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

Permanent placements increase at slowest rate for four months in May

Key findings

First drop in demand for permanent staff since start of 2026

Strongest increase in temp job openings in 21 months

Labour supply rises at quicker rate

Data were collected 12-22 May 2026.

Summary

The latest KPMG and REC, UK Report on Jobs: North of England survey signalled increases in both permanent placements and temp billings across the region in May, although growth was historically subdued in each case.

Demand for temporary workers strengthened, while there was a renewed contraction in permanent job openings. Still, the rate of starting salary inflation picked up as firms looked to secure sought-after candidates and hired for more senior roles. This compared to a slight decrease in temp pay. The availability of both types of staff meanwhile increased at quicker rates.

The North sees only modest rise in permanent placements

May survey data pointed to a fourth consecutive monthly increase in permanent staff appointments across the North of England. Some recruiters noted a relative improvement in hiring conditions, with firms filling vacancies to support new business. Although the rate of expansion was the softest seen over the aforementioned period and modest, the North was the only monitored English region to buck the wider trend of decline.

Recruitment consultancies based in the North of England signalled the first increase in temp billings in seven months in May. Although the

respective seasonally adjusted index rose only marginally above the 50.0 no-change mark, this was the strongest reading since September last year. According to panellists, a number of firms took on temp workers to support higher workloads. The local increase in temp billings was slower than that seen on average across the UK, however.

There was a renewed decline in demand for permanent staff across the North of England in May, thereby ending a three-month period of growth. That being said, the rate of contraction was only marginal and slower than that seen on average across the UK. The trend of growth in temp job openings across the North of England was sustained for a fourth month in a row in May. The rate of expansion was the most marked since August 2024 and only just below that seen in London. This compared favourably with the declines seen across the Midlands and the South of England.

Growth in permanent labour supply quickens again

May data revealed a further increase in the supply of permanent labour across the North of England, thereby stretching the current trend of expansion to almost two-and-a-half years. The rate of growth was the fastest in nine months and substantial in nature. In the qualitative part of the survey, recruiters linked the increase to a combination of company restructuring efforts and fewer vacancies. The North signalled the strongest rise in availability of the four monitored English regions for the second month in a row.

Latest data signalled another upturn in the availability of temporary staff across the North of England. Having accelerated to its strongest in three months, the speed of expansion was not only substantial, but also outpaced the national average. Challenging market conditions, including

redundancies, were often noted by recruiters as the driver of growth in temp labour supply.

Stronger increase in starting salaries in May

Recruiters in the North of England highlighted a sixth consecutive monthly increase in salaries awarded to new permanent joiners in May. While some noted that clients were willing to offer higher salaries to attract suitable candidates, others reported that they had hired more senior staff. The solid rate of inflation was the strongest seen since January, and elevated compared to the UK-wide trend. It remained subdued in the context of the series history, however.

Posting just fractionally below the crucial 50.0 mark, the seasonally adjusted Temporary Wages Index signalled a dip in average hourly rates of pay across the North of England in May. This marked the third consecutive monthly fall in temp wages, but the rate of reduction was the weakest seen over this period. Of the four monitored English regions, the North bucked the wider trend of modest growth. Where a fall was reported, panellists linked this to an improvement in the availability of temp staff.

Comments

Commenting on the latest survey results, Michael Downes, Newcastle Office Senior Partner at KPMG UK, said:

“The North’s jobs market continues to show resilience in the face of a changeable economic backdrop. While employers remain measured in their hiring decisions, the region is standing out for its ability to create opportunities, with permanent placements continuing to rise at a time when other parts of England are seeing declines.

“We’re also seeing growing demand for temporary workers, giving businesses the flexibility to respond to new opportunities and changing workloads. That points to a labour market that is adapting rather than retreating.

“Perhaps most encouragingly, employers are continuing to invest in talent. Starting salaries are rising as businesses compete for the skills they need, reflecting confidence in the value that the right people can bring. Despite ongoing economic uncertainty, many organisations are still focused on building the workforce they need for future growth.”

Neil Carberry, REC Chief Executive, said:

“The clearest story in the economy right now is momentum being constrained by uncertainty. The Northern engine is certainly running, but it could accelerate if businesses had more confidence. A fourth consecutive monthly increase in permanent staff appointments across the North of England, alongside the first rise in temp billings in seven months, is testament to this. The temporary labour market is a major strength for workers and employers alike, keeping the wheels turning in challenging times. Recognising this and backing our well-regulated temporary and contract workforce should be a priority for government, starting with big changes to the approach to zero hours rules.”

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

Eleanor Dennison
Economist
S&P Global Market Intelligence
T: +44 (0)134 32 8197
eleanor.dennison@spglobal.com

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Methodology

The KPMG and REC, UK Report on Jobs: North of England is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the North of England (defined as NUTS1 regions North West, Yorkshire & Humber and North East).

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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