August 2026

‘Low hire, low fire’ labour market dynamics persist, as vacancies continue to fall

“It is encouraging to see signs of greater stability returning to the UK labour market, but this month’s data suggests that many businesses remain cautious about expanding their workforce. Addressing the barriers contributing to falling vacancies is critical, as hiring remains a key driver of economic growth and determines whether more people can access the opportunities and benefits that work provides.

“At the same time, flexibility remains essential as employers continue to balance growth ambitions with wider economic pressures. Working with a trusted recruitment partner can help businesses respond to changing demand and secure the skills they need to grow.”

Carmen Watson, Chairperson, Pertemps Network Group

In the quarter to June 2026, employment rose, headline unemployment fell and economic inactivity was broadly unchanged. Meanwhile, youth unemployment remained above 16%, vacancies fell again, and regular pay growth showed signs of resilience.

This month’s labour market data reinforces the ‘low hire, low fire’ pattern seen in recent months, with many businesses continuing to prioritise workforce retention over creating new roles. As a result, those outside the labour market continue to bear the brunt of a weaker hiring environment and ongoing employer caution. This includes many young people who are already looking for work, as well as recent education and training leavers.

The UK employment rate (for people aged 16 to 64 years old) was estimated at 75.1% in the quarter to June 2026, which is slightly up 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, representing a fall on the quarter and a rise on the year.

The inactivity rate for people aged 16 to 64 was estimated at 20.9% in the three months to June 2026 and is unchanged on the quarter and the year. Early estimates for the number of UK vacancies in the quarter to July 2026 predict another decrease of 6,000 (-0.8%) to 707,000.

Estimates for payrolled employees in the UK fell by 78,000 (-0.3%) between June 2025 and June 2026. However, it was largely unchanged on the month, decreasing by 13,000 (0.0%) between May and June 2026. This is based on administrative data from HM Revenue and Customs (HMRC). The early estimate of payrolled employees for July 2026 decreased by 94,000 (-0.3%) on the year, but was largely unchanged on the month, decreasing by 13,000 (0.0%) to 30.3 million. Figures for July 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 June 2026, and annual growth in total earnings (including bonuses) was 4.1%. 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 0.5% and 1.1%, respectively, across the same period.

Following the recent announcement that the cost of the Employment Rights Act (ERA) to businesses is expected to be significantly higher than initially forecast, it is vital that government works with employers to reduce business costs and strengthen firms' capacity to create jobs and invest in skills. This should include resuming tripartite dialogue on the ERA and identifying measures ahead of the Autumn Budget to ease employment, energy and business rates costs, which remain among the most significant cost pressures facing employers.

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

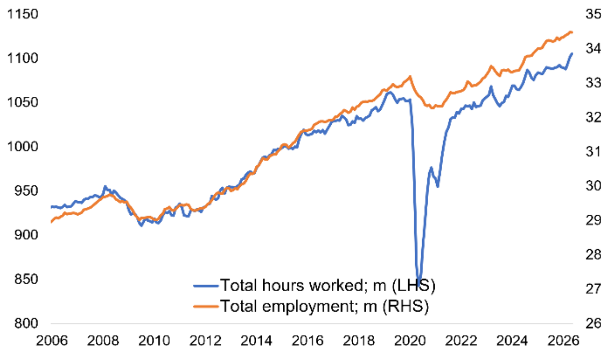
Exhibit 1 Vacancies (000s)

Source: ONS August 2026 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.1%	34,469	+84,000 (+0.2%)	+253,000 (+0.7%)
Unemployment** (ILO)	4.9%	1,772	-36,000 (-2.0%)	+88,000 (+5.2%)
Youth unemployment (16-24)	16.2%	739	+10,000 (+1.4%)	+97,000 (+15.1%)

Source: ONS August 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 August 2026 labour market statistics

In the quarter to June 2026, the employment rate held while vacancies fell even further

- In the three months to June 2026, employment levels were estimated at 34.47 million, meaning there are 253,000 more employed people compared to the same point last year. The employment rate is slightly up on the quarter but down on the year, sitting at 75.1%.
- Male employment levels are up on the quarter (+63,000) and the year (+115,000), sitting at 17.73 million. Female employment is estimated at 16.74 million, also representing an increase on the quarter (+20,000) and, to a greater extent, the year (+138,000).
- In the quarter to June 2026, employment level changes across age groups were relatively small. Employment levels rose the most across people aged 18 to 24 (+41,000) and 35 to 49 (+39,000). The largest yearly change in employment levels was recorded across people aged 35 to 49 (+122,000), followed by those aged 65 and over (+111,000).
- The number of employees working full-time rose on the quarter (+160,000) and the year (+136,000) to June 2026, sitting at 22.77 million. The number of employees working part-time is estimated at 7.01 million, which is broadly unchanged on the quarter (-3,000) and the year (+1,000).
- Across the same period, the number of self-employed people working full-time (2.91 million) fell on the quarter (-71,000) and the year (-36,000). Meanwhile, the number of self-employed working part-time (1.61 million) increased on the quarter (+21,000) and, to a greater extent, the year (+143,000).
- In the three months to June 2026, there were an estimated 711,000 vacancies across the economy (excluding agriculture, forestry and fishing). This is broadly unchanged on the quarter (-7,000) and slightly down on the year (-19,000). Provisional figures suggest that vacancy levels drop even further (-6,000 to 707,000) in the quarter to July 2026.
- Provisional estimates for the quarter to July 2026 indicate that, excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (120,000).
- Vacancy estimates decreased in 9 of the 18 industry sectors on the quarter; the largest decreases were in human health and social work activities (-5,000) and education (-4,000).
- There were 2.5 unemployed people per vacancy in the quarter to June 2026. This ratio has been the same since the quarter to September 2025.
- There were an estimated 47,000 working days lost because of labour disputes across the UK in June 2026.

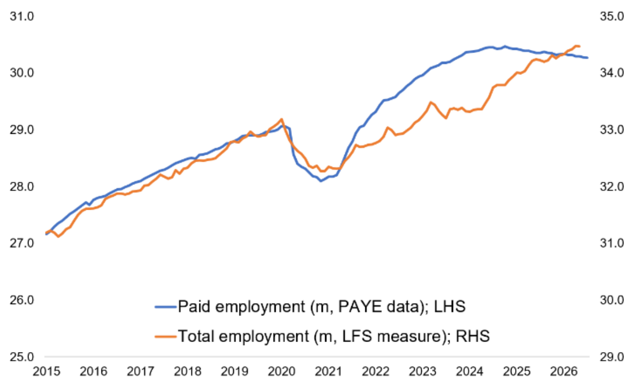
Youth unemployment stayed above 16% while headline adult unemployment fell slightly

- There were an estimated 1.77 million people aged 16 and over who were unemployed in the quarter to June 2026, representing a fall on the quarter (-36,000) but an increase on the year (+88,000). The unemployment rate is slightly down on the quarter but up on the year, sitting at 4.9%.
- In the quarter to June 2026, an estimated 739,000 16 to 24-year-olds were unemployed. Across the same period, the youth unemployment rate was 16.2%. There are 97,000 more unemployed 16 to 24-year-olds compared to the same time last year.
- Redundancy levels were estimated at 106,000 in the three months to June 2026, highlighting a fall on the quarter (-20,000) but no change on the year.
- There were an estimated 9.11 million economically inactive 16 to 64-year-olds in the quarter to June 2026. This is broadly unchanged on the quarter (+8,000) but up on the year (+55,000). The inactivity rate (20.9%) is unchanged on the quarter and the year.

Regular wage growth has shown signs of resilience

- 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 June 2026 (the less volatile three-month rolling basis). This is slightly higher than last month's figure (3.4%).
- In the quarter to June 2026, annual average regular pay growth stood at 2.8% in the private sector.
- Across the same period, annual average regular pay growth was 6.1% 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 June 2026.
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.5% in the three months to June 2026, which is above last month's figure (0.3%). This is the highest level recorded this calendar year and can be linked to a slight increase in nominal wage growth and fall in (CPIH) inflation.
- Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.5% and is slightly higher than last month's revised figure (0.4%).

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



Source: ONS August 2026 labour market statistics

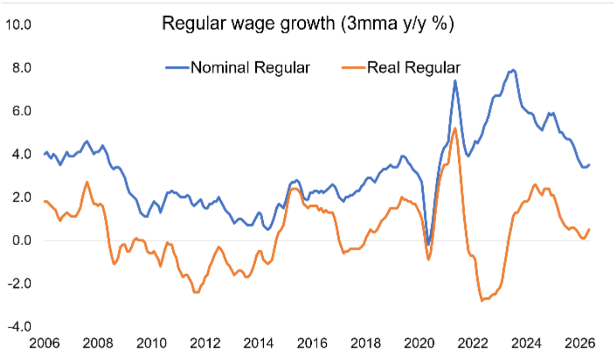
In the quarter to June 2026, employment levels changes were moderate across most regions and nations…

- The region in England to have observed the biggest change in employment levels in the quarter to June 2026 was the North West (+62,000), followed by the West Midlands (-34,000).
- Over the quarter, employment levels rose in England (+72,000) and, to a lesser extent, in Wales (+26,000). Meanwhile, employment levels fell in Scotland (-14,000). A figure was not published for Northern Ireland.
- In England, the largest yearly change in employment levels was recorded in the North West (+130,000) followed by Yorkshire and the Humber (+60,000).
- In the quarter to June 2026, the East of England had the highest employment rate (78.3%) while the North East continued to record the lowest (71.1%).

… as were changes in unemployment

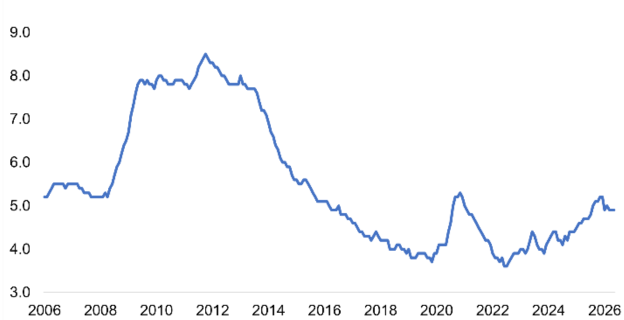
- Between April 2026 and June 2026, the greatest fall in unemployment was again recorded in London (-45,000).
- During the same period, the largest increase in unemployment was recorded in the South East (+18,000). The only other regions in England to observe an increase were the North West (+7,000) and the West Midlands (+2,000).
- In the three months to June 2026, unemployment levels fell in England (-72,000), rose in Wales (+19,000) and Scotland (+18,000) and were broadly unchanged in Northern Ireland (-1,000).
- In England, the greatest yearly change in unemployment levels was recorded in the East of England (-48,000).
- In the quarter to June 2026, London continued to have the highest unemployment rate (6.5%), while the East of England had the lowest (3.5%).

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



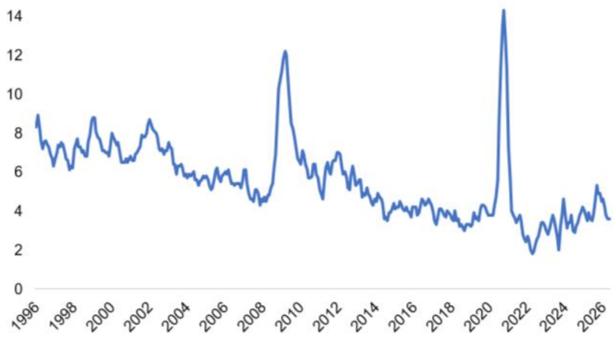
Source: ONS August 2026 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS August 2026 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS August 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 15th September.

August 2026

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