

KPMG and REC, UK Report on Jobs: North of England

Modest upturn in permanent placements contrasts with deepening temp jobs downturn

52.6

PERMANENT PLACEMENTS INDEX
JUN '23

46.5

TEMPORARY BILLINGS INDEX
JUN '23

The KPMG and REC, UK Report on Jobs: North of England is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England.

Permanent placements rise for first time since February...

...but temp billings decrease at stronger rate

Pay pressures cool as staff availability improves

Jennifer Lee, Office Senior Partner at KPMG in Liverpool, said:

"The jobs market in the North has bounced back after a torrid start to the year. The rebound has been spurred by a loosening in conditions as candidates are tempted to seek new opportunities. This will be a relief for many employers who have been left frustrated when trying to fill vacancies."

"While greater movement in the market could be considered a headache for HR teams trying to pin down staff, the modest increase in new temporary and permanent positions may point to improving confidence of management teams to grow. Of course, as inflationary pressures and economic instability continue to stalk business community right across the country, we'll need to see whether these trends stretch beyond the summer before calling this a recovery."

Neil Carberry, Chief Executive of the REC, said:

"While the rest of England is at risk of seeing an element of Groundhog Day in June hiring, with permanent billing weak and firms still turning to temporary staff in the face of uncertainty, the North of England is witnessing a different outlook with permanent staff appointments rising for the first time since February and the quickest fall in temp billings since last November."

"But there was similarity with the rest of the UK in the shadows of the headline data. There was a significant step up in the number of candidates looking for a new permanent or temporary role. This is likely driven by people reacting to high inflation by stepping up their job search, and by some firms reshaping their businesses in a period of low growth. It's no surprise, therefore that the rate at which wages are rising is cooling as in much of the UK."

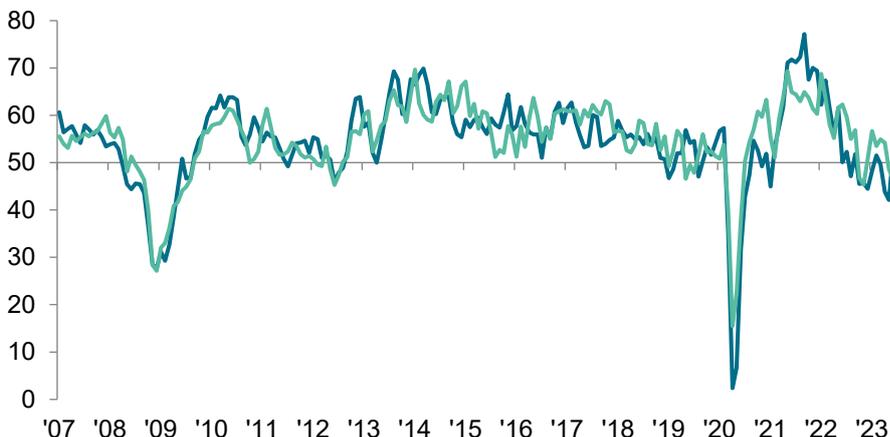
"Despite these trends, the labour market remains very tight. There are still broad skills shortages, with accountancy, construction and nursing among those sectors struggling to find and retain workers. This is despite the supply of candidates across the UK job market having risen for four consecutive months."

"The growth in vacancies for staff in blue-collar jobs and for permanent positions in retail in the North and for hospitality & catering roles across the UK, suggest businesses anticipate that people are still prepared to spend their wages on goods and services despite the fall in their purchasing power and the wider cost-of-living crisis. This is backed by anecdotes from REC members noting that the warm weather in June was a significant driver of demand."

"Long-term progress rests on the UK being a great place to invest. A strong industrial strategy with people at its heart would help overcome labour and skills shortages, acknowledging the wide range of choices that people have about how they work. Progress should start with action on skills and immigration, but also accelerating steps on childcare, transport and back-to-work support, as set out in the REC's Overcoming Shortages report."

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

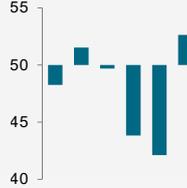


1 Staff appointments

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.

Permanent Placements Index

Jan - Jun '23
sa, >50 = growth



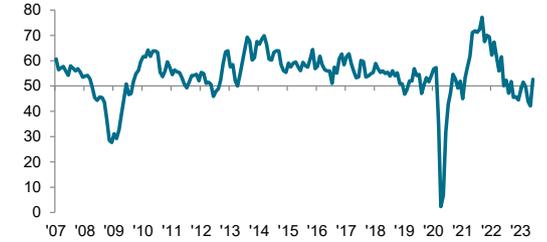
Permanent placements return to growth in June

Having fallen at the most rapid pace in almost three years in May, permanent staff appointments across the North of England rose slightly in June, rising for the first time since February. Moreover, the rate of growth was the quickest in just over a year. According to survey respondents, increased clients and an improvement in demand for staff underpinned the upturn.

The North of England bucked the trend seen for the UK as a whole, which signalled contraction, and contrasted markedly with declines seen in the other monitored parts of England.

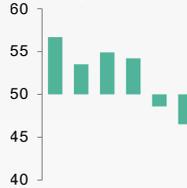
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Jan - Jun '23
sa, >50 = growth



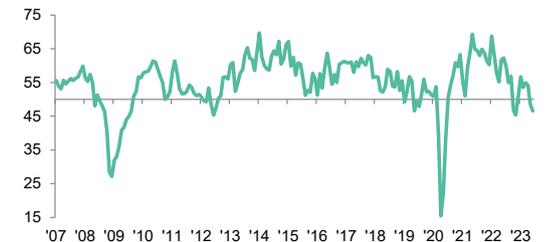
Quickest fall in temp billings since last November

The seasonally adjusted Temporary Billings Index moved further below the 50.0 mark in June, signalling a sustained and faster contraction in billings received by recruiters in the North of England for short-term workers. The decrease was solid and the fastest since last November.

The picture was the total reverse of that seen in permanent placements as a contraction in temp billings across the North of England contrasted with expansions seen in the other monitored areas of the England.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-23	46.8	48.3	52.3	56.7
Feb-23	46.3	51.5	51.1	53.5
Mar-23	49.3	49.7	52.5	54.9
Apr-23	44.2	43.8	53.3	54.2
May-23	43.8	42.1	50.7	48.6
Jun-23	46.4	52.6	51.1	46.5

Job vacancies

There was an improvement in job vacancy growth across the North of England during the latest survey period.

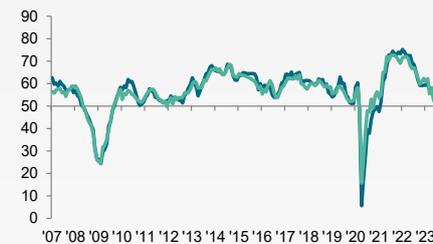
Permanent job openings rose at a strong pace that accelerated slightly to the quickest in four months in June. The North of England also recorded the quickest rise in permanent staff demand of the monitored English regions.

Temporary job vacancies across the North of England also rose at a quicker pace in June that outpaced the UK average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

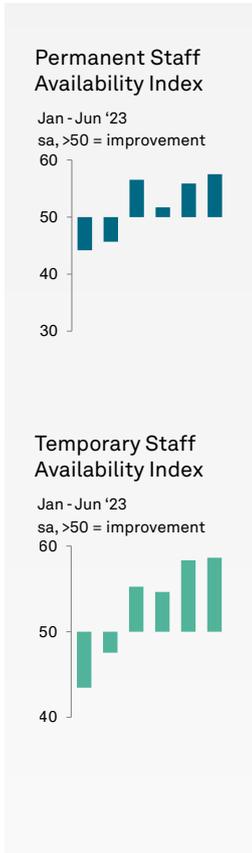


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-23	54.1	59.3	55.6	60.9
Feb-23	55.3	59.8	55.6	62.3
Mar-23	55.2	57.3	52.2	55.5
Apr-23	54.4	57.2	54.8	58.2
May-23	53.0	57.3	50.9	52.5
Jun-23	52.6	57.5	53.6	54.5

2 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.



Strongest rise in permanent staff supply for two-and-a-half years

The seasonally adjusted Permanent Staff Availability Index increased further above the 50.0 no-change threshold in June, signalling the best improvement in permanent labour supply across the North of England since December 2020. According to anecdotal evidence, candidates were reportedly showing a greater willingness to search for new work.

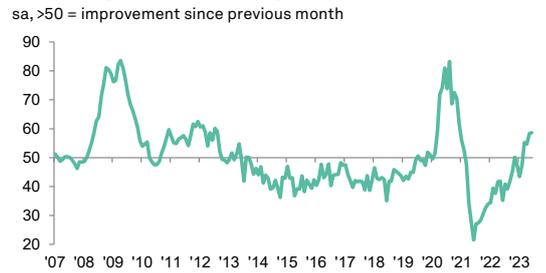
Temp staff availability rises at quickest pace since end of 2020

June survey data signalled a fourth consecutive monthly improvement in the availability of staff for temporary roles. Moreover, the increase was sharp and the strongest in two-and-a-half years. The Midlands was the only monitored English region to see a quicker upturn than the North of England. Some panellists linked redundancies to the rise in temporary labour supply.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-23	46.2	44.2	47.1	43.5
Feb-23	47.5	45.7	47.6	47.5
Mar-23	51.4	56.5	51.3	55.2
Apr-23	51.6	51.7	50.2	54.6
May-23	55.8	55.9	52.9	58.3
Jun-23	57.6	57.5	58.0	58.6

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Auditors Book Keepers Credit Controllers Payroll Taxation	Mechanical Engineers Executive/Professional Human Resources Legal Management Marketing	Sales Skilled
Blue Collar Manufacturing Mechanics Warehouse Welders	IT/Computing Digital IT Technology	
Construction Cladders Quantity Surveyors	Secretarial/Clerical Secretary	
Engineering Electrical Engineers Engineers	Retail E-commerce	
	Other All Types of Candidates	

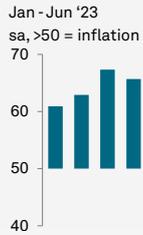
Skills in short supply: Temporary staff

Accounting/Financial Accountants	Secretarial/Clerical Administration Clerical Office Staff
Blue Collar Blue Collar Mechanics Warehouse	Other All Types of Candidates Skilled Teachers Unskilled
Construction Brick Layers	
Engineering Engineers	
IT/Computing Technology IT	
Nursing/Medical/Care Support Workers	

4 Pay pressures

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.

Permanent Salaries Index

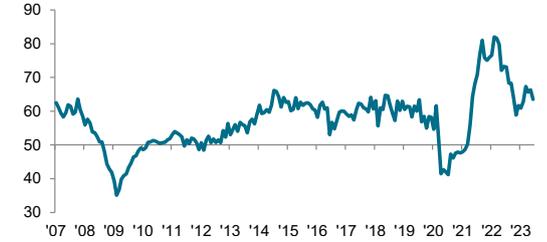


Starting salary inflation remains steep but slows to four-month low

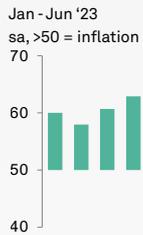
Salaries awarded to new permanent joiners across the North of England rose sharply again in June, outpacing that seen across the other monitored English regions by a considerable margin once again. Where an increase in pay was recorded, this was attributed to inflation and efforts to attract skilled candidates. That said, the rise in permanent salaries was the weakest in four months.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

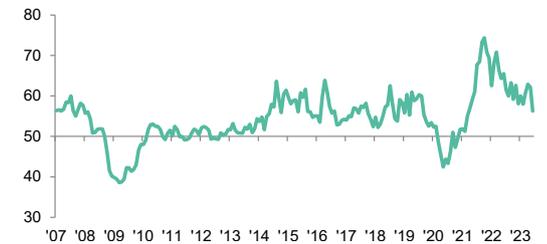


Temporary wage inflation cools in June to 27-month low

The seasonally adjusted Temporary Wages Index posted above the 50.0 no-change mark in June, indicating a further rise in hourly pay rates for short-term staff in the North of England. The increase was broadly in line with that seen across the UK as a whole, with London being the only monitored English region to see a faster uplift in wages.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jan-23	60.8	60.9	61.1	60.0
Feb-23	61.3	62.9	57.6	57.9
Mar-23	61.1	67.3	57.5	60.7
Apr-23	61.4	65.7	57.9	62.9
May-23	59.6	66.3	57.4	62.1
Jun-23	58.6	63.5	56.4	56.3

Official data: UK average weekly earnings

Data from the Office for National Statistics indicated that average weekly earnings across the UK increased by 6.2% year-on-year to £743 over the opening quarter of 2023.

Average pay increased across all but one of the 12 UK regions, with the East Midlands (12.5% to £700), Scotland (12.4% to £748) and the South West (11% to £731) recording the steepest rates of growth. Wales was the only region to see earnings decline, with pay falling -3.1% to £600.

UK average weekly earnings



Source: Office for National Statistics via S&P Global Market Intelligence.

5 Regional comparison

The KPMG and REC, UK Report on Jobs: North of England is one of four regional reports tracking labour market trends across England. Reports are also available for London, the South of England and the Midlands.

Staff appointments

The number of people placed into permanent jobs across the UK fell for the ninth consecutive month in June. That said, the rate of decline eased from May and was the softest seen for three months. Three of the four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in London. Permanent staff placements rose in the North of England.

In contrast, billings received from temporary staff employment rose for the thirty-fifth consecutive month. There was a renewed rise in temp billings in the Midlands, while London and the South of England recorded sustained albeit softer increases. Recruiters in the North saw the sharpest reduction since November 2022, however.

Candidate availability

The availability of staff for permanent roles across the UK rose at the end of the second quarter, as has been the case for the past four months. The rate of increase accelerated from that seen in May and was the strongest signalled since December 2020. All four monitored regions saw a sharp rise in June, led by London where the rate of increase hit a two-and-a-half year high.

At the UK level, the number of temporary candidates rose for the fourth month running in June, and at a strong pace that was the quickest since the end of 2020. The Midlands led the rise, but all four monitored English regions saw a stronger upturn in candidate availability.

Pay Pressures

Average starting pay for permanent workers rose in the UK during June, taking the current sequence of salary inflation to 28 months. The rate of growth eased on the month however, and was the weakest seen since April 2021. On a regional basis, the steepest increase in starting salaries was seen in the North of England and the softest in the South.

Latest survey data pointed to the weakest UK temp wage inflation in 26 months. That said, the latest increase in pay for short-term staff remained stronger than the long-run trend. All four monitored English regions recorded higher temp wages in June, with the sharpest rate of inflation seen in London. The softest increase was in the Midlands.

June 2023

■ Permanent
■ Temporary

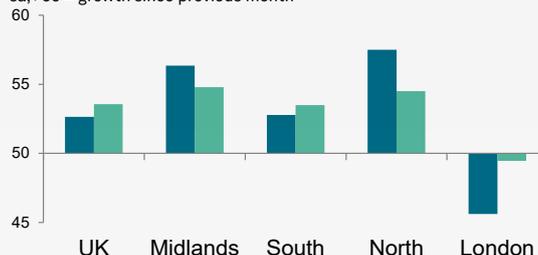
Staff Appointments

sa, >50 = growth since previous month



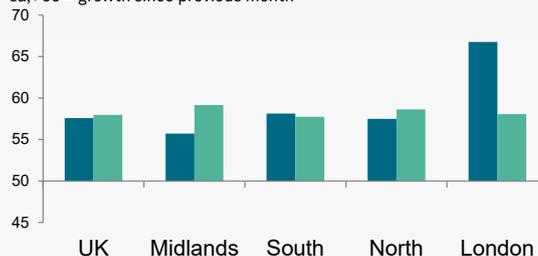
Vacancies

sa, >50 = growth since previous month



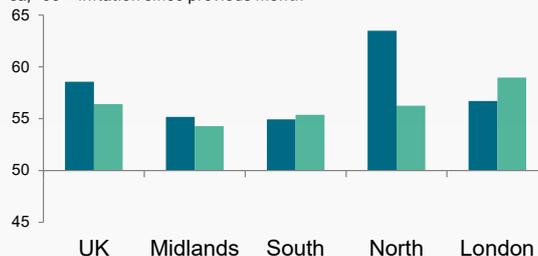
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Tanya Holden
Deputy Head of Media Relations
+44 (0) 7874 888656
tanya.holden@kpmg.co.uk

REC

Hamant Verma
Communications Manager
T: +44 (0)20 7009 2129
hamant.verma@rec.uk.com

S&P Global

Joe Hayes
Senior Economist
S&P Global Market Intelligence
T: +44 1344 328 099
joe.hayes@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
sabrina.mayeen@spglobal.com

Methodology

The KPMG and REC, UK Report on Jobs: North of England is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England (defined as NUTS1 regions North West, Yorkshire & Humber and North East).

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.

Survey Dates

Data were collected 12-26 June 2023.

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About KPMG

KPMG LLP, a UK limited liability partnership, operates from 20 offices across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.72 billion in the year ended 30 September 2022.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 143 countries and territories with more than 265,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content