# UK ECONOMY & LABOUR MARKET REPORT JULY 2026

**A monthly briefing for UK businesses**

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

# The Practice Director's Desk

As we move further into the second half of the year, one thing is becoming increasingly clear - organisations haven't stopped investing in change, they are becoming more deliberate about where they invest and how they deliver it.
The latest figures paint a mixed but encouraging picture. Inflation has eased again and employment remains resilient, while active job postings continue to grow. At the same time, vacancies remain subdued and organisations continue to take a cautious approach to permanent hiring.

This week also marks the appointment of a new Prime Minister, Andy Burnham, bringing a new policy agenda at a time when businesses are already navigating geopolitical tensions and an evolving economic landscape.

What we are seeing in conversations with clients reflects exactly that. Rather than delaying change, organisations are prioritising initiatives that improve productivity, strengthen resilience and deliver measurable business value. Whether that's digital transformation, AI adoption, operational improvement or regulatory change, the focus is on outcomes rather than scale.

This is also shaping workforce strategy. Organisations still need access to specialist expertise, but increasingly they are seeking flexible ways to build capability, accelerate delivery and manage risk without long term cost commitments.
The organisations making the strongest progress aren't necessarily moving faster than everyone else, they are making clearer decisions about where to focus their investment and resources. In an uncertain market, clarity of purpose is proving to be a real competitive advantage.

If you are reviewing your priorities for the remainder of 2026 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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*Helping organisations build capability and deliver successful change. Connect with me to discuss your IT, Change or Digital Transformation programme, resourcing challenges, or your own career in Change Management*

## Headline Findings

### Hiring Activity

Hiring remains selective, with employers prioritising critical skills while maintaining a cautious approach to permanent recruitment.

### Market Sentiment

Business confidence is improving, however political and geopolitical uncertainty continues to temper investment decisions.

### Challenges Persist

Cost pressures, slower hiring and ongoing global uncertainty mean organisations continue to balance growth ambitions with careful financial management.

### Implications

Organisations that invest selectively, build flexibility into their workforce and focus on measurable outcomes are likely to be best placed for sustainable growth.

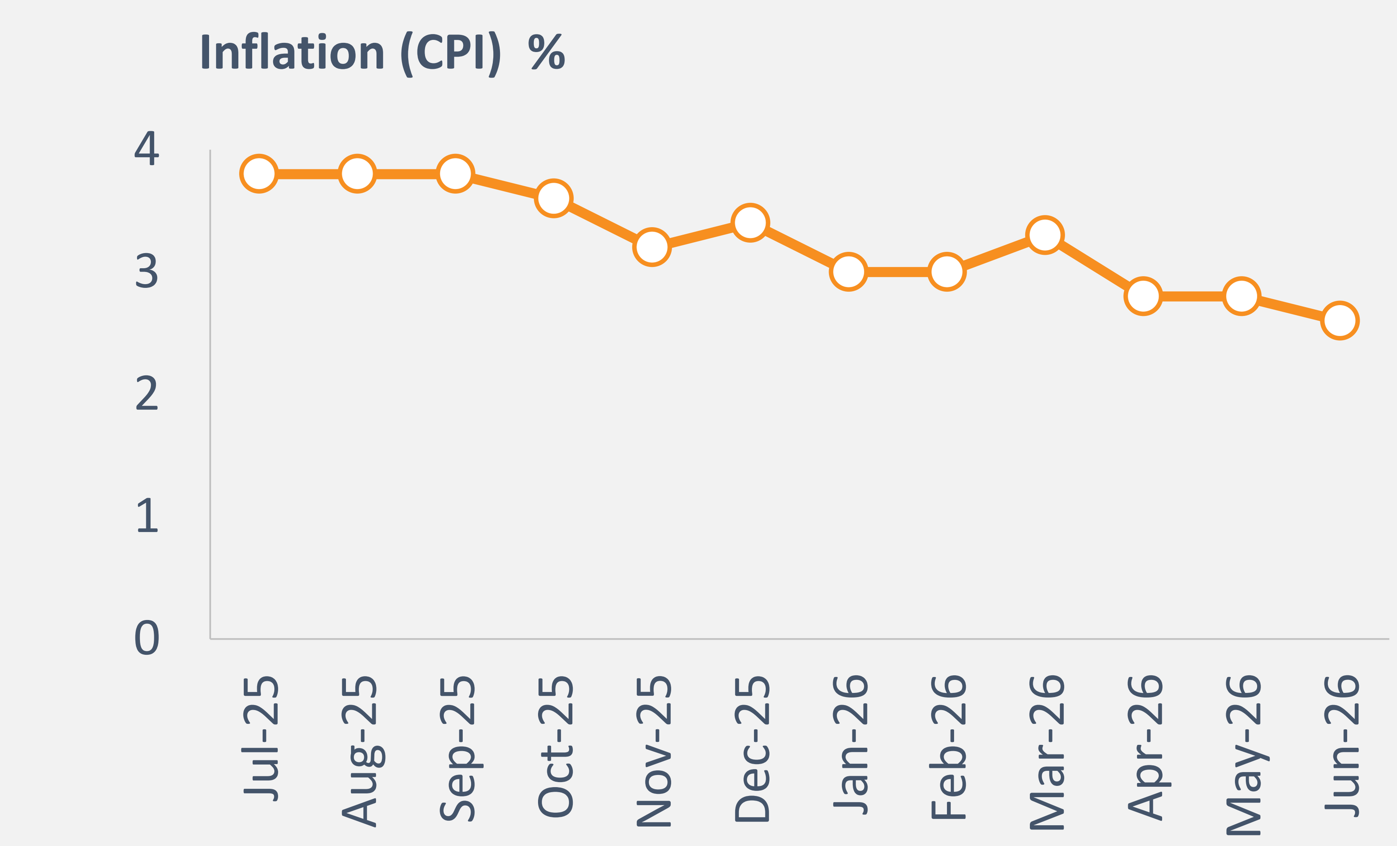
# UK ECONOMY & LABOUR MARKET UPDATE AT A GLANCE

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

## Inflation

**2.6%**

June 2026

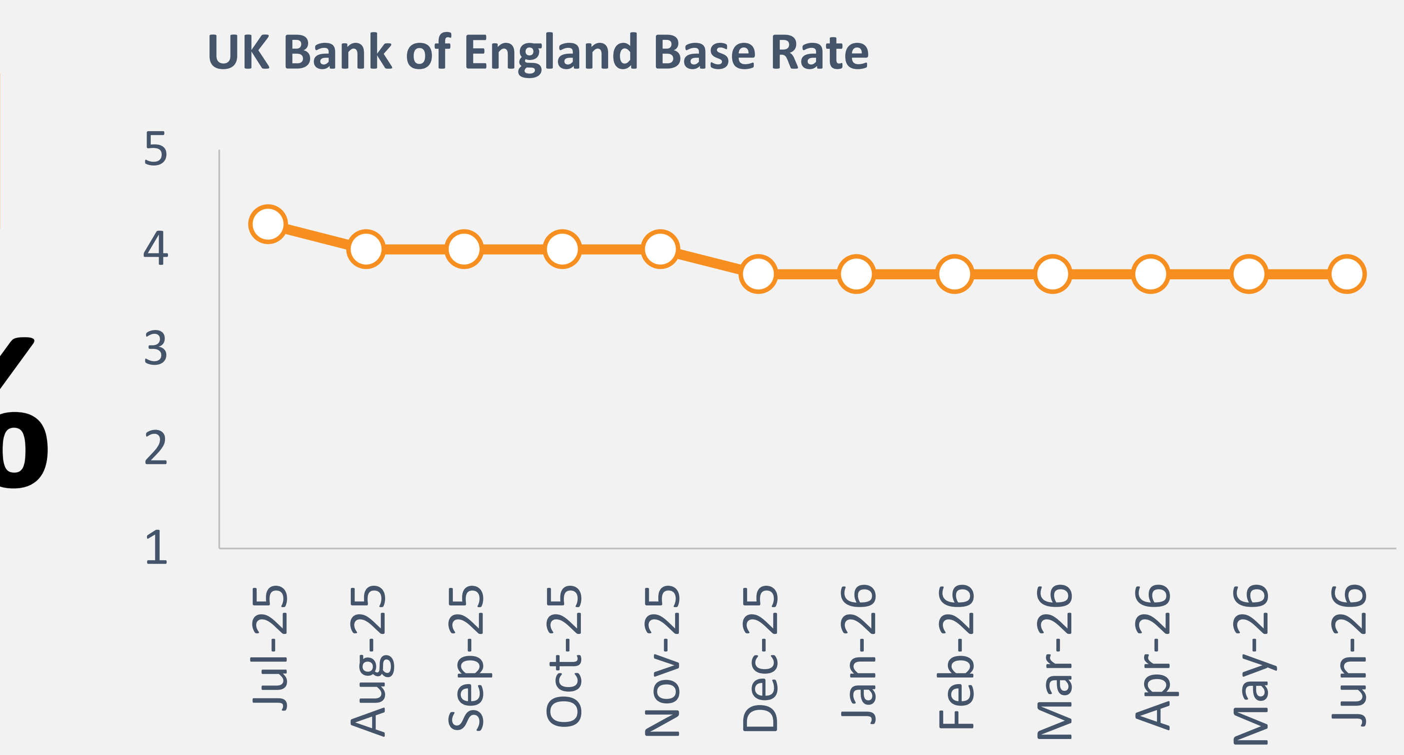



**Inflation fell to 2.6% driven by lower fuel prices. However the inflation slowdown is widely expected to be undone by oil price jump. Target is 2%.**

## UK Bank of England Base Rate

**3.75%**

June 2026



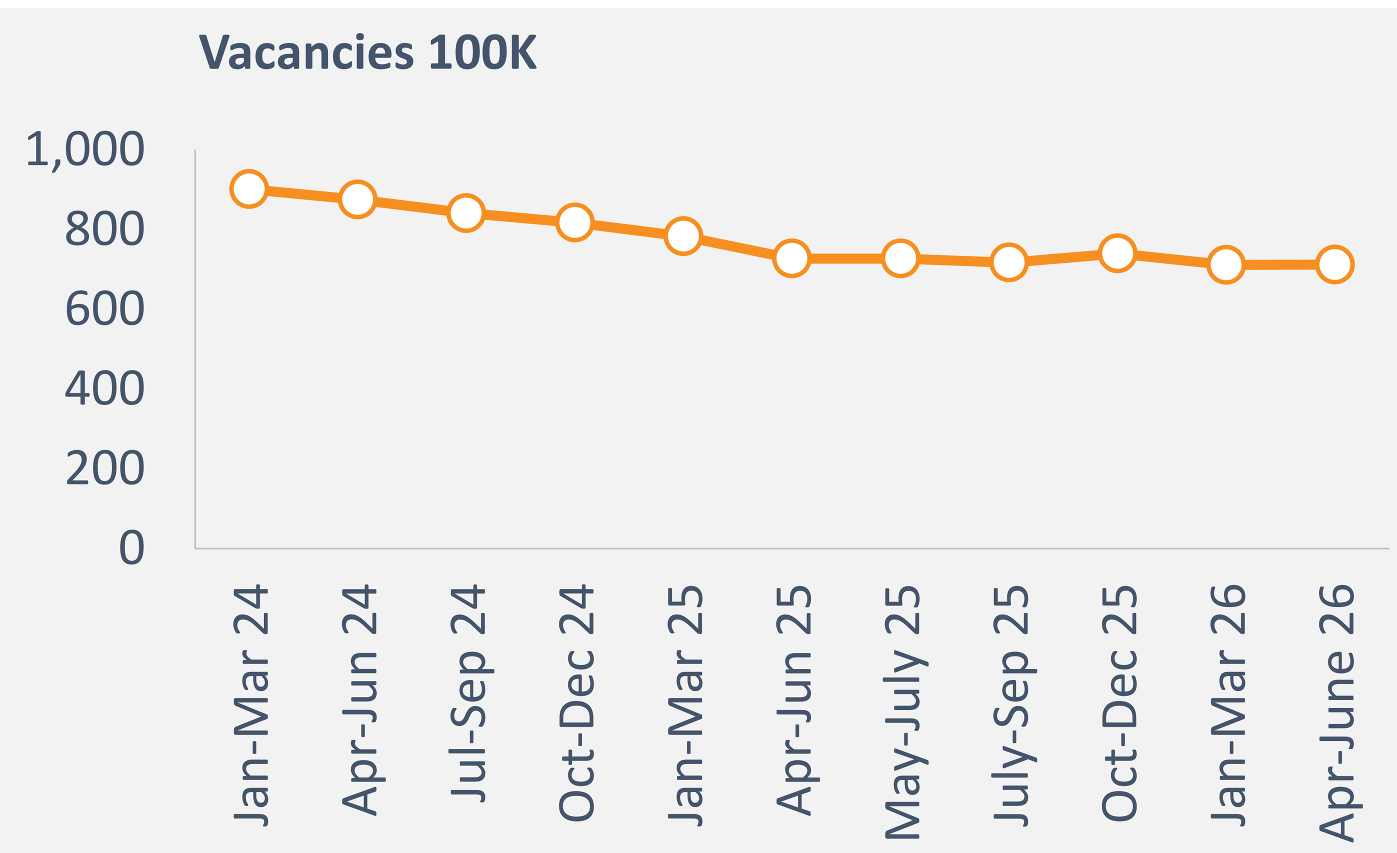

**Following the rate cut to 3.75% in Dec 25, the MPC has opted to maintain this rate through all 4 of its scheduled 2026 meetings so far.**

**Next review 30 July**

## Est. Job Vacancies

**712k**

Apr - June 2026




**Vacancy estimates suggest a decrease in the latest quarter. Early estimates for Apr-June suggest a decrease of 7k (0.9%) to 712k, compared to Jan-Mar 26**

**3.4%**

Growth in employees' average regular earnings (excl. bonuses)
Mar - May 26

**30.3 million**

Est.Payrolled Employees
June 26
Down by 71k (0.2%) on the year
Largely unchanged on the month

**75.1%**

UK employment rate
Mar - May 26

**+0.8%**

Active job postings
1,763,701 in June 26
A 9.2% rise compared to May

A 11.4% year-on-year increase in the number of active job postings

**The employment rate is largely unchanged on both the year (-0.1%) and the latest quarter (+0.1%).
The unemployment rate was 4.9% (Mar-May 26), up 0.2% on the year but down 0.1% on the quarter.
The economic inactivity rate was 20.9% in the latest quarter, down 0.1% on the year and the latest quarter.**

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

# JULY LEADERSHIP INSIGHT

## Delivering More With Less

Organisations continue to face pressure to deliver ambitious change programmes while carefully managing costs.
The most successful aren't simply reducing spend, they are becoming more disciplined about where they invest.
Clear priorities, experienced leadership and access to specialist expertise can often make the difference between programmes that lose momentum and those that deliver lasting value. As market conditions continue to evolve, the ability to adapt quickly is becoming an increasingly important competitive advantage.

## WHAT WE SUPPLY

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- Cloud & DevOps Specialists
- Developers
- Artificial Intelligence
- Machine Learning
- IT Infrastructure & Operations
- Cyber Security
- UX / UI Design & Digital
- Technical, Solutions & Enterprise Architects

## Market Insight

**Why flexible workforce models continue to grow**

As organisations seek to balance capability with cost, many are combining permanent teams with specialist interim expertise to accelerate delivery, access niche skills and respond more quickly to changing priorities.

## Why Organisations Choose Change Specialists

From digital transformation and AI to major business change programmes, we help organisations access experienced specialists when and where they are needed.
Whether through direct engagement or our public sector frameworks, our focus is simple: connecting clients with proven expertise that delivers measurable outcomes.

Contact us to organise a brief introductory call. **01379 871144 or info@ChangeSpecialists.co.uk**

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