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## KPMG and REC, UK Report on Jobs: Midlands

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### Availability of staff deteriorates amid ongoing economic uncertainty

#### Key findings

Temporary billings rise for first time in four months

Availability of permanent staff declines

Temp pay increases at weakest rate since April 2021

Data collected December 6-19.

#### Summary

At the end of 2022, the KPMG and REC, UK Report on Jobs: Midlands survey signalled a renewed uplift in temp billings but the second fall in permanent staff placements in three months. Meanwhile, with candidates reportedly reluctant to move positions, supply for both temporary and permanent candidates deteriorated. Wage inflation was sustained in December but displayed tentative signs of easing.

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.

#### Second reduction in permanent staff placements in three months

Having increased in November, permanent staff appointments in the Midlands declined in the final month of the year. According to surveyed recruiters, falling demand for permanent staff resulted from recent company budget reviews amid the current tough economic conditions.

On a regional level, the reduction was broad-based and led by the South of England.

#### Renewed upturn in temp billings

For the first time in four months, billings received from the employment of short-term staff rose in December. Where an expansion was reported, panellists linked this to an increase in client workloads. The rate of increase, however, was only slight and much softer than the rates

recorded throughout much of the period following the COVID-19 pandemic.

All four monitored English regions registered growth in temporary billings in December with the strongest expansion recorded in the South of England and the weakest in the Midlands.

In line with the trend seen over the majority of the past two years, job vacancies at firms in the Midlands increased in the final month of 2022.

Permanent job openings rose once again in December, but at the slowest pace since February 2021. A similar increase was registered for temporary job openings which grew at the fastest pace in four months. On a regional level, the Midlands recorded the second-strongest growth in both permanent and temporary job vacancies of the four English regions.

#### Permanent candidate availability declines following increase in November

Recruiters in the Midlands signalled a reduction in the availability of permanent staff at the end of 2022. According to anecdotal evidence, nervousness about current economic conditions led to a growing reluctance to move jobs among candidates. Overall, the latest drop in availability was sharp but softer than the average for the past two years as a whole.

Led by the Midlands, three of the four monitored English regions registered lower permanent staff availability in December. London bucked the wider trend and recorded the first uplift in 20 months.

#### Supply of temporary staff deteriorates at slowest rate in current 22-month sequence

The supply of temporary workers in the Midlands decreased in December. Recruiters mentioned that candidates were seeking more stability in permanent roles amid ongoing economic uncertainty. Notably, the rate of deterioration was the weakest in the current 22-month sequence of reduction.

All four monitored English regions registered a reduction in the supply of candidates for temporary positions, with the strongest fall seen in the North of England.

### **Softer rise in permanent starting salaries**

The seasonally adjusted Permanent Salaries Index posted above the 50.0 no-change mark for the twenty-second month in a row in December to signal further growth in starting salaries in the Midlands. Companies reportedly increased pay in an attempt to attract fresh talent.

All four monitored English regions recorded increases, with Midlands-based recruiters seeing the fastest inflation and London the slowest.

### **Slowest increase in temp pay rates since April 2021**

As has been the case since December 2020, recruiters in the Midlands registered an increase in temporary pay rates in the final month of 2022. That said, the rate of inflation softened for the fourth month in a row with the latest reading the weakest in 20 months. Temporary pay inflation was sustained across the four monitored English regions in December and led by the North of England.

### **Comments**

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

*“The challenging economic environment continues to constrain the jobs market, as December’s data shows. The ongoing industrial relations turmoil in many sectors, along with the scarcity of available staff in all sectors, means that wage inflation may soften only slightly in the near term. Yet, at the same time, vacancy growth rates are trending down again this month from a historically high peak in July 2021, as employers continue to rein in permanent hiring and employees choose to stay put. Overall, the jobs market looks less than rosy at the start of 2023, so employers who hold their nerve and continue to invest in skills in particular are likely to benefit most when the economic upturn comes.”*

Neil Carberry, Chief Executive of the REC, said:

*“A slowdown in permanent placements is not unusual in December. Recruiters tell us that this was because by firms pushed hiring activity back into January in the face of high inflation and economic uncertainty. The big test of the labour market will come this month.*

*“Permanent job openings in Midlands rose once again in December, and temporary job openings, in the run up to festive Christmas, grew at the fastest pace in four months.*

*“As we move into 2023, the need to ensure our labour market can deliver economic growth and prosperity should be a critical concern to politicians. People telling recruiters that they are anxious about moving jobs is a concern in this regard – as a move is a great way to boost pay and build up skills. If people are less willing to move jobs, this could make shortages worse in the near term. That is why a stable economy, and support to address labour and skills shortages – from welfare to work support to immigration and skills reform, need to be major priorities for all the UK governments.”*

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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](mailto: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](mailto: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](http://www.rec.uk.com).

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