CIPD

LABOUR MARKET

OUTLOOK

VIEWS FROM EMPLOYERS

Autumn 2026

The CIPD is the professional body for HR, learning and development, and the wider people profession, established by Royal Charter to promote and develop the art and science of people management for the public benefit. When people management is done well, organisations perform better. Productivity improves. People have greater opportunity to develop, progress and participate. And stronger organisations contribute to greater prosperity and better economic and social outcomes.

Our role is to set the standard for professional people practice, help our members reach it, and make the profession's impact impossible to ignore.

With more than 160,000 members globally, we are an independent, practitioner-focused and evidence-led voice for the people profession. We are advocates for what it achieves, trusted advisers to our members, and amplifiers of their work. We help people professionals build the capability, credibility and confidence to solve organisational problems, design better workplaces and drive performance and growth.

Report

Labour Market Outlook

Autumn 2026

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1 Foreword

Confidence is at the heart of everything right now. Businesses and households have been sitting on cash and paying down debt in the face of uncertainty and rising inflation. This is individually sensible, but collectively challenging. Without cash flowing to investment, growth, job creation and sustainable pay rises are all damaged.

The quarterly CIPD *Labour Market Outlook* (LMO) uses a representative survey of more than 2,000 employers to give us insight into the decisions employers are making every day. Rising confidence is something we would see quickly in this survey. But this quarter's report remains subdued with relatively few employers planning to increase their headcount and hiring intentions depressed.

Given rising costs this autumn, this outlook is not a surprise. Inflation is climbing again, energy costs increasing and significant new regulatory costs are arriving as further Employment Rights Act measures come into force.

Looking ahead, the picture of a challenging external and economic environment is unlikely to change given the Autumn Budget failed to provide any significant measures to reduce the cost of doing business and employing people. The decision to pause equalising the youth National Minimum Wage rate with the adult rate is welcome and may help stem the loss of jobs for young people but does nothing to reverse the very significant rise in employment cost organisations have faced over the last two years, particularly aimed at entry-level workers through changes to the threshold for employer National Insurance payment.

Rather than making things better, the current future policy framework still looks as though it will make things worse. If there are not sensible compromises made on proposed reforms to the use of zero hours contracts there could be a further significant move away from job creation at the margins, having the most damaging impact on young people and those returning to the labour market. As well as being a tragedy for the individual workers involved, this will slow progress on reducing the benefits bill and on growing the economy – a double blow in terms of resolving the fiscal challenges the UK faces.

It will be important that the Milburn plan to tackle youth unemployment sets out a joined-up approach to boosting training and job opportunities for young people that recognises the need to ensure our employment rights framework supports rather than undermines job creation.

All of this is set in the context of a labour market changing faster than ever as AI increasingly reshapes workplace practices, jobs and the labour market. This quarter's report highlights how widespread the use of AI is across organisations and the potential for effective adoption to improve job performance, particularly where it has been integrated across business functions and operations.

While the majority of organisations are not currently expecting to reduce headcount because of AI in the next 12 months, those employers who are further ahead on their adoption journey are more likely to report future changes to jobs. These employers are more likely to expect both job loss and job creation due to having a better understanding of how to adapt work and skills alongside its use.



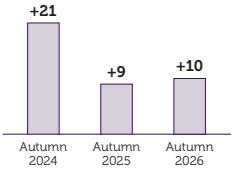
Neil Carberry
Chief Executive, CIPD

Optimising the benefits of AI will require a stable and supportive policy and business environment which can underpin skills investment and maximise employment growth as the technology changes tasks and jobs, and aid organisations in using AI safely and productively.

Read on for our latest labour market data and analysis on employers' recruitment, redundancy and pay intentions this autumn.

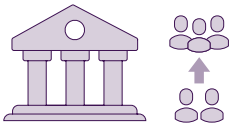
2 Key points

- The net employment balance – the difference between employers expecting there will be an increase in staffing levels and those expecting there will be a decrease in the next three months – is +10, remaining subdued for the seventh consecutive quarter.

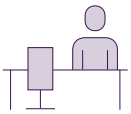


Employment intentions remain low

- Net employment intentions in the public sector have increased but remain near zero (+1).


Net employment intentions have turned positive in the public sector

- Only 58% of employers in the private sector plan to recruit over the next three months – this figure is broadly unchanged for the last seven quarters.

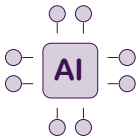

Private sector recruitment plans remain low

- The median expected basic pay increase remains at 3% overall, and across all sectors, with real pay likely to fall in the coming months.



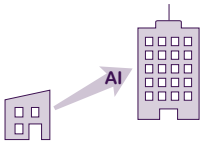
Median expected basic pay increase remains at 3%

- More than four in five (83%) employers have adopted AI, with the majority, two in five (40%), at the ad hoc/experimental stage.



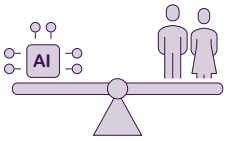
More than four in five employers have adopted AI

- Private sector SMEs lag behind in AI adoption, with 29% reporting no AI use. Deep integration is most common among large private sector employers (15%).



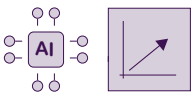
SMEs lag behind large private sector employers in adopting AI

- One in five (21%) employers believe AI will reduce their headcount over the next 12 months, rising to one in four (25%) among employers that know AI is used in their organisation. The majority (61%) believe AI adoption will make no difference to their headcount over the next 12 months.



Majority of employers believe AI will not affect headcount over the next 12 months

- 62% of employers using AI report better job performance, though mostly by a little (52%) rather than a lot (10%). Among those where AI is deeply integrated, 35% say performance has improved a lot.



Majority of employers report better job performance using AI

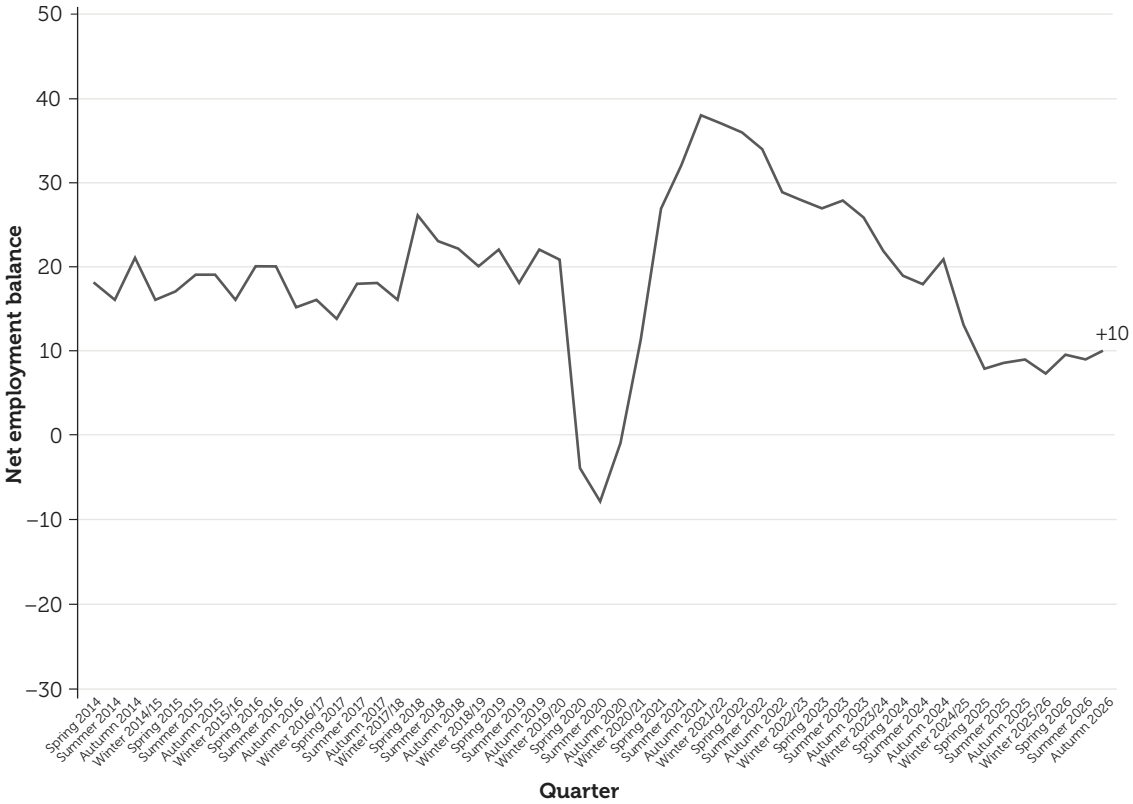
3 Recruitment and redundancy outlook

The net employment balance (employment intentions) – the difference between employers expecting there will be an increase in staff levels and those expecting there will be a decrease in staff levels in the next three months – is still subdued this quarter at +10 (Figure 1).

The net employment balance declined from its peak in 2021, which marked the end of the furlough scheme and the start of the war in Ukraine, until 2024, when it appeared to stabilise to around the 2014–19 average (of +19). However, a sharp fall at the end of 2024 and the beginning of 2025, in part due to the 2024 Autumn Budget, led to it falling to the lowest level in the series outside of the pandemic. This spans the announcement of the rise in the rate of employer National Insurance, and the reduction in the secondary threshold. Since these policies came into force in April 2025, intentions have remained at record lows. The current employer caution reflects mounting cost pressures and continued economic uncertainty.

Net employment balance remains subdued

Figure 1: Net employment balance, total



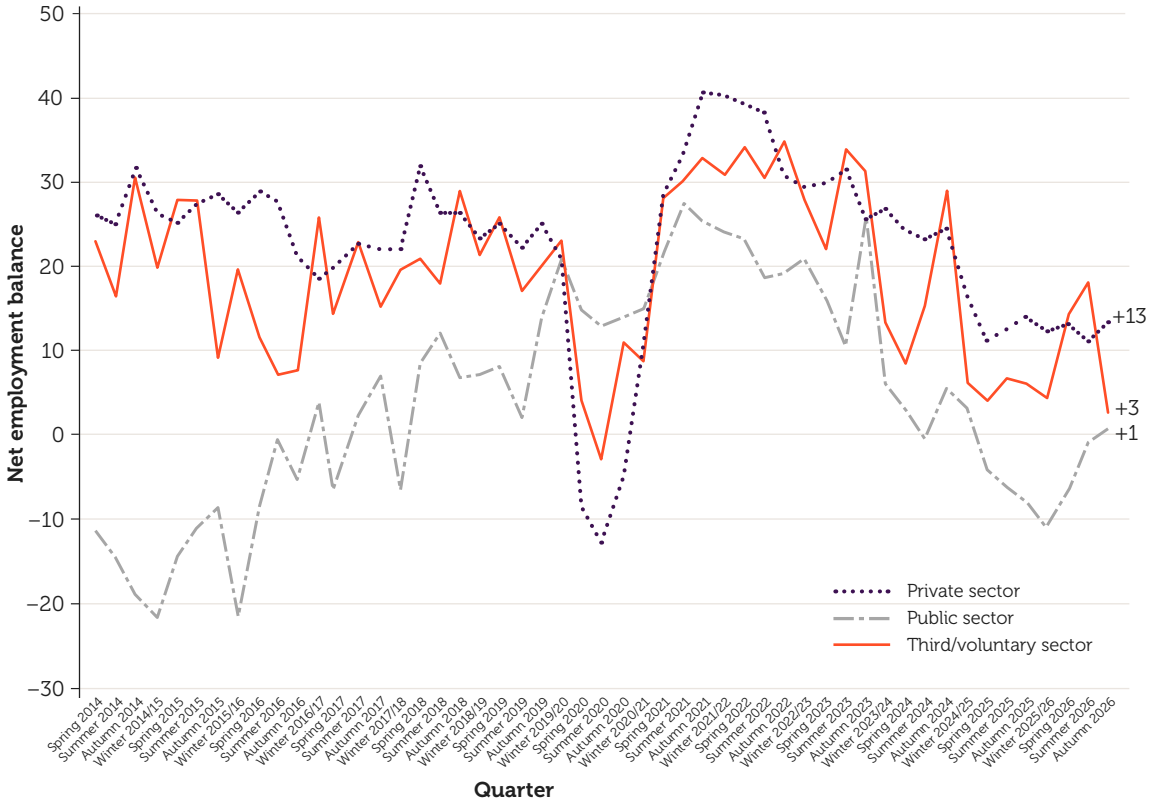
Base: autumn 2026, all employers (total: n=2,051).

Employment intentions in the private sector have remained flat since spring 2025 and stand at +13 this quarter (Figure 2). In the public sector, net employment intentions have turned positive for the first time since winter 2024/25, yet remain near zero (+1). They have risen from a low of –11 in our winter 2025/26 report.

The net employment balance in the third/voluntary sector is +3, considerably lower than the reported +18 in the last quarter, but similar to levels recorded last year. Part of the variability is due to smaller sample sizes in this sector.

Net employment balance continues to improve in the public sector

Figure 2: Net employment balance, by broad sector



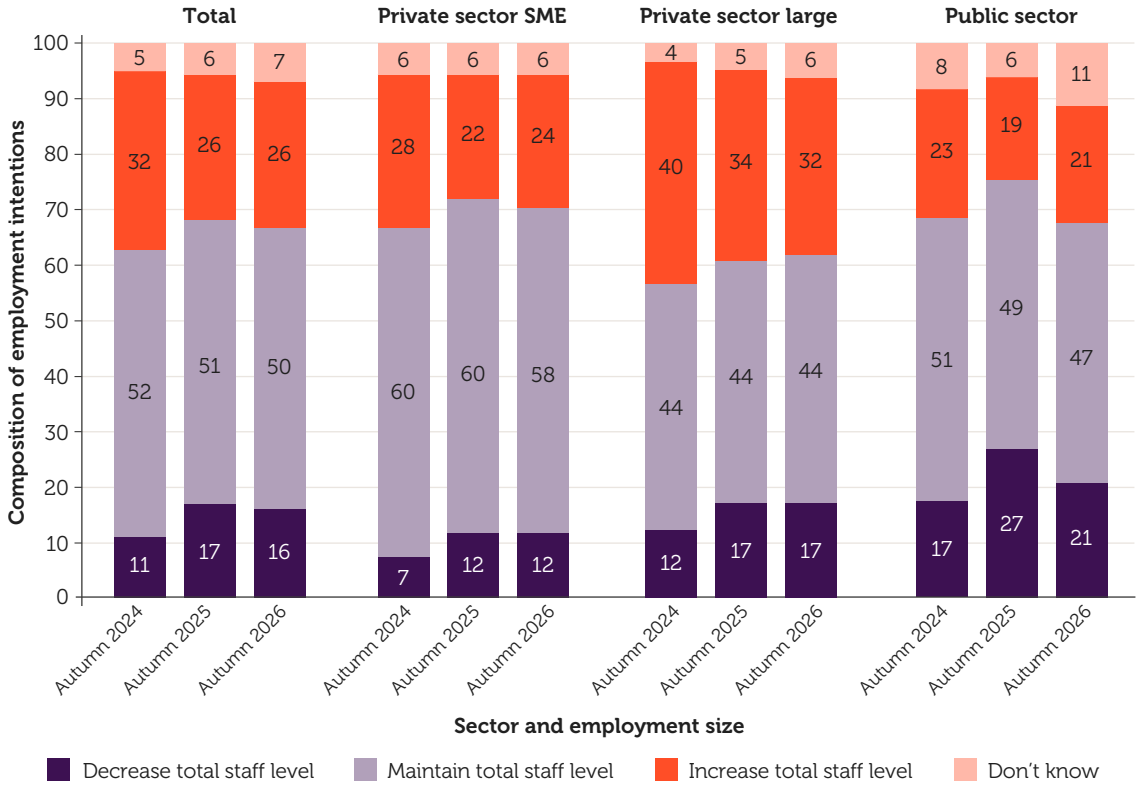
Base: autumn 2026, all employers (private: n=1,450; public: n=427; third/voluntary: n=174).

Overall, employment intentions are similar to a year ago but weaker than in autumn 2024, with the net employment balance falling from +21 to +10 (+9 in autumn 2025). Twenty-six per cent of employers expect their staffing levels to increase in the next three months. Sixteen per cent are expecting a decrease, while half (50%) of employers believe their staffing levels will be maintained in the next three months (see Figure 3).

The decline is sharpest among large private sector organisations, where the balance has halved from +28 in autumn 2024 to +14 this autumn. Fewer of these employers plan to increase staff levels (32%, down from 40%) and more plan to decrease them (17%, up from 12%). In the public sector, the balance fell from +6 in autumn 2024 to –8 in autumn 2025, before recovering to +1 this autumn. Public sector employers are now evenly split, with 21% expecting to increase staff levels and 21% expecting to decrease them.

Employment intentions have weakened since autumn 2024, regardless of sector

Figure 3: Composition of employment intentions, by broad sector (%)



Base: autumn 2026 (total: n=2,051; private sector large (250+): n=515; private sector SME: n=935; public sector: n=427).

There remain notable differences in employment intentions between industries. Several industries continue to have either negative or very low positive net intentions (Table 1), reflecting low confidence among employers. Employment intentions are highest in care, social work and other healthcare activities (+33), legal, accounting, consultancy and activities of head offices (+26) and IT (+20).

Compared with this time last year, there have been no significant changes in any industry. Compared with last quarter, the net employment balance has fallen in arts, entertainment and recreation (to –8) and in the voluntary sector (to –6), where more employers now expect staff levels to fall than rise. They have risen in wholesale and real estate (to +18) and in retail (to +13). These quarterly movements partly reflect seasonal patterns, such as hiring ahead of the Christmas period in retail and the end of the summer season in arts and leisure.

Employment intentions by industry unchanged in the last year

↑ Increase = No change ↓ Decrease

Table 1: Net employment balance, by industry

Industry	Change from last year	Change from last quarter	Net employment balance autumn 2026
Care, social work and other healthcare activities	=	=	33
Legal, accounting, consultancy and activities of head offices	=	=	26
Information and communication	=	=	20
Wholesale and real estate	=	↑	18
Construction	=	=	18
Retail	=	↑	13
Compulsory education (inc. pre-primary)	=	=	13
Other professional, scientific and technical activities	=	=	13
Primary and utilities	=*	=*	10
Manufacturing	=	=	9
Administrative and support service activities and other service activities	=	=	9
Hotels, catering and restaurants	=	=	7
Non-compulsory education	=	=	2
Human health activities	=	=	0
Public administration and other public sector	=	=	–1
Finance and insurance	=	=	–4
Voluntary	=	↓	–6
Arts, entertainment and recreation	=	↓	–8

Arrows show statistically significant increase (purple) or decrease (orange) in the net employment balance. = indicates no statistically significant change.

Industries with fewer than 50 respondents (unweighted) in autumn 2026 are not shown. * Fewer than 50 respondents (unweighted) in the comparison quarter; treat with caution.

Source: CIPD *Labour Market Outlook*, autumn 2025, summer 2026 and autumn 2026.

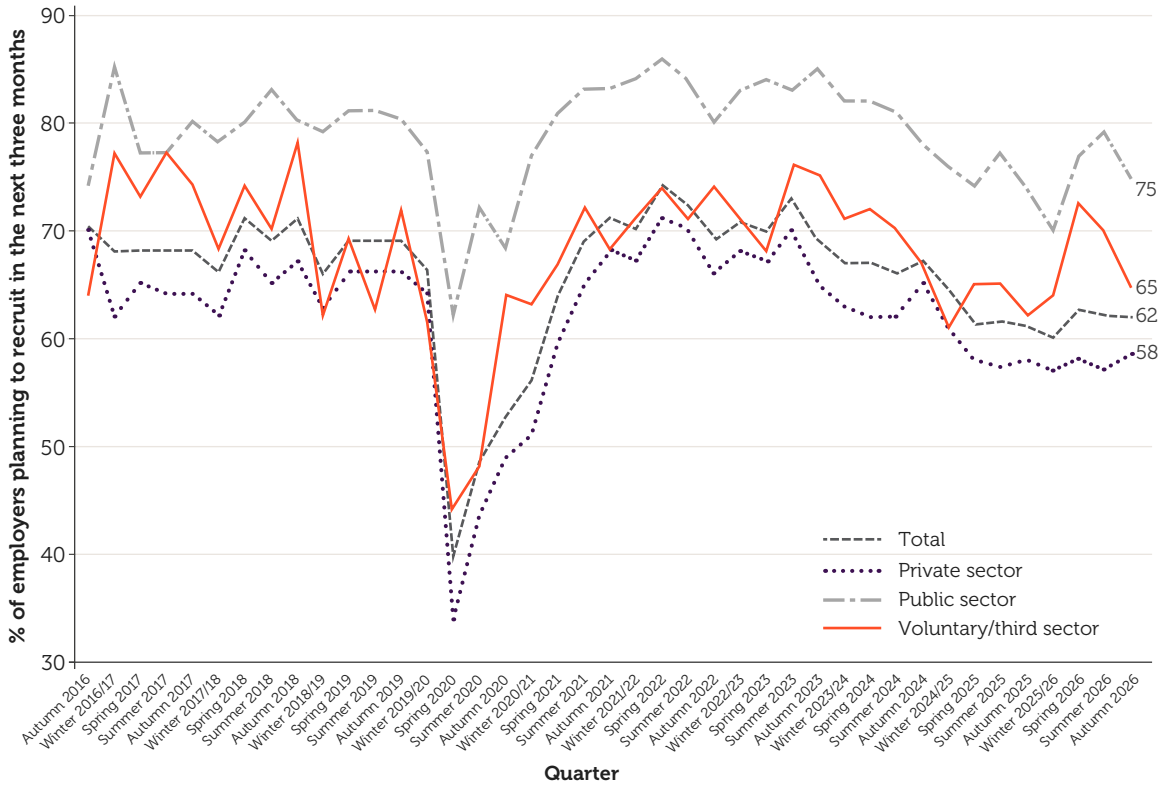
Base: industries with base sizes of less than 50 have been excluded. For a breakdown of base sizes, see Table 4.

Recruitment

Overall, 62% of employers are planning to recruit employees in the next three months, near to historical lows. Fifty-eight per cent of employers in the private sector plan to recruit over that period – roughly the same as the historically low level since the beginning of 2025 (outside of the pandemic) (see Figure 4).

Private sector recruitment remains at record low

Figure 4: Recruitment intentions, by broad sector (%)



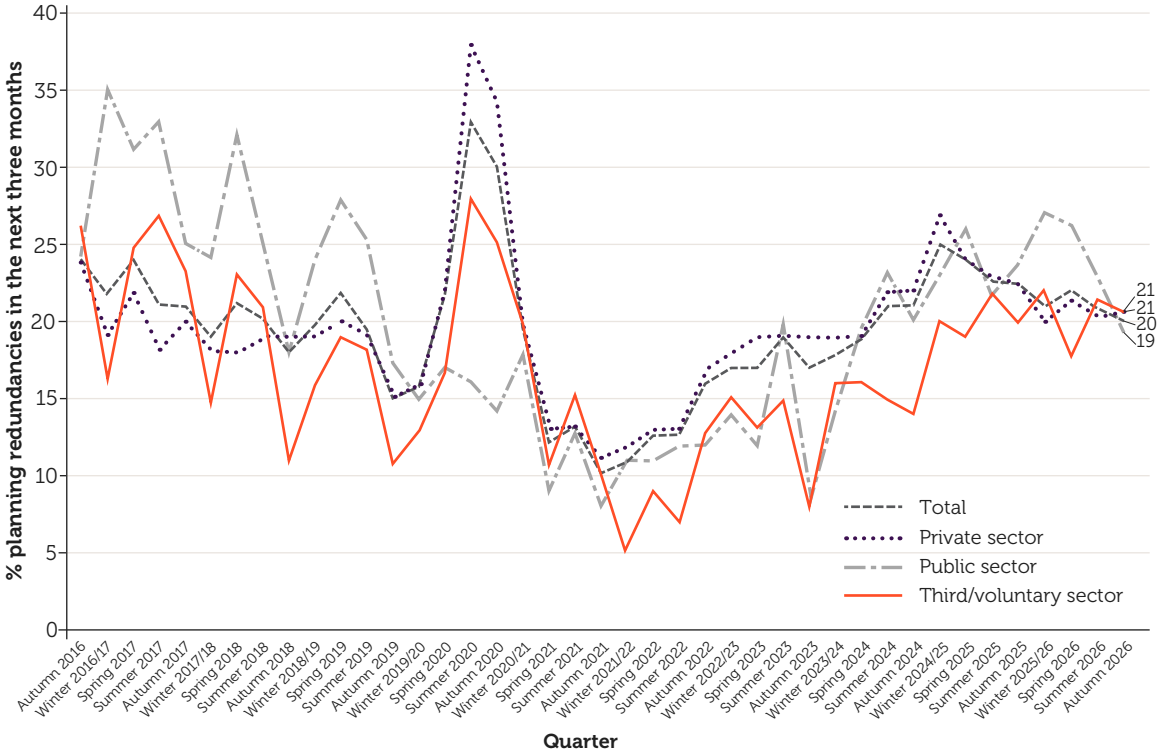
Base: autumn 2026, all employers (total: n=2,051; private sector: n=1450; public sector: n= 427; voluntary/third sector: n=174).

Redundancies

Twenty per cent of employers are planning to make redundancies in the three months up to December 2026, which is broadly similar to the previous quarter, as we remain in a 'low hire, low fire' environment. Fewer public sector employers are planning redundancies in the short term (19%) than they have in the previous two quarters (26% and 23% respectively) (Figure 5).

Public sector redundancy intentions now in line with private sector

Figure 5: Redundancy intentions, by broad sector (%)



Base: autumn 2026, all employers (total: n=2,051; private: n=1,450; public: n=427; third/voluntary: n=174).

Further reading and practical guidance

- CIPD | Resourcing and talent planning

Trend analysis and benchmarking data on recruitment, retention and talent management

- CIPD | Change management

A guide to help manage and embed change effectively in your organisation

- CIPD | Employment Rights Act 2025

Keep up to date with employment law changes to ensure regulatory compliance

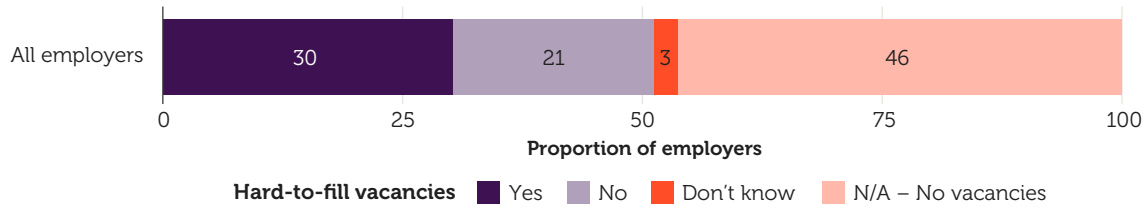
4 Job vacancies

Official data shows that in the latest period (July to September 2026) there were estimated to be 691,000 vacancies in the UK, down from 1.29m at the peak in April to June 2022. Discounting the pandemic, this is the lowest level of vacancies in the UK since the same period in 2014. But since then, the labour market has grown. In 2014, there were 30.9 million people in employment. Today that figure stands at around 34.6 million, an increase of roughly 12%. Fewer openings in a bigger labour market means it's significantly harder for jobseekers to find work than the headline vacancy figure implies.

Our data suggests that despite the low level of vacancies in the economy, employers continue to struggle with hard-to-fill vacancies. Three in 10 (30%) employers currently report having them (see Figure 6). This level is unchanged overall, and in every industry across the past year. This indicates skills mismatches across the economy, as employers seek talent that is not available to them.

Three in 10 employers continue to have hard-to-fill vacancies

Figure 6: Employers with hard-to-fill vacancies (%)

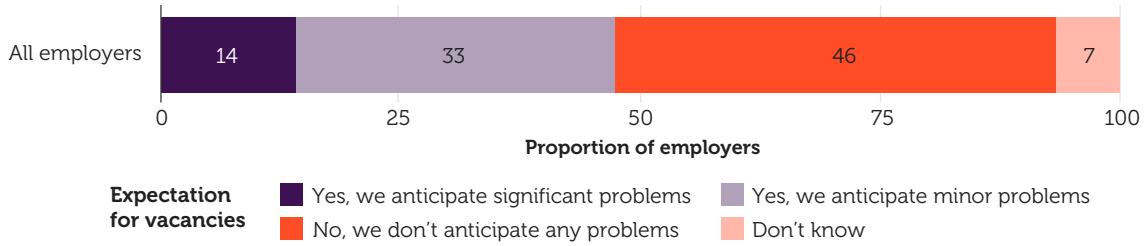


Base: autumn 2026, all employers (n=2,051).

Our forward-looking indicator shows that 14% of employers anticipate significant problems in filling vacancies in the next six months (Figure 7). A further 33% anticipate minor problems, with the largest share of employers not anticipating any problems at all (46%). However, many of these employers have no vacancies (as indicated by Figure 6).

Few employers anticipate significant problems in filling roles

Figure 7: Expectation for vacancies in the next six months (%)



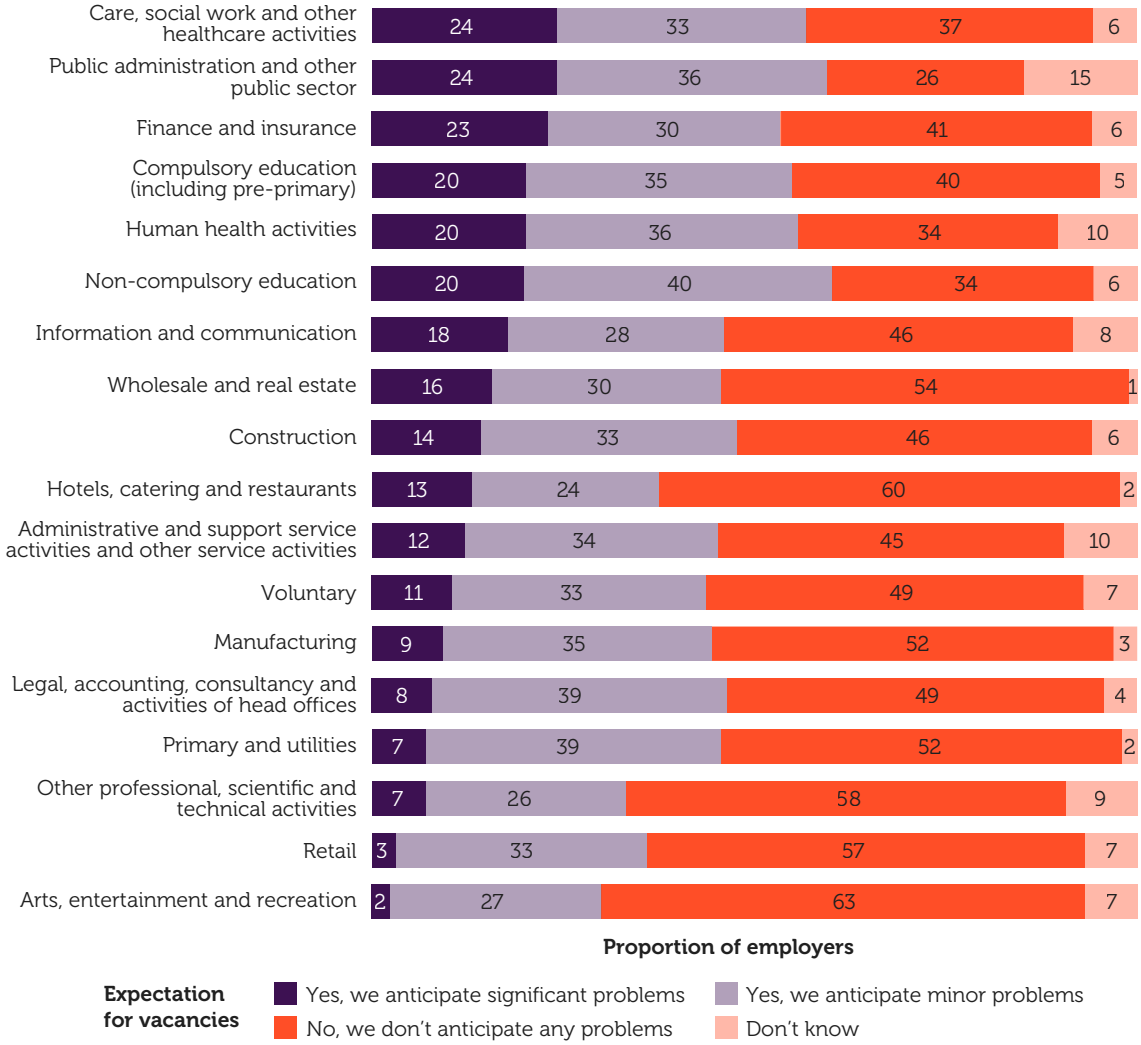
Base: autumn 2026, all employers (n=2,051).

Nearly a quarter of employers in care, social work and other healthcare activities and the public administration sector (both 24%) anticipate significant problems in filling vacancies in the next six months (Figure 8).

Very few employers in arts, recreation and entertainment (2%) and retail (3%) anticipate significant problems in recruiting in the next six months, with roughly six in 10 employers in these industries (63% and 57% respectively) not anticipating any problems in filling roles.

Recruitment pressures remain in social care

Figure 8: Anticipated problems in filling vacancies in the next six months, by industry (%)



Base: industries with base sizes of less than 50 have been excluded. For a breakdown of base sizes, see Table 4.

Further reading and practical guidance

- CIPD | L&D tools: A performance-led approach to skills and capability planning

Strategically align skills and capability planning with wider organisational performance and outcomes

- CIPD | Recruitment

Factsheet of key points for recruitment and resourcing

- CIPD |Resourcing and talent planning

Review your resourcing and talent planning approach

5 Pay outlook

Among employers looking to increase, decrease or freeze pay in the next 12 months, the median expected basic pay increase for the next 12 months has now remained at 3% overall for 10 consecutive quarters (Figure 9). This means we continue to see elevated pay growth compared with pre-pandemic levels. They have remained at 3% in the private sector since summer 2024 and 3% in the public sector since spring 2025. With the exception of the summer 2025 wave, the median has also been at 3% in the third/voluntary sector since summer 2024.

Expected pay awards held at a historic high of 5% between winter 2022/23 and autumn 2023, before falling to 4% in winter 2023/24 and spring 2024.

Thirty-four per cent of employers are expecting to offer pay rises in the next year of exactly 3%.

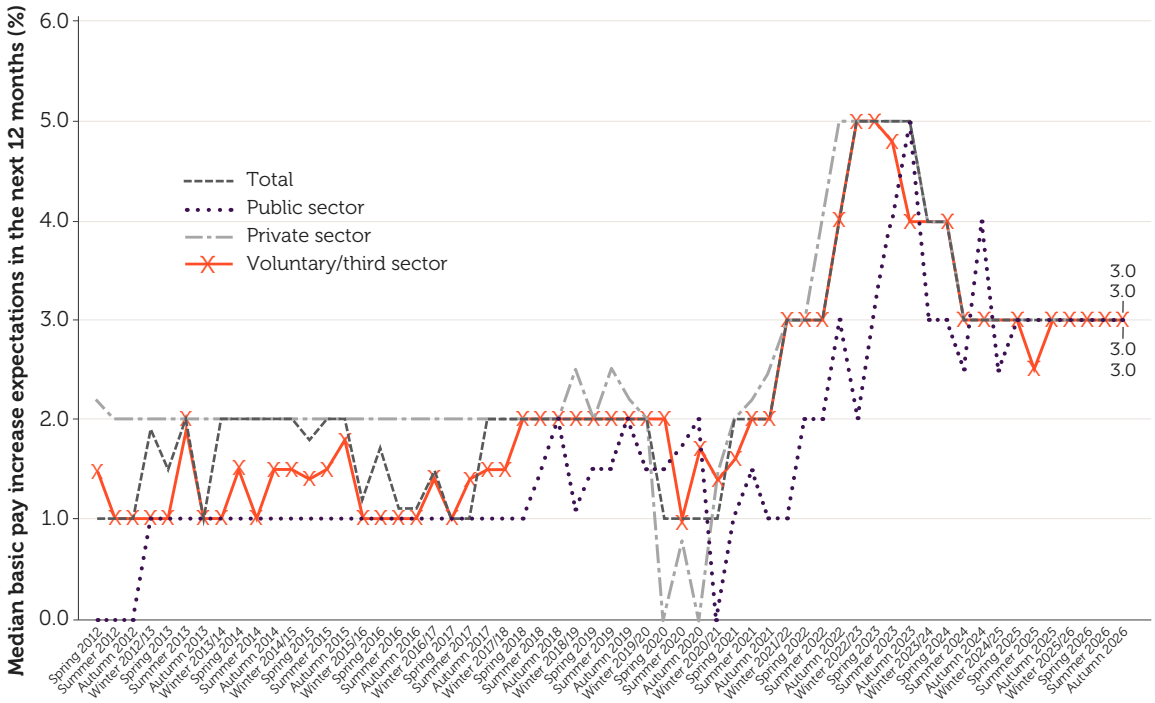
To put the median expected pay award into context, the Consumer Prices Index (CPI) – the most referred to measure of inflation – in September 2026 rose to 3.5%. While real pay, over the last three months, remains above zero at 0.8%, the Office for Budget Responsibility (OBR) is forecasting no real earnings growth in 2027 and 2028.[1] This means many across the economy will receive below-inflation pay rises in the coming period. Inflation is currently expected to peak in the first half of next year at around 5%, with real disposable household income set to fall.

[1] OBR. (2026) *Economic and fiscal outlook – October 2026*. London: Office for Budget Responsibility. Available at: https://obr.uk/efo/economic-and-fiscal-outlook-october-2026/

1 2 3 4 5 6 7 8

Average expected pay awards have now remained at 3% for more than two years

Figure 9: Median basic pay increase expectations[2]



Base: autumn 2026, all employers expecting and able to estimate a pay award in the next 12 months (total: n=816; private sector: n=533; public sector: n=200; voluntary/third sector: n=83).

Our survey finds that 62% of employers always include salary data in their job adverts. Almost all of public (90%) and voluntary (86%) sector workplaces advertise pay. By contrast, 53% of private sector firms do likewise, though this will rise to 58% by March 2027.

However, 27% of workplaces currently do not advertise job roles with any salary information and have no immediate plans to do so. While large firms are just as likely to not include pay details as large firms, the explanations for why they do this varies. Among SMEs, 33% report that their employer has not yet considered including salaries in job ads, while among large firms, 33% fear that publishing pay details would demotivate existing workers.

Further reading and practical guidance

- CIPD | Pay fairness and pay reporting

Use our factsheet to understand fair pay and legal reporting requirements

- CIPD | Strategic reward and total reward

Develop a comprehensive reward strategy to support the needs of both employees and your organisation

- CIPD | UK statutory rates and compensation limits

Keep up to date with the rates that apply to your organisation

[2] The average basic pay award covered in this analysis is only one component of pay growth. Many people will also benefit from incremental progression or promotion, bonuses or a pay bump when switching jobs.

6 AI and UK employers

This quarter we explore the level of AI adoption within UK workplaces, what the near-term employment impact is expected to be and whether employers report that AI is leading to better job performance.

More than four in five (83%) employers have adopted AI, with the majority, two in five (40%), at the ad hoc stage, experimenting with off-the-shelf AI tools (eg AI assistants like ChatGPT, data analysis tools like PowerBI) (Figure 10), but with no formal strategy or dedicated resources/integration. In slightly fewer organisations (35%), AI is being integrated into specific business functions, strategy and operational workflows. Among 8% of UK employers, AI is deeply integrated into operations and strategy. Fourteen per cent of employers currently report no AI use that they are aware of.

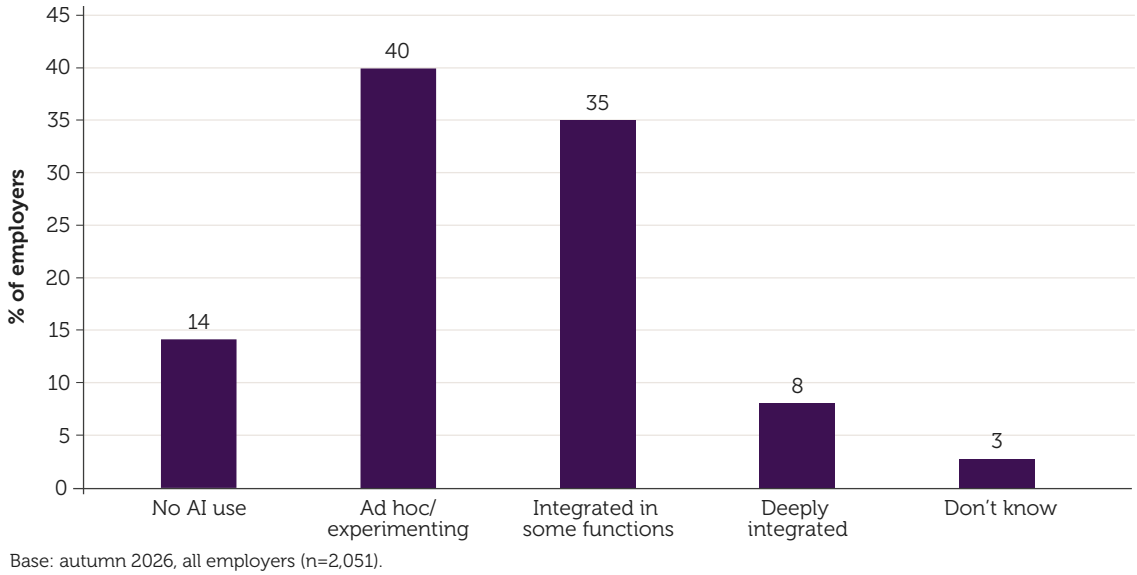
Use is almost universal in legal, accounting and consultancy (95%), finance and insurance (95%), public administration (94%) and compulsory education (93%). It is lowest in hospitality (69%), retail (69%) and construction (75%). Around three in 10 employers in hospitality (31%) and retail (29%) report no AI use at all, double the average of all employers.

For many employers, AI use is still ad hoc and experimental, with no formal strategy or integration. This is most common in compulsory education (63%) and the voluntary sector (59%), and also above average in retail (48%) and healthcare (45%). Integrating AI into specific business functions is most common in legal, accounting and consultancy (55%), public administration (52%) and IT (50%). Deep integration into operations and strategy is higher in finance and insurance (22%) and IT (20%).

Two industries have unusual patterns. Construction is polarised: it has one of the highest rates of deep integration (19%), but more of its employers than average report no AI use (22%). Compulsory education shows the reverse: almost all employers use AI, but most are still at the experimental stage.

Most employers use AI, but few have embedded it

Figure 10: Level of AI adoption (%)

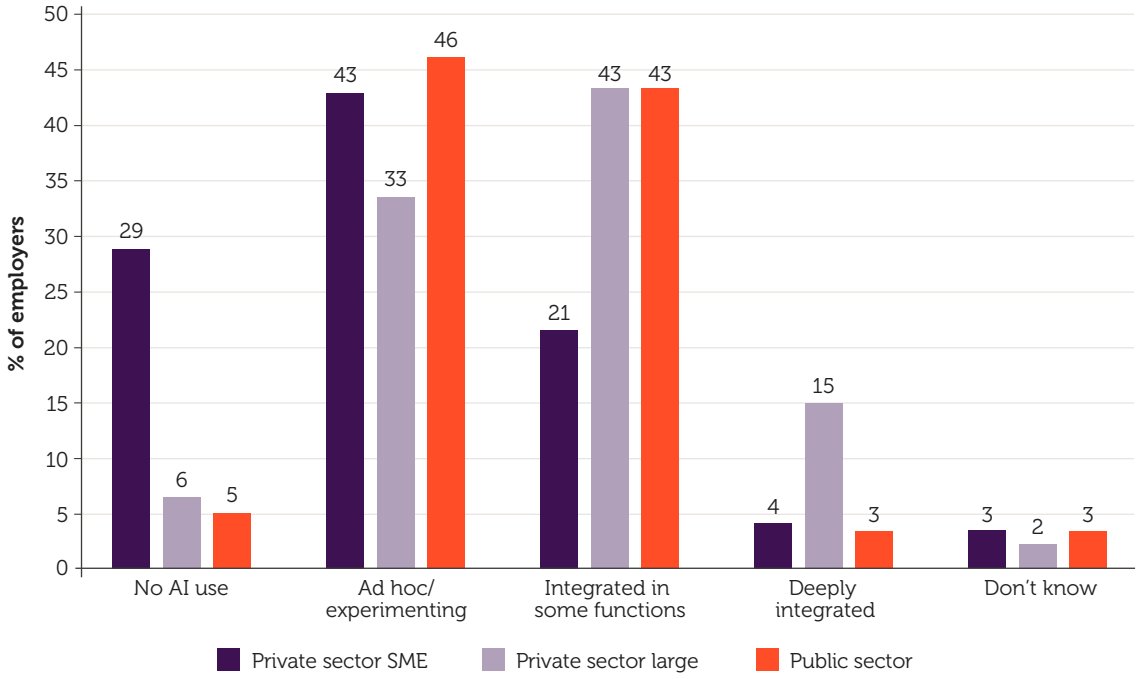


Base: autumn 2026, all employers (n=2,051).

No AI use is more common among smaller employers, with 29% of private sector SMEs reporting this, compared with 6% and 5% among large private sector and public sector employers respectively (Figure 11). Mirroring the overall levels, SMEs and public sector employers are most likely to be at the ad hoc/experimenting stage (43% and 46%). In more than four in 10 large private sector and public sector employers (both 43%), AI is integrated in some functions. Deep integration is far more common among large private sector employers (15%).

SMEs lag behind in AI adoption

Figure 11: Level of AI adoption, by sector and employment size (%)

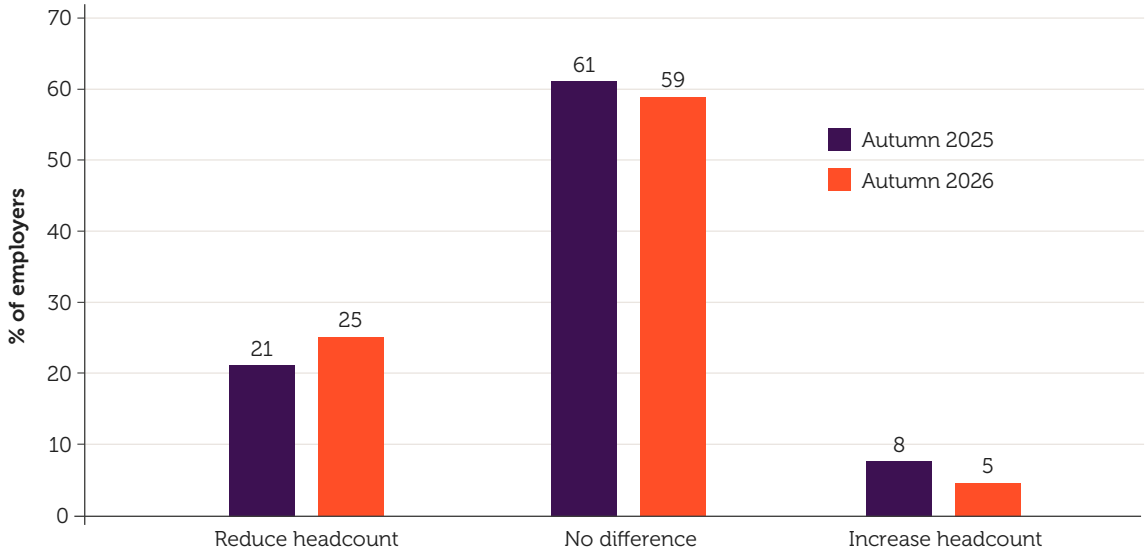


Base: autumn 2026, all employers (private sector SME (<250): n=935; private sector large (250+): n=515; public sector: n=427).

Among employers that have adopted AI, expectations of how AI will affect headcount over the next 12 months have shifted since last year. A quarter (25%) now expect AI to reduce their headcount in the next year, up from 21% last year. Fewer now expect their headcount to increase (5%) due to AI use than 12 months ago (8%) (Figure 12). The majority of employers that have adopted AI (59%) still believe AI use will have no impact on headcount in the next year.

More AI-using employers now expect AI-related headcount reductions

Figure 12: Expected impact of AI on headcount in next 12 months (AI-using employers, 2025 and 2026) (%)



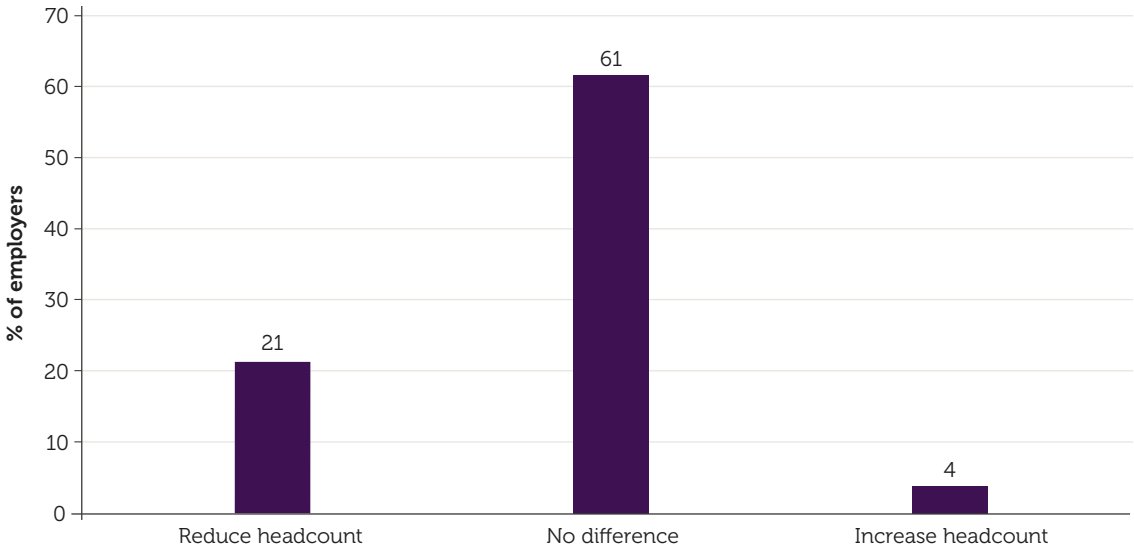
Base: employers where AI is used in their organisation (autumn 2025: n=1,529; autumn 2026: n=1,641). 'Don't know' responses are included in the base but not shown.

Note: the routing to the questions changed between surveys, which may slightly affect comparability.

These findings also hold true among all employers, where the vast majority (61%) believe AI adoption will make no difference to their headcount over the next 12 months. As to be expected, more employers (21%) believe AI adoption will reduce, rather than increase (4%) headcount over the same period (Figure 13).

Most employers expect no headcount change from AI

Figure 13: Expected impact of AI on headcount in next 12 months, all employers (%)



Base: autumn 2026, all employers (n=2,051). 'Don't know' responses are included in the base but not shown.

The majority of organisations that reported no AI use (84%), and the majority of those that are at the ad hoc experimental stage (69%), believe AI adoption will make no difference to their headcount over the next year (Figure 14).

Where it is integrated in some functions, half (52%) believe it will make no difference, but a third (32%) believe they will reduce headcount in the next year due to AI adoption. This is starkly different still from employers where it is deeply integrated, where a third (33%) of employers expect no difference and 44% expect a headcount reduction. Nearly a fifth (17%) of these employers expect that AI will increase headcount, more than four times the rate of the average employer.

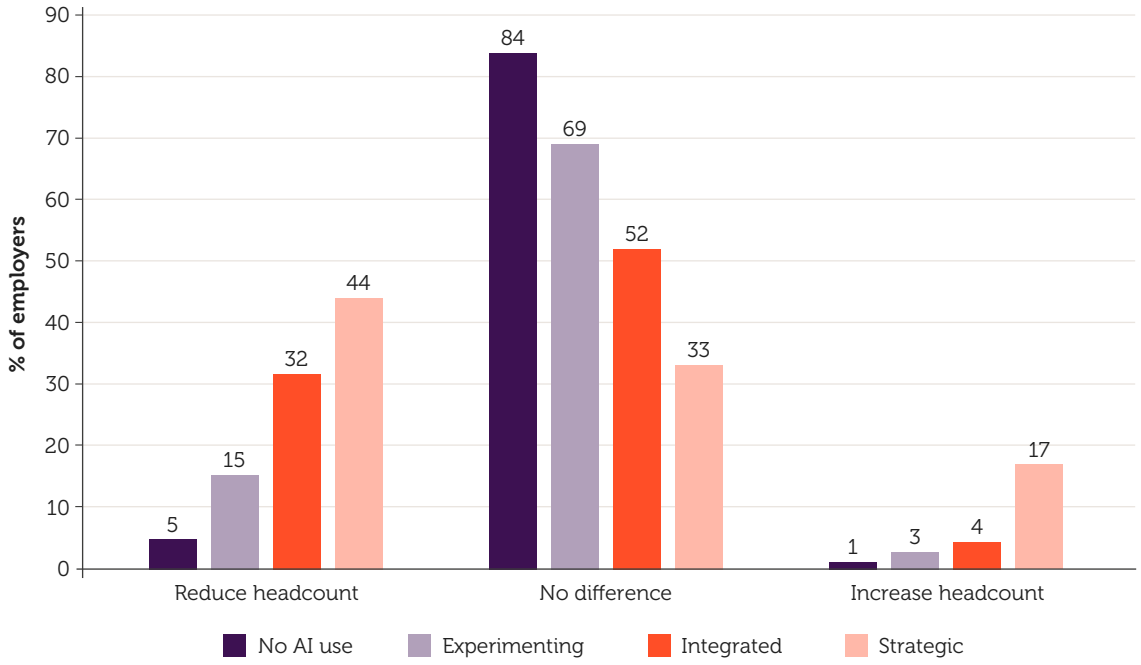
These findings suggest that AI is increasingly influencing how organisations think about their future workforce requirements. While most employers do not anticipate immediate changes to headcount, those that have integrated AI more extensively are considerably more likely to expect changes in either direction.

On the surface this may appear to support the narrative of significant employment displacement due to AI, with Microsoft and Barclays recently announcing job losses. However, it is more likely to reflect findings from our previous research, which show that those further along in their adoption journey are significantly more likely be undertaking activity in key areas of workforce transformation. This includes job redesign, reskilling strategies, and structured approaches to skills intelligence. Expectations of headcount change among these organisations may therefore reflect deliberate workforce planning as much as anticipated job cuts, pointing to AI's potential to reshape the demand for labour as organisations change how work is organised and delivered.

Over the longer term, the impact on employment will depend not just on the extent to which AI enables individual organisations to operate more efficiently, but also on whether productivity improvements translate into business growth, investment and new jobs. AI could help address the UK's longstanding productivity challenges, but its wider employment benefits will depend on businesses having the confidence and capacity to grow.

Employers with deeper AI integration anticipate greater headcount changes

Figure 14: Expected impact of AI on headcount in next 12 months, by level of AI adoption (%)



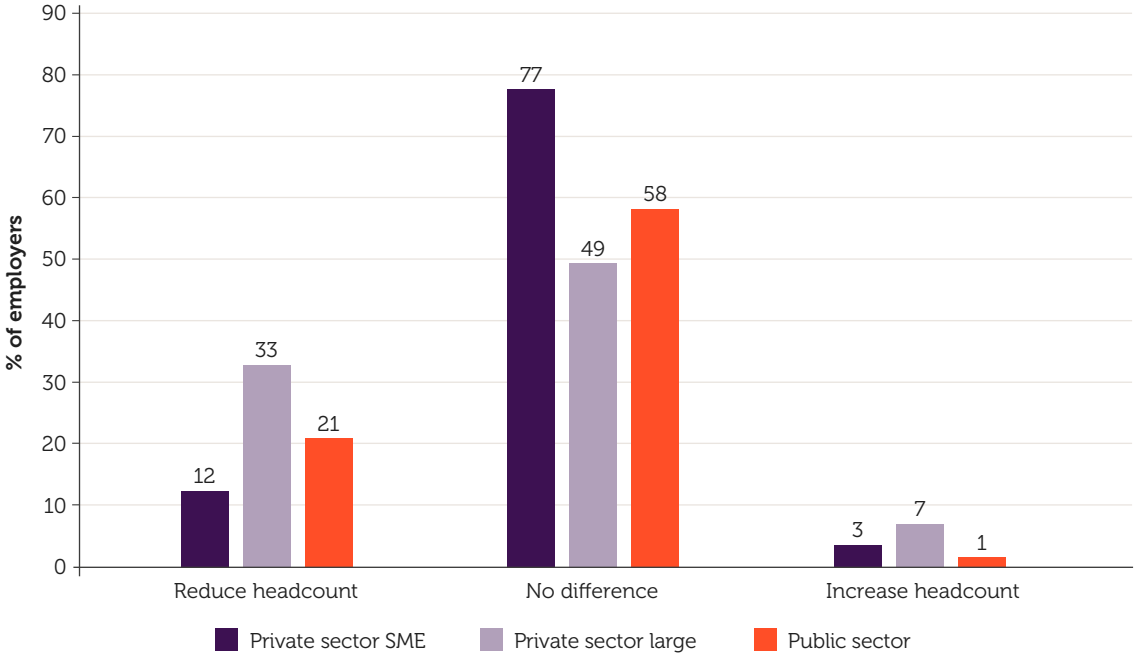
Base: all employers, excluding those that don't know if AI is being used in their organisation (no AI use: n=354; experimenting: n=851; integrated: n=644; strategic: n=146). 'Don't know' responses are included in the base but not shown.

As a result, headcount changes are most likely among large private sector employers, with a third (33%) believing that they will reduce headcount due to AI in the next 12 months, offset by 7% that expect headcount to increase (Figure 15). Almost as many public sector employers believe their headcount will decrease (21%) as don't know (20%). Only 12% of private sector SMEs believe their headcount will reduce, and 77% believe it will remain unchanged; this is likely to be associated with the lower uptake of AI by these employers.

Headcount alone will not capture the full impact of AI on the workforce. Changes in recruitment patterns, job roles and skills requirements may emerge well before organisations make significant changes to their overall workforce numbers. Employers therefore need to consider not only how AI could affect their future staffing requirements, but also how it will change the tasks people perform, the skills they need and the opportunities available for employees to develop and progress.

Larger employers more likely to make headcount changes

Figure 15: Expected impact of AI on headcount in next 12 months, by sector and employment size (%)

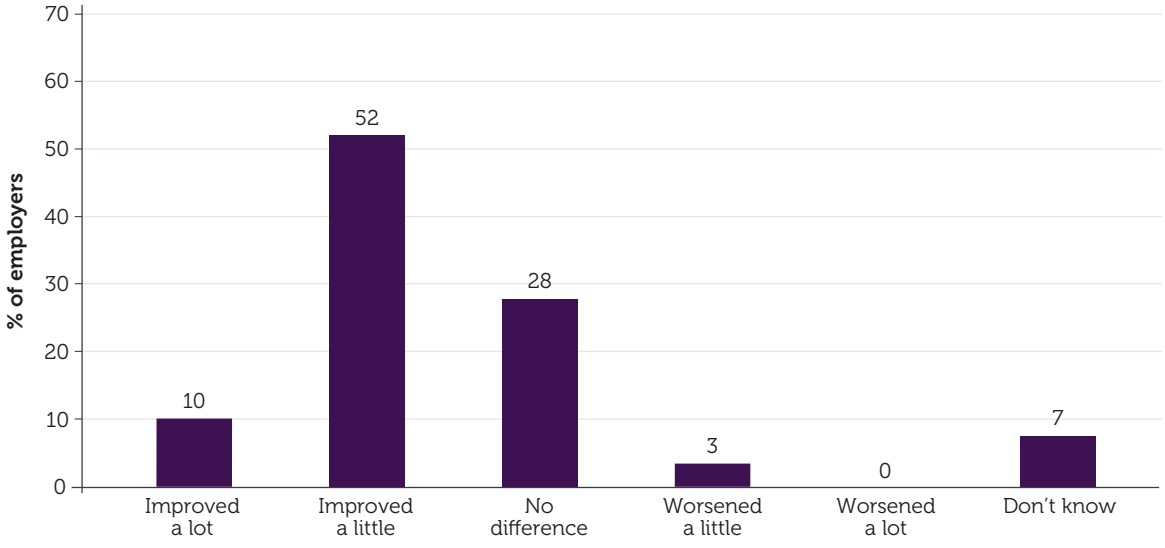


Base: all employers, excluding those who don't know if AI is being used in their organisation (private sector SME (<250): n=911; private sector large (250+): n=504; public sector: n=413).

Broadly, employers are positive about the impact of AI on job performance. Sixty-two per cent of employers where AI is used believe job performance has improved, compared with just 3% who believe it has worsened – although the majority believe it has improved a little (52%), rather than a lot (10%). Twenty-eight per cent believe it has made no difference (Figure 16).

The majority of employers report improved job performance due to AI

Figure 16: Impact of AI on job performance (%)



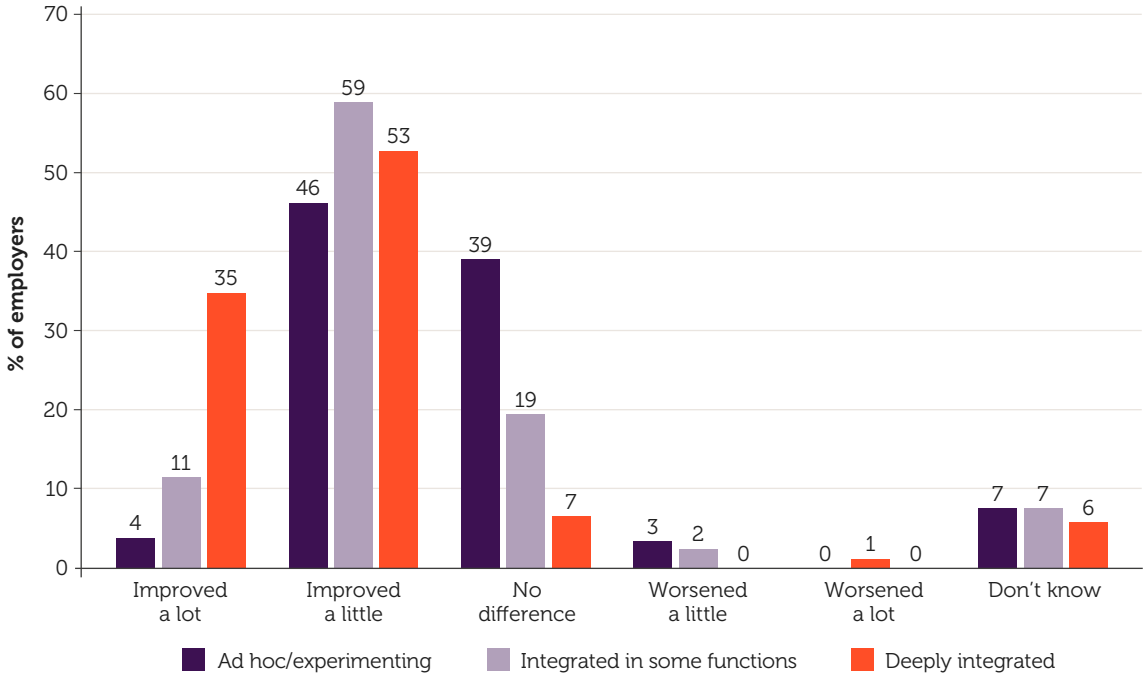
Base: autumn 2026, employers where AI is used in their organisation (total: n=1,641).

The impact of AI on job performance changes when you look at the level of integration of AI within organisations. Thirty-nine per cent of employers at the ad hoc/experimental stage believe it has made no difference to job performance, compared with 19% where it is integrated in some functions, and just 7% where it is deeply integrated (Figure 17).

Instead, where it is deeply integrated, nearly 35% of employers believe it has improved job performance a lot. This compares with 11% of employers where it is integrated in some functions, and 4% of employers in the ad hoc/experimental stage.

Performance gains rise with AI maturity

Figure 17: Impact of AI on job performance, by level of AI adoption (%)

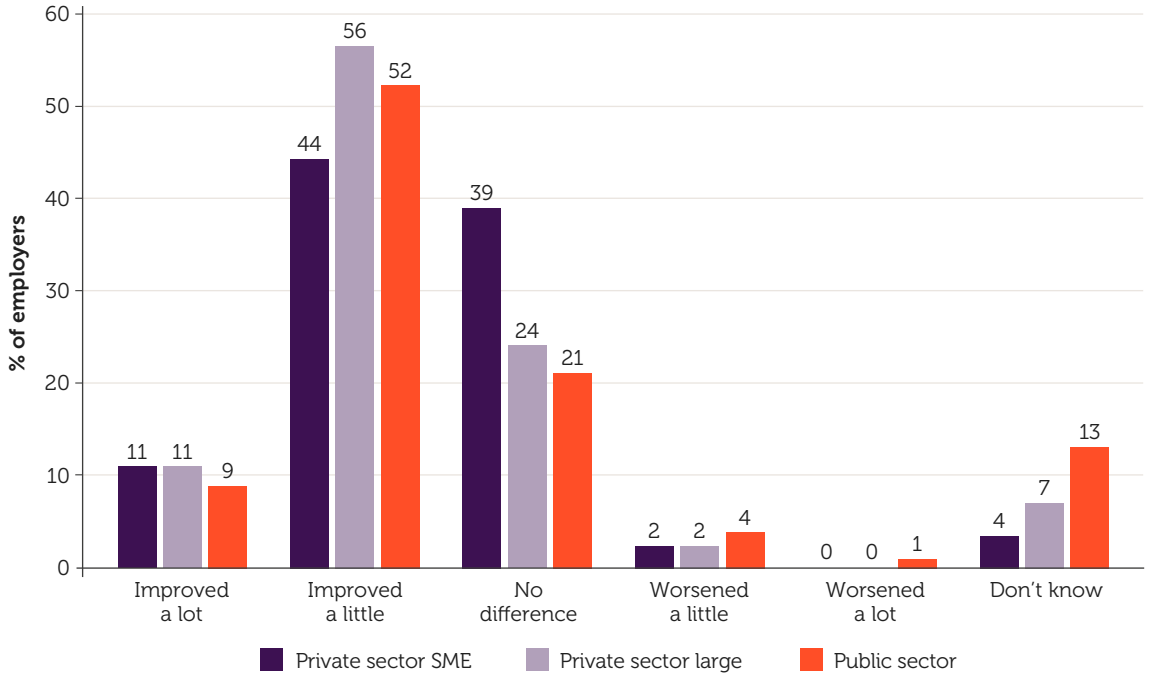


Base: employers where AI is used in their organisation (ad hoc/experimenting: n=851; integrated in some functions: n=644; deeply integrated: n=146).

Most employers using AI, regardless of sector or organisation size, say it has improved job performance, ranging from 55% of private sector SMEs to 67% of large private employers. The bigger difference between employers (as shown previously in Figure 17) is how far AI is embedded (Figure 18). Organisations that have integrated AI deeply into their operations are far more likely to report improvements to job performance than those using it on an ad hoc basis. They are, though, more likely to report headcount changes, whether this be higher or lower (as previously shown in Figure 14).

Performance gains similar across sectors

Figure 18: Impact of AI on job performance, by sector and employment size (%)



Base: employers where AI is used in their organisation (private sector SME (<250): n=639; private sector large (250+): n=476; public sector: n=384).

Further reading and practical guidance

- CIPD | AI in the workplace

Resources to support people professionals to lead AI tool implementation, strategy and governance

- CIPD | Responsible AI adoption at work

Research findings, case studies and guidance

- CIPD | AI skills planning

Guidance on plotting AI skills into workforce planning

- CIPD | AI governance

Five steps people professionals can take to become a strategic partner in responsible AI governance

7 Recommendations for employers and people practitioners

Plan resourcing with the future pipeline in mind
Reduced recruitment, especially of entry-level and younger workers, risks compounding future hard-to-fill vacancies once demand recovers. Maintain entry-level and apprenticeship intake even while overall hiring intentions are suppressed.

Get ahead of employment law reform
Keep informed of upcoming Employment Rights Act 2025 changes, particularly the reforms to zero-hours and low-hours contracts. Understand how the reforms will impact your business and people processes and implement the necessary changes early to ensure compliance and mitigate legal claims. Identify where existing HR processes, systems and management capacity will need to adapt to meet new administrative and compliance requirements, particularly if operating as an SME or within the public sector, where resource constraints may compound implementation challenges.

Keep pay decisions fair and transparent
Align reward to organisational performance and communicate decisions clearly. Balance affordability with fairness to sustain motivation and trust. Consider a financial wellbeing strategy to help those with money concerns. Support line managers so that they can have more meaningful conversations with employees about pay and help manage their expectations, so that their people feel they have been heard, comprehend the rationale behind the decision, and understand what will happen next.

Take a strategic approach to AI adoption
Move beyond experimentation with individual tools to consider how AI can improve organisational performance, support innovation and create opportunities for growth. Avoid focusing solely on short-term efficiency savings and consider how technology can enable wider changes to business processes and ways of working, so that AI delivers lasting gains in performance and job quality rather than one-off time savings.

Integrate AI into workforce and skills planning
Assess how AI is changing tasks, skills requirements and future recruitment needs. Consider the implications for entry-level roles, career development and succession planning, rather than focusing solely on overall headcount. Without deliberate skills and work planning, organisations risk weaker capability, more intense work and disrupted career pathways.

Build capability and track the wider impact of AI
Ensure employees and managers have the skills and support to use AI effectively. Involve employees in decisions about how AI is introduced and used and develop the management capabilities needed to redesign jobs and support organisational change. Monitor productivity and performance gains alongside the effects on job quality, work intensity and employee development, so that short-term efficiency gains do not come at the expense of longer-term workforce capability.

8 Survey method

All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,051 senior HR professionals and decision-makers in the UK. Fieldwork was undertaken between 17 September and 11 October 2026. The survey was conducted online. The figures have been weighted and are representative of UK employment by organisation size, sector and industry.

Weighting

Rim weighting is applied using targets on size and sector drawn from the BEIS *Business population estimates for the UK and regions 2025*. The following tables contain unweighted counts.

Table 2: Breakdown of sample, by number of employees in the organisation

Employer size band	Count
2–9	480
10–49	364
50–99	143
100–249	207
250–499	177
500–999	160
1,000 or more	520

Table 3: Breakdown of sample, by sector

Sector	Count
Private sector *of which:*	1,450
Large private sector (250+ employees)	*515*
Small and medium enterprises (2–249 employees)	*935*
Public sector	427
Third/voluntary sector	174

Table 4: Breakdown of sample, by industry

Industry	Count
Administrative and support service activities and other service activities	203
Arts, entertainment and recreation	71
Care, social work and other healthcare activities	66
Compulsory education (including pre-primary)	134
Construction	124
Finance and insurance	132
Hotels, catering and restaurants	95
Human health activities	257
Information and communication	95
Legal, accounting, consultancy and activities of head offices	127
Manufacturing	144
Non-compulsory education	98
Other professional, scientific and technical activities	86
Police and armed forces	18
Primary and utilities	53
Public administration and other public sector	98
Retail	86
Transport and storage	46
Voluntary	65
Wholesale and real estate	53

Table 5: Breakdown of sample, by region

Region	Count
Scotland	138
Wales	88
Northern Ireland	43
Northwest England	164
Northeast England	63
Yorkshire and Humberside	147
West Midlands	144
East Midlands	124
Eastern England	125
London	340
Southwest England	215
Southeast England	270
All of the UK	190

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