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KPMG and REC, UK Report on Jobs

Hiring activity deteriorates only slightly in March

Key findings

Marginal fall in permanent placements and slower drop in temp billings

Demand for staff falls at softest pace in ten months...

...but rates of pay growth ease amid steeper upturn in staff availability

Data collected 12-25 March

Summary

Recruitment consultancies across the UK signalled only a mild reduction in hiring activity at the end of the first quarter. Notably, the latest KPMG and REC, UK Report on Jobs survey showed that permanent staff appointments declined only marginally for the second month in a row, while temp billings decreased modestly. The downturn in demand for staff also eased, with overall vacancies falling at the softest pace since last May.

Nevertheless, relatively muted demand for staff and sharply rising candidate numbers were linked to slower increases in starting pay. Notably, both starting salaries and temp wages rose only slightly during March.

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

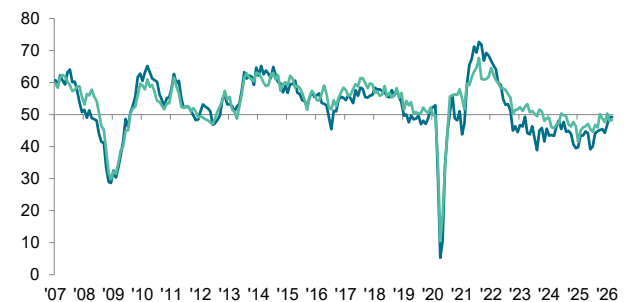
Downturn in permanent placements remains marginal

The number of people placed into permanent roles across the UK fell again in March, but the rate of contraction was unchanged from February and only marginal. While market uncertainty - which was exacerbated by the war in the Middle East - and rising costs were both linked to the fall, recruiters also noted that some employers had pressed ahead with previously delayed hiring plans. At the same time, temp billings fell at a

Permanent Placements Index

Temporary Billings Index

50.0 = no-change



Sources: KPMG, REC, S&P Global PMI.

modest pace that was slower than in February.

Demand for workers deteriorates at slower pace

Although overall demand for workers continued to weaken at the end of the opening quarter of the year, the rate of reduction eased for the third straight month. Whilst solid, the latest decline in vacancies was the second-slowest seen in nearly a year-and-a-half (behind May 2025). Underlying data indicated that demand for both permanent and temporary labour fell at slightly slower rates.

Starting salaries increase at weakest rate in five months

The rate of starting salary inflation continued to ease from January's recent peak in March. Furthermore, the rate of growth was the weakest recorded in five months and only marginal. There were reports that higher candidate numbers and tighter employer budgets had dampened salary growth. Temp wage inflation was likewise marginal in March, having eased to a four-month low.

Availability of candidates rises at fastest pace in 2026 so far

UK recruitment consultancies signalled sharper increases in the availability of both permanent and temporary workers in March. Overall, the supply of labour expanded at the quickest rate in 2026 to date. There were frequent reports that

redundancies and job scarcity had pushed up candidate numbers. Growth in permanent staff availability continued to outpace that seen for temporary job seekers.

Regional and Sector Variations

Regional data indicated that steeper falls in permanent placements in the South of England and the Midlands offset modest upturns in London and the North of England.

London recorded the steepest reduction in temp billings at the end of the first quarter. The Midlands was the only region of England to register an upturn, with the rate of growth the quickest seen in 2026 to date.

Higher demand for permanent workers was recorded across both the engineering and construction categories in March. Falls were meanwhile seen across the remaining eight job sectors monitored by the survey, led by Hotel & Catering and Retail.

Blue Collar was the only one of the ten monitored job sectors to record an improvement in demand for temporary staff in March, albeit one that was marginal. Meanwhile, short-term roles within the Retail and Hotel & Catering categories fell at substantial and accelerated rates.

Comments

Commenting on the latest survey results, Jon Holt, Group Chief Executive and UK Senior Partner KPMG, said:

“Despite the increased global uncertainty there have been signs this year that the long-term decline in hiring may be starting to stabilise as businesses press ahead with their previously delayed recruitment plans. However, until the wider economic impacts of the conflict in the Middle East start to become clearer, many employers will remain cautious about committing to new roles. If that uncertainty remains, the risk is that hiring decisions and investment are deferred again, delaying any sustained recovery in the jobs market.”

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 that has defined 2026 so far. The effects of a longer-run crisis are unclear, but the resilience of the jobs market last month was heartening. Permanent placements showed their weakest contraction in three years. Modest growth in London, which usually runs ahead of the national trend, is particularly heartening. Likewise, temporary recruitment fell more slowly than in February, with a sustained upturn in the Midlands a clear trend through the winter.

“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 is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies.

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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