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KPMG and REC, UK Report on Jobs: London

Growth in permanent placements gathers pace in October

51.1
PERMANENT PLACEMENTS INDEX
OCT '26

46.9
TEMPORARY BILLINGS INDEX
OCT '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.

Modest upturn in permanent staff placements

Solid but softer fall in temp billings

Pay inflation strongest since July

Commenting on the latest survey results, Anna Purchas, Vice Chair & London Office Senior Partner at KPMG UK, said:

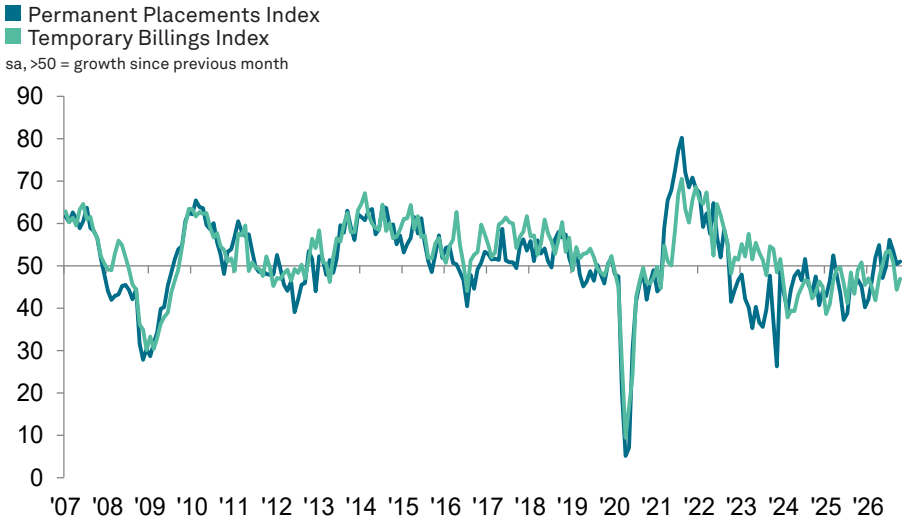
"London's jobs market continues to show resilience with permanent hiring growing for the fourth consecutive month even as the wider UK market slows. Permanent vacancies are also up, for the seventh month in a row, and while challenges remain, it's encouraging to see businesses wanting to invest in our city's talent.

"The recent Budget measures to support apprenticeships for younger workers are welcome steps towards sustaining this progress. By making it easier for young Londoners to develop their skills and start their careers, we can help create more jobs and support the capital's long-term growth."

Maxine Bligh, Interim Chief Executive at the Recruitment and Employment Confederation (REC), said:

"London is improving, but confidence remains fragile. The capital saw a fourth straight monthly rise in permanent placements and growth in permanent vacancies for a seventh consecutive month. This reflects the broader improvement in hiring across the UK in the second half of 2026. But a second straight monthly fall in temp billings and a further reduction in temporary vacancies in London highlight the fragility of employers' confidence to invest in hiring. This shows there is still much more for government to do to give businesses the confidence they need to create jobs.

"This made the Budget a missed opportunity for both jobs and growth. With the OBR concluding that the Employment Rights Act is likely to have a negative impact on economic activity, the government missed the opportunity to reduce the risks of its guaranteed hours gamble by excluding recruitment agencies from the proposals. Businesses can absorb only so many additional employment costs before hiring slows and job creation suffers."



S&P Global

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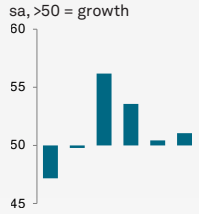
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1 Staff appointments

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

May - Oct '26
sa, >50 = growth



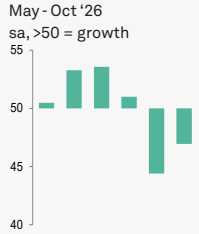
Permanent placements rise modestly

A fourth straight monthly rise in new permanent joiners was recorded across the capital in October. While the pace of increase picked up from September, it remained notably weaker than the upturns seen in July and August. The need for more experienced workers was said to have driven the uptick.

Of the four tracked English regions, London was the only area where the respective seasonally adjusted index rose, with the capital seeing the strongest increase in permanent placements.

Temporary Billings Index

May - Oct '26
sa, >50 = growth

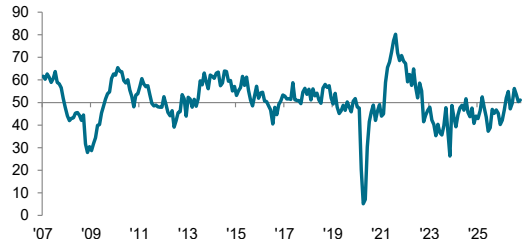


Sustained decline in temp billings

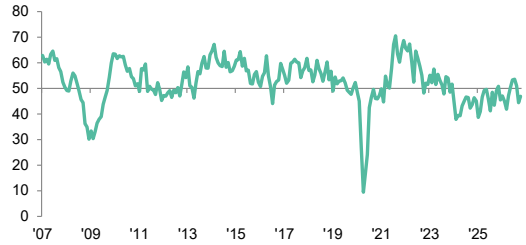
Meanwhile, temp billings were down for a second straight month in October. The pace of decrease was solid, albeit weaker than seen in the previous survey month. A lack of temp roles was cited as a key reason for the latest decrease.

Additionally, for the first time in seven months a decline in temp billings was seen at the UK level.

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



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



sa, >50 = growth since previous month

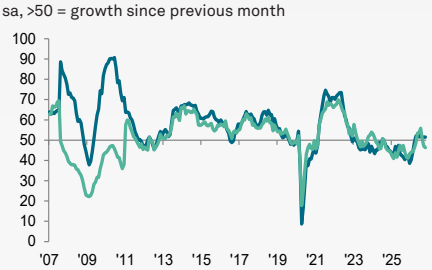
	Permanent		Temporary	
	UK	London	UK	London
May-26	44.1	47.2	52.2	50.5
Jun-26	49.1	49.8	52.7	53.3
Jul-26	50.0	56.2	51.9	53.6
Aug-26	50.5	53.6	52.4	51.0
Sep-26	50.9	50.4	50.9	44.4
Oct-26	46.6	51.1	48.9	46.9

Job vacancies

Demand for permanent staff improved for a seventh consecutive month in London during October. The pace of growth was unchanged from September and modest overall.

London-based recruiters recorded a second successive monthly reduction in temp vacancies in October. Moreover, the pace of reduction was sharp and the most pronounced since March.

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



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	London	UK	London
May-26	45.6	52.4	49.6	53.3
Jun-26	44.8	51.6	49.5	53.6
Jul-26	46.8	52.7	52.2	55.9
Aug-26	46.8	51.0	49.1	50.6
Sep-26	48.4	51.5	48.9	47.1
Oct-26	48.6	51.5	50.1	46.3

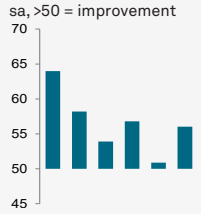
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2 Staff availability

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

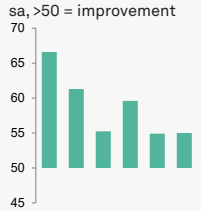
Permanent Staff Availability Index

May - Oct '26
sa, >50 = improvement



Temporary Staff Availability Index

May - Oct '26
sa, >50 = improvement



Sharp rise in permanent staff supply

October marked a rapid rise in permanent staff supply across London, thereby stretching the current run of increases to nearly four years. The latest uptick in candidate numbers was often attributed to company layoffs.

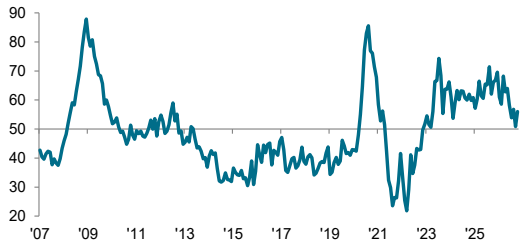
The pace at which permanent candidates rose across London rebounded notably from September's recent low, but was the weakest among the four tracked English regions.

Sustained growth in temp candidate availability

A sharp rise in temp staff supply was recorded across the capital during October. Recruiters often highlighted more people seeking temporary roles due to redundancies. That said, the pace of growth was little changed from September's three-year low and the least pronounced of the four tracked English regions.

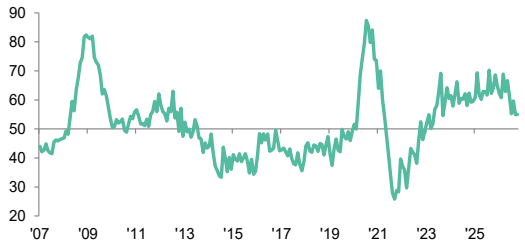
Permanent Staff Availability Index

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
May-26	62.4	64.0	61.8	66.6
Jun-26	60.2	58.2	59.3	61.3
Jul-26	60.0	53.9	56.0	55.3
Aug-26	60.9	56.8	56.1	59.6
Sep-26	57.2	50.9	57.4	54.9
Oct-26	59.6	56.0	56.2	55.0

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial
Estimators
Technical Finance Professionals
Blue Collar
Drivers
Construction
Construction Project Managers
Quantity Surveyors
Engineering
Engineers
Executive/Professional
Human Resources
Management
Professional Roles
IT & Computing
Analysts
IT
Technical Roles
Nursing/Medical/Care
Care Assistants
Medical
Nurses
Occupational Therapist
Paramedics
Physiotherapist
Social Workers

Skills in short supply: Temporary staff

Accounting/Financial
Finance
Blue Collar
Site Manager
Construction
Labourers
Quantity Surveyors
Hotel & Catering
Catering
Chefs
Nursing/Medical/Care
Social Workers
Other
Commercial

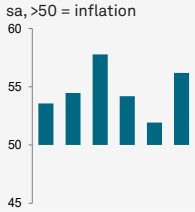
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4 Pay pressures

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

May - Oct '26
sa, >50 = inflation

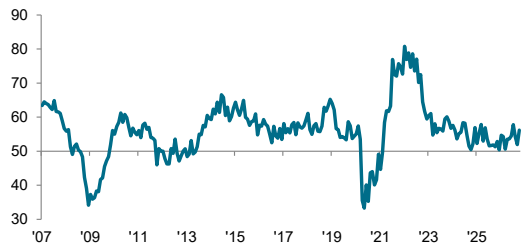


Starting salary inflation strongest in three months

Average starting salaries for permanent workers increased further in October. The rate of inflation was the fastest since July and broadly in line with the long-run average. Higher salaries were often linked to hiring for senior roles.

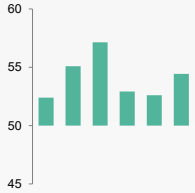
Of the four monitored English regions, London recorded the strongest rise in starting salaries.

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



Temporary Wages Index

May - Oct '26
sa, >50 = inflation

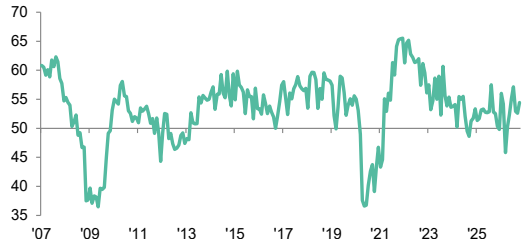


Temp wage inflation picks up to three-month high

Recruiters based in London recorded a seventh straight monthly rise in hourly pay rates in October. The rate of increase was solid and the fastest in three months. Anecdotal evidence highlighted that the filling of senior positions had pushed up average pay rates.

As with permanent salaries, London recorded the strongest rate of temp wage inflation among the four tracked English regions.

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



sa, >50 = inflation since previous month

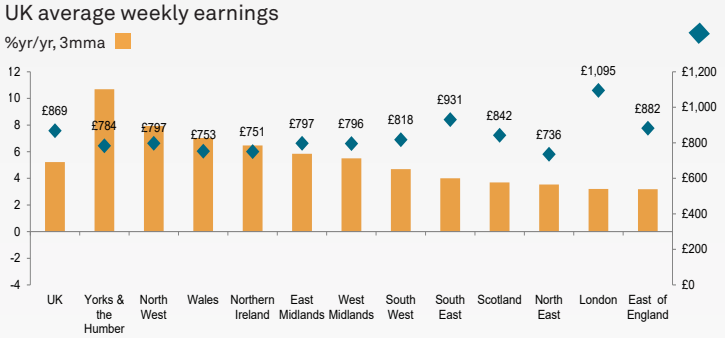
	Permanent		Temporary	
	UK	London	UK	London
May-26	52.2	53.6	51.4	52.4
Jun-26	53.1	54.5	52.9	55.1
Jul-26	53.3	57.8	54.8	57.1
Aug-26	54.1	54.2	53.5	52.9
Sep-26	53.4	51.9	52.6	52.6
Oct-26	54.1	56.2	53.1	54.4

Official data: UK average weekly earnings

Data from the Office for National Statistics indicated that average weekly earnings across the UK increased by 5.2% year-on-year to £869 over the second quarter of 2026.

Average pay increased across all 12 UK regions and nations, with Yorkshire & the Humber (up 10.7% to £784), the North West (up 7.9% to £797) and Wales (up 7.0% to £753) recording the steepest rates of growth. The East of England and London saw the joint-slowest upturn in pay, with both registering a 3.2% increase in earnings.

UK average weekly earnings
%yr/yr, 3mma



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

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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

After two consecutive months of growth – the first since 2022 – the number of people placed into permanent jobs across the UK fell in October. The rate of decline was solid and the fastest since May. A steep drop in permanent staff appointments in the South of England was accompanied by a fresh, sharp fall in the Midlands. London was the only one of the four monitored English regions where the respective seasonally adjusted index ticked up in October, indicative of modest growth. Meanwhile, permanent placements were broadly unchanged in the North of England.

UK recruiters also reported a solid and renewed fall in temp billings during October, ending a six-month run of growth. All monitored English regions except the North of England saw temp billings decrease, with the steepest reduction in the South of England.

Candidate availability

The latest data indicated a further steep rise in the supply of permanent candidates across the UK. The rate of increase accelerated since September. Among the four monitored English regions, the North of England recorded the sharpest increase. London posted the softest rise.

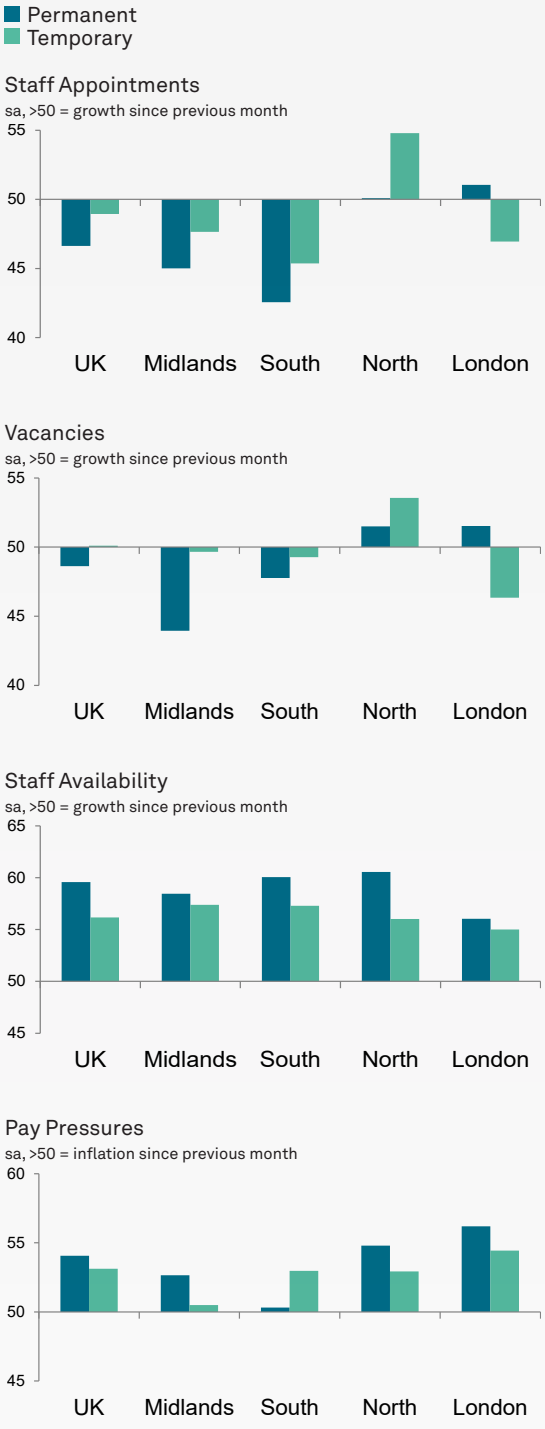
The supply of temporary staff rose rapidly in the UK during October, despite the rate of increase slowing slightly from the previous month. The Midlands and South of England led the upturn, while London saw the weakest increase.

Pay Pressures

Starting salaries for permanent staff in the UK rose at a quicker pace in October. Although historically muted, the rate of inflation accelerated to match August's and was therefore the joint-fastest in nine months. Permanent salaries rose across all four English regions, with the sharpest rate of inflation seen in the capital.

Hourly pay for temp staff also rose at a faster pace nationally in October, albeit one that remained below the series average. Regionally, London registered the fastest increase in temp pay, while the Midlands recorded the slowest.

October 2026



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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 October 2026.

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