



# UK ECONOMY & LABOUR MARKET REPORT FEBRUARY 2026

Monthly Edition



The latest news, statistics, and emerging trends shaping  
the UK labour market



## The Practice Director's Desk

For many businesses heading into their new financial year in April, the focus is shifting from short term cost control towards smarter investment - particularly in automation, AI-enabled processes, and modern operating models. The organisations seeing the strongest momentum are those balancing technology adoption with practical workforce change by re-designing roles, upskilling teams, and maintaining active change portfolios rather than pausing programmes.

If you would like to discuss how AI, digital tools, and programme approaches can help your teams navigate change, I'm always happy to share practical insight and real world considerations.

With the right focus, this period can be a strong platform for transformation, innovation and growth.

[Link to my calendar](#) to book a brief conversation to share insights and practical considerations.

**Julian Brown**

*Practice Director*

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*Contact me to discuss your IT, Change or Digital Transformation programme, resourcing obstacles, or your own career in Change Management*



### Hiring Activity

Hiring demand remains cautious, with vacancies broadly flat and new job postings still down overall



### Signals for the Future

With wage growth above inflation and steadier vacancy trends selective hiring set to continue for priority capabilities



### Challenges Persist

Organisations remain risk aware, often prioritising productivity and skills over headcount growth



### Implications

Many organisations are likely to focus on targeted hiring, workforce upskilling and technology enabled efficiency, rather than broad expansion

## Headline Findings

# UK ECONOMY & LABOUR MARKET UPDATE AT A GLANCE

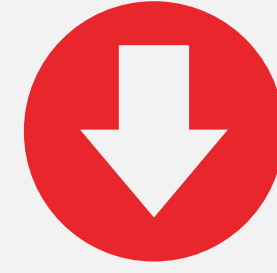
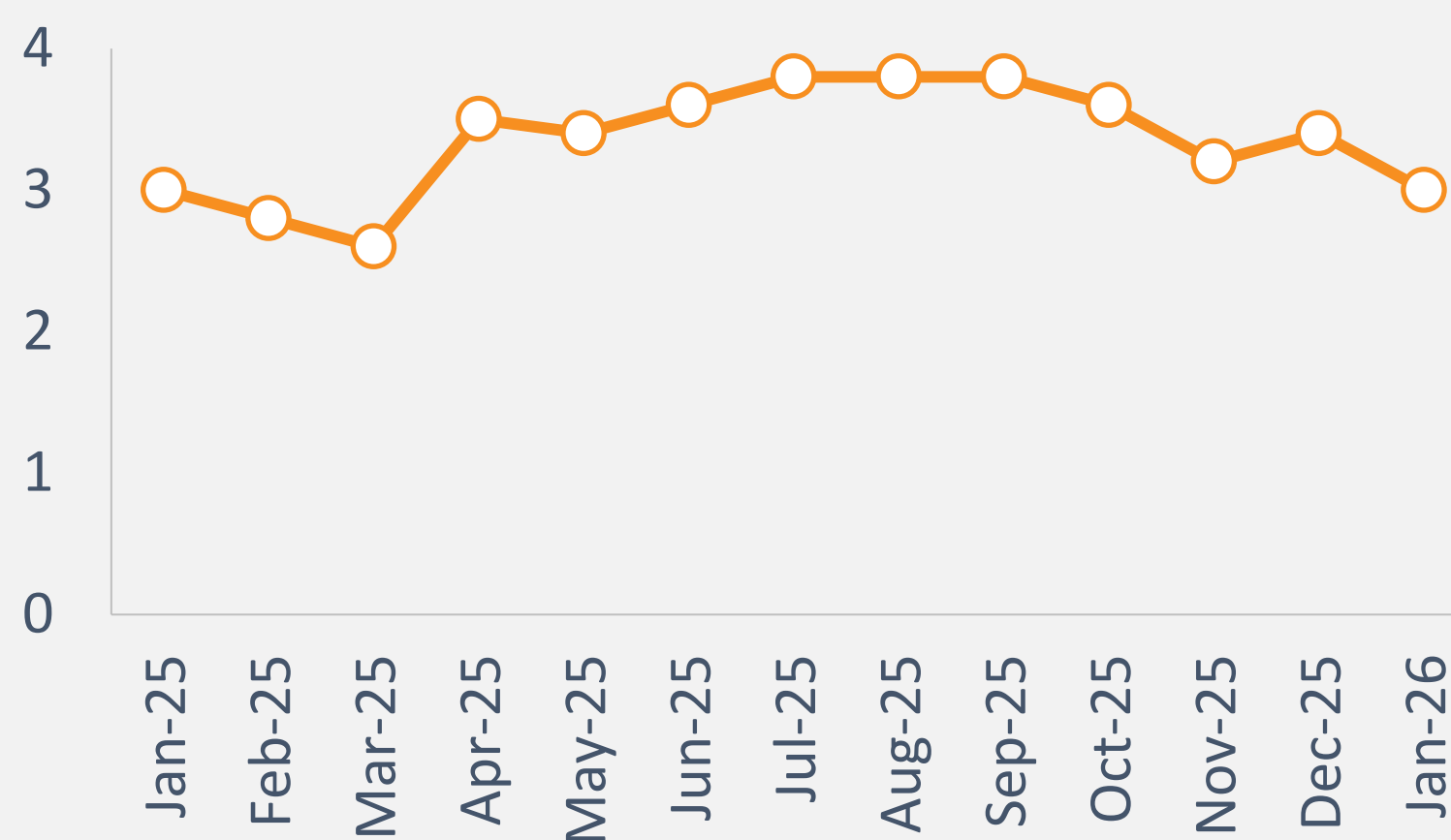
Our round-up of key statistics, covering inflation, employment and earnings

## Inflation

**3%**

Jan 2026

Inflation (CPI) %



Down from  
3.4% in Dec.

The 2% target is  
expected this  
spring

**4.2%**

Growth in employees'  
average regular earnings  
(excl. bonuses)  
Quarter ending Dec 25

**3.75%**

Current bank rate  
Maintained in Feb. 4 of the 9  
MPC members voted for a cut.  
Next review: 19 March

**75%**

UK employment  
rate Oct – Dec 25

**+39%**

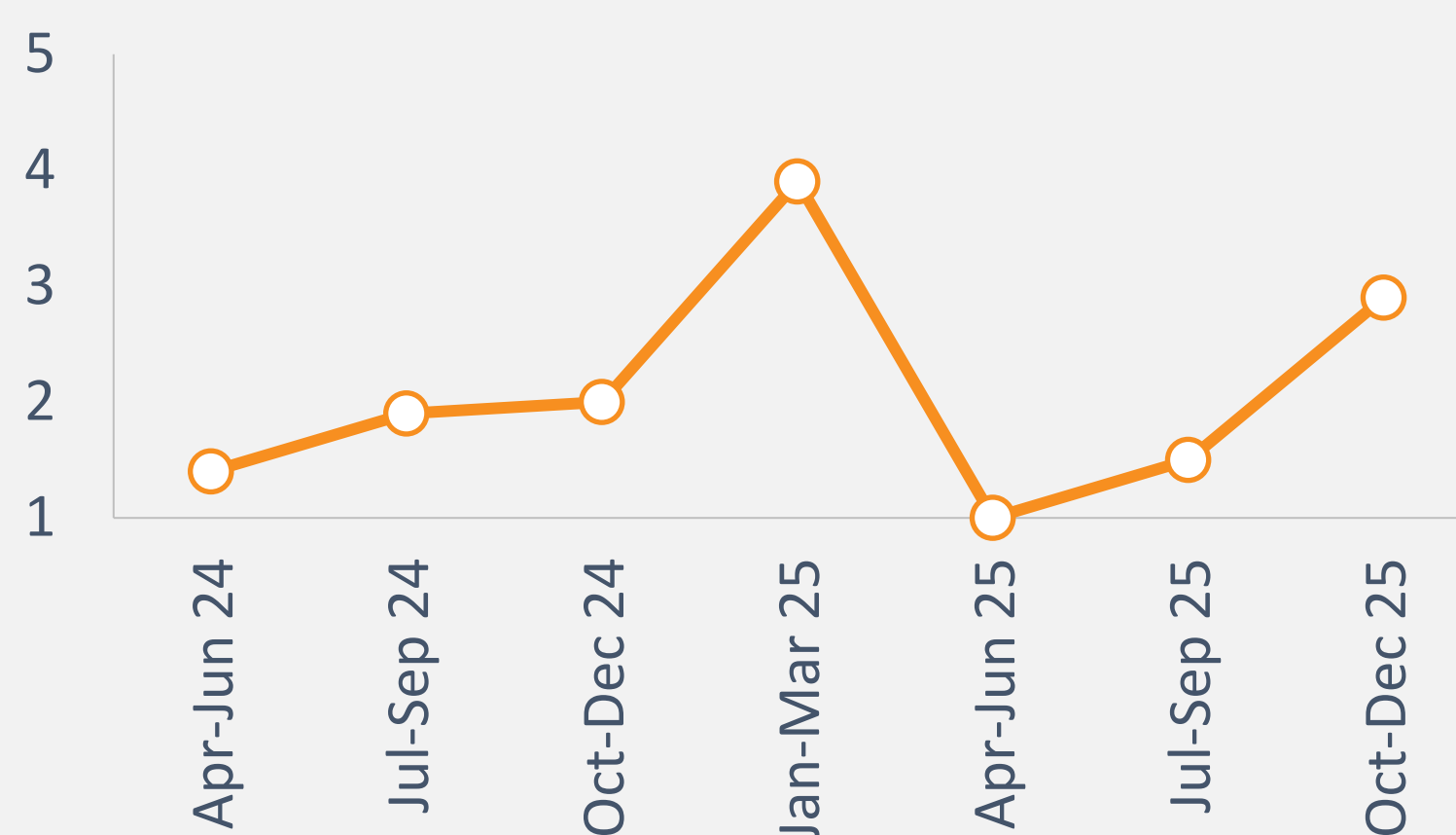
New job postings  
Jan 2026: 791,564  
Monthly seasonal surge in  
January following a quiet  
December

## Business Investment Growth

**+2.9%**

Q4 2025

Business Investment Growth (quarterly % change)



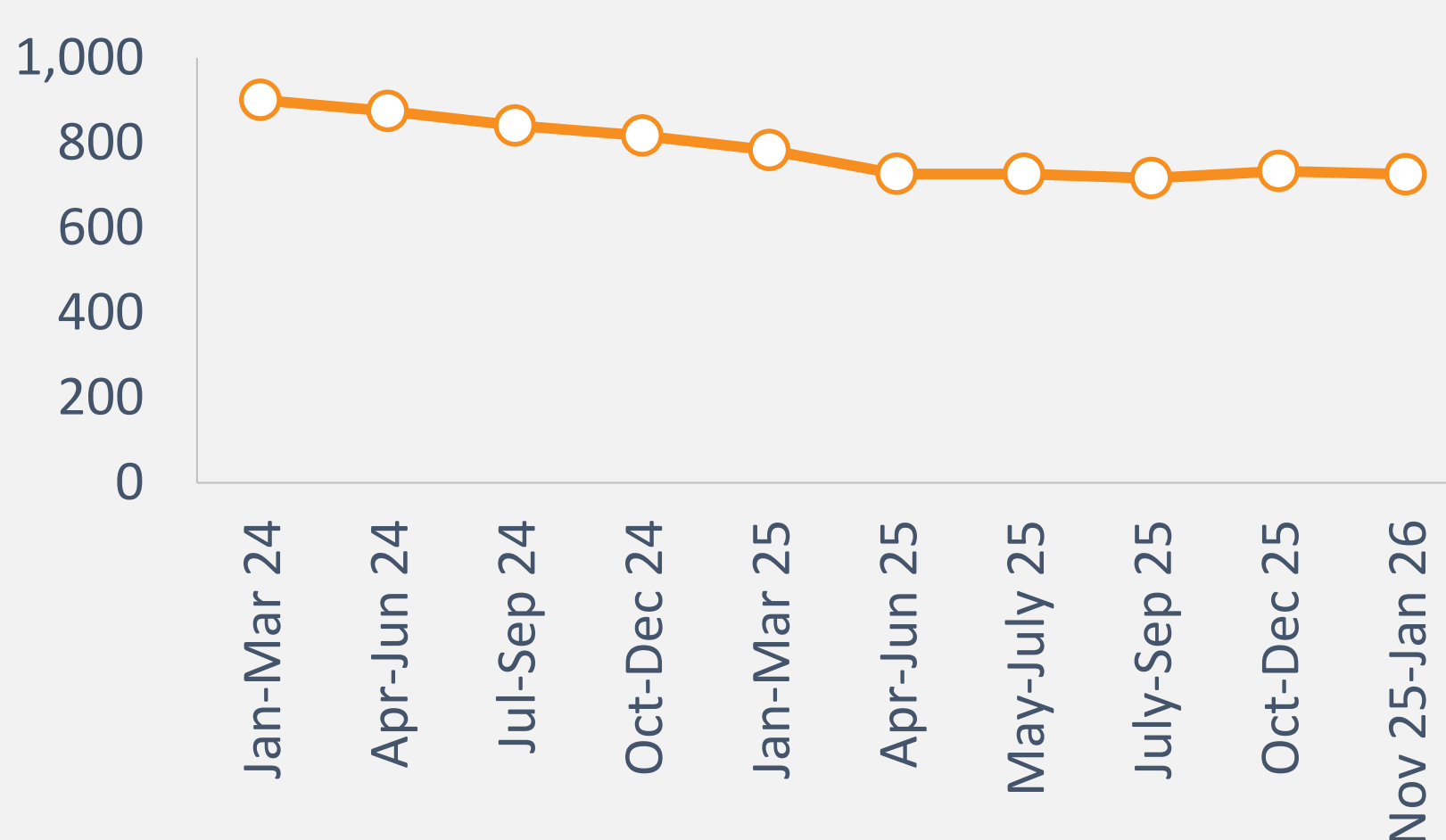
Suggests  
cautious but  
positive capital  
spending  
environment

## Est. Job Vacancies

**726k**

Nov 25 - Jan 26

Vacancies 100K



Estimated  
vacancies down  
by 73,000  
(9.2%)  
compared to  
the same  
period in  
2024/2025

The employment rate is 75%, down on the quarter but largely unchanged on the year.

The unemployment rate is 5.2%, up on the quarter and the year.

The economic inactivity rate is 20.8 %, down on the quarter and the year.

Data source: Office for National Statistics, Recruitment & Employment Confederation, Change Specialists Ltd.

# TURNING DATA INTO ACTION

As organisations face increasing complexity, the ability to harness data from legacy systems has become a critical advantage.

Modernising data infrastructure and applying practical analytics can turn raw information into timely, confident decisions - helping businesses identify opportunities, manage risks, and respond effectively in a fast changing environment.

If your team is navigating these challenges, get in touch to see how we're supporting organisations turning their data into real business impact.



## WHAT WE SUPPLY

- Project & Programme Management
- Business Analysis
- QA & Test
- Data Specialists
- Governance & Control (PMO)
- Change Management
- Communications Specialists
- Business & Process Architects
- Learning & Training Delivery
- Cloud & DevOps Specialists
- Developers
- Artificial Intelligence
- Machine Learning
- IT Infrastructure & Operations
- Cyber Security
- UX / UI Design & Digital
- Technical, Solutions & Enterprise Architects

Our appreciation of the strategic impact of every hire or engagement and the cost of getting this wrong is built from our own teams decades of experience leading programme and project teams within organisations undergoing change & transformation – just like you

Crown  
Commercial  
Service  
Supplier

## Change Specialists Awarded DOS7 – Digital Specialists Framework Contract

We are looking forward to partnering with even more organisations in central and local government, blue light services, and agencies, delivering practical, people focused change and transformation through specialist skills.

Clients can continue to engage with us via the existing DOS6 framework ahead of DOS7 going live in Spring 2026.

[Find Out More](#)

To explore how Change Specialists can support current or future business change or digital transformation across all sectors, contact us today on **01379 871144** or via

[info@ChangeSpecialists.co.uk](mailto:info@ChangeSpecialists.co.uk)