UK ECONOMY & LABOUR MARKET REPORT SEPTEMBER 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 enter the final months of 2026 the latest market signals suggest businesses are becoming more confident, but not complacent.

Employment has remained stable and active job postings have strengthened slightly indicating continued demand for skills and capability. At the same time vacancies have fallen to their lowest level since 2021 and inflation has risen to 3.1%, reinforcing the reality that cost pressures remain part of the decision making landscape.

What we are seeing in conversations with clients reflects this balance. Organisations are continuing to invest in digital transformation, AI, operational resilience and regulatory change, but with much greater emphasis on prioritisation, governance and measurable outcomes. The question is no longer whether change should happen but how to deliver it efficiently and with the right capability.

This is also reshaping workforce strategy. Rather than increasing permanent headcount many organisations are building flexible delivery models that combine experienced internal teams with specialist expertise where it's needed most. That approach allows programmes to maintain momentum while responding quickly to changing priorities.

The organisations making the strongest progress aren't necessarily those investing the most, its those making the clearest decisions about where investment will create lasting value. In today's market confidence is increasingly being built through focused execution rather than ambitious expansion.

If you would like to discuss what we are seeing across the market, I would be delighted to arrange a brief conversation.

[**Link to my calendar**] to book a brief call.

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 advertised demand improving while overall vacancy levels continue to soften.

Market Sentiment

Business confidence is strengthening gradually as organisations continue investing in capability and productivity.

Challenges Persist

Inflationary pressures and tighter hiring conditions continue to influence workforce and investment decisions.

Implications

Flexible workforce models and targeted investment remain key to delivering sustainable business change.

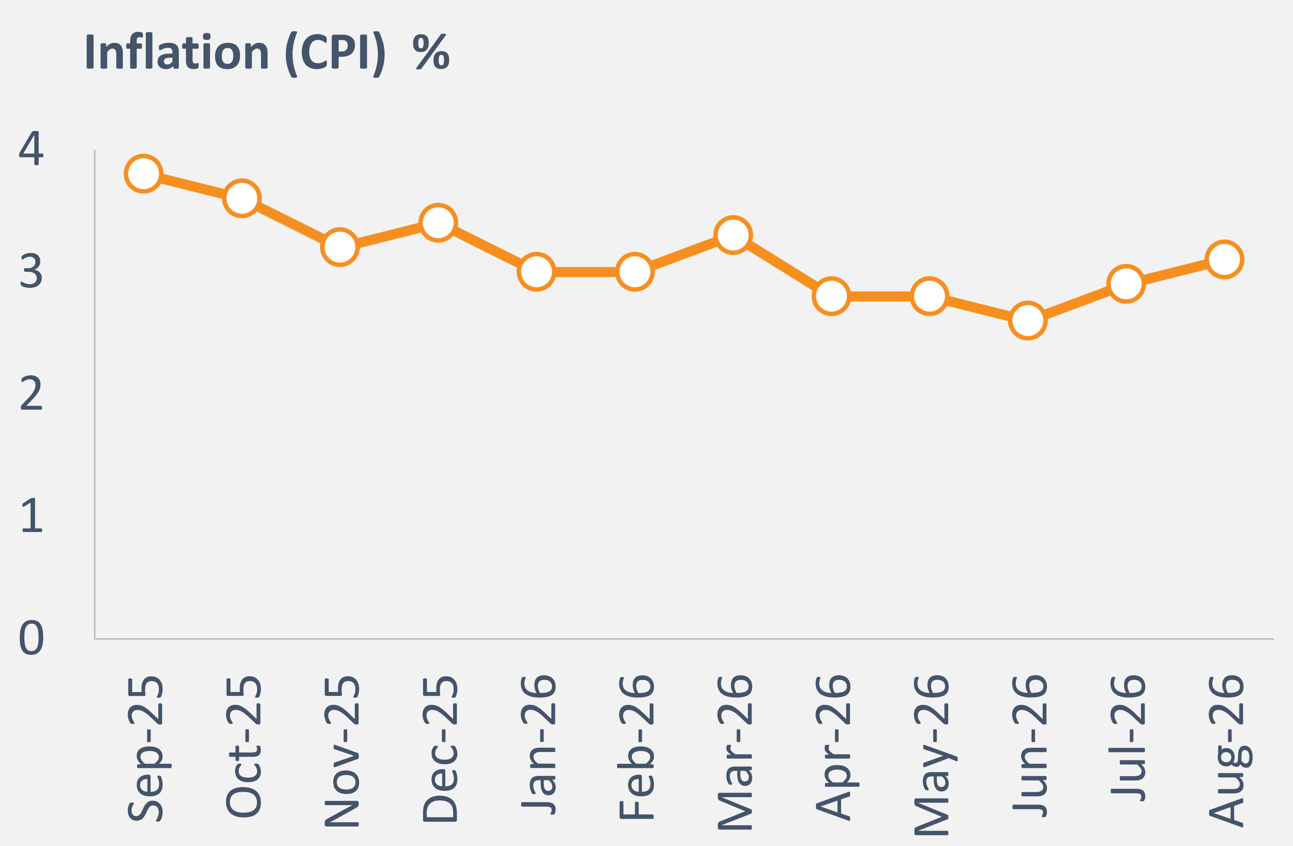
UK ECONOMY & LABOUR MARKET UPDATE AT A GLANCE

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

Inflation

3.1%

August 2026



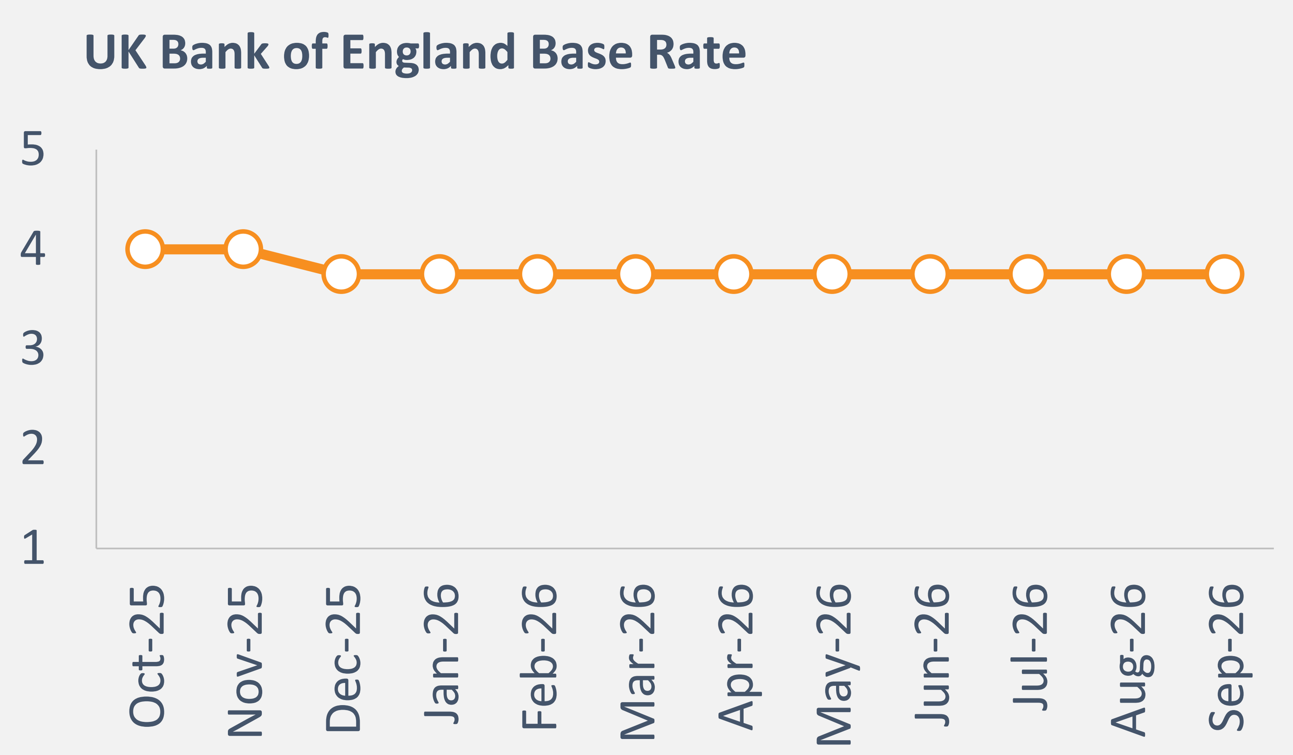
Inflation rose from 2.9% in July to 3.1% August driven largely by higher petrol, diesel and energy related costs.

Target is 2%

UK Bank of England Base Rate

3.75%

September 2026



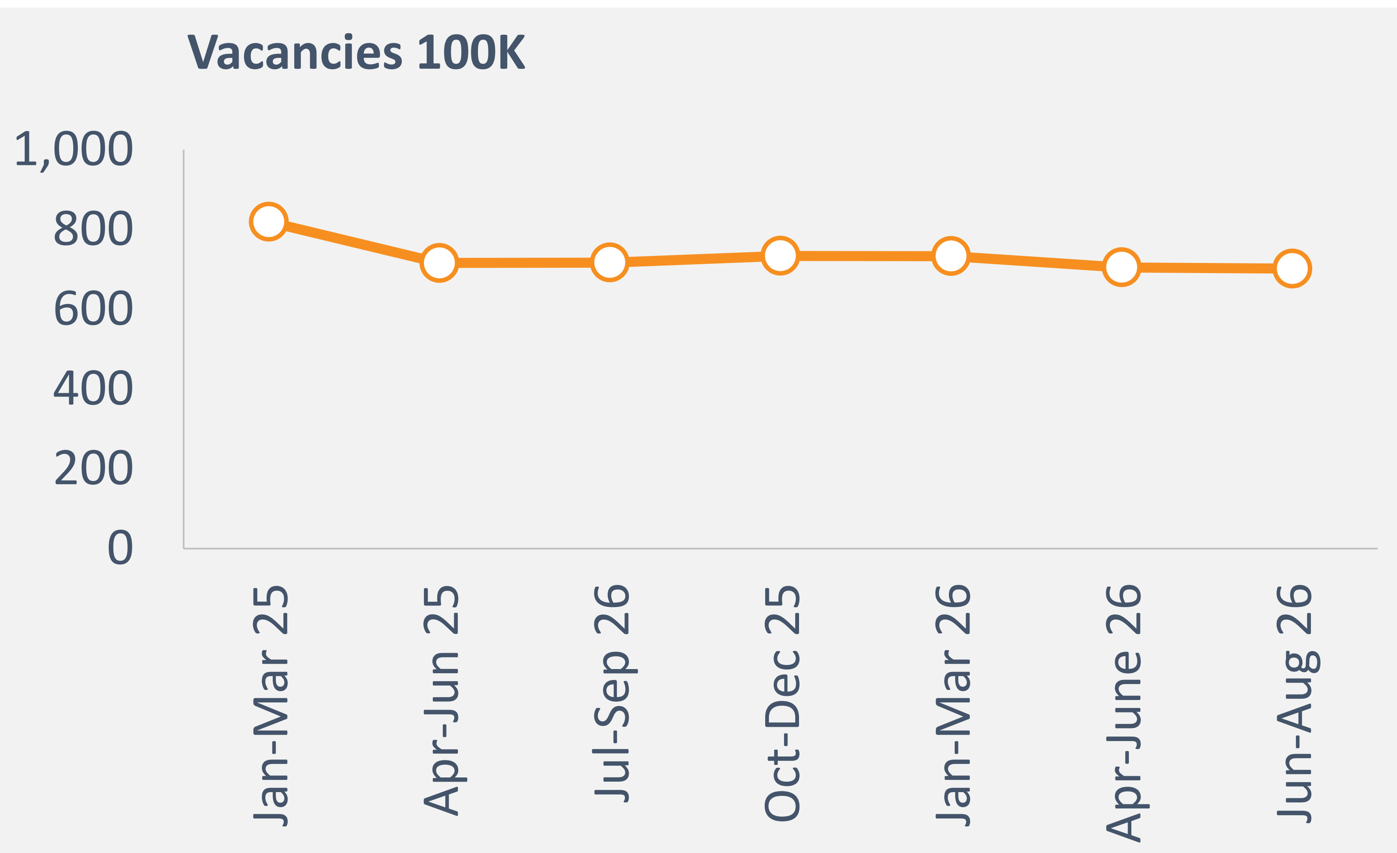
The Monetary Policy Committee voted to hold the rate at 3.75% for the 6th time in a row despite rising inflation.

Next review 5 Nov

Est. Job Vacancies

702k

Jun - Aug 2026



Hiring softened again in the quarter to August with estimated vacancies declining to 702k, the lowest level since 2021.

3.5%

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

30.2 million

Est. Payrolled Employees
August 26
Down by 145k (0.5%) on the year
Down 26k (0.1%) between Jul and Aug

75.1%

UK employment rate
May - Jun 26

+0.8%

Active job postings
1,682,117 in Aug 26
An increase on July indicating continued resilience in advertised hiring demand despite softer vacancy figures

The employment rate decreased by 0.1% on the year but remained largely unchanged on the quarter at 75.1%. The unemployment rate was 4.9% in May-July, up by 0.2% on the year but largely unchanged on the quarter. The economic inactivity rate was estimated at 20.9% May-July, down 0.1% on both the year and the latest quarter.

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

SEPTEMBER LEADERSHIP INSIGHT

Confidence Through Focus

Market conditions remain uncertain, but the strongest organisations aren't waiting for perfect clarity before making decisions.

Across many sectors, successful leadership teams are focusing investment on initiatives that improve productivity, strengthen customer outcomes and build long term resilience. Rather than pursuing more programmes, they are prioritising the right programmes and ensuring they have the capability to deliver them well.

In an environment where every investment is scrutinised, focused execution is becoming one of the most valuable leadership disciplines.

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

Market Insight

Why advertised hiring is outperforming vacancy trends

While estimated vacancies continue to decline active job postings have increased again during August. This suggests organisations are still recruiting for critical skills even as overall headcount growth remains cautious. For employers the emphasis is shifting from volume hiring to securing specialist capability that supports transformation, technology and operational improvement. The result is a labour market that remains selective, but far from inactive.

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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