

UK Jobs Market Review

January 2026



Downturn in permanent staff hiring eases

Permanent



January experienced a further decline in permanent staff appointments, however, the pace of decline was the slowest recorded over the past year-and-a-half. Decreases were linked to fewer job opportunities and generally muted market confidence and concerns over staff costs. That said, there were some reports of companies lifting hiring freezes as some market uncertainty dissipates.



Temporary

After falling in the final two months of 2025, temp billings at UK recruitment consultancies increased during January. Although the rate of growth was marginal, it marked only the second time that billings have expanded since June 2025. Preference for short term staff and new projects have supported the uptick.

Vacancies continue to decline sharply in January



Overall demand for staff fell for the twenty-seventh consecutive month in January. Though sharp, the rate of reduction eased since December and was the second-softest recorded over the past seven months. Trends diverged by job type, with demand for permanent staff falling at a slower pace while the rate of decline in short-term vacancies quickened. Permanent staff demand continued to contract at a steeper pace than for temp workers, however.

Latest data from the ONS indicated that vacancies increased modestly over the final quarter of 2025. Approximately 10,000 more job opportunities were recorded over this period, which pushed up the overall number of vacancies to 734,000.

Slower improvement in candidate availability

UK consultancies signalled an increase in the number of people seeking permanent jobs for the thirty-fifth successive month in January. Whilst sharp, the rate of expansion was much slower than that recorded in December, marking the softest increase of the year. Redundancies and fewer job opportunities were cited as the main factors pushing up worker supply at the start of 2026.



Job shedding and fewer contract opportunities drove a further increase in the number of temporary candidates in January. The upturn in short-term staff supply remained historically sharp, despite easing to the least pronounced in 12 months. Temporary worker availability has now improved continuously for nearly three years.

Steepest rise in starting salaries for nearly a year-and-a-half

Permanent



There was an acceleration in the rate of starting salary inflation for the fourth month straight in January. Consequently, permanent pay increased at a solid pace that was the quickest recorded since August 2024. Employers offered higher salaries due to competition for highly skilled workers that were often in short supply.



Temporary

January signalled a back-to-back monthly increase in average pay rates for short-term staff in January. Notably, the rate of inflation accelerated from December to the joint-quickest over the past 20 months. Average pay is said to have risen due to competition for in-demand skills.