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

### Softer rise in permanent placements in May

#### Key findings

- Strong, albeit softer upturn in permanent placements
- Temp billings rise at slowest pace for ten months
- Further sharp increase in starting salaries

Data were collected 12-24 May 2021.

#### Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a further increase in the number of permanent staff appointments during May. Though softening from April's over seven-year high, the rate of increase remained marked, as companies continued to hire amid a further easing of lockdown restrictions. Similarly, temp billings continued to rise, however the rate of increase weakened to the softest recorded since July 2020. Demand and supply mismatches remained stark during May, as the strongest fall in permanent staff availability in two years coincided with a robust upturn in vacancies.

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 staff appointments rise at softer pace

The number of permanent placements across the Midlands rose for the third consecutive month in May. The rate of increase softened from the more than seven-year high in April, though remained well above the series average. According to anecdotal evidence, companies kept up hiring amid a further easing of lockdown restrictions and improved confidence.

Across the four monitored English regions, the Midlands saw the slowest upturn in permanent placements during May.

As has been the case in each of the last 11 months, temp billings in the Midlands rose during May. That said, the rate of increase was the slowest since July 2020 and only moderate overall. Firms generally commented that the lifting of lockdown measures required additional staff, though a lack of available temporary workers hindered the rise somewhat. The rise in temp billings in the Midlands was also considerably slower than that seen at the national level.

Recruiters across the Midlands signalled a sustained increase in the number of permanent vacancies during May. The latest uptick softened from April's survey record, yet remained at a historically high level. Anecdotal evidence noted firms had maintained hiring as lockdown restrictions eased further.

At the same time, temporary vacancies rose at a quicker pace in May, with the rate of increase the steepest recorded since June 2015.

#### Downturn in permanent staff availability accelerates

A second successive monthly decrease in permanent staff supply was recorded in May. Moreover, the pace of the fall quickened sharply and pushed the respective seasonally adjusted Index to the lowest level for two years. Panellists commonly attributed the downturn to uncertainty in the jobs market that had made candidates unwilling to change roles. The Midlands recorded the second-softest decline, behind London as all four monitored regions saw staff availability fall.

The availability of temporary staff across the Midlands fell for the third month in a row during May. The rate of decline was broadly unchanged from the previous survey period and was marked overall.

All four monitored English regions recorded falls in temp staff supply in the latest survey period, with recruiters in the Midlands reporting the second-weakest decline, only behind London.

## Average starting salaries rise sharply

Salaries awarded to permanent new joiners across the Midlands increased at a quicker pace in May. According to respondents, stronger demand for skilled workers amid shortages was a key factor in higher starting salaries. The rate of increase was marked, and the steepest recorded since October 2018.

Across the four monitored English regions, only recruiters in London recorded a slower rise in average starting salaries than the Midlands.

Latest data highlighted a sixth successive increase in average pay rates for short-term staff in the Midlands. The rate of wage inflation quickened noticeably from April and was the sharpest since September 2019.

All four English regions reported strong rises in temp rates, as only London-based recruiters reported a softer rise in wage inflation than those in the Midlands.

## Comments

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

*“It’s encouraging to see that the job market across the Midlands remained strong in May, largely due to lockdown restrictions easing, which continues to boost confidence for both businesses and jobseekers. Whilst the rise in appointments and vacancies have maintained their upward trajectory, albeit at a softer pace, the growing gap between the number of candidates available and the number of job vacancies, if not addressed, will become a cause for concern. The skills gap is very real and those coming from sectors that have not started to recover from the pandemic will certainly need support to upskill and reskill to move into new roles. Businesses and government need to work closely to ensure that access to opportunities really is equal as the focus on recovery continues.”*

Kate Shoesmith, Deputy CEO at the REC, said:

*“We now have a consistent picture over the past few months to show that confidence is growing and hiring plans are in motion. The data is mirroring exactly what recruiters tell us daily. In the Midlands, permanent placements are growing quickly, and temp billings continue to rise as well. So now is the time for action. With demand spiking, the skills and labour shortages that already existed in the UK have come into sharper focus – and COVID-19 has only made them worse. This is the most pressing issue in the jobs market right now, and has the potential to slow down the recovery. Employers must think about how they can attract the staff they need, for example by looking at the wage and benefits package on offer – there is particular demand for more flexible and hybrid work. But government also needs to urgently look at improving access to work and opportunities for everyone to participate in training that will lead to a job. This should start with careers information that signals where job openings are being created and funding for the relevant work-related training.”*

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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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