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KPMG and REC, UK Report on Jobs: Midlands

Renewed decline in hiring activity during October

45.0
PERMANENT PLACEMENTS INDEX
OCT '26

47.7
TEMPORARY BILLINGS INDEX
OCT '26

Fresh falls in permanent placements and temp billings

Rapid and stronger increases in permanent and temp staff availability

Starting salary inflation ticks up to eight-month high

Kate Holt, People Consulting Partner at KPMG in the Midlands, said:

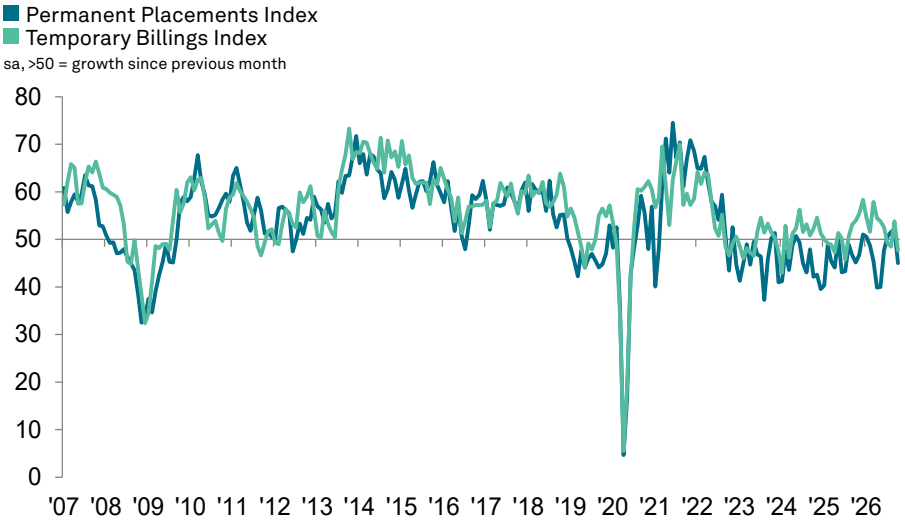
"October's figures show how fragile the improvement in the Midlands jobs market remains. After three months of growth, permanent hiring has fallen back sharply, while temp billings have also weakened. That points to businesses becoming more hesitant again as rising costs, uncertainty and slower decision-making weigh on recruitment plans.

"The picture is particularly challenging for jobseekers, with vacancies still falling and redundancies increasing competition. There are, however, areas of resilience, and the Midlands has significant opportunities ahead in sectors like advanced manufacturing, aerospace and rail. The priority is ensuring that investment translates into new projects that will deliver sustained demand for workers."

Maxine Bligh, Recruitment and Employment Confederation's Chief Membership & Innovation Officer, said:

"Today's data breaks with three consecutive months of growth in permanent placements in the Midlands which reflects the fragility of confidence employers have to invest in their hiring employers' confidence to invest in hiring. Faced with economic uncertainty at home and abroad and increased costs and risks of employment, many employers are taking a more cautious approach, signalling there is much more for government to do to give employers the confidence they need to create jobs.

"This Budget was 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."



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.

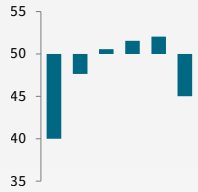
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1 Staff appointments

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

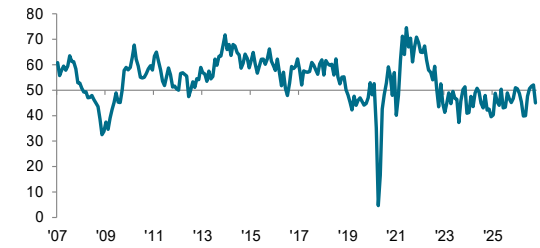


Renewed and sharp decline in permanent new joiners

After three consecutive months of growth, recruiters across the Midlands reported a renewed and sharp fall in permanent placements at the start of the fourth quarter. The rate of decline was the fastest since May. Anecdotal evidence linked the decrease to sluggish market conditions and rising costs, while some firms said they had put hiring decisions on hold due to economic uncertainty.

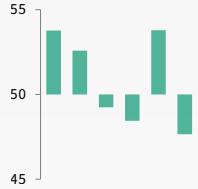
Permanent placements also contracted at the national level and at a solid pace.

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



Temporary Billings Index

May - Oct '26
sa, >50 = growth

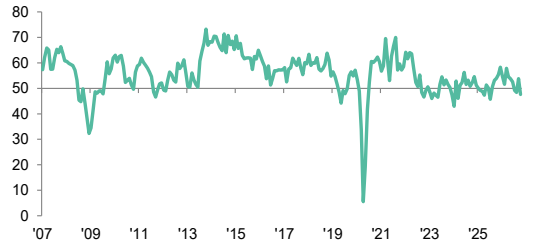


Fresh fall in temp billings

Following strong growth in September, temp billings across the Midlands fell in October. Though modest, the rate of decline was the steepest in 15 months. Anecdotal evidence attributed the latest drop to a lack of new work to replace completed contracts and muted demand for temp staff.

Temp billings also fell across the UK as a whole, although the downturn was softer than that seen in the Midlands.

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



sa, >50 = growth since previous month

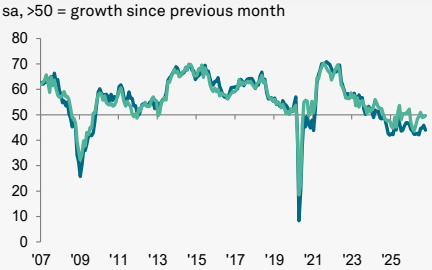
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
May-26	44.1	40.0	52.2	53.8
Jun-26	49.1	47.7	52.7	52.6
Jul-26	50.0	50.6	51.9	49.2
Aug-26	50.5	51.6	52.4	48.4
Sep-26	50.9	52.1	50.9	53.8
Oct-26	46.6	45.0	48.9	47.7

Job vacancies

Permanent vacancies across the Midlands fell in October, thereby extending the current period of decline to nearly two-and-a-half years. The rate of contraction was marked and the fastest since June.

Temp vacancies across the Midlands fell only slightly in October. The latest reduction was the softest in the current three-month sequence of contraction.

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



sa, >50 = growth since previous month

	Permanent		Temporary	
	UK	Midlands	UK	Midlands
May-26	45.6	42.8	49.6	48.3
Jun-26	44.8	42.2	49.5	49.4
Jul-26	46.8	44.6	52.2	50.9
Aug-26	46.8	44.8	49.1	49.0
Sep-26	48.4	45.8	48.9	49.1
Oct-26	48.6	43.9	50.1	49.7

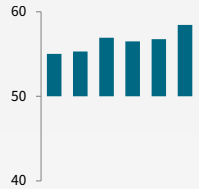
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2 Staff availability

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

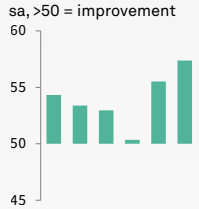
Permanent Staff Availability Index

May - Oct '26
sa, >50 = improvement



Temporary Staff Availability Index

May - Oct '26
sa, >50 = improvement



Accelerated increase in permanent candidate supply

Adjusted for seasonal factors, the Permanent Staff Availability Index signalled a sharp and accelerated rise in the number of candidates available for permanent roles in the Midlands during October. The rate of growth was the fastest since March, with redundancies cited as the main driver.

Permanent candidate supply also rose markedly at the UK level, with the rate of growth outpacing that seen in the Midlands.

Fastest upturn in temp staff supply for 10 months

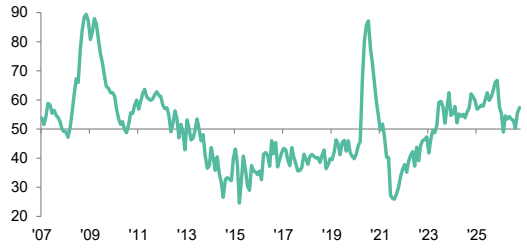
Temp candidate numbers across the Midlands increased for the eighth month running in October. The rate of growth quickened to a 10-month high, outpacing that seen across the UK as a whole.

Anecdotal evidence linked the latest expansion in short-term candidate supply to redundancies and fewer available contracts.

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
May-26	62.4	55.0	61.8	54.3
Jun-26	60.2	55.3	59.3	53.4
Jul-26	60.0	56.9	56.0	53.0
Aug-26	60.9	56.5	56.1	50.4
Sep-26	57.2	56.8	57.4	55.5
Oct-26	59.6	58.5	56.2	57.4

3 Demand for skills

Skills in short supply: Permanent staff

Accounting/Financial
Accountants
Accounts Receivable Analyst
Finance
Finance Business Partner
Finance Managers
Management Accountants
Part Qualified Accountants

Blue Collar
Blue Collar

Construction
Architectural Tech
Surveyors

Engineering
Engineers
Maintenance Engineers

IT & Computing
Software Developers

Skills in short supply: Temporary staff

Accounting/Financial
Finance
Management Accountants
Transactional Finance

Blue Collar
Blue Collar

Engineering
Engineers

IT & Computing
AI/ML Developers

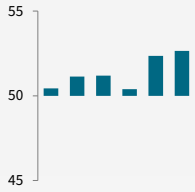
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4 Pay pressures

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



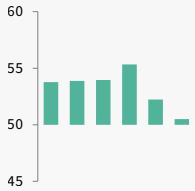
Starting salary inflation edges up to eight-month high

Salaries awarded to permanent new joiners across the Midlands rose at the start of the final quarter. Although the rate of inflation picked up to an eight-month high, it was only modest and historically muted.

Permanent starting salaries increased across all four monitored English regions during October, though in all cases rates of pay growth were below their long-run trends.

Temporary Wages Index

May - Oct '26
sa, >50 = inflation

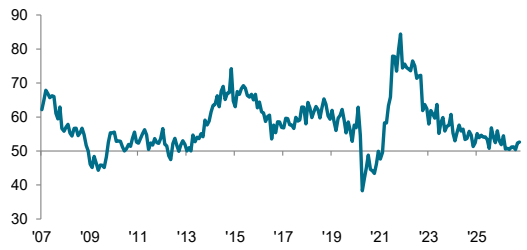


Temp wage inflation slowest in 11 months

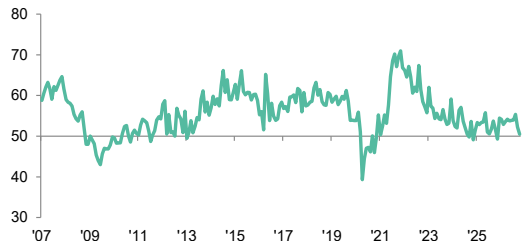
The seasonally adjusted Temporary Wages Index signalled only a slight rise in temp pay across the Midlands during October. Furthermore, the rate of wage inflation was the slowest seen in the current 11-month sequence of increase.

The Midlands also recorded the weakest increase in temp wages of the four monitored English regions.

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



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



sa, >50 = inflation since previous month

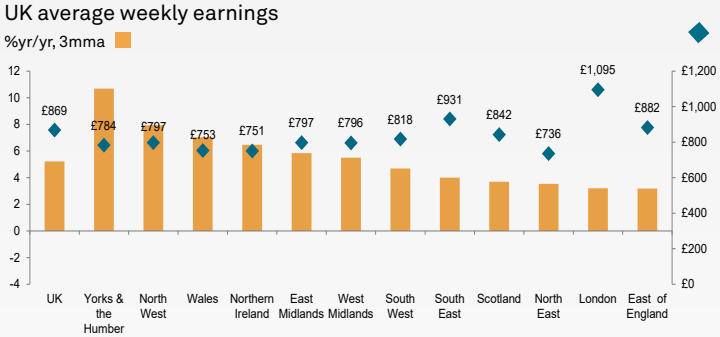
	Permanent		Temporary	
	UK	Midlands	UK	Midlands
May-26	52.2	50.4	51.4	53.8
Jun-26	53.1	51.1	52.9	53.9
Jul-26	53.3	51.2	54.8	54.0
Aug-26	54.1	50.4	53.5	55.3
Sep-26	53.4	52.4	52.6	52.2
Oct-26	54.1	52.6	53.1	50.5

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: 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

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.

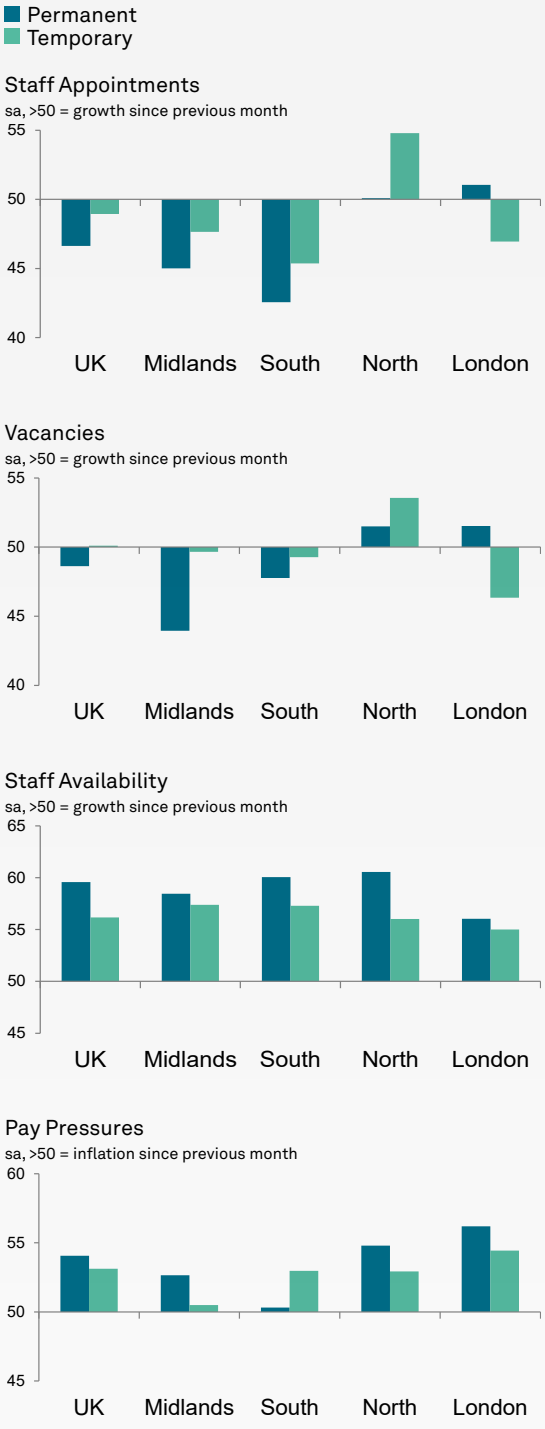
The supply of temporary staff rose rapidly in the UK during October, despite the rate of increase slowing slightly from the previous month. The Midlands and South of England led the upturn, while London saw the weakest increase.

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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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 12-26 October 2026.

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