

KPMG and REC, UK Report on Jobs: Midlands

Permanent placements decline sharply as uncertainty weighs on hiring activity

40.0

PERMANENT PLACEMENTS INDEX
MAY '26

53.8

TEMPORARY BILLINGS INDEX
MAY '26

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

Permanent placements fall for fourth straight month...

...but temp billings rise solidly

Pay pressures ease as candidate supply improves

Commenting on the latest survey results, Andy Bostock, Birmingham Office Senior Partner at KPMG UK, said:

“May’s figures suggest Midlands employers are still taking a cautious approach to long-term hiring, with uncertainty and higher business costs continuing to weigh on permanent recruitment decisions. While temp billings continued to rise, that reflects a market where many businesses are prioritising flexibility over long-term commitment, leaving workers facing greater uncertainty, but businesses better placed to weather a changeable operating environment.”

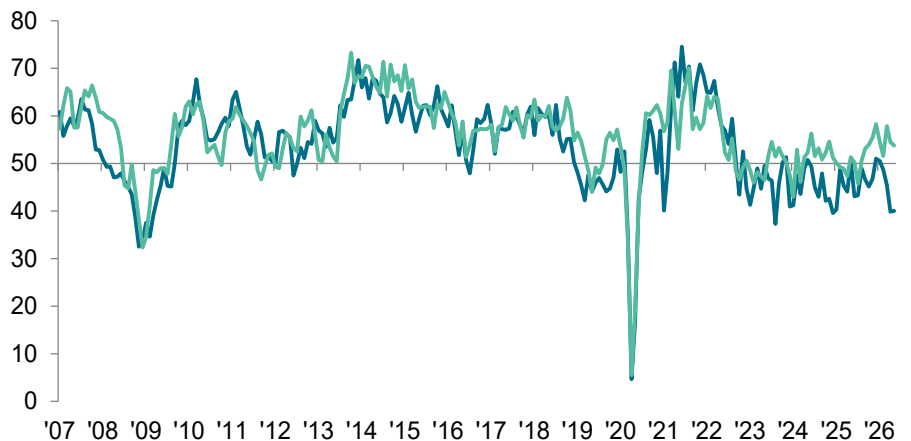
“What stands out is that this shift is happening alongside fewer vacancies, softer salary growth and a continued rise in candidate availability, all of which point to a tougher environment for jobseekers. For employers, that may ease some immediate hiring pressures, but it is not yet a sign of a healthy labour market. The broader picture remains one of caution, with businesses holding back on sustained hiring and workers continuing to feel the impact.”

Neil Carberry, REC Chief Executive, said:

“The clearest story in the economy right now is momentum being held up by uncertainty. In the jobs market, that is where temporary work comes into its own. With businesses tapping the brakes on permanent hiring in the face of higher costs, the Gulf crisis and new employment red tape, temporary work is making up the gap. May extended the current run of growth in temp billings to 10 months in the Midlands. This is a huge strength for workers and employers across the country, as it keeps the wheels turning in challenging times. Recognising this and backing our well-regulated temporary and contract workforce should be a priority for government, starting with big changes to the approach to zero hours rules.”

■ Permanent Placements Index
■ Temporary Billings Index

sa, >50 = growth since previous month

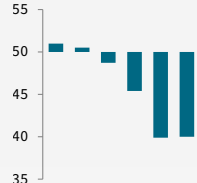


1 Staff appointments

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

Dec '25 - May '26
sa, >50 = growth



Further sharp reduction in permanent staff appointments

May data revealed a fourth straight monthly decline in permanent staff recruitment across the Midlands. The rate of contraction was little-changed from April and rapid overall. According to survey respondents, higher business costs and greater market uncertainty, partly due to the war in the Middle East, dampened hiring activity during the latest survey period.

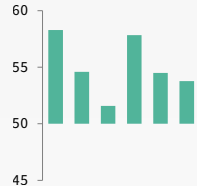
All four monitored English regions except the North of England noted a decline in permanent placements, with the sharpest fall seen in the Midlands.

Temp billings rise further

Billings received from the employment of temporary staff increased again across the Midlands in May, extending the current run of growth to ten months. According to anecdotal evidence, employers often expressed a preference for temp staff over permanent workers. Though solid and above the UK-wide average, the rate of expansion was the slowest seen in three months and below the historical trend.

Temporary Billings Index

Dec '25 - May '26
sa, >50 = growth



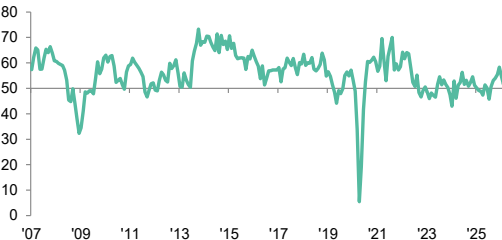
Permanent Placements Index

sa, >50 = growth since previous month



Temporary Billings Index

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-25	44.3	51.0	47.6	58.3
Jan-26	46.9	50.5	50.3	54.6
Feb-26	49.2	48.7	48.0	51.6
Mar-26	49.2	45.4	48.4	57.8
Apr-26	47.5	39.9	50.4	54.5
May-26	44.1	40.0	52.2	53.8

Job vacancies

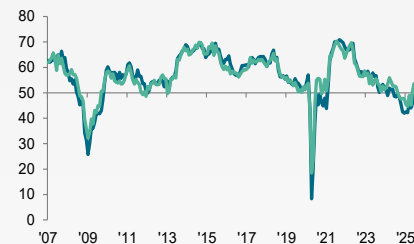
Permanent vacancies fell in the Midlands during May, thereby stretching the current sequence of reduction to two years. Although the respective seasonally adjusted index ticked up for the first time in six months, it continued to signal a marked rate of decline.

Recruiters across the Midlands also noted a deterioration in demand for temporary workers in May. That said, the pace at which temp vacancies fell was moderate and the weakest in the current five-month sequence of reduction. Nevertheless, the Midlands and the South of England were the only two tracked English regions to register decreases in temp vacancies.

Vacancies Index

■ Permanent
■ Temporary

sa, >50 = growth since previous month



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-25	43.3	46.2	46.4	52.2
Jan-26	43.7	44.2	45.7	47.0
Feb-26	45.8	43.6	45.5	44.8
Mar-26	46.0	42.4	45.6	43.6
Apr-26	46.1	42.4	47.9	45.6
May-26	45.6	42.8	49.6	48.3

2 Staff availability

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



Growth in permanent staff supply weakest in 37 months

Recruiters across the Midlands registered a further rise in permanent candidate availability during May. Where panellists noted an increase, they primarily linked this to redundancies.

While the pace of growth was sharp, it was the weakest since the current period of expansion began in April 2023 and the softest of the four monitored English regions.

Temporary staff availability rises again in May

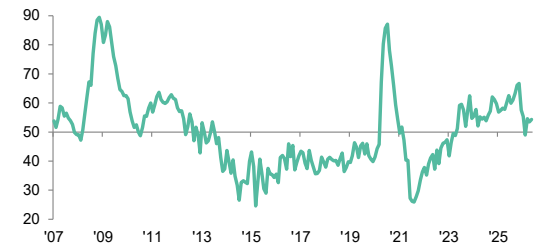
Adjusted for seasonality, the Temporary Staff Availability Index posted above the critical 50.0 mark for a third month running in May, and signalled a solid expansion in temp labour supply across the Midlands. Recruiters often attributed the latest increase to company layoffs.

That said, the upturn across the Midlands was once again the least pronounced 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	Midlands	UK	Midlands
Dec-25	66.7	60.9	60.0	57.6
Jan-26	58.1	57.6	59.0	55.4
Feb-26	59.2	59.2	58.2	49.0
Mar-26	62.5	60.7	59.9	54.6
Apr-26	61.1	56.2	59.8	53.5
May-26	62.4	55.0	61.8	54.3

3 Demand for skills

Skills in short supply: Permanent staff

- Accounting/Financial**
 - Credit Controllers
 - Finance
 - Finance Business Partner
 - Finance Managers
 - Management Accountants
 - Part Qualified Accountants
 - Tax & Audit
 - Technical Finance Professionals
- Blue Collar**
 - Blue Collar
 - Security Guards
- Construction**
 - Construction

- Engineering**
 - Engineers
- Executive/Professional**
 - Human Resources
 - Procurement
- IT & Computing**
 - Software Developers
- Secretarial/Clerical**
 - Office Roles

Skills in short supply: Temporary staff

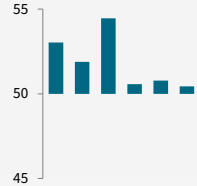
- Accounting/Financial**
 - Finance
 - Technical Finance Professionals
- Blue Collar**
 - Welders
- Construction**
 - CE&I
- Engineering**
 - Engineers
- IT & Computing**
 - AI/ML Developers
 - Software Developers
 - Technical Roles

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

Dec '25 - May '26
sa, >50 = inflation



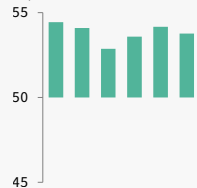
Starting salary growth slips to 63-month low

Latest data signalled only a slight increase in salaries awarded to new permanent joiners across the Midlands in May. In fact, the respective seasonally adjusted index pointed to the slowest rate of growth over the current 63-month sequence of rising pay. Where recruiters did record higher salaries, this was linked to the rising cost of living and hiring for more senior roles.

At the regional level, the Midlands and the South of England recorded the joint-weakest rates of permanent starting salary inflation in May.

Temporary Wages Index

Dec '25 - May '26
sa, >50 = inflation



Temp wages rise at slower but solid pace

Average hourly rates of pay for temporary workers rose for the sixth successive month across the Midlands in May. While the rate of inflation slowed since April and was below the survey's long-run average, it was solid overall and the fastest recorded across the four covered English regions.

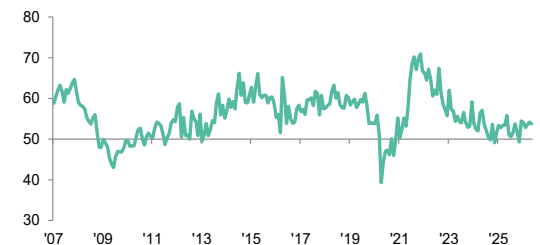
Permanent Salaries Index

sa, >50 = inflation since previous month



Temporary Wages Index

sa, >50 = inflation since previous month



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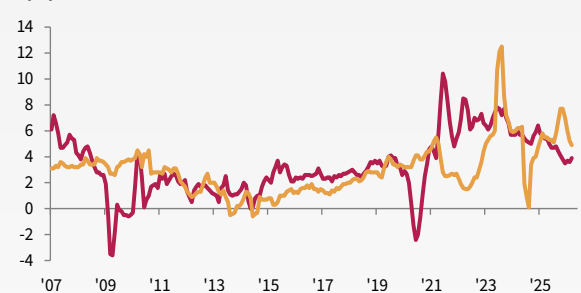
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
Dec-25	53.1	53.0	51.0	54.4
Jan-26	54.2	51.9	54.4	54.1
Feb-26	52.6	54.5	52.3	52.9
Mar-26	51.1	50.6	50.7	53.6
Apr-26	52.3	50.8	51.7	54.2
May-26	52.2	50.4	51.4	53.8

Official data: UK average weekly earnings

The latest official data published by the ONS pointed to a 4.1% year-on-year increase in total employee earnings (including bonuses) in the three months to March 2026. This was up slightly from 3.9% in the previous three-month period, but nevertheless remained among the slowest rates of growth seen since the pandemic.

A slightly stronger rise in earnings across the private sector (3.9%, up from 3.6%), offset a slowdown in pay growth in the public sector (4.9%, down from 5.2%).

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

Staff appointments

Permanent placements fell across the UK as a whole during May, extending the current sequence of reduction to 44 months. The pace of decrease was the fastest since last July and rapid overall. Driving the latest downturn were marked declines in the Midlands and the South of England, and to a lesser extent, London. Meanwhile, the North of England recorded a modest increase that was the softest in four months.

Billings received from the employment of temp workers rose solidly across the UK in May, with the rate of growth the most pronounced in 37 months. In fact, a universal rise was seen at the regional level for the first time since December 2022. The South of England recorded the steepest expansion, followed by the Midlands. Renewed but mild upturns were seen across the North of England and London.

Candidate availability

Recruiters in the UK signalled a further increase in permanent candidate availability midway through the second quarter. The pace of growth was stronger than observed in April and rapid, but below that typically seen in 2025. Except for the Midlands, which recorded the weakest expansion, all monitored English regions registered marked and more pronounced increases.

Similarly, the availability of temporary staff expanded at a rapid and accelerated pace across the UK in May. The upturn was the fastest for six months. London recorded the strongest increase, while the slowest was once again seen in the Midlands.

Pay Pressures

Starting salaries for permanent new joiners rose across the UK in May, stretching the current sequence of inflation which began in March 2021. The rate of increase was broadly unchanged from April and historically weak, however. London recorded the quickest rate of pay growth, followed closely by the North of England. Meanwhile, the Midlands and the South of England noted the joint-softest increases in permanent salaries.

Average hourly rates of pay for short-term staff rose modestly across the UK in May. The increase was also slower than the survey's long-run average. Three of the four monitored English regions recorded an uptick, with the Midlands seeing the strongest increase in wages overall. In contrast, temp pay fell fractionally across the North of England.

May 2026

■ Permanent
■ Temporary

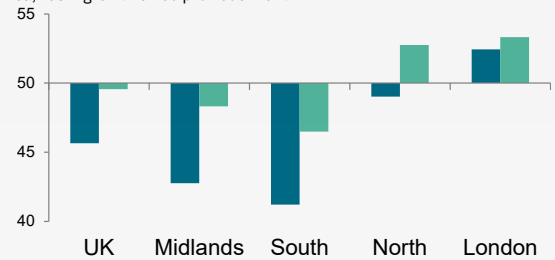
Staff Appointments

sa, >50 = growth since previous month



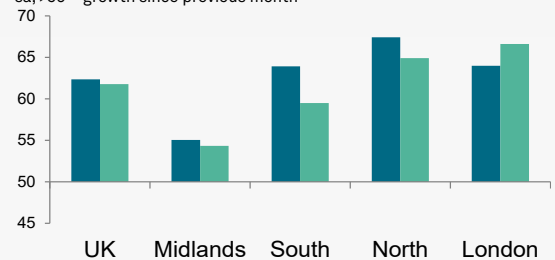
Vacancies

sa, >50 = growth since previous month



Staff Availability

sa, >50 = growth since previous month



Pay Pressures

sa, >50 = inflation since previous month



Contact

KPMG

Claire Barratt
Deputy Head of Media Relations
M: +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

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Methodology

The KPMG and REC, UK Report on Jobs: Midlands is compiled by S&P Global from responses to questionnaires sent to around 100 recruitment and employment consultancies in the Midlands (defined as NUTS1 regions West Midlands and East Midlands).

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 12-22 May 2026.

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