June 2026

Unemployment falls, inactivity rises, and vacancies drop even further

"There are some encouraging signs in this month's labour market data, including increased candidate availability and strong hiring demand across many sectors. However, there are also clear challenges. Youth unemployment is concerningly high, reflecting the ongoing difficulty of connecting young people with labour market opportunities. Vacancy levels also suggest businesses may be holding back on hiring due to cost pressures and uncertainty.

In this environment, a recruitment partner can help you stay competitive—providing faster access to quality candidates, sharper market insight, and the flexibility to secure talent quickly."

Carmen Watson, Chairperson,
Pertemps Network Group

In the quarter to April 2026, employment and inactivity levels rose, unemployment fell, vacancies continued to decline, and regular wage growth in the private sector slowed to its lowest level in over five years. Youth unemployment also remained concerningly high.

Therefore, cooling labour market conditions have persisted. While it is encouraging that headline unemployment has fallen, rising inactivity levels suggest many people have not moved into work, and labour market participation – and business hiring caution – remains a key challenge.

The UK employment rate (for people aged 16 to 64 years old) was estimated at 75.0% in the period between February 2026 and April 2026, which is unchanged on the quarter and the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.9% in the quarter to April 2026, representing a fall on the quarter but a rise on the year.

The inactivity rate for people aged 16 to 64 years old was estimated at 21.0% in the three months to April 2026, which is up on the quarter but down on the year. There were an estimated 707,000 vacancies in the quarter to May 2026, representing a decrease on the quarter (-19,000) and the year (-31,000).

Estimates for payrolled employees in the UK fell by 138,000 (-0.5%) between April 2025 and April 2026, and decreased by 53,000 (-0.2%) between March and April 2026. When looking at February to April 2026, the period comparable with Labour Force Survey (LFS) estimates, the number of payrolled employees fell by 103,000 (-0.3%) over the year and by 31,000 (-0.1%) over the quarter. The early estimate of payrolled employees for May 2026 decreased by 119,000 (-0.4%) on the year, but was largely unchanged on the month, increasing by just 2,000 (0.0%) to 30.3 million. Figures for May should be treated as provisional and are likely to be revised when more data is received next month.

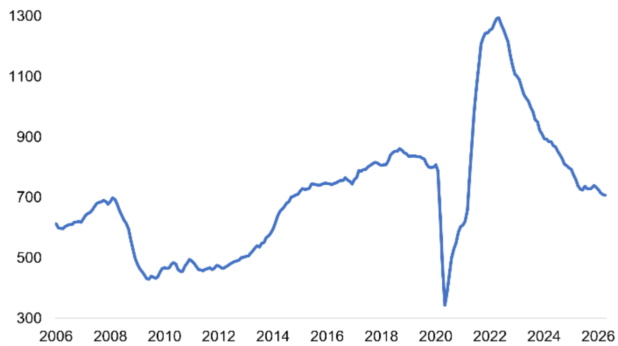
Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 3.4% in the three months to April 2026, and annual growth in total earnings (including bonuses) was 4.4%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)), for regular pay and total pay stood at 0.1% and 1.2%, respectively, across the same period.

The ongoing 'low hire, low fire' labour market dynamics were reinforced in this month's UK labour market data. And the youth unemployment rate highlights that these conditions continue to have a disproportionately large impact on young people, who are more likely to be outside of the workforce.

Driving sustainable economic growth remains key to raising living standards and supporting more people to enjoy the benefits of work. Moreover, there are various ways in which government can support businesses to grow. This includes ensuring that key decisions relating to the Employment Rights Act's secondary regulations are reached through tripartite discussion.

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)

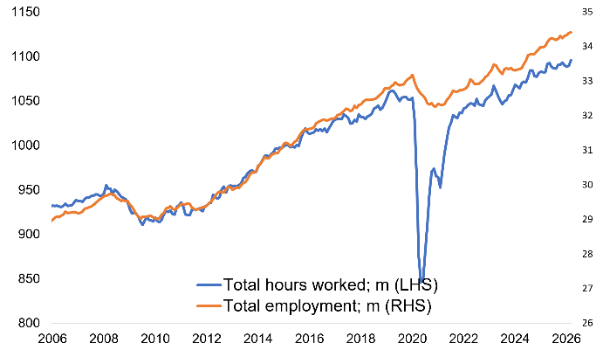


Source: ONS June 2026 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.0%	34,410	+100,000 (+0.3%)	+399,000 (+1.2%)
Unemployment** (ILO)	4.9%	1,764	-105,000 (-5.6%)	+124,000 (+7.6%)
Youth unemployment (16-24)	16.2%	735	+3,000 (+0.4%)	+110,000 (+17.6%)

Source: ONS June 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 June 2026 labour market statistics

Employment and vacancy levels have continued to diverge, with record numbers of people working while vacancies fell further

- Estimated employment levels rose in the three months to April 2026 (+100,000) to 34.4 million, and there are 399,000 more employed people compared to the same point last year. The employment rate is unchanged on the quarter and the year, sitting at 75.0%.
- Male employment levels are up on the quarter (+174,000) and the year (+232,000), sitting at 17.7 million. Female employment is estimated at 16.7 million, which represents a fall on the quarter (-75,000) but an increase on the year (+167,000).
- In the quarter to April 2026, employment level changes across age groups remained mixed. Employment levels rose the most across people aged 65 and over (+68,000) and 25 to 34 (+56,000). The largest quarterly decrease in employment was recorded across people aged 18 to 24 (-63,000). Employment levels rose the most across people aged 65 and over (+182,000) and 35 to 49 (+94,000) in the year to April 2026.
- The number of employees working full-time is up on the quarter (+99,000) and the year (+182,000), sitting at 22.7 million in the quarter to April 2026. The number of employees working part-time is estimated at 7.0 million, which reflects a decrease on the quarter (-169,000) but an increase on the year (+41,000).
- Across the same period, the number of self-employed people working full-time (2.9 million) rose on the quarter (+51,000) and, to a lesser extent, the year (+10,000). Meanwhile, the number of self-employed working part-time (1.6 million) is also up on the quarter (+121,000) and the year (+153,000).
- In the three months to April 2026, there was an estimated 709,000 vacancies across the economy (excluding agriculture, forestry and fishing). This represents a fall on the quarter (-25,000) and the year (-51,000). This falls to 707,000 for the period between March 2026 and May 2026.
- Provisional estimates for the quarter to May 2026 indicated that, excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (124,000). Also in line with recent months, the wholesale and retail trade and repair of motor vehicles and motor cycles sector ranked second (86,000 vacancies).
- Provisional estimates for the quarter to May 2026 highlighted that the financial and insurance activities sector had the most vacancies per 100 employee jobs (3.0), closely followed by the water supply, sewerage, waste and remediation activities sector (2.9).
- There were an estimated 120,000 working days lost because of labour disputes across the UK in April 2026, with the majority of working days lost in the health and social work sector because of the doctors' strikes in England.

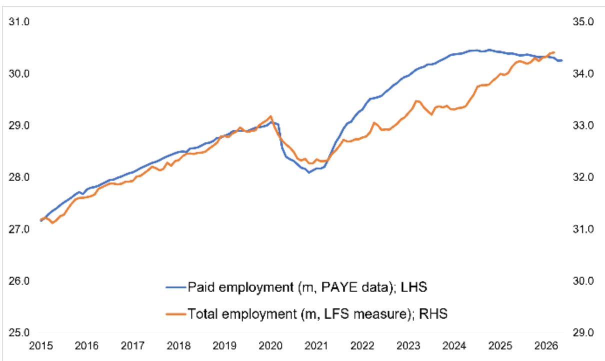
Inactivity levels rose again, and youth unemployment remains high

- There were an estimated 1.76 million people aged 16 and over who were unemployed in the quarter to April 2026, representing a fall on the quarter (-105,000) but an increase on the year (+124,000). The unemployment rate is also down on the quarter but up on the year, sitting at 4.9%.
- In the quarter to April 2026, an estimated 735,000 16 to 24-year-olds were unemployed. There are 110,000 more unemployed 16 to 24-year-olds compared to the same time last year. Across the same period, the youth unemployment rate was 16.2%.
- Redundancy levels were estimated at 113,000 in the three months to April 2026, highlighting a fall on the quarter (-20,000) but a slight increase on the year (+11,000).
- There were an estimated 9.13 million economically inactive 16 to 64-year-olds in the quarter to April 2026. This represents an increase on the quarter (+137,000) but a decrease on the year (-51,000). The inactivity rate is also up on the quarter but down on the year, sitting at 21.0%.

Regular wage growth in the private sector has slowed to its lowest level in over five years

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 3.4% in the three months to April 2026 (the less volatile three-month rolling basis).
- The moderate fall in CPIH inflation from 3.4% in March to 3.0% in April means real-term pay increases are still being awarded.
- In the quarter to April 2026, nominal annual regular pay growth stood at 2.9% in the private sector. This is the slowest rate of wage growth in over five years, and builds on a series of incremental falls.
- Across the same period, nominal annual regular pay growth was 5.1% in the public sector. The figure has shown some variation in recent months, which is largely due to pay award timings.
- After the public sector, the wholesaling, retailing, hotels and restaurants sector showed the strongest regular annual growth rate (3.5%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was 0.1% in the quarter to April 2026, which is in line with last month's revised figure. Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was 0.5%, representing an increase on the previous month's figure (-0.1%).

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



Source: ONS June 2026 labour market statistics

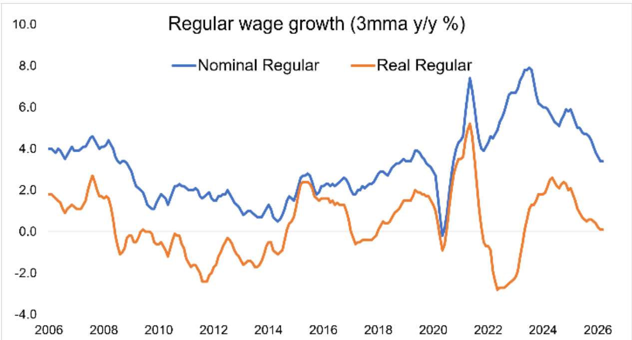
In the quarter to April 2026, employment level changes across the regions and nations were mixed…

- In the three months to April 2026, employment levels increased the most in London (+67,000) and the North West (+43,000).
- Across the same period, the greatest employment drop was in the East of England (-24,000), closely followed by the South West (-23,000).
- Over the quarter, employment levels rose in England (+98,000), but were broadly unchanged in Wales (+9,000), Scotland (-9,000) and Northern Ireland (+2,000).
- In England, the largest yearly change in employment levels was recorded in the North West (+100,000).

… as were changes in unemployment

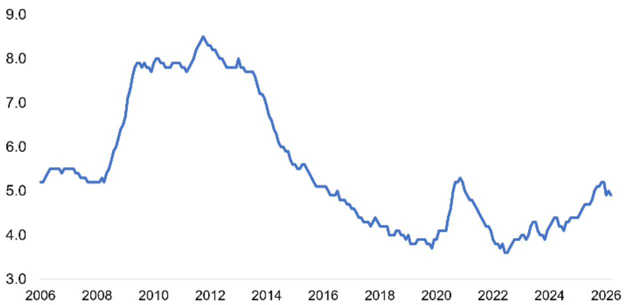
- The greatest fall in unemployment was recorded in London (-70,000), followed by the West Midlands (-26,000).
- During the same period, the largest increase in unemployment was recorded in the North West (+16,000).
- In the three months to April 2026, unemployment levels decreased in England (-116,000) and were broadly unchanged in Wales (+5,000), Scotland (+11,000) and Northern Ireland (-4,000).

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



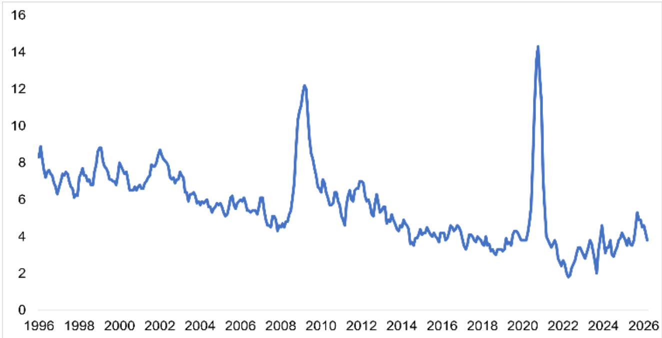
Source: ONS June 2026 labour market statistics

Exhibit 5 Unemployment rate (%)



Source: ONS June 2026 labour market statistics

Exhibit 6 Redundancy rate (%)



Source: ONS June 2026 labour market statistics

About the Sponsor

Pertemps Network Group, based in Meriden, West Midlands, is one of the UK's largest privately-owned recruitment agencies. It has a turnover of nearly £1bn and offers immediate and strategic solutions to clients across both the public and private sectors.

It is made up of two elements:

Pertemps Ltd – established in 1961 and with more than 150 offices nationwide, it operates across a multitude of sectors, supplying diverse roles. The company also specialises in business process outsourcing delivered using a wide range of solutions, such as Master Vendor and Recruitment Process Outsourcing.

Network Group – offering specialist recruitment solutions across specific sectors, including IT, legal, finance, healthcare, education, security, medical, construction, manufacturing and engineering.

For further information about Pertemps Network Group, please contact:
Phoebe Hughes
PR and Communications Executive
T: 01676 525250
E: phoebe.hughes@pertemps.co.uk

About the CBI

The CBI serves as the catalyst between industry and government to drive positive change, speaking for businesses of all sizes and sectors across the whole economy, in every UK region and nation, ensuring sustainable growth for the benefit of society. Our voice represents 170,000 businesses. This includes over 1,100 corporate members, plus nearly 150 trade associations. Our corporate members alone employ over 2.3 million private sector workers.

For further information or a copy in large text format, please contact:
Evie Matthews
Senior Policy Advisor
E: evie.matthews@cbi.org.uk
The next Labour Market Update will be published on 21st July.

June 2026

cbi.org.uk