

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

Pay pressures ease further amid sustained rises in candidate availability

48.3

PERMANENT PLACEMENTS INDEX NOV '23

51.2

TEMPORARY BILLINGS INDEX NOV '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 drop for the fifth month, but temp billings rise

Starting salary growth slides to 31-month low

Temp wages fall for the first time in three years

Commenting on the latest survey results, Jennifer Lee, Office Senior Partner for Liverpool at KPMG UK, said:

"An uptick in temporary billings in November highlights that businesses in the North are leaning more on flexible workers to cover current workloads, as some employers are hesitant to commit to permanent staff which is having an impact on permanent placements. The survey also showed that pay pressures eased further, which is good for businesses as they grapple with increased costs across the board and it may give them some more confidence when it comes to hiring going forward if the trend continues."

Neil Carberry, Chief Executive of the REC, said:

"2023 has been a testing year in our labour market, with permanent hiring dropping and temporary hiring flat or growing only a little. That's the story again in this month's data, though the market is quieter overall as firms start to move activity into 2024 rather than pressing ahead now."

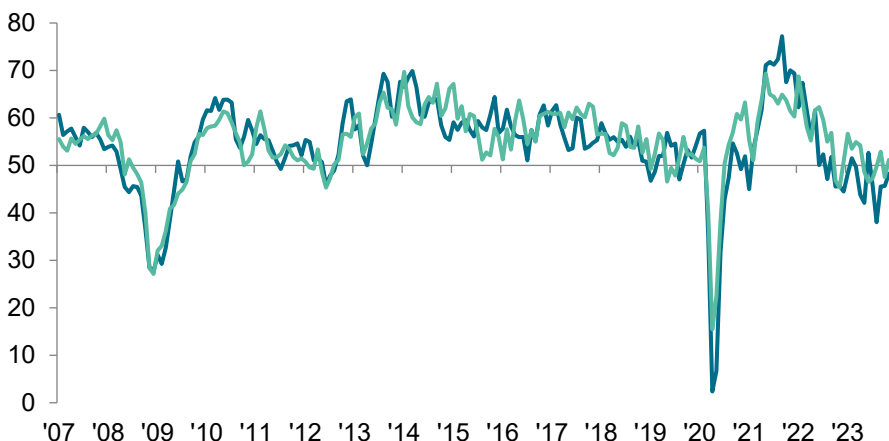
"Pay for temps in the North has risen every month this year and while temp pay has declined in the North in November, that may turn out to be a blip when seen in the context of 35 months of increases. There are greater numbers of workers looking for permanent roles which has led to higher permanent staff availability."

"Anecdote from REC members supports our client survey finding that employers are considering coming back to the market, but that in many cases the activity will be next year. So, while these figures represent a further slowdown in current hiring conditions, recruiters are more positive about the new year."

"For policy makers, any return to growth will put strain on a labour market with embedded shortages – this week's pro-election rather than pro-economy decision on immigration will exacerbate that. Any return to growth could drive domestically-generated inflation unless we adopt a proper plan for workforce capacity, embracing better welfare-to-work support, finally reforming the Apprenticeship Levy, funding Further Education properly and the kind of support for school leavers suggested by today's Broken Ladders report from EDSK and REED on the school-to-work transition."

■ Permanent Placements Index
■ Temporary Billings Index

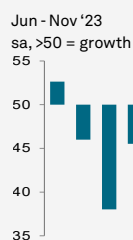
sa, >50 = growth since previous month



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

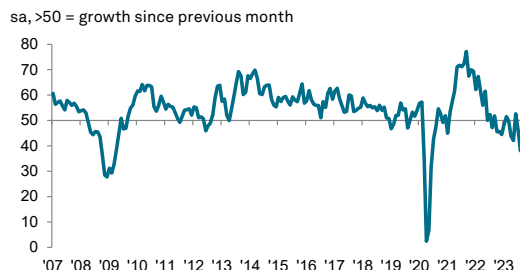


Permanent staff appointments decline for the fifth month running

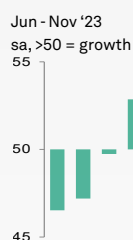
Permanent staff placements across the North of England fell again in November, extending the current sequence of decline to five months. Some recruitment consultancies mentioned that employers were hesitant to commit to new staff, therefore making staff appointments more difficult. That said, the rate of decline was the softest in five months and modest overall.

The decrease in placements recorded in the North of England was much less severe than the drop seen at the UK-level, largely due to rapid falls in London and across the South of England.

Permanent Placements Index



Temporary Billings Index

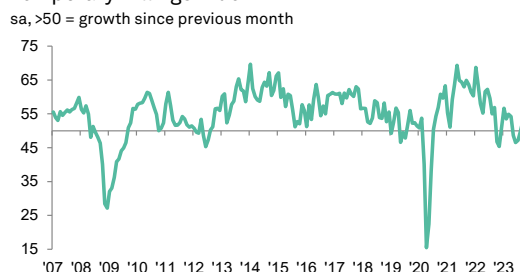


Temp billings move back into expansion territory

After a month of contraction in October, the seasonally adjusted Temporary Billings Index registered above the 50.0 no-change mark to indicate a rise in billings received in November. The increase was attributed to improved temp availability and firmer demand for short-term staff, according to anecdotal evidence. The expansion was only mild, however.

Of the four monitored English regions, the Midlands was the only other area to register higher temp billings in November, with falls seen elsewhere.

Temporary Billings Index



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Nov-23	41.6	48.3	48.0	51.2

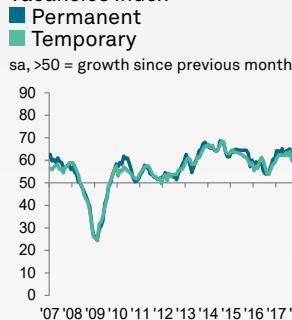
Job vacancies

November data indicated that the trend of increasing job openings in the North of England was sustained.

Although permanent job vacancies in the North of England rose further in November, contrasting with a decline at the national level, the rate of increase was the slowest since January 2021 and only marginal.

Temp job opportunities in the North of England meanwhile expanded modestly in November, with growth slightly quicker than that seen across the UK as a whole.

Vacancies Index



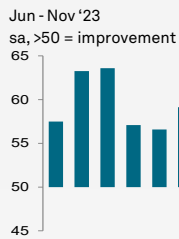
sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Nov-23	49.0	51.1	51.7	52.5

2 Staff availability

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

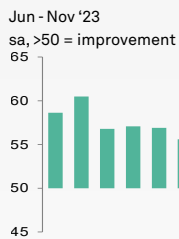
Permanent Staff Availability Index



Strongest rise in permanent staff availability in three months

Recruiters in the North of England registered an improvement in permanent staff supply during November. Redundancies and greater numbers of workers looking for permanent roles led to higher permanent staff availability, according to panellists. The pace of expansion was rapid, having accelerated to the fastest in three months. That said, the North of England recorded the weakest rise in permanent candidate numbers of all four monitored English regions.

Temporary Staff Availability Index

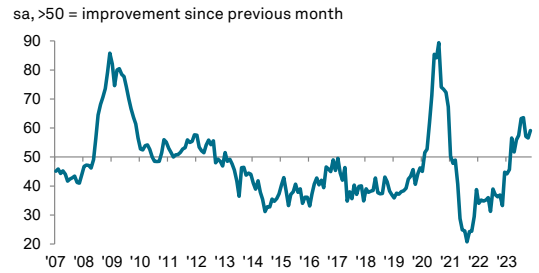


Softest increase in temp staff supply since April

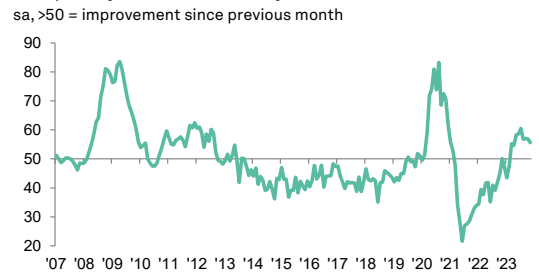
November data pointed to a ninth monthly increase in temp candidate numbers across the North of England. Panellists often attributed the improvement to an increased willingness to carry out temp work and fewer projects among clients. Although strong, the rate of growth slowed on the month to the softest since April.

In line with the trend seen for permanent availability, the North of England saw the slowest rise in temp candidate supply of all four monitored English regions.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Nov-23	62.0	59.1	59.8	55.6

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial ACCA Accountants Auditors CIMA Credit Controllers Finance Payroll Purchase Ledger Taxation	Engineers Executive/Professional Digital Marketing Human Resources Marketing	Content Writers Customer Service Sales Teachers
Blue Collar Production Warehouse	IT/Computing Data Professionals Digital IT Software Design Technology	
Construction Construction CE&I	Retail E-commerce	
Engineering Design Engineers	Secretarial/Clerical Administration	
	Other Account Managers	

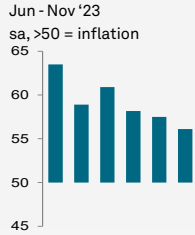
Skills in short supply: Temporary staff

Accounting/Financial Accountants Auditors Credit Controllers Management Accountants Purchase Ledger	Secretarial/Clerical Administration Business Support HR Administration Receptionist Sales Administration Transport Administrators
Blue Collar Operatives Warehouse	Other Customer Services
Engineering Engineers	
Executive Professionals Specialist Functions	
IT/Computing IT Helpdesk Support 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



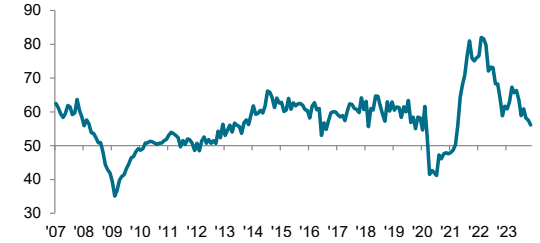
Growth of starting salaries falls to 31-month low

Recruiters based in the North of England signalled an increase in starting salaries in November, thereby extending the current period of pay growth which began in March 2021. Survey respondents linked the rise to competition for suitably-skilled staff, with employers offering higher salaries to attract top talent.

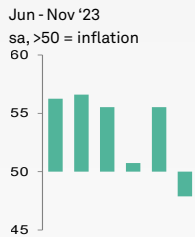
Although marked and broadly in line with the UK average, the rise in starting salaries was the weakest since April 2021.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index



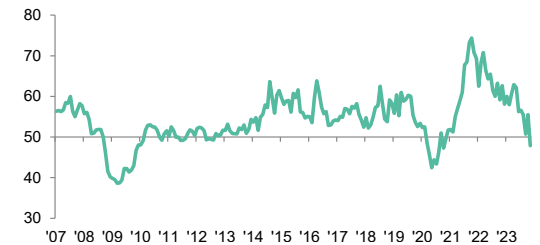
Temp wages fall for the first time in three years

Recruitment consultancies in the North of England registered a decline in hourly wages for temp staff in November, after having recorded increases in each of the prior 35 months. The rate of reduction was the most pronounced since October 2020, albeit moderate overall.

Notably, the North of England was the only monitored English region to report a decrease in temp pay in November.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	North	UK	North
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
Nov-23	56.0	56.1	52.2	47.9

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

Permanent placements in the UK decreased at a sharp and accelerated pace in November, with the rate of contraction the most marked in three months. The overall decline was driven by a severe reduction in permanent placements in London. Meanwhile, the Midlands bucked the wider trend and posted an increase in permanent placements.

The UK also registered a reduction in temporary billings during November, thereby ending a two-month sequence of expansion. That said, the fall in temporary billings was much softer than that seen for permanent placements as growth was signalled in the Midlands and North of England. The South of England posted the sharpest reduction in temp billings.

Candidate availability

With permanent placements falling, recruiters in the UK signalled a sharp increase in candidate availability midway through the final quarter. The rise in candidate numbers for permanent positions was the most pronounced since December 2020. Marked increases were seen across each of the four English regions.

Widespread increases in candidates for temporary positions were also signalled in November, led by London. The UK as a whole posted a marked rise in temporary candidate availability, and one that was the sharpest in just under three years.

Pay Pressures

Although permanent starting salaries continued to increase in the UK during November, the pace of inflation eased for the seventh consecutive month and was the softest since March 2021. London posted the fastest rise in permanent pay pressures, with the softest increase in the South of England.

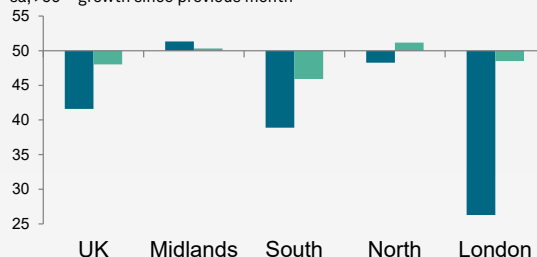
A softer pace of inflation for temporary wages was also recorded in November. The latest increase was the weakest in the current 33-month sequence of rising pay rates for short-term staff. The strongest increase in pay for temps was registered in London, while the North of England was the only English region to signal a drop in wages.

November 2023

■ Permanent
■ Temporary

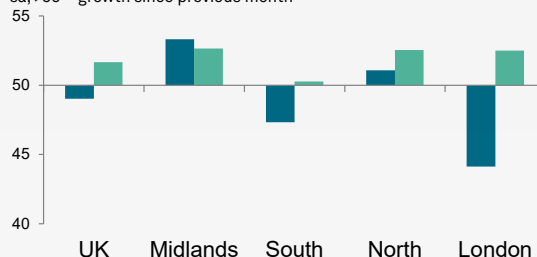
Staff Appointments

sa, >50 = growth since previous month



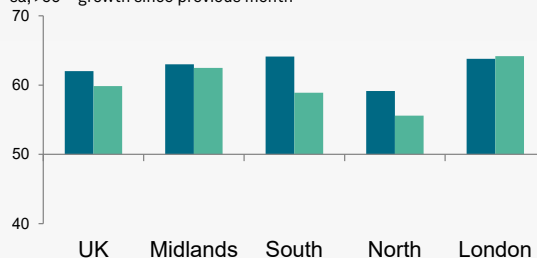
Vacancies

sa, >50 = growth since previous month



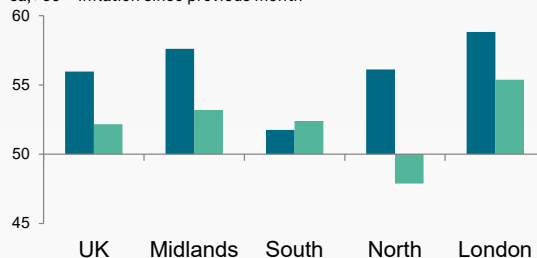
Staff Availability

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@spglobal.com.

Survey Dates

Data were collected 9-24 November 2023.

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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.

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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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