Change Specialists
Simplifying Change

UK ECONOMY & LABOUR MARKET REPORT AUGUST 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 towards the final quarter of 2026 the conversation has shifted from whether organisations should invest to how they invest most effectively.
The latest figures suggest a market that remains stable but increasingly disciplined. Employment has held steady and pay growth remains relatively consistent, yet vacancies have fallen to a 5 year low as many organisations continue to scrutinise permanent recruitment. Meanwhile, inflation has edged upwards again reminding us that cost pressures have not disappeared.
What we are hearing from clients reflects this balance. Business leaders are continuing to invest in digital capability, AI, operational improvement and regulatory change but they are expecting every programme to demonstrate clear value and measurable outcomes. The focus is less on doing more, and more on doing the right things well.
This is also reshaping workforce strategy. Rather than expanding headcount many organisations are blending permanent teams with specialist expertise to accelerate delivery, fill critical capability gaps and remain agile as priorities evolve.
The organisations creating the greatest momentum are those making confident decisions in uncertain conditions. Clear priorities, adaptable leadership and access to the right expertise continue to be powerful differentiators.
If you are planning for the remainder of 2026, I'd be delighted to discuss what we are seeing across the market and how these trends may affect your organisation.
I would be delighted to have a conversation. **Link to my calendar** to book a brief call.

Julian Brown
Practice Director
Julian.Brown@ChangeSpecialists.co.uk

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

Employers continue to recruit selectively, with vacancies reaching a 5 year low despite sustained demand for specialist skills.

Market Sentiment

Stable employment and resilient demand are supporting confidence, but investment decisions remain measured as organisations prioritise value.

Challenges Persist

Rising inflation, higher operating costs and tighter recruitment conditions continue to create pressure across many sectors.

Implications

Organisations that combine focused investment with flexible access to specialist capability will be best placed to deliver sustainable growth.

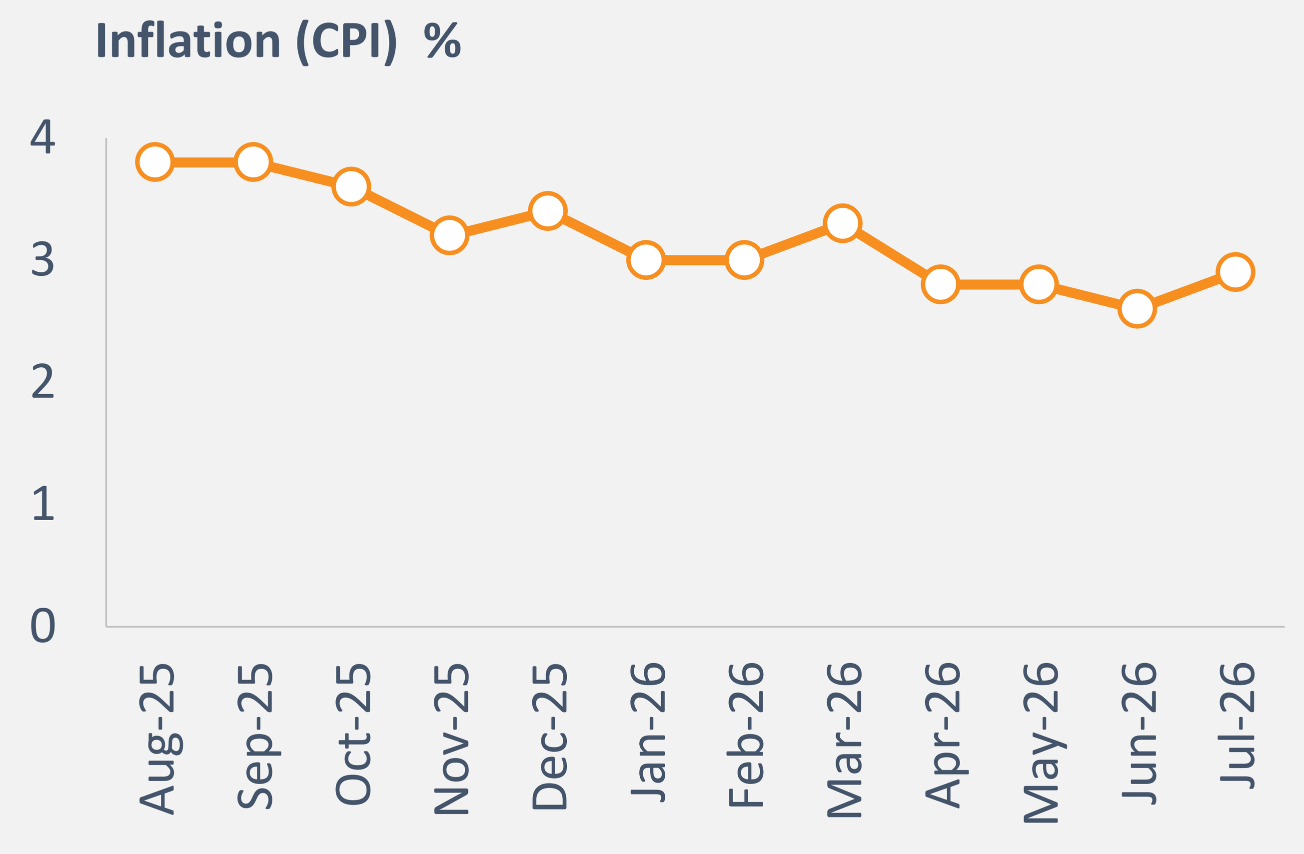
UK ECONOMY & LABOUR MARKET UPDATE AT A GLANCE

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

Inflation

2.9%

July 2026



Inflation rose from a 15-month low of 2.6% in June, driven

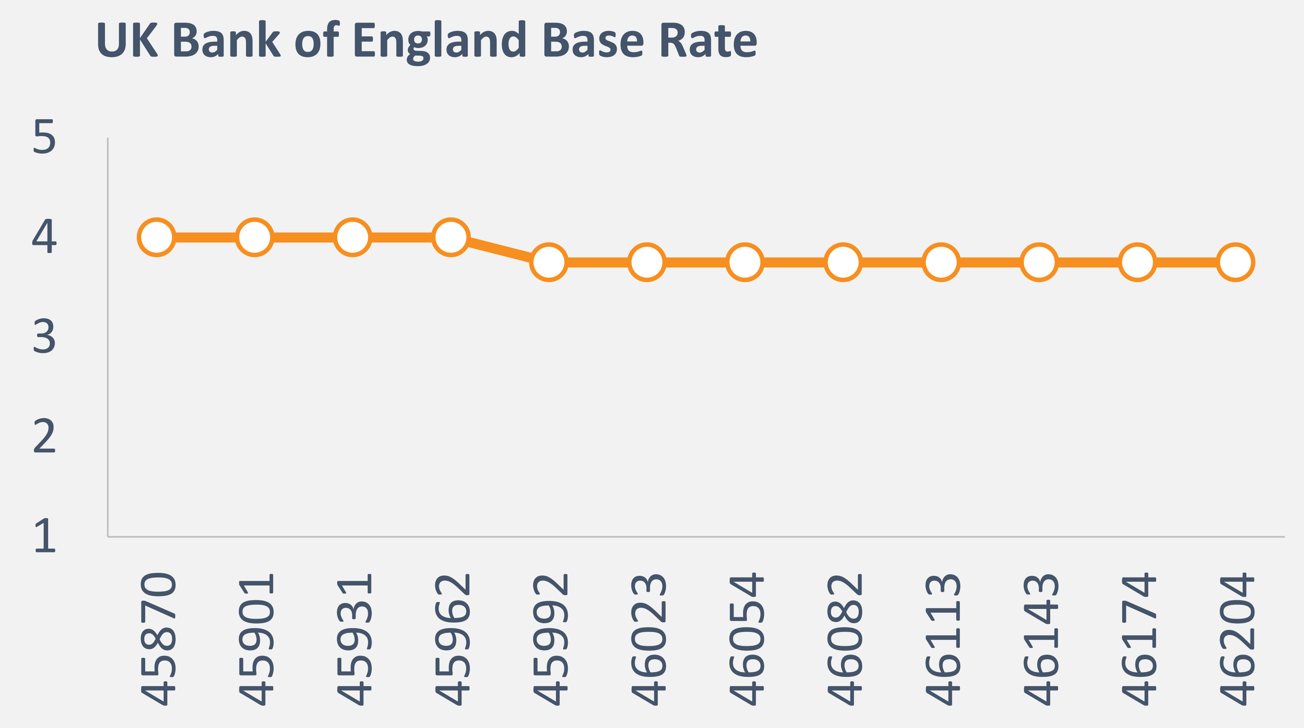
largely by a rise in energy bills.

Target is 2%.

UK Bank of England Base Rate

3.75%

July 2026



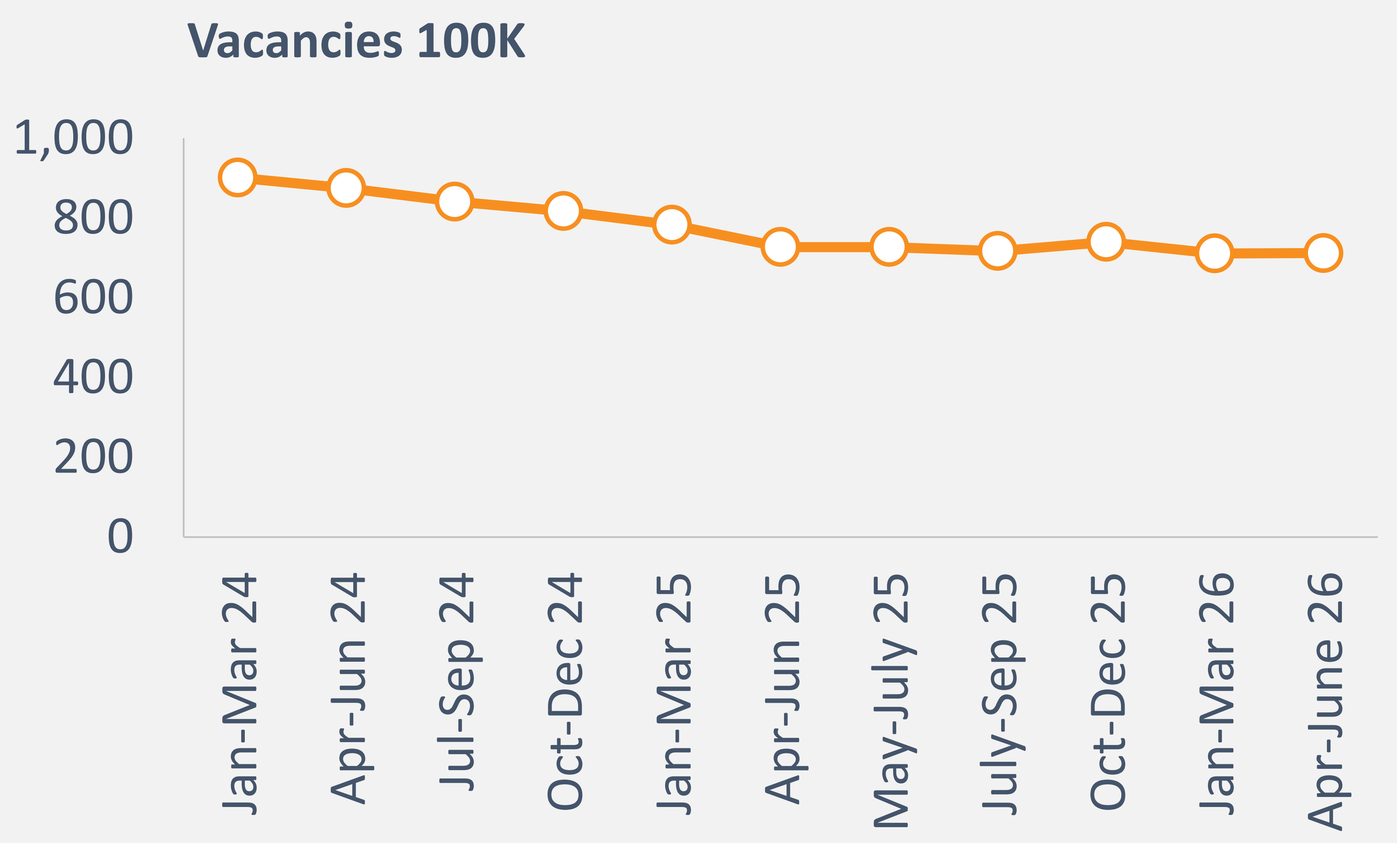
The Monetary Policy Committee voted to hold the rate at 3.75% during its meeting on 30th July.

Next review 17 Sept

Est. Job Vacancies

707k

May - July 2026



A quarterly decrease of 6k. (0.8%) bringing overall vacancy numbers to a 5 year low as smaller businesses scale back on recruitment due to rising operating expenses

3.5%

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

30.3 million

Est. Payrolled Employees
July 26
Down by 94k (0.3%) on the year
Largely unchanged on the month

75.1%

UK employment rate
Apr - Jun 26

-2.6%

Active job postings
1,669,203 in July 26
A decrease from June 26 due to shifting seasonal hiring patterns.

A +7.7% increase compared to July 2025

The employment rate is down by 0.2% on the year but up by 0.1% on the latest quarter.
The unemployment rate was 4.9% (Apr-Jun 26), up by 0.2% on the year but down by 0.1% on the quarter.
The economic inactivity rate was estimated at 20.9% Apr - Jun 26,
largely unchanged on the years and latest quarter.

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

AUGUST LEADERSHIP INSIGHT

Investing with Discipline

Economic uncertainty doesn't always call for smaller ambitions - it calls for clearer priorities. Across many organisations we are seeing investment continue with every initiative expected to demonstrate measurable value, stronger governance and faster outcomes.
The strongest leadership teams are asking what will create the greatest business impact.
In a market where resources remain constrained, disciplined investment, clear decision making and the ability to adapt quickly are becoming more valuable than simply doing more.

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

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**

Stay Connected
Follow Change Specialists on LinkedIn

- 📊 **Monthly UK Economy & Labour Market Report**
- 💡 **Leadership insights & business commentary**
- 🚀 **Digital transformation & technology trends**
- 👥 **Workforce & hiring insights**