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

# Permanent placements increase for first time since February

### Key findings

- Temp billings rise at quickest pace since November 2018
- Softer, but marked, increases in candidate availability
- Further downwards pressure on pay rates

Data were collected 12-24 August.

### Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted the first increase in permanent staff appointments across the Midlands since February, with looser lockdown restrictions frequently linked by panellists to the uptick. Meanwhile, temp billings increased for the second month running, with the latest rise the most marked since late-2018. Growth in candidate supply continued in August, with the rates of increase in both permanent and temporary candidate availability marked despite easing. Demand and supply imbalances continued, however, with permanent vacancies declining. Subsequently, there was further downwards pressure on pay.

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.

### First rise in permanent placements since February

The first increase in permanent placements across the Midlands for six months was signalled during August. Looser coronavirus disease 2019 (COVID-19) related

restrictions and an increase in demand for staff in some sectors drove the uptick, according to panellists. The rise was modest overall.

The Midlands was one of only two regions, across the four monitored, to register an increase in permanent placements during August, alongside the South of England.

Recruiters in the Midlands signalled a back-to-back rise in temp billings during August, with the rate of increase the most marked since November 2018. Respondents linked the uptick to looser lockdown measures and the reopening of the economy.

At the UK level, August data highlighted the first increase in temp billings since December 2019. Albeit solid, the rise was noticeably slower than in the Midlands.

Recruiters in the Midlands signalled a renewed fall in permanent vacancies during August. The rate of decline was moderate overall, and the weakest across the four monitored English regions.

In contrast to the trend recorded for permanent staff, the number of short-term vacancies across the Midlands rose again in August. Moreover, the rate of increase was sharp and the quickest for nearly two years.

### Further rapid increase in permanent staff supply

August survey data highlighted a fifth successive monthly rise in the availability of permanent candidates in the Midlands. The increase eased from July's unprecedented rate, but was still rapid. Redundancies and restructuring efforts at companies led to a greater number of job seekers, according to panellists.

That said, the Midlands recorded the softest increase in permanent staff supply across the four monitored English regions.

As has been the case in each month since April, the supply of temporary staff in the Midlands increased

during August. Anecdotal evidence frequently associated the latest rise to a surge in the number of job seekers amid widespread layoffs and contract terminations due to the COVID-19 pandemic. The rate of expansion softened from July's near-record pace, but was still marked.

### **Quickest drop in permanent salaries since May**

Salaries awarded to permanent new joiners in the Midlands continued to fall in August, extending the current sequence of decline to five months. Moreover, the pace of reduction in salaries was the fastest since May and sharp overall. Respondents linked the fall with firms' attempts to reduce their costs, whilst also mentioning that a greater volume of available staff had squeezed salaries.

A fifth consecutive fall in wage rates for short-term staff in the Midlands was recorded in August. A higher volume of job seekers had put downward pressure on pay, according to panellists. The rate of decline was the quickest since May and solid.

Temp wages also declined at the UK level during August, with the pace of the fall matching that seen in the Midlands.

### **Comments**

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

*"With the latest data showing a recruitment rebound across the Midlands, it's positive to see an uptick in hiring activity in what is a particularly challenging market. However, whilst temporary vacancies continue to gain traction, there's still a level of uncertainty that recruiters and businesses are weighing up and this is reflected in the reduced number of permanent vacancies, as well as a reduction in salaries.*

*"That being said, it's encouraging to see that local businesses are hiring and supporting the economy as the region starts to focus on recovery."*

Neil Carberry, Chief Executive at the REC, said:

*"A return to growth on permanent placements and temporary billings is good news – though it is also expected, given we are comparing activity now with the lockdown. Temporary work is critical in any recovery – businesses turn to temps to help them ramp up and meet demand while the future looks uncertain. At the same time, it enables people to find work quickly. Past recessions show that temporary work bounces back more quickly – it is one of our jobs market's biggest strengths and that's really showing now.*

*"Slower growth in permanent staff appointments is concerning. It reflects the uncertainty businesses face about what will happen over coming months with the pandemic and Brexit. Government can take action to address this – by focussing on getting a trade deal in place and supporting businesses to keep people employed. A reduction to employers' National Insurance Contributions, and greater flexibility on skills support would both help firms to maintain jobs and hire more people."*

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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 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 network of professional 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. 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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