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KPMG and REC, UK Report on Jobs: Midlands

Permanent placements decline sharply as uncertainty weighs on hiring activity

Key findings

Permanent placements fall for fourth straight month...

... but temp billings rise solidly

Pay pressures ease as candidate supply improves

Data were collected 12-22 May 2026.

Summary

The latest KPMG and REC, UK Report on Jobs: Midlands survey, compiled by S&P Global, indicated another steep reduction in permanent staff appointments across the Midlands during May, as ongoing uncertainty around the business outlook dampened hiring plans. Temp billings growth meanwhile slipped to a three-month low, but remained solid overall.

Redundancies continued to increase the supply of available workers across the region in May. At the same time, the number of vacancies declined. With the supply of labour exceeding demand, pay pressures eased, with recruiters recording slower increases in both starting salaries and temp wages in May.

The KPMG and REC, UK Report on Jobs: Midlands is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands.

Further sharp reduction in permanent staff appointments

May data revealed a fourth straight monthly decline in permanent staff recruitment across the Midlands. The rate of contraction was little-changed from April and rapid overall. According to survey respondents, higher business costs and greater market uncertainty, partly due to the war in the Middle East, dampened hiring activity during the latest survey period.

All four monitored English regions except the North of England noted a decline in permanent placements, with the sharpest fall seen in the Midlands.

Billings received from the employment of temporary staff increased again across the Midlands in May, extending the current run of growth to ten months. According to anecdotal evidence, employers often expressed a preference for temp staff over permanent workers. Though solid and above the UK-wide average, the rate of expansion was the slowest seen in three months and below the historical trend.

Permanent vacancies fell in the Midlands during May, thereby stretching the current sequence of reduction to two years. Although the respective seasonally adjusted index ticked up for the first time in six months, it continued to signal a marked rate of decline.

Recruiters across the Midlands also noted a deterioration in demand for temporary workers in May. That said, the pace at which temp vacancies fell was moderate and the weakest in the current five-month sequence of reduction. Nevertheless, the Midlands and the South of England were the only two tracked English regions to register decreases in temp vacancies, with upturns recorded in London and the North of England.

Growth in permanent staff supply weakest in 37 months

Recruiters across the Midlands registered a further rise in permanent candidate availability during May. Where panellists noted an increase, they primarily linked this to redundancies.

While the pace of growth was sharp, it was the weakest since the current period of expansion began in April 2023 and the softest of the four monitored English regions. The North of England

meanwhile recorded the strongest increase overall.

Adjusted for seasonality, the Temporary Staff Availability Index posted above the critical 50.0 mark for a third month running in May, and signalled a solid expansion in temp labour supply across the Midlands. Recruiters often attributed the latest increase to company layoffs.

That said, the upturn across the Midlands was once again the least pronounced of the four monitored English regions. Rapid increases in short-term staff availability were meanwhile seen elsewhere, with London recording the sharpest growth overall.

Starting salary growth slips to 63-month low

Latest data signalled only a slight increase in salaries awarded to new permanent joiners across the Midlands in May. In fact, the respective seasonally adjusted index pointed to the slowest rate of growth over the current 63-month sequence of rising pay. Where recruiters did record higher salaries, this was linked to the rising cost of living and hiring for more senior roles.

At the regional level, the Midlands and the South of England recorded the joint-weakest rates of permanent starting salary inflation in May.

Average hourly rates of pay for temporary workers rose for the sixth successive month across the Midlands in May. While the rate of inflation slowed since April and was below the survey's long-run average, it was solid overall and the fastest recorded across the four covered English regions.

The North of England was the only monitored region to report a fall in temp wages, albeit one that was only fractional.

Comments

Commenting on the latest survey results, Andy Bostock, Birmingham Office Senior Partner at KPMG UK, said:

“May’s figures suggest Midlands employers are still taking a cautious approach to long-term hiring, with uncertainty and higher business costs continuing to weigh on permanent recruitment decisions. While temp billings continued to rise, that reflects a market where many businesses are prioritising flexibility over long-term commitment, leaving workers facing greater uncertainty, but businesses better placed to weather a changeable operating environment.”

“What stands out is that this shift is happening alongside fewer vacancies, softer salary growth and a continued rise in candidate availability, all of which point to a tougher environment for jobseekers. For employers, that may ease some immediate hiring pressures, but it is not yet a sign of a healthy labour market. The broader picture remains one of caution, with businesses holding back on sustained hiring and workers continuing to feel the impact.”

Neil Carberry, REC Chief Executive, said:

“The clearest story in the economy right now is momentum being held up by uncertainty. In the jobs market, that is where temporary work comes into its own. With businesses tapping the brakes on permanent hiring in the face of higher costs, the Gulf crisis and new employment red tape, temporary work is making up the gap. May extended the current run of growth in temp billings to 10 months in the Midlands. This is a huge strength for workers and employers across the country, as it keeps 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.”

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Methodology

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

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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