

Q2 HR BULLETIN

MAKEuk **INSIGHT:**

The numbers on recruitment and pay continue to show a softening of the market across manufacturing in Q2 of 2024.

Recruitment pressures have eased slightly again, continuing the trend of recent months with more manufacturers successfully recruiting to fill their vacancies. While skills challenges remain persistently high, more manufacturers are filling at least most of their vacancies now compared to any point since the end of 2022.

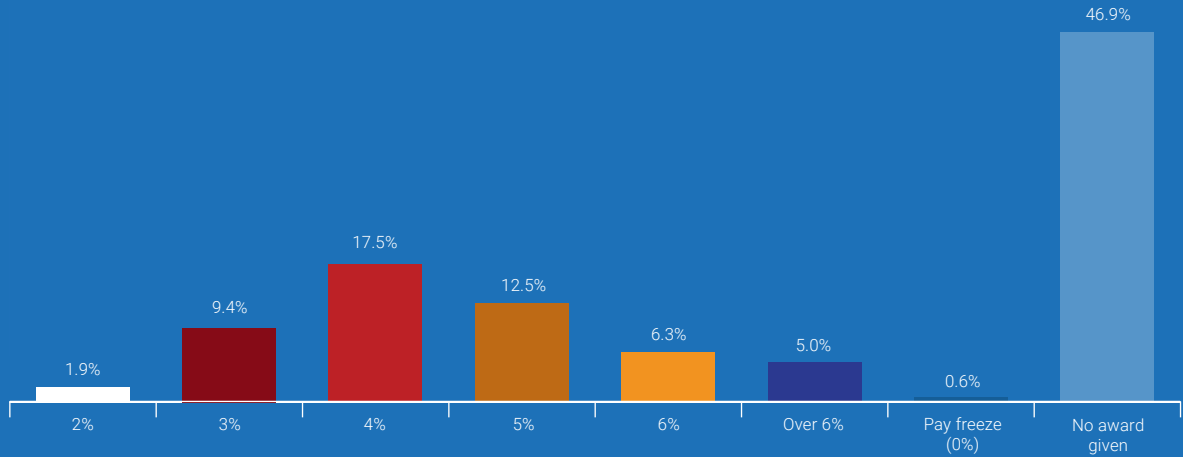
Against this backdrop, and with lower inflation, pay settlement data also shows that pay pressures are beginning to let up slightly, with settlements now averaging around 4% - again, the lowest since the end of 2022.

However, manufacturers are also facing the challenge of major increases to the National Living Wage and National Minimum Wage rates this month – a 9.8% increase in the main rate at the same time the eligibility widens to include those aged 21 and over.

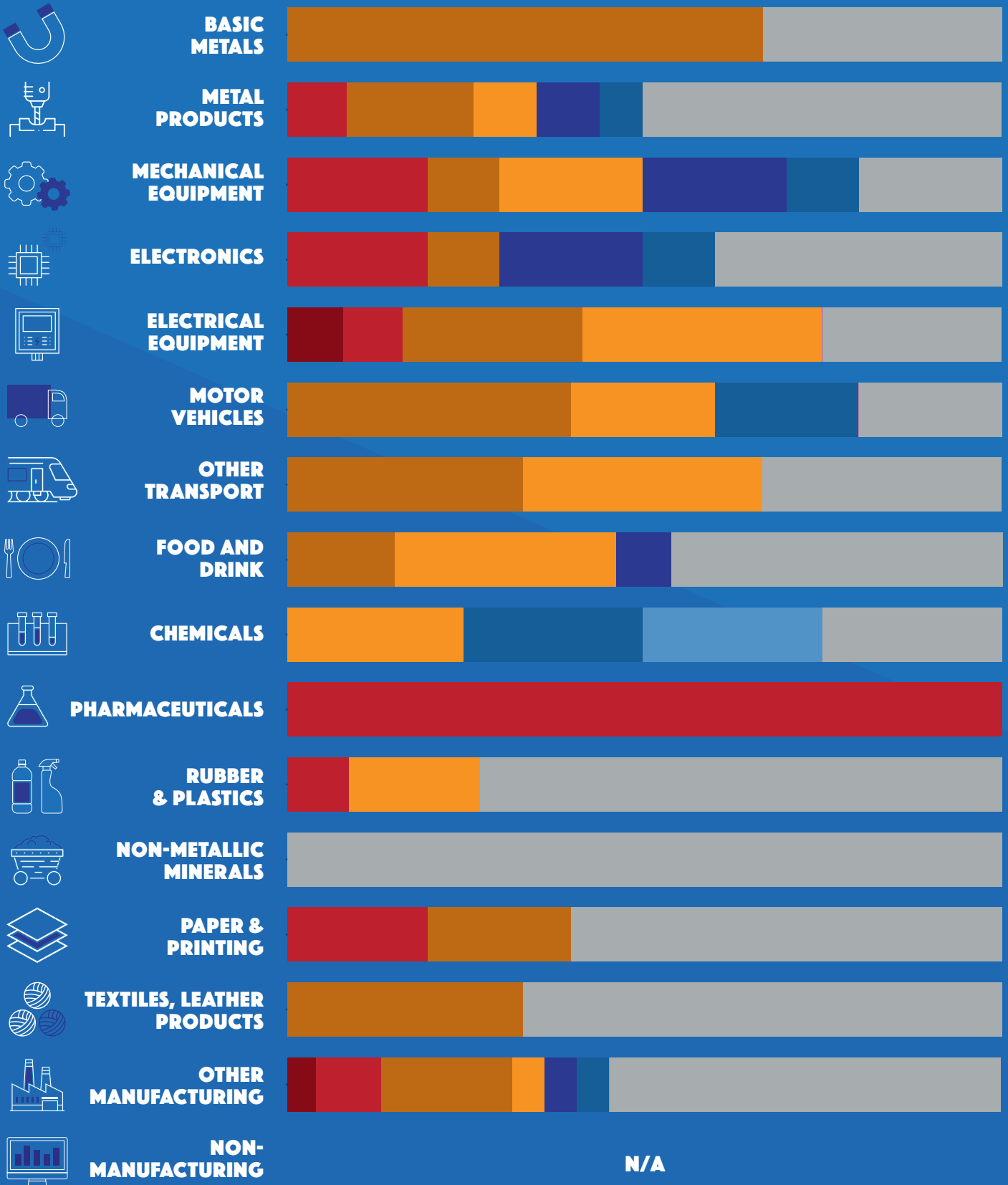
As consultation begins on how these will change next year – and in future years – we look at how manufacturers are responding in our Q2 topic in focus.

LATEST PAY SETTLEMENT DATA

IF YOU HAVE AGREED A PAY SETTLEMENT IN THE LAST 3 MONTHS, AT WHAT LEVEL HAVE YOU SETTLED?

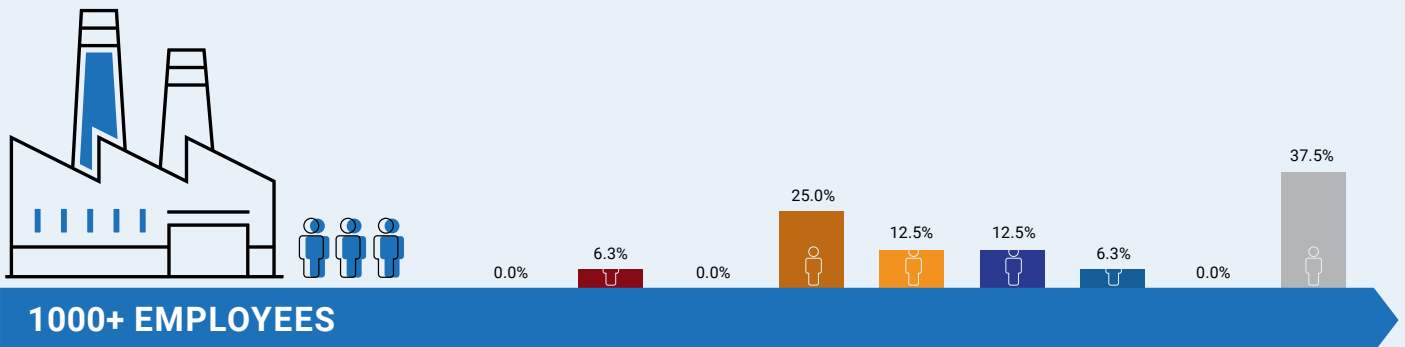
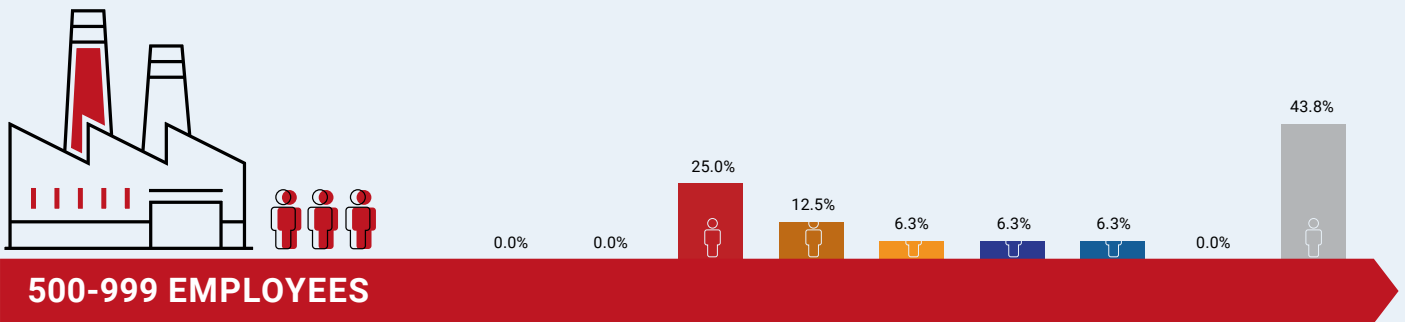
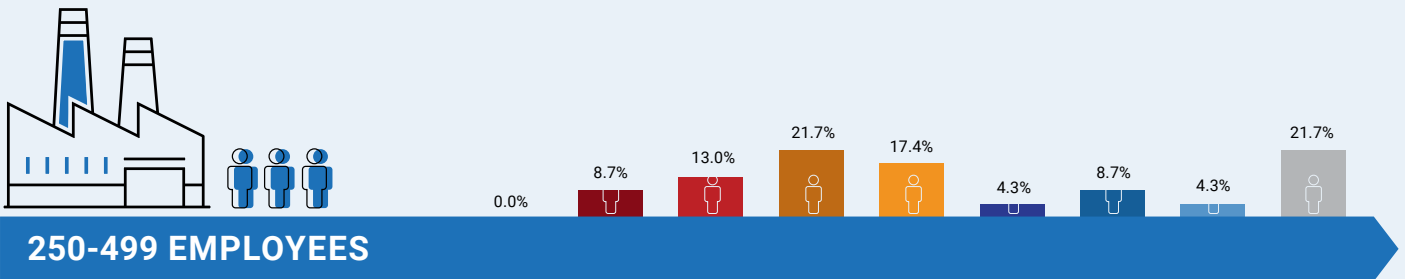
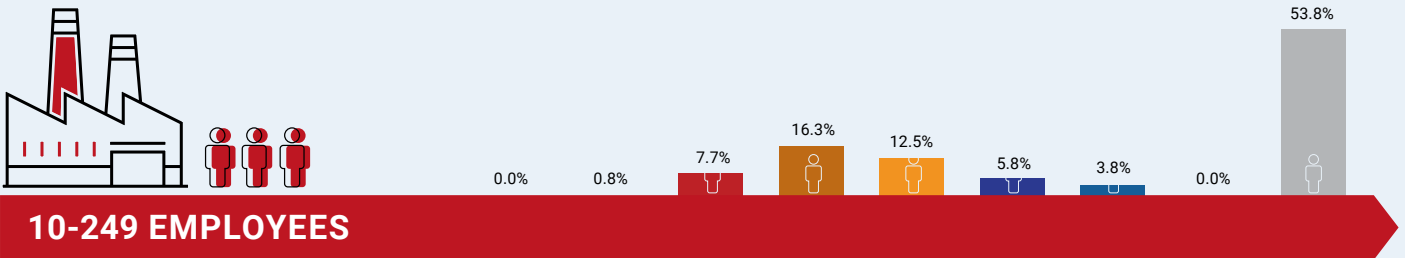
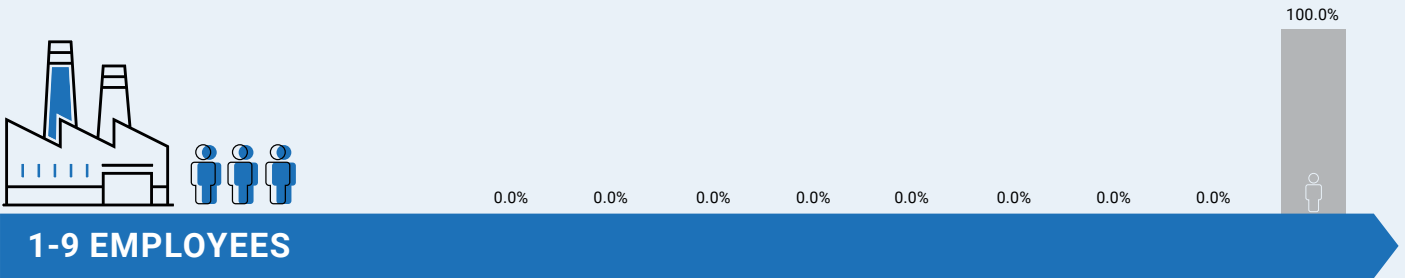


LATEST PAY SETTLEMENT DATA BY SECTOR

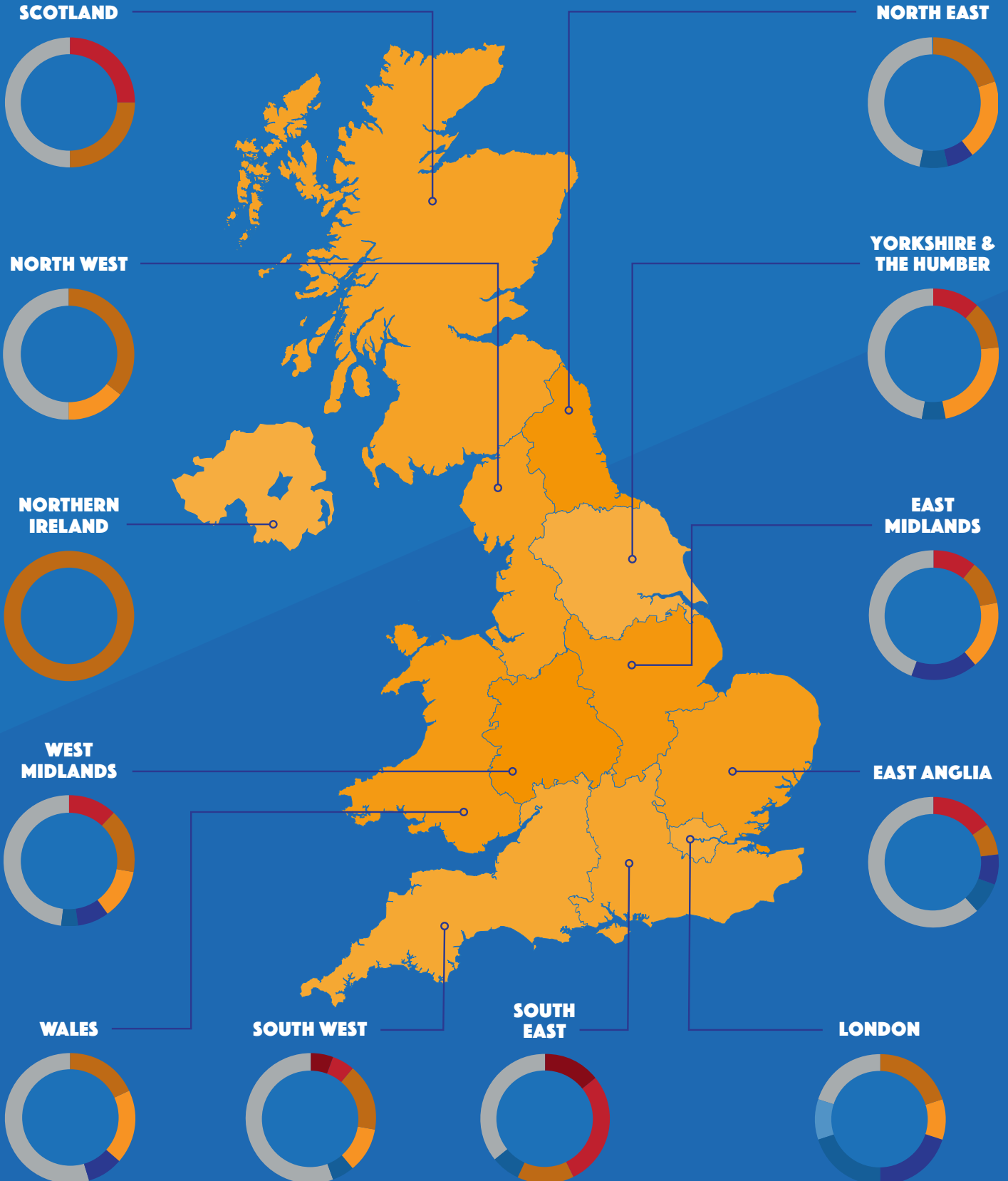


LATEST PAY SETTLEMENT DATA BY COMPANY SIZE (BY EMPLOYEE NUMBER)

1% 2% 3% 4% 5% 6% OVER 6% NO AWARD GIVEN N/A



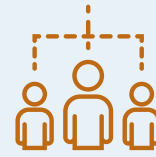
LATEST PAY SETTLEMENT DATA BY REGION



RECRUITMENT OUTLOOK



83% OF MANUFACTURERS HAVE ATTEMPTED TO RECRUIT NEW STAFF IN THE LAST QUARTER – SIGNIFICANTLY MORE THAN THE PREVIOUS THREE MONTHS, BUT AROUND THE SAME LEVEL AS THE SAME POINT IN 2023

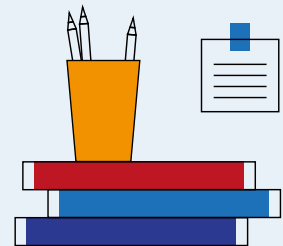
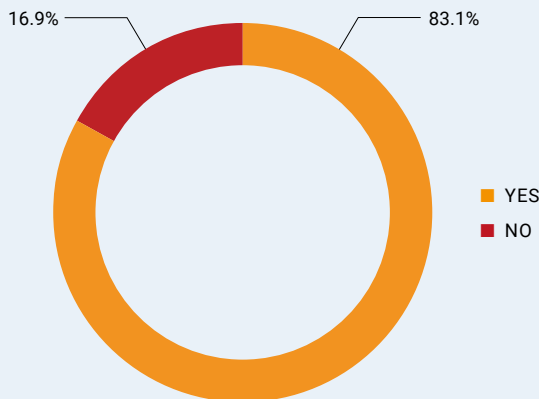


TWO THIRDS OF FIRMS HAVE FILLED AT LEAST MOST OF THEIR VACANCIES IN THIS PERIOD, SHOWING A MUCH IMPROVED PICTURE OF RECRUITMENT SUCCESS



LACK OF TECHNICAL SKILLS REMAINS THE BIGGEST CHALLENGE TO SUCCESSFUL RECRUITMENT – A LACK OF THE RIGHT QUALIFICATIONS HAS INCREASED TO BECOME THE SECOND BIGGEST RECRUITMENT BARRIER

HAVE YOU TRIED TO RECRUIT STAFF IN THE LAST 3 MONTHS?

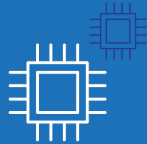


RECRUITMENT ATTEMPTS BY SECTOR



BASIC METALS

Yes 100.0%
No 0.0%



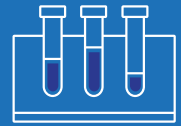
ELECTRONICS

Yes 90.0%
No 10.0%



TEXTILES

Yes 100.0%
No 0.0%



CHEMICALS

Yes 100.0%
No 0.0%



RUBBER & PLASTICS

Yes 81.8%
No 18.2%



ELECTRICAL EQUIPMENT

Yes 75.0%
No 25.0%



OTHER MANUFACTURING

Yes 81.8%
No 18.2%



NON-MANUFACTURING

Yes -
No -



PAPER & PRINTING

Yes 80.0%
No 20.0%



OTHER TRANSPORT

Yes 66.7%
No 33.3%



MECHANICAL EQUIPMENT

Yes 90.0%
No 10.0%



NON-METALLIC MINERALS

Yes 50.0%
No 50.0%



METAL PRODUCTS

Yes 79.4%
No 20.6%



FOOD AND DRINK

Yes 92.3%
No 7.7%



MOTOR VEHICLES

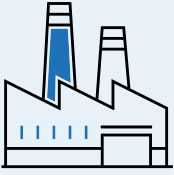
Yes 80.0%
No 20.0%



PHARMA-CEUTICALS

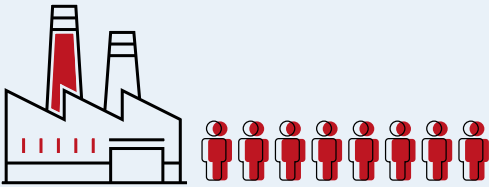
Yes 100.0%
No 0.0%

RECRUITMENT ATTEMPTS BY COMPANY SIZE (BY EMPLOYEE NUMBER)



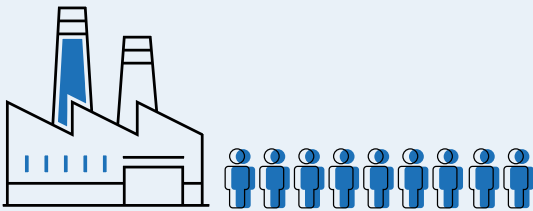
Yes 0.0%
No 100.0%

1-9 EMPLOYEES



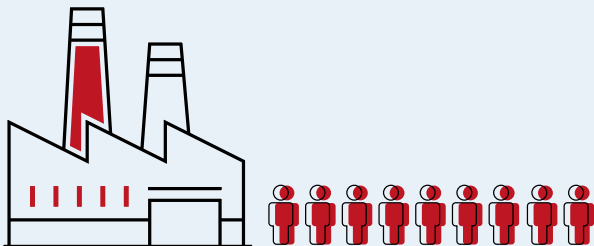
Yes 78.8%
No 21.2%

10-249 EMPLOYEES



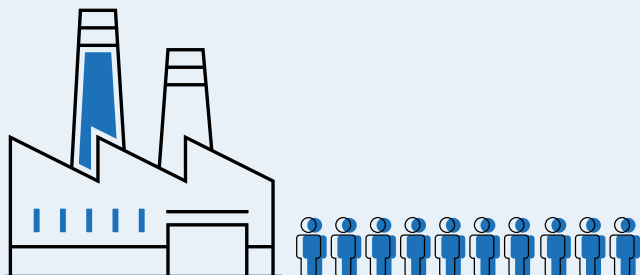
Yes 91.3%
No 8.7%

250-499 EMPLOYEES



Yes 87.5%
No 12.5%

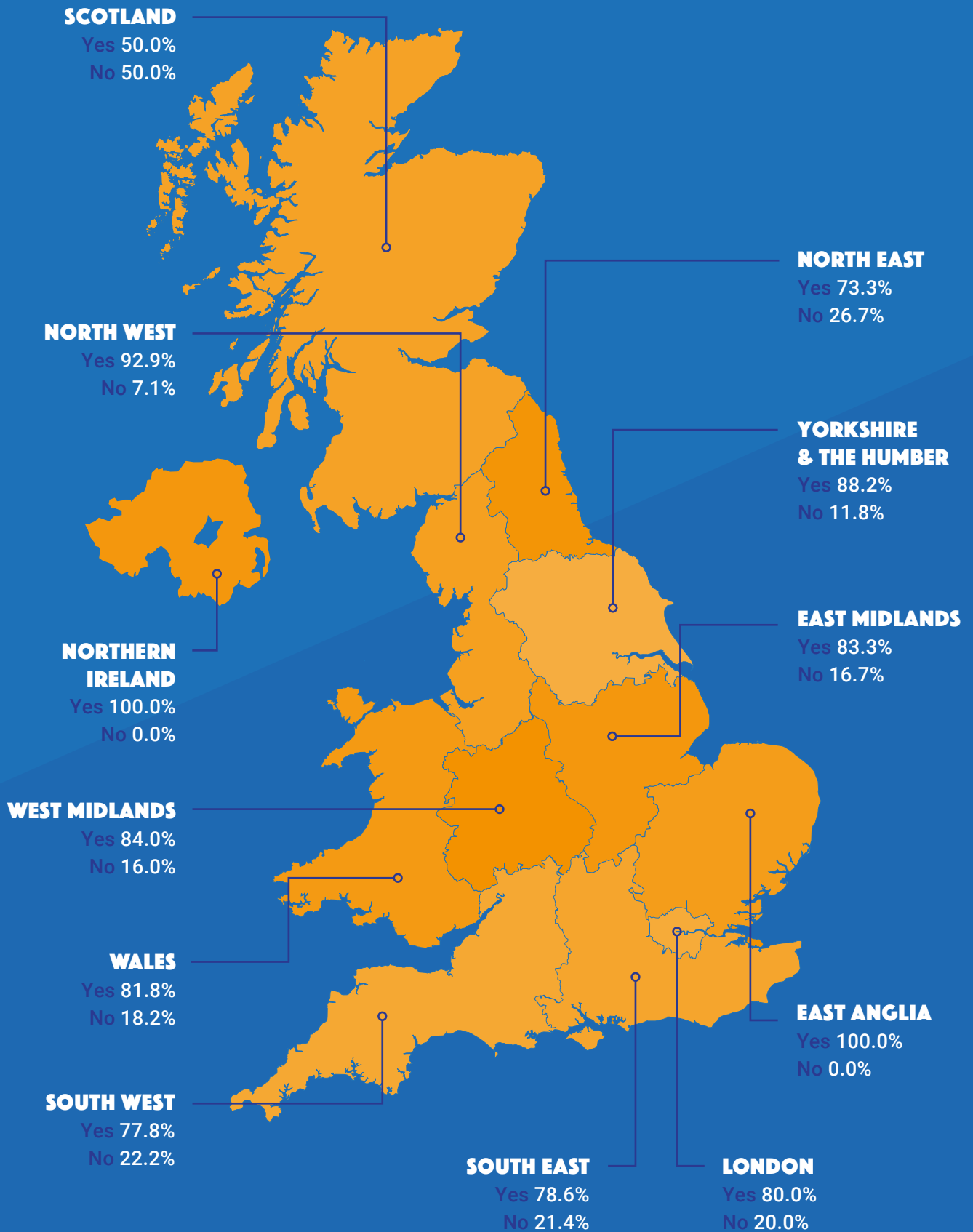
500-999 EMPLOYEES



Yes 100.0%
No 0.0%

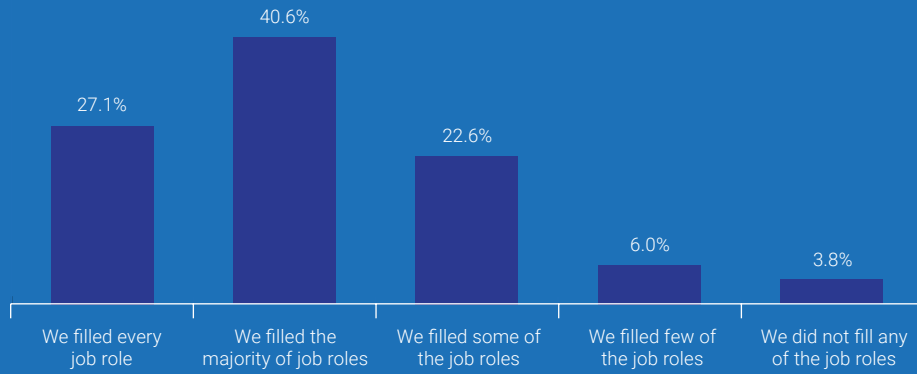
1000+ EMPLOYEES

RECRUITMENT ATTEMPTS BY REGION



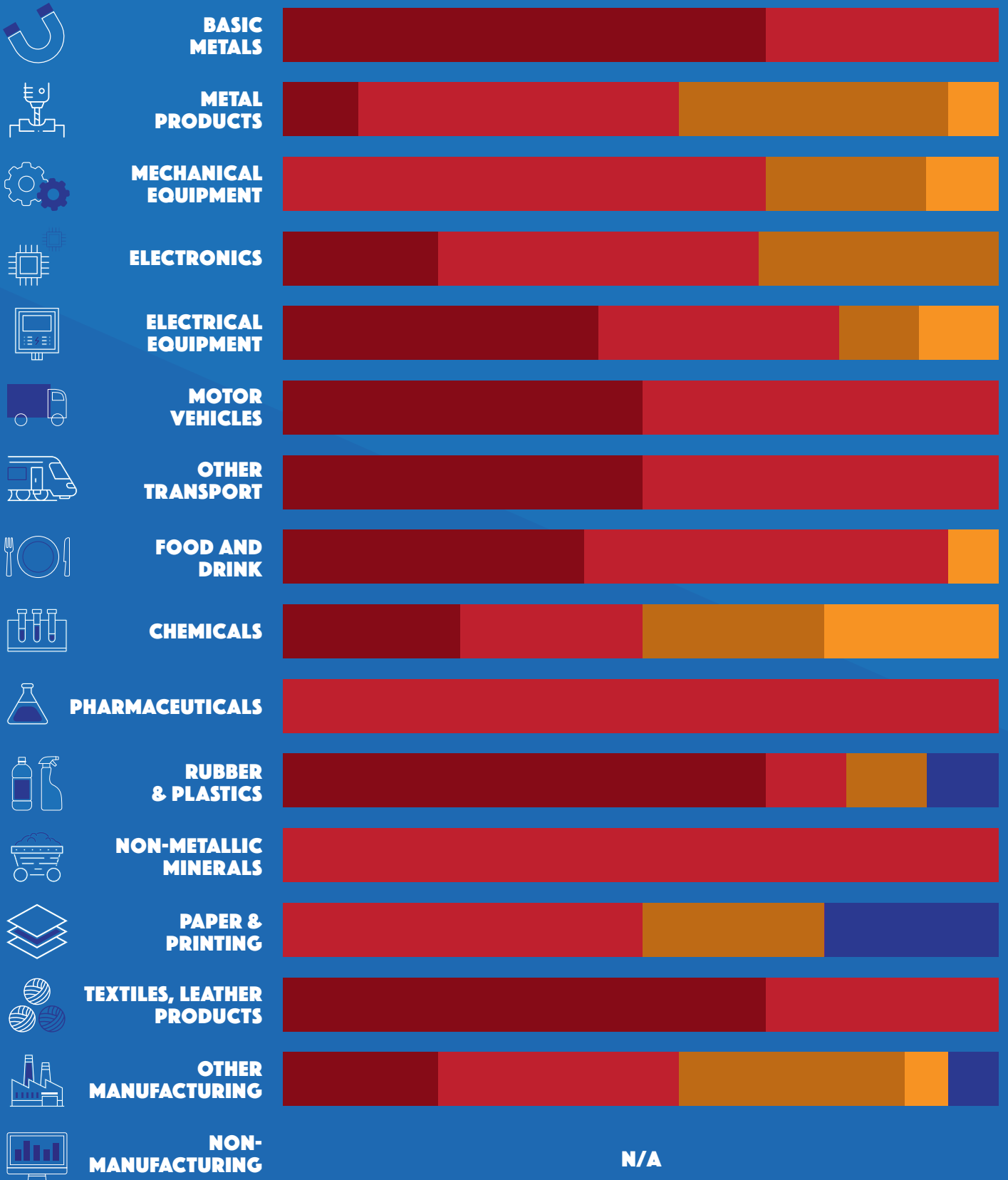
RECRUITMENT SUCCESS

TO WHAT EXTENT WERE YOU SUCCESSFUL IN RECRUITING FOR THESE ROLES?



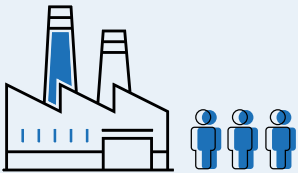
RECRUITMENT SUCCESS BY SECTOR

■ WE FILLED EVERY JOB ROLE
 ■ WE FILLED THE MAJORITY OF JOB ROLES
 ■ WE FILLED SOME OF THE JOB ROLES
 ■ WE FILLED FEW OF THE JOB ROLES
 ■ WE DID NOT FILL ANY OF THE JOB ROLES



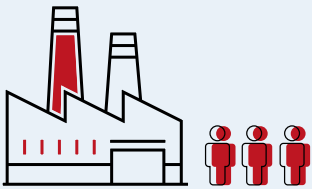
RECRUITMENT SUCCESS BY COMPANY SIZE (BY EMPLOYEE NUMBER)

■ WE FILLED EVERY JOB ROLE
 ■ WE FILLED THE MAJORITY OF JOB ROLES
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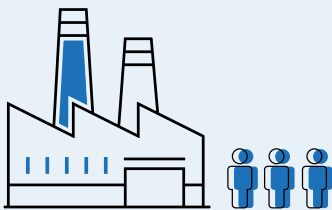
0.0% 0.0% 0.0% 0.0% 0.0%

1-9 EMPLOYEES



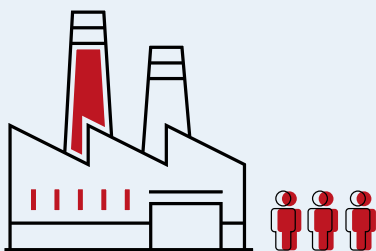
26.8% 34.1% 25.6% 7.3% 6.1%

10-249 EMPLOYEES



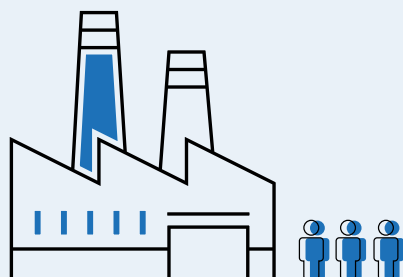
28.6% 52.4% 14.3% 4.8% 0.0%

250-499 EMPLOYEES



28.6% 42.9% 21.4% 7.1% 0.0%

500-999 EMPLOYEES

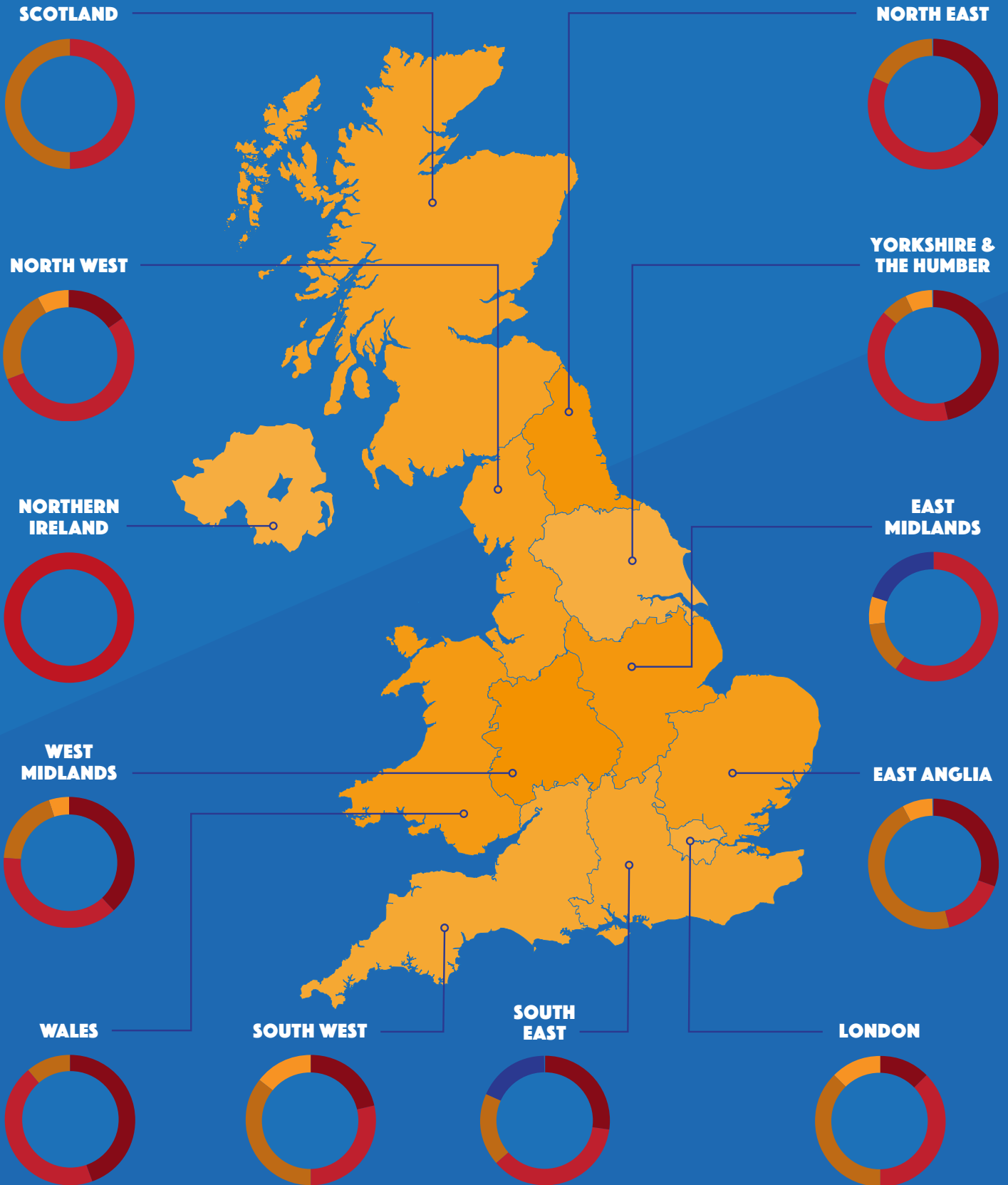


25.0% 56.3% 18.8% 0.0% 0.0%

1000+ EMPLOYEES

RECRUITMENT SUCCESS BY REGION

WE FILLED EVERY JOB ROLE WE FILLED THE MAJORITY OF JOB ROLES WE FILLED SOME OF JOB ROLES WE FILLED FEW OF THE JOB ROLES WE DID NOT FILL ANY OF THE JOB ROLES



RECRUITMENT BARRIERS

WHAT HAVE BEEN THE BIGGEST BARRIERS TO RECRUITMENT OVER THE LAST 3 MONTHS?

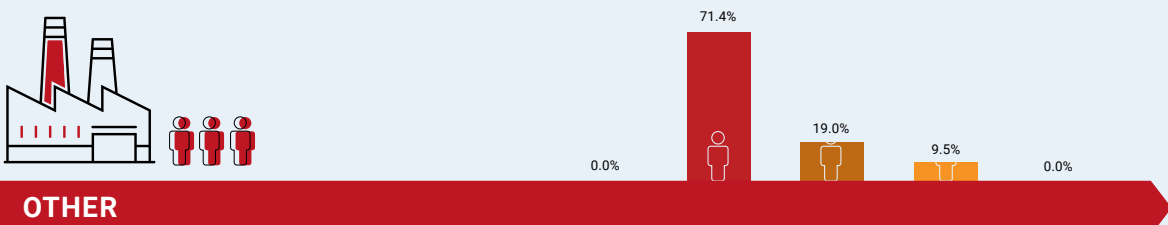
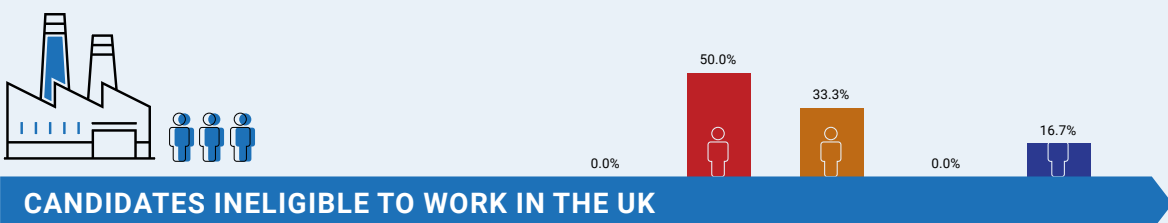
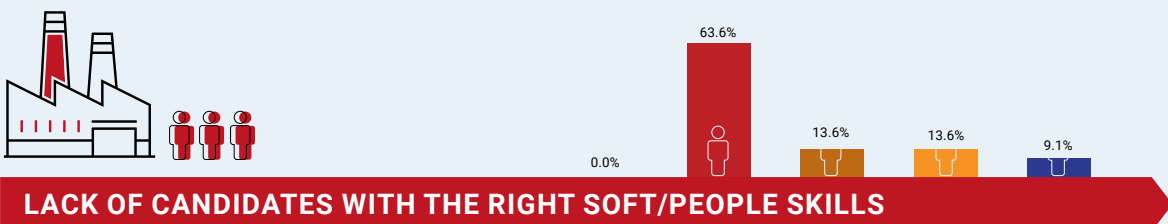
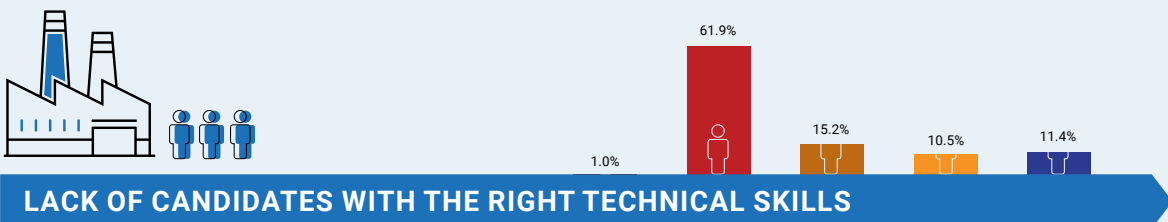
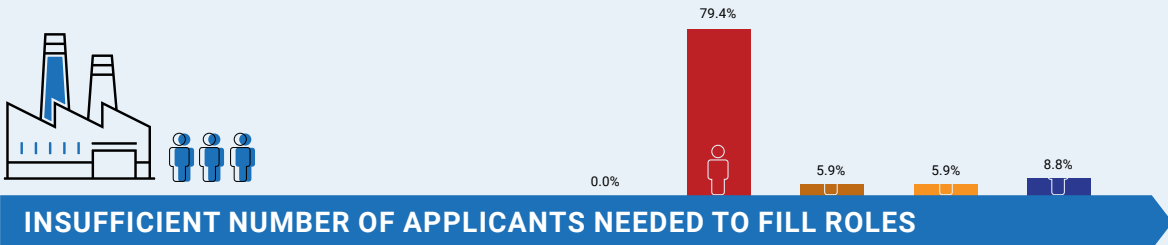


RECRUITMENT BARRIERS BY SECTOR

	Insufficient number of applicants needed to fill roles	Lack of candidates with the right qualifications	Lack of candidates with the right technical skills	Lack of candidates with the right soft/people skills	Candidates ineligible to work in the UK	Other
Basic metals	5.9%	2.0%	1.9%	0.0%	8.3%	0.0%
Metal products	26.5%	15.7%	26.7%	0.0%	8.3%	19.0%
Mechanical equipment	5.9%	7.8%	8.6%	4.5%	0.0%	4.8%
Electronics	2.9%	5.9%	5.7%	9.1%	0.0%	4.8%
Electrical equipment	5.9%	3.9%	5.7%	13.6%	16.7%	14.3%
Motor vehicles	0.0%	2.0%	1.9%	9.1%	0.0%	4.8%
Other transport	2.9%	2.0%	1.0%	0.0%	0.0%	4.8%
Food and drink	8.8%	15.7%	6.7%	4.5%	8.3%	0.0%
Chemicals	0.0%	2.0%	1.9%	9.1%	0.0%	4.8%
Pharmaceuticals	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%
Rubber & Plastics	8.8%	9.8%	8.6%	9.1%	0.0%	4.8%
Non-metallic minerals	0.0%	2.0%	1.9%	0.0%	0.0%	0.0%
Paper & Printing	0.0%	5.9%	3.8%	4.5%	0.0%	0.0%
Textiles, Leather products	5.9%	0.0%	0.0%	0.0%	0.0%	4.8%
Other manufacturing	26.5%	23.5%	25.7%	36.4%	58.3%	33.3%
Non-manufacturing	-	-	-	-	-	-

RECRUITMENT BARRIERS BY COMPANY SIZE

0-9 10-249 250-499 500-999 1000+



RECRUITMENT BARRIERS BY REGION

	Insufficient number of applicants needed to fill roles	Lack of candidates with the right qualifications	Lack of candidates with the right technical skills	Lack of candidates with the right soft/people skills	Candidates ineligible to work in the UK	Other
North East	14.7%	7.8%	6.7%	4.5%	8.3%	9.5%
North West	5.9%	9.8%	12.4%	4.5%	8.3%	0.0%
Yorkshire & the Humber	17.6%	7.8%	8.6%	18.2%	16.7%	14.3%
East Midlands	14.7%	3.9%	14.3%	9.1%	8.3%	4.8%
West Midlands	5.9%	13.7%	19.0%	31.8%	0.0%	14.3%
East Anglia	11.8%	9.8%	7.6%	4.5%	0.0%	9.5%
London	0.0%	13.7%	7.6%	4.5%	0.0%	0.0%
South East	5.9%	7.8%	5.7%	9.1%	25.0%	19.0%
South West	17.6%	11.8%	10.5%	4.5%	25.0%	14.3%
Wales	5.9%	5.9%	5.7%	9.1%	8.3%	9.5%
Scotland	0.0%	5.9%	1.0%	0.0%	0.0%	4.8%
Northern Ireland	0.0%	2.0%	1.0%	0.0%	0.0%	0.0%

Q2 TOPIC IN FOCUS: NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE



**IN APRIL 2024,
THE NATIONAL LIVING
WAGE INCREASED BY
9.8% TO £11.44
PER HOUR**



**31%
HAVE INCREASED PAY
ACROSS THE REST OF
THE WORKFORCE TO
MAINTAIN PAY
DIFFERENTIALS**



**33%
OF MANUFACTURERS HAVE
INCREASED PAY
FOR EMPLOYEES
AT THIS LEVEL AS A RESULT**



**NEARLY
1/3
MANUFACTURERS SAY THAT
EMPLOYMENT COSTS NOW
ACCOUNT FOR BETWEEN
A QUARTER AND HALF OF THEIR
TOTAL BUSINESS COSTS**

MAKE UK INSIGHT:

From April 2024, all rates of the National Living Wage and National Minimum Wage have increased. The main National Living Wage rate has risen by 9.8% to £11.44 per hour, and now applies to all workers aged 21 and over, up from the previous age threshold of 23.

The larger-than-expected increase was to achieve the Government's target of the NLW being equivalent to two-thirds of median earnings by this year. The NLW has increased by around 30% since it was first introduced in 2015 for workers aged 25 and over.

The Low Pay Commission – the independent body which recommends the new rates to the Government – is currently consulting on its proposals for 2025. It intends to hold the rates at two thirds of median earnings in 2025, which is forecast to be a year-on-year increase of 3.9% - significantly lower than in recent years.

It is not yet clear how – or if – a new long-term target will be set, and this will largely depend on the approach a new government wishes to take following the next general election. However, the LPC is seeking evidence on removing the next age threshold for the NMW and applying the NLW to all workers aged 18 and over. As indicated by the larger increases in the lower age bands, there has been a general move over time towards equalisation of these rates, and this seems set to continue over the coming years.

NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE RATES FROM APRIL 2024

National Living Wage

(age 21 and over)

£11.44

(+9.8%)

National Minimum Wage

Age 18-20

£8.60

(+14.8%)

Age 16-17

£6.40

(+21.2%)

Apprentices

£6.40

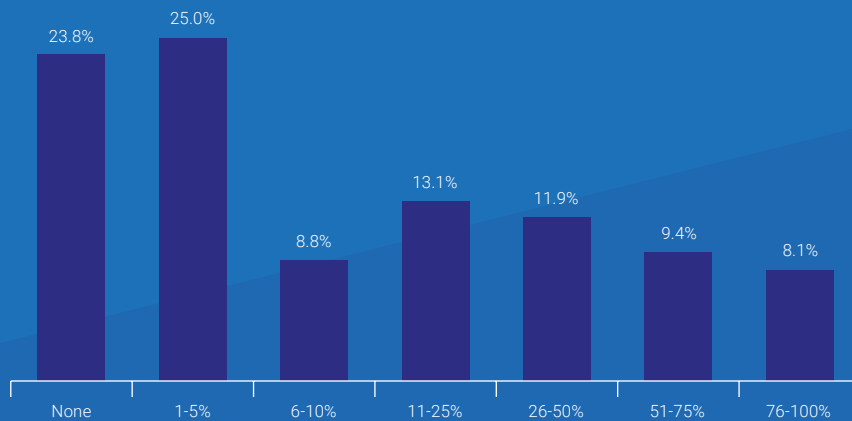
(+21.2%)



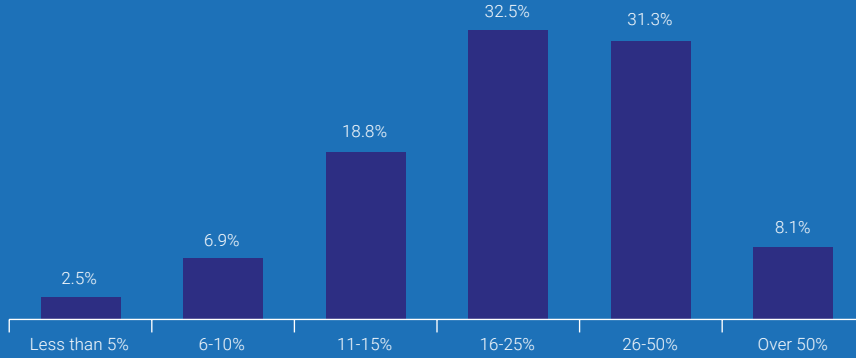
WHAT ACTION, IF ANY, HAS YOUR BUSINESS TAKEN DUE TO THE INCREASES TO THE NATIONAL LIVING WAGE IN APRIL 2024?



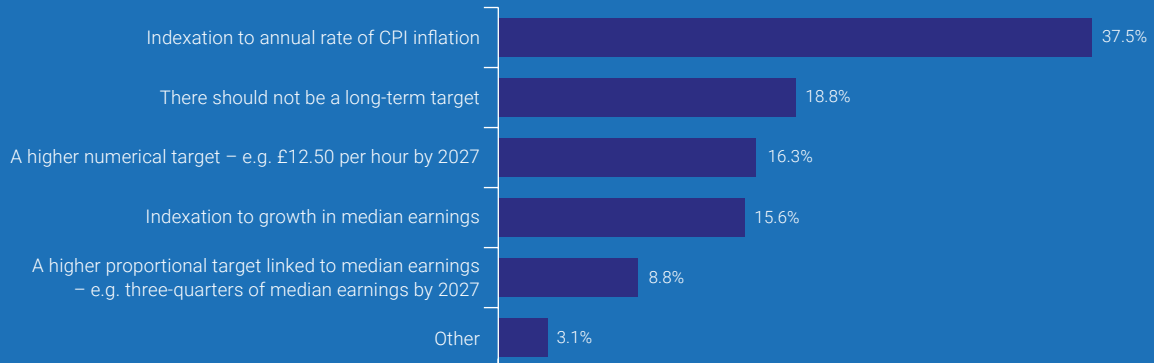
WHAT PROPORTION OF YOUR WORKFORCE HAS RECEIVED AN INCREASE IN BASIC PAY AS A RESULT OF THIS CHANGE?



APPROXIMATELY WHAT PROPORTION OF YOUR TOTAL BUSINESS COSTS ARE EMPLOYMENT-RELATED COSTS (I.E. WAGES, NI, PENSIONS ETC)?



A NEW LONG-TERM GOAL FOR THE MAIN RATE IS EXPECTED TO BE SET FROM 2024. WHAT SHOULD THIS BE?





Make UK is a powerful voice at local, national and international level for all companies from small to large in the manufacturing and engineering sector.

We create the most supportive environment for UK manufacturing growth and success, and represent the issues that are most important to our members, working hard to ensure UK manufacturing remains in the government and media spotlight.

Our services help manufacturers increase efficiency, productivity, and capability across areas such as HR & legal support; health, safety & sustainability; compliance; and training & skills.

Our HR experts are on hand to support you through the entire employment cycle, from challenges around recruitment, retention and employee engagement to broader strategic issues involving your workforce.

MakeUK.org

To find out how we can support you, speak to one of our HR consultants by calling **0808 168 5874** or email **HRenquiries@MakeUK.org**



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#FutureMakers



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