

KPMG and REC, UK Report on Jobs: London

Downturn in hiring activity persists in January

42.1

PERMANENT PLACEMENTS INDEX
JAN '26

47.1

TEMPORARY BILLINGS INDEX
JAN '26

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

Softer reductions in permanent placements and temp billings

Pay pressures intensify

Redundancies continue to fuel rapid growth in staff availability

Anna Purchas, London Office Senior Partner at KPMG UK, said:

“London’s jobs market remained under pressure at the start of the year, with many employers continuing to act cautiously amid ongoing uncertainty. Hiring is still subdued, but the pace of slowdown is easing, suggesting the market may be beginning to find its footing after a prolonged period of restraint.”

“At the same time, more people are entering the jobs market, giving businesses access to a wider pool of talent. Increasing supply, however, isn’t translating into a more competitive pay landscape for employers with higher starting salaries continuing to be offered to secure the skills needed to drive growth in 2026. Even in a cautious market, companies are willing to invest in the right people and plan for the future.”

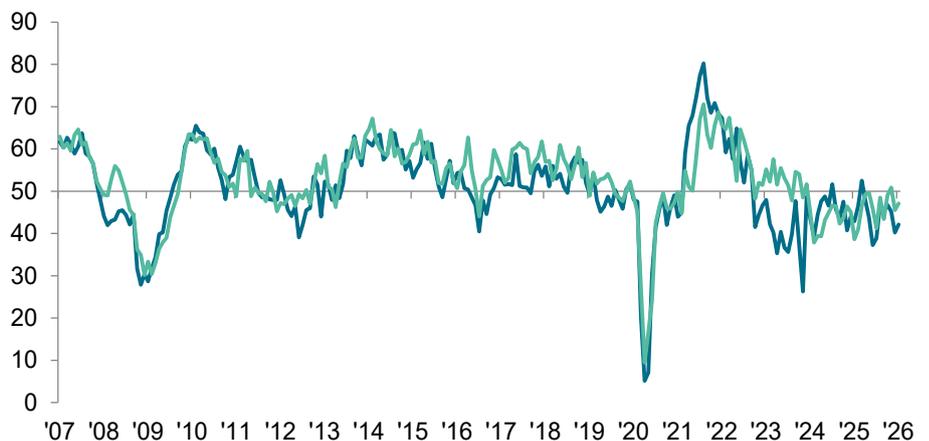
Neil Carberry, REC Chief Executive, said:

“There have been increasing signs from businesses as we enter 2026 that uncertainty on hiring plans is giving way to action. That does not mean a general hiring upswing, but the “wait-and-see” period seems to be ending in the UK. There were softer reductions in permanent placements and temp billings in London, but its labour market remains sluggish.”

“The decisions firms are now making involve lots of trade-offs, such as whether to create jobs in the UK or elsewhere, or which jobs need the human touch as opposed to an automated solution. A growing, inclusive economy requires high levels of employment – a focus on encouraging firms to create jobs rather than discouraging that investment is more important than ever. So far, the Government has struggled to convince businesses it wants them to hire. That must change in the decisions that are made this year if we are to avoid a continued rise in unemployment.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

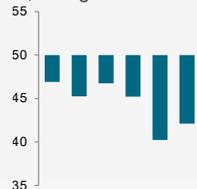


1 Staff appointments

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

Aug '25 - Jan '26
sa, >50 = growth



Rapid decline in permanent placements

The turn of the year highlighted a tenth successive monthly decline in new permanent joiners across London. The pace of decrease was softer than seen in December, but rapid overall. Fewer openings and uncertain market conditions were cited by recruiters as factors driving the downturn.

Moreover, the pace at which permanent placements fell across London was the strongest of the four monitored English regions.

Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Aug '25 - Jan '26
sa, >50 = growth



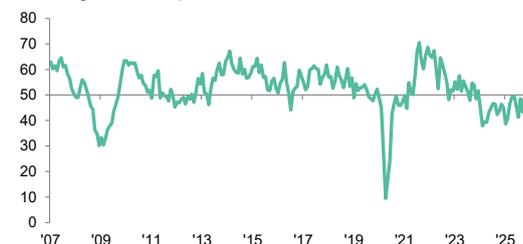
Temp billings fall further in January

A second straight monthly fall in billings received from short-term workers was recorded across the capital in January. The pace of decrease was solid, but eased on the month. According to survey respondents, reduced workloads at clients was behind the fall in billings.

The downturn in temp billings across London contrasted with a marginal but fresh increase at the UK level.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Aug-25	44.2	46.9	46.8	48.5
Sep-25	44.8	45.2	46.0	43.4
Oct-25	45.2	46.7	50.2	49.1
Nov-25	45.5	45.2	48.8	50.8
Dec-25	44.3	40.2	47.6	45.5
Jan-26	46.9	42.1	50.3	47.1

Job vacancies

Demand for permanent workers deteriorated markedly across the capital in January. Although easing on the month, the pace of decrease was the second-strongest since August 2020.

Temp vacancies fell sharply across London in January, thereby stretching the current run of contraction to 17 months. The pace of decrease moderated further to the weakest since last August, but was sharp overall.

Of the four tracked English regions, London registered the strongest reductions in both permanent and temp vacancies.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month

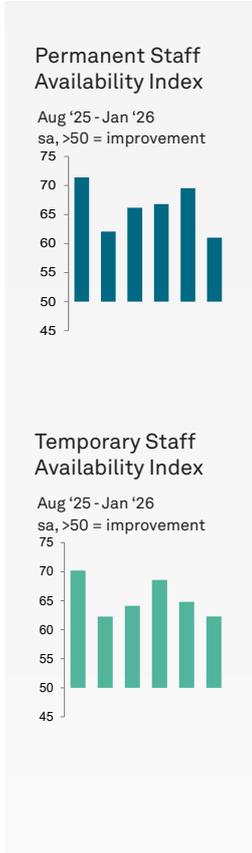


sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Aug-25	42.7	41.7	46.0	47.4
Sep-25	42.8	40.4	45.9	44.0
Oct-25	43.1	41.7	44.8	41.6
Nov-25	43.9	42.1	44.9	41.1
Dec-25	43.3	38.6	46.4	43.2
Jan-26	43.7	40.2	45.7	44.1

2 Staff availability

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



Softest expansion in permanent staff supply in eight months

January data marked a rapid rise in the supply of permanent workers available across London. Anecdotal evidence highlighted that the increase in staff availability was often due to redundancies.

While London recorded the strongest pace of growth of the four monitored English regions, the upturn was the weakest in eight months.

Temp staff supply rises markedly but growth rate eases

Amid widespread reports of redundancies, the availability of temporary staff expanded in London during January. The pace of increase eased to a four-month low, but was marked and the most pronounced of the four monitored English regions. Expansions have now been recorded on a monthly basis for over three years.

Permanent Staff Availability Index



Temporary Staff Availability Index



sa, >50 = improvement since previous month

	Permanent		Temporary	
	UK	London	UK	London
Aug-25	70.2	71.4	67.9	70.2
Sep-25	65.5	62.1	65.2	62.3
Oct-25	65.1	66.2	64.1	64.1
Nov-25	66.6	66.8	65.2	68.6
Dec-25	66.7	69.5	60.0	64.8
Jan-26	58.1	61.0	59.0	62.3

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial Accounts Assistant Financial Accountant	IT & Computing Technical Roles
Blue Collar Drivers	Nursing/Medical/Care Carers Medical Nurses
Construction Quantity Surveyors	Occupational Therapist Paramedics
Engineers Engineers	Physiotherapist Social Workers
Executive/Professional Management Professional Roles	Other Sales White Collar
Hotel & Catering Hospitality	

Skills in short supply: Temporary staff

Blue Collar Carpenters
Nursing/Medical/Care Social Workers

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 inflation intensifies notably in January

A sharp rise in average starting salaries awarded to new permanent joiners was recorded across London in January. The pace of inflation quickened to an eight-month high, after being only marginal in December. Skill shortages in certain sectors placed upward pressure on pay, according to respondents.

Of the four monitored English regions, only the North of England recorded a faster pace of starting salary inflation than that seen in London.

Renewed and rapid rise in temp wages

Surveyed recruiters across London recorded a fresh and rapid uptick in hourly pay for temp staff in January. The respective seasonally adjusted index posted a five-month high. According to anecdotal evidence, some clients had raised their offers to attract contract workers.

For the first time in eight months, all four monitored English regions recorded a rise in temp pay, with London signalling the strongest pace of inflation.

Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



sa, >50 = inflation since previous month

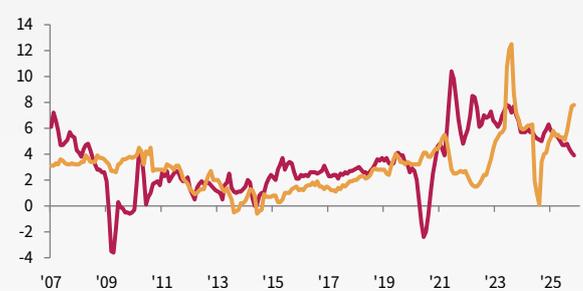
	Permanent		Temporary	
	UK	London	UK	London
Aug-25	50.6	51.6	51.5	57.5
Sep-25	50.2	51.8	50.8	52.8
Oct-25	50.8	51.3	49.9	52.5
Nov-25	52.7	52.8	50.0	50.4
Dec-25	53.1	50.4	51.0	49.8
Jan-26	54.2	54.6	54.4	56.0

Official data: UK average weekly earnings

Latest official data published by the ONS indicated that total employee earnings (including bonuses) increased 4.7% in the three months to November. This marked the second-slowest rise in pay since the three months to August 2024 (after the 4.6% increase seen in the three months to June 2025).

Underlying data showed that private sector pay growth slowed to 3.9%; the weakest increase since the three months to March 2021. Public sector earnings meanwhile rose at the quickest rate since the three months to September 2023 (7.8%), which was attributed to public sector pay rises 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: London is one of four regional reports tracking labour market trends across England. Reports are also available for the South of England, the Midlands and the North of England.

Staff appointments

The number of permanent staff appointments across the UK dropped again in January, thereby extending the current run of contraction to 40 months. That said, the rate of decrease was the weakest seen in one-and-a-half years. Permanent placements fell across three of the four monitored English regions, with the strongest decline seen in London. The Midlands was the only area to record a rise for the second month in a row, albeit one that was marginal overall.

Meanwhile, billings received from the employment of temp workers expanded at the national level during January. The upturn was slight but marked the first instance of growth for three months. The increase was supported by expansions across the Midlands and the South of England. However, further contractions were reported across London and the North of England.

Candidate availability

Recruiters across the UK indicated a rapid rise in candidate availability in January. That said, the pace of growth at the national level eased to a 12-month low, as regional data revealed softer upturns across all four monitored English areas. The South of England recorded the softest increase, while London registered the strongest pace of growth.

In line with the trend seen for permanent workers, the availability of short-term staff also rose at a slower pace across the UK in January. Though rapid, the upturn was the least pronounced for a year. All four monitored English regions recorded softer rates of expansion, with the Midlands signalling the weakest increase overall.

Pay Pressures

Latest survey data signalled a further increase in starting salaries for new permanent joiners in the UK, thereby extending the current sequence of pay growth that began in March 2021. While the pace of salary inflation quickened across the UK as a whole, trends diverged at the regional level. The North of England and London recorded faster rates of salary inflation, while weaker increases were observed across the South of England and the Midlands.

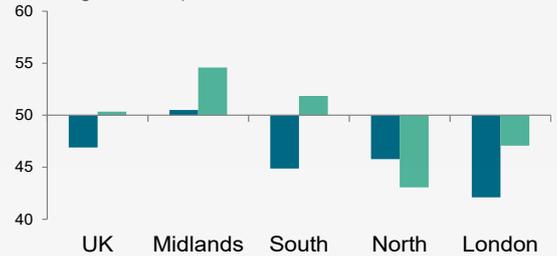
Average rates of pay for temporary staff continued to rise at the UK level in January. The latest increase in wages was sharp and the joint-fastest since May 2024. For the first time in eight months, all four monitored English regions saw a rise in hourly pay rates. The strongest rate of wage growth was observed in London, while the slowest was seen in the North of England.

January 2026

■ Permanent
■ Temporary

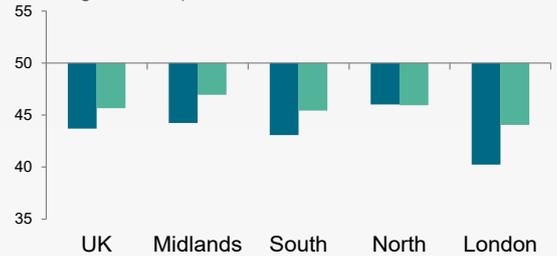
Staff Appointments

sa, >50 = growth since previous month



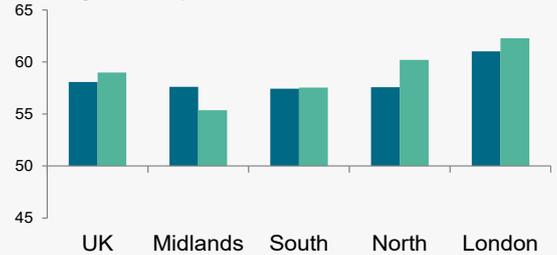
Vacancies

sa, >50 = growth since previous month



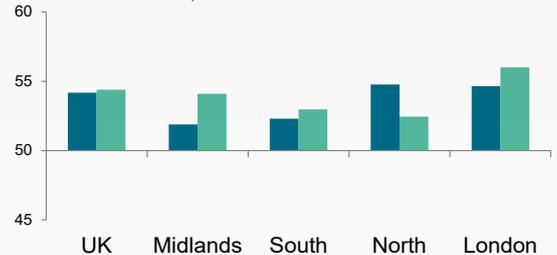
Staff Availability

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: London is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in London.

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 12-26 January 2026.

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