

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

Pay pressures cool in September as vacancy growth slows

45.5

PERMANENT PLACEMENTS INDEX SEP '23

52.9

TEMPORARY BILLINGS INDEX SEP '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.

Pay pressures ease as staff supply rises and vacancy growth cools
 Permanent placements fall for a third consecutive month...
 ...but temp billings see first rise since April

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

"These findings depict the continuation of a troubling time for the region's job market, with a combination of business and candidate caution amid the ongoing economic uncertainty among the reasons for a third consecutive dip in permanent appointments. However, there are also green shoots both with the increase in temporary billings for the first time in five months, and the rise in available staff resulting in pay pressures cooling at least for the time being."

"It will be interesting to see if these trends continue, and whether inflation rates edging lower will mean an improvement in the outlook of employers and jobseekers in the coming months."

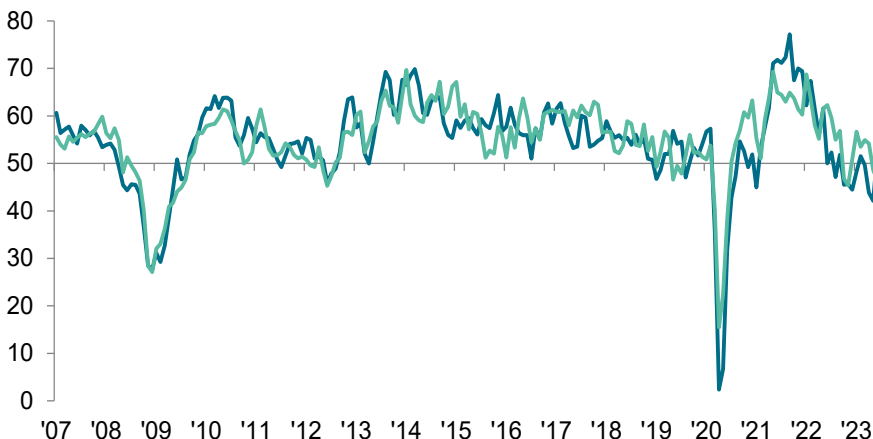
Neil Carberry, Chief Executive of the REC, said:

"Employers tell us they are feeling better about themselves as the year moves on, and today's data does suggest the possibility of a turnaround in hiring over the next few months. Permanent placements have been falling for most of the past year now from abnormal post-pandemic highs. Permanent hiring activity continues to slow but temporary hiring remains robust with a renewed rise in temporary billings in September."

"This feels like a market that is finding the bottom of a year-long slowdown. And the relative buoyancy of the private sector is likely to be driving this more positive outlook. Some sectors such as accounting/financial, blue collar, engineering and healthcare continue to experience very strong demand in the North. Along with high inflation, this is likely to be contributing to the continued growth of pay for temps and perms alike."

"As we move towards the Autumn Statement, action to help people find high quality roles is essential as the picture varies so widely from sector to sector. The REC would like to see a focus on skills, finally reforming the system to deliver a mix of high-quality courses within the levy framework, and action to tackle inactivity – like extending the Restart programme which has helped recruiters place thousands of long-term unemployed people into work. Both of these could form part of a long-overdue people and growth strategy. From reforming Government procurement to better and more effective regulation, there is a lot Government could do in partnership with recruiters to drive growth and prosperity."

■ Permanent Placements Index
 ■ Temporary Billings Index
 sa, >50 = growth since previous month

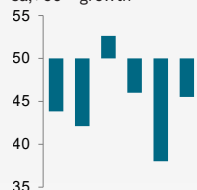


1 Staff appointments

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

Apr - Sep '23
sa, >50 = growth



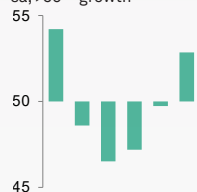
Third consecutive decline in permanent placements

The seasonally adjusted Permanent Placements Index signalled a solid decline in the number of people placed into permanent roles across the North of England in September, posting below the neutral 50.0 mark for a third consecutive month. Cautious hiring policies were cited by recruiters as a factor driving the downturn, although others commented on sluggish market conditions.

That said, the pace of deterioration was notably softer than August's 38-month record, and narrowly weaker than that seen for the UK as a whole.

Temporary Billings Index

Apr - Sep '23
sa, >50 = growth



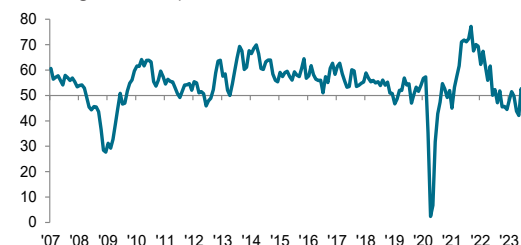
Temporary billings return to growth

September data signalled a renewed and moderate rise in temporary billings as the respective seasonally adjusted index posted above the 50.0 no change mark for the first time since April. Recruiters often attributed the improvement to higher demand for contractors and a preference for short-term staff.

Although outpacing that seen for the UK as a whole, more pronounced increases in billings were recorded in both the Midlands and London.

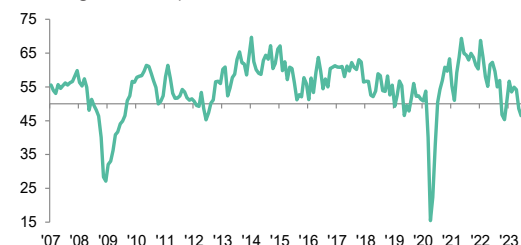
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Sep-23	45.1	45.5	51.6	52.9

Job vacancies

Rates of vacancy growth moderated across the North of England in the latest survey period.

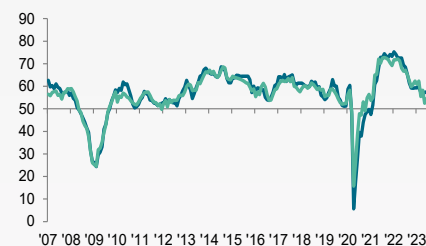
Permanent job openings across the region rose at the weakest rate in the current 32-month sequence of expansion. However, the North of England recorded the strongest improvement of the four monitored English regions.

Similarly, although temp vacancy growth across the North of England eased on the month, it was quicker than those seen elsewhere and firmly above the UK average.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

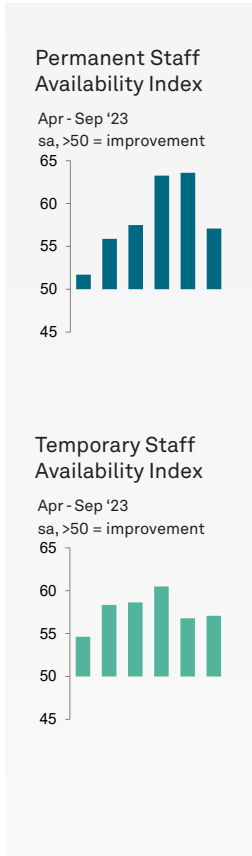


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Sep-23	49.1	51.4	52.0	53.7

2 Staff availability

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



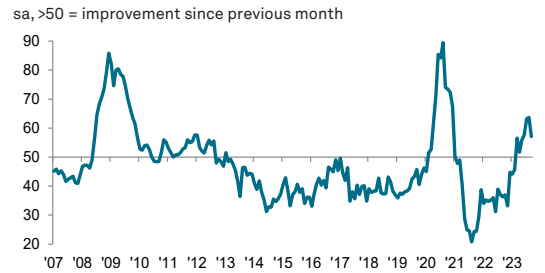
Supply of permanent staff improves markedly

The availability of permanent staff in the North of England improved markedly in September, extending the current sequence of rising candidate supply to seven months. Firms often cited that redundancies had led to greater availability. While the increase in permanent staff supply across the North of England was the weakest in four months, it was the quickest of the four monitored English regions for the first time since March.

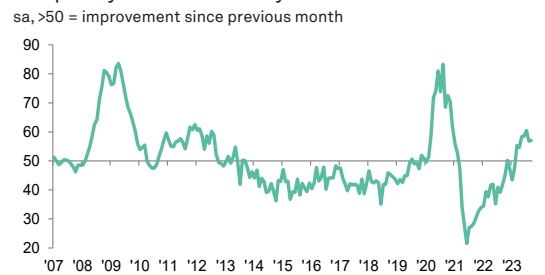
Temporary staff supply increases further

The supply of temporary staff in the North of England rose for a seventh consecutive month in September, as the respective seasonally adjusted index posted above the 50.0 no-change mark again. Furthermore, the pace of increase ticked up on the month to match that seen for permanent staff. Redundancies, as well as greater interest in new roles from candidates were noted by recruiters as factors supporting the uplift. Only the South of England registered a stronger rise in temporary staff numbers.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Sep-23	55.3	57.1	58.2	57.1

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - ACCA
 - Accountants
 - Auditors
 - CIMA
 - Credit Controllers
 - Finance
 - Part Qualified Finance
 - Payroll
 - Pension Specialist
 - Qualified Finance
 - Taxation
 - Transactional Finance
- Blue Collar**
 - Blue Collar
 - Electricians
 - Refrigeration
 - Manufacturing
 - Warehouse

- Construction**
 - Quantity Surveyors
 - Cladders
- Engineering**
 - Engineers
 - Engineering Directors
 - Engineering Management
 - HVAC Engineers
- Executive/Professional**
 - Business Development
 - Energy & Renewables
 - Human Resources
 - Legal
 - Marketing
 - Mid-senior management
- IT/Computing**
 - Analyst
 - Front-end Developer

- IT**
 - Technology
- Secretarial/Clerical**
 - Administration
- Other**
 - Customer Services
 - National Account Managers
 - Sales

Skills in short supply: Temporary staff

- Accounting/Financial**
 - Accountants
 - Credit Controllers
 - General Accounting
- Blue Collar**
 - Decorators
 - Electricians
 - Forklift Driver
 - Mechanics
 - Sewing Machinists
 - Warehouse
 - Welders
- Construction**
 - Brick Layers
 - Labourers
- Engineering**
 - Engineers
 - Manufacturing Engineers

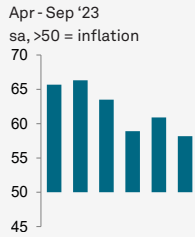
- Executive/Professional**
 - Marketing
 - Professional
- IT/Computing**
 - Technology
- Nursing/Medical/Care**
 - Nurse Practitioner
 - Social Workers
- Secretarial/Clerical**
 - Business Support
 - HR Administration
 - Receptionist
 - Sales Support
 - Transport Administrators
- Other**
 - Customer Services
 - Education
 - General Operatives

- Sales**
 - Teachers
 - Tool Makers

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.

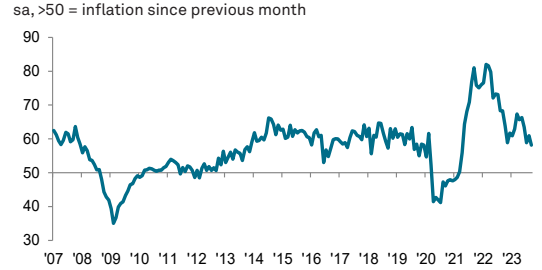
Permanent Salaries Index



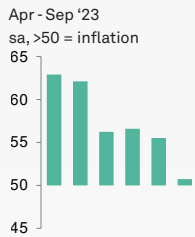
Weakest rise in starting salaries since April 2021

Salaries awarded to new permanent joiners in the North of England increased sharply in September. The limited availability of suitably-skilled candidates was said to have pushed up salaries, with firms often required to increase pay offers to secure staff. Of the four monitored English regions, only London recorded a faster rate of salary inflation than the North of England. That said, the pace of increase was the slowest seen since April 2021.

Permanent Salaries Index



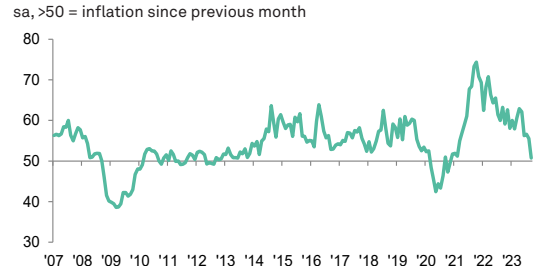
Temporary Wages Index



Temporary wage inflation weakest in nearly three years

The seasonally adjusted Temporary Wages Index posted only above the neutral 50.0 mark in September, signalling a marginal rate of temp pay inflation. The pace of increase in hourly wage rates slowed since August to the softest seen across the current sequence of pay growth which began in December 2020. Panellists cited a willingness from some contractors to accept lower wages for temporary work. Of the four monitored English regions, the North of England recorded the softest increase in temp pay.

Temporary Wages Index



sa, >50 = inflation since previous month

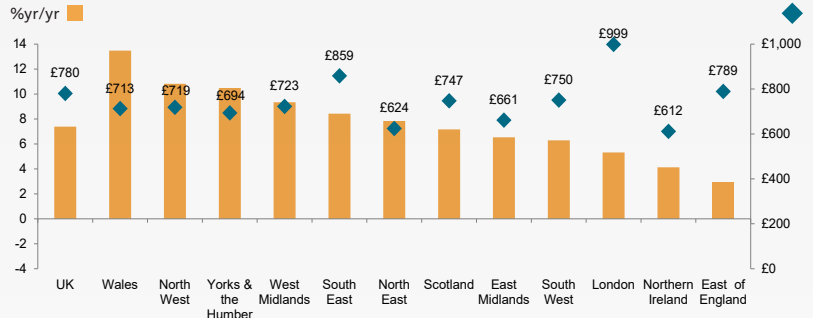
	Permanent		Temporary	
	UK	North	UK	North
Apr-23	61.4	65.7	57.9	62.9
May-23	59.6	66.3	57.4	62.1
Jun-23	58.6	63.5	56.4	56.3
Jul-23	58.3	58.9	54.6	56.6
Aug-23	58.2	60.9	55.9	55.5
Sep-23	57.6	58.2	52.9	50.7

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 into permanent jobs across the UK fell for the twelfth month running in September. The rate of decline eased from August and was the softest seen since June, though remained sharp overall. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in the South of England.

By contrast, temporary billings saw a renewed rise in the UK, reversing the slight reduction seen in August. The increase was modest overall, but the strongest recorded for five months. Three of the four monitored English regions saw an uptick in temp billings in September, led by London. The South of England was the only region to see a decrease.

Candidate availability

The availability of staff for permanent roles across the UK increased in September, extending the current sequence of growth to seven months. That said, the rate of accumulation slowed sharply from August and was the softest since April. All four monitored English regions saw an uptick in permanent staff supply, the sharpest of which was recorded in the North of England.

At the national level, the number of temporary candidates rose at a strong pace that was nonetheless the slowest seen since June. For the fifth month running, all four monitored regions saw temp staff availability increase, with the South of England seeing the strongest upturn, followed by the North of England.

Pay Pressures

Average starting pay for permanent new joiners in the UK continued to increase during September, thereby extending the current sequence of inflation to 31 months. The rate of inflation slipped to the lowest since March 2021, but remained strong overall. On a regional basis, the steepest increase in starting salaries was seen in London, followed closely by the North of England. The softest increase was recorded in the South of England.

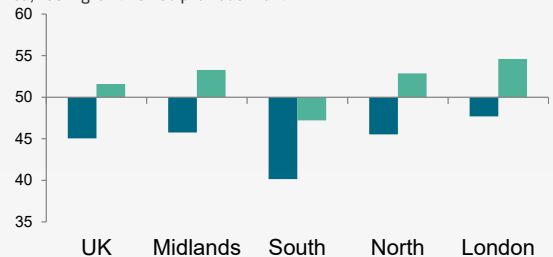
Latest survey data pointed to a further rise in temp wages across the UK in September. Notably, the latest increase in short-term pay was the slowest in the current 31-month sequence of rising rates and only modest overall. All four monitored English regions saw a slower rise in temp wages, with London seeing the strongest increase and the North of England the softest.

September 2023

■ Permanent
■ Temporary

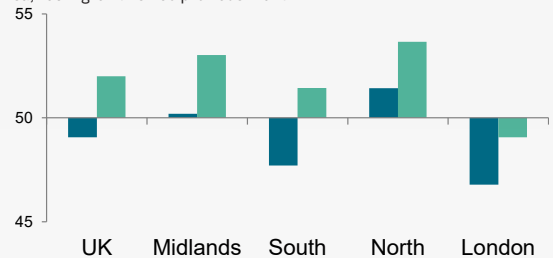
Staff Appointments

sa, >50 = growth since previous month



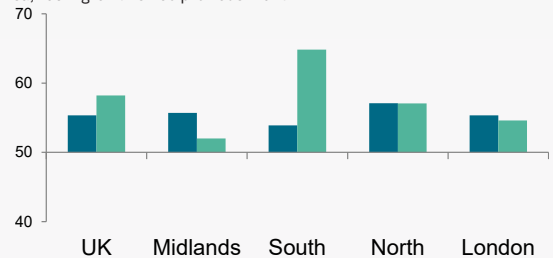
Vacancies

sa, >50 = growth since previous month



Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Rory Brown
Senior Manager
+44 (0)751 037 4794
rory.brown@kpmg.co.uk

REC

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

S&P Global

Eleanor Dennison
Economist
S&P Global Market Intelligence
T: +44 134 432 7221
eleanor.dennison@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@spglobal.com.

Survey Dates

Data were collected 12-25 September 2023.

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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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