

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

Pay growth renewed across the North of England in December

38.5

PERMANENT
PLACEMENTS INDEX
DEC '25

43.5

TEMPORARY BILLINGS
INDEX
DEC '25

Sharper falls in recruitment activity signalled

First rise in pay for new permanent and temp staff in five months

Slightly softer declines in vacancies

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

“December saw further strain on the North of England’s labour market, with permanent placements and temporary billings both falling at their fastest rates in several months as uncertainty and higher employment costs continued to weigh on hiring decisions.

“But beneath this slowdown, there are signs of opportunity for employers looking ahead to 2026. Pay growth for both permanent and temporary roles returned for the first time in five months, signalling competition for skilled workers. Meanwhile, growth in permanent labour supply slowed to its weakest pace in ten months, potentially indicating that the rate of redundancies is beginning to ease across the region. For businesses with clarity on their plans, this combination of ongoing demand for skills and a stabilising labour market could make this a timely moment to secure key skills.”

Neil Carberry, REC Chief Executive, said:

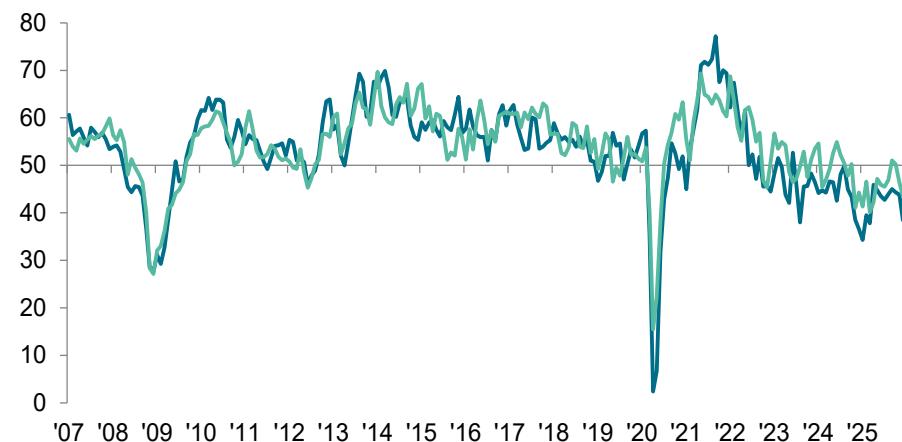
“It’s always difficult to draw conclusions from jobs data in December, but the fact that the market in the UK slipped back a little on November is a reminder of the pressure employers are under.

“Nevertheless, the second half of 2025 showed some signs of a long run of negative data softening in the UK, and with placements falling at a slower pace than the 2025 average in December there is some hope that we are seeing a December dip, rather than a change in the trend.

“There is certainly a wider range of experience now, with December survey data pointing to a second successive monthly drop in temp billings received across the North of England, and that region seeing the steepest increase in starting salaries. Activity kicked off this month is what will really tell us if the tide is turning.

“Making this a better year for hiring will require a focus on building business confidence to invest. With the Budget behind us, the government needs to set out a clear path that firms can believe in, from the industrial strategy to pragmatic approaches on the Employment Rights Act, which is worrying many firms.”

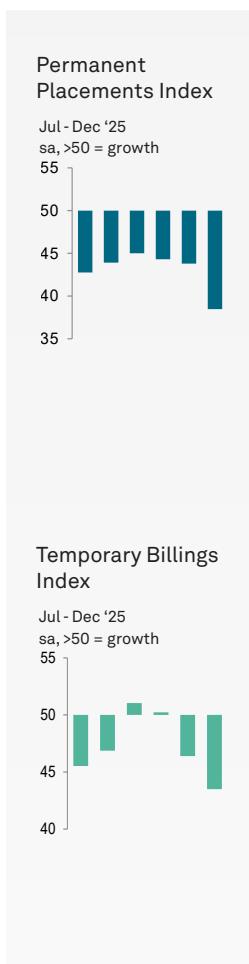
■ Permanent Placements Index
■ Temporary Billings Index
sa, >50 = growth since previous month



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.

1 Staff appointments

Recruitment consultancies report on the number of people placed in permanent jobs each month, and their revenues (billings) received from placing people in temporary or contract positions at employers.



Fastest fall in permanent placements since March 2025

Recruitment consultancies based in the North of England signalled a further drop in permanent staff appointments in December, thereby stretching the current trend of decline to two-and-a-half years. According to anecdotal evidence, raised levels of uncertainty and elevated employment costs had limited vacancies and hindered hiring.

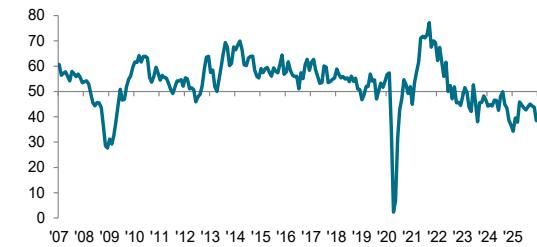
Having accelerated to its fastest in nine months, the rate of contraction in permanent placements was also the strongest of the four monitored English regions and substantial overall.

Temp billings down at strongest pace since April last year

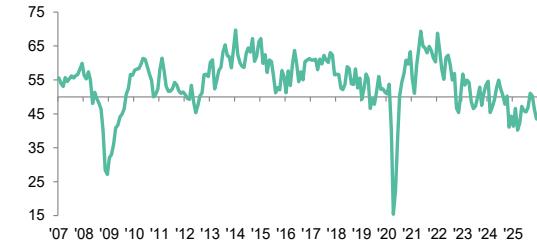
December survey data pointed to a second successive monthly drop in billings received for temporary employment across the North of England. There were some mentions that clients had a reduced need for temporary staff in the latest survey period.

With the respective seasonally adjusted index falling to its lowest in eight months, the reading was consistent with a rapid decline in temp billings and one that was the strongest of the four monitored English regions.

Permanent Placements Index sa, >50 = growth since previous month



Temporary Billings Index sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-25	40.0	42.8	44.6	45.5
Aug-25	44.2	43.9	46.8	46.9
Sep-25	44.8	45.0	46.0	51.0
Oct-25	45.2	44.3	50.2	50.2
Nov-25	45.5	43.8	48.8	46.4
Dec-25	44.3	38.5	47.6	43.5

Job vacancies

Although latest data signalled a fourteenth successive month of declines in vacancies for both permanent and temporary roles across the North of England, the rates of reduction in both cases softened slightly since November.

The local drop in permanent job openings, albeit substantial, was weaker than the UK average trend.

Meanwhile, the decline in temporary vacancies across the North of England was stronger than the UK-wide average and sharp in nature.

Vacancies Index ■ Permanent ■ Temporary sa, >50 = growth since previous month

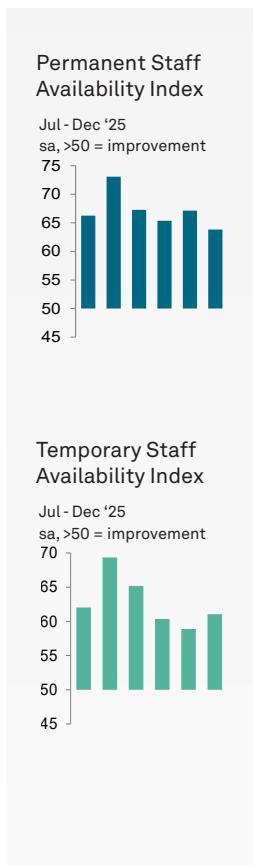


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-25	43.0	46.4	45.7	45.8
Aug-25	42.7	47.3	46.0	46.9
Sep-25	42.8	46.1	45.9	48.0
Oct-25	43.1	46.0	44.8	44.7
Nov-25	43.9	43.4	44.9	44.0
Dec-25	43.3	43.8	46.4	44.7

2 Staff availability

Recruitment consultants are asked to report whether availability of permanent and temporary staff has changed on the previous month.



Supply of permanent staff rises at softest rate since last February

As has been the case on a consistent basis for exactly two years, recruiters based in the North of England indicated another increase in permanent staff availability in December. Where panellists noted a rise in permanent labour supply, they principally attributed this to an increase in redundancies.

Although still substantial, the rate of growth in permanent labour supply was the weakest in ten months and softer than the UK-wide average.

Temporary staff availability rises at strongest pace seen in Q4 2025

As has been the case since March 2023, the seasonally adjusted Temporary Staff Availability Index posted above the critical 50.0 mark in December, signalling a further increase in temp labour supply across the North of England. The rate of growth was the fastest in three months and stronger than the UK average.

In their reports, recruiters often linked the rise in temporary candidates to increased instances of redundancies.

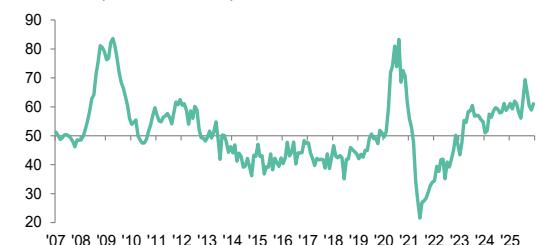
Permanent Staff Availability Index

sa, >50 = improvement since previous month



Temporary Staff Availability Index

sa, >50 = improvement since previous month



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	North	UK	North
Jul-25	64.9	66.3	61.3	62.0
Aug-25	70.2	73.1	67.9	69.4
Sep-25	65.5	67.3	65.2	65.2
Oct-25	65.1	65.4	64.1	60.4
Nov-25	66.6	67.1	65.2	58.9
Dec-25	66.7	63.8	60.0	61.1

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial
ACCA
Accountants
CIMA
Credit Controllers
Management Accountants
Practice Accountant
Taxation
Tax & Audit
Tax Accountant
Blue Collar
HVAC
Production
Refrigeration
Engineering
Electrical Engineers
Engineers

Executive/Professional
Business Development
Human Resources
Management
Solicitors
Hotel & Catering
Chefs
IT/Computing
IT
Technology
Nursing/Medical/Care
Medical Sales
Ultrasound Staff
Other
Buyers
Field Sales
Health & Safety

Logistics
Sales
STEM

Skills in short supply: Temporary staff

Accounting/Financial
ACCA
Accountants
CIMA
Credit Controllers
Tax Accountant
Blue Collar
Drivers
FLT Operators
Forklift Drivers
Machine Operators
Operatives
Warehouse Operatives
Executive/Professional
Human Resources
Secretarial/Clerical
Transport Administrators

Other
Customer Service
Logistics

4 Pay pressures

The recruitment industry survey tracks both the average salaries awarded to people placed in permanent jobs each month, as well as average hourly rates of pay for temp/contract staff.



Starting salary growth renewed in December

Ending a four-month run of reduction, the seasonally adjusted Permanent Salaries Index rose back above the crucial 50.0 mark, signalling a fresh increase in starting salaries for new permanent joiners across the North of England in December.

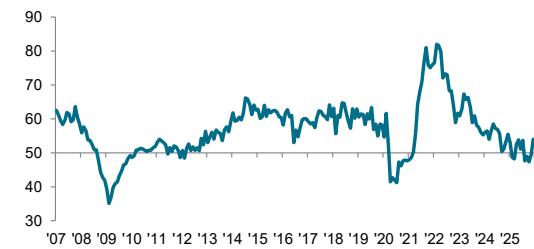
The rate of salary inflation was not only marked, but also the strongest seen across 2025 and the most pronounced of the four monitored English regions.

Temp pay increases for first time in five months

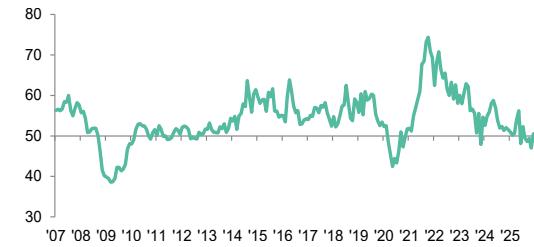
In contrast with declines seen in each of the previous four months, latest data signalled an increase in average hourly pay rates for short-term staff across the North of England in December. However, the pace of inflation was only slight overall.

Three of the four monitored English regions recorded an uptick in temp pay, though the North of England saw the weakest growth.

Permanent Salaries Index sa, >50 = inflation since previous month



Temporary Wages Index sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

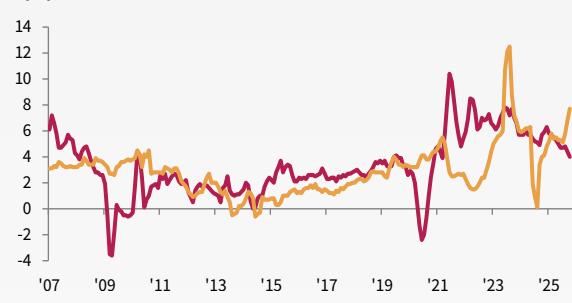
	Permanent		Temporary	
	UK	North	UK	North
Jul-25	52.0	53.7	51.1	52.3
Aug-25	50.6	47.6	51.5	49.5
Sep-25	50.2	49.0	50.8	48.6
Oct-25	50.8	47.3	49.9	49.4
Nov-25	52.7	49.5	50.0	47.0
Dec-25	53.1	54.0	51.0	50.5

Official data: UK average weekly earnings

Total employee earnings (including bonuses) rose by 4.7% year-on-year in the three months to October, marking the lowest rate of growth since the three months to June.

This reflected a softening of private sector earnings growth from 4.4% to 4.0% in October - the slowest increase in more than four-and-a-half years. This offset stronger growth in public sector pay, which rose at the quickest pace for over two years (7.7%). The latter was linked by the ONS to some pay rises in the public sector being paid earlier in 2025 than in 2024.

UK average weekly earnings %yr/yr, 3mma



Source: Office for National Statistics via S&P Global Market Intelligence.

5 Regional comparison

The KPMG and REC, UK Report on Jobs: North of England is one of four regional reports tracking labour market trends across England. Reports are also available for London, the South of England and the Midlands.

Staff appointments

Permanent staff appointments across the UK declined sharply in December. A contraction has now been noted on a monthly basis in each of the last 39 survey periods. The rate of decrease was the fastest in four months and sharp overall. Underlying regional data noted steeper downturns across the North of England, London and the South of England. However, going against the trend was the Midlands. Here, a fresh rise in permanent new joiners was signalled for the first time in seven months.

A fall in temporary billings was recorded for a second straight month across the UK in December. The rate of contraction was stronger than seen in the month prior and solid overall. The North of England posted the sharpest decrease in temporary billings, while the Midlands was the only region to record a rise.

Candidate availability

December data indicated a further marked expansion in the supply of permanent candidates across the UK. The respective seasonally adjusted index posted above the neutral 50.0 threshold for a thirty-fourth successive month. The rate of increase was only slightly stronger than seen in the month prior but the fastest since last August and historically strong. Regional data highlighted that the upturn was broad-based.

The latest data marked a further rise in the availability of short-term candidates across the UK. The rate of expansion was the softest in eight months but steep overall. All four monitored English regions saw temp staff availability rise, with London leading the upturn. The Midlands recorded the weakest pace of expansion.

Pay Pressures

Average starting pay for permanent UK workers rose in December, thereby extending the current sequence of inflation to 58 months. The rate of growth was the fastest in seven months but weaker than the long-run average. At a regional level, the steepest increase in starting salaries was seen in the North of England and the softest in London, where growth slowed to a crawl.

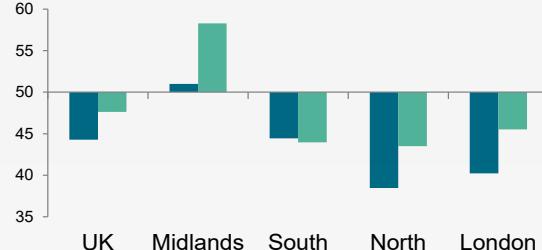
The seasonally adjusted Temporary Wages Index posted above the neutral mark of 50.0 for the first time in three months during December, to signal a modest and renewed rise in temp wages across the UK. Bar London, all the measured regions saw temporary wages increase, with the Midlands recording the strongest pace of inflation.

December 2025

Permanent
Temporary

Staff Appointments

sa, >50 = growth since previous month



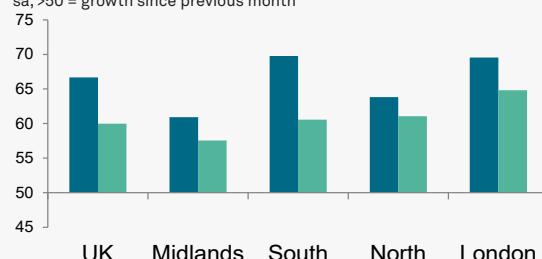
Vacancies

sa, >50 = growth since previous month



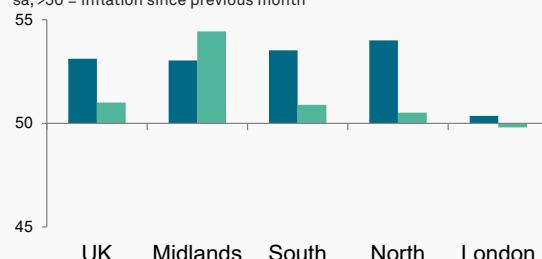
Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



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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.

Survey Dates

Data were collected 04-17 December 2025.

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KPMG LLP, a UK limited liability partnership, operates across the UK with approximately 17,000 partners and staff. The UK firm recorded a revenue of £2.99 billion in the year ended 30 September 2024.

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