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KPMG AND REC, UK REPORT ON JOBS: MIDLANDS

Permanent appointments rebound in March

Key findings

- Renewed, and steep, upturn in permanent placements
- Temp billings rise at quickest rate for over six years
- Vacancies increase markedly as firms resume hiring

Data were collected 12-25 March 2021.

Summary

The latest **KPMG and REC, UK Report on Jobs: Midlands** highlighted a rebound in hiring activity during the closing month of the first quarter. Permanent staff appointments rose for the first time in three months and at the steepest rate since July 2018, while the upturn in temp billings gathered further pace. Meanwhile, amid reports that companies were resuming hiring efforts, vacancies rose at the fastest rates for over two-and-a-half years. Firmer demand for candidates placed upwards pressure on pay in March. Starting salaries rose for the first time in a year, while the rate of temp wage inflation was the quickest since last December.

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.

Renewed, and marked, rise in permanent staff appointments

Following two months of decline, the number of permanent placements across the Midlands rose during March. Notably, the rate of increase was the quickest since July 2018 and marked. According to anecdotal evidence, companies resumed hiring efforts amid the

planned easing of lockdown measures and due to improved consumer confidence.

Across the four monitored English regions, the Midlands saw the quickest upturn in permanent placements during March.

A ninth straight monthly uptick in temporary billings across the Midlands was recorded in March. Respondents attributed the latest rise with a stronger degree of confidence among employers and improved demand. Moreover, the rate of increase was the steepest for over six years, and among the most marked on record. The Midlands also recorded by far the fastest upturn in temp billings across the four monitored UK regions.

Recruiters across the Midlands recorded a back-to-back monthly uptick in the number of permanent vacancies during March. Anecdotal evidence noted that firms had resumed hiring efforts amid the planned easing of coronavirus disease 2019 (COVID-19) restrictions. The rate of increase was the quickest since July 2018.

In line with the trend for permanent staff, temporary vacancies increased further in March, with the rise also the steepest for over two-and-a-half years.

Upturn in permanent staff supply resumes in March

March data highlighted a renewed increase in the supply of permanent staff across the Midlands, amid reports that redundancies, and improved confidence, had led to a greater number of job seekers. The upturn in permanent staff supply was solid, but nonetheless slower than during the second half of 2020.

Across the UK as a whole, the respective seasonally adjusted index registered only just below the 50.0 neutral mark for the second month running, signalling a broadly stable supply of permanent staff.

Following a slight uptick in February, temp staff availability across the Midlands declined during March. Anecdotal evidence attributed the fall to the return of employees from furlough, Brexit and IR35 regulations.

The rate of decrease was moderate overall.

Across the four monitored English regions, the Midlands recorded the fastest fall in temp staff supply.

First increase in starting salaries for a year

Recruiters across the Midlands signalled the first rise in salaries awarded to permanent new joiners for a year during March. According to panellists, a greater number of vacancies and stronger competition for candidates had led firms to up their salary offering. The increase in starting salaries was the fastest since February 2020 and sharp.

Renewed upwards pressure on starting salaries was also apparent at the UK level in March. Permanent pay rates increased for only the second time in 12 months, although at a slower pace than in the Midlands.

A fourth consecutive monthly increase in average hourly pay rates for short-term staff across the Midlands was recorded in March. Moreover, the rate of wage inflation quickened to the fastest since last December and was solid overall.

Comments

Commenting on the latest survey results, Karl Edge, Partner and Midlands Regional Chair at KPMG UK, said:

“The Midlands jobs market is rebounding off the back of the Government’s plans to ease national lockdown measures, with permanent placements rising at the steepest rate since July 2018 and temporary billings continuing to climb too. In fact, placing a spotlight on the region, the Midlands saw the quickest uptick in permanent positions across England in March.”

“The pandemic continues to underline the importance of having the right people power and skills to bolster economic recovery. And that’s why as we look beyond COVID-19, businesses will be vital in ensuring the Midlands maintains its edge, while also showcasing the region’s ability to rise to the challenge and rebuild even stronger.”

Neil Carberry, Chief Executive at the REC, said:

“For months, we have been talking about the potential recruiters saw for a recovery in hiring as we got on with vaccinations and the lockdown did its work. Today’s data shows that even during lockdown, our labour market was bouncing back. The strong temporary recruitment trend of the past few months has been maintained, but with a new addition – the fastest increase in permanent job placements since 2018 in the Midlands and North. Taken together with a long-awaited recovery in hiring in London, this is a sign that business confidence is starting to flow back, even at this early stage of unlocking.”

“As companies start to recruit, they will need to appreciate that the labour market is still suffering from all sorts of shortages. So reviewing their hiring practices and doing things in the best way possible will matter more than ever. Inclusive hiring is not a tick-box exercise – it’s about finding the best candidate for the job no matter who they are, to help your business succeed. By working with professional recruiters, business leaders can help create fairer, more inclusive and more productive workplaces.”

Contact

KPMG

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

REC

Josh Prentice
Comms Manager
T: 0207 009 2129
Josh.prentice@rec.uk.com

IHS Markit

Lewis Cooper
Economist
T: 01491 461019
lewis.cooper@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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