

UK Jobs Market Review

May 2026



Temp billings increase at fastest rate in over three years

Permanent

May experienced a steeper reduction in permanent staff appointments across the UK. Moreover, the pace of decline was the sharpest since last July. According to anecdotal evidence, greater market uncertainty and lower business confidence had led employers to pause recruitment. Some also commented that great labour costs had constrained hiring budgets. However, The North of England saw an increase.



Temporary

The latest survey pointed to a back-to-back increase in temp billings across the UK. Though modest, the rate of expansion was the best recorded since April 2023. Recruitment consultancies often commented that firmer demand for short-term staff had supported the latest rise in billings, with more flexible workforce solutions preferred in many cases due to ongoing market uncertainty.



Overall demand for staff falls at slightly quicker pace

The more pronounced drop in total demand for workers was driven by a sharper decline in permanent job vacancies. Notably, permanent roles fell at the fastest rate in four months in May. In contrast, demand for temporary staff fell at a marginal pace that was the slowest seen over the current 22-month sequence of contraction.



The latest official vacancies data published by the Office for National Statistics (ONS) indicated that the number of total job vacancies across the UK fell again in the three month to April. At 705,000, the number of job opportunities fell by 7.1% on an annual basis, and was the lowest figure recorded in exactly five years.

Supply of labour continues to rise rapidly

Recruitment consultancies reported a further sharp increase in the availability of candidates during May. Redundancies, fewer job opportunities and concerns over current job security all reportedly pushed up candidate numbers. Although quickening on the month, the upturn in permanent labour supply remained slower than typically seen in 2025.

Temp worker availability meanwhile rose to the greatest extent in six months. Fewer contract opportunities, company layoffs and a general rise in unemployment were all cited as drivers of the latest upturn.



Pay growth remains tepid for both perm and temp staff

Permanent

May survey data signalled a further rise in average starting salaries for permanent workers in the UK, thereby stretching the current period of pay growth to 63 months. This was linked to competition for niche skills but also the higher cost of living. However, a general slowdown in hiring, higher candidate numbers and budget constraints limited overall growth.



Temporary

Recruitment consultancies signalled an increase in temp pay rates for the sixth successive month in May. That said, the rate of wage inflation eased since April and was only modest. Competition for candidates with specific skills and stronger than average increases in minimum wage rates reportedly drove the latest increase.

