September 2026

Young people continue to bear the brunt as hiring difficulties continue

> *"The latest signs from the labour market show the prolonged period of hiring caution the UK has seen over recent months continuing and particularly impacting young people just starting out in their carers.*
>
> *For employers, understanding where the opportunities are and having the right skills in place will be key to building confidence and supporting future growth. A trusted recruitment partner can provide valuable insight into the market, help businesses access the right talent and give employers the flexibility to respond as their needs evolve."*
>
> **Carmen Watson, Chairperson,**
> **Pertemps Network Group**

In the quarter to July 2026, headline employment and unemployment held broadly as they were, and economic inactivity fell. Meanwhile, youth unemployment climbed to 16.4%, vacancies fell again, and regular pay growth held steady.

This month's labour market data shows the labour market continues to be subdued, with young people especially bearing the brunt of a weaker hiring environment amid employer caution to hire.

The UK employment rate (for people aged 16 to 64 years old) was estimated at 75.1% in the quarter to July 2026, which is unchanged on the quarter but down on the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.9% over the same period, which is also unchanged on the quarter but a rise on the year.

The inactivity rate for people aged 16 to 64 was estimated at 20.9% in the three months to July 2026, which is down on the quarter and the year. Early estimates for the number of UK vacancies in the quarter to August 2026 predict a decrease of 8,000 (-1.1.%) to 702,000.

Estimates for payrolled employees in the UK fell by 101,000 (0.3%) between July 2025 and July 2026, and decreased by 19,000 (0.1%) between June and July 2026. This is based on administrative data from HM Revenue and Customs (HMRC). The early estimate of payrolled employees for August 2026 decreased by 145,000 (0.5%) on the year, and decreased by 26,000 (0.1%) between July and August 2026 to 30.2 million. Figures for August should be treated as provisional estimates and are likely to be revised when more data are received next month.

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 3.5% in the three months to July 2026, and annual growth in total earnings (including bonuses) was 3.9%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)), for regular pay and total pay stood at 0.6% and 0.9%, respectively, across the same period.

With employer apprehension about the cost of employment still high, it is vital that the Autumn Budget and the enactment of the Employment Rights Act do not dent job creation and investment further. Resuming a tripartite dialogue on the outstanding areas of the Make Work Pay package and tax measures aimed at easing employment, energy and business rates costs are vital.

Please note: Ongoing sampling and methodological issues with the ONS' Labour Force Survey means that figures should be interpreted with caution.

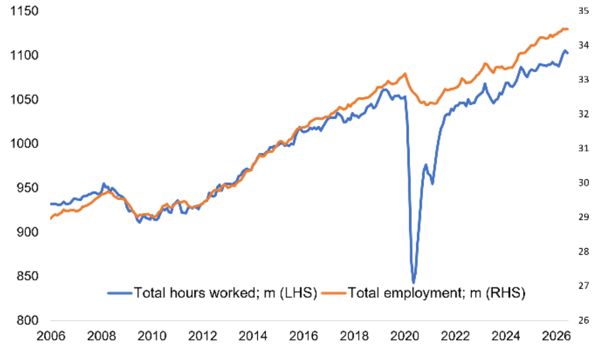
Exhibit 1 Vacancies (000s)

Source: ONS September 2026 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	34,478	+66,000 (+0.2%)	+243,000 (+0.7%)
Unemployment** (ILO)	4.9%	1,778	+11,000 (0.6%)	+83,000 (+4.9%)
Youth unemployment (16-24)	16.4%	751	+17,000 (+2.3%)	+108,000 (+16.8%)

Source: ONS September 2026 labour market statistics, *Rate for those aged 16-64 **Rate for those aged 16 and over

Exhibit 2 Employment vs actual weekly hours worked (millions)



Source: ONS September 2026 labour market statistics

In the quarter to July 2026, vacancies fell while the employment rate held firm

- In the three months to July 2026, employment levels were estimated at 34.478 million, meaning there are 243,000 more employed people compared to the same point last year. The employment rate is level on the quarter but slightly down on the year, sitting at 75.1%.
- Male employment levels are up on the quarter (+9,000) and the year (+120,000), sitting at 17.745 million. Female employment is estimated at 16.733 million, also representing an increase on the quarter (+57,000) and, to a greater extent, the year (+123,000).
- In the quarter to July 2026, employment level changes across age groups were relatively small. Employment levels rose the most across people 35 to 49 (+61,000) and aged 18 to 24 (+54,000). The largest yearly change in employment levels was recorded across people aged 35 to 49 (+150,000), followed by those aged 65 and over (+72,000).
- The number of employees working full-time rose on the quarter (+92,000) and the year (+142,000) to July 2026, sitting at 22.768 million. The number of employees working part-time is estimated at 6.987 million, which is unchanged on the quarter and down on the year (-31,000).
- Across the same period, the number of self-employed people working full-time (2.936 million) fell on the quarter (-1,000) and the year (-21,000). Meanwhile, the number of self-employed working part-time (1,594 million) fell on the quarter (-25,000) but rose on the year (+122,000).
- In the three months to July 2026, there were an estimated 706,000 vacancies across the economy (excluding agriculture, forestry and fishing). This is down again on the quarter (-8,000) and on the year (-36,000). Provisional figures suggest that vacancy levels will continue to fall (-4,000 to 702,000) in the quarter to Aug 2026.
- Provisional estimates for the quarter to August 2026 indicate that, excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (121,000).
- Vacancy estimates decreased in 9 of the 18 industry sectors on the quarter; the largest decreases were in education (-5,000).
- There were 2.5 unemployed people per vacancy in the quarter to July 2026. This ratio has been the same since the quarter to September 2025.
- There were an estimated 34,000 working days lost because of labour disputes across the UK in July 2026.

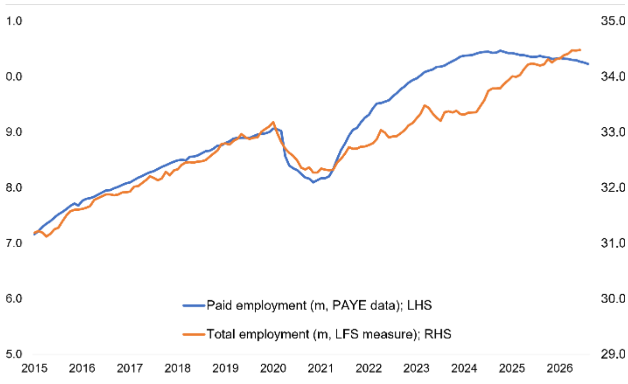
Youth unemployment climbed to 16.4% while headline adult unemployment remain unchanged

- There were an estimated 1.778 million people aged 16 and over who were unemployed in the quarter to July 2026, representing an increase on the quarter (+11,000) and on the year (+83,000). The unemployment rate is unchanged on the quarter but up on the year, sitting at 4.9%.
- In the quarter to July 2026, an estimated 751,000 16 to 24-year-olds were unemployed. Across the same period, the youth unemployment rate was 16.4%. There are 108,000 more unemployed 16 to 24-year-olds compared to the same time last year.
- Redundancy levels were estimated at 114,000 in the three months to July 2026, highlighting an increase on the quarter (+2,000) and on the year (+10,000).
- There were an estimated 9.121 million economically inactive 16 to 64-year-olds in the quarter to July 2026. This is down on the quarter (-11,000) but up on the year (+12,000). The inactivity rate (20.9%) is down on the quarter and the year.

Regular wage growth held firm

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 3.5% in the three months to July 2026 (the less volatile three-month rolling basis). This is the same last month's figure (3.5%).
- In the quarter to July 2026, annual average regular pay growth stood at 2.9% in the private sector.
- Across the same period, annual average regular pay growth was 6.3% in the public sector. The figure has shown some variation in recent months, which is largely due to pay award timings.
- After the public sector, the services sector showed the strongest annual average regular pay growth (3.8%) in the three months to July 2026.
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.6% in the three months to July 2026, which is the same as last month's figure (0.6%).
- Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.6% and is slightly lower than last month's revised figure 0.8%.

Exhibit 3 PAYE real time data vs official employment data (millions)



Source: ONS September 2026 labour market statistics

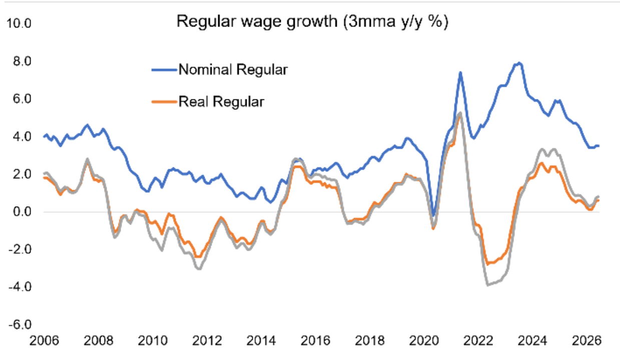
In the quarter to July 2026, employment levels changes were moderate across the country…

- The region in England to have observed the biggest nominal change in employment levels in the quarter to July 2026 was the North West (+41,000), followed by the East Midlands (+34,000).
- Over the quarter, employment levels rose in England (+63,000) and, to a lesser extent, in Wales (+32,000) and Northern Ireland (+3,000). Meanwhile, employment levels fell in Scotland (-32,000).
- In England, the largest yearly change in employment levels was recorded in the North West (+139,000) followed by London (-78,000).
- In the quarter to July, the South East and South West of England had the joint highest employment rate (78.2%) while the North East recorded the lowest (71.3%).

… as were changes in unemployment

- Between May and July 2026, the greatest fall in unemployment was in the East Midlands (-18,000).
- During the same period, the largest increase in unemployment was recorded in the South East (+22,000). The other regions in England to observe an increase were the North West (+3,000), the West Midlands (+8,000) and London (+2,000).
- In the three months to July 2026, unemployment levels fell in England (-17,000), rose in Wales (+6,000) and Scotland (+17,000) and Northern Ireland (+5,000).
- In England, the greatest yearly change in unemployment levels was recorded in the East of England (-36,000).
- In the quarter to July 2026, London continued to have the highest unemployment rate (6.8%), while the East of England had the lowest (3.8%).

Exhibit 4 Real regular pay and nominal regular pay growth (%)

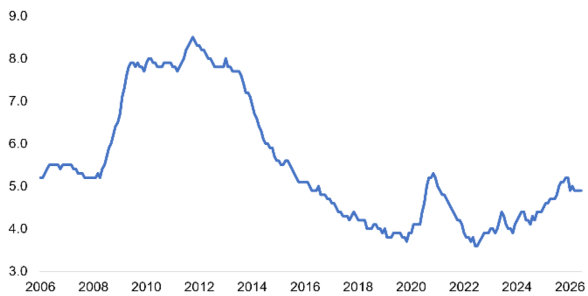


Source: ONS September 2026 labour market statistics

Exhibit 6 Redundancy rate (%)

Source: ONS September 2026 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS September 2026 labour market statistics

About the Sponsor

Pertemps Network Group, based in Meriden, West Midlands, is one of the UK's largest privately-owned recruitment agencies. It has a turnover of nearly £1bn and offers immediate and strategic solutions to clients across both the public and private sectors.

It is made up of two elements:

Pertemps Ltd – established in 1961 and with more than 100 offices nationwide, it operates across a multitude of sectors, supplying diverse roles. The company also specialises in business process outsourcing delivered using a wide range of solutions, such as Master Vendor and Recruitment Process Outsourcing.

Network Group – offering specialist recruitment solutions across specific sectors, including IT, legal, finance, healthcare, education, security, medical, construction, manufacturing and engineering.

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About the CBI

The CBI serves as the catalyst between industry and government to drive positive change, speaking for businesses of all sizes and sectors across the whole economy, in every UK region and nation, ensuring sustainable growth for the benefit of society. Our voice represents 170,000 businesses. This includes over 1,100 corporate members, plus nearly 150 trade associations. Our corporate members alone employ over 2.3 million private sector workers.

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The next Labour Market Update will be published on 20th October.

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