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

Permanent placements fall at sharper rate as uncertainty dampens business confidence

Key findings

Permanent placements decline at quickest rate in eight months...

...but temp billings return to growth

Starting salary inflation remains modest amid rising staff supply

Data collected 9-24 April 2026

Summary

Greater uncertainty around the outlook and a wider slowdown in hiring activity contributed to a steeper reduction in permanent placements in April, according to the latest KPMG and REC, UK Report on Jobs: South of England survey. However, the current economic climate supported a fresh upturn in temp billings as employers sought more flexible staffing solutions.

Furthermore, vacancies for short-term roles fell at a reduced pace that was the slowest in nearly two years. In contrast, demand for permanent staff continued to decline sharply. Starting salaries rose at a faster, but modest rate amid a further upturn in candidate numbers. Temp wage inflation meanwhile picked up to a solid pace that was the fastest in a year.

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 placements fall at quickest rate in eight months

April survey data pointed to a sharp and accelerated decline in permanent staff appointments across the South of England. The rate of contraction was the most pronounced since August 2025, with recruiters often attributing the fall to weak market confidence - which had been exacerbated by the war in Iran - and a general slowdown in hiring activity.

The Midlands was the only other monitored English area to see a sharp fall in placements. In contrast, permanent staff appointments rose solidly across London and the North of England.

Recruiters across the South of England signalled a fresh increase in temp billings at the start of the second quarter. Though modest, it ended a two-month period of decline and marked the strongest rise since the start of 2024. There were reports that firmer demand for short-term staff had supported the upturn.

Temp billings also returned to growth at the UK level in April, though the rate of expansion was marginal.

The number of permanent job opportunities across the South of England continued to decline markedly in April, with the rate of contraction easing only slightly from March. Permanent vacancies in the region also fell more quickly than seen on average across the UK.

While demand for temporary workers fell solidly in the South of England, the pace of reduction was the softest recorded since June 2024. Short-term vacancies fell modestly at the national level, with the rate of decline the slowest in ten months.

Further sharp rise in permanent candidate numbers

The seasonally adjusted Permanent Staff Availability Index signalled a sustained upturn in the availability of workers for permanent roles across the South of England in April. The rate of growth eased only slightly since March and was sharp. However, the increase remained slower than the trend seen over 2025. According to panellists, redundancies were the key driver of rising staff supply. On a regional basis, only the Midlands saw a softer increase in permanent candidate numbers than the South, while the quickest rise was seen in the North of England.

Latest survey data indicated that the rise in temporary candidate numbers gathered pace for the second month in a row in April, with overall availability improving to the greatest extent since last November. Recruiters often noted that a greater volume of people looking for flexible work and a slowdown in hiring activity had pushed up temp labour supply.

Of the four monitored English areas, only London recorded a steeper upturn in temp availability than that seen in the South.

Starting salary inflation improves to four-month high

Salaries for new permanent joiners in the South of

England rose for the sixth successive month in April. Though mild, the rate of pay growth was the best recorded in 2026 so far and slightly faster than the UK-wide trend. That said, the pace of inflation remained much slower than the average seen since the survey began nearly 30 years ago. Competition for sought-after skills had lifted starting salaries at the start of the second quarter, according to recruiters. However, there were reports that increased candidate numbers and greater cost pressures had dampened overall growth.

Adjusted for seasonal factors, the Temporary Wages Index moved further above the neutral 50.0 value in April and signalled a solid increase in temp pay across the South of England. Notably, the increase was the strongest recorded for a year and the quickest of all four monitored English regions.

Qualitative data collected from panel members indicated that wages had increased due to stronger-than-usual increases in the national minimum and living wage rates.

Comments

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

“April’s figures suggest that employers across the south are still reluctant to commit to permanent hiring, with business confidence continuing to be held back by wider uncertainty. The sharper fall in permanent placements shows that many organisations are continuing to pause or slow long-term recruitment, even where underlying demand for skills remains.”

“At the same time, the return to growth in temp billings points to a market that is adapting rather than stalling. Employers are still hiring, but with a clear preference for flexibility, while rising staff availability is easing some pressure on recruitment pipelines. Yet with temp wage growth accelerating to its fastest pace in a year, the cost benefits of flexible hiring may erode in the coming months.”

Neil Carberry, REC Chief Executive, said:

“So far this year we’ve seen signs of improving momentum across the UK but that is now being tempered by the economic effects of the Gulf conflict. Businesses will be particularly concerned about the impact on inflation, their borrowing costs and any disruption to wider supply chains. The good news is that employers in the South of England are leaning more on temporary work to move ahead with their plans in this more uncertain time, demonstrating again why temporary and contract work matters so much to growth and jobs. The fresh increase in temp billings in the South of England reflects the UK’s strongest growth in two and a half years last month in such temp hiring. Government can do more to help firms feel able to commit to permanent hiring too, by addressing the cost of doing business – the key domestic contributor to hiring activity. Taking the threat of badly designed guaranteed hours rules off the table would make a huge difference.”

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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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