

Embargoed until 0101 (UK) 07 February 2020

KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Renewed fall in permanent placements in January

Key findings

- Mild reduction in permanent staff appointments
- Temp billings growth softest for five months
- Sharp increase in starting salaries

Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** signalled a renewed decline in permanent placements in January, following an uptick in the previous survey period. Meanwhile, temp billings continued to rise, although the rate of increase was the softest in the current five-month sequence of expansion. January data also highlighted a marked increase in salaries awarded to permanent new joiners, whilst average hourly wages for temporary staff rose at one of the softest rates in the current 84-month sequence of inflation.

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.

Renewed drop in permanent placements

Placements of permanent candidates into staff roles in the Midlands fell during January, following an uptick in the previous survey period. The rate of decline was only mild, however.

In contrast to the trend recorded in the Midlands, permanent placement growth accelerated across the UK as a whole during January. Of the four monitored English regions, London and the Midlands were the only areas to record a decline in permanent staff appointments, with the fall slightly sharper in London.

Recruiters across the Midlands recorded a further increase in temporary billings during January. The uptick was the softest in the current five-month sequence of growth, however.

Of the four monitored English regions, only the Midlands and the North reported a rise in temp billings in January, with the sharper increase seen in the Midlands.

Permanent vacancies increased solidly across the Midlands in January, with the rate of growth accelerating to a five-month high. Moreover, the expansion was the second-strongest of the four monitored English regions, behind only the North.

Demand for temporary staff across the Midlands also rose during January, with the rate of increase the joint-fastest since February last year and solid overall. The uptick in the Midlands outpaced the UK average for the first time since July 2018.

Permanent availability falls at joint-sharpest pace for four months

The availability of permanent candidates in the Midlands continued to fall during January, extending the current sequence of decline to over six-and-a-half years. Moreover, the latest fall was the joint-quickest since September last year and sharp overall.

All of the four monitored English regions reported a fall in permanent candidate availability in January. Only the North recorded a softer rate of decline than the Midlands.

January data signalled a further reduction in temp labour supply across the Midlands, extending the current sequence of contraction to six-and-a-half years. Albeit still sharp overall, the latest fall was the softest for three months.

Of the four monitored English regions, the Midlands recorded the sharpest reduction in temporary candidate availability in January, followed by the South. London was the only region to report an increase.

Further sharp rise in permanent salaries

Recruiters across the Midlands continued to record an increase in salaries awarded to permanent new joiners during January. Panellists associated the latest rise, which was sharp, with placements for more senior roles and efforts to entice skilled labour.

Despite softening from December, the rate of salary inflation in the Midlands was the quickest of the four monitored English regions.

Average hourly pay rates for temporary staff rose during January, as has been the case in each month since February 2013. The rate of wage inflation, albeit solid overall, was among the slowest in the current 84-month sequence of increase. Moreover, the increase was softer than that seen at the UK level for the second month running.

Comments

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

“The Midlands bucked the national trend as permanent placements declined after last month’s increase, suggesting that the local jobs market is still recovering from months of uncertainty.”

“The good news for job seekers is that the shortage of available permanent candidates has continued to drive up starting salaries once again, making the Midlands an even more attractive place to work.”

“Local businesses and recruiters still require further clarity, particularly with regulatory and trade negotiations all to play for, there is still a long way to go for a deal to be struck. However, key investment decisions on hiring need to be made to build confidence and help get businesses back on the path to growth.”

Neil Carberry, Chief Executive at the REC, said:

“It’s good to see that businesses have grown in confidence over the past two months and taken the opportunity to start hiring. In the UK as a whole permanent placements are up again, and demand for staff has risen at the quickest rate for five months in the Midlands. This is good news for employers, recruiters and candidates – all three can now get on with making the economy flourish in 2020.”

“But the upcoming IR35 reforms are having a negative impact on the availability and placement of temporary workers. It is vital that people pay the right amount of tax and that the system is fair, but for both of those things to happen we think the government needs to pause and think again on how IR35 changes. The temporary labour market is being stifled, and that’s not good for employers or our economy.”

Contact

KPMG

Gill Carson
+44 (0) 7768 635843
gill.carson@kpmg.co.uk

REC

Josh Prentice
Comms & Research Officer
T: 0207 009 2129
Josh.prentice@rec.uk.com

REC

Ciaran Price
PR Manager
T: +44 (0)20 7009 2192
ciaran.price@rec.uk.com

IHS Markit

Lewis Cooper
Economist
T: 01491 461019
lewis.cooper@ihsmarkit.com

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.

January data were collected 13-27 January 2020.

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 16,300 partners and staff. The UK firm recorded a revenue of £2.338 billion in the year ended 30 September 2018. KPMG is a global network of professional firms providing Audit, Tax, 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.

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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.



Disclaimer

The intellectual property rights to these data are owned by or licensed to IHS Markit and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.