

Embargoed until 0001 (UK) 10 July 2023

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

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### Modest upturn in permanent placements contrasts with deepening temp jobs downturn

#### Key findings

Permanent placements rise for first time since February...

...but temp billings decrease at stronger rate

Pay pressures cool as staff availability improves

Data collected 12-26 June

#### Summary

After falling at the sharpest pace in nearly three years during May, the latest KPMG and REC, UK Report on Jobs: North of England survey signalled a modest upturn in permanent placements at the end of the second quarter. This compared to the UK-wide average, which indicated an eighth successive monthly reduction in permanent staff appointments. On the other hand, a sustained decline in temp billings was registered, with the decrease its quickest since last November.

Notably, there was a continued improvement in the availability of candidates for both permanent and temporary roles in the North of England, with both rising to the greatest extents since December 2020. Pay pressures subsequently eased.

The KPMG and REC, UK Report on Jobs: North of England is compiled by S&P Global from responses to questionnaires sent to around 150 recruitment and employment consultancies in the North of England.

#### Permanent placements return to growth in June

Having fallen at the most rapid pace in almost three years in May, permanent staff appointments across the North of England rose slightly in June, rising for the first time since February. Moreover, the rate of growth was the quickest in just over a year. According to survey

respondents, increased clients and an improvement in demand for staff underpinned the upturn.

The North of England bucked the trend seen for the UK as a whole, which signalled contraction, and contrasted markedly with declines seen in the other monitored parts of England.

The seasonally adjusted Temporary Billings Index moved further below the 50.0 mark in June, signalling a sustained and faster contraction in billings received by recruiters in the North of England for short-term workers. The decrease was solid and the fastest since last November.

The picture was the total reverse of that seen in permanent placements as a contraction in temp billings across the North of England contrasted with expansions seen in the other monitored areas of the England.

There was an improvement in job vacancy growth across the North of England during the latest survey period.

Permanent job openings rose at a strong pace that accelerated slightly to the quickest in four months in June. The North of England also recorded the quickest rise in permanent staff demand of the monitored English regions.

Temporary job vacancies across the North of England also rose at a quicker pace in June that outpaced the UK average.

#### Strongest rise in permanent staff supply for two-and-a-half years

The seasonally adjusted Permanent Staff Availability Index increased further above the 50.0 no-change threshold in June, signalling the best improvement in permanent labour supply across the North of England since December 2020. According to anecdotal evidence, candidates were reportedly showing a greater

willingness to search for new work.

June survey data signalled a fourth consecutive monthly improvement in the availability of staff for temporary roles. Moreover, the increase was sharp and the strongest in two-and-a-half years. The Midlands was the only monitored English region to see a quicker upturn than the North of England. Some panellists linked redundancies to the rise in temporary labour supply.

### **Starting salary inflation remains steep but slows to four-month low**

Salaries awarded to new permanent joiners across the North of England rose sharply again in June, outpacing that seen across the other monitored English regions by a considerable margin once again. Where an increase in pay was recorded, this was attributed to inflation and efforts to attract skilled candidates. That said, the rise in permanent salaries was the weakest in four months.

The seasonally adjusted Temporary Wages Index posted above the 50.0 no-change mark in June, indicating a further rise in hourly pay rates for short-term staff in the North of England. The increase was broadly in line with that seen across the UK as a whole, with London being the only monitored English region to see a faster uplift in wages.

### **Comments**

Jennifer Lee, Office Senior Partner at KPMG in Liverpool, said:

“The jobs market in the North has bounced back after a torrid start to the year. The rebound has been spurred by a loosening in conditions as candidates are tempted to seek new opportunities. This will be a relief for many employers who have been left frustrated when trying to fill vacancies.

“While greater movement in the market could be considered a headache for HR teams trying to pin down staff, the modest increase in new temporary and permanent positions may point to improving confidence of management teams to grow. Of course, as inflationary pressures and economic instability continue to stalk business community right across the country, we’ll need to see whether these trends stretch beyond the summer before calling this a recovery.”

Neil Carberry, Chief Executive of the REC, said:

*“While the rest of England is at risk of seeing an element of Groundhog Day in June hiring, with permanent billing weak and firms still turning to temporary staff in the face of uncertainty, the North of England is witnessing a different outlook with permanent staff appointments rising for the first time since February and the quickest fall in temp billings since last November.*

*“But there was similarity with the rest of the UK in the shadows of the headline data. There was a significant step up in the number of candidates looking for a new permanent or temporary role. This is likely driven by people reacting to high inflation by stepping up their job search, and by some firms reshaping their businesses in a period of low growth. It’s no surprise, therefore that the rate at which wages are rising is cooling as in much of the UK.*

*“Despite these trends, the labour market remains very tight. There are still broad skills shortages, with accountancy, construction and nursing among those sectors struggling to find and retain workers. This is despite the supply of candidates across the UK job market having risen for four consecutive months.*

*“The growth in vacancies for staff in blue-collar jobs and for permanent positions in retail in the North and for hospitality & catering roles across the UK, suggest businesses anticipate that people are still prepared to spend their wages on goods and services despite the fall in their purchasing power and the wider cost-of-living crisis. This is backed by anecdotes from REC members noting that the warm weather in June was a significant driver of demand.*

*“Long-term progress rests on the UK being a great place to invest. A strong industrial strategy with people at its heart would help overcome labour and skills shortages, acknowledging the wide range of choices that people have about how they work. Progress should start with action on skills and immigration, but also accelerating steps on childcare, transport and back-to-work support, as set out in the REC’s Overcoming Shortages report.”*

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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).

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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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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