KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Permanent placements fall at quickest rate since February 2009

Key findings
- Steepest reduction in temp billings since December 2008
- Softer deterioration in candidate availability
- Permanent vacancies fall for first time since January 2012

Data collected March 12-25

Summary
The latest KPMG and REC, UK Report on Jobs: Midlands signalled a renewed drop in permanent staff appointments during March amid the coronavirus disease 2019 (COVID-19) pandemic, with the fall the quickest for over 11 years. Meanwhile, temporary billings declined at the sharpest rate since December 2008. Candidate availability continued to deteriorate, albeit at softer rates, while vacancies for both permanent and temporary staff fell.

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

March data also highlighted a reduction in temporary billings across the Midlands for the second month running. As was the case for permanent placements, anecdotal evidence associated the fall with the negative impacts of the COVID-19 pandemic. Moreover, the fall was the most marked since December 2008 and among the steepest on record.

Permanent vacancies in the Midlands fell for the first time since January 2012 in March. Moreover, the rate of decline was the quickest since September 2009 and solid overall. The reduction in the Midlands was part of a wider UK trend, albeit quicker than that recorded across the UK as a whole.

Meanwhile, temporary vacancies across the Midlands also fell. The rate of reduction was the quickest since August 2009 and broadly similar to that recorded for permanent vacancies.

Permanent labour supply falls at slowest pace in almost seven years

Recruiters across the Midlands reported a further reduction in the availability of permanent staff during March. The rate of decline was the softest since the current sequence began in May 2013 and only mild, however, with some respondents noting that lay-offs and redundancies amid the COVID-19 outbreak had led to a rise in the availability of permanent staff.

Of the three monitored regions to report a decline, the fall was softest in the Midlands. The North reported an increase in permanent availability.

March data highlighted a deterioration in temp candidate supply across the Midlands, as has been the case in each month for over six-and-a-half years. According to respondents, some candidates were unavailable to work amid the COVID-19 pandemic. That
said, the fall was the softest since September last year.

The Midlands was the only English region of the four monitored to report a reduction in temporary candidate availability during March.

**Permanent salary inflation slowest for four months**

Recruitment agencies in the Midlands signalled a further rise in salaries awarded to permanent joiners during March, extending the current sequence of inflation to seven years. The rate of increase, albeit solid, was the softest since November last year.

Nonetheless, the Midlands reported the quickest increase in permanent salaries across the four monitored English regions during March.

Average hourly pay for temporary staff increased in March, as has been the case in each month since February 2013. That said, the rate of temp wage inflation was the softest for nearly seven years and only mild overall.

Temp wages also increased at the UK level during March, with the rate of increase broadly similar to that recorded in the Midlands.

**Comments**

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

“Unsurprisingly, COVID-19 has already impacted the jobs market across the Midlands and the rest of the UK, with recruitment activity falling away as uncertainty grips the nation.

“Many businesses are cancelling or pausing hiring decisions given the current challenging environment and precautionary measures.

“However, unlike the other UK regions, the Midlands maintained its increase in salaries for permanent workers, showing some signs of resilience in the market.

“I’d encourage businesses across the region to do what they can to adapt and survive this pandemic - and be able to emerge in the best position possible to ramp up once the crisis comes to an end.”

Neil Carberry, Chief Executive at the REC, said:

“The coronavirus pandemic has put the labour market on pause. It does mean massive disruption in the short term, but we need to remember that this has to be done in order to protect businesses and save lives.

“What we should be concerned about is how we stop that short-term disruption becoming longer-term economic depression. To do that we need to maintain employment levels as much as possible. Businesses in high-cashflow sectors like recruitment and hospitality need to be able to access government support much more quickly than they currently can, or they will not be able to afford to furlough their workers. This and other measures like government covering statutory sick pay for all firms will help people and firms to stay afloat now, and help the economy bounce back once the crisis is over.”
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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