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

First rise in permanent placements in over two-and-a-half years in February

Key findings

Temp billings decline at slowest rate in four months

Sustained, but softer growth in permanent and temp pay

Demand for staff improves for first time in 16 months

Data were collected 10-23 February 2026.

Summary

The latest KPMG and REC, UK Report on Jobs: North of England survey indicated a fresh rise in permanent staff recruitment in February, thereby ending a more than two-and-a-half-year period of decline. While temporary billings decreased again, the rate of reduction was far softer than that seen at the start of 2026.

At the same time, demand for staff in the North of England showed signs of recovery, as vacancies for both permanent and temporary roles increased for the first time since October 2024. Meanwhile, both starting salaries and temp pay increased at softer rates, as growth in labour supply remained elevated.

Fresh upturn in permanent staff appointments in February

Recruiters based in the North of England signalled a renewed increase in permanent staff appointments in February, thereby ending a 31-month period of decline. Panellists linked the upturn to improved demand for staff, particularly in sectors such as technology, finance, construction and HR, as well as reduced constraints on hiring budgets. Although the rate of expansion was subdued by historical standards and only modest, it contrasted with declines across the other three monitored English regions.

February survey data pointed to a fourth consecutive monthly fall in billings received from the employment of temp staff in the North of England. Where a decrease was recorded, respondents often blamed challenging economic conditions. Having softened noticeably since January, the rate of contraction was the least pronounced in the current four-month sequence and only modest. Three of the four English regions monitored by the survey posted declines, with the Midlands bucking the wider trend to see a modest expansion of billings.

For the first time in 16 months, there was an increase in job openings for both permanent and temporary staff in the North of England in February. Notably, the North was the only monitored English area to see improvements in staff demand. In the North of England, demand for permanent workers increased at a moderate pace that was the strongest since June 2024. The rise in temp job openings was the fastest in a year-and-a-half, albeit slight overall.

Supply of permanent staff increases rapidly in February

The seasonally adjusted Permanent Staff Availability Index posted above the neutral 50.0 mark again in February, signalling more than two years of uninterrupted growth in the supply of permanent candidates in the North of England. The rate of expansion was not only substantial, but also the most marked of the four English regions monitored by the survey. Redundancies, company closures and skills mismatches were all cited by recruiters as factors pushing up permanent staff supply.

In line with the trend seen since March 2023, the supply of temp staff rose again across the North of England in February. The respective seasonally adjusted index posted its second-highest reading in over five years (after last August) and was

consistent with a rapid expansion in temp labour supply. Panellists linked the upturn to businesses closures and company downsizing, as well as generally subdued demand for staff. Of the four monitored English regions, the North recorded the steepest increase in temp staff availability.

Starting salary inflation softens in February

There was an increase in salaries awarded to permanent joiners across the North of England for the third time in as many months in February. Recruiters noted that firms offered higher salaries to secure suitably-skilled staff. Though solid, the rate of inflation was the slowest seen in the current sequence of pay growth and weaker than the series long-run trend. The North of England signalled a stronger rate of permanent pay growth than the UK average for the third month in a row.

Adjusted for seasonal influences, the Temporary Wages Index posted above the crucial 50.0 mark in February, to signal a third consecutive monthly increase in temp pay across the North of England. The pace of inflation was little-changed from that seen in January and modest overall. Nevertheless, the rate of pay growth matched that seen across the UK as a whole.

Comments

Commenting on the latest survey results, Chris Stott, Manchester Office Senior Partner at KPMG UK, said:

“February’s data brings some welcome signs of momentum, and light at the end of the tunnel for the North of England’s labour market. Demand for staff across growth sectors like technology, finance and construction has improved with job openings picking up for the first time in over a year – signalling that more of the regions’ businesses are investing for growth in spite of increasing employment costs or, at least, are counting on growth to offset those rising costs. Perhaps even more encouraging, however, is that permanent placements have returned to growth after more than two-and-a-half years of decline.”

“What’s important now, is that this momentum continues into the new financial year. Employers will understandably remain cautious, but these improvements in recruitment activity suggest some businesses are beginning to move forward with their workforce plans as confidence gradually returns. As the stand out performer across the four English regions, the North is continuing to show its resilience and ability to deliver steadfast growth in the face of economic headwinds.”

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 in the UK 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. We are seeing a rise in permanent placements in the North, led by technology, finance and construction hiring.”

“A real turnaround requires growing confidence amongst 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: 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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