Embargoed until 0001 (UK) 12 January 2026

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

Recruitment activity falls at quicker pace in December

44.4

PERMANENT PLACEMENTS INDEX

DEC '25

44.0

TEMPORARY BILLINGS INDEX

DEC '25

The KPMG and REC, UK Report on Jobs: South of England is compiled by S&P Global from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South of England.

Permanent placements and temp billings both fall at faster rates

Availability of permanent staff rises rapidly as vacancies decline

Strongest increase in starting salaries for 16 months

David Williams, Bristol Office Senior Partner at KPMG UK, said:

"December brought challenging conditions for the South of England, with both permanent placements and temp billings falling at their fastest rates in three months. This underscores the divergent confidence levels across the country as businesses navigate ongoing economic uncertainty.

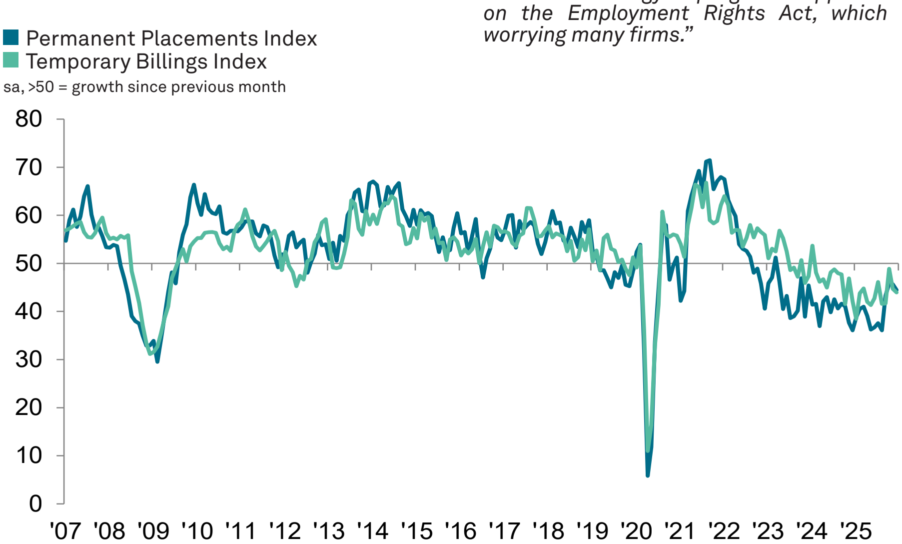
"However, beneath the headline figures, there are opportunities emerging for employers in the South willing to act decisively. Permanent candidate availability rose at the sharpest rate of any English region - the third-strongest increase since the pandemic. While starting salaries also grew at their fastest pace in sixteen months, it signals that the market is maturing and that businesses are choosing to invest more in the best talent, rather than just filling roles, despite economic headwinds. With this depth of talent available and employers demonstrating real commitment to securing quality hires, organisations with clear workforce strategies have a genuine window of opportunity to strengthen their teams heading into 2026."

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 the rate of contraction in permanent placements in the South of England slower than the average seen over the current period of decline and the downturn in temp billings in the region softer than the average seen over 2025. 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."

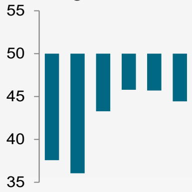


1 Staff appointments

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.

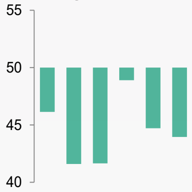
Permanent Placements Index

Jul - Dec '25
sa, >50 = growth



Temporary Billings Index

Jul - Dec '25
sa, >50 = growth



Permanent placements decline at quicker pace

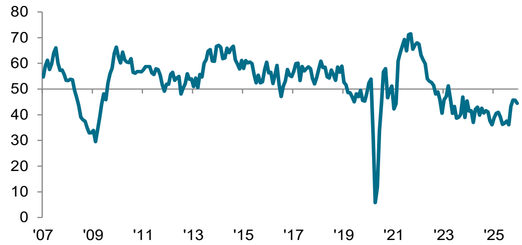
Adjusted for seasonal factors, the Permanent Placements Index posted below the neutral 50.0 value to signal a reduction in permanent staff recruitment across the South of England for the thirty-third month in a row in December. The rate of contraction was the sharpest recorded in three months, but remained slower than the average seen over the current period of decline. Recruiters frequently mentioned that the slowdown in hiring activity was driven by uncertainty over the outlook and squeezed budgets. Permanent placements fell at a similarly sharp pace across the UK as a whole.

Temp billings fall sharply

The downturn in temp billings across the South of England gathered pace in December. The rate of decline was the sharpest recorded since last September, albeit softer than the average seen over 2025 as a whole. Fewer projects and weaker demand for staff amid lingering economic uncertainty weighed on temp billings, according to anecdotal evidence. Regional data indicated that billings also fell across the North of England and London, but a sharp and accelerated rise was recorded in the Midlands.

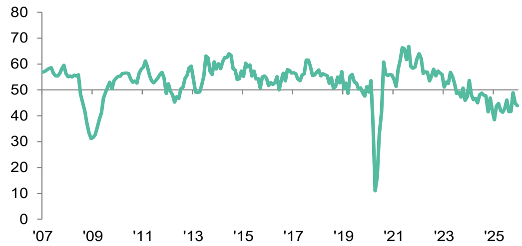
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jul-25	40.0	37.6	44.6	46.1
Aug-25	44.2	36.1	46.8	41.6
Sep-25	44.8	43.3	46.0	41.7
Oct-25	45.2	45.8	50.2	48.9
Nov-25	45.5	45.7	48.8	44.7
Dec-25	44.3	44.4	47.6	44.0

Job vacancies

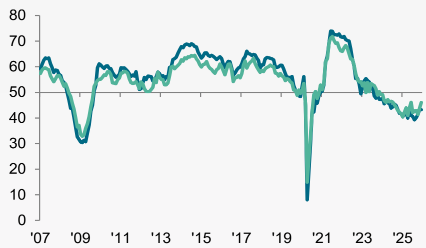
Demand for permanent workers across the South of England fell again in December, thereby stretching the current period of decline to nearly two-and-a-half years. The rate of contraction was slightly sharper than that seen in November and broadly in line with the national trend.

Short-term job opportunities in the local area also declined at the end of the year. Though solid, the rate of reduction was the joint-slowest since July 2024. Temp vacancies fell at a similar pace across the UK as a whole.

Vacancies Index

Permanent
Temporary

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jul-25	43.0	40.6	45.7	42.0
Aug-25	42.7	39.2	46.0	42.7
Sep-25	42.8	40.1	45.9	42.8
Oct-25	43.1	41.4	44.8	41.4
Nov-25	43.9	43.4	44.9	43.9
Dec-25	43.3	43.2	46.4	46.1

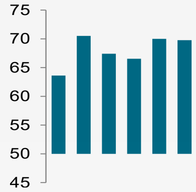
2 Staff availability

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

Permanent Staff Availability Index

Jul - Dec '25

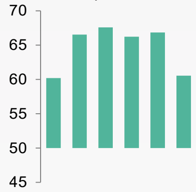
sa, >50 = improvement



Temporary Staff Availability Index

Jul - Dec '25

sa, >50 = improvement



Further rapid rise in permanent candidate supply

Recruitment consultancies based in Southern England signalled a further substantial increase in the availability of candidates for permanent roles in December. Although down slightly from November's reading, the respective seasonally adjusted index indicated the third-sharpest rise in candidate supply since the COVID-19 pandemic. The South of England also recorded the steepest increase in availability of all four monitored English areas. The latest upturn was widely attributed to redundancies and fewer job opportunities.

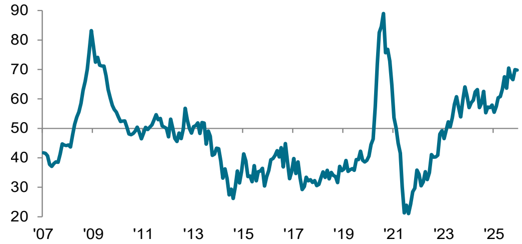
Softest increase in temp staff availability for five months

The number of candidates in the South of England seeking temporary roles rose for the thirty-second successive month in December. Though sharp, the rate of expansion was the slowest seen since last July. Where an increase was reported, this was generally linked by recruiters to company layoffs and weaker demand for staff.

Temporary staff supply also expanded at a slower rate at the national level, and one that was softer than that seen locally.

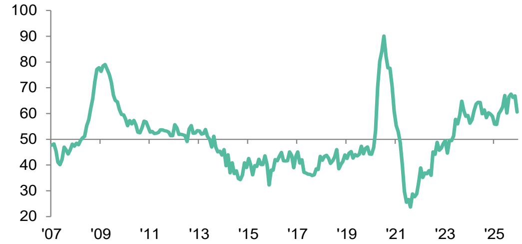
Permanent Staff Availability Index

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	South	UK	South
Jul-25	64.9	63.6	61.3	60.2
Aug-25	70.2	70.5	67.9	66.5
Sep-25	65.5	67.4	65.2	67.6
Oct-25	65.1	66.5	64.1	66.2
Nov-25	66.6	70.0	65.2	66.8
Dec-25	66.7	69.8	60.0	60.6

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial
ACA Qualified
Accountants
Auditors
Estimators
Management
Accountants
Payroll
Pension Specialists
Tax & Audit
Taxation

Blue Collar
Assembly Technicians
Drivers
HGV Drivers
LGV 2 Drivers
LGV Drivers

Construction
Construction
Construction Sales

Engineering
Commissioning Engineers
Design Engineers
Engineers
Project Engineers
Technicians

Executive/Professional
Business Development
Energy & Renewables
Legal Secretarial
Mid-Management
Project Managers
Senior Management

Hotel & Catering
Hospitality

IT/Computing
C#
CAD
CAD Modellers
Cyber Security
Data Engineers
Full-Stack Developer
IT
IT Change Management
IT Infrastructure
IT Qualified
IT Senior Management
Software Architects
Software Developers
Software Engineers
Technical Sales
Technology

Nursing/Medical/Care
Medical
Life Sciences (Sales)

Retail
Retail

Secretarial/Clerical
Personal Assistant

Other
Complaint Handlers
European Languages
German Speakers
Logistics
New Home Sales
Sales
Supply Chain
Telesales

Skills in short supply: Temporary staff

Accounting/Financial
Finance

Blue Collar
Assembly Technicians
Carpenters
Coded Welders
Despatch Operatives
Drivers
Forklift Drivers
HGV Drivers
Hygiene Operatives
LGV Drivers
Line Leaders
Machine Operators
Manufacturing
Operatives
Mechanical Assemblers
PPT Drivers

Construction
Construction

Engineering
Commissioning Engineers
Design Engineers
Engineers
Hardware Engineers
Project Engineers

Executive/Professional
Human Resources
Quality Assurance

IT/Computing
AI/ML Engineers
Cyber Security
Full-Stack Developer
IT
IT Infrastructure
Software Developers

Nursing/Medical/Care
Carers
Nurses
Social Care General
Social Workers

Secretarial/Clerical
Medical Secretaries

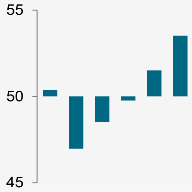
Other
Hybrid
New Home Sales
Sales
Telesales

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.

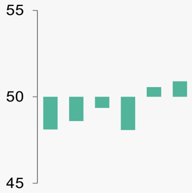
Permanent Salaries Index

Jul - Dec '25
sa, >50 = inflation



Temporary Wages Index

Jul - Dec '25
sa, >50 = inflation



Stronger rise in starting salaries

Average salaries for new permanent joiners in the South of England rose for the second straight month in December. The rate of increase quickened to a solid pace that was the strongest since August 2024. However, growth remained slower than the long-run average. Recruiters that reported higher salaries generally attributed this to efforts to attract candidates with skills that were in short supply.

Starting salaries increased across all four monitored English areas for the first time since last July, with the strongest rate of inflation seen in the North of England.

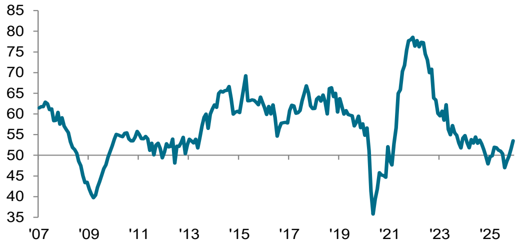
Temp pay rates increase slightly

December data signalled a further increase in average rates of pay for temporary workers in the South of England. However, the rate of wage growth remained marginal despite quickening from November. Some recruiters noted that candidate shortages in specific sectors had placed upward pressure on pay, but others commented that a general improvement in staff availability and tighter client budgets had dampened overall growth.

Average hourly rates of pay also rose marginally at the national level in December.

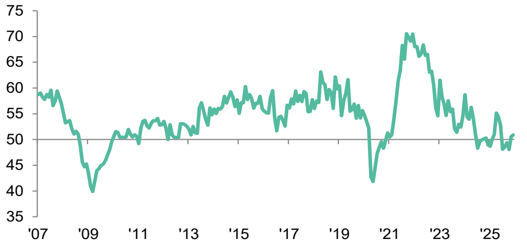
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

	Permanent		Temporary	
	UK	South	UK	South
Jul-25	52.0	50.4	51.1	48.1
Aug-25	50.6	47.0	51.5	48.6
Sep-25	50.2	48.5	50.8	49.4
Oct-25	50.8	49.8	49.9	48.1
Nov-25	52.7	51.5	50.0	50.6
Dec-25	53.1	53.5	51.0	50.9

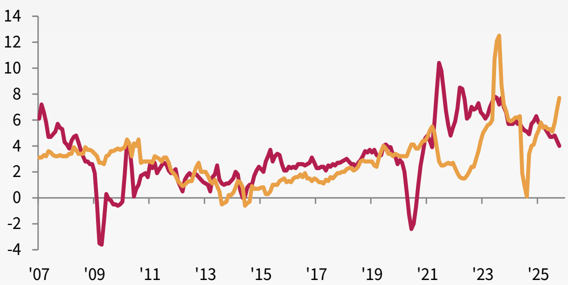
Official data: UK average weekly earnings

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 private public

%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: South of England is one of four regional reports tracking labour market trends across England. Reports are also available for London, the Midlands and the North of England.

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

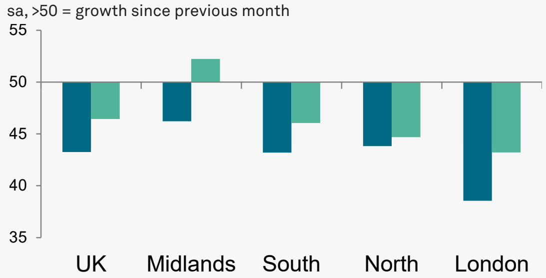
Permanent
Temporary

Staff Appointments

sa, >50 = growth since previous month

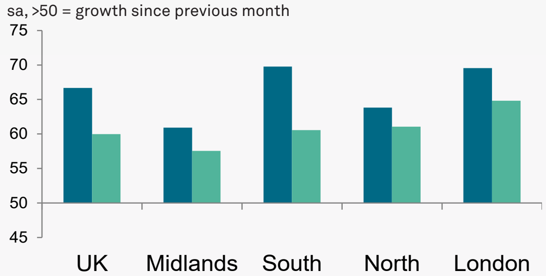
Vacancies

sa, >50 = growth since previous month



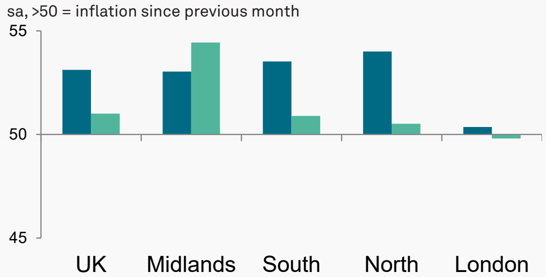
Staff Availability

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: South of England is compiled by S&P Global from responses to questionnaires sent to around 150 recruitment and employment consultancies in the South of England (defined as NUTS1 regions South East England, East of England and South West England).

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 4-17 December 2025.

About S&P Global

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About KPMG UK

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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