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KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Hiring activity surges in September

Key findings

- Permanent placements rise at quickest pace since mid-2018
- Further marked increase in temp billings
- Renewed expansion in permanent staff demand

Data were collected 11-24 September.

Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a surge in hiring activity across the Midlands, as companies ramped up capacity and began to fill roles amid looser lockdown restrictions. Permanent placements rose at the quickest rate since July 2018, while temp billings swelled markedly again. Demand for permanent staff increased, following a mild fall in August, and temporary vacancies expanded at the sharpest pace in over two years. The availability of both permanent and temporary candidates also continued to increase rapidly, although both survey measures saw rates of increase soften.

The report is compiled by IHS Markit from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands.

The Report on Jobs is unique in providing the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies and employers to provide the first indication each month of labour market trends.

Permanent placements rise at quickest pace since July 2018

September data highlighted a back-to-back increase in permanent staff appointments across the Midlands. Moreover, the latest rise was the quickest for over two years and marked, with panellists mentioning a greater demand for candidates as companies reopened and were subsequently more confident of an economic

recovery.

Furthermore, across the four monitored English regions, the Midlands registered the most marked increase in permanent placements in September.

Recruiters across the Midlands signalled a third successive increase in temp billings during September. The rate of expansion lost little momentum from August and was marked. According to respondents, companies were beginning to fill temporary vacancies amid looser lockdown restrictions.

As was the case for permanent appointments, the increase in the Midlands was the fastest recorded across the four monitored English regions.

September data highlighted a renewed increase in permanent vacancies in the Midlands, with the rate of expansion solid overall. The common theme from anecdotal evidence was that vacancies were primarily for highly specialised roles, however.

Temporary vacancies across the Midlands also increased in September, stretching the current sequence of improvement to three months. The latest rise was the quickest since August 2018 and sharp.

Further rapid rise in permanent staff availability

A sixth consecutive expansion in the supply of permanent candidates across the Midlands was recorded in September, amid reports of a greater number of job seekers due to widespread redundancies and temporary company closures at the height of the pandemic. The latest rise was the slowest since May, but still rapid nonetheless.

Moreover, the Midlands recorded the most marked increase in permanent staff availability across the four monitored English regions.

The availability of temporary candidates across the Midlands continued to rise in September, extending the current sequence of expansion to six months. Panellists linked the latest uptick in temp staff supply to a higher number of people searching for work amid coronavirus

disease 2019 (COVID-19) related lay-offs. Albeit still marked, the rate of increase was the slowest since April.

The supply of temporary staff also rose at the UK level during September, with the expansion outpacing that in the Midlands.

Permanent salaries fall at quickest rate since May

Recruiters across the Midlands signalled a further reduction in salaries awarded to permanent new joiners in September, with the rate of reduction the quickest since May and sharp. According to panellists, a greater supply of permanent candidates had put downwards pressure on pay rates.

The seasonally adjusted Temporary Wages Index posted just above the 50.0 threshold for the first time in six months during September, to signal broadly stable hourly pay rates for short-term staff across the Midlands.

The trend contrasted with that at the UK level, where temp wages continued to decline.

Comments

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

“It’s encouraging to see what looks like recovery in hiring activity across the Midlands, with both vacancies and appointments rising. However, it’s still a very uncertain and challenging time, with Brexit and the end of furlough on the horizon, so businesses and recruiters should remain cautiously optimistic.”

“That being said, this gives a glimpse of the region’s resilience and focus on recovery, as jobseekers focus on searching and upskilling, and as businesses prepare as much as possible for what’s likely to be a difficult few months ahead.”

Neil Carberry, Chief Executive at the REC, said:

“Growing permanent placements and temp billings in September confirm the positive trend recruiters around the country have been reporting to the REC. Given the scale of falls in demand during the lockdown, we would expect a return to positive territory at this stage as demand for staff recovers. But it is great to see it happen. Across the country, the story varies between sectors, but today’s survey emphasises the fact that the labour market is always creating roles – our challenge is to help people to find them. That’s where the UK’s world-leading recruitment sector comes in.”

“Recruiters are experts on where opportunities lie, and at supporting people to get those new jobs. We have a huge part to play in getting the economy moving again and Government schemes need to leverage the skills we have to offer.”

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Methodology

The KPMG and REC, UK Report on Jobs: Midlands is compiled by IHS Markit 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 17,600 partners and staff. The UK firm recorded a revenue of £2.40 billion in the year ended 30 September 2019. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 147 countries and territories and has more than 219,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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 IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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