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

### Permanent placements rise at softer pace in December

#### Key findings

- Upturn in permanent placement eases, yet remains marked
- Steep reductions in staff availability
- Rapid wage inflation sustained

Data were collected 06-17 December 2021.

#### Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a softer, yet still rapid increase in the number of permanent staff appointments at the end of 2021, despite sustained reports of a shortage of suitable candidates. Temporary billings meanwhile saw a quicker uplift in December. 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 fourth successive month. Finally, inflationary pay pressures were evident in the Midlands labour market as both permanent salaries and temporary pay rates rose at marked, albeit softer rates.

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.

#### Softer rise in permanent placements

The number of permanent staff appointments across the Midlands continued to increase at a marked rate in December. The rate of increase softened slightly from November, though remained among the highest the survey has ever recorded. Panel members often linked hiring to stronger market confidence and increased

demand for permanent staff. At the regional level, the uptick in permanent placements in the Midlands was the second-fastest of all monitored English regions, behind the North of England.

Temporary billings in the Midlands rose for the eighteenth time in as many months during December. Moreover, the rate of the increase quickened from the previous survey period and was steep overall. Anecdotal evidence suggested that higher demand meant firms took on temporary staff where permanent roles could not be filled. Temp billings also increased at the UK level, while the upturn in the Midlands was the weakest of the four monitored regions.

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

At the same time, demand for temporary staff continued to expand robustly. That said, the rate of increase eased to the softest since February. Moreover, the rise in the Midlands was the weakest of the four monitored English regions.

#### Permanent staff availability falls for ninth month running

Recruiters in the Midlands signalled a further reduction in the availability of permanent staff at the end of 2021. A lack of experienced candidates and elevated uncertainty surrounding the jobs market making staff unwilling to move between roles contributed to lower availability, according to panellists. While the rate of reduction was still marked, it was the softest recorded for seven months.

Temp staff availability across the Midlands fell for the tenth consecutive month during December. The rate of decline eased for the fourth month in a row to reach the softest since May. According to anecdotal evidence, there were widespread candidate shortages due to a lack of skilled workers looking for temporary work. The

reduction in the Midlands was the second-softest of the four monitored regions, behind London.

### **Further rapid rise in permanent starting salaries**

Salaries awarded to permanent new staff increased for the tenth month in a row in the latest survey period. The rate of the rise eased from November's series record, yet remained rapid overall. Panellists attributed higher salaries to efforts to attract staff amid high demand for experienced candidates. Of the monitored regions, the Midlands recorded the second-slowest increase, ahead of London.

Recruiters across the Midlands reported a thirteenth consecutive monthly rise in average hourly pay rates for short-term staff during December. The rate of temp wage inflation eased from the record rise in November to the softest for six months, though remained robust overall. The rise in temporary pay rates was the second-slowest of the monitored regions, and slower than the national average.

### **Comments**

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

*"The continued uptick in permanent placements and temporary billings reflects the strength of business confidence locally, which is encouraging for those looking for work in the Midlands. However, the war for talent shows no signs of abating, and this is evidenced by wage inflation as businesses compete to attract candidates – particularly for permanent roles. While 2021 was dubbed as 'the great resignation', the labour market is typically more fluid in January and with more businesses offering hybrid and flexible working options, it's possible that the candidate supply issues we've seen for some time could start to ease in the coming months."*

Neil Carberry, Chief Executive at the REC, said:

*"2022 will be the year we discover staff shortages will outlive the pandemic as an economic issue. This survey shows again how tight the labour market was at the end of last year. Demand for staff is growing across every sector and region of the UK, and candidate availability is still falling. These trends have been slowing for the past few months, but that is not surprising considering the record pace of change earlier in the autumn of 2021."*

*"Businesses need to make sure they are reacting to the long-term challenges of this market, thinking harder about their offer to staff and how to shape their future workforce. Recruiters are ideally positioned to help employers with this, and support governments across the UK on the skills, immigration and tax reforms that are needed to keep us competitive."*

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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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