

November 2026

Labour market participation rises but hiring remains subdued

"While economic uncertainty and rising business costs continue to influence recruitment decisions, there are still opportunities for employers looking to strengthen their teams and attract skilled talent. Many organisations are taking a more considered approach to hiring, placing greater emphasis on flexibility and finding the right people to support their longer-term ambitions.

As the labour market continues to evolve, businesses that remain adaptable and open to new opportunities will be well placed to move forward. Working with an experienced recruitment partner can help employers navigate these challenges, access the right talent and make confident hiring decisions."

Carmen Watson, Chairperson,
Pertemps Network Group

In the quarter to September 2026, employment rose and unemployment and inactivity decreased. Nominal wage growth slowed, with higher CPIH inflation contributing to a sharper slowdown in real wage growth. Meanwhile, the youth unemployment rate fell, and vacancy levels stayed below 700,000, with a further fall estimated for the quarter to October.

This month's labour market data sends some encouraging messages, particularly around participation. But business hiring caution remains a concern, with vacancy levels showing little sign of recovery and the number of payrolled employees recording a notable fall.

The UK employment rate (for people aged 16 to 64) was estimated at 75.4% in the quarter to September 2026, which is up on the quarter and the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.6% over the same period, representing a fall on the quarter and the year.

The inactivity rate for people aged 16 to 64 was estimated at 20.8% in the three months to September 2026, which is down on the quarter and the year. Early estimates for the number of UK vacancies in the quarter to October 2026 indicate a decrease of 22,000 (-3.0%) to 690,000. This is the lowest level recorded in over a decade, outside of the COVID-19 pandemic period.

Estimates for payrolled employees in the UK fell by 67,000 (-0.2%) between September 2025 and September 2026, but increased by 20,000 (+0.1%) between August and September 2026. This is based on administrative data from HM Revenue and Customs (HMRC). The early estimate of payrolled employees for October 2026 decreased by 95,000 (-0.3%) on the year, and decreased by 34,000 (-0.1%) between September and October 2026, to 30.2 million. Figures for October should be treated as provisional estimates and are likely to be revised when more data is received next month.

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 3.5% in the three months to September 2026, and annual growth in total earnings (including bonuses) was 3.6%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)), for regular pay and total pay was 0.2% and 0.3%, respectively, across the same period.

Businesses across the economy will be hoping that the Milburn Review's imminent final report puts forward proposals that help build their headroom and confidence to hire, so they can create more opportunities for young people across the country. This means tackling the spiralling cost of employment, alongside taking an 'all ages, all stages' approach to learning that ensures opportunities for young people do not stop once they enter work.

Please note: Ongoing sampling and methodological issues with the ONS' Labour Force Survey means that figures should be interpreted with caution.

Exhibit 1 Vacancies (000s)

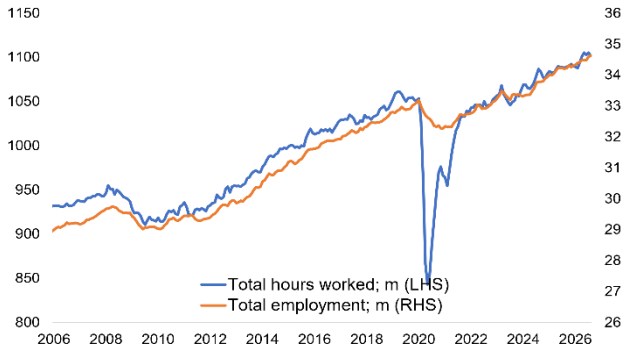


Source: ONS November 2026 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.4%	34,625	+155,000 (+0.5%)	+427,000 (+1.2%)
Unemployment** (ILO)	4.6%	1,684	-88,000 (-5.0%)	-102,000 (-5.7%)
Youth unemployment (16-24)	15.1%	688	-51,000 (-6.9%)	-14,000 (-2.0%)

Source: ONS November 2026 labour market statistics, *Rate for those aged 16-64 **Rate for those aged 16 and over

Exhibit 2 Employment vs actual weekly hours worked (millions)



Source: ONS November 2026 labour market statistics

In the quarter to September 2026, employment rose while vacancy levels recorded another fall

- In the three months to September 2026, employment levels were estimated at 34.63 million (rounded to two decimal places), meaning there were 427,000 more employed people compared to the same point last year. The employment rate is up on the quarter and the year, sitting at 75.4%.
- Male employment levels rose on the quarter (+95,000) and the year (+281,000), sitting at 17.82 million. Female employment was estimated at 16.80 million in the quarter to September, also representing an increase on the quarter (+60,000) and, to a greater extent, the year (+146,000).
- In the quarter to September 2026, employment levels increased the most among 35 to 49-year-olds (+89,000), 18 to 24 year-olds (+81,000) and 50 to 64-year-olds (+39,000). Other age groups saw employment levels fall, or remain broadly unchanged, across the same period.
- The largest yearly change in employment levels was recorded across people aged 35 to 49 (+248,000).
- The number of employees working full-time (22.89 million) increased on the quarter (+110,000) and, to a greater extent, the year (+326,000). The number of employees working part-time was estimated at 7.14 million, reflecting a rise on the quarter (+134,000) and, to a lesser extent, the year (+60,000).
- Across the same period, the number of self-employed people working full-time (2.89 million) fell on the quarter (-27,000) and the year (-31,000). Meanwhile, the number of self-employed people working part-time (1.53 million) fell on the quarter (-80,000) but rose on the year (+58,000).
- In the three months to September 2026, there were an estimated 697,000 vacancies across the economy (excluding agriculture, forestry and fishing). This is lower than levels recorded in the period between April and June (-14,000) and in the same period last year (-31,000). Provisional figures suggest that vacancy levels continued to fall (-22,000 to 690,000) in the quarter to October 2026.
- Provisional estimates for the quarter to October 2026 indicate that, excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (122,000).
- Vacancy estimates decreased in 11 of the 18 industry sectors, compared with May to July 2026; the largest decreases were in administrative and support service activities, construction, and transport and storage (each down 5,000 vacancies).
- There were an estimated 26,000 working days lost because of labour disputes across the UK in September 2026.

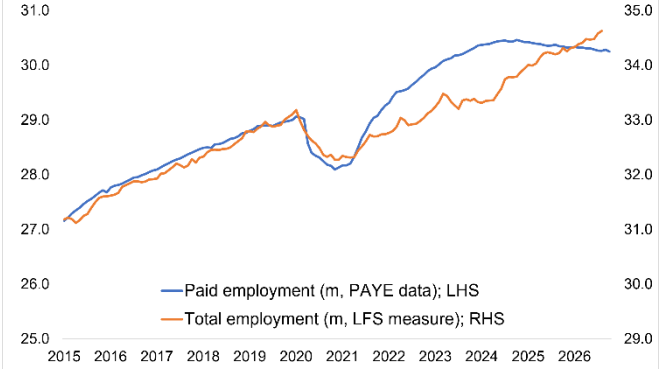
The youth unemployment rate fell closer to 15%

- There were an estimated 1.68 million people aged 16 and over who were unemployed in the quarter to September 2026, representing a decrease on the quarter (-88,000) and the year (-102,000). The unemployment rate is also down on the quarter and the year, sitting at 4.6%.
- In the quarter to September 2026, an estimated 688,000 16 to 24-year-olds were unemployed. Across the same period, the youth unemployment rate was 15.1%. There were 14,000 fewer unemployed 16 to 24-year-olds compared to the same time last year.
- Redundancy levels were estimated at 120,000 in the three months to September 2026, representing an increase on the quarter (+14,000) and a fall on the year (-14,000).
- There were an estimated 9.07 million economically inactive 16 to 64-year-olds in the quarter to September 2026. This reflects a fall on the quarter (-42,000) but is broadly unchanged on the year (-4,000). The inactivity rate was estimated at 20.8%, which is slightly down on the quarter and the year.

Wage growth showed signs of slowing

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) was estimated at 3.5% in the three months to September 2026 (the less volatile three-month rolling basis). This is slightly lower than the revised figure recorded in the three months to August (3.7%).
- In the quarter to September 2026, annual average regular pay growth stood at 3.1% in the private sector. This is in line with the figure recorded for the quarter to August, which represented the first quarterly rise in over a year.
- Across the same period, annual average regular pay growth was 5.4% in the public sector, below the revised figure recorded for the three months to August (6.2%). The figure has shown some variation in recent months, which is largely due to pay award timings.
- After the public sector, the services sector continued to show the strongest annual average regular pay growth (3.7%) in the three months to September 2026.
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.2% in the three months to September 2026; below the 0.6% quarterly figure recorded in June, July and August.
- Across the same period, the provisional estimate for real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was -0.4%. The last decrease was in March.

Exhibit 3 PAYE real time data vs official employment data (millions)



Source: ONS November 2026 labour market statistics

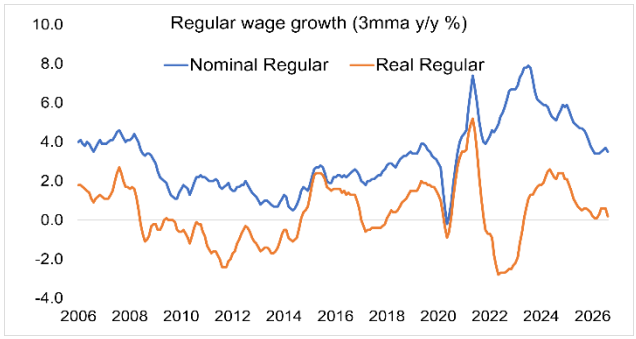
In the quarter to September 2026, employment levels rose in many parts of the UK…

- The region in England to have observed the biggest change in employment levels in the quarter to September 2026 was the South West (+49,000), followed by London (+43,000) and the East of England (-43,000).
- Over the quarter, employment levels climbed in England (+119,000) and, to a lesser extent, in Wales (+20,000), Scotland (+5,000) and Northern Ireland (+11,000).
- In England, the largest yearly change in employment levels was again recorded in the North West (+121,000), followed by the East Midlands (+67,000). The East of England was the only region in England to have recorded a fall in employment levels in the year to September 2026 (-8,000).
- In the quarter to September, the South West had the highest employment rate (79.4%) in England, while the North East recorded the lowest (70.9%).

… while unemployment levels largely fell by modest amounts

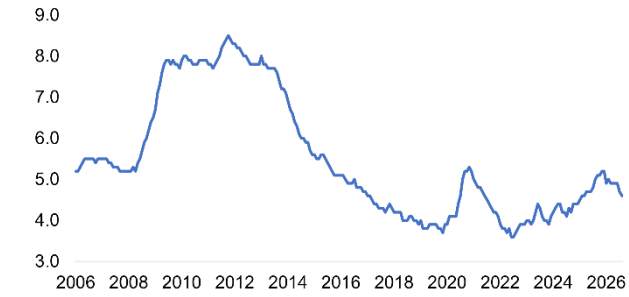
- Between July and September 2026, unemployment fell modestly in most regions in England. The main exception to this was the East of England (+20,000).
- In the three months to September 2026, unemployment levels fell in England (-60,000) and Wales (-21,000), and were broadly unchanged in Scotland (-9,000) and Northern Ireland (+2,000).
- In England, the greatest yearly change in unemployment levels was recorded in the East Midlands (-22,000), followed by the North West (-21,000) and East of England (-20,000).
- In the quarter to September 2026, London continued to have the highest unemployment rate (6.4%), while the South West had the lowest (3.5%).

Exhibit 4 Real regular pay and nominal regular pay growth (%)



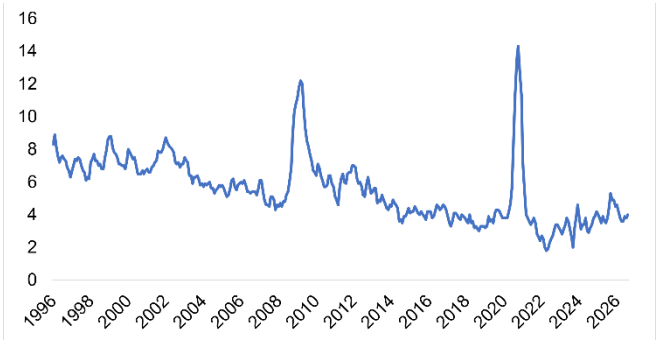
Source: ONS November 2026 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS November 2026 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS November 2026 labour market statistics



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For further information or a copy in large text format, please contact:
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The next Labour Market Update will be published on 15th December.

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