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KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Record rise in permanent placements at the end of the second quarter

Key findings

- Strong, albeit softer upturn in permanent placements
- Growth of temp billings reaches three-month high
- Steep reductions in staff availability

Data were collected 11-24 June 2021.

Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a further rise in the number of permanent placements in the region during June. Moreover, the rate of increase accelerated to the fastest since the survey began in October 1997, while temp billings also rose sharply. Demand for candidates remained strong, though a robust rise in permanent vacancies contrasted with a marked downturn in staff availability. On the pay front, permanent starting salaries gathered momentum in June, rising at the fastest pace since November 2015, while temp wages increased at the quickest rate for over five years.

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 at record pace

The number of permanent staff appointments across the Midlands increased rapidly in June. Moreover, the rate of increase was the fastest on record (since October 1997). Survey members often linked hiring to a greater need for permanent staff as market demand recovered.

The uptick in permanent placements in the Midlands was the strongest of all four monitored regions.

Temporary billings across the Midlands rose sharply at the end of the second quarter, with the rate of increase quickening to a three-month high in June. The latest rise meant that temp billings have now increased consistently for a full year. According to panellists, the easing of lockdown restrictions allowed more temporary staff to be brought in. Temp billings also increased at the national level in June, and at a quicker rate than that seen in the Midlands.

June data highlighted a record increase in the number of permanent vacancies across the Midlands. That said, the Midlands saw the softest overall upturn in permanent vacancies when compared with the three other monitored English regions.

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

Permanent staff supply falls at sharpest pace since mid-2015

Recruiters across the Midlands signalled a reduction in the supply of permanent staff for the third consecutive month during June. The reduction was commonly attributed to candidates being less inclined to leave their current roles amid job security concerns. The fall was the quickest recorded since August 2015.

The availability of temporary staff in the Midlands decreased further in June. According to anecdotal evidence, a lack of jobs and shortages of skilled staff had resulted in a fewer number of available candidates. The downturn was rapid overall, and the fastest since March 2015.

At the regional level, the decrease in temp staff supply was broad-based, with the Midlands seeing the second-slowest fall.

Further steep rise in permanent salaries

Latest data highlighted a sustained rise in salaries awarded to permanent new joiners in the Midlands at the end of the second quarter. This extended the current sequence of wage inflation to four months. Moreover, the rate of increase accelerated from May to reach the quickest since November 2015.

Across the four monitored English regions, the Midlands recorded the second-fastest rise in permanent salaries, behind the North of England.

Recruiters across the Midlands recorded a seventh consecutive monthly increase in hourly pay rates for short-term staff during June. The rate of temp wage inflation accelerated from the previous survey period, and was the fastest recorded since April 2016.

At the regional level, the Midlands saw the fastest rise in temp pay.

Comments

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

“There’s certainly a sense of optimism in the air and this is reflected by our latest report findings for the Midlands. It’s encouraging to see a continued uptick in permanent placements as well as a rise in temporary billings, but it’s also telling that there’s a shortage of available candidates for permanent roles. There’s still an element of uncertainty, so some people are naturally going to be cautious about making any long-term moves currently.”

“However, it is great that businesses and recruiters are confidently pressing ahead with their hiring plans, focusing on growth and investing in local talent as the region looks towards recovery.”

Neil Carberry, Chief Executive at the REC, said:

“Recruiters are working flat out to fill roles across our economy. The jobs market is improving at the fastest pace we have ever seen, but it is still an unpredictable time. We can’t yet tell how much the ending of furlough and greater candidate confidence will help to meet this rising demand for staff. In some key shortage sectors like hospitality, food, driving and IT, more support is likely to be needed to avoid slowing the recovery.”

“That means supporting transitions into growing sectors through unemployment support and new skills programmes, as well as making sure the new immigration system reacts to demand, as promised. But it also means that hiring companies need to re-assess their workforce plans. In a tight jobs market, working with professional recruiters to position your firm as an employer of choice is a must.”

Contact

KPMG

Tanya Holden
+44 (0) 203 078 3996
tanya.holden@kpmg.co.uk

REC

Josh Prentice
Comms & Research Officer
T: 0207 009 2129
Josh.prentice@rec.uk.com

IHS Markit

Usamah Bhatti
Economist
T: 01344 328 370
usamah.bhatti@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.

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 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.

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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