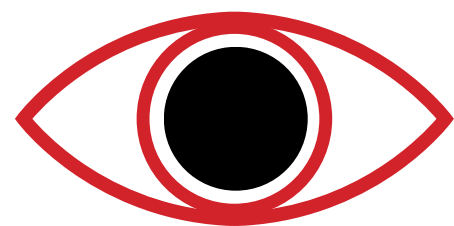


Labour Market Insight Report



This is the first edition of Corr Recruitment's Labour Market Insight, created to provide a clear view of the UK labour market and how national trends are being felt across the South East, South West and East of England.

This report combines the latest ONS labour market data with sector insight and regional perspective, helping businesses understand what is happening beneath the headlines and plan with greater confidence.

Each edition will build a clearer picture of workforce trends, bringing together national data and practical insight to support informed workforce decisions.



CORR
Recruitment



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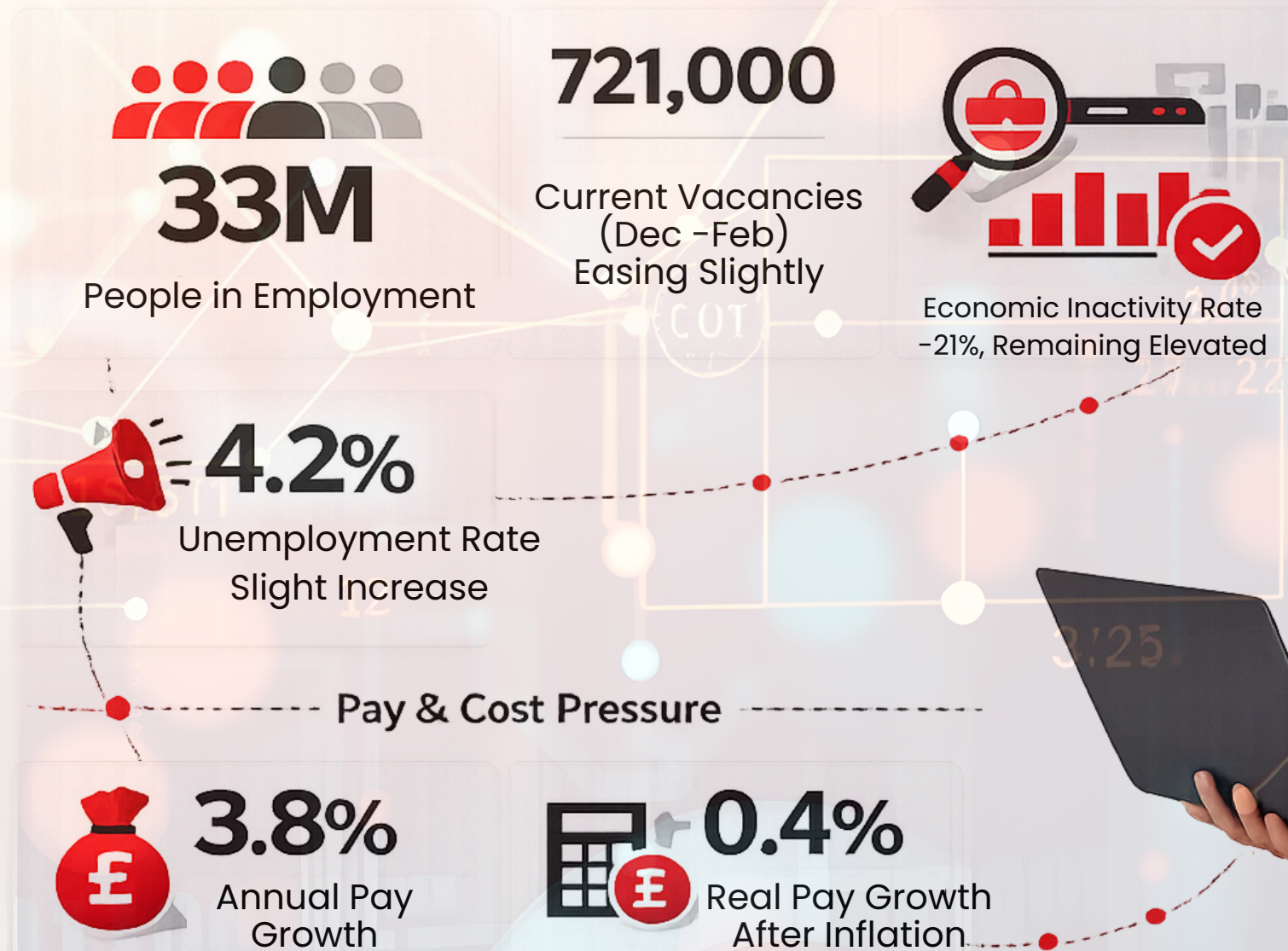
UK Labour Market Overview

According to the latest ONS report, hiring activity is becoming more measured as employers take a more controlled approach. The UK labour market remains active, with over 33 million people in employment and vacancy levels still above 700,000.

However, growth is slowing, with employment levels flattening and hiring becoming more measured.

While wages continue to increase, real pay growth remains limited, maintaining ongoing cost pressure for employers.

As a result, workforce planning is becoming more controlled, with greater focus on balancing demand, cost and compliance.



Let's look
at what is
changing



Businesses are taking a more cautious and controlled approach to workforce planning, with greater focus on flexibility, cost management and when additional labour is introduced.

Ongoing cost pressure and evolving regulation are reducing long-term commitments, increasing reliance on temporary workforce models to maintain flexibility.

At the same time, expectations around compliance and workforce transparency continue to rise, with greater emphasis on consistency, accountability and control.

Overall, the market is becoming more selective, more controlled and more risk-aware, shaping how businesses plan and manage their workforce.

Regional Labour Market Conditions

Labour market conditions across the South East, South West and East of England remain active, with high employment levels and continued demand across key operational sectors. While candidate availability has improved slightly, labour markets remain competitive, with reliability and retention continuing to present challenges.



Employment

78.5%



Unemployment

4.0%



Inactive

18.1%

South East – High Demand, High Competition

Employment levels remain high, typically close to 80%, with strong demand across logistics, warehousing and manufacturing. Competition for labour, combined with ongoing cost pressures, continues to influence hiring decisions and workforce planning.



Employment

78.8%



Unemployment

3.9%



Inactive

18.0%

South West – Variable Supply, Seasonal Pressure

Workforce availability is more variable, influenced by seasonal demand, location and transport access. Businesses often face challenges attracting and retaining workers consistently, particularly during peak periods.



Employment

78.5%



Unemployment

4.3%



Inactive

17.9%

East of England – Seasonal Demand

With a strong presence in food production, agriculture and distribution, demand can increase rapidly during peak seasons. This creates a continued need for flexible, responsive workforce solutions to maintain operational continuity.

Behind every workforce statistic are real people, real risks and real responsibilities.

Regulated environments require more than reactive labour supply. They demand structured oversight, transparent processes and partners who understand that protecting workers is inseparable from protecting operations.



123

Licence inspections carried out to protect workers and disrupt illegal activity.



Gangmasters & Labour Abuse Authority



20%

GLAA led investigations resulted in criminal or civil disruption order.



54%

Of inspected businesses identified as high risk by the GLAA



23,411

Potential modern slavery victims were referred to the Home Office in the last reporting year.

Compliance is not a process. It is protection in practice.

Sector Spotlight

Where demand remains strongest and how workforce pressure is being felt

Across key sectors, the focus is shifting from accessing labour to maintaining a reliable, well-managed workforce that supports operational performance.

Within logistics and driving, demand remains steady, but availability and reliability continue to present challenges. Employers are placing greater emphasis on securing consistent, experienced workers rather than increasing headcount.

Warehouse and distribution operations continue to fluctuate in line with order volumes, seasonal demand and supply chain activity, requiring workforce models that can scale up or down without disrupting operations.



Manufacturing

**2.7 million
Employment**

Across UK manufacturing industries

**49,000
Vacancies**

Indicating ongoing demand for production and operational roles.

**Food & Drink
500,000
Employment**

Largest manufacturing subsector in the UK

**North West
350,000
Employment**

Highest concentration of manufacturing employment in UK

Warehouse & Distribution

**1.9 million
Employment**

Supporting UK supply chains, logistics and fulfilment operations

Logistics Sub-Sector Breakdown
Warehousing & Support Activities
550,000 people employed.

Land Transport
900,000 people employed.

Postal & Courier Activities
250,000 people employed.

**33,000
Vacancies**

Indicating continued demand for warehouse, distribution and driving roles.

**South East
350,000
Employment**

Largest regional workforce, driven by major distribution hubs and infrastructure.

**South West
170,000
Employment**

More regionally focused distribution, influenced by geography and transport access.

**East of England
210,000
Employment**

Strong presence of warehousing and logistics linked to national supply chains.

In industrial and manufacturing environments, demand remains closely linked to production levels. Workforce planning is becoming more deliberate, with less tolerance for overstaffing and greater focus on productivity.

Food Production & Horticulture

Food production and horticulture remain highly dependent on seasonal labour, with peaks in demand requiring careful planning and rapid access to workforce. Consistency, attendance and workforce stability remain key operational priorities. Planning and rapid access to labour remain critical during peak periods.

Legislative Changes

April is traditionally a point of change in the UK labour market, but 2026 brings a more significant shift in how temporary workforce supply is expected to operate.

Changes linked to umbrella company regulation, holiday pay transparency and wider compliance expectations are placing greater accountability across the supply chain. Agencies, clients and payroll models are all under increased scrutiny, particularly in sectors reliant on high-volume temporary labour.

While some of these changes are regulatory, much of the impact is behavioural. Businesses are asking more questions about how workers are engaged, how they are paid, and how compliance is maintained in practice, not just in principle.

For businesses, this means greater emphasis on:

- Greater visibility and control across workforce supply
- Increased accountability within the supply chain
- More structured compliance and audit readiness

For workers, expectations are also shifting, with increased focus on:

- Greater transparency in pay and entitlements
- Clearer communication and protection
- Reduced exposure to non-compliant models

Key Changes to Watch: April 2026

Umbrella company scrutiny increasing

- Greater responsibility across the supply chain
- Businesses expected to understand how workers are paid and where compliance sits

Holiday pay transparency

- Rolled-up holiday pay permitted
- Must be clearly calculated, itemised and communicated to workers

Rising employment costs

- National Living Wage and statutory pay increases
- Impacting pay rates, margins and workforce planning

Audit and compliance expectations tightening

- Stronger focus on Right to Work processes
- Increased emphasis on documentation and audit readiness across all labour supply models



Current labour market conditions are driving a more cautious and controlled approach to workforce planning.

Rather than reducing demand, many businesses are focusing on how labour is accessed, managed and retained. Greater emphasis is being placed on flexibility, allowing operations to respond to changing volumes without committing to long-term cost.

Workforce planning is becoming more proactive, with earlier forecasting, closer alignment to demand and a stronger focus on maintaining consistency once workers are in place.

At the same time, compliance and workforce governance are playing a more central role. Businesses are asking more questions about how workers are engaged, how they are paid and how compliance is managed in practice. In response, many organisations are:

- Placing greater reliance on temporary workforce models.
- Prioritising workforce reliability and retention.
- Strengthening oversight of compliance and worker engagement.

Overall, the focus is shifting from simply filling roles to building a more controlled, flexible and resilient workforce.



Delivering Consistency in a Changing Market

At Corr Recruitment, these market conditions are not new. Our approach is built around delivering a consistent, reliable and compliant workforce that supports long-term operational performance.

At the start of the year, the focus has been on peak analysis, helping clients review previous demand and plan more effectively for future workforce requirements.

More recently, attention has shifted towards preparing for upcoming legislative changes, ensuring clients are supported, informed and operating in a compliant, audit-ready way.

Alongside this, our day-to-day delivery remains centred on workforce stability, combining planning, engagement and compliance to maintain consistent performance across client operations.