

March 2026 job market report

“What’s the UK job market like?”

The March 2026 KPMG & REC UK REPORT ON JOBS has been published featuring survey results from mid/late February.

The [full report is posted here](#)

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK commented:

“Despite a marginal fall in hiring last month, the jobs market was showing its strongest signs of improvement in three years, with hiring at its closest point to turning positive. However, we need stability for sustained growth, and yet again businesses are facing into unexpected economic shocks because of global events out of their control. Resilience is now the new normal, so it is likely we may see these signs of recovery stall again in the near term as chief execs take stock.”

Neil Carberry, REC Chief Executive, said:

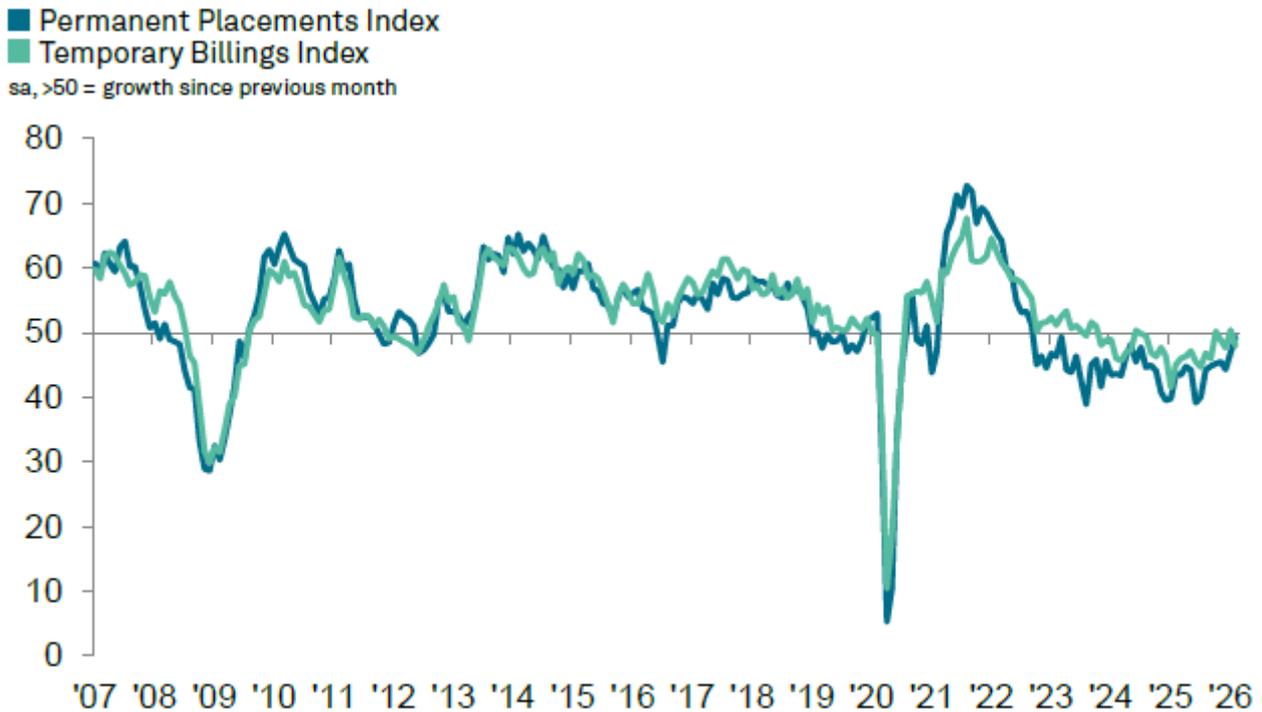
“While February’s report is by no means a source of unalloyed celebration, it does suggest that the worst of the hiring slowdown has passed. There may still be a few bumpy months to come, especially in light of global instability, but the stabilising trend we have seen so far this year has continued. It is notable that regions and sectors most exposed to the industrial strategy seem to be the liveliest”

Key findings are:

- **Permanent placements fall only slightly in February**
- **Vacancies decline at softest pace since last May**
- **Softer increases in rates of starting pay**
- **Further sharp rise in candidate numbers**
- **ONS figures showed that the overall number of job opportunities across the UK was broadly unchanged in the three months to January**
- **The Retail and Hotel & Catering sectors again saw the steepest reductions in permanent vacancies.**
- **Permanent placements decreased across the UK during February, thereby stretching the current run of reduction to 41 months, with only the North of England showing growth**

Appointments

Decline in permanent placements moderates again in February

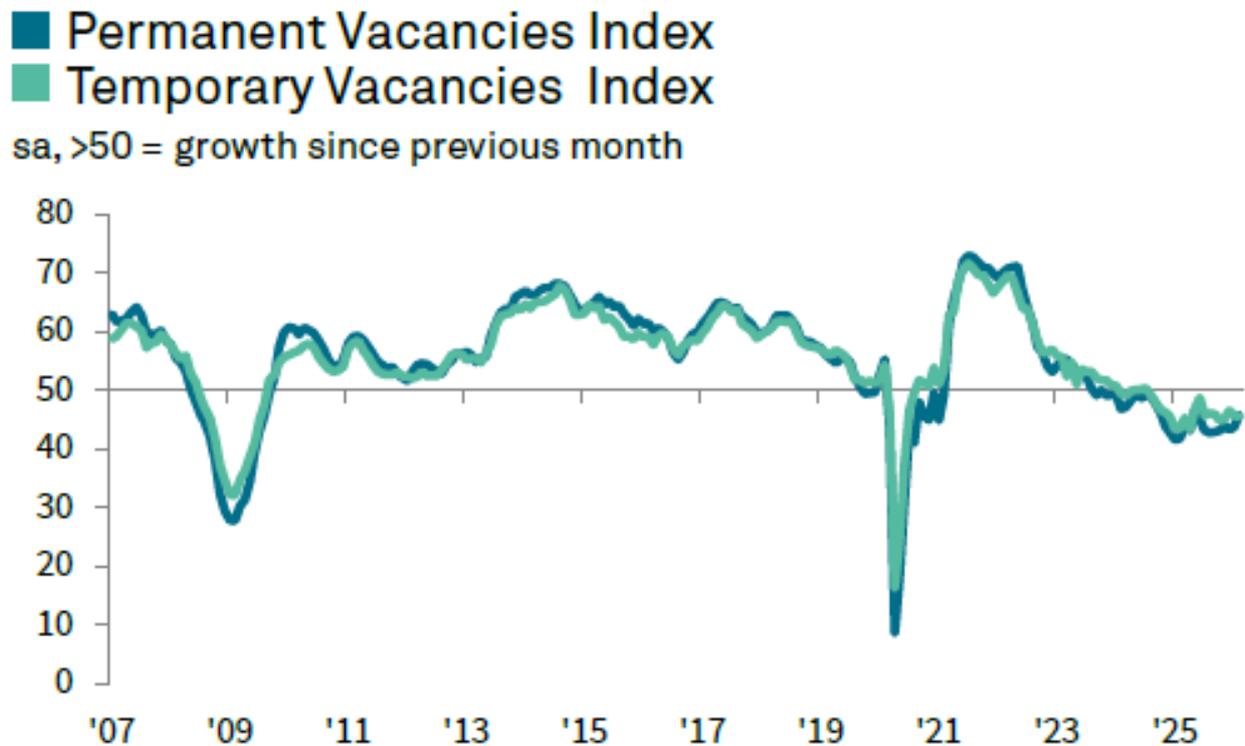


Recruitment firms across the UK reported that the fall in permanent placements eased considerably in the middle of the first quarter, with only a slight decline overall. The rate of decrease was the mildest recorded since March 2023. Those noting lower placement volumes commonly linked this to weak business confidence, economic uncertainty and still-elevated employment costs. In contrast, some respondents observed a modest improvement in employers' willingness to hire.

Regionally, permanent placements continued to decline in London and the South of England, though the reductions were softer while still notable. The North of England recorded growth, whereas the Midlands saw placements fall for the first time in three months.

Vacancies

Demand for staff decreases at softest pace in nine months



Recent survey data showed a softer drop in overall vacancies in February. The seasonally adjusted index rose to 45.8 from 43.8 in January, indicating the mildest decline in hiring demand for nine months, although the reduction remained significant overall. Vacancies have now decreased for 28 consecutive months.

Permanent and temporary vacancies

The easing in the overall fall in labour demand reflected a slower reduction in permanent vacancies, which declined at the weakest rate since May last year. In contrast, demand for temporary staff fell more quickly, recording the sharpest decrease for three months.

Public and private sector vacancies

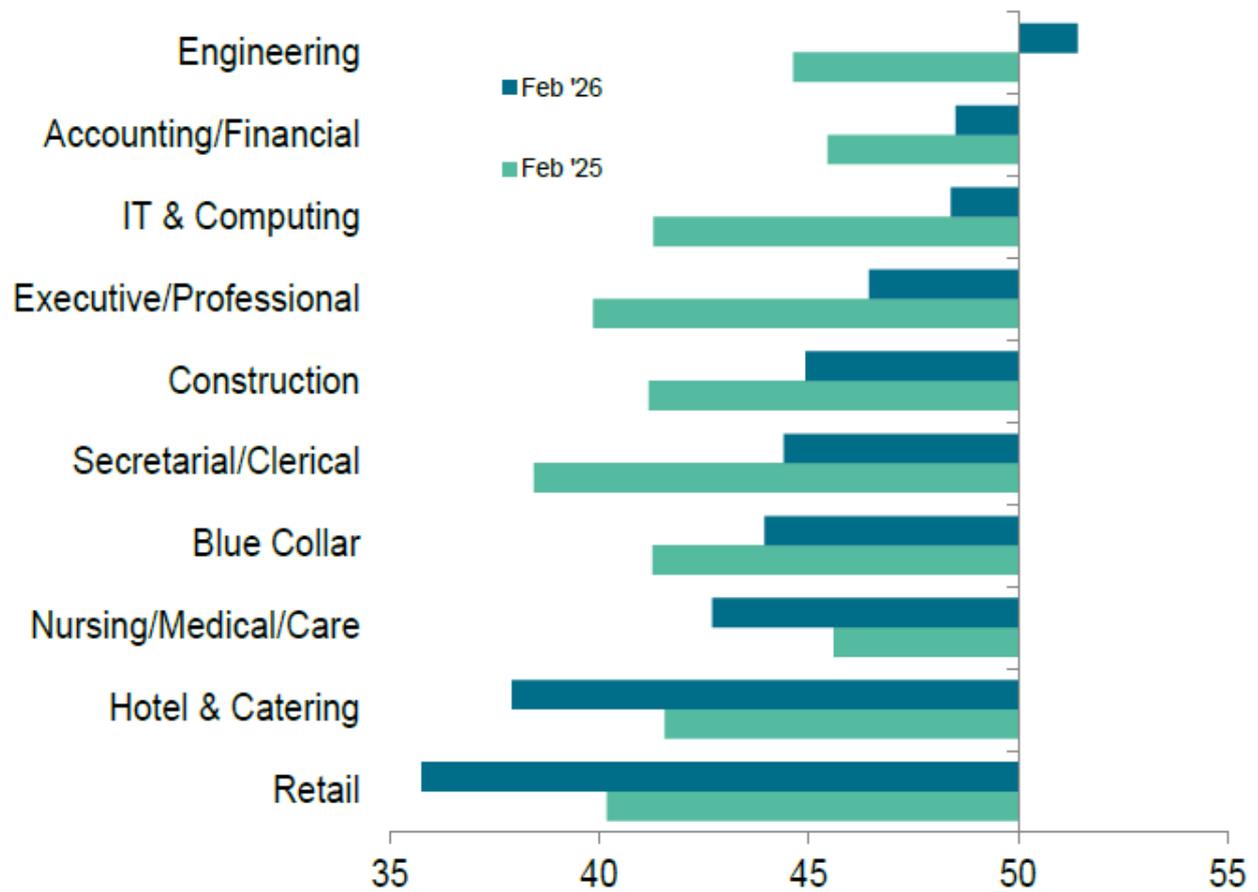
Job demand declined in both the private and public sectors during February. The steepest fall in vacancies was reported for permanent roles in the public sector, while permanent opportunities in the private sector decreased at a noticeably slower pace. Meanwhile, the smallest drop in demand was recorded for temporary positions in the public sector.

Vacancies by Sector

Engineering was the only sector to record stronger demand for permanent staff in February, while all other nine sectors covered by the survey experienced declines. The sharpest drops in permanent vacancies were reported in Retail and in Hotel & Catering.

Permanent Vacancies Index

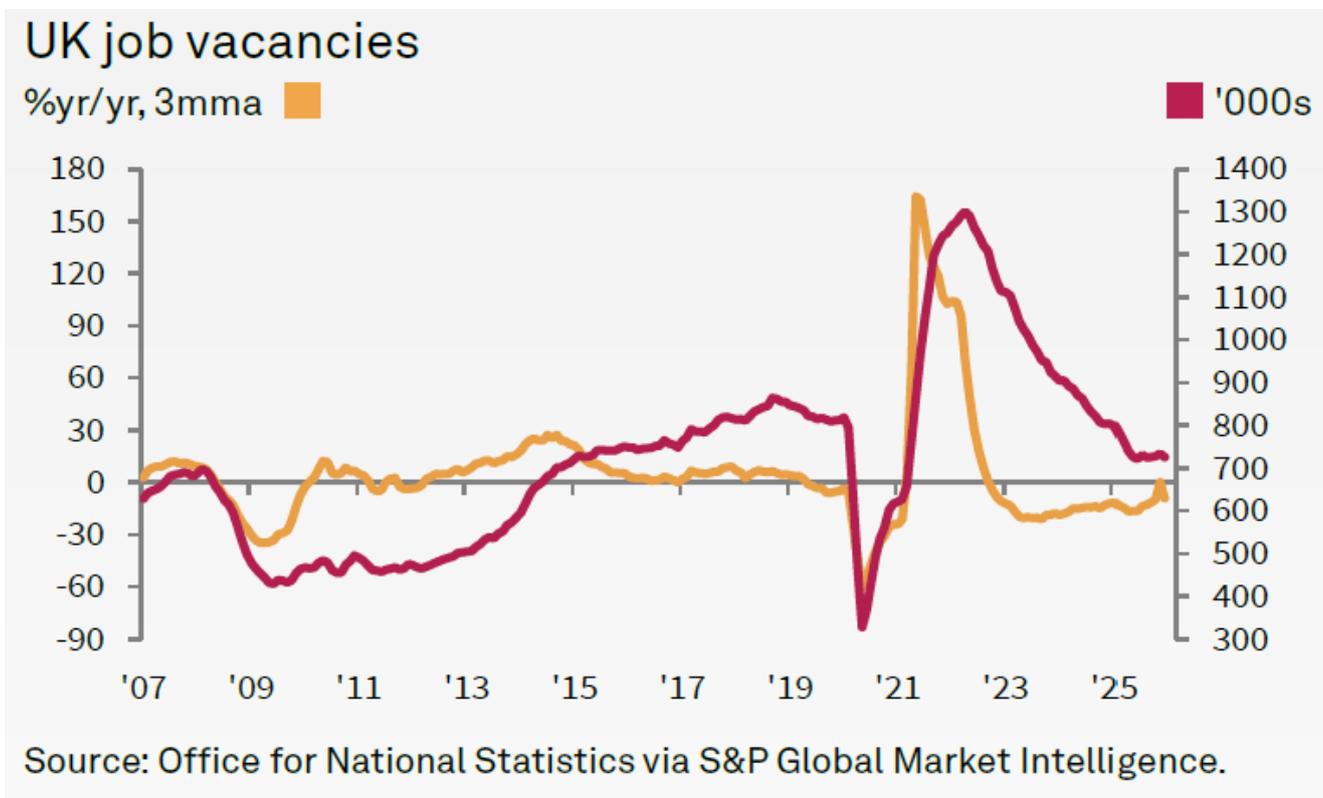
sa, >50 = growth since previous month.



ONS Data

[Office for National Statistics](#) figures indicate that the total number of vacancies across the UK was broadly stable in the three months to January. Job openings increased slightly by 2,000 compared with the previous three-month period, reaching 726,000.

However, vacancies have now been falling year-on-year for more than three years and remain 8.7% below the level recorded just before the start of the COVID-19 pandemic, when vacancies stood at 795,000 in the three months to March 2020.

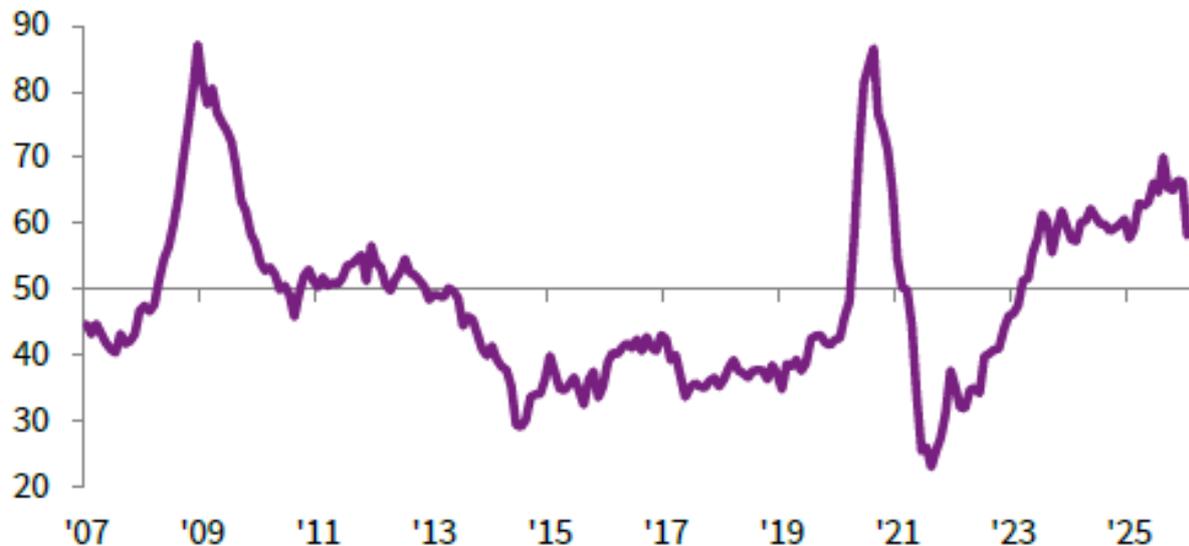


Staff availability

Sharper rise in candidate numbers in February

Total Staff Availability Index

sa, >50 = improvement since previous month



The seasonally adjusted Total Staff Availability Index rose to 59.1 in February from a one-year low of 58.1 in January, signalling a faster increase in the overall supply of candidates. Even so, the pace of growth remained weaker than the average recorded throughout 2025. Underlying figures showed that a stronger rise in the availability of permanent workers outweighed a more modest increase in temporary candidate numbers.

The number of individuals seeking permanent roles in the UK continued to rise in February, extending the current period of growth to three years. Although the pace of increase remained noticeably lower than the levels typically seen during 2025, the overall rise was still historically strong. Recruiters reported that redundancies were the main driver of the higher candidate supply, often linked to cost-reduction measures and ongoing economic uncertainty.

Availability of permanent candidates increased more rapidly across all four tracked English regions, with the exception of London.

Pay pressures

Permanent salary growth slips to four-month low

Recruitment consultancies across the UK reported that starting salaries for new permanent hires continued to rise in February, extending the current run of pay growth to five years. Many respondents indicated that employers were prepared to increase salary offers in order to secure candidates with in-demand skills. However, the pace of pay growth slowed to its weakest level since October and remained well below the survey's long-term average. The Midlands saw the fastest rise in salaries, while the slowest growth was recorded in the South of England.

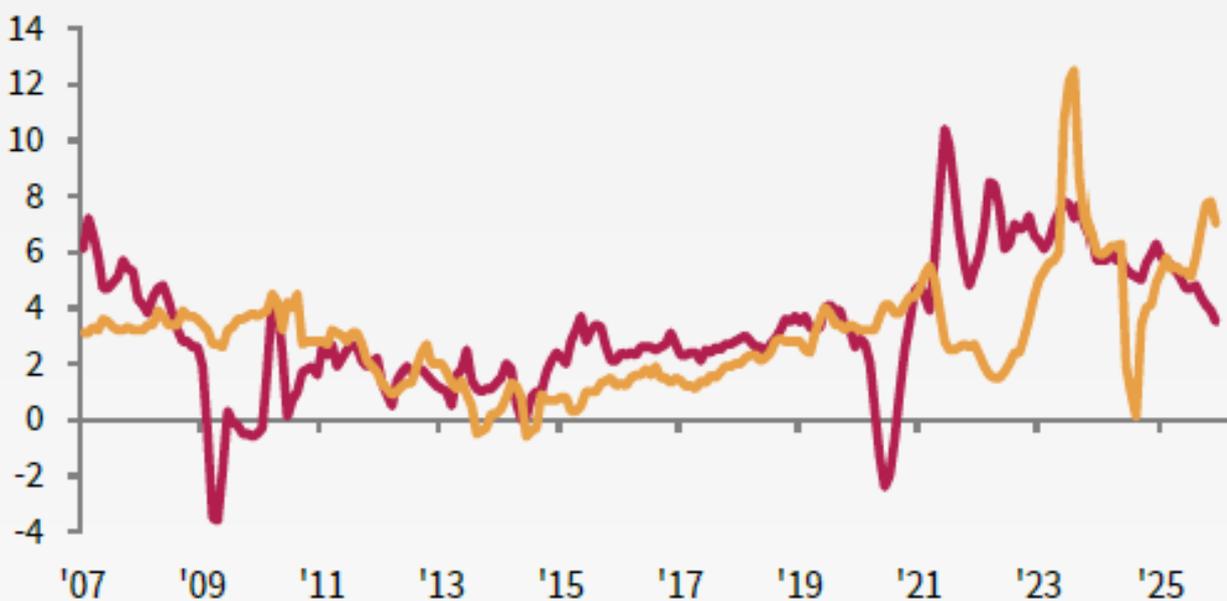
ONS Data

Latest data from the [Office for National Statistics \(ONS\)](#), showed a further slowdown in the rate of growth in total employee earnings (including bonuses) during the final quarter of 2025. Pay increased by 4.2% year-on-year, representing the weakest rise since the three months to August 2024.

The moderation reflected softer pay growth in both the private and public sectors. Private sector earnings rose by 3.5%, the slowest pace in just over five years. Public sector pay growth also eased again, although it remained comparatively strong overall at 7.0%.

UK average weekly earnings ■ private ■ public

%yr/yr, 3mma



Source: Office for National Statistics via S&P Global Market Intelligence.

London job market

KPMG and REC also produce a [London job market analysis](#).

Downturn in permanent staff placements eases

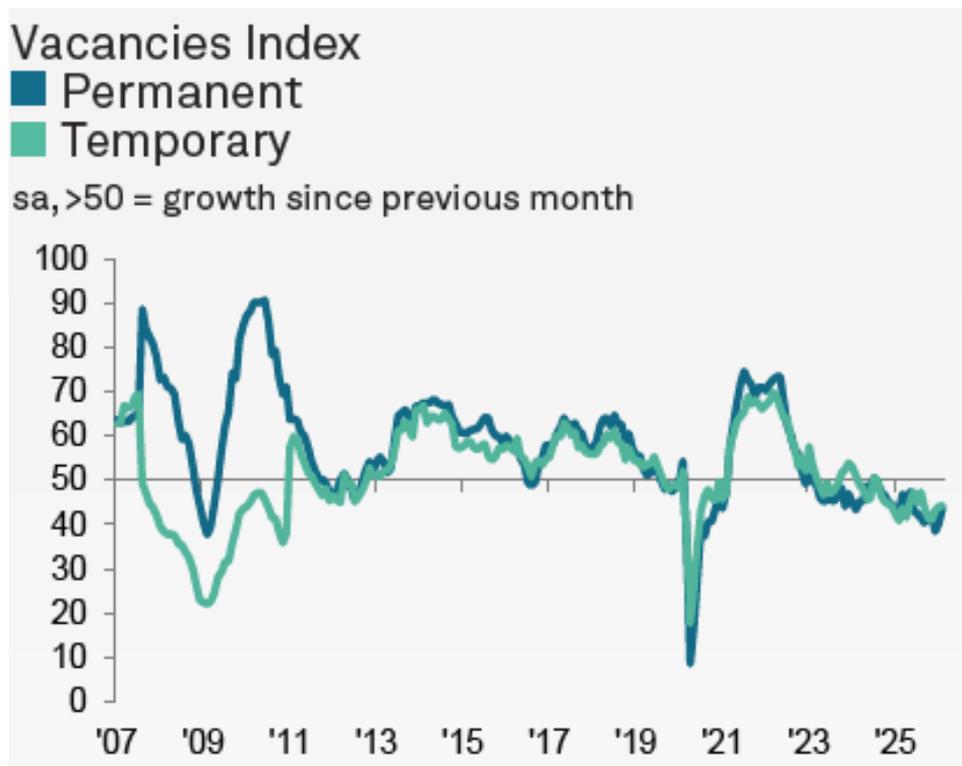
Recruitment firms in London reported a further fall in permanent placements in February, extending the current run of decline to eleven consecutive months. Although the decrease remained notable, the pace of contraction slowed to its mildest level in four months. Recruiters attributed the reduction mainly to muted demand and continuing economic uncertainty, which were affecting hiring decisions.

All four English regions tracked experienced notable drops in permanent placements, but London registered the mildest downturn.

Job vacancies

Demand for permanent staff in London weakened further in February. The rate of decline remained sharp and exceeded the UK-wide average, although it was the slowest seen in nine months. Permanent vacancies in the capital have now decreased every month since August 2024.

Survey results for February also indicated a marked, though slightly softer, fall in temporary vacancies in London. Despite reaching a six-month high, the seasonally adjusted index for the region was still the lowest among the four English areas tracked.



Weakest rise in permanent candidate supply for 13 months

Recruitment consultancies in London reported an increase in the supply of permanent candidates in February. Although the rate of growth slowed to a 13-month low, the rise remained strong overall. Where increases were noted, recruiters commonly linked them to redundancies.

Among the four English regions monitored, London recorded the smallest rise in permanent candidate availability and was the only area where the pace of growth eased.

Sustained and strong starting salary inflation

Starting salaries for new permanent hires in London increased again in February, continuing the trend seen since March 2021. The pace of growth remained solid, although it was marginally slower than in January.

All four English regions monitored recorded increases in permanent salaries, though the rates of growth were relatively modest across each area.

Regional comparison

Staff appointments

Permanent placements across the UK fell again in February, extending the current sequence of decline to 41 months. However, the rate of reduction was the mildest in almost three years and only slight overall. The North of England was the only monitored region to record growth in permanent placements, while the Midlands returned to decline. London and the South of England also saw decreases, though these were softer while still notable.

After a marginal increase in January, temporary billings edged down across the UK in February. The Midlands was the only English region to post growth, although the pace slowed to a six-month low. The other three monitored regions recorded declines, with London experiencing the sharpest fall.

Candidate availability

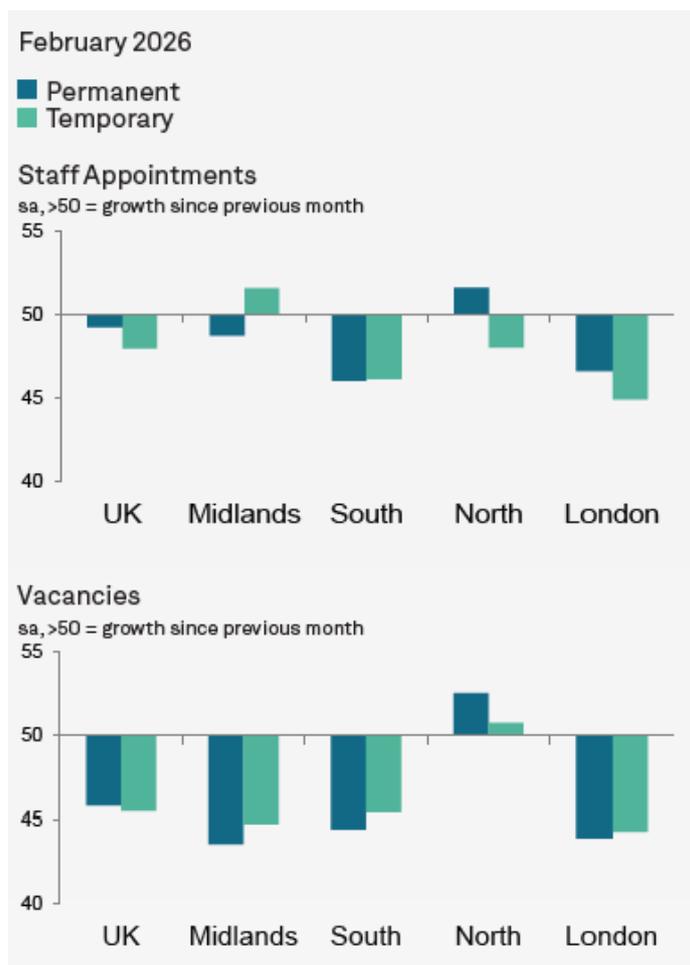
The supply of permanent candidates increased strongly across the UK in February, extending the current period of growth to three years. All four monitored English regions recorded rises, with the North of England leading the expansion. Although the increase remained notable overall, London saw the smallest rise in permanent candidate availability and was the only region where the pace of growth slowed compared with January.

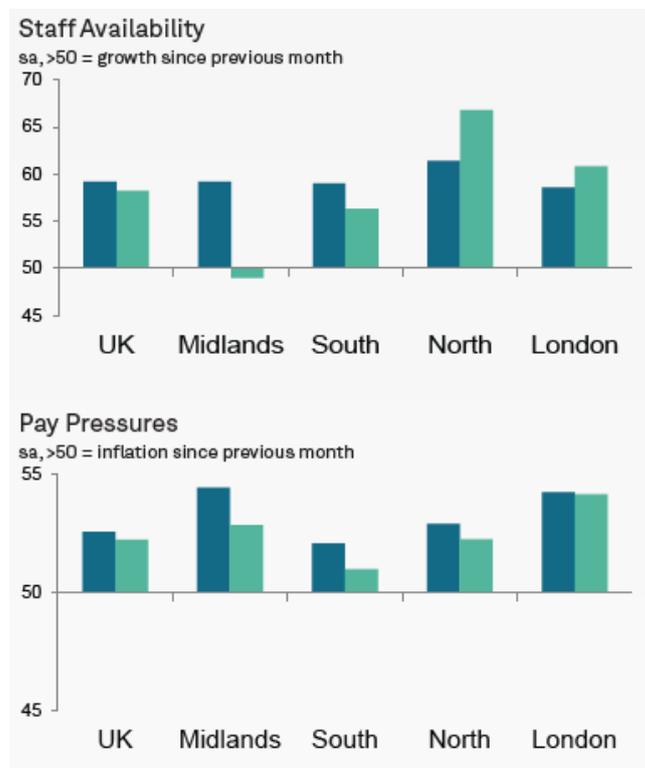
Data for February also showed a further sharp increase in the availability of temporary workers across the UK, though the pace of growth eased to a 13-month low. Temporary candidate numbers rose in all monitored English regions except the Midlands, where supply fell for the first time in 34 months.

Pay pressures

Starting salaries for permanent hires across the UK increased again in February. However, the pace of pay growth remained historically subdued and slowed to its weakest level in four months. Among the four monitored English regions, the Midlands recorded the fastest increase in permanent salaries and was the only area where the rate of inflation accelerated compared with January.

Hourly pay for temporary staff also rose for the third consecutive month in February. Nevertheless, the rate of increase eased from January and remained relatively weak by historical standards. London reported the fastest rise in temporary pay rates, while the South of England saw the slowest growth. All four English regions recorded slower increases than at the beginning of 2026.





The Prism Executive Recruitment perspective: management consultancy recruitment

The Decline in the Management Consulting Job Market

The job market in management consulting has declined significantly since the end of 2022. Indeed since mid-2023, the Big Four and other leading consultancies, including typically resilient strategy firms, have publicly announced several rounds of redundancies. Numerous smaller firms have been quietly reducing their permanent teams or associates.

At present, few consulting employers have sufficient vacancies to absorb the large number of unemployed management consulting professionals.

In May 2024, headlines highlighted “PwC asks for silence from departing staff in programme of UK job cuts,” signalling another significant round of voluntary redundancies.

In June, it was reported that “Consultants to lose £3bn of UK government work under plan to halve advisory spend.”

By July 2024, the Financial Times noted, “UK consultant numbers shrink as companies cut back on external advice. Headcount fell 3% last year with firms axing jobs and moving staff as post-pandemic boom fades.”

In October, “Deloitte axes 250 UK employees in performance-related cull.” and in December “Deloitte accelerates UK layoffs with fresh redundancy round”.

EY meanwhile in December 2024 stated “Regrettably, proposals put forward in part of the UK consulting practice may result in a reduction of 150 roles”

The poor headlines kept coming in 2025. For example in September “PwC UK cuts jobs as revenue growth slows sharply” and “Deloitte UK’s revenues fall for first time in 15 years” while in June “Accenture says CEOs are postponing hiring consultants due to uncertainty”.

Potential Reasons for the Downturn:

1. **Overly Optimistic Hiring and pay rises in 2022:** Many firms hired extensively, dangling salary increases which have added to costs, expecting sustained growth that ultimately did not materialise.
2. **Economic Slowdown since:** The consultancy sector is highly responsive to economic shifts and even a mild downturn can prompt hiring freezes and lead to subsequent redundancies.
3. **Cautious Expansion:** Although many firms continue to perform reasonably well, ongoing uncertainty has made them hesitant to increase their headcount.
4. **Sector Growth Slowing:** in January 2026 a survey of UK consulting leaders projected growth of 5.7% in 2026, the lowest rate since 2020.

Other Indicators:

In related news:

- The latest [NatWest UK Regional Growth Tracker](#) published 13 February 2026 "shows business activity has risen across the majority of UK areas during January – the highest number since August 2025. The findings reflect generally stronger demand for goods and services at the start of the new year as confidence improves across most areas.. ”
- The **S&P Global UK Purchasing Managers’ Index (PMI)** from February 2026 states: “further signs of an encouraging start to the year for the UK economy. A solid rise in output across manufacturing and services has been reported in both January and February, with the rate of expansion gaining pace to beat economists' expectations. The survey data so far this year are consistent with GDP rising by just over 0.3% in the first quarter if this performance is sustained into March.” The upturn continues to be led by the service sector but there are signs that manufacturing is regaining momentum to join in the recovery, reporting a surge in export orders of a magnitude not seen since the pandemic. Despite enjoying higher demand for goods and services, companies remain focused on boosting productivity to cut costs, resulting in yet

another month of steep job losses to prolong the continual jobs downturn that was initiated by the 2024 autumn Budget.

- The [Lloyds Bank Business Barometer](#) from February 2026 states “Overall business confidence held steady in February, following a dip in January. The headline index remained unchanged at 44%, comfortably above the long-term average of 30%. Optimism about the overall economy picked up, suggesting firms are feeling more positive about the wider outlook.” However “Net hiring intentions softened, but more than half of firms still plan to increase their headcount over the next year. The overall net balance fell to 35%, marking the most cautious reading in a year.”
- The [IoD Directors’ Economic Confidence Index](#), from 2nd March is rather more gloomy and the index “dropped back to -63 in February 2026 from -48 in January. Business leader confidence in their own organisations also fell, to +1 in February from +14 in January. There were also declines in many of the underlying indicators: Revenue expectations fell to +15 in February from +23 in January, Headcount expectations fell to -11 from -2, Export expectations fell to +5 from +11”
- While the **CIPD’s Winter [Labour Market Outlook](#) released in February 2026** states “This quarter, almost all of our indicators remain unchanged and reflect a job market which is difficult for jobseekers, but one that is becoming easier for employers to navigate. There has been little movement around employer hiring intentions, which remains at an unparalleled low”
- **The Page Group**, very much an economic bellwether in professional and executive hiring, issued [preliminary results](#) for 2025, in March 2026 showed a significant decline in profit before tax.
- [BDO’s Employment Index](#) published in early March 2026 suggests that hiring intentions are at the lowest level for 15 years.
- In February it was stated that job vacancies in Britain have fallen to their lowest level in five years, with [Adzuna reporting](#) just 694,940 roles advertised in January, down 16% year on year. Graduate vacancies dropped below 10,000 for the first time since 2016, while youth unemployment rose to 16.1%, the highest in over a decade. Rising national insurance costs, minimum wage increases, and the growing use of AI to automate tasks have prompted many employers to freeze hiring, particularly at entry-level positions. Competition for jobs has intensified, with 2.4 jobseekers per vacancy, reflecting a market close to pandemic-era lows.

- The REC's [Labour Market Tracker](#), which reviews job postings, updated in January 2026, shows a level broadly unchanged since September 2024.

Monthly job postings trend

This chart shows how the number of active job adverts in the UK has changed since the beginning of 2020



- The most recent quarterly [ManpowerGroup Employment Outlook Survey](#), on the state of the labour market globally for Q2 2026 puts the UK below average with regard to hiring expectations.

Methodology

The KPMG and REC UK Report on Jobs is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

For more information on the job market, or to discuss your hiring or career plans please contact Chris Sale, Managing Director, Prism Executive Recruitment via chris.sale@prismrec.co.uk