News Release

Embargoed until 0101 (UK) 12 May 2022

KPMG and REC, UK Report on Jobs: Midlands

Permanent placements rise at softest pace for seven months in April

Key findings

Upturn in permanent placements eases, yet remains marked

Downturn in staff availability slows

Wage inflation eases from March but remains substantial

Data collected April 11-25.

Summary

The latest KPMG and REC, UK Report on Jobs: Midlands survey highlighted a softer, yet still marked increase in the number of permanent staff appointments at the start of the second quarter of 2022. The rate of increase in permanent placements was at a seven-month low, while the rise in temporary billings also eased. In contrast, growth in demand for candidates picked up, with vacancies for temporary staff rising at the fastest pace in 24 years. Inflationary pressures meanwhile displayed signs of easing in the Midlands, as both permanent salaries and temporary pay rates rose at marked, albeit softer rates.

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.

Slowest rise in permanent placements for seven months

The number of permanent staff appointments across the Midlands continued to increase at a marked rate in April. That said, the rate of increase softened sharply from March and was the slowest recorded since last September. Panel members often linked hiring to increased demand for permanent staff, though recruiters commented on a lack of suitable skilled candidates. At the regional level, the uptick in permanent placements in the Midlands was the fastest of all monitored English regions.

Temporary billings in the Midlands rose for the twenty-second time in as many months during April. The rate of increase eased slightly from the previous survey period yet remained robust overall. Anecdotal evidence suggested that higher demand led clients to take on temporary staff where permanent roles could not be filled. Temp billings also increased at the national level, with the upturn in the Midlands the strongest of the four monitored regions.

April data highlighted a sustained increase in the number of permanent vacancies across the Midlands. The rate of increase accelerated to a six-month high, though was the softest of all the monitored regions.

Demand for temporary staff continued to expand markedly. The rate of increase accelerated from March and was the third-quickest in the survey history. Moreover, the rise in the Midlands was the strongest of the four monitored English regions.

Permanent staff availability falls for thirteenth month running

Recruiters in the Midlands signalled a further reduction in the availability of permanent staff at the start of the second quarter. A lack of experienced candidates and uncertainty regarding changing roles amid cost of living pressures made staff more unwilling to move between roles, according to panellists. While the rate of reduction was still marked, it was the softest recorded for 11 months.

Temp staff availability across the Midlands fell for the fourteenth consecutive month during April. The rate of decline eased for the second month in a row to reach the softest since March 2021. According to anecdotal evidence, there were widespread candidate shortages due to a lack of skilled workers looking for temporary work. The reduction in the Midlands was the second-softest of the four monitored regions, behind the North of England.

Further rise in permanent starting salaries

Salaries awarded to permanent new staff increased for the fourteenth month in a row in the latest survey period. The rate of salary inflation eased for the third month running to reach the softest since last September, though remained marked overall. Panellists attributed higher salaries to efforts to attract staff amid high demand for experienced candidates. Of the monitored regions, the Midlands recorded the slowest increase.

Recruiters across the Midlands reported a rise in average hourly pay rates for short-term staff for the seventeenth straight month in April. The rate of temp wage inflation eased from that seen in March and was the second-weakest recorded in the year to date, but was still robust overall. The rise in temporary pay rates was the second-weakest of the monitored regions, and slower than the national average.

The seasonally adjusted Temporary Wages Index continued to indicate that the rate of hourly wage inflation remained rapid. That said, the rate of increase eased to a three-month low in April. Temporary wage inflation was broad-based across the four monitored English regions, led by the South of England which was the sole region to report an acceleration.

Comments

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

"The gears of the Midlands jobs market are locking up. Employers have more and more vacancies, but the quality candidates they need are relatively few and far between. With roles being left unfilled, job seekers hold greater influence on pay. All this means that businesses in the region will continue to face upward cost pressures and a capacity cap on their growth ambitions. Long-term skill development strategies at a corporate, regional and national level will be the only sustainable fix that can get the engine running smoothly again."

Neil Carberry, Chief Executive of the REC, said:

"The labour market has been tightening for months on end, driving near-record growth in starting salaries for new staff. With vacancy numbers also historically high, this is a great time to be looking for a job – and a pay rise to help meet the rising cost of living.

"The number of permanent job placements being made is still growing, but at a more stable rate. Growth is now at its lowest level for seven months. This is no surprise, given how hot the market has been. Employers need to get their offer to candidates right if they are going to succeed in this market. Enhancing diversity and inclusion, and effective early career hiring are also important elements of a winning approach – consulting a recruitment expert can help with all of this."

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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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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.

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