

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

Labour market downturn worsens in May as both permanent placements and temp billings fall

42.1

PERMANENT PLACEMENTS INDEX
MAY '23

48.6

TEMPORARY BILLINGS INDEX
MAY '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 staff appointments and temp billings both fall in May

Job vacancy growth slows and candidate availability rises

Pay pressures stay elevated despite cooling jobs market

Warren Middleton, Office Senior Partner at KPMG in Manchester, said:

“The latest findings reflect mutual hesitation from both businesses and prospective candidates here in the North as inflationary pressures continue to bite for all. This has resulted in the sharpest drop-off in permanent appointments across the region since the early stages of the pandemic back in June 2020, with temporary placements also now in decline for the first time in six months.

“We are seeing some green shoots, however, with the availability of those looking for permanent roles on the rise for a third consecutive month. Both parties will be hoping supply and demand marry up soon to help reverse the recent downturn before it gets any worse.”

Neil Carberry, Chief Executive of the REC, said:

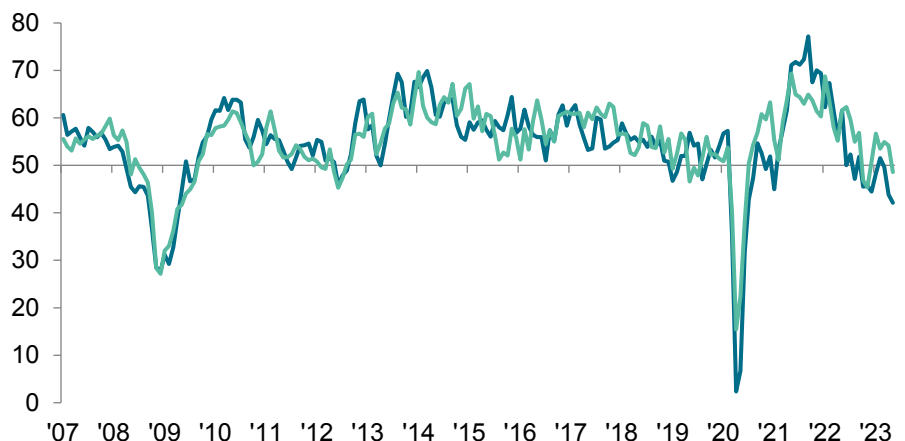
“We’ve been hearing more and more about differences between sectors in hiring rates over the past few months, and today’s data really highlights this. Permanent hiring is declining from the sugar rush of 2022, but the story can vary widely across different businesses as their economic outlook remains unclear.

“For hiring businesses, greater candidate availability will help resolves shortages, though inflation means wage growth remains high. In addition, candidates may have to change sectors in their job search, so there is not an automatic increase in candidate supply for shortage roles. All of this puts a premium on getting our response right as businesses – looking at skills development and widening the net of places that firms look for candidates. Recruiters can help with this.

“Government can play its part, too. Proper reform of the Apprenticeship Levy to deliver more flexible and effective training options could help speed sector-to-sector transfers, as could greater use of temporary working to help candidates get a start. Regulation also needs to treat temporary work as a positive option – not a second choice.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

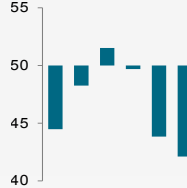


1 Staff appointments

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

Dec '22 - May '23
sa, >50 = growth



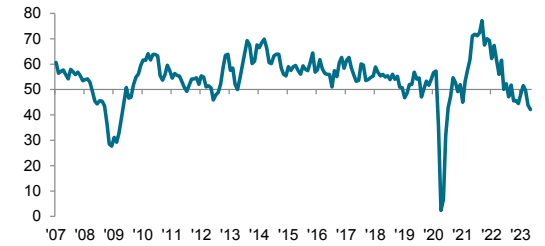
Downturn in permanent placements worsens in May

The latest survey data revealed a third consecutive decline in the number of permanent placements by recruitment agencies across the North of England in May. Furthermore, the rate of decline was sharp and the quickest in almost three years.

Hesitancy among both clients and candidates contributed to the reduction, anecdotal evidence showed.

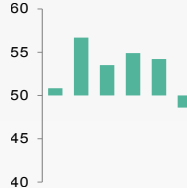
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Dec '22 - May '23
sa, >50 = growth



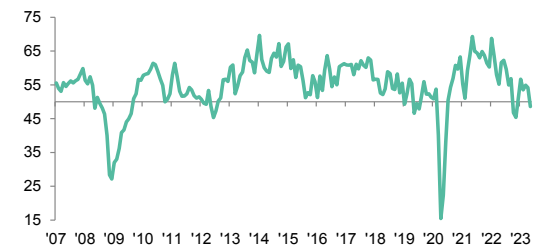
Billings for short-term staff fall for first time in six months

Surveyed recruiters in the North of England registered the first decline in billings received from the employment of temporary workers in six months during May, as evidenced by the respective seasonally adjusted index dipping into sub-50.0 contraction territory. This contrasted with a sustained, albeit only marginal, expansion for the UK overall.

Falling client demand was reported by panellists as a key reason for the drop in temporary billings.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Dec-22	44.5	44.5	51.6	50.8
Jan-23	46.8	48.3	52.3	56.7
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

Job vacancies

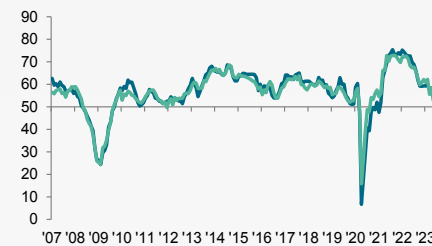
Job vacancy growth across the North of England slowed during May, with job openings for both permanent and temporary positions rising at softer rates when compared to April.

Permanent vacancy growth, albeit still sharp, slowed to a 27-month low. Meanwhile, after accelerating in the prior month, the latest survey data pointed to a modest rise in demand for fixed-term staff that was the weakest since September 2020.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

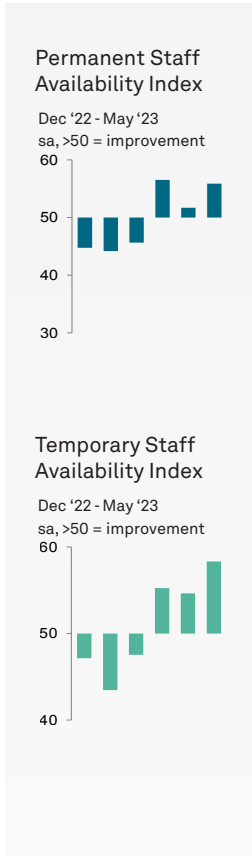


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Dec-22	52.9	59.3	56.8	62.1
Jan-23	54.5	59.3	56.1	60.9
Feb-23	55.6	59.8	55.8	62.3
Mar-23	55.5	57.6	52.3	55.5
Apr-23	54.6	57.5	55.1	58.6
May-23	53.6	57.3	51.0	52.6

2 Staff availability

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



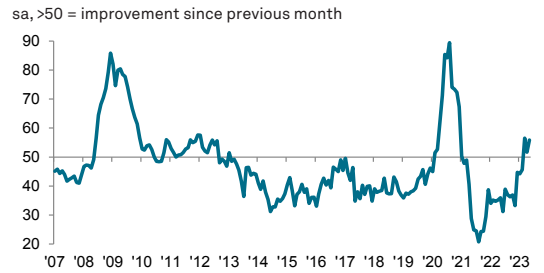
Permanent staff supply improves for third successive month

The availability of candidates for permanent roles in the North of England continued to improve during May, marking a third successive month in which supply has risen. The uplift in availability was strong and only marginally weaker than March's 27-month record. Redundancies was cited as a factor boosting candidate numbers.

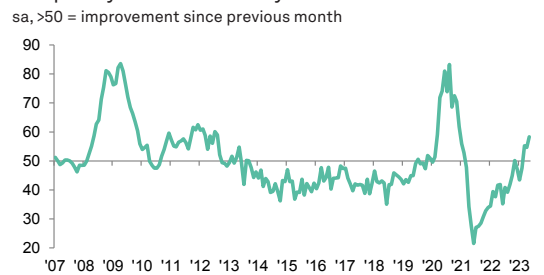
Quickest rise in temporary staff availability since December 2020

Amid reports of a lack of work across the market, layoffs and an uplift in applications at recruiters, May survey data signalled the fastest increase in temporary candidate numbers since December 2020 across the North of England. The expansion was the strongest seen of the four monitored English regions for a third consecutive month.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Dec-22	45.8	44.8	47.5	47.1
Jan-23	46.2	44.2	47.1	43.5
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

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accountants Accounts Payable Auditors Credit Controllers Finance Payroll Taxation	Legal Marketing Project Managers Hotel/Catering Hospitality IT/Computing IT Technology Nursing/Medical/Care Healthcare Assistants Secretarial/Clerical Administration Retail E-commerce Other All Types of Candidates Buyers	Commercial Customer Service Sales Skilled Stock Controllers
--	--	---

Skills in short supply: Temporary staff

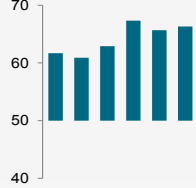
Accounting/Financial Accountants Finance Blue Collar Blue Collar Drivers Warehouse Construction Brick Layers Quantity Surveyors Engineering Engineers IT/Computing Technology IT Nursing/Medical/Care Carers	Support Workers Other All Types of Candidates
--	---

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

Dec '22 - May '23
sa, >50 = inflation



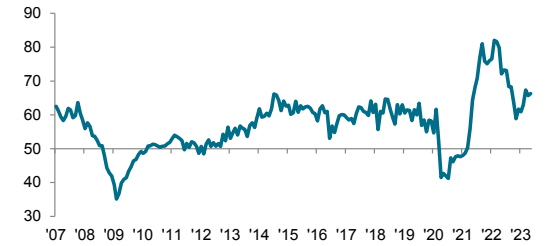
Permanent salary inflation remains historically steep

Salaries awarded to new permanent joiners in the North of England continued to rise at a steep pace in May, with the rate of inflation even ticking slightly higher since April. In fact, compared to the other three monitored regions, the rise in pay across the North of England was by far the strongest.

According to surveyed recruiters, inflation and efforts by firms to attract highly-skilled workers drove starting salaries higher.

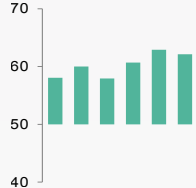
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

Dec '22 - May '23
sa, >50 = inflation

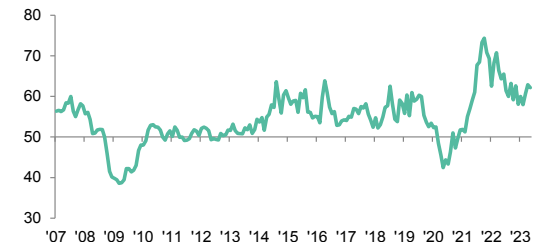


Hourly pay rates rise sharply once again in May

Recruitment consultancies across the North of England registered another sharp monthly rise in wages for temporary workers during May. The rate of increase was down only slightly from April's seven-month high and was once again the quickest of the four monitored English regions.

Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

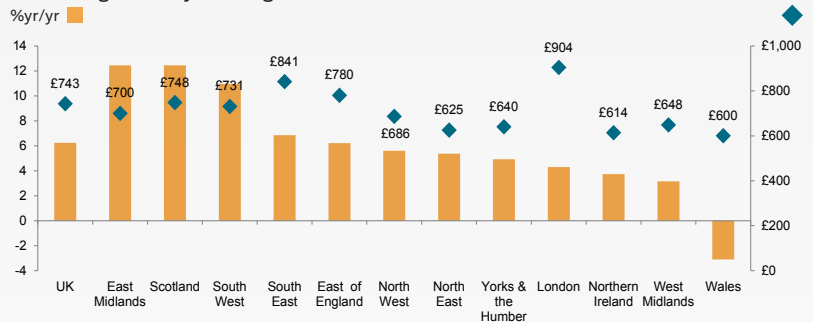
	Permanent		Temporary	
	UK	North	UK	North
Dec-22	61.9	61.7	56.8	58.1
Jan-23	60.8	60.9	61.1	60.0
Feb-23	61.3	62.9	57.6	57.9
Mar-23	61.1	67.3	57.5	60.7
Apr-23	61.4	65.7	57.9	62.9
May-23	59.6	66.3	57.4	62.1

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.

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 eighth month running in May. The rate of decline strengthened from April and was the joint-strongest since June 2020. All four monitored English regions registered a drop in permanent staff appointments, with the quickest reduction seen in London.

In contrast, temporary billings continued to rise across the UK, the thirty-fourth successive month in which that has been the case. The rate of expansion was only slight, however, and the softest since last October. Both London and the South of England saw further upticks in May, while there was a renewed decline in the North of England. The strongest decrease was noted in the Midlands.

Candidate availability

The availability of staff for permanent roles across the UK increased in May, extending the current sequence of growth to three months. The rate of accumulation was steep and the sharpest recorded since December 2020. All four monitored English regions saw an uptick in permanent staff supply, the sharpest of which was recorded in London.

At the national level, the number of temporary candidates rose at a moderate rate that was the quickest for 27 months. For the first time since February 2021, all four of the monitored English regions saw temp staff availability increase, with the North of England seeing the strongest upturn, closely followed by London.

Pay Pressures

Average starting pay for permanent new joiners in the UK continued to increase during May, thereby stretching the current sequence of inflation to 27 months. The rate of growth slipped to the lowest since April 2021, but remained marked overall. On a regional basis, the steepest increase in starting salaries was seen in the North of England, followed closely by the Midlands. The softest increase was recorded in London.

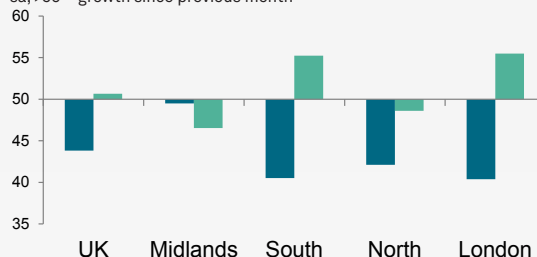
Latest survey data pointed to a further rise in temp wages across the UK in May. Notably, the latest increase in short-term pay was the slowest since April 2021. All four monitored English regions saw a sustained increase in temp wage inflation, with the strongest rise recorded in the North of England while the slowest increase was seen in London.

May 2023

■ Permanent
■ Temporary

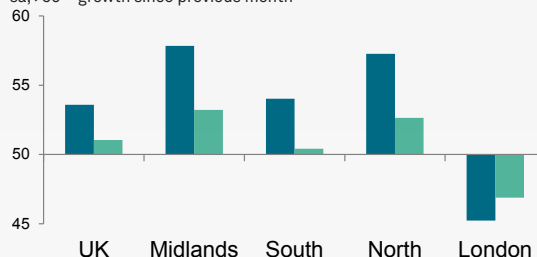
Staff Appointments

sa, >50 = growth since previous month



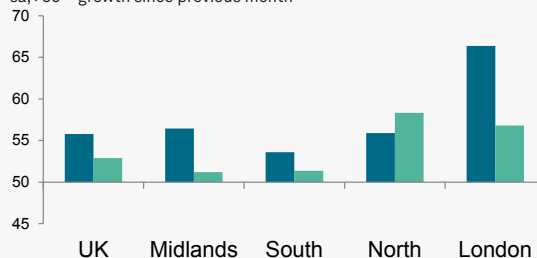
Vacancies

sa, >50 = growth since previous month



Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Tanya Holden
Deputy Head of Media Relations
+44 (0) 7874 888656
tanya.holden@kpmg.co.uk

REC

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

S&P Global

Joe Hayes
Senior Economist
S&P Global Market Intelligence
T: +44 1344 328 099
joe.hayes@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@ihsmarkit.com.

Survey Dates

Data were collected 11-24 May 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 22 offices across the UK with approximately 15,300 partners and staff. The UK firm recorded a revenue of £2.43 billion in the year ended 30 September 2021.

KPMG is a global organization of independent professional services firms providing Audit, Legal, Tax and Advisory services. It operates in 145 countries and territories with more than 236,000 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.

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