



**REC**

Recruitment & Employment Confederation

# Jobs Outlook

Jan 2026

## Employers' recruitment intentions are positive despite declining confidence in the economy.

### Confidence

Employers' perceptions on how the UK economy was performing further declined over the three-month period (October-December 2025), dropping by five percentage points (to net: -41%) compared to balance of sentiment across August-October (net: -36%). The overall quarterly decline was driven by extreme concern in October (-48%), ahead of the Budget, after which sentiment improved to -42% in November and then -33% in December.

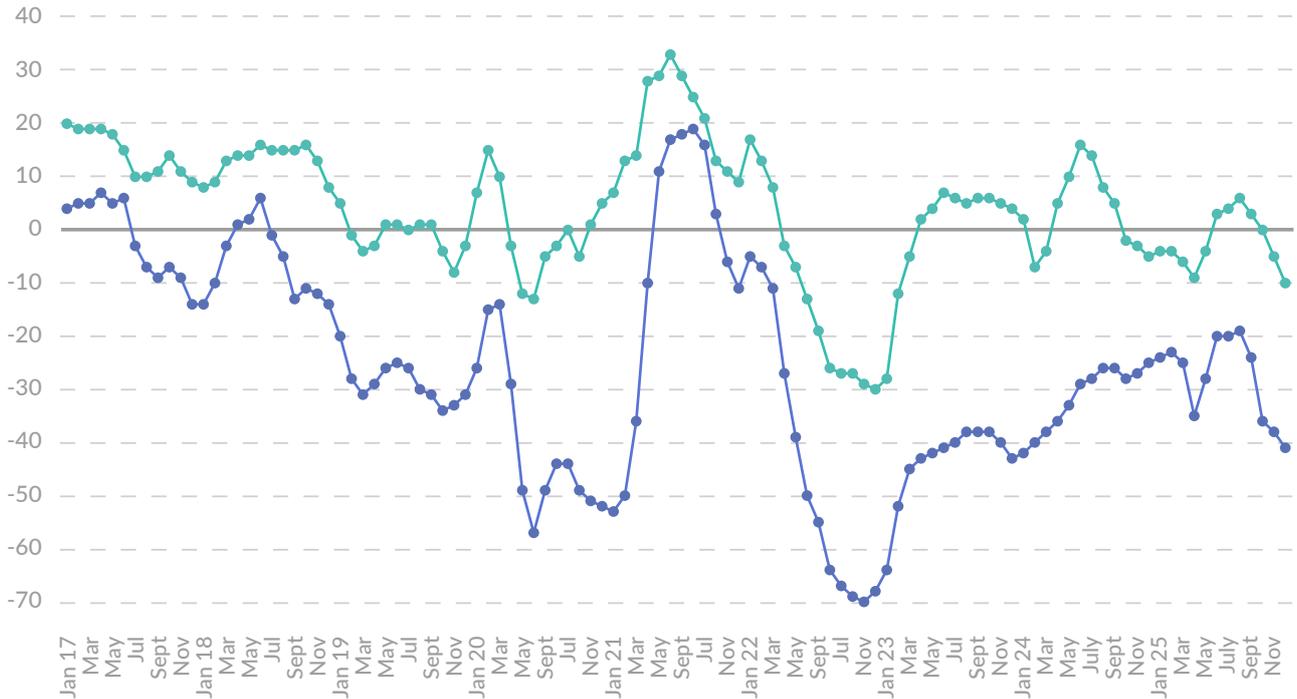
Employers' resulting confidence in making investment and hiring decisions similarly varied across the three months, notably dropping to -15% in November. This took confidence to -7% across both September-November and -10% across October-December – a return to the negative territory last seen in March-May 2025.



Economy



Hiring & Investment



Do you think **economic conditions** in the country as a whole are getting...



In view of the economic conditions, do you/does your organisation expect confidence in **hiring and investment** decisions to get...



- Economic conditions (net)
- Hiring and investment decisions (net)

The net percentage is calculated by subtracting the % of respondents answering 'worse' from the % of respondents answering 'better'.

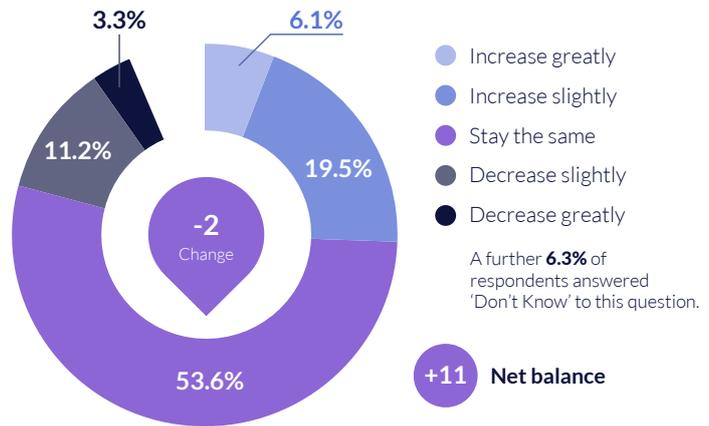
All involved in hiring (n=702).

## Short-term outlook

Which specific job functions in your organisation, if any, do you think will see an increase or decrease in the number of permanent members of staff over the next 3 months?

Whilst remaining firmly in positive territory again this quarter (net: +11% across October-December), the net balance of short-term permanent hiring sentiment was two percentage points lower than across August-October. Sentiment improved across the quarter, however, from net: +9% in October to net: +13% in December. At net: +20%, the regional hotspot was the South (outside London).

In contrast, it was just net: +4% in the Midlands and net: +6% in London. By size of organisation, optimism levels remained higher within the UK's largest (250+ employee) and mid-sized (50-249 employee) organisations – at net: +14% and net: +15%, respectively – than amongst small (<50 employee) enterprises (net: +10%). And the notable difference in the outlook of private (net: +14% from net: +15% across August-October) and public sector employers (net: 0% from net: +8%) significantly widened.



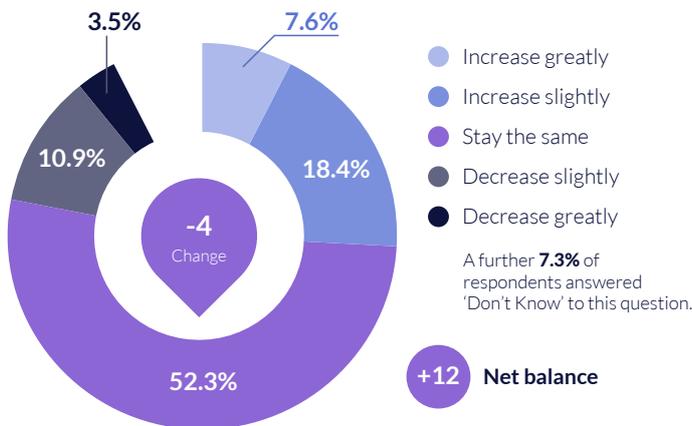
All who recruit permanent staff in any job functions (n=681)

## Medium-term outlook

Which specific job functions in your organisation, if any, do you think will see an increase or decrease in the number of permanent members of staff over the next 4-12 months?

The balance of medium-term permanent hiring sentiment fell by four percentage points between August-October (net: +16%) and October-December (net: +12%). Moreover, the index was much higher in October (net: +16%) than in either November (net: +9%) or December (net: +10%).

As with short-term sentiment, employers in the South (outside London) were the most optimistic about their needs (net: +23%). And similarly, forecast need in the Midlands (net: 0%) and London (net: +5%) was far more subdued. By size of organisation, sentiment within large (250+) and mid-sized (50-249) employers – both at net: +17% - was notably stronger than amongst small (0-49 employee) enterprises (net: 9%). And the contrast in anticipated demand between employers within the private sector (net: +16% from net: +18% in August-October) and the public sector (net: -8% from net: +6%) became increasingly stark.



All who recruit permanent staff in any job functions (n=681)

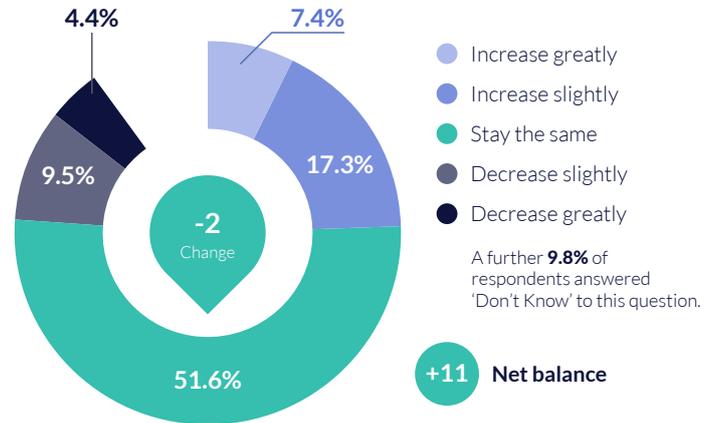
## Temporary recruitment

### Short-term outlook

Which specific job functions in your organisation, if any, do you think will see an increase or decrease in the number of temporary or contract workers over the next 3 months?

Whilst the overall quarterly short-term temporary hiring demand fell by just two percentage points between August-October and October-December, monthly sentiment notably varied – wavering from net: +17% in October, through net: +5% in November to net: +10% in December. Forecasted short-term demand within London further declined, dropping from net: +10% in August-October to net: +5% – and turning negative in the Midlands (net: -2%).

In contrast, sentiment across the remainder of the South sat at a buoyant net: +21%. Forecasted need amongst large (250+ employee) enterprises continued to decline – from net: +31% in the summer (June-August) through to net: +18% in August-October and net: +13% in October-December. This brought large enterprises broadly in line with balance of sentiment amongst small (0-49 employee) and mid-sized (50-249 employee) enterprises, at net: +10% and net: +13%, respectively. Sectorally, whilst anticipated



All who recruit temporary agency workers in any job function (n=610)

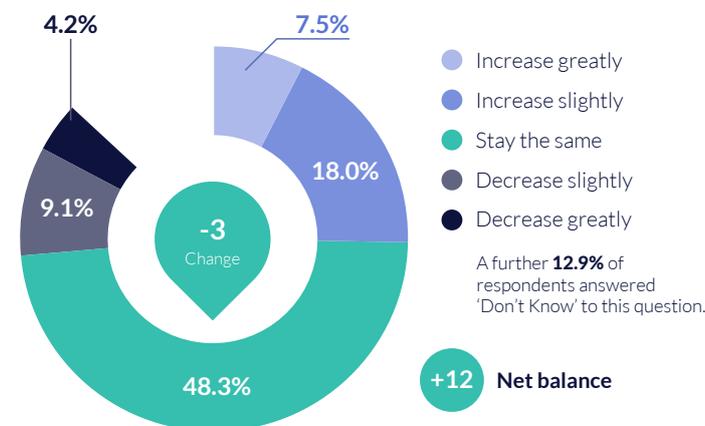
demand held steady within the private sector (at net: +13% versus net: +14% across August-October), it declined within the public sector (to net: +2% from net: +14%).

### Medium-term outlook

Which specific job functions in your organisation, if any, do you think will see an increase or decrease in the number of temporary or contract workers over the next 4-12 months?

The balance of medium-term temporary hiring sentiment was three percentage points weaker in October-December 2025 (at net: +12%) compared to August-October. This was driven by the much lower forecasted need (4-12 months out) recorded in November (net: +9%) and December (net: +11%) than in October (net: +18%). The notably above-average sentiment within the South, outside the capital, remained the same as last quarter (at net: +21%).

In contrast, it was net-neutral (net: 0%) in the Midlands. Whilst net sentiment in the UK's largest (250+ employee) organisations continued to fall – from net +30% across June-August, through net: +18% in August-October, to net: +13% – it was more robust amongst small (0-49 employee) and mid-sized (50-249 employee) enterprises at net: +11% and net: +16%, respectively. And whilst anticipated need remained relatively steady in the private sector (at net: +13%, compared to net: +15% across August-October), it declined in the public sector, from net: +14% to net: +8%.



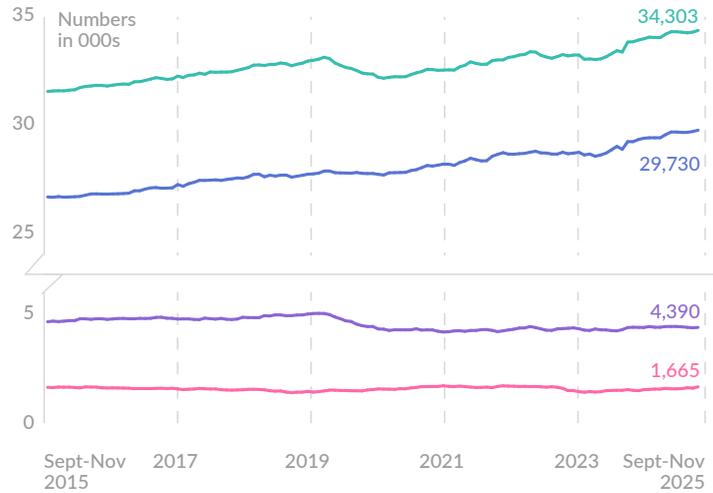
All who recruit temporary agency workers in any job function (n=610)

## Total employment Permanent, temporary and self-employment

At 34.30 million in September-November 2025, the UK workforce was 0.2% (82,000) larger than in the preceding quarter (June-August 2025) and was 1.5% (513,000) larger than in the same period in 2024. The majority of the annual increase came courtesy of people in part-time work – up 4.2% / 350,000 – whilst the remainder (163,000) of the increase constituted full-time workers (+0.6%).

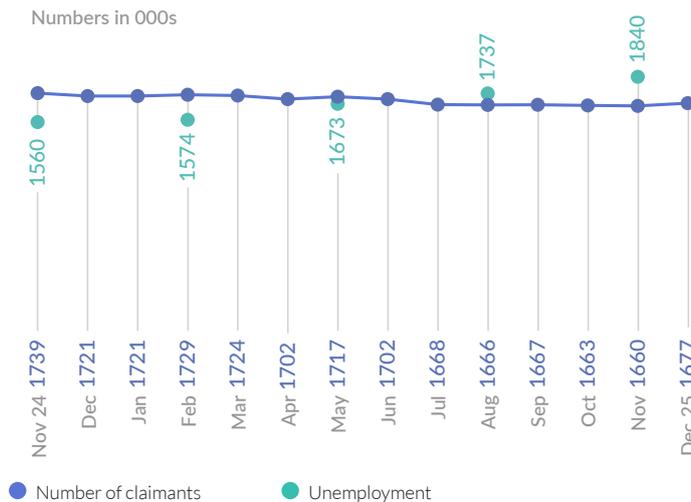
The number of people with an official second job also rose by 3.2% (40,000) year-on-year (YoY). Whilst the number of temporary employees notably rose, YoY – by 10.3% (155,000) to 1.67 million (4.9% of the workforce) -- there was a marginal decline (-0.2% / -10,000) in the number of self-employed workers, to 4.39 million (12.8%). And whilst the number of open vacancies was down 8.6% (69,000) year-on-year, numbers were, encouragingly, up 1.2% (9,000) on the previous quarter.

Moreover, numbers flatlined or were marginally positive, YoY, in a number of sectors, including Financial & Insurance activities (+2.0% / 1,000), Public Administration & Defence (+1.0% / <1,000) and Education (+0.8% / <1,000).



Source: Labour Force Survey (LFS), ONS

## Unemployment and claimant numbers



Source: Labour Market Statistics, Jan 2026: unemployment (quarterly) and seasonally adjusted claimant count (monthly). The calculation methodology for unemployment changed in August 2023. All legacy data is now from the new experimental model.

The unemployment rate, for those aged 16+, averaged 5.1% in September-November 2025 (1.84 million). This was up from 4.8% on the previous quarter (June-August 2025) and 4.4% in the same period a year earlier. This represented a notable 5.9% (103,000) quarterly and 17.9% (280,000) annual increase in numbers. Of the 1.84m unemployed, 57.6% had been out of work for up to six months, 17.8% had been in that position for over six and up to 12 months and 24.6% had been without work for more than 12 months.

Amongst the youngest cohorts out of work, the unemployment rate remained high – at 3.7% amongst those aged 16-17 and 13.7% amongst those aged 18-24. Moreover, numbers were up by 28.9% (38,000) and 13.1% (65,000) year-on-year (YoY), respectively. Similarly, the number of workers aged 25-49 and 50+ also increased significantly YoY, up +14.4% (93,000) and +28.9% (+84,000), respectively. The resulting all-age Claimant Count, whilst up 1.1% (17,900) quarter-on-quarter, was 2.5% (43,200) lower year-on-year.

## Real Wage Growth

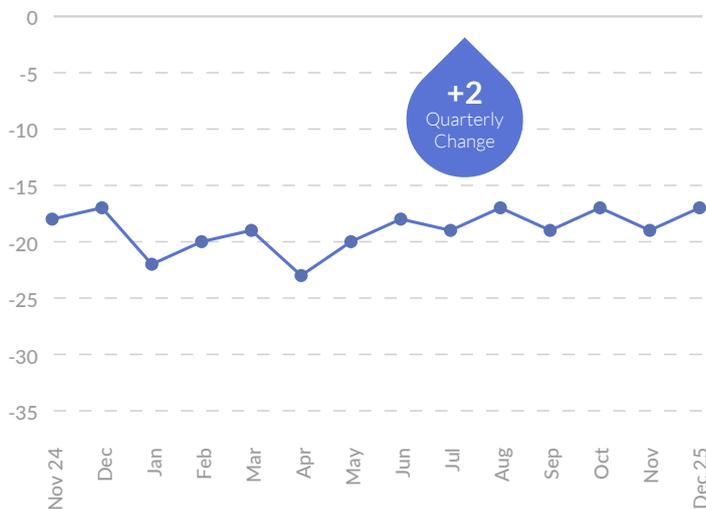
At 4.5% in the 12 months to September-November 2025, the annual growth rate of nominal average regular pay (excluding bonuses, for GB employees) continued to fall from its near-term peak of 5.9% in the year to December 2024-February 2025.

And for the single month of November, it dropped to 4.3% from the near-term single-month peak of 6.0% in December 2024. UK inflation (CPIH) increased to 3.6% in December, up from 3.5% in November and one percentage point higher than a year earlier. Thus, once adjusted for inflation, the real-terms annual regular wage growth rate actually rose marginally this quarter, to 0.6% from 0.5% across July-September. Moreover, for the single month of November, it rose to 0.7%.



ONS, Labour Market Overview: Dec 2025

## Consumer Confidence Index



GfK Consumer Confidence Index: -17 in December 2025

GfK's Consumer Confidence Index improved by two points (to -17) in December 2025 from -19 in November. Furthermore, all underpinning measures were up month-on-month.

Expectations for the UK economy over the next 12 months improved by three points in December (to -29), following a two-point fall in November. Expectations for the UK economy remained three points lower than a year earlier, however.

Respondents' expectations for their own personal finances over the next 12 months similarly improved, albeit marginally -- up one point to +2 -- and sentiment remained slightly more positive (by one point) than in December 2024. And the Major Purchase Index, whilst still net negative, improved by four points in December (to -11) -- the most significant rise amongst the underpinning measures. Moreover, this was five-points better than in the same month a year earlier.