

Quarterly Labour Market Insights Report

Q1 2026

This quarter's data reveals a labour market in transition, from the tight conditions of recent years towards a more balanced and cautious environment. At Omni, we see these trends as a clear signal for organisations to rethink talent strategy, focus on data-led workforce planning and prioritise internal

mobility, skills development and inclusive hiring. As the labour market evolves, agility and insight will be key to organisational resilience. This report highlights the key trends shaping the market and how employers can respond with confidence and clarity.

Louise Shaw

MANAGING DIRECTOR AT OMNI

Omni's View

Although recruitment pressures have eased and job levels have fallen, there are still some industries that anticipate problems filling vacancies over the next 6 months for example: Transport and Storage, Construction, Manufacturing, Public Admin, Human Health Activities, Care, Social work, Compulsory Education.

Recruitment Trends

Recruitment activity has continued to moderate in early 2026. Employer confidence remains subdued, with hiring intentions at historic lows outside periods of crisis. Hiring confidence remains depressed as employers respond cautiously to rising costs and regulatory pressures. AI adoption is also shaping recruitment, with around one in six employers expecting technology to reduce headcount, particularly in administrative and junior roles.

Roles most likely impacted by AI:



Clerical roles



Junior roles



Administrative roles

Job Vacancies

UK job vacancies have stabilised at approximately **726,000**, suggesting labour demand has levelled after prolonged decline. While vacancy levels remain below pandemic peaks, the recent plateau signals a more stable, though subdued, recruitment environment.

Job Vacancies stabilised at

726,000

Employment Overview

The UK unemployment rate has risen to **5.2%**, the highest in nearly five years. Youth unemployment has increased, intensifying competition for entry-level roles. Payrolled employment has slightly declined year-on-year, reinforcing signs of a cooling labour market.

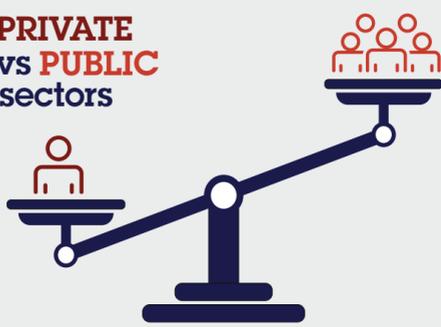


Pay Trends

Pay growth continues to ease, with regular earnings rising around **4.2%**. Although still above inflation, real wage growth remains modest. Annual average regular earnings growth was **7.2%** for the public sector and **3.4%** for the private sector. Public sector pay growth continues to outpace the private sector, while overall affordability pressures persist for employers.

4.2%
PAY GROWTH
(excluding bonuses)

PRIVATE vs PUBLIC sectors



AI Adoption

AI adoption is accelerating across organisations, reshaping job design and skill requirements. Employers increasingly recognise the importance of reskilling and upskilling to ensure AI enhances productivity without undermining workforce engagement or inclusion.

17%
EMPLOYEES
expecting AI to reduce headcount



6%
EMPLOYEES
expecting AI to increase headcount



How Omni Can Help

Omni supports organisations with strategic workforce planning, recruitment optimisation, inclusive talent pipelines, and AI-ready workforce transition strategies. We help translate labour market insight into action, ensuring clients remain resilient, competitive, and inclusive.



Strategic Talent Planning

We help organisations translate labour market trends into workforce strategies that align with business goals.



Recruitment Optimisation

With market intelligence, we advise on candidate sourcing, competitive pay benchmarking, and hiring windows to maximise success rates.



Inclusive Talent Pipelines

Enabling organisations to build robust, diverse and agile talent pipelines that adapt to market fluctuations.

Omni's expertise ensures that clients stay ahead of labour market shifts, turning data into action and insight into competitive advantage.

Get in Touch

Get in touch with us today to talk through your resourcing needs. Our award-winning RPO and talent strategy experts are always available.

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