

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

## Fastest rise in candidate availability since December 2020 as recruitment activity declines

46.0

PERMANENT PLACEMENTS INDEX JUL '23

47.2

TEMPORARY BILLINGS INDEX JUL '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.

Candidate availability surges higher in July amid layoffs

Permanent placements and temporary billings both decline

Job vacancy growth slows, partially staving off pay pressures

Ian Beaumont, Office Senior Partner at KPMG in Newcastle, said:

*"The positive signs we saw emerging in June were short-lived and appear to have been a false dawn. The significant declines in both permanent and temporary staff placements across the North show that the challenges facing the economy are weighing heavily on growth ambitions and the appetite to hire."*

*"Salary inflation is still high and there remains an intense battle for top talent, but the relentless upward pressure has eased somewhat, which will be welcomed by businesses watching their margins. For job seekers, they may start to experience more competition for roles as the dynamics in the market start to shift with job creation slowing and redundancies bringing more people to the jobs boards."*

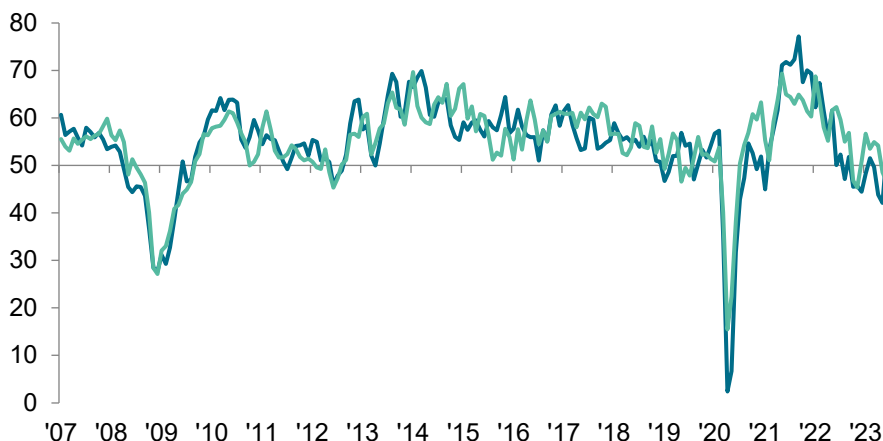
Neil Carberry, Chief Executive of the REC, said:

*"The jobs market in the North of England overall remains fairly robust with vacancies and pay still rising, and unemployment low across the UK but there is a sense in today's report that the UK economy will need some growth soon to sustain this positive picture. Permanent hiring has been slowing all year. To some extent this is normalisation as the post-pandemic boom abates – but it is also driven by uncertainty. This is seen in the scale of companies reshaping themselves while hiring in other areas – recruiters report that the North saw the fastest improvement in permanent and temporary candidate numbers since December 2020 with some of this due to layoffs. But it is also obvious in the way firms are relying on temporary labour to keep things going in uncertain times. Temping keeps people in work when firms are uncertain about the future path of the economy – it is a huge UK success story."*

*"Hiring overall is still at a reasonable level, and some sectors remain under pressure from significant labour shortages, including blue collar and construction – so there is opportunity out there for job seekers. But today's report emphasises again that sustained positivity in our labour market rests on economic growth and investment in the UK. A proper industrial strategy that tackles the big issues we face and which fully encompasses workforce thinking around skills, transport, access to work and immigration is long overdue."*

■ Permanent Placements Index  
■ Temporary Billings Index

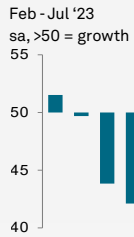
sa, >50 = growth since previous month



# 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



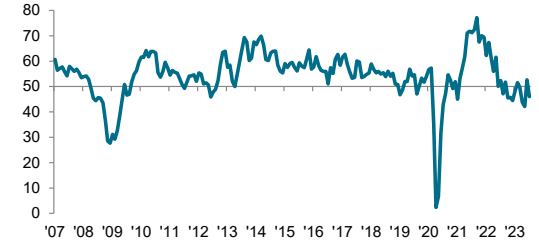
### Permanent staff appointments return to contraction in July

Having risen in June for the first time since February, permanent staff placements across the North of England resumed the downward trend seen in almost every month since October last year. Reduced appetite for new hires among clients, in addition to candidate hesitancy, were factors linked by surveyed recruiters to the decline.

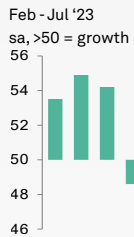
The rate of contraction was solid overall but much weaker than that seen for the UK as a whole.

## Permanent Placements Index

sa, >50 = growth since previous month



## Temporary Billings Index



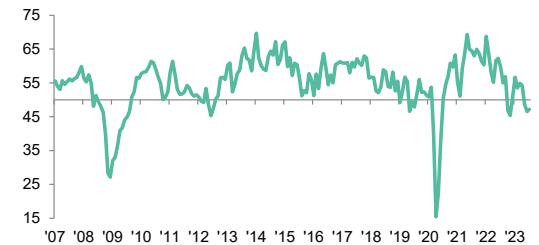
### Temp billings fall for third successive month

Billings received from the employment of short-term staff fell moderately during July, according to surveyed recruiters based in the North of England. Where a drop was registered, this was attributed to a loss of clients and weakening business conditions.

Notably, the decline seen in the North of England compared with a fractional uptick at the overall UK level. In fact, the region registered the strongest reduction of the four monitored parts of England.

## Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Jul-23	42.4	46.0	50.2	47.2

# Job vacancies

A renewed slowdown in job vacancy growth across the North of England was recorded in July.

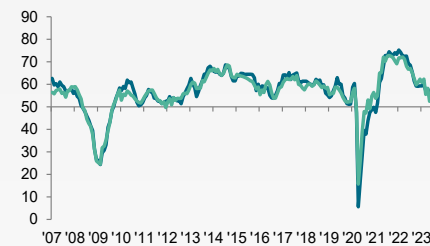
While permanent job openings continued to rise, extending the current sequence of expansion which started two-and-a-half years ago, July's uptick was the second-weakest seen over this period.

Temporary job vacancies rose only modestly during the latest survey period and at a slightly softer pace than seen across the UK as a whole.

## Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

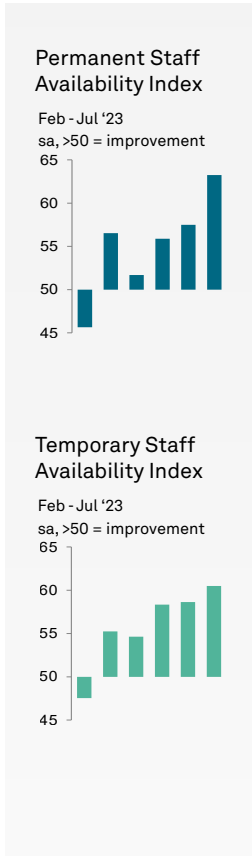


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Jul-23	52.3	55.4	53.1	52.7

## 2 Staff availability

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



### Quickest rise in permanent staff supply since December 2020

The seasonally adjusted Permanent Staff Availability Index surged further above the 50.0 no-change mark in July and signalled the fastest improvement in permanent candidate numbers across the North of England since December 2020. Of the monitored English regions, only London registered a quicker upturn.

According to surveyed recruiters, redundancies and increased slack in the market led to greater staff availability.

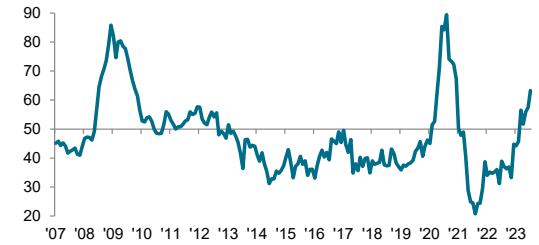
### Faster improvement in temp candidate numbers

Matching the trend in permanent staff availability, temporary candidate numbers rose at the fastest pace since December 2020 across the North of England during the latest survey period. Layoffs were mentioned as a reason for higher temp staff availability, although some surveyed recruiters noted that the candidates coming onto their books were lacking sought-after skills.

London was the only monitored English region to see a faster rise in temporary labour supply than the North of England.

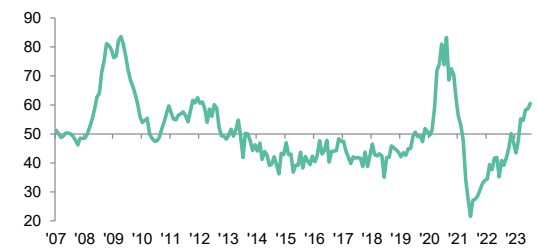
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Jul-23	61.6	63.3	58.8	60.5

## 3 Demand for skills

### Skills in short supply: Permanent staff

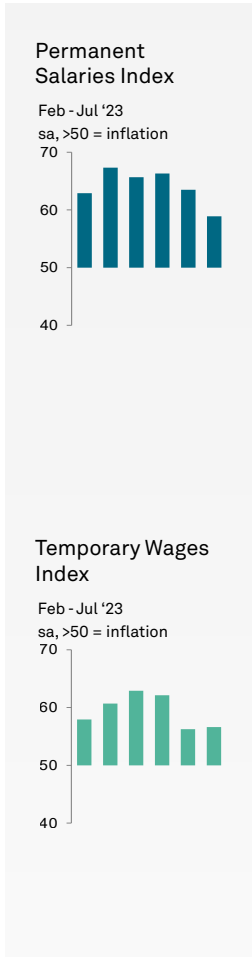
<b>Accounting/Financial</b> Accountants Auditors Finance Management Accountants Payroll	<b>Executive/Professional</b> Legal Management Marketing	<b>Supply Chain</b> Telemarketing
<b>Blue Collar</b> Blue Collar HVAC Manufacturing Mechanics Production Refrigeration	<b>IT/Computing</b> Analysts Developers IT Technology	
<b>Construction</b> Quantity Surveyors	<b>Secretarial/Clerical</b> Administration	
<b>Engineering</b> Electrical Engineers Engineers	<b>Other</b> Buyers Commercial Customer Services Sales Skilled	

### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Accountants Credit Controllers	<b>Nursing/Medical/Care</b> Support Workers
<b>Blue Collar</b> Blue Collar Decorators Electricians Forklift Drivers Mechanics Warehouse Welders	<b>Secretarial/Clerical</b> Administration
<b>Construction</b> Brick Layers Construction	<b>Other</b> All Types of Candidates Customer Services Logistics White Collar
<b>Engineering</b> Engineers	
<b>IT/Computing</b> IT	

## 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 rise at joint-lowest pace since April 2021

Salaries awarded to new permanent joiners in the North of England once again increased during July. Efforts to attract highly-skilled workers underpinned higher pay offers, according to surveyed recruiters. While the rate of salary inflation remained sharp, it slowed to the joint-weakest in 27 months.

Nevertheless, the North of England recorded the fastest rise in starting salaries of the four monitored English regions once again in July.

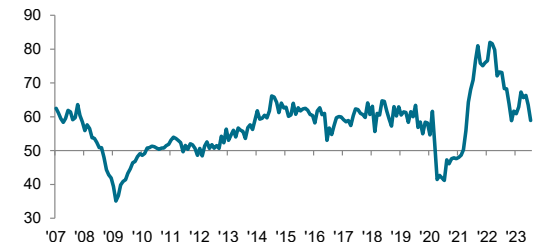
### Slightly quicker rise in temporary wages

Short-term staff in the North of England saw their hourly pay rates rise further during July, with the increase remaining strong overall. The pace of wage inflation ticked slightly higher, but held close to June's 27-month low.

As was the case with permanent salaries, the North of England registered the strongest rise in short-term pay of the monitored English regions.

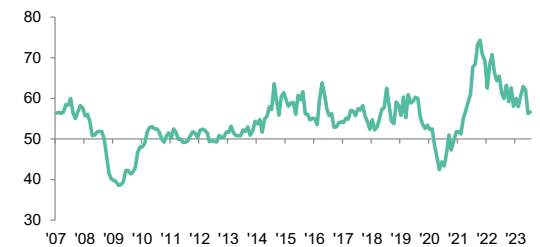
### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

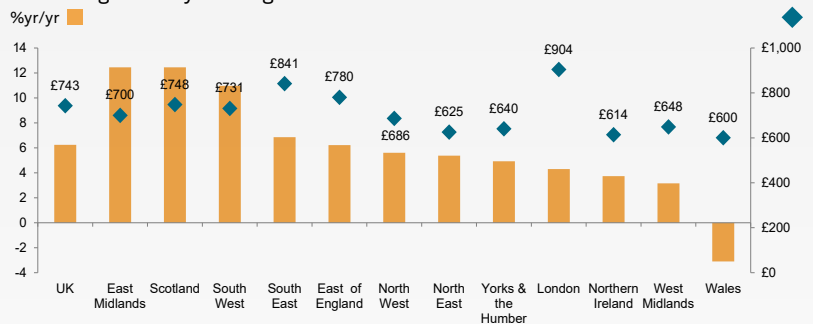
	Permanent		Temporary	
	UK	North	UK	North
Feb-23	61.3	62.9	57.6	57.9
Mar-23	61.1	67.3	57.5	60.7
Apr-23	61.4	65.7	57.9	62.9
May-23	59.6	66.3	57.4	62.1
Jun-23	58.6	63.5	56.4	56.3
Jul-23	58.3	58.9	54.6	56.6

## 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

Permanent staff appointments across the UK declined for the tenth month in a row during July. Moreover, the rate of contraction accelerated to the sharpest in just over three years. The reduction in permanent placements was broad-based among the four English regions monitored by the survey, with London seeing the most pronounced drop overall. The softest decline was meanwhile recorded in the Midlands.

July survey data signalled only a fractional rise in billings received from the employment of temp workers across the UK. Notably, the rate of growth was the second-weakest seen since the current period of expansion began three years ago. Mixed trends were seen at the regional level, with billings rising solidly in the Midlands and modestly in London. Mild falls were meanwhile seen in the South and North of England.

### Candidate availability

The supply of permanent workers across the UK expanded for the fifth straight month in July. Notably, the rate of improvement was the quickest seen since December 2020 and rapid overall. Permanent candidate numbers increased across all four monitored English regions, and at sharper rates than in June. London recorded the steepest upturn overall.

The availability of temporary workers across the UK also rose at a sharp and accelerated pace at the start of the third quarter. The increase in short-term staff supply was in fact the most pronounced in 31 months. All English regions bar the South of England saw faster rises in temporary candidate numbers, with London seeing the quickest expansion overall.

### Pay Pressures

Salaries for newly-placed permanent staff in the UK increased again in July. The rate of pay inflation slipped to a 27-month low, but remained sharp overall. Data broken down by English region showed that the strongest upturn in starting salaries was recorded by recruiters in the North of England, while the softest uptick was seen in the capital.

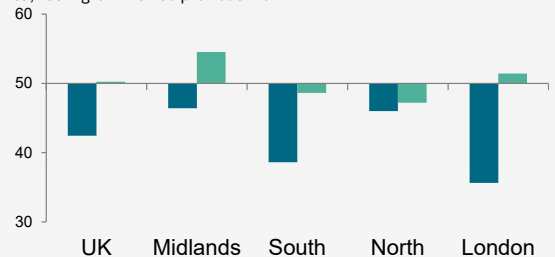
Average hourly rates of pay for temporary workers across the UK increased for the twenty-ninth month running in July. Though solid, the rate of wage growth was the weakest seen over the aforementioned period and below the series average. Slower rates of temp pay inflation were seen in London and the Midlands, which offset slightly stronger rises in the South and North of England.

July 2023

■ Permanent  
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



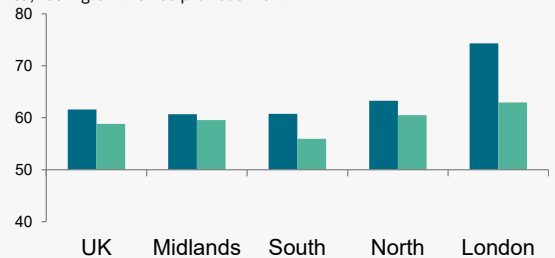
Vacancies

sa, >50 = growth since previous month



Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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### 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](mailto:economics@ihsmarkit.com).

### Survey Dates

Data were collected 12-25 July 2023.

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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.

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