

Quarterly Labour Market Insights Report

May 2026

This quarter's labour market data points to a broadly stable but cautious employment landscape. The latest CIPD Labour Market Outlook highlights subdued hiring intentions, rising cost pressures and increasing focus on organisational resilience, Omni is seeing the greatest impact in those adopting data-led strategic workforce planning and talent management, underpinned by sustainable talent strategies.

Employers continue to prioritise cost management above growth, while concerns over inflation, energy process and compliance with the Employment Rights Act 2025 are shaping workforce decisions and further contributing to the hesitancy in the market. Although the latest statistics continue to show a decline in vacancies, more than one-third of organisations still report hard-to-fill roles. At the same time, for some employers the challenge is shifting from attracting sufficient candidates to managing high application volumes and assessing candidates objectively and consistently throughout the recruitment process. As AI-enabled technologies become increasingly central to candidate sifting and selection, Omni is supporting organisations to design tech-enabled recruitment processes that embed fairness and objectivity, while keeping candidate experience at the heart of the approach.

Louise Shaw

MANAGING DIRECTOR AT OMNI

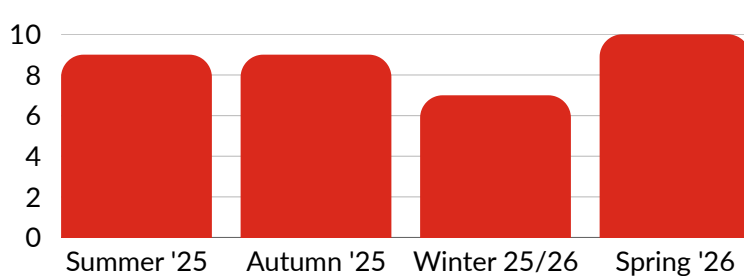
Omni's View

At Omni, we see these current conditions reinforcing the need for strategic workforce planning, with a focus on skills now and the future, AI-enabled productivity improvements and sustainable talent strategies that go beyond the here and now.

Recruitment Trends

Employer hiring intentions remain historically low, although there has been a slight improvement this quarter. The overall net employment balance increased to +10 from +7 in the previous quarter, remaining close to record lows outside the pandemic period. Public sector employment intentions remain below 0, indicating more organisations expect employee levels to decrease rather than increase. Around 27% of employers expect employee levels to rise in the next three months, while 17% anticipate reductions. Recruitment intentions remain strongest in legal, consultancy, IT, manufacturing and hospitality sectors.

Net employment balance:



Job Vacancies

The labour market continues to cool gradually, with employer confidence remaining subdued. A decrease from the previous quarter of 3.9% to 705,000 vacancies. Public sector organisations remain the most likely to anticipate workforce reductions, with 26% expecting employee levels to fall over the next three months. Recruitment activity has stabilised overall, with 63% of employers planning to recruit in the coming quarter. Cost management remains the dominant organisational priority, cited by 58% of employers, ahead of productivity improvement and market growth.

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Report hard-to-fill vacancies

Employment Overview

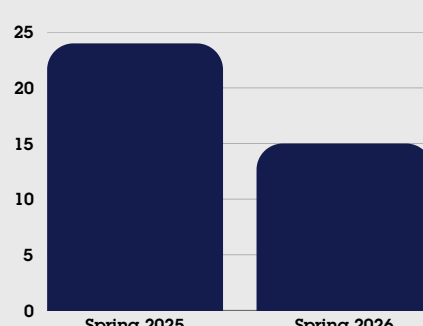
The UK labour market was broadly stable in the latest quarter, with the employment rate edging up by 0.1% to 75.0%, while unemployment rose by 0.5% on the year but fell by 0.2% in the quarter to 5.0%. That means there are 2.5 unemployed people per vacancy, and vacancies remain under pressure. Jobs have been broadly flat since spring 2025, though estimates suggest vacancies may now be at their lowest level outside the pandemic since 2014. On top of that, 33% of employers report hard-to-fill vacancies, while healthcare and social work remain the most challenged sectors, with 20% expecting significant recruitment difficulties over the next six months.

Pay Trends

Median expected pay increases remain steady at 3% across the private, public and voluntary sectors for the eighth consecutive quarter. However, inflation is forecast to rise further during 2026, potentially pushing real pay growth into negative territory. Compared with a year ago, fewer employers expect to award pay rises of 5% or more, while more employers are converging around pay increases in the 3-3.99% range. Employers continue balancing affordability pressures with the need to support employee financial wellbeing.

3%
Pay growth

% of employers expecting to offer pay awards in the 5+% range:



AI Adoption

Organisations are increasingly focusing on productivity improvements through technologies such as generative AI. Large private sector employers are particularly focused on AI-driven productivity gains, with 55% identifying productivity improvement as a key priority. Employers recognise the importance of developing workforce capability, supporting managers and ensuring a people-centred approach to AI adoption as organisations move from experimentation towards strategic implementation.

55%

identify productivity improvement as a key priority



PEOPLE CENTRED APPROACH

As organisations move towards strategic implementation

How Omni Can Help

Omni supports organisations in responding strategically to labour market uncertainty through workforce planning, recruitment optimisation, pay benchmarking, talent retention and AI-enabled workforce transformation. Our expertise helps employers align talent strategy with business resilience, strengthen regulatory compliance readiness, and build inclusive, future-ready workforces capable of adapting to changing economic and technological conditions.



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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