



April 2026

Unemployment rate falls to 4.9%, but signs of hiring caution remain

"This month's dip in unemployment will be a welcome surprise for many, and a positive sign that more people who want to work have been able to find it. But another fall in vacancies suggests that many firms remain cautious, holding back on hiring amid ongoing cost pressures and economic uncertainty. In this environment, having the right recruitment partner is more important than ever to navigate complexity and secure the talent needed for sustainable growth."

**Carmen Watson, Chairperson,
Pertemps Network Group**

In the quarter to February 2026, the unemployment level and rate fell, employment levels rose slightly but the employment rate decreased, and wage growth continued to slow. There was also a notable uptick in economic inactivity, and vacancies have fallen even further.

Therefore, this month's data paints a slightly different picture compared to recent months, with a surprise fall in unemployment. But vacancies and payroll data suggest this is not due to a big improvement in firms' hiring intentions, and that many businesses remain cautious about recruiting and creating new jobs. Inactivity data also indicates that not all unemployed people have necessarily found a job.

The UK employment rate (for people aged 16 to 64 years old) was estimated at 75.0% in the period between December 2025 and February 2026, which is slightly down on the quarter but unchanged on the year. The UK unemployment rate (for people aged 16 and over) was estimated at 4.9% in the quarter to February 2026, which is a decrease on the quarter and increase on the year.

The inactivity rate for people aged 16 to 64 years old was estimated at 21.0% in the three months to February 2026, which is up on the quarter but down on the year. The provisional estimate for the number of vacancies in the UK economy in the quarter to March 2026 is 711,000. This is the lowest level of vacancies since the quarter to April 2021.

Estimates for payrolled employees in the UK fell by 74,000 (-0.2%) between February 2025 and February 2026, and decreased by 6,000 (0.0%) between January and February 2026. The early estimate of payrolled employees for March 2026 decreased by 65,000 (-0.2%) on the year, and by 11,000 (0.0%) on the month, to 30.3 million. The March 2026

estimate should be treated as a provisional estimate and is likely to be revised when more data is received next month.

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 3.6% in the three months to February 2026, and annual growth in total earnings (including bonuses) was 3.8%. 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 0.2% and 0.4%, respectively, across the same period.

The labour market's role in the growth agenda cannot be overstated, determining both the quality and quantity of goods and services that can be produced, and how many people will need to rely on welfare support where they aren't able to access quality jobs and training opportunities. This month's data highlights that hiring caution continues to be prevalent across the UK labour market, and that factors such as cost and broader economic uncertainty are impacting businesses' ability to recruit.

Moreover, firms will be looking ahead to the King's Speech next month for signs that government is taking the problem of rising business costs seriously. This could be achieved by a firm commitment not to increase the cost of doing business through policies that have not yet been committed to, and delivering a Growth and Skills Levy roadmap that provides businesses with the confidence to invest in people and skills.

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)

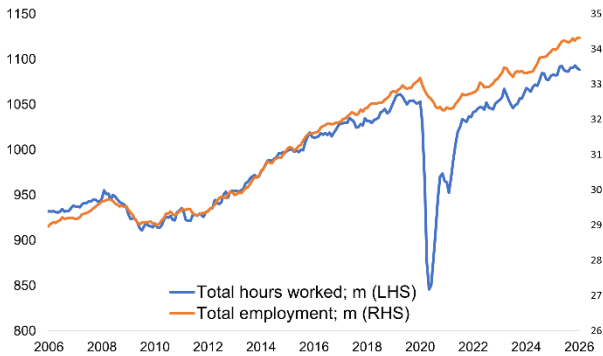


Source: ONS April 2026 labour market statistics

Headline figures	Rate	Number (000s)	Change on quarter (% change)	Change on year (% change)
Employment* (ILO)	75.0%	34,328	+24,000 (+0.1%)	+332,000 (+1.0%)
Unemployment** (ILO)	4.9%	1,780	-60,000 (-3.3%)	+206,000 (+13.1%)
Youth unemployment (16-24)	15.8%	713	-16,000 (-2.2%)	+70,000 (+10.9%)

Source: ONS April 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 April 2026 labour market statistics

Employment levels rose slightly on the quarter, but there was another dip in vacancies

- Estimated employment levels increased slightly in the three months to February 2026 (+24,000) to 34.3 million, and employment levels remain higher than the figure recorded at the same point twelve months prior (+322,000). The employment rate is slightly down on the quarter but unchanged on the year, sitting at 75.0%.
- Male employment levels were also slightly up on the quarter (+41,000) and the year (+65,000), sitting at 17.6 million. Female employment is estimated at 16.7 million, and levels have fallen on the quarter (-17,000) but are up on the year (+266,000).
- In the quarter to February 2026, employment level changes across age groups remained mixed. Employment levels rose the most across people aged 35 to 49 (+92,000) and 50 to 64 (+23,000). The largest quarterly decrease in employment was recorded across people 18 to 24 (-86,000), followed by people aged 25 to 34 (-13,000). Employment levels rose the most across people aged 35 to 49 (+168,000) and 65 and over (+111,000) in the year to February 2026.
- The number of employees working full-time was unchanged on the quarter but up on the year (+179,000), sitting at 22.6 million in the quarter to February 2026. The number of employees working part-time is estimated at 7.1 million, and has fallen on the quarter (-69,000) but is up on the year (+101,000).
- Across the same period, the number of self-employed people working full-time (2.9 million) increased on the quarter (+63,000) but fell on the year (-61,000). Meanwhile, the number of self-employed working part-time (1.5 million) is up on the quarter (+22,000) and, to a greater extent, the year (+106,000).
- In the three months to February 2026, there was an estimated 721,000 vacancies across the economy (excluding agriculture, forestry and fishing). This is broadly unchanged on the quarter (-9,000) and down on the year (-71,000). Vacancy levels were estimated at 711,000 in the quarter to March 2026.
- Provisional estimates of vacancy levels in the quarter to March 2026 indicated that, excluding the total services sector, the human health and social work activities sector continued to report the most vacancies (125,000). Also in line with recent months, the wholesale and retail trade and repair of motor vehicles and motor cycles sector ranked second (88,000 vacancies).
- Provisional estimates for the quarter to March 2026 indicated that the financial and insurance activities sector had the most vacancies per 100 employee jobs (3.0), closely followed by the accommodation and food service activities sector (2.9). This is in line with last month's release.
- There were an estimated 39,000 working days lost because of labour disputes across the UK in February 2026.

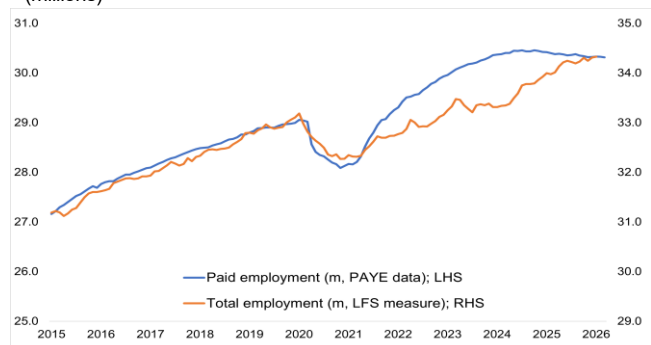
There has been a small uptick in inactivity, but a surprise fall in unemployment

- In the quarter to February 2026, unemployment levels decreased to 1.78 million (-60,000). The unemployment rate is down on the quarter but up on the year, sitting at 4.9%. There are 206,000 more unemployed people compared to the same period a year ago.
- There were 713,000 unemployed people aged 16 to 24 in the quarter to February 2026, representing a fall on the quarter (-16,000) but increase on the year (+70,000). The youth unemployment rate is now 15.8%.
- Redundancy levels were estimated at 136,000 in the three months to February 2026, which is slightly down on the quarter (-9,000) but up on the year (+19,000). The redundancy rate is estimated at 4.6%.
- An estimated 9.1 million 16 to 64 year olds were economically inactive in the quarter to February 2026. This represents an increase on the quarter (+95,000) and a fall on the year (-109,000). The inactivity rate is up on the quarter but down on the year, sitting at 21.0%.

In line with recent months, wage growth has continued to slow

- Nominal annual regular pay growth across the whole economy (excl. bonuses and before adjusting for inflation) stood at 3.6% in the three months to February 2026 (the less volatile three-month rolling basis). This represents the fifth consecutive monthly fall.
- In the quarter to February 2026, nominal annual regular pay growth stood at 3.2% in the private sector. This follows a series of incremental falls recorded over the past year. Across the same period, nominal annual regular pay growth was 5.2% in the public sector. Public sector pay growth has decreased over the past few releases, which is largely due to when public sector pay rises were awarded.
- In the three months to February 2026, wage growth continued to be strongest in the public sector (excluding financial services) (5.2%), followed by the wholesaling, retailing, hotels and restaurants sector (4.2%). The lowest level of wage growth was again recorded in the construction sector (0.5%).
- Real regular pay growth (excl. bonuses and adjusting for CPIH inflation) was estimated at 0.2% in the quarter to February 2026, which is slightly down on last month's figure (0.4%). Real regular pay growth for single-month changes year on year (excl. bonuses and adjusting for CPIH inflation) was -0.1%. This is the first time that the figure has been negative in over a year.
- Next month's data will provide a better indicator of how the Middle East conflict has impacted wage growth and living standards, given the conflict officially started at the very end of February.

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

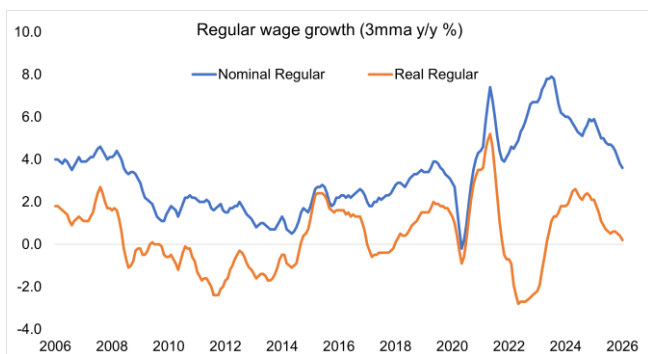


Source: ONS April 2026 labour market statistics

In the quarter to February 2026, employment level changes across the regions and nations were modest...

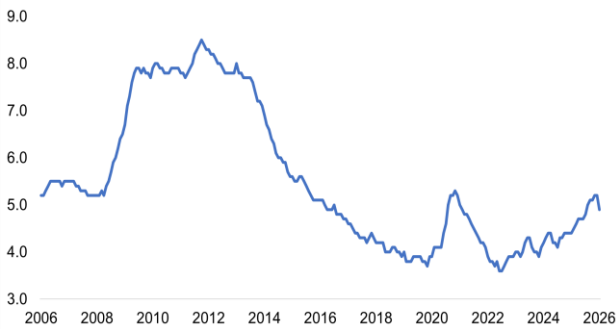
- In the three months to February 2026, increases in employment levels were modest. The largest increase was recorded in London (+34,000) and the East Midlands (+26,000).
- Across the same period, the greatest employment drop was recorded in the East of England (-23,000).
- Over the quarter, employment levels rose in England (+52,000) and Wales (+15,000), and fell in Scotland (-35,000) and, to a lesser extent, Northern Ireland (-8,000).
- In England, the South East had the highest employment rate (78.6%) while the North East had the lowest (71.3%) in the quarter to February 2026.

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



Source: ONS April 2026 labour market statistics

Exhibit 5 Unemployment rate (%)

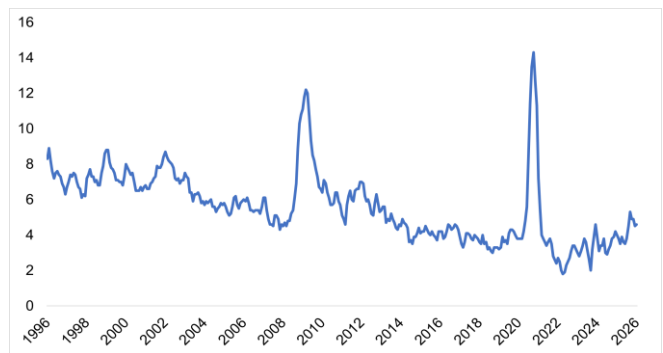


Source: ONS April 2026 labour market statistics

... As were changes in unemployment levels

- In the quarter to February 2026, the only two regions in England to have observed an increase in unemployment levels were London (+12,000) and the South West (+11,000).
- During the same period, the largest decrease in unemployment levels was recorded in the North West (-15,000), followed by the East Midlands and West Midlands (both -12,000).
- In the three months to February 2026, unemployment levels fell in England (-46,000) and Wales (-24,000), increased in Scotland (+10,000) and were broadly unchanged in Northern Ireland (+1,000).
- In England, London had the highest unemployment rate (7.4%) and the South East and the South West had the joint lowest (3.9%) in the three months to February 2026.

Exhibit 6 Redundancy rate (%)



Source: ONS April 2026 labour market statistics



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For further information about Pertemps Network Group, please contact:

James Wilde

Head of PR and Communications

T: 01676 525250

E: james.wilde@pertemps.co.uk

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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 19th May.

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