

KPMG and REC, UK Report on Jobs: London

Downturn in permanent staff placements weakest in four months

46.6

PERMANENT PLACEMENTS INDEX
FEB '26

44.9

TEMPORARY BILLINGS INDEX
FEB '26

The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

Permanent new joiners fall solidly, but at weaker pace

Pay pressures ease

Vacancies fall rapidly, but at reduced rates

Anna Purchas, London Office Senior Partner at KPMG UK, said:

“London’s labour market remained under pressure in February, with permanent placements falling again. However, the pace of decline easing to a four-month low suggests the market may be starting to stabilise after a challenging start to the year.

“At the same time, the pool of available candidates continues to grow. For employers seeking out talent this represents a significant opportunity to secure the skills they need while supply is high. However, whether this represents an overall positive for the market will be borne out over the coming months with continued increases in candidate availability signalling more cautious approaches being applied as businesses hold back on hiring decisions in the hope of stronger economic conditions.

“As the market finds its footing, the focus will increasingly shift to how London builds the skills it needs for the future. Initiatives like City Hall’s Inclusive Talent Strategy could play an important role in helping prepare Londoners for the jobs of tomorrow, while ensuring London’s businesses can access the skills and talent they need to support long-term growth.”

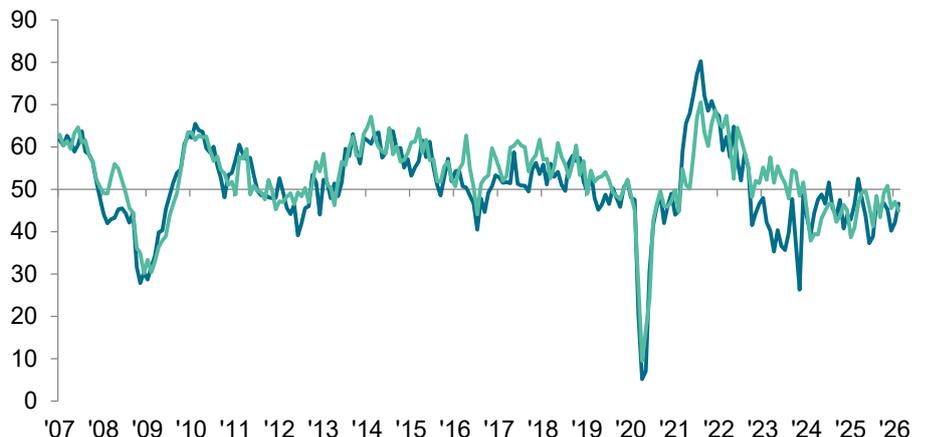
Neil Carberry, REC Chief Executive, said:

“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. The report suggests that the worst of the hiring slowdown in the UK has passed but it is by no means a source of unalloyed celebration for London, where subdued demand and economic uncertainty weighed on hiring decisions, in contrast to the North and the Midlands.

“A real turnaround requires growing confidence amongst businesses and consumers. There is cash in the system to spend if consumers and businesses feel better – a core goal of policy should be to tackle this by reducing the cost of doing business, which will in turn address the rising cost of living. From a more practical approach to the Employment Rights Act, to energy costs, the impact of business tax rises and planning reform, there is plenty to do that could back businesses to grow and create jobs sustainably.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

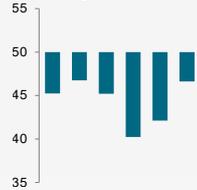


1 Staff appointments

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

Sep '25 - Feb '26
sa, >50 = growth



Downturn in permanent staff placements eases

Recruiters based in London recorded an eleventh straight monthly decrease in permanent staff appointments in February. The rate of contraction was solid, despite easing further to the weakest in four months. According to recruiters, subdued demand and economic uncertainty weighed on hiring decisions.

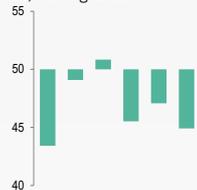
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Sep '25 - Feb '26
sa, >50 = growth



Sharpest decline in temp billings in five months

Adjusted for seasonal factors, the Temporary Billings Index signalled a third straight monthly reduction in billings received from the employment of short-term staff in London during February. The rate of contraction was sharp and the fastest in five months. According to panel members, subdued market conditions was a key reason for the latest reduction.

Temporary Billings Index

sa, >50 = growth since previous month



In fact, of the four monitored English regions, London recorded the steepest reduction in temp billings.

sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-25	44.8	45.2	46.0	43.4
Oct-25	45.2	46.7	50.2	49.1
Nov-25	45.5	45.2	48.8	50.8
Dec-25	44.3	40.2	47.6	45.5
Jan-26	46.9	42.1	50.3	47.1
Feb-26	49.2	46.6	48.0	44.9

Job vacancies

Demand for permanent staff across London deteriorated in February. The pace of worsening was rapid and stronger than the UK-wide average, albeit the least pronounced in nine months. Permanent vacancies have now fallen on a monthly basis since August 2024.

February survey data signalled a sharp but softer reduction in temp vacancies in London. Despite printing a six-month high, the respective seasonally adjusted index for London remained the lowest among the four monitored English regions.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

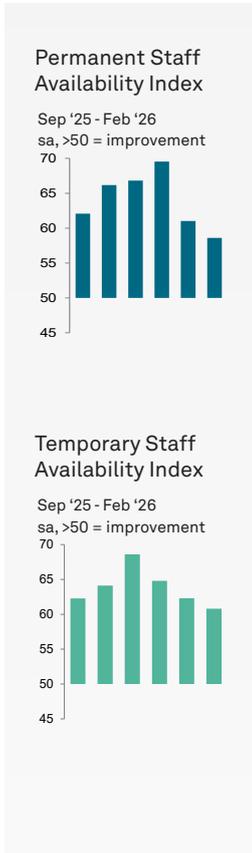


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-25	42.8	40.4	45.9	44.0
Oct-25	43.1	41.7	44.8	41.6
Nov-25	43.9	42.1	44.9	41.1
Dec-25	43.3	38.6	46.4	43.2
Jan-26	43.7	40.2	45.7	44.1
Feb-26	45.8	43.9	45.5	44.3

2 Staff availability

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

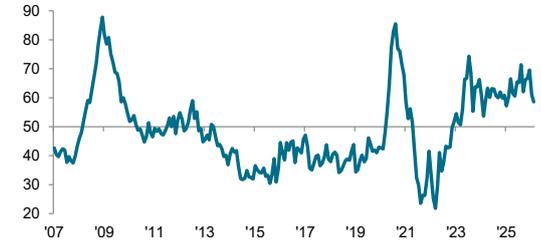


Weakest rise in permanent candidate supply for 13 months
Recruiters based in London recorded a rise in permanent staff supply in February. While the rate of expansion softened to a 13-month low, it was sharp overall. Where an increase was noted, panellists frequently cited redundancies.

London recorded the least pronounced expansion in the availability of permanent candidates of the four monitored English regions and was the only area where the pace of increase slowed.

Growth in temp staff supply eases further, but remains
Temporary candidate numbers rose across London during February, thereby stretching the run of growth to 38 months. The rate of expansion was marked and faster than that seen at the UK level, but moderated further since last November to a ten-month low. Recruiters in the region often attributed the latest increase to contract completion and redundancies.

Permanent Staff Availability Index
sa, >50 = improvement since previous month



Temporary Staff Availability Index
sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-25	65.5	62.1	65.2	62.3
Oct-25	65.1	66.2	64.1	64.1
Nov-25	66.6	66.8	65.2	68.6
Dec-25	66.7	69.5	60.0	64.8
Jan-26	58.1	61.0	59.0	62.3
Feb-26	59.2	58.6	58.2	60.8

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Credit Controllers Entry Level Finance Revenue Control Tax Accountant	Executive/Professional Commercial Planners Management Mid-Senior Management Professional Roles Project Managers	Nurses Occupational Therapist Paramedics Physiotherapist Social Workers
Blue Collar Drivers	Hotel & Catering Chefs Hospitality	Other Operations Sales
Construction Construction Professionals Construction Project Managers Construction Site Managers Quantity Surveyors	IT & Computing AI/ML Developers Data Scientists Technical Roles	
Engineers CCTV Engineers Engineers Gas Engineers	Nursing/Medical/Care Carers Medical	

Skills in short supply: Temporary staff

Blue Collar Carpenters
Construction Quantity Surveyors
Engineering Fire & Security Engineers
Executive/Professional Commercial Planners Project Managers
Hotel & Catering Social Workers
Nursing/Medical/Care Social Workers

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.



Sustained and strong starting salary inflation

As has been the case since March 2021, salaries awarded to new permanent joiners in London rose in February. The rate of inflation was solid and only slightly weaker than seen in January.

All four monitored English regions recorded a rise in permanent salaries, although the rates of increase were relatively muted in each case.

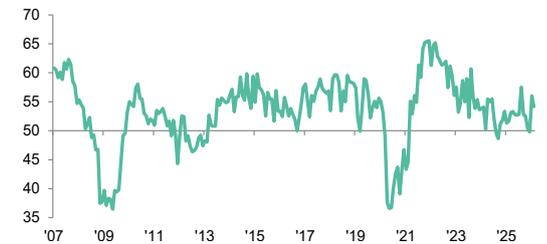
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



Temp wages increase sharply, but at reduced rate

Hourly rates of pay for short-term staff across London rose for a second month running in February. While the rate of temp wage inflation eased since January, but was solid overall. In fact, London indicated the most pronounced increase in temp pay of the four tracked English regions.

Recruiters linked higher rates of pay across the capital to increased contracts for senior candidates.

sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	London	UK	London
Sep-25	50.2	51.8	50.8	52.8
Oct-25	50.8	51.3	49.9	52.5
Nov-25	52.7	52.8	50.0	50.4
Dec-25	53.1	50.4	51.0	49.8
Jan-26	54.2	54.6	54.4	56.0
Feb-26	52.6	54.3	52.3	54.2

Official data: UK average weekly earnings

Latest official data published by the ONS showed a further easing in the rate of growth in total employee earnings (including bonuses) over the final quarter of 2025. Pay rose by 4.2% on an annual basis, marking the slowest rise in earnings since the three months to August 2024.

The slowdown was driven by weaker increases in both private and public sector pay. Private sector earnings expanded 3.5%, which marked the slowest rate of growth in just over five years. At the same time, there was a renewed softening of public sector pay inflation, but the rate of increase remained marked overall at 7.0%.

UK average weekly earnings ■ private ■ public %yr/yr, 3mma



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

5 Regional comparison

The KPMG and REC, UK Report on Jobs: London is one of four regional reports tracking labour market trends across England. Reports are also available for the South of England, the Midlands and the North of England.

Staff appointments

Permanent placements decreased across the UK during February, thereby stretching the current run of reduction to 41 months. That said, the pace of contraction was the weakest in nearly three years and only marginal. The North of England was the only monitored English region to record growth in permanent placements. Meanwhile, the Midlands reported a fresh fall. Softer but solid reductions were meanwhile noted in the South of England and London.

Following a marginal rise in January, temp billings declined modestly across the UK in February. The Midlands was the only English region to register an increase in billings, though growth slipped to a six-month low. Reductions were meanwhile reported across the other three tracked English areas, with London recording the steepest rate of contraction.

Candidate availability

Permanent staff supply expanded at a robust and faster pace across the UK in February, thereby stretching the current sequence of increase to three years. All four monitored English regions recorded expansions, led by the North of England. Though marked overall, the weakest rise in permanent candidate availability was seen across the capital. Moreover, it was the only area where the pace of growth moderated since January.

February data revealed another sharp rise in the supply of temp workers across the UK, albeit with the pace of growth easing to a 13-month low. With the exclusion of the Midlands - where temp staff supply contracted for the first time in 34 months - temp candidate numbers rose across all monitored English regions.

Pay Pressures

Permanent starting salaries rose again across the UK in February. That said, the rate of inflation remained historically muted and was the weakest in four months. The Midlands recorded the fastest rise in permanent pay of the four monitored English regions and was the only area where the rate of inflation quickened since January.

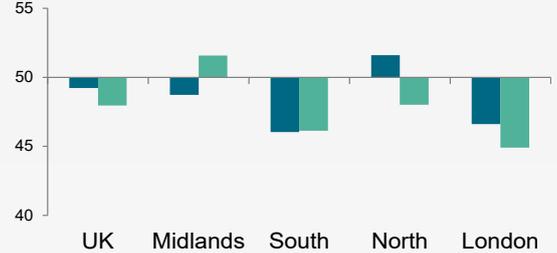
February saw a third straight monthly increase in hourly wages paid to short-term staff across the UK. The pace of inflation moderated since January, however, and was historically weak. Recruiters based in London recorded the fastest increase in temp pay rates, while the slowest was seen in the South of England. However, all four monitored English regions reported softer rates of inflation compared to the start of 2026.

February 2026

■ Permanent
■ Temporary

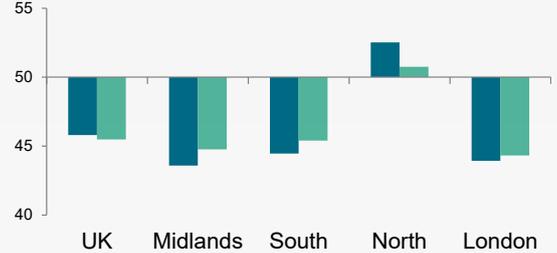
Staff Appointments

sa, >50 = growth since previous month



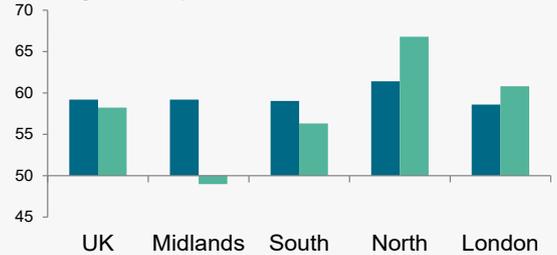
Vacancies

sa, >50 = growth since previous month



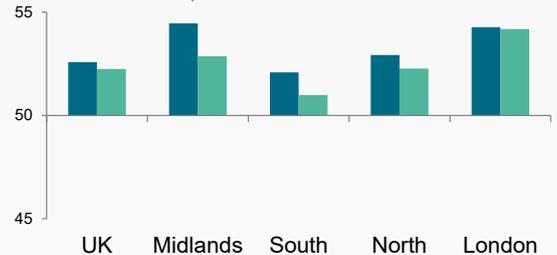
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Claire Barratt
Deputy Head of Media Relations
T: +44 (0)7923 439264
claire.barratt@kpmg.co.uk

REC

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

S&P Global

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44 134 432 7213
maryam.baluch@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

Methodology

The KPMG and REC, UK Report on Jobs: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

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 10-23 February 2026.

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About KPMG UK

KPMG is trusted to make the difference for our clients, people and the communities we work in. With our people's deep sector expertise and cutting-edge technology, we help organisations overcome their biggest challenges and unlock new opportunities to transform and grow.

On 1 October 2024, KPMG UK and KPMG Switzerland merged to form KPMG UK/Swiss Group, scaling our strengths and amplifying the difference we make.

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