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## KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

### Recruitment activity falls at softer rate in June

#### Key findings

- Permanent placements and temp billings drop at softest rates since February
- Further, but slower, reduction in pay
- Candidate availability increases substantially

Data were collected 12-24 June.

#### Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a softer fall in recruitment activity across the Midlands during June, with both permanent placements and temporary billings declining at the slowest pace since February. Meanwhile, there was further pressure on pay. Permanent starting salaries fell solidly, while temp wages also dropped, although the reduction softened to a moderate pace. With demand for staff falling, candidate availability improved substantially.

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.

#### **Softer, but sharp, reduction in permanent placements**

Recruitment consultants across the Midlands signalled a further reduction in permanent placements during June. According to respondents, many firms were delaying hiring decisions as a result of the COVID-19 pandemic. The latest fall was the softest in the current four-month sequence of decline, however.

Of the four monitored English regions, the reduction in permanent staff appointments in the Midlands was the

softest.

As has been the case in each month since February, temporary billings in the Midlands fell during June, with panellists linking the drop to the COVID-19 pandemic. The rate of decline was the softest for four months, albeit still severe overall.

As was the case with permanent placements, the Midlands registered the slowest fall in temp billings across the four monitored English regions.

Recruiters in the Midlands highlighted a fourth successive drop in permanent vacancies in June. The reduction was the softest since March, but marked nonetheless. Of the four monitored English regions, the Midlands registered the softest decrease in permanent vacancies.

Meanwhile, demand for temporary staff in the Midlands also fell in June. As was the case with permanent staff, the rate of decline eased substantially from May, but remained solid overall.

#### **Quickest increase in permanent labour supply on record**

For the third month running, recruiters across the Midlands signalled an increase in the availability of permanent staff, with respondents linking the latest rise to further redundancies as a result of the COVID-19 pandemic. Furthermore, the rate of expansion was the quickest on record.

At the UK level, permanent labour supply increased at the quickest rate since January 2009 in June, although the rise was slightly softer than that in the Midlands.

June data highlighted a further rise in the supply of temporary staff in the Midlands, extending the current sequence of increase to three months. Panellists linked the latest uptick to a higher number of job seekers resulting from lay-offs and contract terminations amid the COVID-19 pandemic.

Moreover, the increase was the quickest for over 11 years and marked, with the Midlands recording the

fastest rise of the four monitored English regions.

## **Slower, but still solid, reduction in permanent salaries**

Recruiters across the Midlands registered a drop in salaries awarded to permanent new joiners in June, as has been the case in each month since April. The latest decline was solid, despite easing from May.

Permanent salaries also fell at the UK level in June, although the reduction was softer than that in the Midlands.

June data highlighted a further reduction in average hourly rates for short-term staff in the Midlands, extending the current sequence of falls to three months. The rate of decline softened further from May and was only moderate, however.

Moreover, the Midlands recorded the slowest fall in temp wages across the four monitored English regions.

## **Comments**

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

*“Whilst the continued drop in hiring activity was inevitable for both permanent and temporary staff, it is encouraging to see that they both fell at softer rates in the Midlands, compared to other English regions.*

*“As the air of uncertainty around the COVID-19 pandemic continues to impact business, rebuilding confidence in the jobs market will take some time.*

*“Businesses are currently focusing on resilience and recovery, and many will be keeping a close eye on the Chancellor’s fiscal statement today hoping to see any further support packages. As lockdown eases, I’d encourage any job seekers to be relentless in their search and to focus on skills and retraining where possible.”*

Neil Carberry, Chief Executive at the REC, said:

*“While there are signs that the worst declines are behind us, today’s figures show that it will be a while yet before we see job placements growing month on month. That’s no surprise, as businesses are focusing on bringing furloughed staff back to work, or making redundancies where they cannot be avoided. Recruiters will be key to helping those who lose their roles find new work – there are always vacancies out there for jobseekers, though they are at a lower level than normal right now.*

*“This is now a jobs crisis. Rishi Sunak should use today’s Summer Statement to boost job creation, with a cut in National Insurance designed to retain jobs and boost hiring. Action on skills will also be vital to getting people into growing sectors – including a more flexible approach to levy-funded training.”*

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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](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 21 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, Legal and Advisory services. It operates in 154 countries and has 200,000 professionals 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](http://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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