

Embargoed until 0101 (UK) 05 November 2020

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

### Permanent placements rise sharply in October

#### Key findings

- Sharp, but slower, increase in permanent appointments
- Temp billings rise at quickest rate since November 2018
- Expansion in staff supply slows noticeably

Data were collected 12-26 October.

#### Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a further rise in the number of permanent appointments during October, with the rate of increase sharp, despite easing. Meanwhile, temp billings increased at the most marked pace for nearly two years, amid reports that firms were resuming hiring efforts due to looser lockdown restrictions. The availability of both permanent and temporary staff rose further, albeit at slower rates than in September.

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.

#### Sharp, but slower, growth of permanent placements

Recruitment consultancies across the Midlands signalled a further increase in the number of permanent staff appointments during October, extending the current sequence of growth to three months. According to panellists, some firms has begun to hire additional staff due to looser lockdown restrictions. The rate of increase was sharp, despite slowing on the month.

Of the two monitored English regions to register a rise in

permanent placements during October, the Midlands saw the sharper uptick.

A fourth successive monthly rise in the number of temporary billings across the Midlands was recorded in October. Moreover, the rate of increase was the quickest since November 2018 and marked overall. Respondents attributed the latest rise to firms' efforts to expand capacity following the loosening of lockdown measures, although some panellists linked the increase to the end of the government furlough scheme.

October data highlighted a renewed fall in the number of permanent job vacancies across the Midlands. There were frequent mentions in anecdotal evidence that companies remained cautious with regards to hiring amid the pandemic. The rate of decline was only mild overall, however.

In contrast to the trend for permanent staff, temp vacancies increased for the fourth month running in October. The rate of expansion eased on the month, but was still solid.

#### Permanent staff supply rises markedly in October

The availability of permanent staff in the Midlands continued to rise during October, with respondents reporting that redundancies linked to the coronavirus disease 2019 (COVID-19) pandemic led to a greater number of job seekers. The rate of increase was marked, albeit the slowest since April.

The availability of permanent staff also rose at the UK level during October, with the increase outpacing that in the Midlands.

Recruiters in the Midlands signalled a seventh consecutive rise in the supply of temporary staff during October. Panellists attributed the latest increase to a larger number of candidates looking for work due to COVID-19 related lay-offs. Albeit still sharp, the rate of increase was the softest in the aforementioned sequence.

At the regional level, the uptick was broad based. The

Midlands registered the slowest rise in temp staff availability, however.

## **Permanent salaries decline at quickest pace since May**

Recruiters in the Midlands recorded a seventh successive reduction in salaries awarded to permanent new joiners in October. According to respondents, the supply of candidates continued to outweigh demand for staff and drive down salaries. Moreover, the rate of pay deflation was the quickest since May and sharp overall.

Across the four monitored English regions, only London saw a quicker drop in salaries than the Midlands.

October data highlighted a renewed reduction in hourly pay rates for short-term staff across the Midlands, with the rate of decline solid overall. Panellists noted that weak demand for staff and an excess supply of candidates had resulted in downwards pressure on wages.

Average hourly rates for temp staff also fell at the UK level during October. The rate of reduction was broadly similar to that in the Midlands.

## **Comments**

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

*“Although temporary and permanent appointments rose for the third month in a row in October, the supply of candidates far outweighs the number of vacancies. This will only be further exacerbated as businesses continue to exercise caution as stricter lockdown measures come into force this week.*

*“However, the Midlands jobs market has beaten expectations in recent months, especially when compared with other English regions, which is hopefully a good indication of how focused local businesses are on recovery and supporting the local economy.”*

Neil Carberry, Chief Executive at the REC, said:

*“October brought a dose of realism after a quick economic bounce in the summer. While a new England-wide lockdown starts this week, similar restrictions were already in force in much of the UK last month. These figures show that hiring was still going on – and we believe that firms are better prepared to trade through these new restrictions than they were in March. Nevertheless, the outlook remains uncertain, and concerning. We face a challenging winter and temporary work will be a vital tool for keeping businesses going and people in work. All businesses are looking to Government to use the lockdown wisely and provide the Test and Trace system, vaccine and economic support that firms will need if they are to drive our recovery in 2021.”*

## Contact

### KPMG

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

### REC

Josh Prentice  
Comms & Research Officer  
T: 0207 009 2129  
[Josh.prentice@rec.uk.com](mailto:Josh.prentice@rec.uk.com)

### REC

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

### IHS Markit

Lewis Cooper  
Economist  
T: 01491 461019  
[lewis.cooper@ihsmarkit.com](mailto: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.

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 organisation of independent professional services 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. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

## 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.

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.