

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

## Starting salary inflation slips to lowest since April 2021 as recruitment activity declines

45.7

PERMANENT PLACEMENTS INDEX OCT '23

47.5

TEMPORARY BILLINGS INDEX OCT '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.

Staff hiring falls amid sluggish demand conditions

Softest rise in permanent starters' pay for two-and-a-half years

Stronger increase in wages for temp staff

Commenting on the latest survey results, Ian Beaumont, Office Senior Partner for Newcastle at KPMG UK, said:

*"Despite a rise in vacancies and an increase in permanent staff we are still seeing a fall in permanent staff placements across the North. The issue at hand is that we have people who want to work but they do not have the skills needed for the roles that exist. This is why we continue to see a rise in starting salaries, as organisations scramble to access top tier talent. The competition for skilled workers in areas that are in high demand is likely to continue until we address the crux of the problem through reskilling and upskilling programmes."*

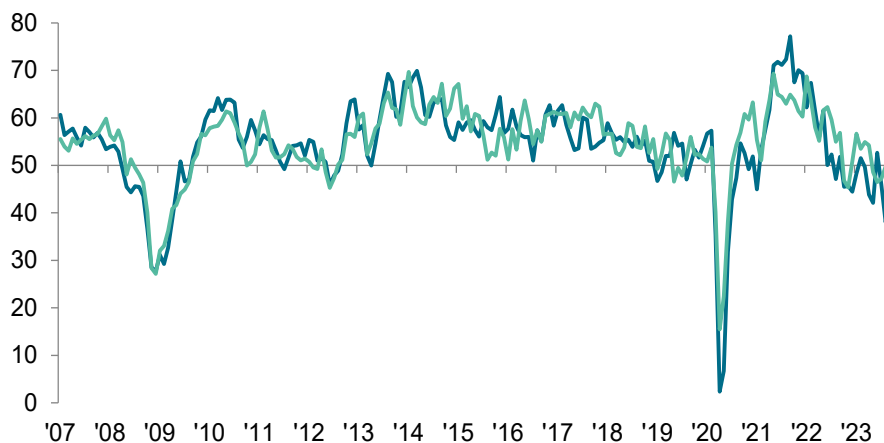
Neil Carberry, Chief Executive of the REC, said:

*"In many ways, the labour market is marking time waiting for the brakes to be taken off growth by the Bank of England. While permanent hiring is now declining more softly, temporary hiring continues to pick up some of the slack in recent months - with rising wages. While the rate of pay growth has now returned to more normal parameters, it is still strong, especially in sectors where staff remain in short supply in the North of England such as blue collar and accounting/financial. Looking to the Autumn Statement, businesses and Government need to be aware that the return of growth will reveal shortages more widely - action on skills, welfare-to-work programmes and immigration reform will be needed to prevent a return to growth being squandered."*

*"Healthcare providers are ramping up their hiring ahead of the winter, but candidate supply is short. Agency medical staff are keeping wards open and getting patients treated - they need a bit more support from Government. Reforming capped on-framework agency rates so pay for temps working on-framework can rise for the first time in four years will save Government money as they will end up using far fewer emergency shifts, and it will reward a part of the NHS workforce that is too often overlooked."*

■ Permanent Placements Index  
■ Temporary Billings Index

sa, >50 = growth since previous month

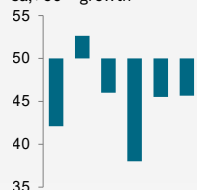


# 1 Staff appointments

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

May - Oct '23  
sa, >50 = growth



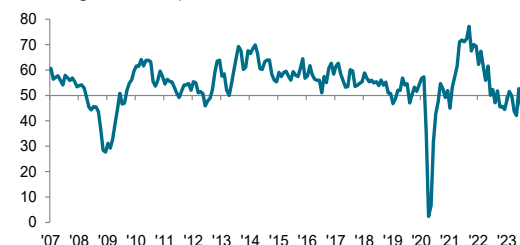
## Sustained and solid contraction in permanent placements

October data signalled a fourth consecutive monthly contraction in permanent staff appointments across the North of England. Recruiters often blamed the sustained downturn on cautious hiring plans amid weakened market conditions and generally lower activity levels at clients. Although still solid overall, the pace of decline eased fractionally compared to September.

The reduction in placements in the North of England was broadly in line with the average seen across the UK as a whole.

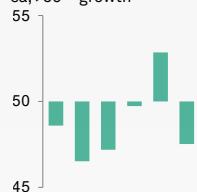
## Permanent Placements Index

sa, >50 = growth since previous month



## Temporary Billings Index

May - Oct '23  
sa, >50 = growth



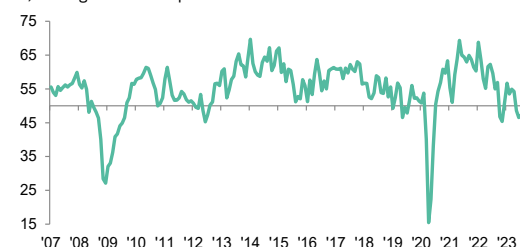
## Temp billings fall back into contraction territory in October

After a renewed rise in September, billings received from the employment of short-term staff declined moderately in the North of England during October. The respective seasonally adjusted index fell into contraction territory for the fifth time in the past six months and signalled a modest rate of decline overall.

Compared to the other monitored English areas, the North was the worst-performing and the only region to register a deterioration in temp billings in October.

## Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Oct-23	45.8	45.7	50.9	47.5

# Job vacancies

Vacancies in the North of England continued to increase in October, and at the fastest rates of all four monitored English regions.

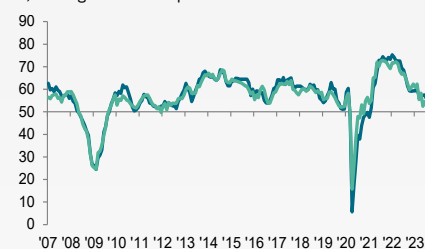
Permanent staff vacancies rose for the thirty-third successive month. Although quickening from September, the rate of increase was moderate overall.

Temp job openings across the North of England rose, thereby extending the current sequence of expansion to three years. The rate of increase slowed from the previous month, remaining below the historic trend.

## Vacancies Index

■ Permanent  
■ Temporary

sa, >50 = growth since previous month

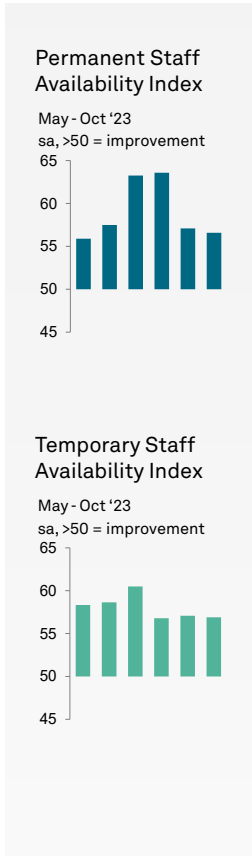


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Oct-23	49.9	53.0	51.7	52.3

## 2 Staff availability

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



### Softest upturn in permanent staff supply for five months

Recruiters in the North of England registered a sustained improvement in the availability of permanent staff in October, stretching the current sequence of growth to eight months. Anecdotal evidence highlighted that the increase in staff availability was often due to redundancies and company restructuring.

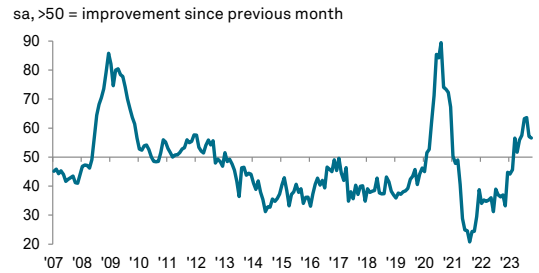
Though sharp, the rate of expansion was the slowest in five months and weaker than those seen in the three other monitored English areas.

### Further marked rise in temp staff supply

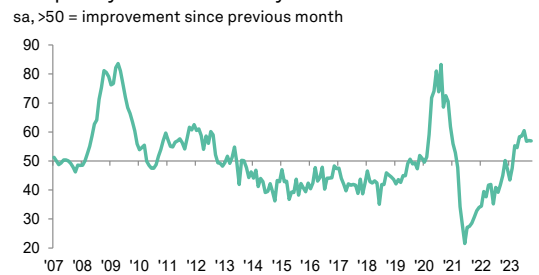
The availability of temporary staff across the North of England increased for an eighth consecutive month in October. Some recruiters noted that a number of candidates were more willing to carry out temp work, while others attributed the uptick in supply to relatively subdued demand for short-term staff among employers. The latest increase in temp worker availability was marked overall.

The North of England recorded the weakest expansion in temp candidate numbers of all four monitored English areas in October.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Oct-23	59.1	56.6	57.8	56.9

## 3 Demand for skills

### Skills in short supply: Permanent staff

<b>Accounting/Financial</b> Accountants Auditors Book Keepers Credit Controllers Finance Financial Controllers Management Accountants	Engineering Management <b>Executive/Professional</b> Human Resources Legal Marketing <b>IT/Computing</b> Analyst Digital IT Technology <b>Retail</b> E-commerce <b>Secretarial/Clerical</b> Administration HR Administration <b>Other</b> Customer Service	Logistics National Account Managers Public Practice Sales
--	--	--

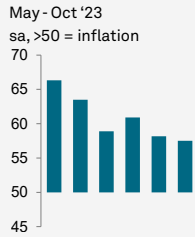
### Skills in short supply: Temporary staff

<b>Accounting/Financial</b> Accountants Auditors Credit Controllers Management Accountants Purchase Ledger <b>Blue Collar</b> Operatives Warehouse <b>Construction</b> Brick Layers <b>Engineering</b> Engineers <b>IT/Computing</b> IT Technology <b>Secretarial/Clerical</b>	HR Administration Receptionist Transport Administrators <b>Other</b> Customer Services
--	--

## 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

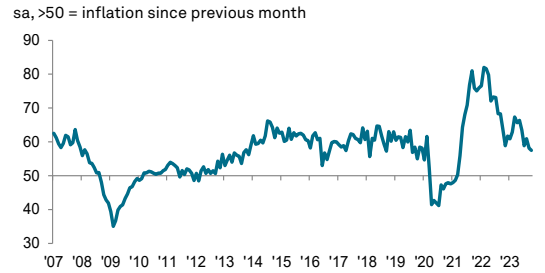


### Slowest increase in starting salaries since April 2021

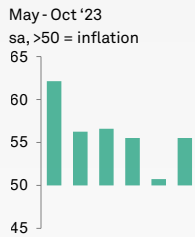
October survey data pointed to another monthly rise in starting salaries awarded to permanent staff in the North of England. The uptick was driven by increased competition for skilled workers, with demand for suitably-skilled staff continuing to outweigh supply, according to recruiters. The sharp increase in permanent salaries was broadly in line with the UK average, with a faster rise only registered in London.

That said, the rate of starting salary inflation was the slowest seen since April 2021.

### Permanent Salaries Index



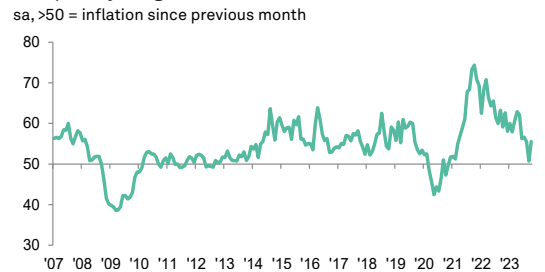
### Temporary Wages Index



### Temp pay inflation strengthens

Short-term staff in the North of England saw their hourly wage rates increase in October, extending the current sequence of pay growth to nearly three years. The pace of inflation was strong overall, having picked up notably compared to September to register the most pronounced rise across all four monitored English areas. Recruiters often mentioned there was an increased willingness among employers to pay higher rates for temp staff in October amid the rising cost of living.

### Temporary Wages Index



sa, >50 = inflation since previous month

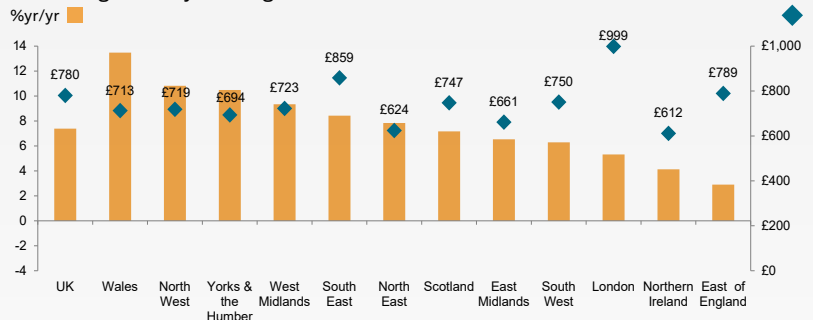
	Permanent		Temporary	
	UK	North	UK	North
May-23	59.6	66.3	57.4	62.1
Jun-23	58.6	63.5	56.4	56.3
Jul-23	58.3	58.9	54.6	56.6
Aug-23	58.2	60.9	55.9	55.5
Sep-23	57.6	58.2	52.9	50.7
Oct-23	57.4	57.5	53.5	55.5

## 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 downturn in permanent staff hiring across the UK persisted in October, in line with the trend seen for just over a year. Furthermore, the rate of decline was strong, despite easing slightly to its weakest since June. The Midlands was the only monitored English region to register growth (albeit only marginally). The steepest contraction was seen in London.

In contrast, temporary billings rose across the UK at the start of the fourth quarter for a second month in a row. The North of England bucked the broader trend, posting a moderate decrease, while growth was recorded for the other three monitored English regions.

### Candidate availability

October survey data indicated a sustained and accelerated improvement in permanent candidate availability across the UK. All four monitored English regions saw a rise in permanent labour supply, with London leading the upturn.

At the start of the fourth quarter, temporary candidate numbers also rose at the national level. The rate of improvement did however ease, to its weakest since May. The most marked increase in temporary staff supply was seen in the South of England.

### Pay Pressures

As has been the case since March 2021, the latest Report on Jobs survey signalled a further increase in starting pay for new permanent joiners in the UK. That said, the rate of salary inflation cooled to a 31-month low, bringing it back down in line with its historical average. London continued to lead the permanent starting pay growth at the English regional level.

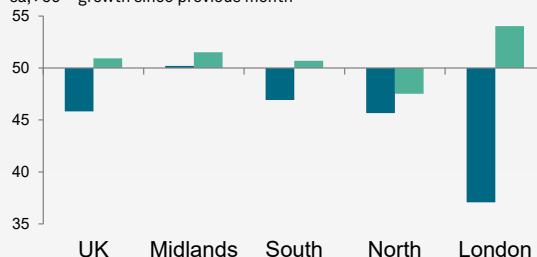
Hourly rates of pay across the UK likewise increased at the start of the fourth quarter, even rising at a slightly faster pace than in September. That said, temp wage growth was the second-slowest seen across the current 32-month inflationary sequence. All four English regions continued to register higher temp pay, with the North of England topping October's rankings.

October 2023

■ Permanent  
■ Temporary

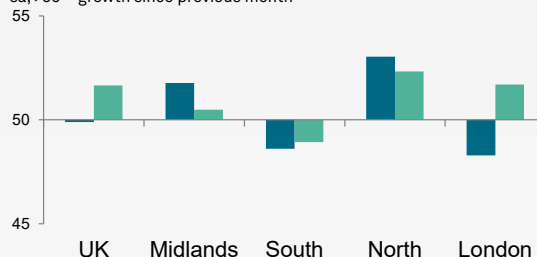
Staff Appointments

sa, >50 = growth since previous month



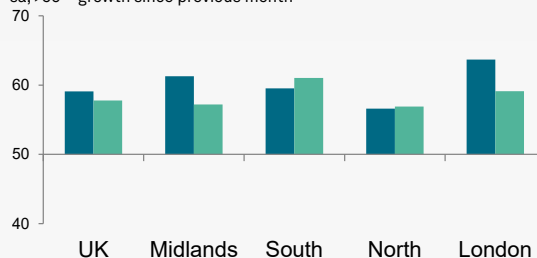
Vacancies

sa, >50 = growth since previous month



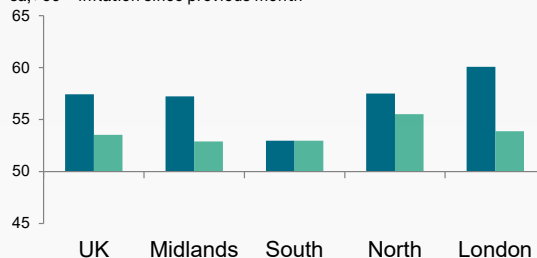
Staff Availability

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](mailto:rory.brown@kpmg.co.uk)

### REC

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

### S&P Global

Eleanor Dennison  
Economist  
S&P Global Market Intelligence  
T: +44 134 432 8197  
[eleanor.dennison@spglobal.com](mailto:eleanor.dennison@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto: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](mailto:economics@spglobal.com).

### Survey Dates

Data were collected 12-25 October 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](http://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