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## KPMG and REC, UK Report on Jobs

### Permanent placements close to stabilising in February

#### Key findings

Permanent staff appointments fall at weakest rate for nearly three years

Demand for staff declines at softest pace in nine months

Rates of pay growth ease amid further increases in staff availability

Data collected 10-23 February

#### Summary

The latest KPMG and REC, UK Report on Jobs survey indicated that permanent staff hiring moved closer to stabilisation in February, while temp billings fell only modestly. At the same time, demand for workers declined at the slowest rate in nine months, driven by a weaker reduction in permanent vacancies.

Pay pressures eased since January, with both starting salaries and temp wages increasing at slower rates. Notably, rates of pay inflation remained below their long-run trends. This coincided with a further improvement in labour supply, with overall candidate availability rising at a sharper pace compared to the start of 2026.

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

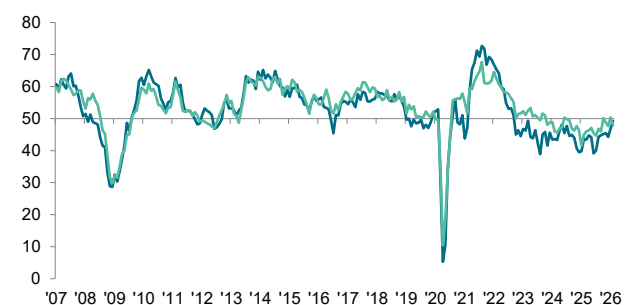
#### Permanent placements fall only slightly in February

Latest survey data indicated that permanent staff hiring decreased only marginally in February, marking the weakest decline since March 2023. While some recruiters mentioned that overall hiring conditions remained subdued, others noted a relative improvement in employers' willingness to recruit new staff. Meanwhile, temp billings declined modestly in February, following a slight increase at the start of 2026.

#### Permanent Placements Index

#### Temporary Billings Index

50.0 = no-change



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

#### Vacancies decline at softest pace since last May

The number of job opportunities across the UK continued to decrease in February. However, the rate of contraction was the slowest recorded since last May, as a weaker drop in permanent vacancies offset a slightly quicker reduction in demand for temporary staff.

#### Softer increases in rates of starting pay

After hitting a 17-month high in January, the rate of starting salary inflation slowed in February. Notably, salaries increased at the softest pace since last October and to a degree that was well below the survey average. Temp wage inflation also weakened from the start of the year, with pay rising modestly overall. Competition for sought-after skills continued to exert upward pressure on pay, yet some recruiters reported that improved candidate supply had limited wage increases.

#### Further sharp rise in candidate numbers

February data signalled a rapid rise in overall candidate availability across the UK, with the rate of expansion picking up from January's one-year low. That said, the pace of increase remained slower than that seen on average over 2025. Underlying data indicated that a stronger rise in the supply of permanent workers more than offset the softest expansion in temp candidate

numbers since January 2025.

## Regional and Sector Variations

On a regional basis, permanent placements fell at weaker but solid rates in London and the South of England. An increase was meanwhile seen in the North of England, but the Midlands recorded the first decline for three months.

Temp billings declined across all four monitored English areas bar the Midlands. Nevertheless, the rate of growth here was the slowest recorded since last August.

Engineering was the only sector to see an improvement in demand for permanent staff during February, with falls seen across the other nine categories monitored by the survey. The Retail and Hotel & Catering sectors saw the steepest reductions in permanent vacancies.

February survey data pointed to a broad-based reduction in demand for temporary workers, with the Retail sector seeing by far the quickest reduction in vacancies. Engineering saw the softest drop in demand, with the number of temp job opportunities falling only slightly.

## Comments

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

*“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.*

*“A real turnaround requires growing confidence among 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.”*

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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](mailto: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](mailto:economics@spglobal.com).

## About KPMG in the 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.

KPMG International Limited is a global organisation of independent professional services firms providing Audit, Tax and Advisory services in 138 countries and territories. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

## About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at [www.rec.uk.com](http://www.rec.uk.com).

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