UK Labour Market Briefing

Current Conditions and Forward Outlook
August 2026

Executive Summary

The headline figures did not move. Employment is 75.1%, unemployment 4.9% and inactivity 20.9%, all within a tenth of a point of where they were last month and last quarter. ONS describe the market as "little changed overall". There have been 2.5 unemployed people for every vacancy for a full year now. That plateau, which we described in July as the new trend, is now the longest-running feature of the data.

Two youth figures fell on the quarter. Youth unemployment eased from 16.4% to 16.2%, its first quarterly fall this year, and the number of 16 to 24 year olds not in education, employment or training fell back below one million, to 981,000. Both moves sit inside sampling error, and both are worse than a year ago: 97,000 more young people unemployed, 30,000 more NEET. Almost all of the annual rise in NEET is in young people who are looking for work and not finding it, and the quarterly fall is almost entirely in those who were inactive. None of the organisations publishing on these figures, including the Work Foundation, Youth Futures and Impetus, read them as a turn, and nor do we.

The composition story has sharpened again. Vacancies fell to 707,000, the lowest since spring 2021 and, outside the pandemic, the lowest since 2014. Businesses with one to nine employees now have 95,000 vacancies, down 16% on the year and the fewest since the start of 2014. Retail has lost 75,000 employees over the year and hospitality 62,000. Adzuna counted 8,383 graduate adverts in July, down 46% on the year and the fewest since their records began. The Work Foundation calculate that starter jobs are disappearing 1.6 times faster than other vacancies. The first rung is still being removed, and the evidence for that is the strongest in this month's data.

There is also something new this month. The application channel is ceasing to carry information. A graduate interviewed by the BBC has made 300 applications since July with a CV she has practised making "pristine", and has got nowhere. Bloomberg report London recruiters receiving applications that are all perfect and all alike, and employers moving to timed tests, referrals and networks to sort them. That helps people who already have a network and hurts everyone else. We set out in July that AI has made polished documents close to free to produce. This month the employers are saying it too.

Government is starting to act on the demand side. The first Jobs Guarantee placements began on 26 August: paid work for six months for 18 to 24 year olds who have been on Universal Credit for 18 months or more, in six areas, with 90,000 placements promised by 2029. It is the right kind of money, though small against a NEET count of 981,000. Alan Milburn's recommendations are still due in the autumn.

Real pay grew 0.5% over the year, and with inflation at 2.9% in July and rising, that is likely to be back at zero by the winter. The recruitment survey shows the two measures we said we would watch, total demand for staff and permanent vacancies, still falling, but at their slowest rates in 22 months. Permanent placements stopped falling in July for the first time since September 2022. We hold the view we took last month: the market has stopped getting worse quickly, and it has not started producing the entry points people need.

Career Allies and the Stay Nimble platform continue to scale as set out previously. What this month adds is a clearer picture of who the market is now selecting for, and it is people with a network in the right place, a qualification the sector recognises and a track record in that exact role. Most of the people we work with have skills and experience, and often a great deal of both, but not in the form the market is currently rewarding. Our own delivery data bears that out: members are reaching final interviews and losing to direct experience, and the work they are getting into is mostly part-time, temporary or below their previous level.

Reading this month's data

Fewer revisions, but the employee measures still disagree. In July we reported three separate revisions and a divergence between the survey and tax measures of employee numbers. This month there is one revision: the average weekly earnings series has been revised back to its start after a seasonal adjustment review, which ONS had told us to expect, and the effect at the headline level is small. The divergence between the survey and tax measures of employee numbers has not closed. Over April to June, the Labour Force Survey recorded employees up 37,000 on the quarter and 137,000 on the year, while HMRC payroll records recorded them down 37,000 on the quarter and 86,000 on the year. ONS attribute part of the gap to improvements in the survey since January 2024, which have brought its levels closer to the tax records but made its measures of change less comparable. Their position is still that the tax records are the more reliable measure of employee numbers, and we follow that.

The self-employment review has slipped to December. ONS had planned to publish revised workforce jobs figures in September to address changing seasonal patterns in self-employment. They now say they need more time, and the revisions will come with the annual round in December. We withdrew our June observation on self-employment growth last month and it stays withdrawn until then.

Youth figures need particular care this month. The quarterly falls in youth unemployment and NEET are 4,000 and 30,000 respectively. The NEET series has also been revised back to 2020. ONS repeat that "some volatility remains" in the survey and advise reading long-term trends rather than short-term changes. We do the same, which is why the annual comparison leads throughout this issue.

One sector figure we are not using. Education vacancies fell 7.3% on the quarter, the largest fall of any sector, having grown 10.6% on the year in last month's data. The quarterly change sits only just outside sampling error. We said in July that education was one of the sectors where openings were growing. We are not reversing that yet, and we will look at the annual figure next month before saying anything further.

Sources: ONS, Labour market overview, UK: August 2026; ONS, Vacancies and jobs in the UK: August 2026; ONS, Average weekly earnings in Great Britain: August 2026; ONS, Young people not in education, employment or training (NEET), UK: August 2026.

Current position: August 2026

Headline indicators

Indicator	Apr–Jun 2026	On the quarter	On the year
Employment rate (16–64)	75.1%	+0.1pp	-0.2pp
Unemployment rate (16+)	4.9%	-0.1pp	+0.2pp
Economic inactivity rate (16–64)	20.9%	unchanged	unchanged
Youth unemployment (16–24)	16.2% (739,000)	down from 16.4% (-4,000)	up from 14.3% (+97,000)
NEET (16–24)	981,000 (13.0%)	-30,000	+30,000
Payrolled employees (HMRC, Apr–Jun)		-37,000 (0.1%)	-86,000 (0.3%)
LFS employees (Apr–Jun)	29.8m	+37,000 (0.1%)	+137,000
Payrolled employees (July early estimate)	30.3m	-13,000 on the month	-94,000 (0.3%)
Vacancies (May–Jul 2026)	707,000	-6,000 (0.8%)	-19,000 (2.7%)
Unemployment-to-vacancy ratio	2.5	unchanged	up from 2.3
Regular pay growth (nominal)	3.5%		public 6.1%, private 2.8%
Real regular pay growth (CPIH)	0.5%		
Claimant Count (July 2026)	1.665m	down	down

Sources: ONS, Labour market overview, UK: August 2026; ONS, Vacancies and jobs in the UK: August 2026; ONS, NEET, UK: August 2026; House of Commons Library, Youth unemployment statistics, published 18 August 2026. The 16 to 24 unemployment rate is not quoted in the ONS bulletin text and is taken from the Commons Library analysis of ONS table A01. The Learning and Work Institute report the headline unemployment rate as 5.0% against the ONS figure of 4.9%; we use the ONS figure throughout.

What has changed since July

Vacancies are at a five-year low. Vacancies stand at 707,000 for May to July, down 6,000 on the quarter and 19,000 on the year. That is the lowest level since spring 2021 and, setting the pandemic aside, the lowest since late 2014. The pool is now 81,000, or 10.3%, below its level before the pandemic, against 9.7% last month. The annual rate of decline, which had eased from 4.2% to 2.5% between June and July, is 2.7% this month. The slowing we reported has held rather than continued.

The small-firm squeeze has deepened. Businesses with one to nine employees have 95,000 vacancies, down 8,000 on the quarter and 18,000, or

16.1%, on the year. That is the fewest since January to March 2014. Businesses with 10 to 49 employees are down 7.7% on the year. ONS again report that feedback from their Vacancy Survey "suggests that some firms may not be recruiting because of increases in labour costs and other operating expenses". The BBC's coverage attributes that to energy costs since the Iran war began, alongside National Insurance and the minimum wage. ONS do not report the largest employers as adding vacancies this month, as they did in July.

Retail and hospitality keep shrinking, and so do health vacancies. The Learning and Work Institute count retail employment down 75,000 and hospitality down 62,000 over the year. Wholesale and retail vacancies are down 7.8% on the year, and health and social work vacancies down 11,000 or 8.5%, the largest fall of any sector for a second month even though the sector is still adding jobs. Administrative and support services added 63,000 employees, the one sector growing at scale.

Pay is slightly better, but inflation is rising. Regular pay grew 3.5% in nominal terms and 0.5% in real terms, up from 3.4% and 0.3%. Public sector pay grew 6.1%, reflecting the timing of NHS awards. Private sector pay grew 2.8%, the slowest in nearly six years, and the Resolution Foundation calculate that private sector real wages in June were still below their level in October 2025. Inflation rose to 2.9% in July on higher energy bills, and the Resolution Foundation expect it above 3% in the second half of the year. NIESR expect private pay growth to slow further to 2.5% in the third quarter. On those numbers, real pay growth is heading back to zero.

Recruitment surveys are the most positive since 2024. The KPMG and REC UK Report on Jobs for July, published 10 August, found permanent placements stabilising after 45 months of decline. Temporary billings rose for a fourth month and temporary vacancies rose for the first time in two years. Total demand for staff and permanent vacancies both still fell, at their slowest rates in 22 months. Candidate availability is still rising, at its slowest pace since February. The CIPD's summer outlook puts employer hiring intentions near their lowest outside the pandemic, and their labour market economist describes a "low hire, low fire" environment that "is increasingly looking like a new normal".

Sources: ONS, Vacancies and jobs in the UK: August 2026; Learning and Work Institute, Labour Market Briefing: August 2026; Resolution Foundation, 18 and 19 August 2026; NIESR Wage Tracker, 18 August 2026; KPMG and REC, UK Report on Jobs, August 2026; CIPD, Labour Market Outlook Summer 2026; BBC News, 18 August 2026.

Entry-level and youth labour market

Youth unemployment is 16.2%, or 739,000 people aged 16 to 24. That is 4,000 fewer than last quarter and 97,000 more than a year ago, when the rate was 14.3%. The youth employment rate has fallen from 51.9% to 50.7% over the same period. Indeed note that the rate has climbed from 9.3% in mid-2022, and the Work Foundation describe conditions for young people as the toughest in more than a decade.

The Youth Futures Foundation's measure, which excludes young people in full-time education, puts 466,000 young people unemployed, around one in seven, and 846,000 economically inactive, around one in five. Both are up on the year, by around 50,000 and 40,000. Youth Employment UK point out that the number of 16 to 24 year olds is the highest since 2013 and rising to 2030, so a growing cohort is competing for a shrinking set of openings.

The NEET count for April to June is 981,000, or 13.0% of the age group, down 30,000 on the quarter and up 30,000 on the year. Of the annual rise, 26,000 is in young people who are unemployed and 4,000 in those who are inactive. The quarterly fall runs the other way: inactive NEET fell 28,000 while unemployed NEET fell 2,000, so the improvement on the quarter is young people leaving inactivity, most likely into education, rather than into work. The figure has been above 900,000 for two and a half years. Youth Employment UK note that nearly one in five 22 to 24 year olds is NEET, the highest that rate has been in two years. The commentary on the quarterly fall was unanimous. The Work Foundation: "it would be a mistake to assume this is a turning point as it remains 30,000 higher than a year ago." Youth Futures: "the highest figure for this quarter since 2013."

What it costs

Impetus published their estimate of what that costs on 27 August. Each young person who becomes NEET costs the state an average of £244,000 over a lifetime: £102,000 in lost tax and National Insurance, £68,000 in welfare, £65,000 in NHS costs and £9,000 in criminal justice. Across the current cohort that is around £240 billion. Young people who are NEET at 18 or 19 are 20% more likely to be unemployed ten years later, and disadvantaged young people are twice as likely to be NEET in the first place. Those figures are why a quarter's fall of 30,000 changes nothing about the scale of the problem.

Where the first rung has gone

Small employers and consumer-facing sectors have historically supplied first jobs, and both are contracting faster than the market. The Work Foundation calculate that retail has shed 400,000 jobs since 2019 and is back to its 1994 employment level, that one in three employed young people work in retail or hospitality, and that starter jobs have been falling 1.6 times faster than other vacancies over the past year. Adzuna's count of graduate adverts fell to 8,383 in July, down 45.6% on the year and the lowest since their records began in 2016, with entry-level adverts down 8.1%. The Institute of Student Employers caution that adverts labelled graduate are not the same as jobs available to graduates, and their own survey is due in October, but the direction is not in dispute.

Hospitality employers are describing the same thing from their side. A pub operator quoted in the trade press on 28 August: "For so many people we're the first line on their CV." UKHospitality and the night-time industries body both argue that the rising cost of employing someone is falling hardest on entry-level roles. We do not need to take a position on the policy to note the effect.

The recommendations are still pending

Alan Milburn's final report remains due in the autumn, with no date. The government commissioned the review in November 2025. Three supporting research reports have been published since the last issue: general population polling on 18 August, which confirms the autumn timing, and surveys of healthcare professionals and of education professionals on 27 August. Meanwhile the Jobs Guarantee, which is separate from the review, has started. We cover it in the next section.

Sources: House of Commons Library, Youth unemployment statistics; ONS, NEET, UK: August 2026; Youth Futures Foundation, 18 August 2026 (via FE News) and 27 August 2026; Youth Employment UK, 18 and 27 August 2026; Impetus, 27 August 2026; Work Foundation, 18 August 2026 (via FE News) and 19 August 2026; Institute of Student Employers, 25 August 2026; Personnel Today, 24 August 2026; Morning Advertiser, 28 August 2026; DWP, Young people and work interim report and supporting research reports, 18 and 27 August 2026.

The application channel

We wrote in July that applications used to carry signals, that AI has made the documents those signals were read from close to free to produce, and that several of our members had reached work by going around the application channel rather than through it. This month the employers said the same thing in public.

Bloomberg interviewed London recruiters on 24 August. Their problem is that every CV is now perfect. AmplifyME, which runs assessments for finance employers, find that 84% of early-career applicants use AI to prepare applications or interview answers, and report rising demand from employers for timed, performance-based assessment "where employers can observe what someone can actually do rather than relying solely on a CV". Tiger Recruitment look for "evidence of what someone has actually delivered" and describe the AI tells they now screen for. London Business School's careers director puts it directly: "If it's a job you really want, at least one person at the company needs to know your name before you apply." Robert Walters report personal networking and event attendance both rising.

The BBC's coverage of the ONS release carried the other side. A 24-year-old marketing graduate has made more than 300 applications since July: "you're researching and practising how to make your CV and applications pristine, and yet you still can't get anywhere with that." A 19-year-old who has been looking for more than a year is going back to college.

The evidence on whether AI is removing the jobs themselves is weaker than the evidence on what it has done to applications. The Bank of England's staff analysis in early August found job adverts down 15% in occupations most exposed to AI against 6% in the least exposed, with customer service and administrative roles down by more than a fifth, but concluded that "evidence of AI-driven transformation at the hiring margin is proving considerably more tenuous than the headlines suggest." Indeed find AI or related tools mentioned in 9.4% of UK postings, a measure of employers asking for AI skills rather than of jobs affected by AI, and attribute the weakness in entry-level hiring mainly to the general hiring slowdown, with new entrants "bearing the brunt" because they have no existing job to keep.

We think both readings are right and that they point the same way. Whether or not AI is removing roles, it has removed the ability of a good application to distinguish its author. Employers are responding by putting more weight on networks, referrals and live demonstration. LinkedIn data cited in the same report finds a third of Gen Z say not having the right network is the biggest barrier to a first job, and that applicants already connected to someone at a company are three times more likely to be hired. A hiring system that runs on who you know selects against the people we work with, who rarely know anyone in the sectors that are still recruiting.

Sources: Bloomberg, 24 August 2026; BBC News, 18 August 2026; Bank Underground, 6 August 2026; Indeed Hiring Lab, 18 and 25 August 2026.

Supply-side effort meets the first demand-side money

The Jobs Guarantee began on 26 August. It offers 18 to 24 year olds who have been on Universal Credit for 18 months or more a paid placement of up to 25 hours a week for six months at the minimum wage, fully funded, with pension contributions. The first cohort started in six areas: Birmingham and Solihull, the East Midlands, Greater Manchester, Hertfordshire and Essex, central and east Scotland, and south east and south west Wales. Boots and OCS are the first large employers named. Government promise more than 90,000 placements by 2029 as part of £2.5 billion for 500,000 "earn or learn" opportunities.

This is the demand-side action that the Learning and Work Institute and the Work Foundation asked for in July, and it deserves to be recognised as such. Its size needs some context. Ninety thousand placements over three years is around a tenth of the current NEET count, and the comparison flatters the scheme, since placements are spread over three years and only young people who have been on Universal Credit for 18 months qualify. The placements last six months, and the evidence we cited in July on programme outcomes turning positive two to three years after they end applies here. And none of the six launch areas includes London, so it does not yet reach the communities we work in with Kingston.

Connect to Work has no new outcome figures since June. The business case published at the end of July forecasts 288,000 participants to 2029/30 and 20,000 additional people in work, with an early insights report promised for the autumn. The £60 million Pathways to Work innovation fund opens to bids this month. The Youth Guarantee trailblazers are rolling into a second year, with Tees Valley reporting 1,700 participants in year one.

The point we made in July stands. Where the binding constraint is the number of available jobs, targets written against earlier conditions measure the market rather than the support. The Jobs Guarantee is the first policy we have covered in this series that creates the job as well as the support, which is why it matters more than its size suggests.

Sources: DWP, 26 and 28 August 2026; DWP, Connect to Work Programme Business Case 2 summary, 30 July 2026; Learning and Work Institute, Labour Market Briefing: August 2026.

2026 Durable Trends

The trends set out in July continue, with some small changes. An additional trend is emerging and we have noted it below.

Competition for work has plateaued at a bad level. There have been 2.5 unemployed people for every vacancy since July to September 2025, four consecutive quarters. The Learning and Work Institute's broader measure of people wanting work per vacancy reads 5.5, against 5.4 last month and 5.5 in June, with 3.9 million people out of work and wanting a job, 600,000 more than two years ago.

The opportunity base is shrinking, and the shrinkage is concentrated where first jobs come from. This trend has strengthened. The annual rate of vacancy decline is 2.7% overall, 16.1% at the smallest employers, 7.8% in retail. Graduate adverts are down 46%. Starter jobs are falling 1.6 times faster than other vacancies. A 2.7% decline at the headline understates what is happening at entry level.

The market is stuck rather than crashing. Employment, unemployment and inactivity have moved within a narrow band all year. Redundancy notifications remain low. Permanent placements have stopped falling, temporary work is growing, and demand for staff is falling more slowly. This trend has softened, although the softening is for people already in or recently out of work rather than for people trying to get in.

Real wages remain weak across every timescale. Real regular pay grew 0.5% over the year, private sector pay is growing at its slowest for nearly six years, and inflation is rising. The Learning and Work Institute calculate the average employee is over £12,000 a year worse off than the pre-financial-crisis trend would have delivered.

Young people have borne the brunt throughout, and the gap is widening. Youth unemployment is 1.9 points higher than a year ago while the headline rate is 0.2 points higher. A quarter in which youth unemployment did not rise is welcome and does not change that.

The application channel is carrying less signal. This is new this month and we expect it to last. Employers are moving to tests, referrals and networks, and that will not reverse when hiring recovers.

Source: Stay Nimble analysis of ONS, Learning and Work Institute, Resolution Foundation, Work Foundation, Indeed Hiring Lab, Youth Futures Foundation and Youth Employment UK data, February to August 2026.

Forward outlook

In July we said two measures would have to move before we called a turn: total demand for staff and permanent vacancies. Both are still falling, at the slowest rate in 22 months, and permanent placements have stopped falling altogether. That is consistent with the mechanism we described last month, in which a large pool of available candidates is being matched into a smaller set of roles. It is not yet evidence of new demand. The next Report on Jobs is due in the second week of September and covers August, and we will report against the same two measures.

The outlook for the rest of the year has hardened around a slow deterioration. Bank of England staff project unemployment rising to 5.0% in the third quarter and 5.1% in the fourth. NIESR expect it above 5% in the second half. The British Chambers of Commerce forecast 5.0% by the end of 2026 and a peak of 5.4% in 2027, with youth unemployment reaching 17.6%. The Bank's agents report that the Middle East conflict "has led to greater caution in employment intentions and some delays in hiring", and around a quarter of firms in the Bank's decision maker survey expect lower employment because of it. Business confidence improved in August in both the Lloyds survey and the flash PMI, and services employment fell at its slowest pace since October, so there is some evidence the caution is easing.

On pay, inflation is 2.9% and expected above 3% by the end of the year. Private sector pay is growing at 2.8% and forecast to slow. Real pay growth, which was 0.5% this month, is likely to be around zero by the winter and could turn negative. The Bank holds its next rate decision on 17 September and analysts expect no change.

For people looking for work, the position is the one we described in July with one addition. Competition sits at 5.5 people wanting work for every vacancy. The openings that exist are concentrated with larger employers and in sectors with a qualification at the door. And where openings do exist, employers are increasingly filling them through referral and demonstration rather than application. A market that has stopped falling has not started producing entry points, and the route to the entry points that remain is narrowing to people who already have a way in.

Sources: KPMG and REC, UK Report on Jobs, August 2026; Bank of England, Monetary Policy Report, July 2026; NIESR Wage Tracker, 18 August 2026; British Chambers of Commerce, Economic Forecast, 1 September 2026; Resolution Foundation, 19 August 2026; Lloyds Business Barometer, 28 August 2026; S&P Global flash UK PMI, 21 August 2026.

What we are seeing in current delivery

Seven patterns from this period's coaching speak to the analysis above.

Members are getting into work, and the work is insecure. A number of members started work during August. Most of them went into part-time or reduced hours, fixed-term, agency or placement roles, pay at or near the minimum wage, or a role below their previous level. One took a job several grades down and said financial and family pressure left no alternative. Another started a role and within a week described work well below their skill level, a shift pattern they had not wanted, and going without lunch because the only food on site was unaffordable. Several are combining part-time employment with freelance work or training to cover a shortfall. This is what the recruitment survey's growth in temporary work looks like from the other side. August looks like a reasonable month if the measure is job starts. For most of these members, the underlying position has not been resolved.

Outcomes are still taking most of a year. A member in their late fifties who joined us through a local authority referral secured a senior change role after almost a year out of work. We often hear from members that they had been losing hope by the time they joined, and this was one of those. Work with members like this covers the CV, interview technique and the LinkedIn profile, and increasingly the way people talk about themselves to others and, as importantly, to themselves. Members with coaching time left are staying in touch with their coach as they start new roles, which is the bridge between transitions doing its job. A young person who first came to us through a youth employment partner returned when out of work again and has now secured a part-time role in IT. Neither would have counted as an outcome at six months.

Transferable skills are clearing screening and failing at the final stage. The rejections members reported during August carry consistent feedback. They are reaching second and final interviews and losing to candidates with direct sector experience. Several were told their answers and evidence were strong and that the decision turned on background rather than capability. One was invited to interview and then told the employer wanted direct experience rather than transferable skills. Members described the trap that follows: too generalist for the roles they want, and questioned about their motives when they apply for something more junior to build the experience. The applications are working, and what fails is the comparison against someone who has done the job before. That is the track-record gate this issue describes from the employer side. Elsewhere, members are asking for courses and resources on how to complete application forms for public sector roles, and it is worth noting what that shows. The application process for some of the sectors still adding staff is enough of a barrier that people are unsure whether to apply at all without training in how, and what gets them past it is a person who knows where to look.

Some members need direction before technique. A distinct group were asking what to do rather than how to do it: at a crossroads, out of openings in their existing field, or holding several options and unable to choose. One had turned to a general AI tool for career options and reported that it produced more questions than answers. This is the point we made in July about generic AI tools. The amount of material a person can produce is not what holds them back, because most people can now produce more options, drafts and applications than they can act on. Knowing which thing to do first is the harder problem, and it is a different kind of session.

Members are starting to go around the application channel, and they need help to do it. Several members described networking or speculative activity during August: approaching organisations before roles are advertised, using informational interviews to open further introductions, following up conversations from industry events. Most found it uncomfortable and asked for support with it. That is the member-side response to the shift the Bloomberg piece describes from the employer side, and it is coachable. A Career Ally described a related route in the learning circle this month. Someone returning after a long break used the four-question model on an everyday responsibility, accompanying a relative to mobility classes, recognised their own background in fitness, retrained, and now delivers the classes on their own hours. The route in was a conversation with someone who was already in their life.

Support hours and working hours are colliding. Requests for evening or weekend sessions were among the most common things members raised in August, and they come disproportionately from members who have just started work and can only speak after 5pm or after a shift. A member used the coaching hours allocated to them, secured a full-time role, left it three months later to try self-employment, and is now looking for work again with the allocation spent. Another is waiting on a workplace funding decision with a second interview approaching and less than an hour of coaching remaining; we credited them time in advance. In both cases other funding will cover the gap, which is what blended funding is for. What the cases show is that a working life does not keep to the schedule a fixed allocation assumes, and that is the reality of work our approach is built around.

Finding the openings that exist. Members named Nim's tools unprompted this month, with specific rather than general comments. One credited Job Radar's alerts with surfacing the role they were then appointed to. Another described it as giving them an additional 40 roles a week to look at, and said the job boards it pointed to were as useful as the vacancies. A third: "I have made a start on Job Radar and I have to admit it is brilliant." Others took CV Helper drafts into coaching sessions to work on. Where the national vacancy count is 707,000 and the openings someone can actually reach are a fraction of that, the work of finding them is real work, and it was previously done by hand.

One further observation. Capacity to engage is being set by health and caring rather than motivation. Missed and rescheduled sessions were the largest single category of contact in August, and the reasons given were hospital procedures, long-term conditions, palliative care for a relative, school holidays and late-stage pregnancy. Cancellation is a feature of real life, and a service cannot penalise people for having complicated ones.

Source: Stay Nimble platform internal data, August 2026.

How we are responding

Nothing in this month's data changes the shape of our response. The findings on the application channel make one part of it more urgent.

Career conversations as community infrastructure

Foundations in Career Conversations is our microcredential for people whose work brings them into contact with others at a point of transition, and completing it confers the Career Ally mark. It is built on the Career Conversations Competency Framework, published under a Creative Commons licence so other organisations can build training against it without coming through us. The approach has reached 30 organisations, with over 100 people enrolled and more than 20 certified.

This month's evidence is that employers are selecting through people. The London Business School line, that at least one person at the company needs to know your name before you apply, describes a hiring system that runs on introductions. Many of the people we work with have nobody who can introduce them into the sectors that are still hiring. The people who could are the social prescribers, link workers, housing officers and community staff they already talk to, and that is who Foundations in Career Conversations is for. In Kingston the work with Public Health is underway, and the national partnership with Citizen Hub is gathering momentum.

Access that lasts

Much of the access we provide is funded through social value commitments made by large organisations when they win public contracts, and through direct funding. Working with partners such as Accenture, those commitments become lifetime access to the platform rather than a fixed period of activity.

The Jobs Guarantee places people for six months. The evidence we cited in July is that the value of support in a weak market shows up two to three years later. Access that ends when the placement ends will not be there when that value arrives.

Investment in tools

Skills Finder now measures Strengths, based on the Skills Builder Universal Framework 2.0, so members can show what they can do in a shared language employers recognise. Talent Tap, which will let employers search for members by verified skills rather than by CV, is not yet live but is in early testing.

Employer-ability and equitable access

We set out in July that applications used to carry implicit signals and that AI has made the documents they were read from close to free to produce. The employers have now confirmed it and told us what they are doing instead: timed tests, referrals, and networks. Each of those favours people who already have access, money or connections. We are building infrastructure that regenerates employer-useful signals from verified behaviour rather than polished documents, so that a member's visibility to an employer does not depend on knowing someone there. This month's evidence is the clearest case yet for that work.

Implications for employability investment

What the plateau means for planning

Four quarters at 2.5 unemployed people per vacancy is long enough to plan against. Anyone commissioning support for 2027 should assume these conditions rather than a recovery. The forecasts we cite above all have unemployment higher next year than this, and youth unemployment higher still. The Jobs Guarantee will help the people it reaches and will not change the ratio.

The compositional argument, strengthened

We argued in July that part of what has happened to entry-level work is cyclical and part is compositional, and that a recovery in hiring returns the first without automatically returning the second. This month adds a third component. Even where an entry-level opening exists, the way into it has changed. Employers are filtering by network and by live demonstration because applications tell them less and less. That is a change in the mechanism of hiring, not in its volume, and it will persist through a recovery.

For investors in employability, that means three things have to be funded rather than one.

- **Community infrastructure.** If hiring runs on introductions, then the places where introductions happen are employability infrastructure. That means investing in places for people to meet, whether a community hub, a library, a college or a business network, and encouraging local employers to be present in them. It means helping front line teams, the link workers, housing officers and community staff who already know the person, to be aware of the opportunities around them, and not only the vacancies but the people who run the businesses. And it means training that front line to have a proper career conversation, so the introduction, when it comes, is a good one.
- **The gate itself.** Where a sector requires a qualification, a licence or a specific certificate to enter, funding should cover the cost of the course and the exam, the time to complete it, and the coaching to choose the right one before money is spent. Where the gate is a live demonstration, such as an assessment centre, a timed task or a technical test, funding should cover preparation and practice for that format, which is a different skill from writing an application.
- **Evidence that stands in for a track record.** Someone who has not been allowed to build a work history needs another way to show what they can do. That means paying for skills to be measured against a framework employers recognise, for work trials and volunteering that produce a reference, and for the infrastructure that lets an employer find and search on that verified evidence rather than on a CV.

Support that only produces a better CV is paying for something employers are reading less and less.

Measuring in this market

Our position on measurement has not changed since June, and this month's delivery data shows why we hold it. Of the members who started work in August, most went into part-time, temporary or lower-level roles, and several are already asking for support outside working hours because they want to carry on. A job start in this market is often a stepping stone rather than a destination, and the person who took it will need support again, sometimes within months. That is not a failure of the support. It is the reality of work, and it is permanent.

The usual response is to measure harder: longer follow-up windows, sustainment checks, longitudinal studies. The Card, Kluve and Weber evidence is often cited for this, since it finds the value of support arriving two to three years after a scheme ends. We read it differently. If the value arrives that late, and the person needs support again before it does, then the thing to measure is not the outcome at a point in time but whether the support was there, was the right support, and was still there when they came back. The Jobs Guarantee will face this. Six-month placements measured at six or twelve months are likely to show small effects, because that is what the evidence says short windows show, and the young people on them will still need somewhere to go afterwards.

We think the right question to ask of any provision commissioned now is whether it is built as permanent infrastructure for a permanent condition: whether it is in place, reaching the right people, operating with fidelity to methods that are known to work, and adapting as conditions change. That is a question about the support, not about the labour market, and it can be answered now rather than in three years. It remains the proposition we are arguing rather than one we have proved, and it is the basis on which we think investment should be judged.

Sources: Learning and Work Institute, Labour Market Briefing: August 2026; DWP, 26 August 2026; Card, Kluve and Weber, What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations, Journal of the European Economic Association, 2018.

Reference: Key Data Points

Indicator	Data
Unemployment rate	4.9% (Apr–Jun 2026); up 0.2pp on the year, down 0.1pp on the quarter
Employment rate (16–64)	75.1%; up 0.1pp on the quarter, down 0.2pp on the year
Economic inactivity rate (16–64)	20.9%; unchanged on quarter and year
Youth unemployment (16–24)	16.2% (739,000); down 4,000 on the quarter, up 97,000 on the year from 14.3%
Youth employment rate (16–24)	50.7%, down from 51.9% a year ago
Young people not in full-time education and unemployed	around 466,000 (1 in 7); around 50,000 more than a year ago
Young people not in full-time education and economically inactive	around 846,000 (1 in 5); around 40,000 more than a year ago
NEET (16–24)	981,000 (Apr–Jun 2026); 13.0%; down 30,000 on the quarter, up 30,000 on the year (unemployed +26,000, inactive +4,000); 22–24 rate 17.9%
People out of work and wanting a job	3.9 million; up 600,000 in two years
Payrolled employees (HMRC, Apr–Jun)	-86,000 (0.3%) on the year; -37,000 on the quarter; LFS employees +137,000 on the year
Payrolled employees, July early estimate	30.3m; -94,000 on the year; -13,000 on the month
Vacancies (May–Jul 2026)	707,000; -6,000 (0.8%) on the quarter; -19,000 (2.7%) on the year; 81,000 (10.3%) below pre-pandemic; lowest since spring 2021
Vacancies, 1–9 employees	95,000; -8,000 (7.8%) on the quarter; -18,000 (16.1%) on the year; lowest since Jan–Mar 2014
Vacancies, 10–49 employees	-8,000 (7.7%) on the year
Unemployment-to-vacancy ratio	2.5; unchanged since Jul–Sep 2025; up from 2.3 a year ago
People wanting work per vacancy	5.5
Retail and hospitality employees	-75,000 and -62,000 on the year
Retail and hospitality vacancies	Wholesale and retail -7,000 (7.8%) on the year
Health and social work vacancies	-11,000 (8.5%) on the year, largest fall of any sector
Administrative and support services employees	+63,000 on the year
Graduate job adverts (Adzuna, July)	8,383; -45.6% on the year; lowest since 2016; entry-level adverts -8.1%
Starter jobs (Work Foundation)	falling 1.6 times faster than other vacancies
Regular pay growth (nominal)	3.5%; public 6.1%, private 2.8% (slowest in nearly six years)

Indicator	Data
Real regular pay growth	0.5% (CPIH); total pay 1.1% real
CPI inflation (July 2026)	2.9%, up from 2.6%
Average earnings against pre-crisis trend	over £12,000 a year below (L&W)
Claimant Count (July 2026)	1.665m; down on the month and the year
Lifetime cost per NEET young person (Impetus)	£244,000; around £240bn across the current cohort
Jobs Guarantee	6-month paid placements, up to 25 hrs/wk, 18–24s on UC 18+ months; six launch areas; 90,000+ by 2029; £2.5bn
Connect to Work	£1.2bn; 288,455 forecast participants to 2029/30; 20,000 additional in work; early insights report due autumn 2026
Unemployment forecasts	BoE staff 5.0% Q3, 5.1% Q4 2026; BCC 5.0% end-2026, 5.4% peak 2027, youth 17.6%

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