

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

## Permanent staff appointments fall at sharpest pace since June 2020

38.0

PERMANENT PLACEMENTS INDEX  
AUG '23

49.7

TEMPORARY BILLINGS INDEX  
AUG '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.

Considerable uplift in staff supply

Stronger rise in starting salaries...

...but temp wages rise at the softest pace since March 2021

Commenting on the latest survey results, Warren Middleton, Office Senior Partner at KPMG in Manchester, said:

*"The latest Report on Jobs indicates that a tendency towards more cautious approaches to hiring in the North doesn't appear to be going anywhere, given that we're now into our second month of declining appointments. Lingering economic uncertainty continues to influence hiring policies, resulting in another rapid reduction of permanent staff. However, temporary hires saw a milder decrease, suggesting employers are opting for more flexible staffing solutions, providing firms with a level of adaptability amid the current climate of cumulative inflationary pressures."*

*"Jobseekers can expect starting salaries to keep rising, extending a streak of two and a half years of consecutive increases. Preferred candidates for vacancies are continuing to hold significant leverage and command higher salaries – two realities that are likely to be contributing to the slowdown in hiring and making firms think twice before opening up a vacancy."*

Neil Carberry, Chief Executive of the REC, said:

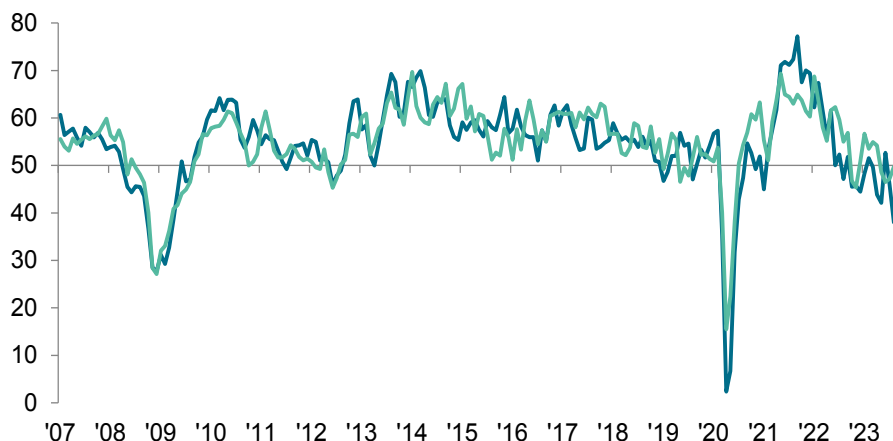
*"August is always a slower month for new permanent roles, but this has been exacerbated in 2023 by the lack of confidence to start the new hiring we saw among firms in the Spring. As inflation begins to drop, it is likely that firms will return to the market later in the year – employer surveys suggest confidence may be returning. But for now, the labour market has more slack than it has since the heights of the first lockdown. Firms continue to use temps to fill any short-run needs, with the small drop in August representing little change from the past few months."*

*"Recruiters routinely describe this sober overall picture as harder, but not necessarily bad. Vacancies are still in a strong position with the increases in both permanent and temp vacancies the most pronounced in England. There are huge variations between sectors, too. Hospitality, Accounting, Construction, Manufacturing and Engineering continue to grow strongly, meaning employers are still experiencing shortages. Demand for permanent healthcare staff in the North has eased but across the UK has now risen for 37 months, for instance. In many of these sectors temporary staff are keeping employers going – including in the NHS, where agencies have been unfairly blamed for failures of training and procurement practice from NHS England. A focus on effective skills reform will be vital to addressing shortages overall in all the shortage sectors."*

*"With demand weakening, we see the drivers for rising pay being more to do with companies' pay settlements for existing staff, rather than market demand. Those finding new jobs are benefitting from rises that many firms put in place for their teams earlier in the year. That said, data that covers the whole of UK shows that pay pressures remain sharp for permanent workers in some sectors, driven by ongoing shortages."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

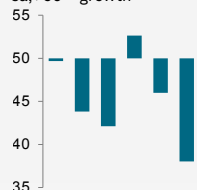


# 1 Staff appointments

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

Mar - Aug '23  
sa, >50 = growth



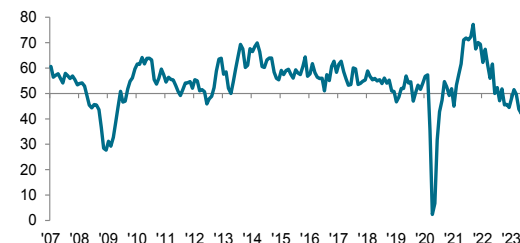
## Rapid reduction in permanent placements

The downturn in permanent staff placements across the North of England entered its second month during August. The rate of contraction picked up considerably from July to reach its most pronounced since June 2020 when the effects of the pandemic were at their strongest. Furthermore, the drop exceeded that seen for the UK as a whole, with only the Midlands registering a steeper fall among the four monitored English regions.

Recruiters often attributed the reduction to general hiring caution amid current economic pressures.

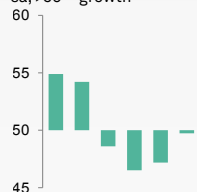
## Permanent Placements Index

sa, >50 = growth since previous month



## Temporary Billings Index

Mar - Aug '23  
sa, >50 = growth



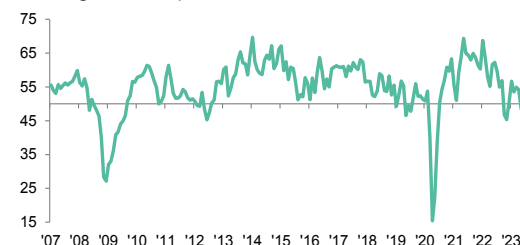
## Temp billings fall only fractionally

The seasonally adjusted Temporary Billings Index neared the neutral 50.0 threshold to signal only a fractional fall in billings received from the employment of short-term staff in August. The rate of decrease was subsequently the softest in the current four-month sequence of decline.

Staff shortages and the loss of large contracts were among reasons cited for the reduction in temporary billings. However, companies who noted an increase mentioned a preference for temp staff among clients.

## Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Aug-23	38.9	38.0	49.5	49.7

# Job vacancies

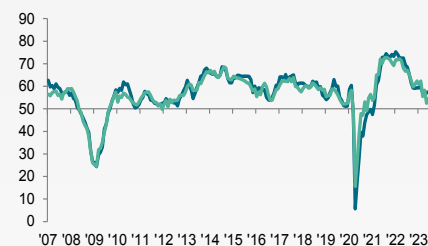
August data signalled mixed trends for staff demand across the North of England. Permanent staff vacancies increased at the slowest rate in two-and-a-half years, while growth of demand for temp workers hit a four-month high.

However, the increases in both permanent and temp vacancies were the most pronounced of the four monitored regions and compared favourably against the respective averages for the UK as a whole.

## Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

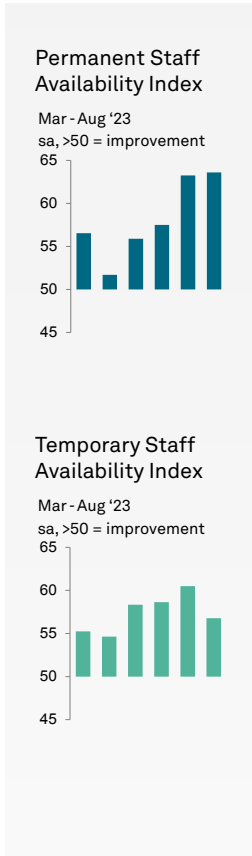


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Aug-23	50.2	53.7	53.1	55.0

## 2 Staff availability

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



### Strongest upturn in permanent candidate numbers in 32 months

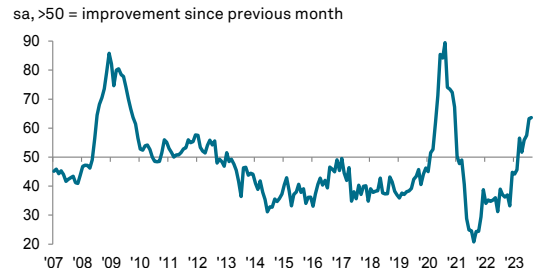
Recruiters based in the North of England registered a sustained rise in the availability of permanent workers in August. Moreover, having quickened for the fourth month in a row, the rate of expansion was the strongest since December 2020. Panel members often linked higher permanent labour supply to redundancies. London was the only monitored English region to record a quicker rise in permanent candidate numbers than that seen in the North of England.

### Marked but softer increase in temp staff availability

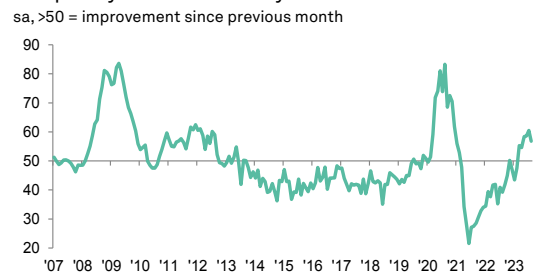
The availability of short-term staff in the North of England increased for the sixth month in a row in August. Albeit still marked overall, the rate of improvement softened to a four-month low and was the weakest of the four monitored English regions.

While many recruiters noted that layoffs and lower demand for temp staff had boosted candidate numbers, others mentioned that a generally tight labour market and skill shortages continued to weigh on availability.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Aug-23	60.3	63.6	59.1	56.8

## 3 Demand for skills

### Skills in short supply: Permanent staff

<b>Accounting/Financial</b>	<b>Executive/Professional</b>	HR Administration
Accountants	Energy & Renewables	<b>Other</b>
Auditors	Human Resources	Buyers
Finance	Legal	Customer Services
Part Qualified Finance	Management	Health & Safety
Payroll	Project Managers	National Account Managers
Taxation	Professional	Property Sales
<b>Blue Collar</b>	Specialist Functions	Sales
Blue Collar	<b>Hotel &amp; Catering</b>	Telesales
Manufacturing	Chefs	
<b>Construction</b>	<b>IT/Computing</b>	
Quantity Surveyors	IT	
Construction	Skilled E-Commerce	
<b>Engineering</b>	Social Media	
Design Engineers	Technology	
Engineers	<b>Secretarial/Clerical</b>	
	Administration	

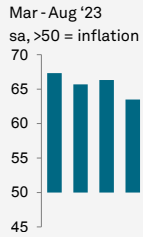
### Skills in short supply: Temporary staff

<b>Accounting/Financial</b>	<b>Secretarial/Clerical</b>
Accountants	Administration
Credit Controllers	HR Administration
<b>Blue Collar</b>	Receptionist
Blue Collar	Transport Administrators
Decorators	<b>Other</b>
Electricians	All Types of Candidates
Mechanics	Customer Services
Warehouse	People Requiring Visa
Welders	
<b>Construction</b>	
Brick Layers	
Construction	
Skilled Construction	
<b>Engineering</b>	
Engineers	
<b>IT/Computing</b>	
Technology	

## 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



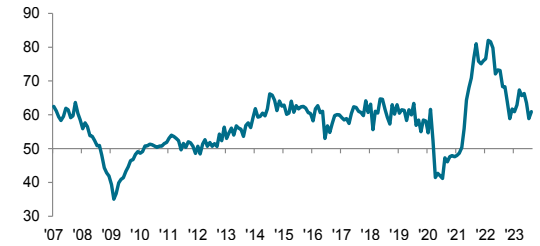
### Starting salaries rise at faster pace

Starting salaries for permanent staff in the North of England continued to increase in August, thereby stretching the current sequence of rising pay to two-and-a-half years. Notably, having accelerated since July, the rate of inflation was the quickest of the four monitored English regions.

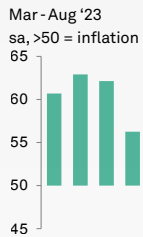
Recruiters based in the region mentioned that the uptick was driven by a combination of competition for scarce candidates and increases in pay due to the cost of living crisis.

### Permanent Salaries Index

sa, >50 = inflation since previous month



### Temporary Wages Index



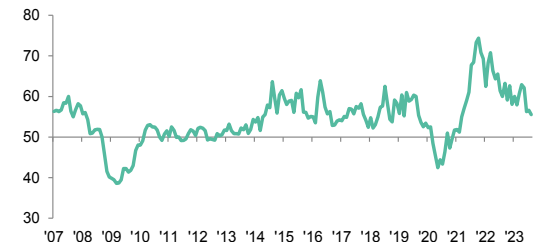
### Rate of temp wage inflation the softest since March 2021

Continuing the trend seen on a monthly basis since December 2020, average hourly wages for temp staff in the North of England rose in August. According to survey respondents, firms were willing to pay higher wages in order to attract a better calibre of candidates.

That said, the pace of wage inflation was the weakest in 29 months and slightly softer than the average for the UK as a whole.

### Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

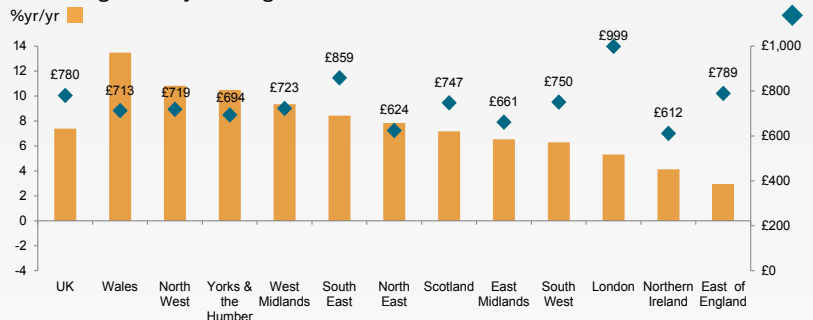
	Permanent		Temporary	
	UK	North	UK	North
Mar-23	61.1	67.3	57.5	60.7
Apr-23	61.4	65.7	57.9	62.9
May-23	59.6	66.3	57.4	62.1
Jun-23	58.6	63.5	56.4	56.3
Jul-23	58.3	58.9	54.6	56.6
Aug-23	58.2	60.9	55.9	55.5

## Official data: UK average weekly earnings

Latest data from the Office for National Statistics showed that average weekly earnings across the UK rose by 7.4% on an annual basis to £780 during the second quarter of 2023.

Wales posted the strongest annual rise of all 12 UK regions (up 13.5% to £713), followed by the North West (up 10.8% to £719). The softest rate of pay growth was meanwhile seen in the East of England, where earnings increased by 2.9% to £789.

### 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 in permanent job roles across the UK fell for the eleventh month running in August. Furthermore, the rate of decline accelerated from July and was the steepest recorded since June 2020. Permanent staff appointments fell across all four monitored English regions, with the Midlands seeing the strongest reduction. The softest contraction meanwhile was seen in London, although the rate of decline was also marked here.

Temp billings fell across the UK for the first time since July 2020 in the latest survey period, though the downturn was only marginal overall. The reduction was led by a moderate fall in temp billings in London, alongside marginal contractions in the South and North of England. Recruiters in the Midlands meanwhile bucked the wider trend to signal a third consecutive rise in temp staff billings.

### Candidate availability

The supply of permanent workers across the UK rose for the sixth successive month in August. The rate of improvement eased slightly from that seen in July, yet remained robust overall. Data broken down by English region indicated that the upturn was broad-based and led by London. The softest increase in candidate numbers was seen in the South of England.

The supply of temporary labour also expanded again in August, with the rate of growth accelerating to a marked rate that was the strongest since December 2020. All four monitored English regions saw robust rises in temp staff supply, led again by London, while the softest increase was signalled by recruiters in the North of England.

### Pay Pressures

Starting salaries awarded to permanent new starters in the UK increased in August, extending the current sequence of salary inflation to two-and-a-half years. The rate of growth was strong overall yet eased slightly from July to the softest since April 2021. While all four English regions recorded increases in permanent pay, London and the South of England saw the rate of salary inflation ease, but there were accelerations in salary growth in the North of England and the Midlands.

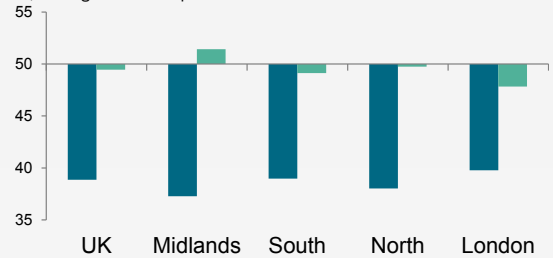
Average rates of pay for temporary workers across the UK also rose again during August. Notably, the rate of wage growth edged up from the previous survey period and was steep overall. Regional data highlighted sharper increases in temp pay in London and the Midlands, while the North and South of England saw pay growth ease on the month.

August 2023

■ Permanent  
■ Temporary

Staff Appointments

sa, >50 = growth since previous month



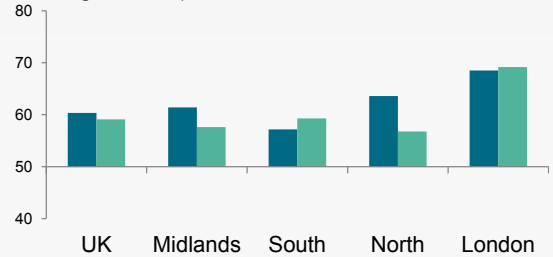
Vacancies

sa, >50 = growth since previous month



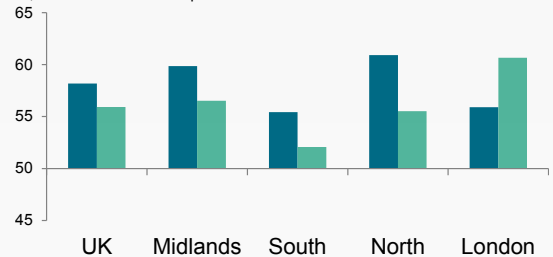
Staff Availability

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 10-24 August 2023.

### About S&P Global

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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.

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