it right matters – the help of professional recruiters will be vital. Demand for temporary workers is stabilising faster than for permanent staff, which could suggest a little caution creeping into employers' thinking in the face of high inflation.

"But compared to pre-pandemic, labour supply is still the big issue we have to solve. With over half a million people missing from the jobs market, and demand still growing strongly, this is a big, strategic issue for the UK. Growth is essential to funding public services and paying higher wages sustainably. Any plan for growth must include action to help people into work from inactivity, skills reform, support for innovation on productivity and targeted immigration reform."

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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@ihsmarkit.com.

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact economics@ihsmarkit.com.

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 15,300 partners and staff. The UK firm recorded a revenue of £2.43 billion in the year ended 30 September 2021.

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About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

About S&P Global

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