

KPMG and REC, UK Report on Jobs: London

Marked fall in number of permanent placements in December

40.2

PERMANENT
PLACEMENTS INDEX
DEC '25

45.5

TEMPORARY BILLINGS
INDEX
DEC '25

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.

New permanent joiners fall at steepest pace in five months

Renewed drop in temp billings

Marked rise in candidate availability

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

"December's figures show London's jobs market ended the year on a subdued note, with employers continuing to hold back on both permanent and temporary hiring."

"Looking ahead to 2026, the growing pool of available talent across the capital creates a real opportunity for businesses with the confidence to invest. Those that take a longer-term view and secure key skills now will be well placed to attract top talent ahead of confidence returning and hiring in London starting to pick up again."

Neil Carberry, REC Chief Executive, said:

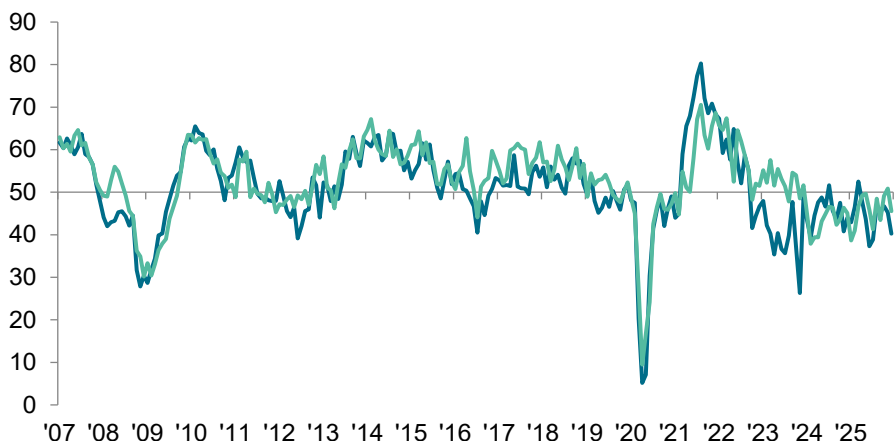
"It's always difficult to draw conclusions from jobs data in December, but the fact that the market in the UK slipped back a little on November is a reminder of the pressure employers are under."

"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. For example, following a modest uptick in the previous survey period, temporary billings fell across London. 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

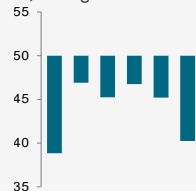


1 Staff appointments

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



Drop in permanent placements strongest in five months

A ninth consecutive monthly decline in new permanent joiners was recorded across the capital in December. The pace of decrease was marked and the fastest in five months. Market uncertainty and fewer job openings were reasons cited by surveyed recruiters for the latest drop in permanent placements.

The rate at which new permanent joiners fell across London outpaced the UK average.

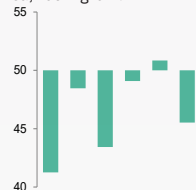
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

Jul - Dec '25
sa, >50 = growth

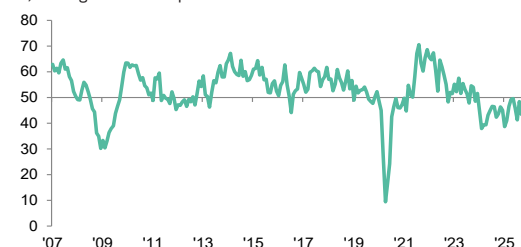


Renewed and sharp fall in temp billings

Following a modest uptick in the previous survey period, temporary billings fell across London in the closing month of 2025. Contractions have now been noted in 23 of the last 24 survey periods. The latest downturn was sharp and the most pronounced since September 2025. Anecdotal evidence attributed the fresh drop to budget constraints and weak demand for temp workers.

Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
Jul-25	40.0	38.8	44.6	41.3
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

Job vacancies

A marked fall in permanent vacancies was recorded in London during December, thereby stretching the current run of decrease to 17 months. The pace of reduction was substantial and the strongest since August 2020.

Demand for temp workers also deteriorated in December. While the respective seasonally adjusted index rose to a three-month high, it continued to signal a steep contraction in temp vacancies.

Moreover, of the four tracked English regions, London recorded the strongest decreases in both permanent and temp vacancies.

Vacancies Index

Permanent
Temporary

sa, >50 = growth since previous month



sa, >50 = growth since previous month

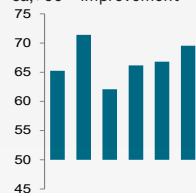
	Permanent		Temporary	
	UK	London	UK	London
Jul-25	43.0	42.4	45.7	45.0
Aug-25	42.7	41.7	46.0	47.4
Sep-25	42.8	40.4	45.9	44.0
Oct-25	43.1	41.7	44.8	41.6
Nov-25	43.9	42.1	44.9	41.1
Dec-25	43.3	38.6	46.4	43.2

2 Staff availability

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

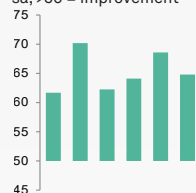
Permanent Staff Availability Index

Jul - Dec '25
sa, >50 = improvement



Temporary Staff Availability Index

Jul - Dec '25
sa, >50 = improvement



Permanent staff supply expands at fastest pace in four months

As has been the case since December 2022, candidates available for permanent roles rose across London in the latest survey period. The rate of increase was the fastest since last August and substantial overall. Qualitative data highlighted that the increase in candidate numbers was mainly due to redundancies.

The pace at which permanent candidate availability rose across London was only slightly outpaced by the upturn recorded across the South of England.

Temp staff supply rises markedly but growth rate eases

The number of candidates available for temp roles expanded in December, stretching the current run of growth to three years. The pace of increase was marked, albeit weaker than seen in November 2025. The increase in temporary candidate numbers reportedly reflected redundancies.

The upturn in temp staff supply across the capital was the strongest of the four monitored English regions.

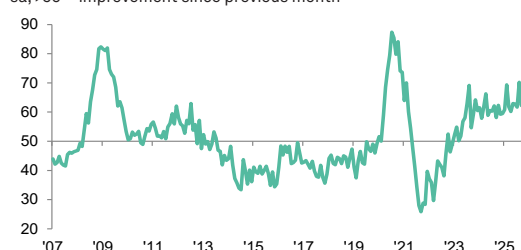
Permanent Staff Availability Index

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	London	UK	London
Jul-25	64.9	65.3	61.3	61.7
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

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial	Hotel & Catering
Entry Level Finance	Chefs
Revenue Control	Hospitality
Tax Accountant	Premium Hospitality
Blue Collar	IT & Computing
Drivers	Analysts
Cleaners	IT
Construction	Technical Roles
Construction Professionals	Nursing/Medical/Care
Construction Project Managers	Carers
Quantity Surveyors	Medical
Engineers	
Engineers	
Executive/Professional	
Management	
Professional Roles	

Skills in short supply: Temporary staff

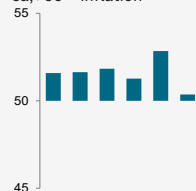
Blue Collar
Carpenters
Construction
Bricklayers
Labourers
Nursing/Medical/Care
Social Workers

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.

Permanent Salaries Index

Jul - Dec '25
sa, >50 = inflation



Starting salary inflation weakest in current 58-month sequence of

Average starting salaries awarded to permanent new joiners rose only slightly across London in December. In fact, the pace of inflation was the weakest in the current run of rising pay which began in March 2021. While recruitment for senior positions and candidate shortages in certain sectors were reported to have driven up starting salaries in some cases, this was partially offset by increased candidate availability and cost-cutting measures in other areas.

Moreover, the pace of permanent starting salary inflation across London was the slowest of the four monitored English regions.

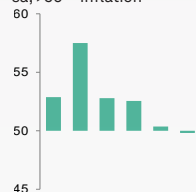
Temp wages fall for the first time in 15 months

Recruiters based in London recorded a fresh drop in temp wages during December. The respective seasonally adjusted index fell below the neutral mark of 50.0 for the first time in 15 months but indicated only a fractional decrease.

London was the only area of the four monitored English regions to record a fall in temp wages.

Temporary Wages Index

Jul - Dec '25
sa, >50 = inflation



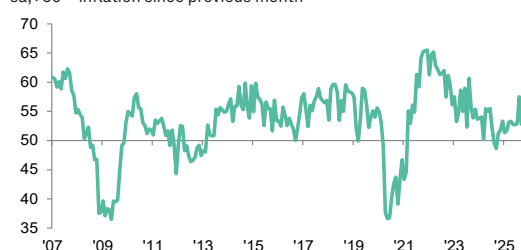
Permanent Salaries Index

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
Jul-25	52.0	51.6	51.1	52.9
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

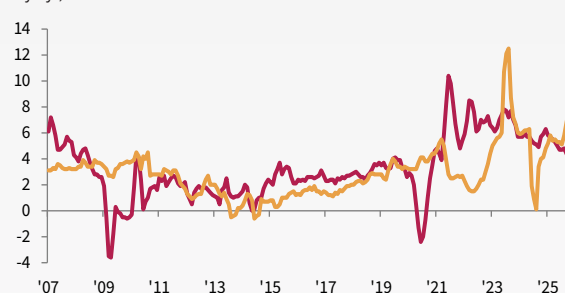
Official data: UK average weekly earnings

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: 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

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.

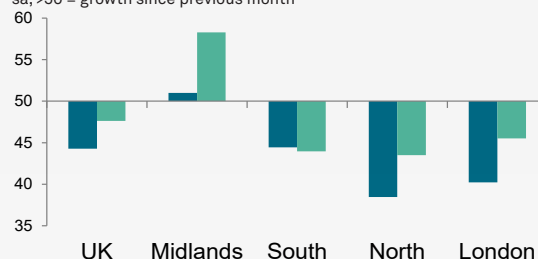
The seasonally adjusted Temporary Wages Index posted above the neutral mark of 50.0 for the first time in three months during December, to signal a modest and renewed rise in temp wages across the UK. Bar London, all the measured regions saw temporary wages increase, with the Midlands recording the strongest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

December 2025

■ Permanent
■ Temporary

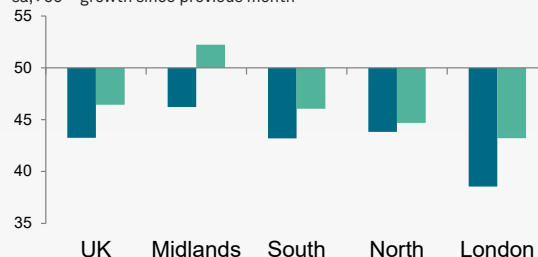
Staff Appointments

sa, >50 = growth since previous month



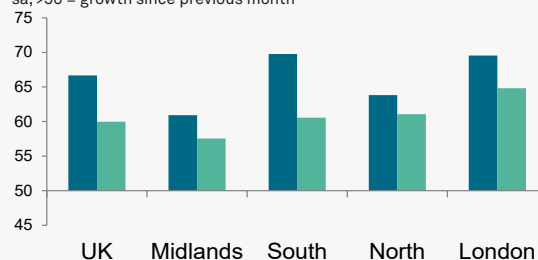
Vacancies

sa, >50 = growth since previous month



Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Claire Barratt
Deputy Head of Media Relations
T: +44 (0)7923 439264
claire.barratt@kpmg.co.uk

REC

Hamant Verma
Communications Manager
T: +44 (0)20 7009 2129
hamant.verma@rec.uk.com

S&P Global

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44 134 432 7213
maryam.baluch@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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 4-17 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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