



UK ECONOMY & LABOUR MARKET REPORT JUNE 2026

Monthly Edition



**Analysis of the latest economic indicators, labour market trends
and business signals shaping the UK workforce**



The Practice Director's Desk

As we move into the second half of 2026, the market feels more stable than it did a few months ago, but uncertainty hasn't gone away. Inflation has eased and interest rates remain unchanged, giving businesses some welcome predictability. However, vacancy numbers continue to fall and earnings growth is slowing, suggesting many organisations remain cautious about committing to significant increases in headcount. Ongoing tensions in the Middle East continue to influence energy markets, while today's announcement that Prime Minister Keir Starmer will step down adds further uncertainty as businesses consider investment, hiring and transformation priorities for the remainder of the year.

What we are seeing in conversations with clients is not a slowdown in change, but a change in priorities. Organisations are focusing on targeted initiatives that improve efficiency, increase productivity and accelerate digital adoption, rather than committing to large scale transformation programmes.

This is also shaping hiring decisions. Businesses still need specialist change, technology and transformation expertise, but many are looking for greater flexibility in how they access those skills. Interim and contract resources continue to play an important role in helping organisations deliver key programmes while managing risk and controlling costs.

The organisations making the strongest progress are those that continue to move forward despite the uncertainty. They are investing selectively, modernising where it matters most and building the capabilities needed for future growth.

If you are planning a change or transformation initiative, or simply want to discuss what we are seeing across the market, I would be delighted to have a conversation. [Link to my calendar](#) to book a brief conversation.

Julian Brown

Practice Director

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

Headline Findings



Hiring Activity

Despite vacancies continuing to decline, the rise in active job postings and stabilising employment levels suggest organisations are selectively investing in critical skills rather than broad workforce expansion.



Market Sentiment

Businesses are becoming more deliberate in their hiring and investment decisions, balancing the need for growth and transformation against continued economic and geopolitical uncertainty.



Challenges Persist

Labour market conditions remain mixed, with vacancies at their lowest level since 2021, slowing earnings growth and geopolitical tensions continuing to weigh on growth expectations and hiring confidence.



Implications

Organisations that can combine targeted investment in transformation with flexible access to specialist skills will be best positioned to improve productivity, manage costs and respond quickly to changing market conditions.

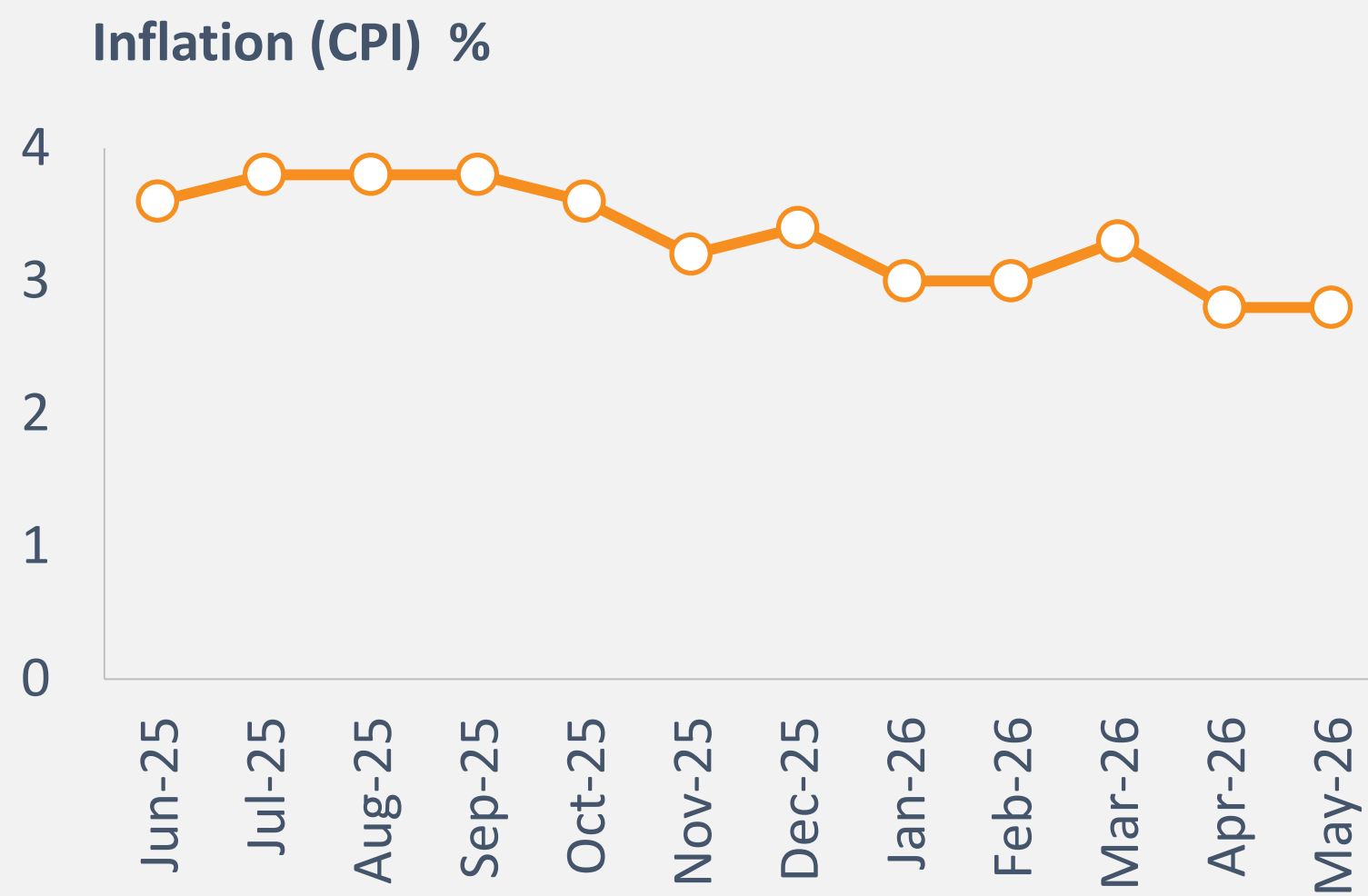
UK ECONOMY & LABOUR MARKET UPDATE AT A GLANCE

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

Inflation

2.8%

May 2026

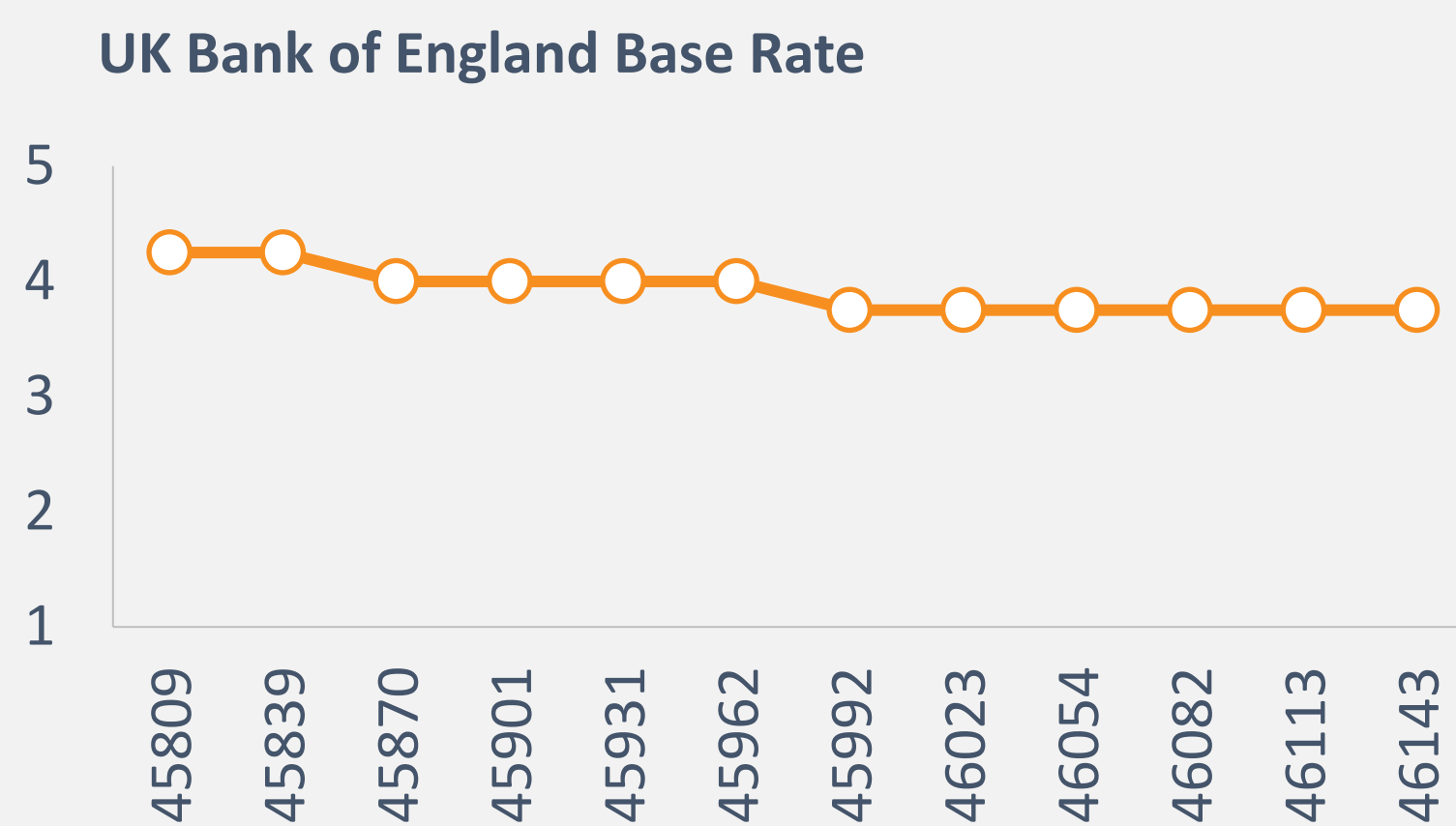


Inflation was expected to rise towards 3%, amid energy market uncertainty. But a sharp fall in food inflation counteracted increases elsewhere

UK Bank of England Base Rate

3.75%

May 2026



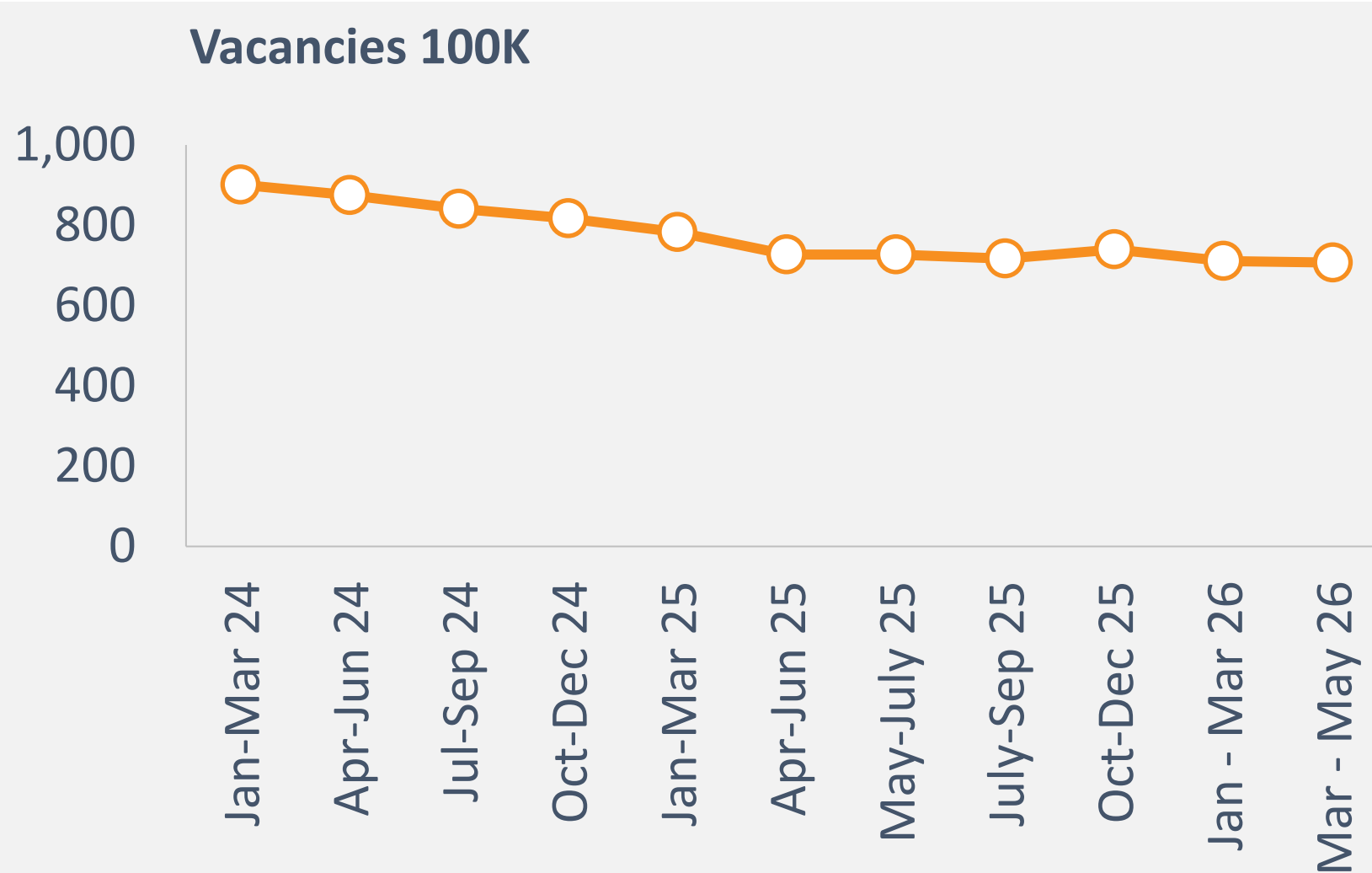
Maintained at 3.75%, marking the fourth consecutive hold

Next review 30 July

Est. Job Vacancies

707k

Mar - May 2026



Vacancy estimates decreased 19k (2.6%) on the quarter

This is the lowest level since Feb - Apr 2021

3.4%

Growth in employees' average regular earnings (excl. bonuses) Feb - Apr 26

30.3 million

Est. Payrolled Employees May 26

Down by 119k (0.4%) on the year
Up by just 2k on the month

75%

UK employment rate

Feb - Apr 26

+0.8%

Active job postings 1,615,532 in May 26

A 0.8% rise compared to April

An 8% year-on-year increase in the number of active job postings

The employment rate is largely unchanged on both the year and the quarter.

The unemployment rate was 4.9% in the quarter to Apr 26, up 0.3% on the year but down 0.3% on the quarter.

The economic inactivity rate was 21% in the Feb - Apr 26 period, down 0.3% on the year but up 0.3% on the latest quarter.

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

MANAGING CHANGE IN UNCERTAIN TIMES

In periods of economic uncertainty and rapid technological change, organisations often focus heavily on systems, governance, and process. Yet successful transformation depends just as much on people as it does on strategy.

Our latest blog post explores why leadership, capability development, communication, and culture remain the critical drivers of sustainable change in uncertain times. [READ THE BLOG](#)

If your team is navigating these challenges, get in touch to see how we are supporting organisations turning change 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



Security isn't just a priority;
it's a promise.
We are proud to announce
that Change Specialists is
officially
Cyber Essentials Certified

Framework Ready Trusted Partner

Change Specialists is proud to be an approved supplier on the Digital Outcomes and Specialists (DOS) and G-Cloud frameworks, positioning us to support a broad spectrum of organisations across the public and third sectors. This includes central and local government, charities, education providers, health services, and blue light services such as Police, Fire, Ambulance, and Search & Rescue, as well as devolved administrations. Our framework status enables clients to engage with us quickly and compliantly, ensuring access to high quality support when and where it's needed.

Email us to organise a brief introductory call info@changespecialists.co.uk

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