News Release

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

Permanent staff appointments fall at quickest rate for six months in March

Key findings

Sharper drop in permanent placements...

...but temp billings fall only slightly

Further steep rise in labour supply as vacancies decline markedly

Data collected 12-25 March 2026

Summary

The latest KPMG and REC, UK Report on Jobs: South of England survey signalled a steeper reduction in permanent placements across the region in March, as greater uncertainty around the outlook dampened permanent staff hiring. Temp billings meanwhile fell at a reduced and only marginal pace.

At the same time, vacancies continued to decline markedly which, alongside reports of redundancies, drove a further notable rise in candidate numbers. Pay trends remained historically subdued, particularly for permanent starters, as salaries rose only modestly.

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

Permanent staff appointments fall at accelerated rate

The number of people placed into permanent jobs across the South of England fell again in March, thereby extending the current period of decline to three years. Furthermore, the rate of contraction quickened from February and was the steepest in six months. According to anecdotal evidence, uncertainty around the economic outlook - which has intensified due to the Middle East war - as well as rising business costs dampened permanent staff hiring. The South recorded a steeper reduction in placements than that seen in the Midlands, while modest upturns were reported in the North of England and London.

Adjusted for seasonal influences, the Temporary Billings Index posted below the neutral 50.0 mark to signal a back-to-back decline in billings from the employment of short-term staff in March. That said, the pace of reduction eased notably on the month and was marginal. Where lower billings were reported, recruiters generally attributed this to weak market confidence and fewer job opportunities. Marked reductions were meanwhile seen in the North of England and London. The Midlands bucked the wider trend and recorded a sharp rise in temp billings.

March survey data signalled the thirty-second consecutive monthly drop in demand for permanent staff across the South of England. Moreover, the rate of contraction quickened since February and was sharp overall. The local reduction in permanent vacancies was also more pronounced than the UK-wide trend.

Demand for short-term workers also weakened again across the South of England in March, extending the current period of decline to 28 months. The rate of reduction was similar to the prior month, as well as that recorded for the UK as a whole.

Growth in permanent labour supply hits three-month high

As has been the case since March 2023, the availability of workers for permanent roles in the South of England increased at the end of the first quarter. The rate of expansion picked up to a three-month high and was sharp overall. However, the upturn remained slower than the trend seen over 2025. There were widespread reports that redundancies - often linked to weaker economic conditions and concerns around costs - had pushed up supply. However, the South of England recorded the softest rise of all four monitored English areas.

Latest survey data pointed to a marked increase in the number of candidates seeking temporary jobs in the South of England, with the rate of growth picking up for the first time in four months. Fewer job opportunities and a general slowdown in hiring activity had reportedly pushed up temp candidate numbers.

The Midlands was the only English area to record a slower rise in temp availability than that seen in the South of England.

Permanent pay growth remains modest

The seasonally adjusted Permanent Salaries Index signalled an increase in average pay for new permanent starters in the South of England for the fifth month in a row in March. The rate of salary inflation was similar to those recorded in the opening two months of the year and modest. Nevertheless, the South of England recorded the strongest rise in pay of all four monitored English areas. While competition for sought-after skills had reportedly pushed up salaries, there were also mentions that tighter hiring budgets and improved candidate supply had dampened growth.

Recruiters operating in the South of England signalled a solid and accelerated rise in average hourly rates of pay for temporary workers in March. The rate of wage growth was the joint-quickest since last May and stronger than the UK-wide trend. However, the increase remained slower than the survey's historical average.

According to panellists, while cost of living pressures contributed to the latest uptick in wages, there were also indications that more stringent employer budgets had limited overall pay growth.

Comments

David Williams, Bristol Office Senior Partner at KPMG UK, said:

"March's figures suggest that many employers across the South of England are still approaching hiring with caution. The sharper fall in permanent placements shows that businesses are continuing to delay longer-term recruitment decisions as they deal with cost pressures and wider uncertainty.

"At the same time, the increase in candidate availability and continued drop in vacancies mean competition for roles is becoming tougher. But the fact that permanent starting salaries continued to rise - and more strongly than in any other English region - is a reminder that employers are still willing to invest where they see the right skills and experience.

"Broadly, the latest data points to a labour market that is cooling rather than stalling. Businesses are staying cautious, but underlying demand for skills remains in place, particularly where roles are critical to future growth."

Neil Carberry, REC Chief Executive, said:

"The Gulf Conflict provided a headwind to hiring in March, but this did not stop the trend of stabilisation in the UK job market that has defined 2026 so far. The effects of a longer-run crisis are unclear, but the resilience of the job market last month was heartening. The South still lags some parts of the country on hiring. That said, the pace of reduction in temp billings eased notably on the month and was marginal overall. And there are jobs for people with the right skills in the South. This is because the skills in short supply in the region are much wider than the rest of England right now, from accounting to blue collar, to engineering and IT.

"Business prospects for 2026 remain finely balanced, and confidence will be key. Households and businesses are still sitting on cash that might be put to work in the economy if the climate is right, boosting growth and particularly helping struggling consumer-facing sectors like retail and hospitality. The key way government can help is to tackle the root cause of the cost-of-living squeeze – the rising cost of doing business. Greater pragmatism on key policies, including the unworkable approach that has been taken on guaranteed hours, is needed now."

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Methodology

The KPMG and REC, UK Report on Jobs: South of England is compiled by S&P Global from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South of England (defined as NUTS1 regions South East England, East of England and South West England).

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.

Full reports and historical data from the KPMG and REC, UK Report on Jobs are available by subscription. Please contact economics@spglobal.com.

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