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KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Permanent placements rise at faster pace in August

Key findings

- Upturn in permanent placements accelerates
- Temp billings rise at quickest pace since January 2015
- Steep reductions in staff availability

Data were collected 12-24 August 2021.

Summary

The latest KPMG and REC, UK Report on Jobs: Midlands highlighted an accelerated increase in the number of permanent staff appointments during August, amid reports that businesses were increasingly confident about market demand as the economy fully reopened. Temp billings also saw a further uplift, with the rate of increase the quickest seen in over six-and-a-half years. At the same time, growth in demand for candidates remained at historically high levels, though the pace of increase in permanent vacancies eased for the second successive month in August. Meanwhile, permanent candidate numbers continued to fall back at a rapid pace. Finally, inflationary pay pressures were evident in the Midlands labour market as both permanent salaries and hourly wage rates rose markedly.

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.

Accelerated rise in permanent placements

The number of permanent staff appointments across the Midlands continued to increase rapidly in August. The rate of increase quickened from July and was among the fastest recorded in the history of the survey.

Panel members often linked hiring to stronger market confidence as the economy reopened.

At the regional level, the uptick in permanent placements in the Midlands was weakest of all four monitored English regions.

Temporary billings in the Midlands rose for the fourteenth time in as many months during August. Moreover, the rate of the increase was the fastest since January 2015 and rapid overall. Anecdotal evidence suggested that higher demand meant firms took on temporary candidates where permanent roles could not be filled. Temp billings also increased at the UK level, though the upturn was slower than that in the Midlands.

August data highlighted a sustained increase in the number of permanent vacancies across the Midlands. Though marked overall, the rate of increase eased slightly for the second successive month and was the softest of all monitored regions.

At the same time, demand for temporary staff continued to expand. Temp vacancies rose at the fastest pace since May 1998 and rapidly overall.

Permanent staff availability falls for fifth month running

Recruiters in the Midlands signalled a further reduction in the availability of permanent staff in August. Elevated uncertainty surrounding the jobs market made staff unwilling to move between roles, according to panellists. The rate of reduction softened from July, but remained rapid overall.

Temp staff availability across the Midlands fell for the sixth successive month during August. The rate of decline quickened from the previous survey period to the fastest since March 2015. According to anecdotal evidence, there were widespread candidate shortages due to a lack of skilled workers looking for temporary roles.

Further rapid rise in permanent starting salaries

Salaries awarded to permanent new staff increased for the sixth month in a row in the latest survey period. The

rate of the rise eased only fractionally from the record high seen in July, and remained marked overall. Panellists attributed this to efforts to attract staff to senior and executive roles amid high demand for experienced candidates. Of the monitored English regions, the Midlands registered the fastest rise in permanent salaries.

Recruiters across the Midlands reported a ninth consecutive monthly rise in average hourly pay rates for short-term staff during August. The rate of temp wage inflation accelerated since July, reaching the highest level since May 1998 and the third-highest ever. The rise in temporary pay rates was the quickest of the monitored English regions.

Comments

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

"The recruitment boom in the Midlands continues to gain momentum, in line with growing market confidence, as businesses press ahead with their hiring plans. It's an increasingly competitive time for employers however, as the demand for quality candidates still outweighs the supply, and we're seeing some employers taking on temporary staff to make up for this in some areas.

"The Midlands is home to a variety of quality businesses and given the shortages many sectors are facing, I'd encourage anybody who is currently out of work to look at what skills are in short supply and if suitable, potentially consider changing sector."

Neil Carberry, Chief Executive of the REC, said:

"In August, the number of staff available to start jobs continued to fall, deepening the current labour shortage. Recruiters are working around the clock, placing more people into work than ever as these figures show. Switching the entire economy on over the summer has created a unique demand spike, and a short-term crisis.

"But it would be a mistake for businesses to think of this as only a short-term issue. A number of factors mean that the UK labour market will remain tight for several years to come. Business leaders should be looking now at how they will build their future workforces, in partnership with recruiters, including the skills and career path development. But attracting and retaining staff also requires a serious assessment of why workers want to work with the firm – from management approaches to facilities, as well as pay. Government can help too, by aligning skills offers with business needs and making sure the new immigration system works. But government also must prioritise alleviating the immediate crisis – we'd like to see a joint forum where government departments and business can collaborate to tackle worker and skills shortages."

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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.

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 21 offices across the UK with approximately 16,000 partners and staff. The UK firm recorded a revenue of £2.3 billion in the year ended 30 September 2020.

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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.

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