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

# Permanent placements rise for the first time in 12 months in December

### Key findings

- Moderate increase in permanent appointments
- Temp billings rise at fastest pace for over a year
- Further sharp deterioration in candidate availability

### Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** signalled the first increase in permanent placements in the region for 12 months during December, with permanent appointments rising moderately overall. Meanwhile, temp billings continued to increase, with growth accelerating to the fastest pace since November 2018. At the same time, December data highlighted further deteriorations in candidate availability, with permanent staff supply falling sharply and temporary staff availability deteriorating at the sharpest rate for 11 months.

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.

### Permanent placements rise for first time since December 2018

The number of permanent staff appointments across the Midlands increased for the first time in a year during December, with respondents linking the rise to greater demand for candidates amid improved economic activity. The increase was moderate overall, but softer than the series historical average.

Permanent placements also increased at the UK level,

with the North recording the sharpest rise of the four monitored English regions, followed by the Midlands. The South reported the only fall.

Temp billings across the Midlands increased for the fourth consecutive month in December, with anecdotal evidence associating the latest uptick to increased demand for staff. Moreover, the rise was the fastest since November 2018 and sharp overall.

All of the four monitored English regions reported an increase in temp billings in December, the sharpest of which was seen in the Midlands.

December data highlighted further growth of permanent vacancies in the Midlands, with the pace of increase the fastest for three months. The rate of expansion was only mild, however, and subdued in the context of historical data.

Meanwhile, temporary vacancies also rose during December, albeit at a softer rate than November. The increase was moderate overall, but notably subdued in the context of the series long-run average and softer than that seen across the UK as a whole.

### Softest deterioration in permanent availability since August

Permanent staff availability continued to decline in December, stretching the current sequence of contraction to over six-and-a-half years. Panellists associated the latest fall with continued political uncertainty. The decline, albeit sharp, was the softest for four months.

All four monitored English regions reported a fall in permanent staff supply during December, with only the North recording a softer decline than the Midlands.

December data signalled a further deterioration in temp candidate supply across the Midlands, with respondents linking the fall with continued uncertainty and a lack of migrant workers. Moreover, the deterioration was the sharpest since January and marked overall.

A decline was reported in three of the four monitored English regions during December, with the Midlands noting the sharpest fall. Meanwhile, the North saw an improvement in the availability of temporary candidates for the second month running, albeit one that was only slight.

### **Sharpest rise in permanent salaries for three months**

Recruiters across the Midlands continued to record an increase in permanent salaries during December. Firms suggested that the latest rise was due to a shortage of candidates, which placed upwards pressure on pay. Moreover, the rate of salary inflation quickened from November's recent low to the fastest for three months and was sharp overall.

Permanent salaries also increased across the UK as a whole during December, extending the current sequence of growth to over seven-and-half years. Of the four monitored English regions, salary inflation was quickest in the North, while London recorded the softest increase.

Average hourly pay for temporary staff increased in December, as has been the case in each month since February 2013. Anecdotal evidence linked the latest uptick, which was solid overall, to candidate shortages alongside changes to wage legislation. That said, the rate of inflation was the joint-softest since March 2016.

Of the four monitored English regions, only the North registered a softer increase in temp wage rates than the Midlands in December.

### **Comments**

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

*“The jobs market across the Midlands seems to finally be showing signs of life, with permanent placements rising for the first time in a year.*

*“However, growth was modest, and recruiters are still facing a shortage of candidates for both permanent and temporary roles, so whether it can be sustained remains to be seen. Businesses will be hoping for further clarity from government to get the country back on track for investment and growth so that they can confidently make future hiring decisions.”*

Neil Carberry, Chief Executive at the REC, said:

*“After the uncertainty of 2019, there are some signs of a clearer outlook for hiring in today’s survey. With a new government in place and the path ahead looking more predictable, some businesses have decided that they have waited long enough. The first increase in permanent placements for a year should give encouragement to both recruiters and employers – let’s hope this is a sign of positive things to come.*

*“Feedback from recruiters shows that the upcoming IR35 changes are affecting both placements and the availability of flexible workers. This is a delicate period for the jobs market, and is the worst time to push through sweeping changes to the way we tax contractors. It is right that government engages further with business on the changes, but they should also delay implementation until next year to allow time for a full, independent review and effective regulation of the umbrella sector. As it stands, the government risks damaging ethical businesses and encouraging non-compliance.”*

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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 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](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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